

# Business Insurance

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## Satellite insurers face \$316 million in losses following two mishaps

LONDON—Satellite underwriters face \$316 million in losses—including a record \$220 million loss—following last week's explosion of a commercial launch rocket carrying a satellite and troubles with the deployment of another satellite.

An Atlas Centaur rocket launched last week at Cape Canaveral, Fla., exploded after its second-stage engines failed to ignite, destroying an on-board communications satellite manufactured by

*Continued on next page*

# Spring renewals: No sweat

## Workers comp, D&O coverage are only major problems

By COLLEEN JOHNSON

Risk managers face only a few bumps in an otherwise smooth road to renewing commercial property/casualty insurance this spring, according to insurers and brokers.

Brokers and insurers concur that rates are softest for property coverage, where risk managers can obtain rate reductions of as much as 15%.

Rates for primary and excess liability coverage generally are flat, while some risk managers can get rate reductions ranging from 10%

### SPRING RENEWALS

to a rare 25%, observers say.

In addition, rates for professional liability coverage are flat, though there are some pockets of competition.

The marine insurance market also is fairly stable, though some observers see signs of hardening.

However, workers compensation continues to be the most problematic line for risk managers, agree insurers and brokers.

And, rates for directors and offi-

cers liability insurance continue to rise, particularly for financial institutions, some brokers and insurers say.

Given those experiences with April renewals, insurers and brokers do not expect the overall market to turn soon, and say any hardening that does occur will be gradual (see story, page 51).

The risk managers contacted by *Business Insurance* say they are happy for the most part with the coverage and rates obtained during spring renewals.

Land's End Inc. of Dodgeville, Wis., experienced "very straight-

forward, very smooth" renewals for its casualty programs in April, said Risk Manager Michael Krentz. "Overall it was very, very flat," he said. "The market is still flat, as far as we know, and we were very pleased with our renewals."

The Coca-Cola Co. of Atlanta had no problems finding the limits it wanted and was generally satisfied with renewals, said Underwriting Risk Manager Gretta Wray Burns.

"I just don't think there's anything earth shattering going on right now," said Tom Cannon, chairman of Jardine Insurance

Brokers of New York, a division of Jardine Insurance Brokers Group.

John F. O'Sullivan, a managing director of Marsh & McLennan Inc. of New York, agreed.

"Watching the rates go up is like watching grass grow," he said. "Stabilization is definitely in place"

Among other things, underwriters and brokers are more specialized now than they were during the last soft market, Mr. O'Sullivan noted. This tends to level prices somewhat, because both the buyer and the insurer bet-

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# First Executive fallout

## Employers could be liable for pension, 401(k) losses

By JERRY GEISEL and MICHAEL BRADFORD

LOS ANGELES—Employees and retirees whose pension and 401(k) funds were invested in annuities and guaranteed investment contracts written by two units of First Executive Corp. could sue their employers following the seizure of the insurers by state regulators.

Beneficiaries are likely to charge that employers violated their fiduciary duties by buying annuities

and GICs from junk bond-laden Executive Life Insurance Co. of California and Executive Life Insurance Co. of New York. Employers are required to act prudently and in the best interests of pension plan participants.

The California insurer was placed in conservatorship on April 11, while the New York unit was placed in rehabilitation last week.

"If there any losses to beneficiaries, there will be litigation just as night follows day," said Henry Saveth, a principal at A. Foster

Higgins & Co. Inc. in New York.

"If participants do not receive benefits they thought they would get or are not made whole, class-action suits would be likely," agreed John Woyke, a principal in Valhalla, N.Y., with TPF&C, a consulting unit of Towers, Perrin, Forster & Crosby Inc.

One retiree suit predates the takeovers by two years. A group of California retirees sued their employer and Executive Life of California in 1989 after their overfunded defined benefit plan was terminated and replaced by an annuity from Executive Life (see story, page 53).

Since the takeovers, two other suits have been filed by policy-

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# Sunken oil tanker insured for any pollution liability

By GAVIN SOUTER

LONDON—The agent for the oil tanker that sank a mile off the Italian Riviera has \$500 million of pollution liability insurance to respond to cleanup and liability claims, but two international treaties may limit its pollution liability to about \$19.1 million.

It is still unclear whether the approximately 5,000 tons, or 36,850 barrels, of Iranian light crude oil that escaped from the Haven and did not burn off poses any kind of

environmental danger, says an international tanker owners association.

However, most of the remaining 143,000 tons, or 1 million barrels, of cargo carried by the tanker has burned off or has solidified in the wreck and poses no environmental danger, the association says.

While liability costs are not known, hull and cargo insurers expect to face combined claims of about \$50 million.

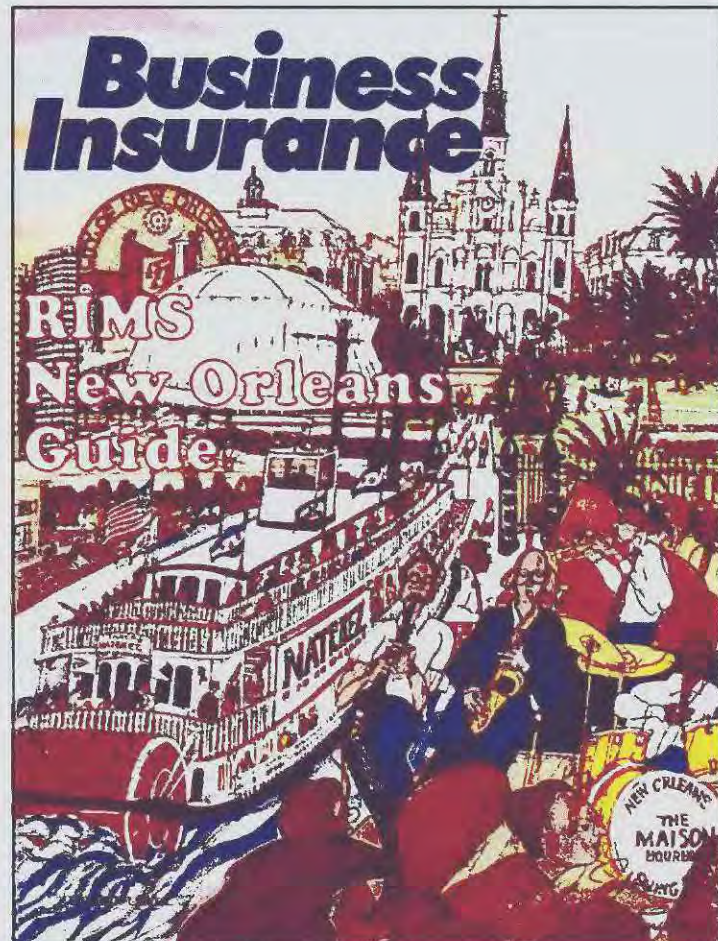
The Haven, a Cypriot-registered tanker and the sister ship to the

Amoco Cadiz, began burning after being ripped by an explosion on April 11. It sank on April 14 about a mile off Italy's northwest coast in 225 feet of water after being rocked by further explosions, said a spokesman for the ship's agent, Troodos Shipping & Trading Ltd. of Monte Carlo, Monaco.

The ship is owned by Astilleros Espanoles S.A. of Cadiz, Spain.

Of the Haven's 35-member crew, a Greek master and a Greek technician were killed and three Fili-

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## Vive la Difference!

New Orleans, with its Franco-Spanish, Anglo-American blend of culture, is the perfect place for risk managers from around the globe to meet. For a guide to New Orleans and the RIMS conference, see the special section following page 28.

Owners of skyscraper deny charges of fire code violations  
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NAIC proposal would toughen insurer solvency regulations  
Page 2

Reinsurers post better results but say market has not turned  
Page 3

## Update

## Huge satellite losses feared

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General Electric Co. for the Japanese television network NHK.

The \$96 million of satellite launch insurance written in the U.S., London and continental European markets was placed on behalf of GE by Marsh & McLennan Inc. and its C.T. Bowring & Co. Ltd. unit.

Satellite underwriters also await news about ground control efforts to deploy the Telesat Anic E2 communications satellite owned by Telesat Canada, which was launched on an Ariane rocket in French Guiana two weeks ago.

That satellite, which is insured for a whopping \$220 million in the worldwide satellite insurance markets, is in proper orbit but is not functioning. "But it's not failing yet" and could be repaired, said one satellite underwriter.

The Telesat satellite coverage was placed by Leslie & Godwin Ltd. in London and Frank B. Hall & Co. Inc. of New York.

If the Telesat is a total loss, it would be the largest loss ever paid by satellite underwriters. Underwriters earlier this year paid \$170 million for a telecommunications satellite that failed in orbit (BI, Jan. 14).

## LUI creditor payment eyed

LONDON—London United Investments P.L.C. creditors may receive about one-third of the estimated 40 million pounds (\$71.2 million) they are owed in June if some anticipated LUI unit sales are completed.

A buyer was found last month for LUI's 34% stake in Los Angeles-based broker Oland International Cos. Inc., confirmed Paul Evans, senior manager of accountant Price Waterhouse and assistant to Colin Bird and Alan Barrett, the Price Waterhouse partners who are LUI's court-appointed administrators.

Mr. Evans would not disclose the purchase price or buyer, but the administrators last year estimated Oland's book value at 3.7 million pounds (\$6.6 million at current exchange rates).

LUI also is close to selling wholly owned unit First Reinsurance Co. of Hartford and a 25% stake in London-based ABC Insurance Services Ltd., Mr. Evans said.

If the transactions are completed, two of LUI's major creditors—Barclays Bank P.L.C. and Royal Bank of Scotland—could receive by the end of June an initial payment of about 8 million pounds (\$14.2 million) of the 25 million pounds (\$44.5 million) owed, he said.

Walbrook Insurance Co. Ltd., LUI's major insurance company subsidiary, also could receive some of the funds, Mr. Evans said. One of LUI's major creditors was subsidiary H.S. Weavers (Underwriting) Agencies Ltd., which was owed 12.7 million pounds (\$22.6 million). But Weavers' debts are now owed to Walbrook, he said.

Payment of the rest of the 40 million pounds owed to LUI creditors depends on Walbrook's survival, Mr. Evans noted. Walbrook—which ceased underwriting last year but is still solvent and paying claims—faces potential liabilities of 1 billion pounds (\$1.78 billion).

Walbrook would have to boost its solvency margin by 42 million pounds (\$74.8 million) to pay dividends to LUI creditors, he said.

This could be done by commuting some of the major outstanding liability claims pending against Walbrook, Mr. Evans said.

## Texas comp trial begins

EAGLE PASS, Texas—A Maverick County District Court today is scheduled to begin hearing an AFL-CIO challenge to the state workers compensation reform statute.

The sweeping law took effect Jan. 1 after the state appealed a court injunction to halt the law's implementation (BI, Dec. 31, 1990).

The Texas AFL-CIO filed suit last year, challenging the law on constitutional grounds (BI, Dec. 10, 1990). By eliminating the state's trial de novo system, the union contends, the law will deny workers due process as guaranteed by the state constitution. Under that system, nearly all Industrial Accident Board decisions were challenged with an appeal for a jury trial.

The labor organization also charges the law violates equal protection guarantees by creating a classification for benefits to be paid to seasonal workers.

Passed in 1989, the law was an attempt to stem rising workers comp costs, partly by reducing litigation and doctor shopping by injured workers. The law also allows large employers to self-fund workers comp risks beginning in 1993 and raises weekly disability benefits to a level comparable to that of other states (BI, Dec. 18, 1989).

## Court limits employers' liability

CHICAGO—The Illinois Supreme Court unanimously ruled last week that the liability of an employer named as a third-party defendant in a lawsuit by an injured employee is limited to the amount of the employee's workers compensation benefits.

The court ruled 5-0 that Carus Chemical Co. of LaSalle, Ill., cannot be held liable for more than the amount of its statutory liability under the Illinois Workers Compensation Act.

Mark A. Kotecki, a Carus employee whose hand was injured by equipment designed and made by Cyclops Welding Corp., sued the Ottawa manufacturer in La Salle County Circuit Court. Cyclops then filed a third-party lawsuit against Carus in which Cyclops sought a contribution from Carus toward any damages that may be awarded to Mr. Kotecki.

"A tremendous number" of such lawsuits have been filed against Illinois employers since a 1984 state Supreme Court decision allowed a first-party defendant to seek contribution from employers as

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## Errors and omissions

• Nancy Jones is a principal in the New York office of A. Foster Higgins & Co. Inc. Ms. Jones was incorrectly identified in a story on housing benefits in the April 15 issue.

• Arnold Bergson has been named honorary chairman of Republic Hogg Robinson Inc. An item in the April 8 issue incorrectly stated that Mr. Bergson was retiring from the brokerage.

## NAIC expected to adopt tougher solvency rules

By MEG FLETCHER

CHARLESTON, W.Va.—The National Assn. of Insurance Commissioners is expected to adopt a model law in June that would force an insurer based in a state with lax regulations to meet other states' higher solvency standards or not do business there.

The NAIC Executive Committee last week unveiled the proposal after adopting it during a closed session near the end of the association's spring meeting in Charleston, W.Va.

In other developments, the NAIC scheduled talks between regulators

and insurance industry and risk management representatives on a controversial proposal to limit fronting programs.

The association also endorsed three proposals to develop federal legislation to help the NAIC regulate non-U.S. insurers, to establish federal penalties for insurance fraud and to protect clients of rental car companies.

The Executive Committee's approval of the measure on the licensing of non-resident insurers—and the committee's refusal to describe it as a mere exposure draft—sends a strong signal that the full membership will adopt the

proposed model law at its June meeting and make it a significant part of the NAIC's accreditation standards as early as 1994, NAIC sources said.

The Licensing of Foreign Insurers Model Act is designed to protect policyholders by allowing a state with stringent solvency standards to require that all insurers domiciled in other states or U.S. branches of overseas insurers meet those same high standards—or be domiciled in an NAIC-accredited state—before doing business in the state.

Under the proposal, a state

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## Company contends new solvency ratings are fair

## S&amp;P rebuffs criticism

By JUDY GREENWALD

NEW YORK—Standard & Poor's Corp. is rebuffing criticism of its new solvency review service, stating that while its approach may not be ideal, it is the fairest and most efficient way to evaluate more than 1,000 companies.

The Insurer Solvency Review was launched last week by S&P's Insurance Rating Service, rating 1,600 insurers (BI, April 15). Using financial data taken from annual statements filed with state insurance regulators and then applying this data to a model it has de-

veloped, S&P gives insurers one of three qualified ratings:

• BBBq for insurers whose financial statements "are consistent with those of insurers offering above-average security."

• BBq for insurers with average security.

• And, Bq for companies that offer below-average security.

A total of 489 insurers out of 1,600 received the Bq rating.

S&P said it developed three statistical models—for property/casualty insurers, for life/health insurers and for reinsurers—on which its ratings are based. Fac-

tors used in the models include insurers' financial performance, liquidity and capitalization over time, with separate weight given to each historical year.

S&P's Insurer Solvency Review also reports the claims-paying ability rating of approximately 450 insurers that have paid for that service. The review is published in two booklets—one for property/casualty insurers and a second for the life/health insurance industry.

The new rating service, though, has provoked angry comments from several insurance companies

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## WIC to discuss bank issues

New developments in "Banking and Insurance" will be discussed during a breakout session at the 1991 World Insurance Congress July 1-3 in London.

"The integration of banking and insurance product sales and services is an increasingly important issue that we wanted to address during the congress," announced Kathryn J. McIntyre, Associate Publisher/Editor of *Business Insurance*.

The World Insurance Congress is being sponsored jointly by *Business Insurance* and Lloyd's of London Press Ltd., an independent subsidiary of Lloyd's of London.

The panelists speaking at the Banking and Insurance session, which will be held Monday afternoon, are Fred Botcher, vice chairman of Reall Group of The Netherlands, and Michael Wilson, managing director of Sumner Wilson & Co. of Gloucester, England.

The moderator of the session will be Angus His-



lop, the partner in charge of strategic services at Coopers & Lybrand Deloitte in London.

In addition, insurance developments in what has been known as the Eastern Bloc will be addressed by Alberto Tiberini, manager of the group development and coordination department of Assicurazioni Generali S.p.A., who is replacing Benito Pagnanelli, Generali's international director.

A faculty of 49 experts from 10 countries will address a host of issues confronting insurers, brokers and risk managers during the three-day World Insurance Congress (BI, March 4; Dec. 31, 1990).

For complete program and registration information, write to "1991 World Insurance Congress," at either *Business Insurance*, 220 E. 42nd St., New York, N.Y. 10017; phone 212-210-0299, fax 212-210-0704; or Lloyd's of London Press, 1 Singer St., London EC2A 4LQ, England; phone 071-250-1500; fax 071-253-9907.

## Inside

✓ The takeover of two First Executive Corp. units shows that employers must choose GIC insurers as carefully as they choose liability insurers. **PAGE 8**

✓ Massachusetts Gov. William Weld is proposing a new law that would help small employers buy group health insurance. **PAGE 17**

✓ The insurance industry needs an independent, reputable spokesman, says the retired chairman of Johnson & Higgins at the Russell Miller National Insurance Symposium/Leadership Conference. Coverage of the conference begins on **PAGE 18**

✓ The Assn. of Insurance & Risk Managers in Industry & Commerce meeting reviews 'The Freedom Factor' at its annual conference. Coverage begins on **PAGE 37**

✓ Last year marked the worst year ever for natural catastrophes, with \$15.8 billion in insured damages, says Munich Re. **PAGE 37**

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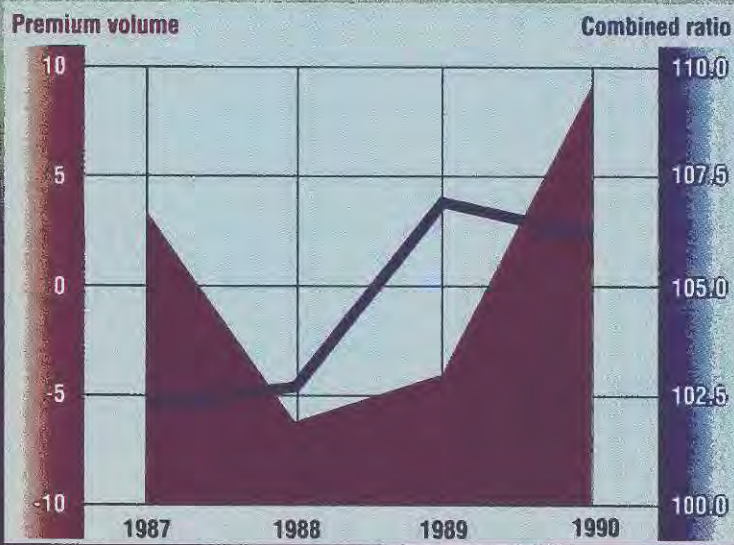
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# No market turn for reinsurers

## Better results not a sign of higher rates

### Has the reinsurance market turned?

U.S. reinsurers reported a 9.1% increase in premium volume in 1990, compared with declines the previous two years, while their combined ratio improved.



Source: Reinsurance Assn. of America

GRAPHIC BY JOHN SMITHER

By DOUGLAS McLEOD

NEW YORK—U.S. reinsurers' results improved last year, but most reinsurers say the numbers do not signal improvement in the market.

The combined ratio for 65 property/casualty reinsurers surveyed by the Reinsurance Assn. of America fell to 106.1%, an improvement from the 106.9% posted by a similar group of reinsurers in 1989 (*BI*, April 16, 1990).

At the same time, net reinsurance premiums written rose 9.1% to \$10.7 billion from \$9.8 billion in 1989.

However, neither of these developments indicates a tightening reinsurance market, several reinsurance officials say.

"Those that are holding their own or growing are doing it by getting new accounts and not by increasing prices," said Michael G. Fitt, chairman and chief executive officer of Employers Reinsurance

Corp. of Overland Park, Kan.

"Frankly, a lot of people say the market is moving (but) we have yet to see it," added James R. Fisher, senior vp and comptroller of American Re-Insurance Co. in Princeton, N.J.

"There are no signs of improvement," said Bard E. Bunea, chairman and chief executive officer of Constitution Reinsurance Corp. in New York.

Reinsurance analysts, meanwhile, point to the continuing gravitation of business to the largest, best-capitalized reinsurers, and suggest the largest reinsurers stand to gain no matter which way the market moves.

If primary insurance pricing hardens, reinsurers would benefit as higher premiums are passed along from ceding companies.

On the other hand, if the primary marketplace remains soft and ceding insurers' balance sheets weaken, reinsurers may benefit from rising interest in surplus re-

lief treaties and other forms of finite risk reinsurance designed to improve ceding insurers' capital and surplus positions.

"I don't see how the reinsurers can lose, especially the major reinsurers," said Michael Smith, vp and insurance industry analyst with Shearson Lehman Bros. in New York.

"It's almost a win/win" situation for reinsurers, agreed Myron M. Picoult, senior vp and senior insurance analyst with Oppenheimer & Co. in New York.

The improvement in the 65 surveyed reinsurers' results stemmed entirely from a drop in their aggregate loss ratio in 1990: The reinsurers posted a 75.5% loss ratio last year, down from 76.4% in 1989.

The reinsurers' aggregate expense ratio, meanwhile, climbed only slightly to 30.6% in 1990 from 30.5% the year before.

The RAA attributed the drop in the loss ratio to the absence in 1990

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# Suits target manager, owner of Philly high-rise

By MICHAEL SCHACHNER

PHILADELPHIA—The owners and manager of a Philadelphia skyscraper are denying allegations that they violated numerous state and city fire codes, hampering efforts to fight what is considered one of the worst office building fires in U.S. history.

Eight lawsuits charging the owners and managers of One Meridian Plaza with negligence seek a total of more than \$250 million of compensatory damages and more than \$2 billion of punitive damages. The suits, now pending in federal court in Philadelphia, seek class-action status.

The fire, which killed three firemen and injured 12 others, burned uncontrolled for 19 hours on Feb. 23 and 24, destroying eight of the building's 38 floors (*BI*, March 4).

Fire officials have not determined why the building's primary and backup electrical systems failed.

However, the owners and managers of One Meridian Plaza, "had nothing to do with the start of the fire," contends Stephen A. Cozen of Cozen & O'Connor, a Philadelphia law firm representing 10 of

**The building owners and manager 'had nothing to do with the start of the fire,' Mr. Cozen says.**

the 15 defendants named in the suits.

Mr. Cozen argues that any such failures were the fault of one or more independent contractors that improperly installed a system or failed to "test, inspect and certify" it.

"As far as (building owners) knew, they were 100% in compliance with all applicable fire and safety codes, based on what was represented and warranted to them by independent contractors," Mr. Cozen said.

Current plaintiffs in the suits include One Meridian Plaza tenants and nearby businesses, but the suits could eventually be expanded to include thousands of businesses and individuals as plaintiffs.

The suits allege that negligent conduct, omissions and carelessness

on the part of the building's owners, the firm that occupied the space where the fire began, and contractors, inspectors and manufacturers that worked on various fire safety systems contributed to the severity of the fire.

Among the alleged negligent acts were violations of numerous state and city fire codes.

City fire officials earlier this month concluded that spontaneous combustion of oil-soaked rags that a work crew improperly stored caused the 12-alarm blaze (*BI*, April 15). The crew had been using the rags to refinish wood paneling in the 22nd floor offices of reinsurance broker Balis & Co.

Lawyers for Balis, a named defendant in some of the lawsuits, would not comment on the suit. But, Balis has filed preliminary objections to the suits.

Since the fire, officials have cordoned off a three-block area around the building. Work began last month to secure the building, though neither the building owner, E/R Associates Inc., nor its property and liability insurer, Aetna Casualty & Surety Co., have determined whether it can be restored

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# End to cost shifting may spur employers to offer health plans

By SARA J. HARTY and ADRIENNE C. LOCKE

WASHINGTON—The key to encouraging more small employers to offer health care benefits—and reducing the number of uninsured Americans—is containing health insurance costs by eliminating uncompensated medical care, a research executive told a House panel last week.

Providing care to the uninsured forces providers to shift costs to those with health insurance, pointed out Dallas L. Salisbury, president of the Employee Benefit Research Institute, a think tank in Washington, D.C.

This drives up the cost of health insurance and places a heavy burden on those who can least afford it—small employers, Mr. Salisbury explained at a House Ways and Means Committee hearing last week on long-term strategies for health care.

Even in an experimental program in seven states under which the states pay 50% of the cost of bare-bones health plans for small firms, employer participation is not very strong, he said.

"Small businesses are saying that they can't afford even the highly subsidized, stripped-down coverage," he said (see story, page 17).

Changes in the small employer health insurance market, such as community rating, may help to reduce the cost to small employers, but "the cost shifting due to uncompensated care will only be solved with universal access to (health care) financing of some sort," Mr. Salisbury said.

Of the 34.4 million people under age 65 without any public or private health insurance, 54.6%—or 18.8 million—are workers, according to a new EBRI report.

Of the working uninsured, 61.7%, or 11.6 million, are heads of

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# Hall seeks to settle shareholder suits

By MICHAEL SCHACHNER

NEW YORK—Frank B. Hall & Co. Inc. is in the final stages of settling four class-action and two derivative shareholder suits filed against it and its auditor, Deloitte & Touche, for no more than \$14 million.

Under proposed settlement terms expected to be approved next month by a federal judge, the broker and accountant—as well as more than 20 Hall executives, including former Chairman John F. McCaffrey and Saul P. Steinberg, chairman of Reliance Group Holdings Inc., Hall's major shareholder—will be released from the lawsuits.

All of the suits charge the defendants with securities violations and misrepresenting the financial condition of two Hall subsidiaries in the mid-1980s.

The proposal would consolidate and settle four class-action com-

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# Hospital 'hotels'

## Hospital alternatives offer cost savings, rapid recovery

By CHRISTINE WOOLSEY

WASHINGTON—As inpatient hospital stays consume an increasing portion of employee benefit dollars, programs that allow some patients to recover outside an acute care setting will become necessary, two hospital executives say.

Among the more promising alternatives is the "hospital hotel" or

"recovery care center," which offers less intensive medical care than a hospital but still meets the recovery needs of patients who would otherwise be confined to a hospital, they say.

"There is a significant amount of savings to the health care system with the proper use of step-down, recovery care centers," said Dr. Alvin Greenberg, president of outpatient surgery at Temple Medical Center in New Haven, Conn. Dr. Greenberg spoke during a session at the National Managed Health

Care Congress held here earlier this month.

The 93-bed New Haven Medical Hotel, which began operating in January, is one of approximately a dozen recovery centers that have sprung up around the country in the last decade, Dr. Greenberg said.

Temple Medical Center has a 25% stake in the limited partnership that owns the hotel.

The facility is designed to offer a low-cost alternative to patients who undergo certain types of inpatient or outpatient surgeries and who require monitoring, but not acute care hospital services.

Patients pay \$190 per day for room, board and nursing services,

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The National Managed Health Care Congress  
**NMHCC**

## Tanker loss

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pino engineers are still missing.

The Italian government declared a state of emergency following the sinking.

The cleanup operation is being coordinated by the Genoa Port Authority, which is being assisted by Tosh Moller, technical adviser to the International Tanker Owners' Pollution Federation.

A boom that is about 3,300 feet in diameter has been constructed around the wreck, but oil has still escaped and some has been washed ashore onto a 10-mile stretch of coastline between Cape Arenzano and Savona, the Troodos spokesman said.

However, a storm last week washed some of the oil from the beaches back into the sea, the Troodos spokesman said.

"A lot more than 5,000 tons may have been lost by the tanker, but the oil was burning considerably

and much of it was burned off," said ITOF Managing Director Ian White.

Initial surveys show that little oil is still leaking from the tanker, Mr. White said.

"The Italian authorities are optimistic that there is not much left in the tanker in a fluid form," he said.

If the oil has solidified, the authorities may decide to leave the oil in the wreck rather than try to remove it, Mr. White said.

It is too early to estimate the cost of the cleanup, said spokesmen for Troodos, the insurers and ITOF.

Troodos is a member of the United Kingdom Mutual Steam Ship Assurance Assn. (Bermuda) Ltd. protection and indemnity club.

The club offers standard P&I limits of \$500 million to cover:

- Losses and damages resulting from the oil spill.
- The costs of any reasonable

measures taken to avoid or minimize pollution and damage to property resulting from those measures.

• The costs of, or resulting from, liabilities from complying with an order or direction from any government or authority to reduce pollution.

The U.K. Club retains the first \$1.6 million of any pollution claims, and the International Group of P&I Clubs retains the next \$10.4 million. The remaining \$488 million is reinsured in the London market and worldwide.

However, Troodos' liability is limited under the Civil Liability Convention, which was adopted in 1969 in the aftermath of the oil spill caused by the grounding of the Torrey Canyon off the English coast in March 1967.

Under the CLC, Troodos' pollution liability is limited to 14 million special drawing rights (\$19.1 million at current exchange rates).

The only criterion for the CLC to

apply is that the damage must occur within the territory of one of the 67 convention signatories.

All of the countries surrounding the spill area—Italy, France, and Monaco—signed the convention.

If the cost of cleaning up the spill exceeds the CLC limit, that additional cost could be paid by a fund established in 1978 under the separate Fund Convention. The fund is run by an international organization consisting of representatives from 44 governments called the International Oil Pollution Compensation Fund.

The IOPC Fund generally pays up to 46 million SDRs (\$62.8 million) in cleanup costs excess of the 14 million SDRs paid under the CLC limit.

But, if pollution liability insurance is inadequate, the fund will pay up to 60 million SDRs (\$81.9 million).

The IOPC Fund responds when:

- The damage exceeds the shipowner's liability under the CLC.

• The shipowner would not be liable for cleanup costs. For example, the fund would respond for pollution caused by war or sabotage.

• The owner is financially incapable of meeting its obligations under the CLC and its insurance is insufficient to satisfy pollution damage claims.

The IOPC Fund is financed by contributions from importers of crude oil and heavy fuel oil in the 44 countries that have signed the Fund Convention. Italy, France, and Monaco are among the countries that have signed the Fund Convention.

If pollution liability costs exceed 60 million SDRs, the remainder is paid by the nation that suffered the pollution damage.

However, the IOPC Fund will not respond if damage results from the willful misconduct of the owner or if the ship did not comply with international transportation conventions.

At the time of the accident, the Haven was on its first voyage since it had undergone major repairs after being attacked by an Iranian frigate in April 1988 during the Iran/Iraq War.

The tanker, which originally was owned by Amoco Corp., was built in 1973 and was called the Amoco Milford Haven until Amoco sold it to Astilleros in 1986. The Haven was the sister ship of the Amoco Cadiz, which was wrecked off the French coast in 1978 causing a major pollution disaster.

A federal judge in Chicago last year issued a final order requiring Amoco Corp. to pay 695 million French francs (\$128 million) to French claimants damaged by the 1978 Amoco Cadiz wreck.

Amoco—which is appealing the ruling—was also ordered to pay 21.2 million pounds (\$38.5 million) to Petroleum Insurance Ltd., a Bermuda-based captive of Royal Dutch-Shell Group, which owned the 68 million gallons of oil spilled in the wreck (BI, July 30, 1990).

However, the Troodos spokesman dismissed press speculation that the two ships may have a common design or construction fault that contributed to their fates.

The Haven "underwent lengthy repairs, and it is the first ship to receive the American Bureau of Shipping long-life certificate. So, although it was built in 1973, the work done on it means that effectively it was almost new," said Troodos Director Andreas Charalambous.

There is no reason to connect the Haven sinking with the Amoco Cadiz disaster, said Michael Maughan, underwriter for Lloyd's syndicate 206, which is managed by Sturge Marine Syndicate Management Ltd. The syndicate leads the Haven hull coverage in the Lloyd's market.

Troodos has \$30 million of hull coverage, Mr. Maughan said.

The coverage is led in the London company market by Phoenix Assurance P.L.C.

However, only 27.5% of the risk was directly insured in London, Mr. Maughan said. The remainder was placed with overseas underwriters, he said.

The Troodos spokesman would not reveal where the remainder of the coverage was placed.

"No broker has been to see me yet, but looking at the pictures it certainly looks like a total loss," Mr. Maughan said.

London sources say that the Haven's cargo is owned by the National Iranian Tanker Co. and is insured by the Iranian national insurer, which is thought to reinsure with the London market through broker Willis Corroon P.L.C.

Willis Corroon would not comment on the coverage.

At current prices, the 1 million barrels of Iranian light crude oil is worth around \$19 million. ■

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# STRAWBERRIES FROM AUCKLAND. SHRIMP FROM BANGKOK. CHOCOLATE FROM BRUSSELS. INSURANCE FROM WAUSAU.



SYSCO, a \$7-billion foodservice marketer and distributor, travels the globe, selecting the finest foods. When it comes to choosing a business insurer, they're just as particular.

"We went through an exhaustive process in choosing Wausau," says Tom Rochford, Director of Treasury Operations at SYSCO. "Claim service was our main concern. How would the insurer handle the claims of our 70 companies

*Wausau's regional offices extend service to more than 70 SYSCO companies.*

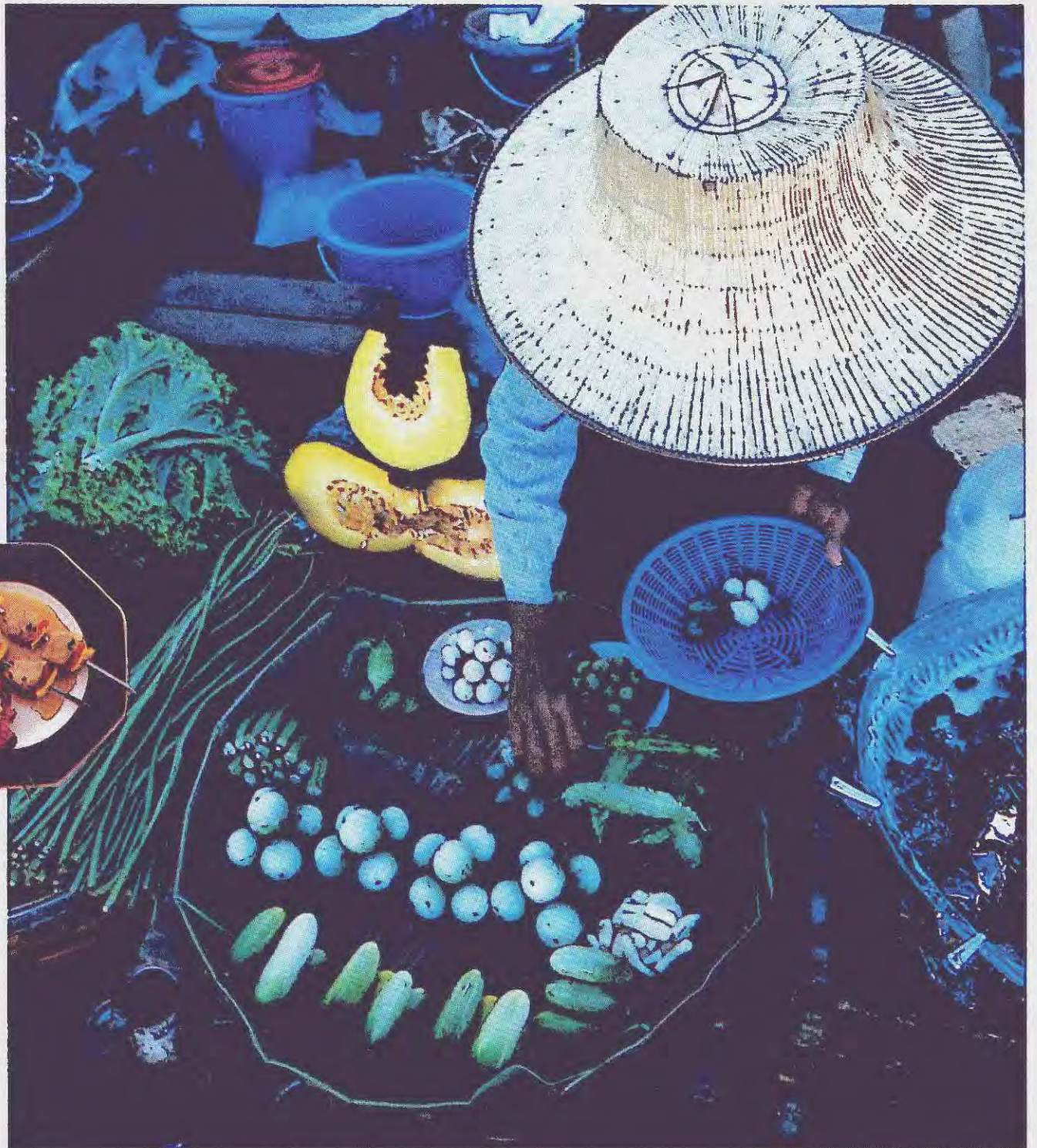
across the country?"

This Houston-based corporation carefully reviewed 15 different insurers. In the end, only Wausau met their requirements.

"In the final round we

met with some of Wausau's key people. Because of their commitment, and what we learned about the company, we chose Wausau. We've changed insurance carriers in the past, but this transition was the smoothest I've ever witnessed," adds Mr. Rochford.

SYSCO wanted a working partnership with their insurer. They researched the entire market. And, as always, they chose the best. Wausau Insurance.



*Access to claim information is the main ingredient in SYSCO's claim management.*



# Sears displays new point-of-service plan

## Benefit beat

Sears, Roebuck & Co. is replacing its traditional group health indemnity plan with a far-reaching point-of-service managed care plan aimed at controlling costs.

The Chicago-based retail giant spent \$520 million on health care in 1990, an amount equal to nearly 58% of the company's net income. Among other things, the company hopes the new health plan will eliminate at least 20% of the expenses related to unnecessary and inappropriate medical care.

The new plan, called Healthcare Alliance, requires Sears employees and dependents to select a primary care physician from an established network. That primary care physician is responsible for coordinating all the employee's health care needs, including any referrals to specialists.

Employees enrolled in the new

plan do not have to pay an annual deductible. However, they are responsible for various copayments.

The plan will cover employees in Sears merchandise operations, as well as its other units: Allstate Insurance Co., Coldwell Banker Real Estate Group Inc. and Dean Witter Financial Services Inc.

Metropolitan Life Insurance Co., Prudential Insurance Co. of America and CIGNA Corp. administer the plan in different geographic areas.

The point-of-service plan is self-funded, as was the conglomerate's indemnity plan.

Sears began implementing the new plan last year in Los Angeles and Houston, and it currently

covers about 30,000 employees in the West and Southwest, noted James Bronson, director of Sears' employee benefits and personnel policies.

Sears hopes to have 70% to 80% of its 266,339 eligible employees covered by the new plan by 1993, Mr. Bronson said.

The company is currently introducing the new plan to 28,000 Chicago-area employees—its largest employee concentration. The enrollment is set to take place during July 1 health insurance renewals in Chicago.

Chicago-area employees who select the Healthcare Alliance plan will receive hospital, physician, prescription drug, and mental health and substance abuse benefits, among other things.

Employees must pay a \$10 copayment per doctor visit and \$50

per hospital stay up to \$250 per year.

Sears employees can continue to see physicians who are not in the Healthcare Alliance network, but it will cost them more money. Out-of-network benefits include a \$300 individual deductible per year and employees are responsible for 30% of medical expenses up to \$5,000 per year.

Employees with family coverage who receive medical care outside the network must pay a \$900 deductible per year and 30% of medical expenses up to \$10,000.

Under Sears' current indemnity plan, workers pay a \$250 individual deductible per year and 20% of medical expenses up to \$2,000. A worker electing family coverage pay a \$750 deductible per year and 20% of expenses up to \$4,000.

In addition to the Healthcare Al-

liance plan, employees also can select one of the health maintenance organizations Sears offers.

Chicago-area employees will have four HMOs to choose from, Mr. Bronson said. Previously, the company contracted with eight HMOs in the Chicago area, but "they are being pared down in an effort to consolidate our purchasing power," he noted. About 31% of Chicago-area employees are enrolled in HMOs, he said.

Some of the HMO benefits in Chicago are slightly better than the benefits offered under the Healthcare Alliance plan. For example, all four HMOs cover 100% of hospital expenses and generally have lower office visit copayments.

However, Mr. Bronson stressed, employees are not covered for medical care received from non-HMO providers—except for cases where there is a life-threatening emergency.

"The HMO locks you in," he explained. "The employee is paying a little more in co-pays for the Healthcare Alliance plan, but it gives them flexibility to have some coverage outside the network," he said.

About 35% of the Sears workforce nationwide is enrolled in HMOs, with the remainder in the group indemnity plan, Mr. Bronson said. "Based on prior experience, employees who are comfortable with the HMO setting will probably stay there. Those who feel so-so about the HMO will probably migrate to the new plan," he said.

Other employees may persuade their existing physicians to join the network so that they can continue to get care from them, he added.

Sears employees also must pay a portion of their health insurance premiums, deducted from their paychecks, regardless of the plan they choose, Mr. Bronson said. The amount of the deduction is the same under each plan. Chicago-area employees will pay \$35 per month for coverage under the Healthcare Alliance plan or any of the four HMOs. Employees electing family coverage will pay \$73 per month. The monthly deductions are lower than those under the indemnity plan and HMOs, Mr. Bronson said.

Mr. Bronson pointed out that the new plan is not a cure-all for the conglomerate's rising health care bills. "Our health care costs will continue to increase—there's no question about that," he said. "But this effort should help ease" the escalation of those increases.

—By Christine Woolsey

## ESOP abandoned

Cincinnati Bell Inc. is not proceeding with the establishment of a previously announced leveraged employee stock ownership plan, citing "current market conditions" as the reason why.

The telecommunications company announced late last month that it is scrapping plans to purchase about \$72 million of unissued Cincinnati Bell stock that would have been used to fund the ESOP. The stock purchase was to have been financed by the proceeds arising from the sale of \$75 million in 10-year notes the company owns.

In June 1990, when the ESOP plans were announced, Cincinnati Bell said ESOP trusts would acquire about 3 million shares of common stock, which would have given employees about 5% ownership of the company's common shares.

"Stock values depressed over the rest of last year and the general financial outlook is not right to continue with a leveraged ESOP," a spokesman said.

—By Michael Schachner



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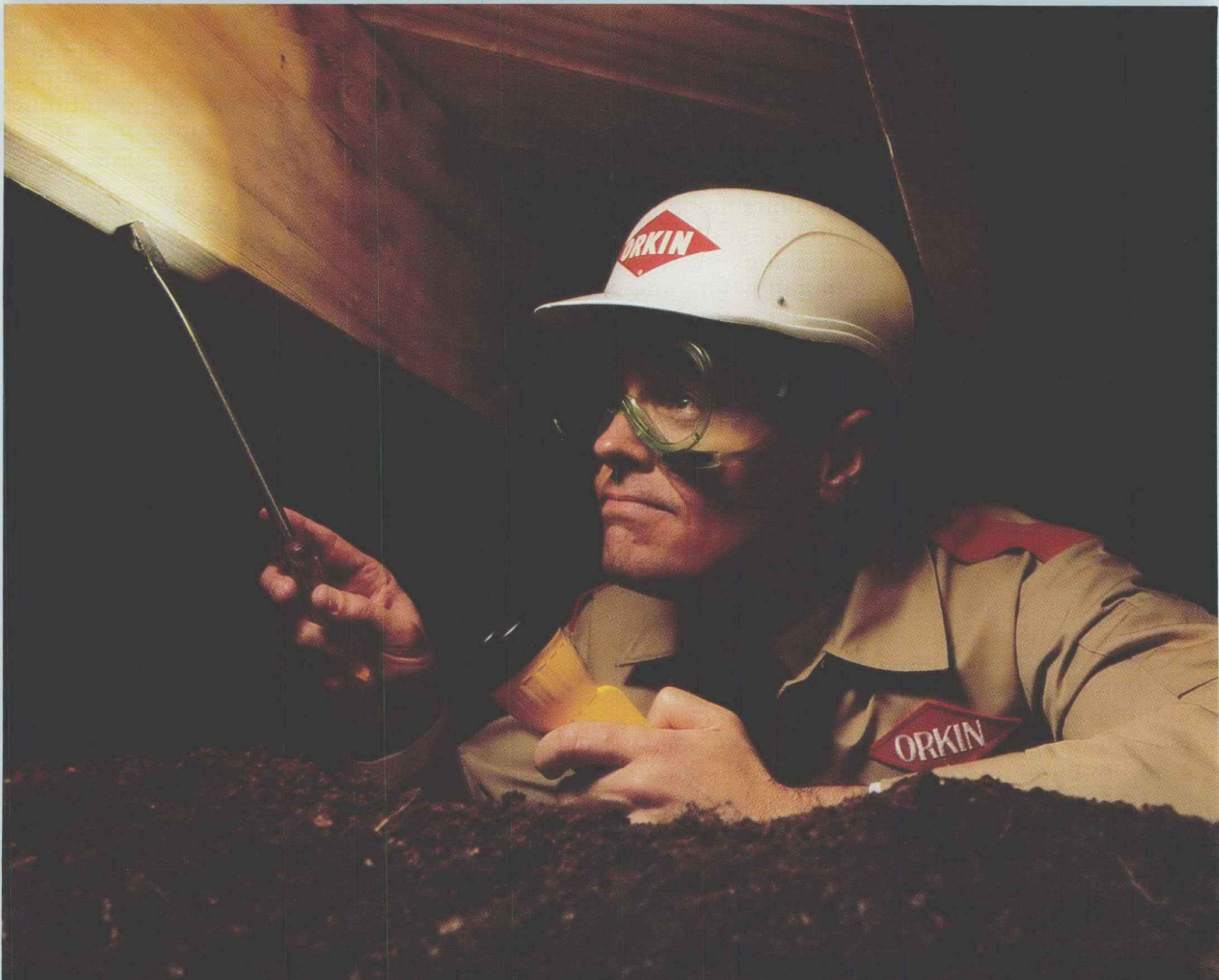
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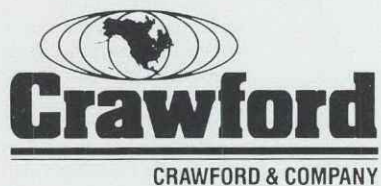
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## Opinions

## No guarantees

**T**HE TAKEOVERS this month of the one-time high-flying insurance subsidiaries of First Executive Corp. by the California and New York insurance departments demonstrates that employers have to use the same caution in selecting an insurer from which to buy annuity and guaranteed investment contracts as they do in choosing an insurer for their property/casualty risks.

Just as a risk manager has to ask why a liability insurer can offer a much lower rate than competitors, a benefit manager has to ask why a GIC or annuity insurer can offer higher rates than the competition.

By now, the saga of Executive Life Insurance Co. of California and Executive Life Insurance Co. of New York is well-known. The two units, offering notably higher rates than their competitors on many products, attracted billions of dollars in premiums over the last decade.

Many of those dollars—far too many in hindsight—were used to purchase non-investment grade bonds, appropriately called junk bonds, peddled by financier Michael Milken, who now is serving a lengthy prison term.

With the collapse of the junk bond market about two years ago, the fortunes of First Executive Corp. and its insurance units plummeted. First Executive had net losses of \$366 million last year and \$775 million in 1989.

With such losses, public confidence evaporated and policyholder requests for redemptions soared. California and New York regulators had to act to prevent the collapse of the insurance units.

While Executive Life of New York, according to regulators there, may have sufficient assets to meet liabilities, California regulators offer no such predictions. They warn of a likely restructuring of liabilities with an effort made to ensure a maximum return of benefits to policyholders.

## Letters

## KELM insurers oppose limited payout for policyholders

To the editor: The directors of the KELM subsidiaries of London United Investments P.L.C. continue to be committed to the preparation of schemes of arrangement for the companies (BI, April 8). They believe this is in the best interests of policyholders. The schemes they are preparing are intended to be equitable to all policyholders, whether they are of a "long-tail" or "short-tail" variety.

The directors have, since October, been discussing their plans with a liaison group of major creditors. They also have appointed firms of lawyers, accountants and actuaries to consider these schemes from the point of view of the general body of creditors of the companies. Discussions with these firms and with the creditors' liaison group are continuing with a view to commencing the schemes in June.

The schemes are dependent upon the support of the Policyholders Protection Board, which has been asked to agree to pay policyholders who are protected under the Policyholders Protection Act in exactly the same way it would if each company were in liquidation. Without the PPB's support, protected policyholders would be worse off under the schemes,

and the directors would not proceed with them.

Although the PPB has indicated its support in principle for the schemes, its legal advisers have drawn attention to a possible interpretation of the winding-up rules that, if correct, would mean that in a liquidation only those policyholders with claims that had actually been settled by the date of the winding-up order would be eligible for a distribution in the liquidation. This would effectively make the companies solvent and the PPB would, under this interpretation, be under no obligation to make any payment in the liquidation. Since the PPB is only able to join in the schemes if the cost of them would be no greater than a liquidation, it has indicated that this issue must be clarified before it can join in the schemes.

In the case of the KELM companies, the effect of this interpretation of the rules would be that, upon winding up, only a small proportion of the liabilities would be payable in a liquidation. It would exclude from payment both known-but-unsettled claims and all future claims yet to be identified.

In the opinion of the directors, such an interpretation would be wholly unjust and would so undermine the position of all U.K. insurance companies writing long-tail business (which could, by filing for insolvency, avoid most of their liabilities) that legislation would follow to restore the position to what it was previously believed to be.

The companies have received clear legal advice that the narrow interpretation of the rules is incorrect. They nevertheless understand the PPB's wish to



"YOU SHOULD READ THE SMALL PRINT."

Of course, it also is possible that other insurers may purchase the two Executive Life units, assuming both their liabilities and their assets.

Regardless of the outcome, there is plenty that employers can do now. With the tens of billions of dollars of 401(k) plan contributions flowing in GICs, employers should use multiple insurers as GIC providers. That will reduce participants' exposure to losses if an insurer were to fail.

At the same time, employers and their consultants must do their own research on GIC providers. Criteria like soundness of investments and experience of management have to be examined.

Finally, employers have to do a better job of letting employees know that there are risks in any investment—even so-called safe investments like GICs.

have the position clarified. The companies' and the PPB's respective legal advisers therefore have been discussing a construction summons for early hearing in the U.K. courts in order to resolve the issue.

At that hearing, the companies' legal advisers will argue against the narrow interpretation that would limit the claims paid in a liquidation. That would be the directors' position whatever the view of the companies' shareholder, LUI. However, the administrators of LUI have confirmed in writing that they also believe the narrow interpretation is wrong.

The directors wish to emphasize that the schemes are being prepared by them with the help of their professional advisers and not by the administrators of LUI. Price Waterhouse, two of whose partners are the administrators, has been retained by the directors to advise the companies in connection with the schemes, and Colin Bird, one of the administrators, is actively involved in that advisory role. The directors are satisfied that the two roles can be, and are being, kept separate.

It is anticipated that it will be possible to resolve the issue concerning the interpretation of the winding-up rules in the courts during May and that the schemes will then be able to proceed. In the meantime, the companies and their advisers are continuing to work on the detailed terms of the schemes and to discuss them with the creditors' liaison group and the advisers appointed on behalf of the general body of creditors with a view to commencing the court timetable for the schemes in June. If this can be achieved,

Continued on page 12

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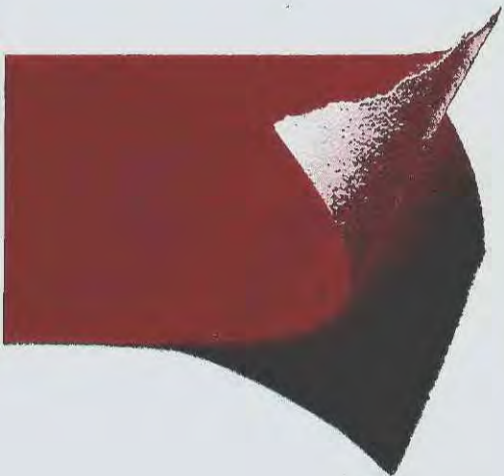
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## At issue

Where does your employee benefit department fit into the corporate hierarchy?



**Mary C. Calteaux**  
Employee Benefits Administrator  
Pittway Corp., Northbrook, Ill.

The corporate employee benefits department handles plan design work, which is carried through by division human resource heads. The corporate benefit department reports to the comptroller/secretary. He in turn reports to the chief financial officer.



**Mary L. Raffaniello**  
Director of Employee Benefits  
Culbro Corp., New York

As director of benefits I report to the vice president of human resources. The vp of human resources reports directly to the company president. Even though she reports to the president, there is a tremendous amount of interaction with the chief financial officer. The result is a balance of financial responsibilities while still enabling us to respond to employee needs.



**Susan O'Hare**  
Senior Manager-Compensation & Benefits  
Noxell Corp., Hunt Valley, Md.

During the 80 years Noxell has been in business, benefits administration has been a human resource responsibility, while negotiations and plan design were part of the finance department. As the human resource profession was accepted as a strategic player on the management team here and at other companies, these responsibilities have become a part of human resources.



**Bryce E. Farmer**  
Vp/Manager-Human Resources  
Ranger Insurance Co., Houston

As an integral piece of the overall corporate strategy puzzle, the employee benefits department demands direct attention from top company managers. A reporting relationship through human resources to the chief executive officer emphasizes the importance and maintains its integrity. Benefit issues come from people, and people are a company's most valuable asset.

Compiled by Sara Harty

## Letters

Continued from page 8  
the schemes, if approved by creditors and the court, should become effective by the end of the year.

**Roger Borley**  
**Keith Engerran**  
Directors

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El Paso Insurance Co. Ltd.  
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London

## Physician review best UR method

To the editor: The article "UR Programs Need Regular Checkups" discounts the value of utilization review systems using physicians to review all requests for authorization (*BI*, Feb. 18).

Cost Care Inc. believes that physicians should make every review determination because:

- Only physicians have the factual knowledge to recognize unique clinical factors that can affect the outcome of treatment.

- The best way to change medical practice patterns is through peer communication about alternative treatments and length of stay.

As to the purported inefficiency of 100% physician review, adequate systems can eliminate this. Cost Care uses an on-line system of review that allows immediate access to real-time data. Our patients and their physicians are notified of review outcomes in a timely manner.

The same issue of *Business Insurance* also ranked Cost Care as the eighth-largest general service UR firm. Our success is a testimony to the effectiveness of our systems, many of which have been developed and modified as a result of suggestions from our clients. Until our clients tell us that 100% physician review is not effective, we will continue to believe it is the best way to ensure that employees and dependents receive the highest-quality, most cost-effective health care possible.

**Lawrence Goelman**  
President/Chief Executive Officer  
Cost Care Inc.  
Huntington Beach, Calif.

## Physician choice an employee issue

To the editor: As providers of employer-sponsored education programs to help employees be more aware of the quality of medical care and cost, we believe that an employer's ultimate cost containment vehicle is its employees.

Yet, 53% of respondents to a recent survey saying the quality of care received from their family physicians was excellent cited friendliness and accessibility as the most frequent attributes of quality attention and care (*BI*, April 8).

Quality of physician care should be measured by more than personality traits and accessibility. If an employee is educated to become more involved in selecting his health care providers based on true quality and cost issues, he will not only receive better care, but also perhaps make a better cost decision.

Another article reported that the American Medical Assn. wants the private utilization review vendors to divulge their criteria for determining the appropriateness of medical and surgical procedures, using the argument that "it would be useful for physicians and patients and could result in improved medical care."

The AMA could "improve patient care" more by lobbying for release of patients' medical records to them—which is prohibited by many states' laws—than by lobbying for release of private UR criteria.

**David H. Ellig**  
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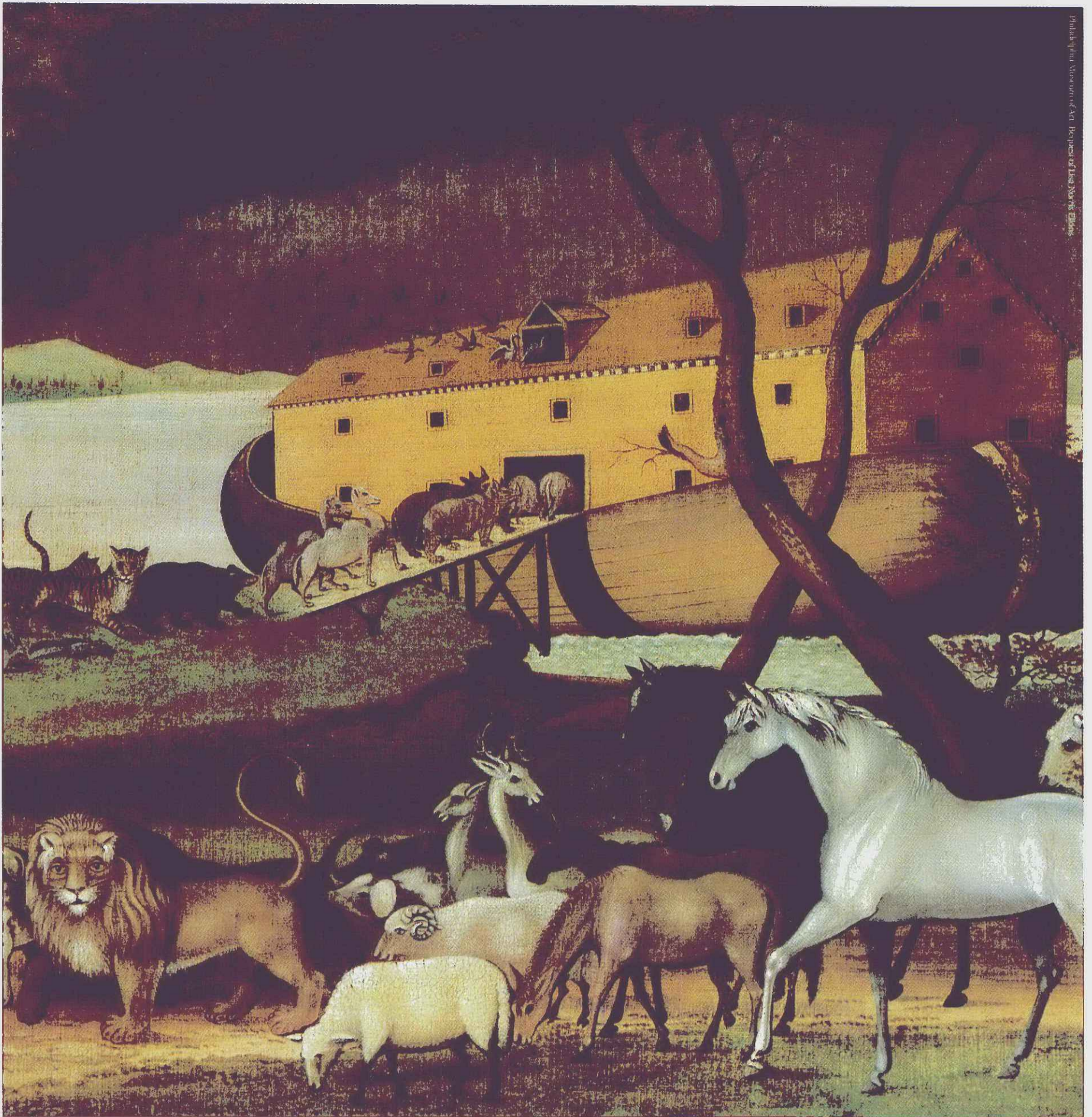
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Philip James, Museum of Art, Bequest of Leo Marx, 1978

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## Hall settlement

*Continued from page 3*

plaints, while settling one of the derivative lawsuits and paving the way for the second to be dismissed. A fifth class-action suit was dismissed in 1987.

The portion of the maximum \$14 million settlement that Hall could eventually pay falls "well within reserves set aside for this case and will have no impact on the company," said Blair Fensterstock, Hall's general counsel in Briarcliff Manor, N.Y.

The remainder of the settlement would be paid by Deloitte & Touche and Hall's directors and officers liability insurer, National Union Fire Insurance Co. of Pittsburgh, Pa., a unit of American International Group Inc.

Deloitte & Touche would not comment, while National Union could not be reached for comment.

Defendants would not pay equal amounts under the settlement, although Mr. Fensterstock said the actual payments are confidential.

The proposed settlement of the derivative actions, however, stipulates that National Union would be responsible for all of the \$750,000 that would be paid to the derivative plaintiffs and plaintiff's attorneys.

Under terms of the proposed \$13.25 million settlement of the class action, a portion of the payout would be returned to the defendants if all eligible class members do not submit claims or if the court fails to award the full \$4 million that the class-action plaintiffs have requested in at-

torneys' fees.

Defendants therefore could end up paying as little as \$4 million, Mr. Fensterstock said.

But one plaintiffs' attorney, Edward Labaton of Goodkind Labaton & Rudoff in New York, said he is "confident that the entire fund will be used up."

His firm and others representing the plaintiffs are doing "everything" to notify all class members who are entitled to a portion of the settlement, he said.

"The settlement is going to be made available to all class members who come in. We're taking all reasonable steps to make sure everyone is notified," he said.

Eligible class members are those individuals or corporations that purchased fewer than 125,000 shares of Hall common stock between March 1985 and March 1986.

Those who purchased more than that can submit a claim for losses based on the purchase of less than 125,000 shares, according to the proposed settlement.

Approval of the class-action settlement proposal would result in payment of \$750,000 to Polar International Brokerage Corp., a Hall shareholder that filed the lead derivative action.

Once that case is settled, the second derivative lawsuit, filed on behalf of another shareholder and now pending in Delaware, would be dismissed under terms of the settlement.

Although the Delaware plaintiff is not party to the settlement, the case is expected to be dismissed, Mr. Labaton said. In the unlikely event it is

not, the settlement would be rendered null and void, according to the settlement.

Both the class-action lawsuits and the derivative complaints allege that Hall and Touche Ross violated various federal securities laws. The defendants also allegedly committed fraud and negligently misrepresented

**Hall's share of the settlement falls 'well within reserves set aside for this case,' says Mr. Fensterstock.**

the financial status of both Global Surplus Insurance Services Inc., a wholly-owned managing general agent, and subsidiary Union Indemnity Insurance Co.

That New York-based unit was found insolvent as of year-end 1984 by \$138.5 million and was ordered into liquidation by the New York regulators in 1985.

The New York Insurance Department sued Hall and others for \$140 million in 1987, claiming it drove Union Indemnity into insolvency. Two years later, Hall reached a \$48 million settlement with the department (BI, June 5, 1989; March 16, 1987).

The class-action and derivative lawsuits allege that in 1985 Hall officially listed its liability in Union Indemnity at about \$14 million, while in truth it was much greater, said

plaintiff's attorney Mr. Labaton.

"Hall was actually in control of Union Indemnity as the Insurance Department's lawsuit showed. It's risk was much greater than it reported, which was evidenced by its settlement with the state," he said.

Except the Delaware action, all the suits were filed in April 1986 in U.S. District Court in New York. They also cited Hall and Touche Ross, which later merged with Deloitte, Haskins & Sells, for negligently failing to fully disclose until March 1986 the brokerage's financial responsibility for losses on business underwritten in 1984 by Global Surplus on behalf of Protective National Insurance Co. of Omaha, Neb.

The suits allege that Global in 1984 entered into a business arrangement with Protective whereby Protective would act as a fronting company for business produced by Global. The arrangement called for all of Global's business to be 95% reinsured, thus minimizing Protective's risk, Mr. Labaton said.

He said that Hall, through a letter from Global Surplus, agreed to guarantee the business written by Global for Protective.

However, losses in 1985 on previously undisclosed high-risk malpractice insurance produced by Global far exceeded what was anticipated and reinsurers quit paying Protective, Mr. Labaton said.

"Hall, although it denied responsibility for Global's promise, actually advanced Protective more than \$20 million in 1985 and agreed in principle to pay them more than \$50 million.

"Clearly, they knew what they had done. But, the full scope of this commitment didn't appear in Hall's annual report until March 1986," according to Mr. Labaton.

In addition to the \$750,000 payment, settlement of the derivative action calls for Hall's board of directors to adopt resolutions that for at least five years would guarantee that:

- Three or more of Hall's directors should be independent directors, employed by neither Hall nor its subsidiaries.

- Any acquisition or divestiture involving more than \$30 million would require the approval of a majority of Hall's independent directors.

- All transactions in excess of \$25 million "not in the ordinary course of business between Hall and its directors" would require the majority approval of the independent directors.

The defendants, which "vigorously deny that they have violated any law or regulation or breached any duty to any member of the class," are settling solely because they believe it will avoid substantial expenses, uncertainty of outcome and distraction, according to the proposed settlement.

"We're very happy to have resolved all matters," said Mr. Fensterstock.

"This is a fair settlement based on extensive discovery," Mr. Labaton added. "All parties have indicated that they'll abide by it, and I'm sure it's now just a matter of the courts approving it."

The settlement is scheduled to be heard May 10 by Chief Judge Charles Bryant of the U.S. District Court for the Southern District of New York in Manhattan. ■

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# New Massachusetts health care plan

## Governor promotes bill to help small businesses find coverage

By ADRIENNE C. LOCKE

BOSTON—Massachusetts Gov. William Weld, who wants to repeal the state's landmark universal health care statute, is proposing a new law that would help small employers buy group health insurance.

The proposal would allow insurers to develop and market "low-option" basic health insurance plans that would be less expensive than the small group plans currently on the market.

The legislation would target employers with between two and 25 employees that have not offered health insurance coverage for at least a year.

Gov. Weld said that "rather than simply dictating to small business that it must provide health insurance to employees," as he says the universal health care plan would, "a concerted effort that makes it easier for them to do so is a more desirable approach."

However, the governor did not estimate how many of the state's 300,000 working uninsured would receive health insurance as a re-

sult of the proposed reforms.

The legislation is based on a proposal developed by the state Department of Medical Security's 13-member Small Business Advisory Board.

The board, which was created with the passage of the state's universal health care law, is composed of representatives of the small business and insurance communities.

Under the bill:

- Group health insurers, including commercial insurers and Blue Cross & Blue Shield plans, would be required to make coverage available to every employer, regardless of an employer's type of business or employees' health status.

- Health maintenance organizations would be required to provide coverage to all businesses under a prototype plan that would be developed by the health maintenance organizations and approved by the state Division of Insurance.

- Employees covered by small employer plans would be required to meet the waiting period for a pre-existing condition only once,

even if the employer changes insurers.

- All insurers would be allowed to sell a "low-option" basic benefit plan product to small employers. These basic benefit plan products would be developed by the insurance industry and approved by the Division of Insurance and could include exemptions from benefits currently mandated by state law.

These plans could be offered for 2½ years while a 15-member Health Benefits Advisory Board, whose establishment is proposed in the legislation, studies whether changes should be made in the types of benefits the state currently mandates.

- The members of the advisory board would include representatives from the insurance industry, the health care industry, large employers and small employers in addition to consumers.

- Setting premiums based on the length of time a small employer has been covered by an insurer would be prohibited.

- Experience rating for the small group market would be phased out over a four-year period. However, premiums charged to these groups could vary—within limits—according to the age of the group, its geographic location and other demographic factors.

- Premium increases for small employers would be limited to

changes in health care costs trends, changes in the demographic makeup of the group and changes in the actuarial value of the benefits—plus 10%—during the first three years after the law's implementation.

- Insurers could voluntarily choose to participate in a reinsurance pool to spread the losses from the small employer group market.

Terri Sorota, assistant general counsel for the Washington, D.C.-based Health Insurance Assn. of America, which issued a somewhat similar small group insurance proposal earlier this year (BI, March 11), noted that there are "some rather pointed differences in the bill that we will have problems with."

For example, the HIAA opposes the elimination of experience rating for small employers, she said.

The HIAA also questions the bill's suggestion that insurer participation in the reinsurance risk pool be voluntary, rather than mandatory as the HIAA has proposed.

"We don't believe that (Gov. Weld's proposal) would be sufficient to spread the risk around," she said.

However, "most of the insurers writing the product preferred it that way," replied Charles Baker, undersecretary for health in the Executive Offices of Health and

Human Services, a state agency in Boston.

Although HIAA member insurers were represented on the board that drafted the governor's proposal, the group is working with its members in Massachusetts to draft an alternative proposal, Ms. Sorota said.

Gov. Weld previously has said that he opposed implementation of the state's universal health care system because taxes that would fund the system place too great a burden on small employers (BI, April 1).

A provision in the 1988 law enacting the universal health care system imposes a new "medical security tax" on those employers that have at least six employees. This tax could total as much as \$1,680 per employee.

An employer that offers a health care plan could offset the tax by each dollar spent on its plan. Employers whose annual health care expenditures exceed \$1,680 per year would be exempt from the tax (BI, Sept. 4, 1989; May 2, 1988).

Gov. Weld recently vetoed legislation that would delay implementation of the tax until 1994 instead of 1992, explaining that he believes the tax should be repealed.

The Legislature has not yet attempted to override the governor's veto. ■

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# Wanted: Spokesman for industry

## Broker seeks answer to image problems

By LOUISE KERTESZ

**SAN FRANCISCO**—The insurance industry needs an independent, reputable spokesman because the industry has a worse public image than any other business segment "except perhaps organized crime," says the retired chairman of a major insurance brokerage.

The insurance industry must find "a spokesman drawn from outside the industry... a person with the credibility and character to take our case to the public," stated Robert V. Hatcher Jr., who retired last year as chairman of New York-based Johnson & Higgins.

And agents, brokers and insurers must "change the way we think about ourselves and what we have to offer," in order to improve their image with clients, Mr. Hatcher said during the keynote address, titled "What's Ahead for the U.S. Insurance Industry," at the Russell Miller National Insurance Symposium/Leadership Conference, held April 7-9 in San Francisco.

"Let's look at where we are right now," Mr. Hatcher began. "It's not a pretty picture. Our industry is plagued with a public image that makes us almost defenseless against the ranks of critics who want a pound of our flesh."

"When is the last time you've read anything good about the industry?" he asked. "Did you see any stories about how quickly we came to the rescue of clients and customers after Hurricane Hugo and the San Francisco earthquake? I didn't," Mr. Hatcher asserted.

Yet, because of the "responsiveness" of insurers and brokers, "businesses reopened in record time after those catastrophes," he said.

Rather than give individuals in the insurance industry credit for doing their jobs, the public makes them "responsible for problems we're not paid to solve," he said.

The root of the problem is that the public does not understand how insurance works, Mr. Hatcher said.

He called for "an industrywide public relations campaign... educating the public about what insurance can and can't do." That "could go a long way toward offsetting the negative image."

One facet of that campaign would be appointing a spokesman from outside the industry. "How about Stormin' Norman or someone of his ilk and stature?" Mr. Hatcher asked, referring to Gen. H. Norman Schwarzkopf, the commander of the Allied forces in the Persian Gulf.

"Think what we could accomplish if we gathered in partnership to raise the funds and plan the campaign that would put an industry spokesman on the air on a regular basis," Mr. Hatcher said.

In an interview, Mr. Hatcher emphasized that insurers and brokers also must hear from people outside the industry. Although he praised the Russell Miller symposium as among the best of its kind, "we all get up and tell each other what we already know," he said.

Risk managers spoke at only one session during the two-day symposium (see story, page 20).

Other symposium participants agreed that the insurance industry must work to change its image, though few seconded Mr. Hatcher's call for an industrywide spokesman.

William H. Braddock, executive vp of property and casualty operations for Los Angeles-based Farmers Group Inc., said that Farmers was working to change the industry's

negative image by encouraging employees to do volunteer work in their communities to show that insurance company employees are not "faceless and heartless."

In addition, Farmers intends to mount a campaign to "revisit" policyholders whose claims have been paid to reinforce the fact that Farmers "always pays what we should," he said.

Mr. Braddock, however did not believe that a spokesman is what the industry needs.

Arthur F. Quern, chairman and chief executive officer of broker Rollins Burdick Hunter Group Inc. in Chicago, an Aon Corp. unit, also said he does not favor an industry spokesman, though he conceded, "we do get

in trouble when as an industry we can't explain our actions."

"Corporate consumers have to understand... the overall rationale for a price change or a withdrawal from a market" so that insurer actions are not branded as "arbitrary," Mr. Quern asserted.

Fred G. Marziano, executive vp of New York-based Continental Corp. and president of its Agency and Brokerage Group, said that the "real answer" to the industry's negative image problem "is time and actions."

Mr. Hatcher noted in his speech that "it should not be impossible to wreak some improvement in our image."

First, insurers and brokers must focus on quality, he said. "Consumers

won't tolerate poor-quality products or services that fail to conform to their requirements."

Mr. Hatcher added that J&H was recently asked by one of its clients "not only to commit to quality in servicing its account, but to lay down in chapter and verse just how we would deliver such quality brokerage services."

"Standards and expectations throughout the risk management community" have been raised, Mr. Hatcher added. "Nowhere is the expectation gap wider than between insurance buyers and companies."

Brokers, agents and underwriters must form an alliance "with the mandate to offer insurance buyers the quality products they want—an alliance dedicated to finding ways to pay legitimate claims, not to avoid them... to finding ways to cover ex-

posures, not to walk away from them," he said.

Citing Philip Morris Cos. Inc.'s successful "long-term strategy of diversification," Mr. Hatcher said the insurance industry will also have to diversify to remain viable.

"We can't just sell insurance in an era when premium dollars are streaming into alternative markets or evaporating into self-insurance programs. We have to diversify, too, in the area we know most about: risk management services," Mr. Hatcher explained.

That means providing "all the products an increasingly sophisticated risk management community needs: loss prevention services, information services, claims services, administrative services," he said, adding that "if we don't, we may well become this century's dinosaurs." ■

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# Written agreement spells self-defense

By LOUISE KERTESZ

**SAN FRANCISCO**—In a difficult economic environment, brokers must alter their old ways and act defensively "to survive in the face of unprecedented threats," says an executive of the world's largest brokerage.

Two areas where defensive action is needed are professional liability and pricing, said David D. Holbrook, president of Marsh & McLennan Inc. in New York.

Gone are the days when big claims could be adjusted with a handshake, Mr. Holbrook said during a session of the Russell Miller National Insurance Sym-

posium/Leadership Conference in San Francisco earlier this month.

"These are the days when virtually everyone involved in today's friendly transaction can be viewed as tomorrow's adversary in court," Mr. Holbrook said.

"We cannot turn back the clock or rely on the old assumptions about relationships and professional courtesies," he observed.

"The sad truth is that we have to prepare for litigation from the moment we arrange to place a risk. We have to operate as if every word, every letter, every written document is likely to wind up as evidence," he said.

This state of affairs, which Mr. Holbrook suggested may actually benefit clients, demands raising "our standards of excellence even higher, as we scrutinize every

transaction to the last detail."

He also urged brokers to operate defensively on pricing. "With eyebrows raised, we watch carriers pursue market share literally at all costs, even at the cost of seriously underpricing their product," Mr. Holbrook said.

"Therefore, the broker's pricing for his or her services has to be disengaged from the insurer's pricing of its products. We cannot continue to be lemmings following the carriers into the sea," he asserted.

"Our firm wants to be properly compensated for the value of the services we provide so as to continue hiring, paying and developing quality professionals," Mr. Holbrook said.

Brokers may have to set "walk-away" prices to avoid losses. "We have to do battle against the 'commodities mentality,' where price is

the only determinant, not service quality, or long-term relationships," he added.

To set prices for its services, M&M has "created a new management information tool." The tool, an inventory of services, provides "a benchmark that reflects the costs of company-wide resources likely to be accessed by our clients. . . an inventory of services, if you will."

Once compensation is determined, "a broker's service agreement should confirm the terms—and other related matters—in writing. We have had some success in gaining client understanding that a written agreement benefits all parties concerned and clarifies expectations," Mr. Holbrook said.

The written agreement should "enumerate all the facets of the broker/client relationship. Aside

from compensation, these include the broker's service obligations to the clients," he said.

But the written agreement would not include "any representations or warranties concerning the ultimate solvency or claims-paying ability of any insurance company," Mr. Holbrook asserted.

The agreement also should outline post-policy servicing responsibilities, he said. "We expect and recommend taking over post-policy servicing of the tail (of coverage) when we start with a new client. If we're replaced as a broker, however, we expect our successor to assume responsibility for the post-policy servicing," he said.

Questioned about Mr. Holbrook's recommendation that policyholders have contracts with their brokers, Stephen M. Wilder, director of corporate risk management for The Walt Disney Co. in Burbank, Calif., said: "We have no contracts with our brokers. We would be nervous about trying to figure out what to include" in such a contract.

Disney looks at relations with brokers as "long-term" and "flexible," Mr. Wilder said.

Peter B. McDonough, vp and director of risk and insurance management services at Bank-America Corp. of San Francisco, said it is "important to clearly articulate expectations and accountability" with a broker. ■

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## Russell Miller symposium attracts 150

**SAN FRANCISCO**—About 150 insurance industry executives attended the third annual Russell Miller Inc. National Insurance Symposium/Leadership Conference, held April 7-9 at the Stanford Court Hotel in San Francisco.

Participants, which were limited to promote interaction, included 83 insurance industry chairmen, presidents and chief executive officers, among other executives.

The attendees came from 32 states, the United Kingdom and Canada.

At a formal dinner during the meeting, former Wisconsin Sen. William Proxmire told the gathering that public and private debt is a crushing burden in American society and that the country needs to seriously address programs to lower debt and increase savings. That would lead to increased capital investment and growth in the gross national product, he said.

Sen. Proxmire is known for bestowing his own Golden Fleece Awards on bureaucrats for waste in government.

Percy Chubb III, vice chairman of The Chubb Corp., said in a luncheon address that though the insurance industry has never been challenged so severely as it is today, "I judge that many of the people I meet in this industry—whether from the producer ranks or the company ranks or elsewhere—are of much higher quality than I remember seeing 10 or 20 years ago. . . This could be characterized as a Darwinian response to our problems of the last decade."

Another Russell Miller symposium and leadership conference is planned for April in San Francisco next year. For information, contact: Alice Berreyesa, Director of Marketing, Russell Miller Inc., 300 Montgomery St., San Francisco, Calif. 94104; 415-956-7474.

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# Risk managers say insurance ignorance still a big obstacle

By LOUISE KERTESZ

SAN FRANCISCO—Widespread ignorance about the role of insurance and some insurers' lack of concern for the needs policyholders are among the major challenges risk managers face today, a panel of experts said.

The risk managers represented "the voice of the consumer" at a panel discussion during the Russell Miller Inc. National Insurance Symposium/Leadership Conference in

San Francisco earlier this month.

"A real challenge" to the corporate risk manager is widespread ignorance about the nature of insurance, even among informed business people, said Peter B. McDonough, vp and director of corporate risk and insurance management services at BankAmerica Corp. in San Francisco.

Insurance is "a mystery to most people in the company. The public and our clients remain incredibly uninformed about insurance except for one element—its cost," he explained.

Risk managers have a difficult time combatting the widespread perception—even among "savvy" professionals—that "insurance must always pay," Mr. McDonough said.

For example, those professionals constantly see "movements to disregard the intent" of a policy in coverage dispute litigation, he said. Such disregard "widens liability (for insurers) far beyond the intent of a policy," he added.

Such coverage disputes cause adversarial relations between insurance buyers and insurers, Mr. McDonough said. And, that could lead insurers to limit the availability of some coverages and dramatically increase its cost, he said.

Mr. McDonough believes it is the risk manager's job to "reshape existing perceptions" of insurance to prevent relations between risk managers and insurers "from becoming adversarial."

But a major obstacle to reshaping perceptions about insurance and the insurance industry is that risk managers "represent the insurance companies" to their firms, Mr. McDonough said. Insurance "has become almost a dirty word in our job descriptions," he said.

Meanwhile, another risk manager said insurers need to gear up to provide the "consistent quality service" that the risk manager's company expects of its own employees.

The Walt Disney Co. expects the industry to "bring value" to the company, not only in risk transfer but also in claims handling and loss control services, said Stephen M. Wilder, director of corporate risk management and the 1990 *Business Insurance* Risk Manager of the Year.

Disney employees "log every compliment and complaint" about the company and Disney expects insurers to do the same, he said.

He urged insurers to train their employees in loss control and claims handling, noting some insurers are still lax in providing those services.

"Effective providers work with insureds and become aware of insureds' goals," agreed Jeffrey W. Pettegrew, vp at Ward-THK Risk Management Services in Walnut Creek, Calif. Mr. Pettegrew was named 1989 *Business Insurance* Risk Manager of the Year for his work as risk manager/chief administrative officer of the Contra Costa County Municipal Risk Management Insurance Authority.

"You're going to have to know what we do," he asserted. "You must consider what issues affect your clients on a regional basis."

But some underwriters still make no effort to learn about a policyholder's overall risk management needs, Mr. Pettegrew said.

For example, he said that when he managed municipal risks and met with an underwriter, the underwriter asked detailed questions about underground storage tanks but "missed all the other risks."

Although many premium dollars have fled the commercial insurance market, "there is still a major role for providers that are responsive to a risk manager's needs," Mr. Pettegrew said.

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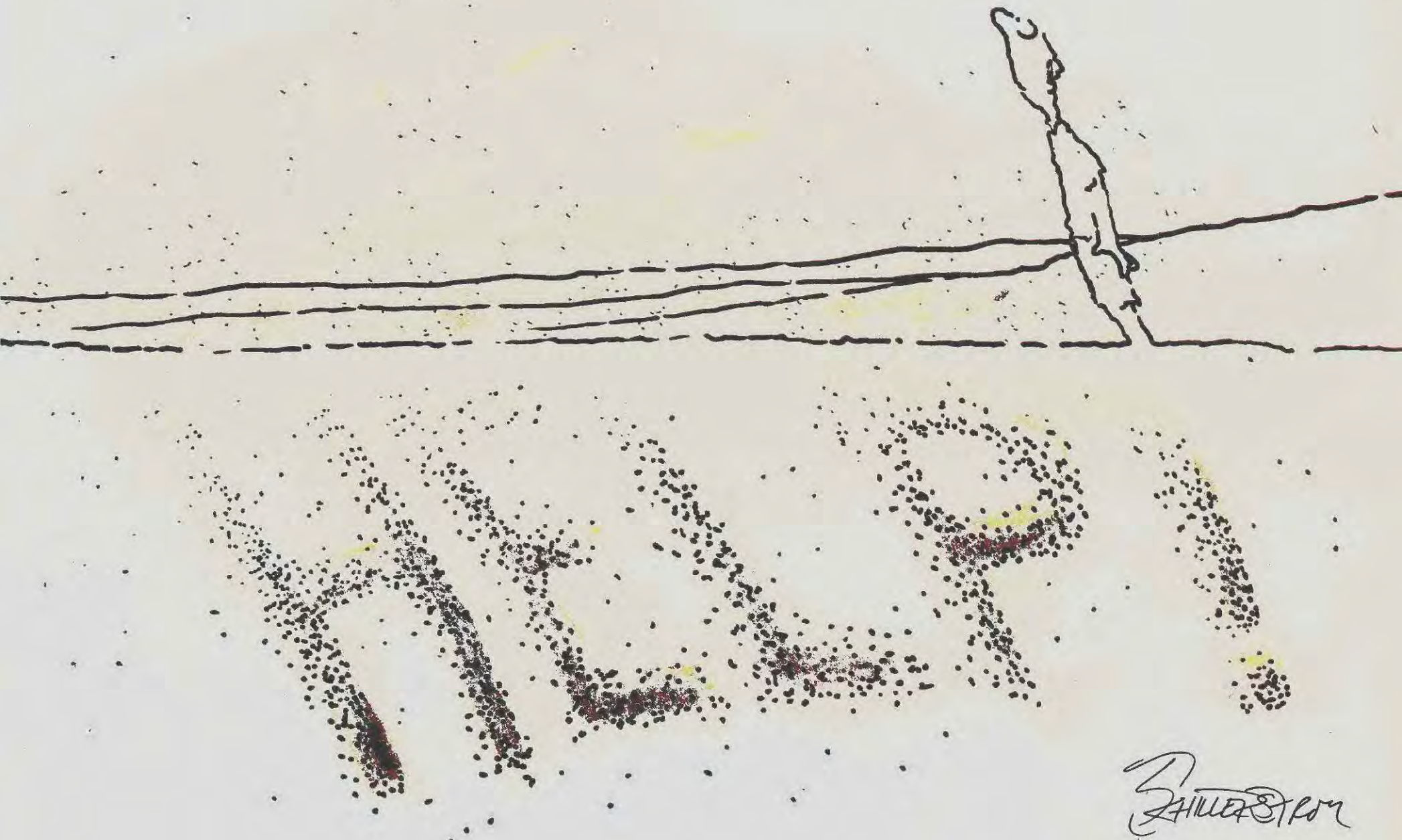
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## Medical hotels

Continued from page 3

Dr. Greenberg said, noting that hospitals typically charge at least three to four times that amount. And, he said, "early data show that patients are going home earlier" than if they had remained in the hospital following surgery.

The medical hotel looks and operates very much like any other hotel, except that physicians make daily rounds to see their patients and there is a staff of nurses on each floor, Dr. Greenberg explained.

The decision to transfer to the hotel is made by the patient and his or her physician, he said. Currently the medical hotel has access to 400 physicians, all of whom go through the same credentialing process as physicians working in hospitals.

In addition, the hotel employs "concierges" who are emergency medical technicians and are available to assist patients and provide emergency backup should the patient require a return to the hospital.

The medical hotel "provides a highly desirable environment for patients" and addresses concerns about comfort, Dr. Greenberg said. Patients in that setting "are independent and they have to help themselves," which often leads to a speedier recovery, he said.

For an extra fee, a spouse, family member or other caretaker can stay with a patient if he or she wants companionship or requires help in dressing, bathing or getting around.

Otherwise, Dr. Greenberg said, patients in the hotel are urged to act independently. For example, they are in charge of taking their own medication, the cost of which is not included in the daily charge, he said.

And, while room service is available, patients are urged to dress and go to the hotel's in-house restaurant because it also helps foster independence and provides them with an opportunity to socialize, Dr. Greenberg said. The restaurant offers table service—rather than cafeteria service—because many patients are not mobile enough or are attached to mobile intravenous equipment, he explained.

The individual hotel rooms are not set up like hospital rooms, Dr. Greenberg stressed. For example, many do not have electrical beds and none have acute care equipment like built-in oxygen tanks. Patients who would require that type of medical care would not be candidates for the medical hotel, he said.

"We are not set up like a nursing home. Patients who would have to spend two to four weeks recovering in a nursing home wouldn't be appropriate" for this facility, he said.

"We identified a group of patients and short-term elective surgical admissions that typically stay two to four days in the hospital and then return home," Dr. Greenberg explained. "These patients usually have to stay in the hospital for pain control, bleeding or other problems."

For example, the medical hotel is ideal for patients who have had certain cardiovascular procedures, Dr. Greenberg said.

"Ten days is the average length of stay for coronary bypass surgery," he explained. Many times the bypass patient is stable following the surgery, but is not yet ready to return home. Many of these patients have been transferred to the medical hotel, and their stays have not exceeded 10 days and often have been less, he said.

Patients undergoing intravenous chemotherapy, insulin adjustment for diabetics or invasive radiology, among other procedures, also would benefit from the medical hotel, Dr. Greenberg said.

Also, patients who are advised to

check into a hospital for observation before certain procedures, like high-risk pregnancy cases, also could save using a medical hotel instead, he said. In some high-risk pregnancies, physicians suggest the patient be admitted to the hospital for fetal monitoring, he explained. "Sometimes they spend weeks in the hospital. Why not have the mother check into the hotel where she can be attached to a fetal monitor and her husband can stay there with her?"

Most patients who undergo outpatient surgery "can be admitted to the medical hotel for post-operative care and avoid a hospital admission altogether," Dr. Greenberg said.

Another hospital executive involved with the medical hotel stressed the savings that setting can produce.

Such facilities will save money for employers, insurers and other payers, noted James J. Cullen, executive vp at the Hospital of Saint

**The medical hotel 'provides a highly desirable environment for patients,' Dr. Alvin Greenberg says. Patients in that setting 'are independent and they have to help themselves,' which often leads to a speedier recovery.**

Raphael in New Haven. Saint Raphael also has a 25% stake in the New Haven facility.

"We have just over 90 days of experience and we are just starting to analyze the data, but there are savings" associated with the use of the medical hotel, Mr. Cullen said. For example, costs for a stay in the medical hotel average 20% to 35% less than the costs of an acute care hospital stay, he said.

In addition, outpatient surgery cases that avoid hospitalization altogether and move directly to the medical hotel following a procedure save 50% to 60% over the

same procedures performed on an inpatient basis, Mr. Cullen said.

Another benefit of the medical hotel is that because patients spend less time in the hospital environment, sometimes avoiding hospitalization altogether, the risk of contracting hospital-borne infections is greatly decreased, Mr. Cullen said. "About 8% of hospital stays nationwide are related to hospital-borne infections," he said.

A local employer using the hotel agreed it will cost a fraction of inpatient care.

"This is a significant develop-

ment for health care," noted Gerald E. Martens, manager of benefits planning for Southern New England Telephone Co. of New Haven, Conn.

Mr. Martens said SNET currently spends about \$62 million on health care for its approximately 10,000 employees in the New Haven area. Of that amount, about \$20 million is spent on hospital care for both active and retired employees and dependents, he said.

Mr. Martens could not estimate the potential savings the company will realize for as a result of some SNET employees using the new facility. However, he said the facility's "per diem rate is about 20% of what we are paying in the acute care hospitals."

The company's utilization review provider, Downers Grove, Ill.-based Healthcare COMPARE Corp., is collecting data that will document additional savings, Mr. Martens added. ■



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# Communication key to managed care plans

By CHRISTINE WOOLSEY

WASHINGTON—Well-informed employees—and dependents—are the key to a managed health care plan's success, says an employee benefit communications expert.

Employers introducing a managed care program should be sure to involve family members in the communication program and should address concerns about quality of care, he advises.

"In my opinion, well-informed, educated and interested employees and families are the key" to effectively managing health care costs and promoting quality of care, said Richard Bevan, vp and leader of

the employee communications consulting practice in Seattle with TPF&C, the benefit consulting division of Towers, Perrin, Forster & Crosby Inc.

Mr. Bevan was one of about 300 speakers at the National Managed Health Care Congress conference, held April 8-11 in Washington, D.C.

Every step a company takes in implementing a managed care program should be explained to employees, said Dale M. Dunlop, an international representative of the International Brotherhood of Electrical Workers.

Mr. Dunlop, who also spoke during the session, discussed the communication effort behind the managed health care program introduced by American Telephone & Telegraph Co. in 1990 (BI, July

**'Employees are conditioned to see health care as a right,' Mr. Bevan notes.**

23, 1990).

Every communication program should educate employees about health care costs and alternative delivery systems, respond to concerns about quality of care, and prepare employees and their families for change, according to Mr. Bevan.

"The user of health care services has a profound effect on how managed care programs work," Mr.

Bevan explained.

Unless employers explain that rising costs forced them to turn to managed care, employees and their families aren't likely to change their health care purchasing habits, he said.

Mr. Bevan stressed the importance of telling plan participants that top management is committed to the concept. "Managed care has forced us to involve employees in the process, not just tell them about it," he said. "In setting the scene, the commitment of management and other stakeholders in the company is critical."

And, Mr. Bevan said, top management should be truthful with employees about why the managed care plan is being introduced. "The days when management could say to consultants and human resource

directors, 'Make it sound good,' are over. It has to be a realistic message—even if it's not good news to employees."

Because employees are anxious about the concept of managed care, introducing a program that limits employees' and dependents' choice is often difficult, he warned.

"Employees are conditioned to see health care as a right and freedom of choice is highly valued," Mr. Bevan said. In a recent TPF&C survey, 65% of employees said freedom of choice is one of the most valuable attributes of a benefit plan.

In addition, employees have limited knowledge about health plans. Many do not know what a health maintenance organization or preferred provider network is, he said. And many companies do not properly explain managed care to employees.

"Most employees still view cost as an insurance company problem," Mr. Bevan pointed out, explaining that most workers do not understand the concept of self-insurance.

"They don't realize that their employer has the burden" of controlling skyrocketing health care costs, he said.

Again citing a TPF&C survey, Mr. Bevan said 90% of the employees responding acknowledged that health care costs are a serious problem. Only 55%, however, felt those rising costs have a significant impact on employers' operating costs.

Most managed care plans offer employees financial incentives to use physicians and hospitals within a network, Mr. Bevan explained. But many employees express concerns about the quality of services available through a managed health care plan and some do not want to stop seeing their current doctor.

"You can move employees into the network with a price difference, but you can't necessarily make them feel comfortable about it," Mr. Bevan said. "Network quality can be the key to acceptance," so employers must assure plan members of the quality of care.

It's also important that employers inform family members about the managed care program, he stressed.

"We've learned pretty quickly that convincing the employee is not enough. Perhaps most of the decisions about health care are made at home, so that even if the employee buys into the concept of managed care, the health care purchaser at home may not," Mr. Bevan pointed out.

It is equally important to communicate the changes to employees' health care plan as the changes take place, the IBEW's Mr. Dunlop said.

AT&T "and the union exchanged a tremendous amount of information" during the collective bargaining process in 1989, Mr. Dunlop said. "In other negotiations I'm involved with, this is not always the case," he noted.

"Communicating what took place was extremely important," Mr. Dunlop said. "At AT&T the attitude was 'we don't want to put a network in and then have to go back and fix it.'" As a result, the program was rolled out slowly and each step was communicated fully to both management and the union representatives.

"We don't believe health care can be addressed in the 11th hour of negotiations; it should be ongoing," Mr. Dunlop said.

Mary Bernstein, manager of employee assistance programs for Stamford, Conn.-based GTE Corp., moderated the session.



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## Tailor substance abuse care to meet special needs: Experts

By CHRISTINE WOOLSEY

WASHINGTON—Homosexual and bisexual employees are more likely to suffer from substance abuse problems than many other segments of the population, treatment experts say.

However, sending homosexual or bisexual employees to mainstream treatment centers may not lead to a full recovery, they say.

"It is not effective to send gay, lesbian or bisexual person into mainstream mental health and substance abuse treatment centers because they cannot feel comfortable" about admitting their sexual orientation, said

Donald M. Wert, executive director of Pride Institute, a Washington, D.C.-based facility that treats and educates substance abuse patients regardless of their sexual preference.

As a result, employee assistance programs and inpatient treatment centers should alter their programs to address the special recovery problems that homosexuals and bisexuals face, Mr. Wert said during a session at the 1991 National Managed Health Care Congress conference earlier this month in Washington.

Homosexual and bisexual employees often find it difficult to cope with their sexual orientation and often feel fear, guilt and shame when they try to confront the reality, pointed out Rachel Roiblat, director of public education at Pride Institute. This in-

ternal struggle often leads to drug and alcohol abuse as well as other psychological problems, she said.

In addition, homosexual and bisexual persons often develop substance abuse problems because much of their socializing takes place in bars, Mr. Wert said. Also, when those persons live in a community without an established homosexual population, they often feel isolated and may turn to drugs and alcohol to alleviate loneliness and confusion, he said.

"Research shows that gay, lesbian and bisexual persons suffer from substance abuse problems three times more than the national average," Mr. Wert pointed out.

Friends, family and other support groups often are not available to homosexuals and bisexuals because their sexual orientation is not considered "normal," he said. For example, many churches do not accept the concept of homosexuality.

In addition, many homosexual persons who enter a treatment program fail to recover and often suffer relapses because the discrimination remains, whether or not they are sober, Ms. Roiblat said.

However, treatment programs that address the special problems of homosexuals can be effective, Mr. Wert said.

Among other things, every EAP and treatment center should accept the fact that some patients may not be heterosexual, he said. And, they should "give up the idea that when the client stops drinking, he or she will stop being lesbian or gay."

In addition, treatment centers should provide a means for the patient to confront the fact that he or she is homosexual or bisexual, Mr. Wert said. "If a client is working in a treatment group and is told to keep secrets about his or her sexuality from the group, we are reinforcing the idea that it's shameful and needs to be kept secret."

Ms. Roiblat said there are subtle ways treatment centers can communicate their acceptance and support of homosexual and bisexual patients without violating confidentiality. For example, displaying books about homosexuality or including artwork that is popular with the gay community in treatment center offices will make a homosexual or bisexual client feel more comfortable.

Recovery programs should not avoid discussing acquired immune deficiency syndrome and the human immunodeficiency virus that leads to AIDS. "The AIDS health crisis is the No. 1" issue among the homosexual and bisexual population, Mr. Wert said. "This needs to be recognized in a treatment process" because AIDS often leads to chemical dependency problems, he said.

Family problems that are specific to homosexuals also should be addressed during the treatment program. It is important to "give families the opportunity to talk about their grief, their resentment and fear about gay and lesbian sexuality," Mr. Wert said. And, information about support groups should be distributed so patients will have sources to turn to once they leave the facility, he said.

Homosexuals and bisexuals who attend treatment programs that address their special needs often have a higher recovery rate, noted Ellen F. Ratner, the Pride Institute's founder and a principal investigator with the ARC Research Foundation in Washington, D.C.

According to a recent study of the treatment outcomes of patients who were admitted to the Pride Institute from September 1988 to February 1989, 74% were continuously free of alcohol for 14 months, Ms. Ratner said. Sixty-nine percent of patients were drug-free for 14 months, she added. Both success rates are higher than the norm, she said. ■

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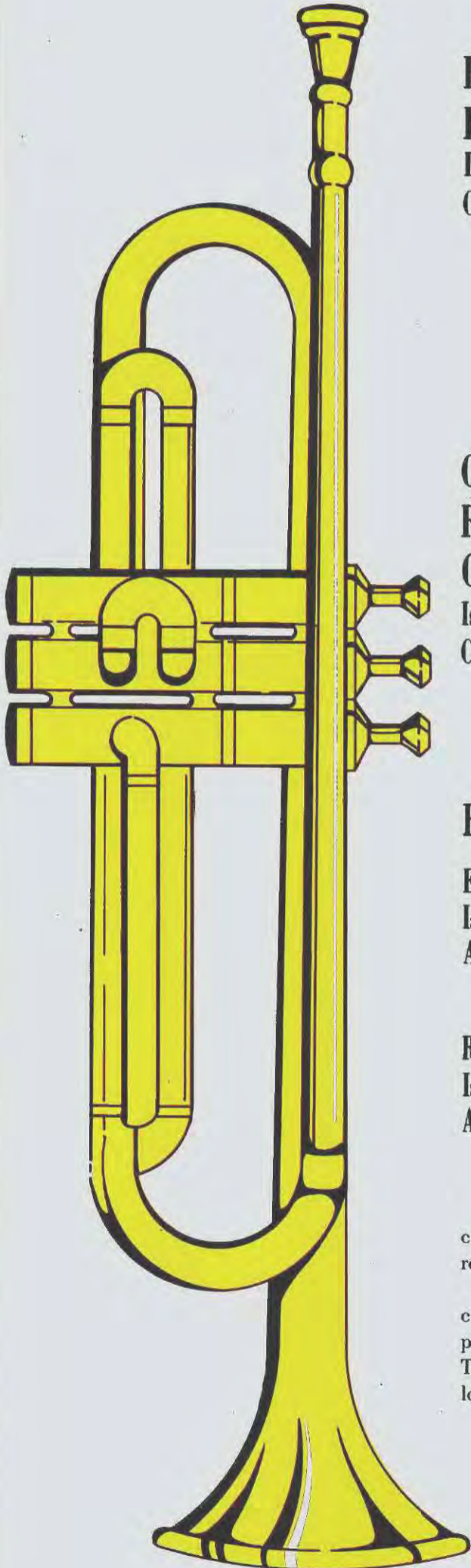
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# Employers must play health care role: CEO

By CHRISTINE WOOLSEY

WASHINGTON—Employers should seize the opportunity to play an active role in reforming the U.S. health care system, says the chairman of a health care product manufacturer.

"It may not be all that comforting knowing we are in charge of making our own health care history," said Vernon R. Loucks Jr., chairman and chief executive officer of Baxter International Inc. in Deerfield, Ill.

But employers should look at this role as an opportunity rather than a problem, he said at the National Managed Health Care Congress conference earlier this month.

Health care providers and other special interest groups increasingly are discussing how to slow rising health care costs, ensure quality services and guarantee access for the uninsured and underinsured, he noted.

Yet "an increasing number of business leaders seem to want someone else to make these decisions. I find this very, very sad," Mr. Loucks said.

"The 1980s and 1990s will not only be noted for advances in biotechnology, but also for the application of basic business principles to the health care industry," which, among other things, have resulted in managed care programs, he pointed out.

"The talk about managed care raises the question about whether Corporate America is doing enough. Are we sinking or swimming? What now must we do" to assure the survival of the nation's floundering health care system? he asked.

"We need to talk less about managed care and do more to apply it. Let's get the right people involved including, first and foremost, the CEOs."

Mr. Loucks complained that chief executives "aren't doing a heck of a lot" to help solve the health care crisis "because the price they have to pay is more than they are willing to pay." Few, for example, are willing to confront union leaders when health care benefits are cut.

"Human resource managers and employee benefits professionals can't do it alone," Mr. Loucks said. "They haven't been charged with the responsibility or given the power to do it." Managed care initiatives must be handled at the very top, he advised.

In addition, employers should "apply pressure where it will do the most good," Mr. Loucks said. "Somehow we have to get the individual users—which are your employees—into the process and involve them in getting the best health care."

This will require thoughtful communication, he said. "We need to make them realize that their choices will be narrower. And, there have to be rewards and penalties for good and bad choices."

Employees also must realize they will have to make concessions if they don't want employers to divert money from salaries to expenses resulting from wasteful health care practices.

In considering health care problems, though, executives must keep in mind that people want more health care—not less, Mr. Loucks said. "They want more government spending on health care, more technology and more availability."

However, "the trend in demand for health services will outpace by a wide margin the revenue capac-

ity of both public and private payers over the next several years," he said.

Recent studies by Baxter show that demand for health services will grow 190% over the next few years. At the same time, health care spending from all sources will grow just 50%, Mr. Loucks pointed out.

"This is not the theory of cold fusion," he quipped, acknowledging that most of the audience members are quite aware of the problem of financing America's health system. However, he stressed, employers should remain involved in possible solutions.

"I believe a real solution will blend both public and private initiatives," Mr. Loucks said. And, he warned, if employers and others in the private sector do not take the

**'We need to talk less about managed care and do more to apply it,' Baxter's Mr. Loucks says.**

initiative, the government will. "We will manage care or surrender it to Washington."

When discussing answers to health care problems, "we have to stop kidding ourselves," Mr. Loucks said. "Our system has remarkable capabilities—yes. But, there are also equally remarkable flaws," including the large number of Americans without access to affordable health care.

Bringing the uninsured into the health care system would cost \$20 billion to \$30 billion, Mr. Loucks said. "Unless we can get this money, the system will have to have some sort of rationing," he said, noting that rationing already exists to the extent that "we ration the poor out of the health care system."

Realistically, any health care system solution must "recognize the impossibility of doing everything for everyone," Mr. Loucks said. But "we should be able to do a modest amount for almost everyone, even if it means that I and many of you may not be able to look forward to sustaining life for weeks after the quality of life has diminished."

In addition, Mr. Loucks said President Bush should take a big-

ger role in solving health care problems. "Each of us has a piece of the economy of this business," he explained to the employers, physicians, managed care providers and other health care providers in the audience. "But only one guy can tell us how to combine these pieces to provide the greatest amount of good and that's the president. We need to get the health care issue on the national agenda."

In addition, "we have to get our facts straight and try to understand the true contributors to the unit cost of health care," Mr. Loucks continued.

And, "we have to apply the same business finesse as we have in other industries," like manufacturing and aerospace, to control health care costs, he explained. ■



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# Employers face negligence suits

## Research needed when choosing providers

By CHRISTINE WOOLSEY

WASHINGTON—Employers face the danger of becoming a target in medical malpractice and negligence lawsuits like those filed against physicians, hospitals and managed care companies, warns an attorney specializing in health care.

However, employers that directly contract with health care providers can avoid liability by wisely selecting doctors and hospitals and making clear in all benefit plan documents and contracts that they

are not responsible for mistakes made by providers, he said.

"Hospitals have been the entities targeted by the courts to date," pointed out Richard A. Hinden, an attorney and partner in charge of the health care practice group of Altheimer & Gray in Chicago. However, insurers and employers could be next, he warned.

The liability issues are similar regardless of the type of entity with which an employer contracts, Mr. Hinden said during a session at the National Managed Health Care Congress conference in Washington, D.C., earlier this month.

Careful language may be an employer's most important protection. Summary plan descriptions,

contracts, benefit booklets and marketing materials should all be drafted with care, he said. Employers, for instance, should be careful not to imply that they are in any way "guaranteeing" the care provided under a managed care plan.

"Avoid using terms like 'insurance' or 'providing' or 'guarantee,' because the courts will interpret that as a guarantee," he urged.

Employers also should be sure that marketing and employee communications materials do not imply that the employer is the "ostensible agency"—or parent—of those providing health care services.

In addition, they should make sure that contracts suggest that the

employer has used "reasonable" standards to assure quality health care services to employees and dependents.

"We're talking about a reasonableness standard—a standard of care for any employer providing health care services to employees through its contracts. Make sure you are providing health care and making decisions about quality as another entity like you would."

Courts typically look for employers that directly contract with health care providers to abide by the standards of care used by the American Assn. of Preferred Provider Organizations accreditation program. Among other things, employers should pay close attention to their provider selection criteria and the types of utilization review services offered by providers, Mr.

Hinden said.

"There are three areas of liability where historically a hospital—and now HMOs and I believe PPOs and employers—can be liable for its selection of providers," Mr. Hinden noted.

First, under the doctrine of "respondeat superior," a physician's employer is liable for any consequences resulting from the physician's services. Patients often sue and collect damages from physicians as well as the hospital, HMO or PPO for which they work, he explained.

Some employers with in-house clinics could be held liable under this doctrine. Most companies with such clinics, though, contract out for physician services, said Mr. Hinden, stressing again the importance of carefully worded contracts.

A second area—the corporate negligence theory—is more likely to cause problems for employers, Mr. Hinden said. Under this theory, the courts generally conclude that when a hospital or managed care company "knew or should have known a doctor was a risk, then they are liable if that doctor is sued for malpractice," he said.

No employer yet has been found liable under this theory for endorsing particular doctors. But, Mr. Hinden cautioned, "employers will have the same duties of HMOs (and) PPOs" in respect to carefully

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**Employers must take all reasonable precautions to assure a doctor is OK, says Mr. Hinden.**

selecting and reviewing the credentials of the physicians they endorse.

Like hospitals and managed health care companies, employers "must take all reasonable precautions to assure that the doctor is OK," Mr. Hinden advised. This includes making sure he is properly licensed and checking into his malpractice record.

Also, employers that directly contract with physicians have a duty to review the physicians' professional record and to monitor physicians' performance and take corrective action if necessary. Employers must "continuously evaluate medical staff" to assure that quality standards are met, Mr. Hinden stressed.

Information from the National Practitioners Data Bank may be helpful, he noted. The data bank, which became operational in September 1990, requires all hospitals to submit information about the licenses and medical malpractice experience of all practicing physicians. The data bank was designed to help hospitals and managed care networks document a physician's history and check for prior violations or medical malpractice claim payments (*BI*, May 7, 1990).

While employers do not now have access to the data bank, Mr. Hinden suggested employers that contract directly with HMOs, PPOs or hospitals stipulate in their contracts that information from the data bank be reported to them periodically.

Do not be afraid to terminate relationships with poor performers, he urged employers. "I'd rather defend an antitrust case for wrongfully terminating a provider than defend a malpractice case for keeping on a bad provider."

Above all, employers should carefully document their efforts to

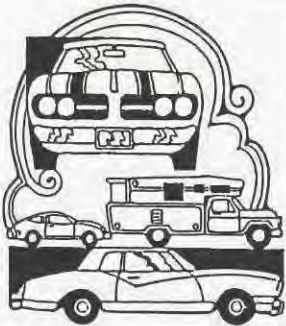
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## Employer liability

Continued from previous page  
verify the quality of any physicians or hospitals presented to employees. A written provider selection program, written investigation procedures and written recertifying procedures will provide evidence that the employer was not negligent, Mr. Hinden said.

"Generally, the more restrictive the choice of providers is, the more liability there may be," Mr. Hinden pointed out. However, he said, companies can no longer compete if they do not limit choices.

"Practice the same kind of due diligence you would practice if you were purchasing another company or a product," Mr. Hinden suggested. "You don't have to avoid restricting choice—just be careful about it."

The third area of liability that could pose a potential danger to employers is the so-called Wickline liability, in which defendants can

**'Generally, the more restrictive the choice of providers is, the more liability there may be,' says Richard A. Hinden, a health care lawyer. 'You don't have to avoid restricting choice—just be careful about it.'**

be held liable for defects in health care cost containment programs like utilization review.

A 1986 California case, *Wickline vs. State of California*, involved a UR company that worked for Medi-Cal, the state Medicaid program. The UR company would not certify additional inpatient days for a patient and she left the hospital. Soon after, the patient developed complications and subsequently sued her physician for malpractice and Medi-Cal for not certifying her hospital stay (*BI*, Sept. 19, 1988).

Among other things, the judg-

ment stated that "third-party payers of health care services can be held legally accountable when medically inappropriate decisions result from defects in the design or implementation of cost containment mechanisms."

Other lawsuits have been filed following that reasoning, though the Wickline case itself was overturned on appeal.

To protect themselves, he said, employers should investigate the contracts, consent forms and appeals procedures that UR companies use. Some employers are also beginning to request hold-harmless and indemnification clauses from UR companies.

Kevin H. Roche, general counsel for United HealthCare Corp. in Minneapolis, also spoke at the session. ■

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## Health care conference is big draw

WASHINGTON—More than 300 speakers were featured at the third annual National Managed Health Care Congress held here April 8-11.

The conference, which attracted nearly 3,000 people, included a special Management Information Summit that featured executive seminars on topics of interest to hospitals, physicians, managed care organizations and employers.

In addition, the day-and-a-half summit featured discussions designed to offer financial officers and human resource executives an intensive curriculum and overview of the health care industry, the economy and cost trends.

The conference included approximately 90 concurrent sessions and workshops. Among the topics discussed were major managed care trends, including direct employer contracting, pharmaceutical cost management, behavioral health care and medical outcome measurements.

The annual spring meeting of the American Assn. of Preferred Provider Organizations, a managed care trade association based in Washington, was held concurrently with the 1991 NMHCC conference.

More than 175 companies, associations and managed care organizations took part in the NMHCC exhibition.

The NMHCC was created to inform and update consumer, provider and consulting segments of the health services community about the changes taking place in the health care delivery system.

The NMHCC is planning three regional conferences this year—in Los Angeles, New York and Chicago. Each will focus on how national issues and developments in business and government affect employers, providers and others in the region.

The fourth annual NMHCC will be held March 29 through April 1, 1992, in Washington, D.C. For more information, call Julie Brown, Communications Director, NMHCC Conference Information, at 617-290-0400.

—By Christine Woolsey

# Business Insurance

## RIMS New Orleans Guide



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## Crescent City is apt setting for conference

*More than 4,500 expected to meet  
in historic city where anything goes*

By KATHRYN LARRABEE

NEW ORLEANS—Risk and benefit managers attending the Risk & Insurance Management Society conference in the Crescent City will soon find themselves in a place where anything—and everyone—goes.

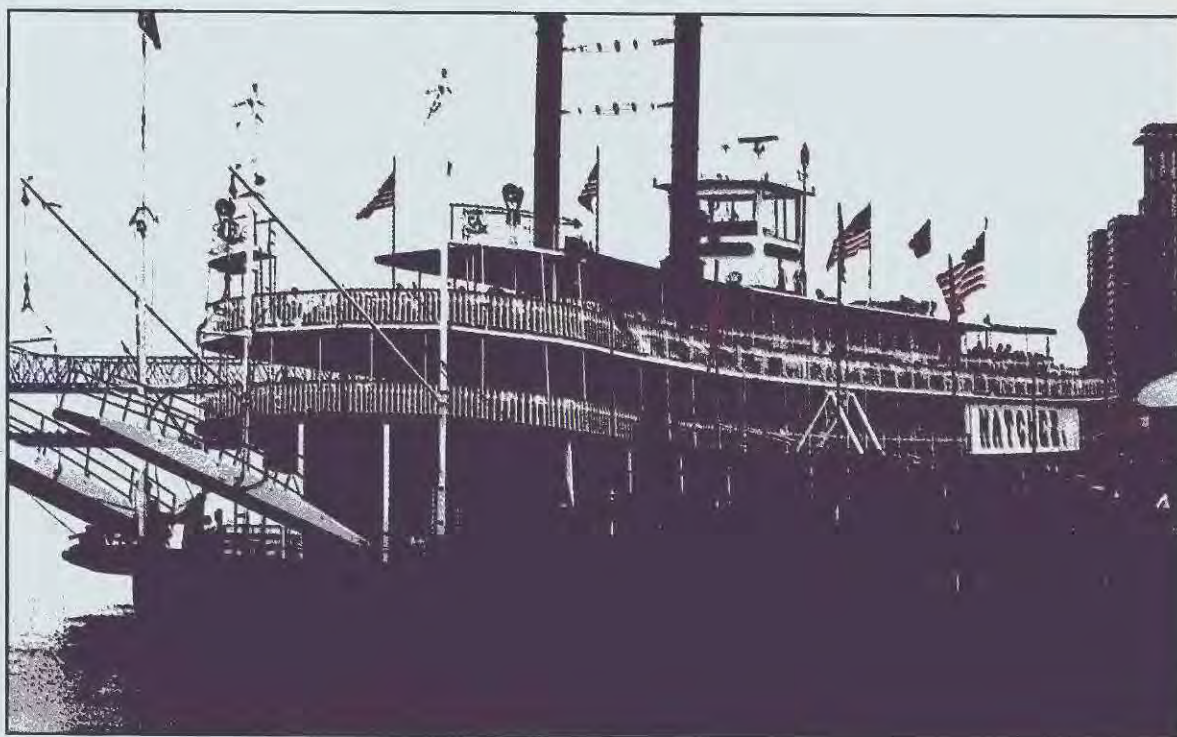
New Orleans, a city first settled in 1718 by the French, then by the Spanish, English and Americans—as well as by countless mixes of the same—is the perfect place for attendees from all over the globe to come together to discuss issues affecting their profession and learn

new tricks of the trade April 28-May 3.

Registration for this year's conference is expected to top last year's total of 4,500, said Barbara Parker, assistant director of conferences for RIMS in New York.

This year, there will be 95 conference sessions, with 22 basic sessions, 49 intermediate sessions and 24 advanced sessions. Sessions will be held at the New Orleans Convention Center at 900 Convention Center Blvd. and at the New Orleans Marriott at Canal and Chartres streets.

A special session focusing on



Natchez steamboat

corporate stewardship—or what companies owe both to their stockholders and to the community—will be held at 9 a.m., Wednesday, May 1 in the New Orleans Convention Center ballroom (see story, page T27).

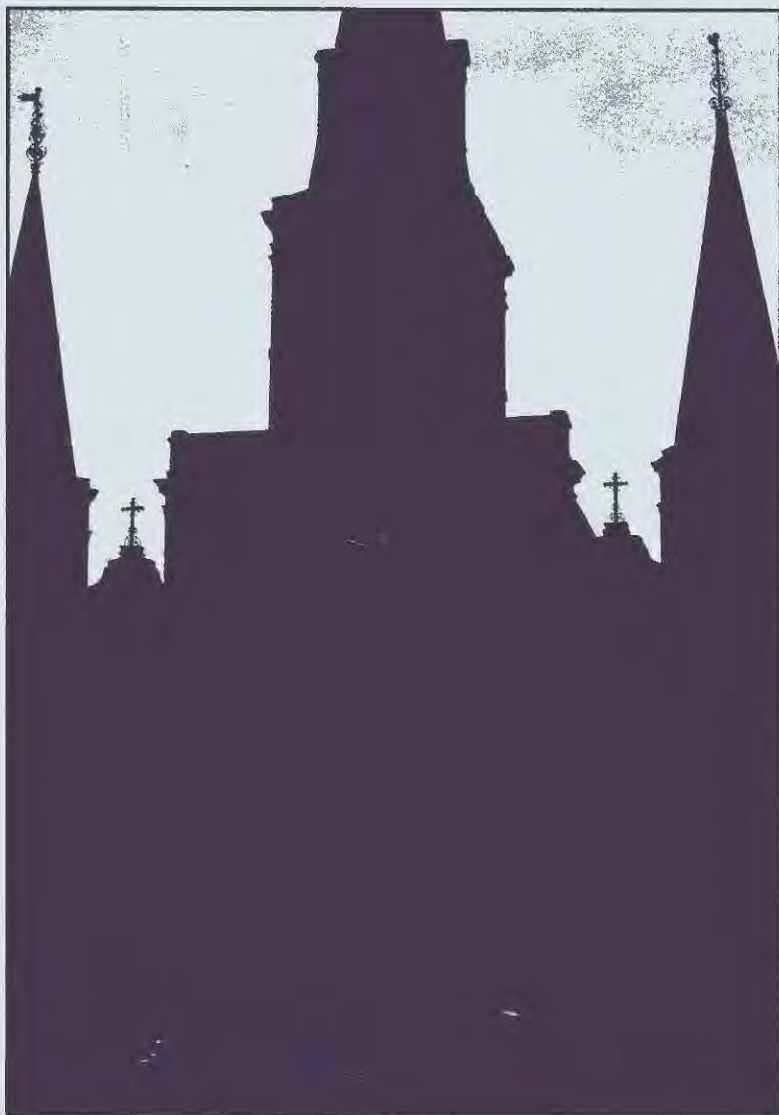
The Exhibit Hall in the convention center will feature products

and services from more than 270 companies and organizations (see map and story, pages 24 and 25).

The full-week registration for this year's conference is \$695 for RIMS members and \$795 for non-members. Partial-week registration—Monday through Wednesday or Wednesday through Friday—is

\$575 for members and \$675 for non-members, and one-day registration is \$195 for both members and non-members.

For more information or to register, contact the RIMS Conference Department at 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.



St. Louis Cathedral

## New Orleans never sleeps

*City offers something for everyone,  
from its nightlife to its marine life*

By MICHAEL BRADFORD

NEW ORLEANS—The charm of the Old World still thrives in New Orleans. Tucked in a crook of the muddy Mississippi River, the Crescent City holds firm to its reputation as a historical refuge for jazz, Creole cooking and French Quarter architecture.

Steamboats still ply the Mississippi, though they carry tourists and jazz bands instead of riverboat gamblers, and they move among the shadows of two giant bridges spanning the water.

The Garden District's stately old homes still grace uptown avenues, and the jangle of streetcars on St. Charles Avenue mixes with rush-hour traffic.

New Orleans hasn't shunned high technology; its skyline is as modern as that of any major city. Indeed, one of its most recognizable landmarks is the Superdome, looming like a UFO that has landed near Interstate 10.

But visitors don't come here because it's a modern city. It's the Old World charm they're after.

The city's rich history is best explored in the French Quarter.

The Vieux Carre, or "old square" as the Quarter is known, was established in 1718. In 1721, it was

designed in the manner of a French village, with the church and government buildings at the heart of the city.

The last remaining structure of the original village and an example of French architecture is the Ursuline Convent at 1114 Chartres St.

After two fires destroyed the city in the late 1700s, it passed into Spanish hands. Today, the Spanish influence is still visible in the stucco buildings with ornate railings throughout the Vieux Carre.

The French Quarter stands as a 90-square-block area between the river and Rampart Street. The Vieux Carre Commission enforces strict guidelines regarding any construction or architectural changes in the Quarter.

Jackson Square, now the gathering place of jugglers, artists, mimes, tourists and pigeons, was called Place d'Armes until the 1850s, when it was renamed in honor of Gen. Andrew Jackson.

Standing guard over the square is St. Louis Cathedral, where tourists and locals gather inside for mass while fire-eaters and sword swallows perform just outside.

Today, of course, the French Quarter is renowned for Bourbon Street and the nearly non-stop partying that covers several blocks

(see story, page T12).

The Quarter is also notable for the shopping along Royal Street. Antiques, art, rare books, jewelry and clothes fill the windows along the street, and the accompanying price tags range from reasonable to astronomical.

Across from Jackson Square, near the river, Cafe du Monde and the French Market attract the tired, hungry and curious.

Beignets and cafe au lait at Cafe du Monde revive the over-shopped. Refreshed, they can continue on through the dozens of stores in the French Market before reaching the long fruit and vegetable sheds that mark the original market.

Up toward Canal Street, the Jackson Brewery stands like an out-of-place castle on the riverbank. Built in 1891 as a regional brewery, the building now is home to 75 shops, restaurants and cafes.

At Canal Street, the Aquarium of the Americas has become one of New Orleans' most popular attractions.

Visitors who enter the aquarium get a close-up experience of the mysteries of the sea. They wander through an underwater tunnel to view the fish that feed on a Caribbean reef and gaze through the glass at sharks swimming through the legs of an oil platform.

At the aquarium, an Amazon rainforest is inhabited with schools of piranha, colorful macaws and poisonous arrow frogs. Sturgeon,

*Continued on next page*

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- Exhibit map shows booth locations ... T24
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- Hotels offer an array of amenities ... T17
- Maps to find your way around New Orleans ... T9 & T10
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- Sports consists mainly of golfing ... T20



Section edited by Kathryn Larrabee

Photos by Jeanne Bartels

Cover illustration by Mark McMahon



# RIMS New Orleans Guide

## Sightseeing

Continued from previous page  
alligator snapping turtles and paddlefish live in a free-flowing bayou.

It's worth the Aquarium's \$8 admission charge to get a glimpse at how the freshwater fish and sea life live in their own habitat. It takes about an hour to enjoy all the exhibits.

Visitors who enjoy mixing sea life with wildlife can hop aboard the Audubon Express, a high-speed catamaran that leaves the dock at the aquarium and arrives up-river at the Audubon Zoo.

One-way and round-trip cruise-only tickets can be purchased, and combinations that include aquarium and zoo admissions are available.

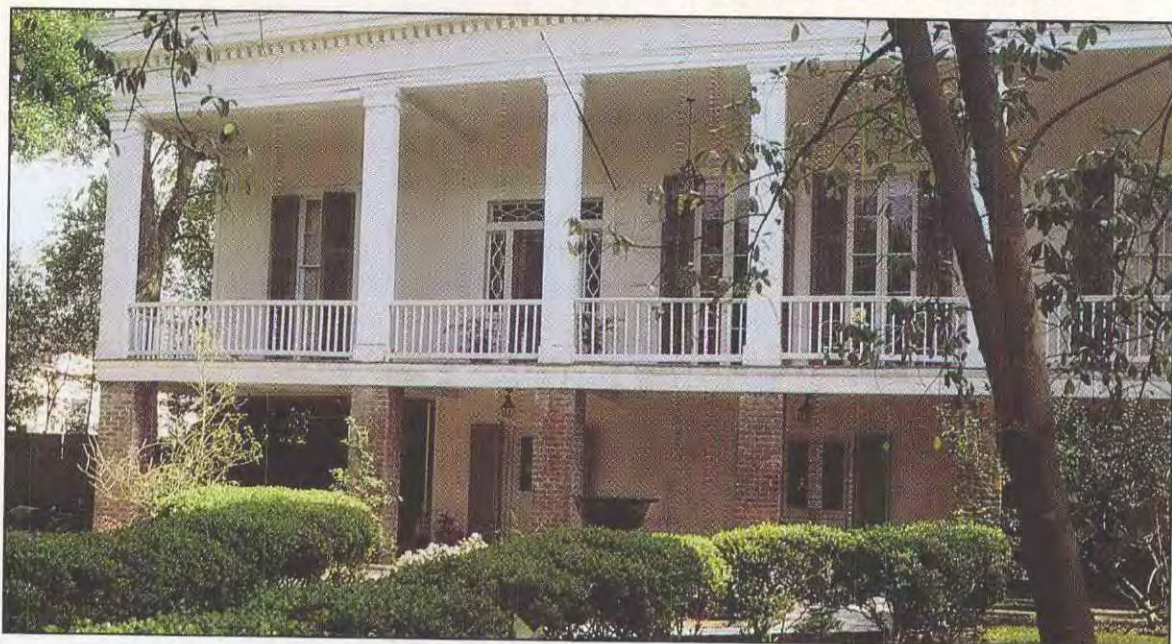
The zoo can be reached by taking the St. Charles Avenue streetcar as well. A shuttle takes visitors from St. Charles to the zoo entrance.

The zoo is located on Magazine Street, if you're going by car. It's behind Audubon Park, a spacious expanse of greenery marked by lagoons, moss-draped oaks and laced with a jogging and biking trail.

More than 100 animals are at home in the zoo, and the Louisiana Swamp Exhibit is a widely acclaimed feature.

Near the New Orleans Convention Center, a few blocks from the aquarium, convention-goers can kill time between seminars at Riverwalk, where more than 140 shops, restaurants and bars are located.

The city's Garden District lies between downtown and Audubon Park, in a section bounded by St. Charles and Tchoupitoulas Street, and Louisiana and Jackson avenues.



The Toby house is the oldest home in the garden district.

The area is a former plantation site lush with live oaks, palms, banana trees and azaleas surrounding the stunning old mansions.

One of the city's first suburbs, the Garden District's history dates to the early 1800s.

Americans who arrived in the city shortly after the Louisiana Purchase were not given a hearty welcome by the Creoles who inhabited the French Quarter. In fact, the two sides fought fiercely until they established a "neutral ground" that later became Canal Street.

The area became a zone where no fighting took place, and to this day, New Orleanians refer to any street median as "neutral ground."

The Americans, rebuffed by the

Creoles, began to build in the area that today is the Garden District.

Antique lovers might want to combine a trip through the Garden District with a shopping spree on Magazine Street. From Jackson Avenue to Jefferson Avenue, stores offer both fine antiques and junk store bargains.

New Orleans is notable not just for its mansions, but also for how it buries its dead.

The city's water table makes underground burials impossible, and cemeteries filled with mausoleums

and tombs dot the city like eerie suburbs. Called "cities of the dead," they range in size from tiny St. Louis Cemetery No. 1—which dates to 1789, making it the city's oldest—to the sprawling Metairie Cemetery just outside the city.

A word of caution: Never tour the cemeteries alone and never after dark. There are plenty of places for muggers to hide, and these are dangerous areas for the

unwary. Ask your hotel concierge about tours.

Visitors who have never been lucky enough to attend one of the four Super Bowls held in New Orleans can at least see the inside of the Superdome while in town for the conference.

Guided tours run every two hours from 10 a.m. to 4 p.m. The 40-minute tour costs \$5, and the entrance is at Gate A at the mezzanine level on Poydras Street.

Visitors will be shown through the home of the New Orleans Saints, which can hold up to 77,000 fans. The massive structure covers 52 acres with a roof that spans 9.7 acres. The stadium's planners included 132 private box suites, 44 refreshment stands, 88 bathrooms and parking for 5,000 cars and 250 buses.

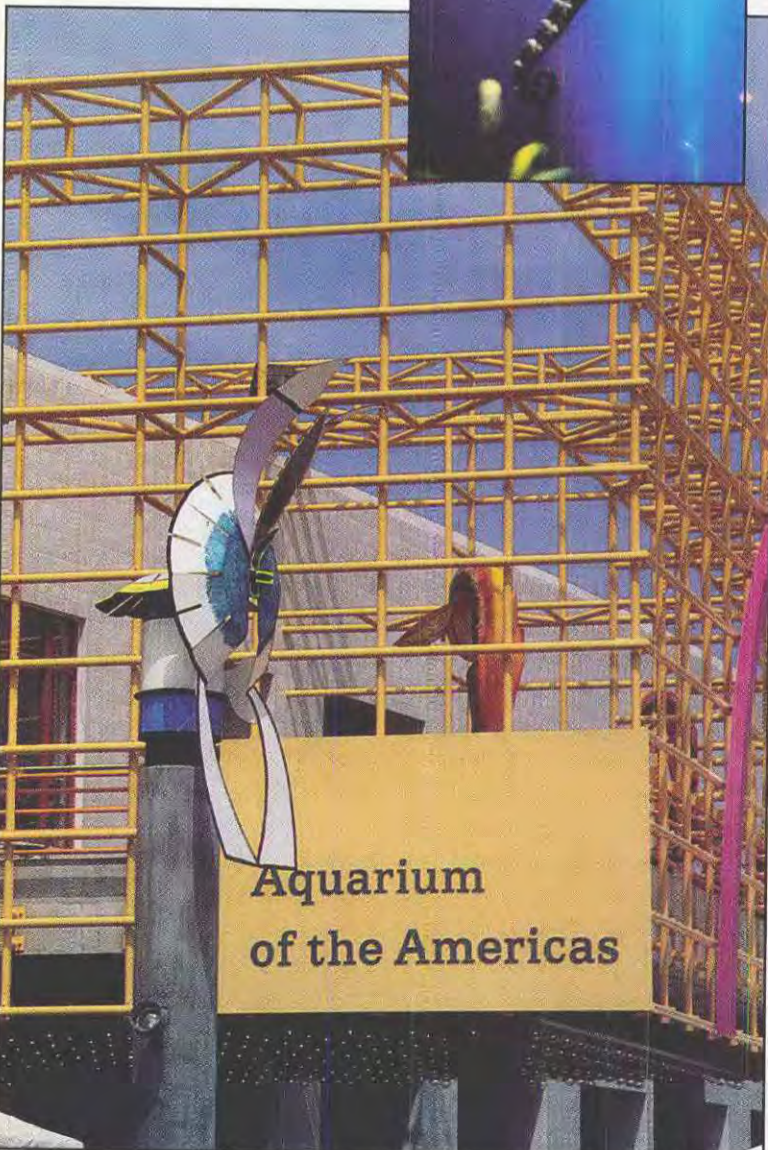
If sightseeing is just too strenuous, an easy way to view the city is from the revolving lounge at the Top of the Mart.

Located 33 stories above Canal Street at the top of the World Trade Center, the lounge makes a 360-degree revolution every 90 minutes.

During the day, the view takes in river traffic along the Mississippi and offers a sweeping look from downtown to the suburbs.

As the sun goes down, arrow-straight Canal Street is a stream of disappearing commuters, while the French Quarter below is just starting to awaken.

Aquarium of the Americas and one of its tenants, a tiny sea horse.



Riverwalk shopping center



Flamingos at the Audubon Zoo



The Louisiana Superdome at night

# SUBSTANCE ABUSE IN THE WORKPLACE—THE VOICE OF EXPERIENCE.

Part of an ongoing series of conversations between Argonaut Insurance Company, our clients and their brokers, dealing with issues important to their business. The intent is to keep the lines of communication open. We invite your participation.

**THE PARTICIPANTS:** **MARK A. MARIANI**, Owner and President of Mariani Packing Company, a leading processor and distributor of dried fruits. **BOB APPLEBY**, Woodruff Sawyer & Co., Mariani Packing Company's broker. **STEVE LA SHIER**, Senior VP Safety Management, Argonaut Insurance Company. **JOE SILVA**, Executive Safety Management Consultant, Argonaut Insurance Company.

**MODERATOR:** First of all, how many employees do you have?

**MM:** About 225. Approximately 40 are salaried and the balance hourly.

**MODERATOR:** And how many facilities do you have?

**MM:** We have three full time facilities, primarily processing plants. San Jose is the final packaging facility.

**MODERATOR:** You've had a substance abuse program in place for about 18 months. Tell us about it.

**MM:** Our program is very simple. Every new employee is to be tested. Part of the program is the knowledge that if someone wants to work here, they will be tested. Upon the completion of those tests they either will or will not be eligible to work here.

**MODERATOR:** What motivated the program? Did you have an internal problem, or was it just the realization that substance abuse is a growing problem in general?

**MM:** We didn't have a problem. I think there was an awareness at the management level within the company that we can't put our heads in the sand and think that we're not

affected by drugs in the workplace. The other issue was that we found it was the newly hired employees that were being hurt on the job. They would come on for ten days, two weeks, then get hurt and go on workers' comp or disability. Pre-testing was one component of an overall effort to identify and correct the causes of injuries in the workplace.

**MODERATOR:** What kind of reaction did you get from the employees when you told them you were going to initiate the program?

**MM:** There wasn't any negative response.

**JS:** The program wasn't just thrown at them. There was a lot of publicity, a lot of talking about it before it began.

**MM:** We let people know through our bi-monthly newsletter. We also have what we call "toolbox meetings," department meetings, on a regular basis.

**JS:** Also, this program didn't affect existing employees.

**MODERATOR:** Do you bring up substance abuse as part of those "toolbox" meetings?

**BA:** Substance abuse is just one of many factors in the overall safety program that we talk about.

**MM:** I don't think the substance abuse issue can be handled successfully if that's the only issue. I think you have to go to the employees and say "How can we make this a safer workplace as a whole?" And substance abuse, along with being ill-prepared in the mornings, or not understanding regulations and a lot of other factors, are all part of a program to insure a healthier workplace. I think what's really important is that you

have to deal with the well-being of the workplace as a whole.

**SL:** That's exactly how you should approach it. The successful substance abuse programs are the ones that have dealt with it just as you have—as a safety and health issue.

**MM:** I think it's interesting that while an abuse program has to be orchestrated by management, it also has to have the support of employees. We just finished tabulating a questionnaire we passed out among our employees. One of the questions was how they felt about drug testing. Over 98.6% of them said "We want drug testing."

**SL:** 98.6%. That's an impressive figure.

**MM:** We don't feel we're here to be the police. We're here to provide a safe environment for our working community. We're 225 people who spend nearly 1/2 of our lives together, and we'd better work as a community for the safety and well-being of all of us.

**MODERATOR:** Why did you put out the questionnaire?

**MM:** We wanted to ask them "Do you think drugs should be in our workplace? Do you think our equipment operators and drivers of our vehicles should be drug tested to provide a safer work environment for all the community members?"

And 98.6% said yes, we want testing. I intend to take that response and implement a program for random drug testing.

**SL:** What you're doing now is not random. You're talking about a specific class of employees—equipment operators, forklift drivers—people that have the capability of doing serious damage to your plant, to themselves or other employees. Courts have upheld that testing an entire class of employees, because of their job function, is legal. Especially if it's demonstrated that their job is safety

related. And if you structure your program properly, you'll find that as long as you test every single person in that class, you won't be labeled discriminatory. Now, I always recommend that customers pass their programs through a labor attorney.

**JS:** They're testing a specific group for safety related reasons.

**SL:** Right. That's not random. You're specifically testing all the workers in a clearly defined group. What you're doing is called "periodic and intermittent" or "routine" testing of that job class.

**MM:** I was ahead of myself when I said random. I should have said that we are classifying 'safety-sensitive job descriptions' and that we will be having unscheduled testing of workers in those classifications. Again, the process as we see it is first having the mandate by our community, developing the

98.6% of our employees said "Yes, we want drug testing."

criteria, and rewriting our policy handbook. Then we'll have everyone tested in those classifications. And we'll tell them that if they're going to continue to be a forklift driver for us, we'll be routinely testing them.

**JS:** If I could interject something here; the questionnaire that Mark is talking about addressed much more than just substance abuse. It covered a wide variety of issues. Substance abuse is not being singled out, it's being incorporated into the overall management concerns.

**BA:** What Joe's saying is important. If other companies are going to follow our example, I think it's very important that they look at substance abuse as a component of any safety program and not make it the only issue.

Continued next week

We'd like to hear what you have to say about substance abuse in the workplace, and about our discussions on topics that concern your business. Send your comments to Mike Crall, President, Argonaut Insurance Company, 250 Middlefield Road, Menlo Park, CA 94025.

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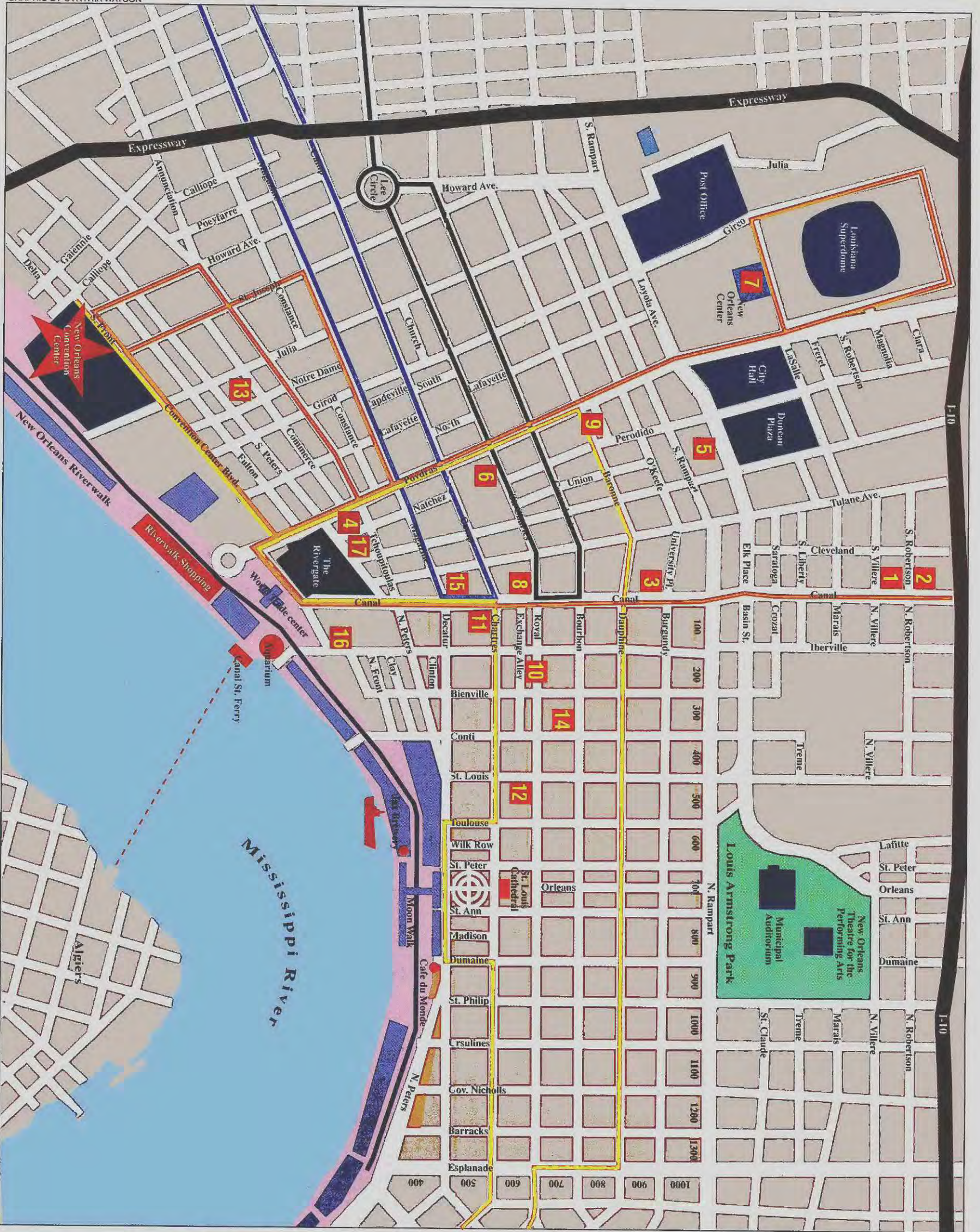
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# RIMS New Orleans Guide

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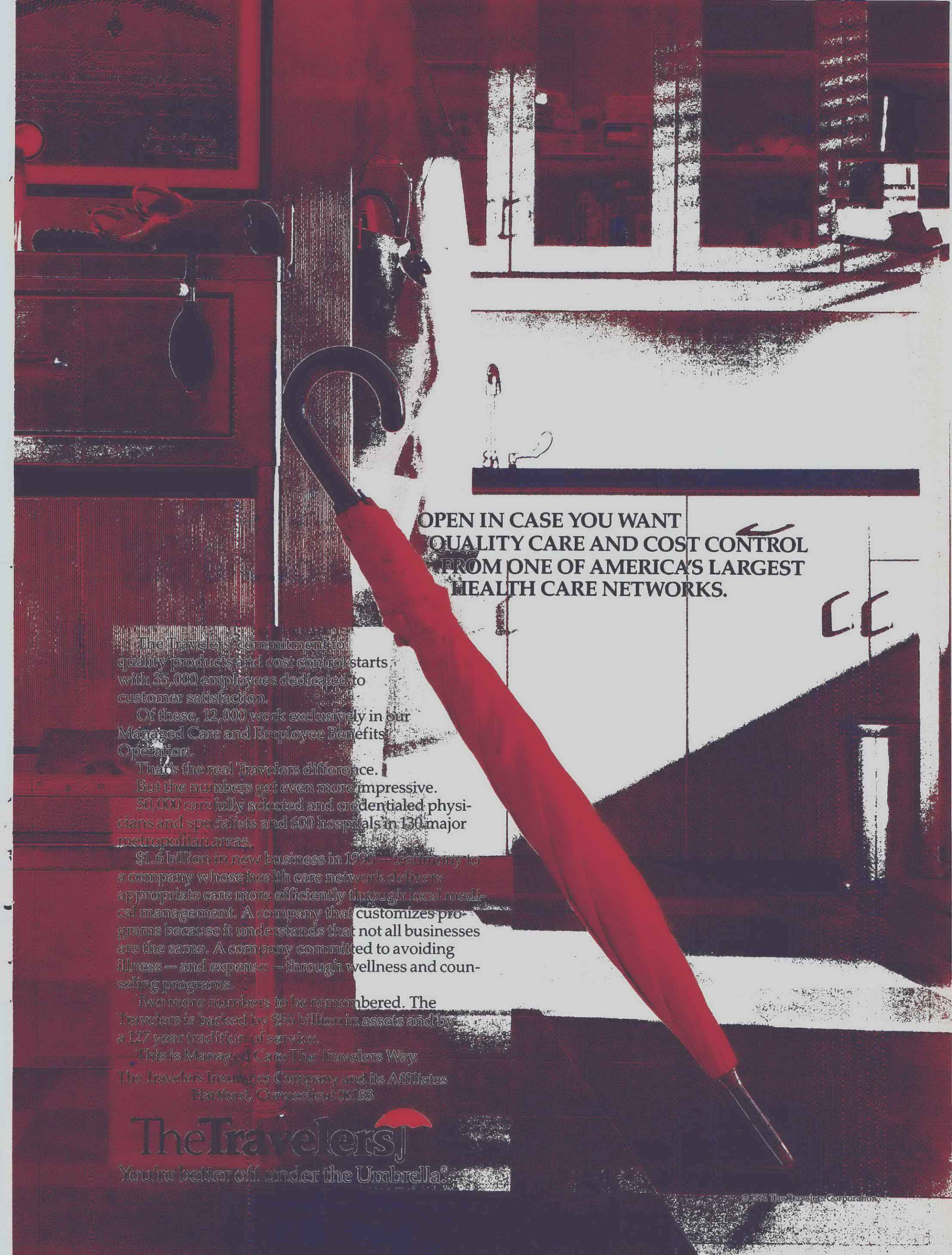
- Hotel locations:**
- 1** Clarion Hotel
  - 2** Days Inn-Canal
  - 3** Fairmont Hotel
  - 4** Holiday Inn Crowne Plaza
  - 5** Holiday Inn Superdome
  - 6** Hotel Inter-Continental
  - 7** Hyatt Regency New Orleans
  - 8** Le Meridien New Orleans
  - 9** Le Pavillon Hotel
  - 10** The Monteleone
  - 11** New Orleans Marriott
  - 12** Omni Royal Orleans
  - 13** Radisson Suite Hotel
  - 14** Royal Sonesta Hotel
  - 15** Sheraton New Orleans
  - 16** Westin Canal Place
  - 17** Windsor Court Hotel

- Points of interest
- Public buildings
- Private buildings
- Parks
- French quarter
- French Marketplace
- Riverwalk
- Expressway/ highway
- Mass transit routes:
  - Riverfront streetcar
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## RIMS New Orleans Guide

# Bourbon Street beckons

*Bawdy and bustling, legendary street promises fun like you can't get back home. Warning: it delivers.*

By **MICHAEL BRADFORD**

NEW ORLEANS—There is a place very near your conference hotel that promises great jazz, burlesque, fabulous food, greasy take-out, daiquiris to go and a thousand souvenir shops.

Like a great and yawning tourist vacuum that lies in wait for the coming swarms of risk management professionals, Bourbon Street is set to suck you in at Canal Street and deposit you drained both mentally and financially somewhere near St. Peter Street.

The following guide will give you some idea of what to expect and the opportunity to pre-plan your stops along the way.

Gamblers will want to enter Bourbon from Canal Street. There's an off-track betting parlor on the corner where you can play the ponies before proceeding into the French Quarter.

Otherwise, walk into the Quarter from any point on Canal Street. If you're coming from the direction of

the river, where most of the conference hotels are located, turn left onto Iberville Street and continue to the Bourbon Street intersection.

Felix's Oyster Bar appears at the corner of Iberville and Bourbon. This is a French Quarter landmark, famous for its oyster bar. Recently expanded, the restaurant can seat a large crowd for dinner.

Bolster yourself with shellfish and a favorite cold beverage and continue down Bourbon.

The first block is relatively tame, with souvenir shops on the right selling T-shirts, mugs, etc.

On the left is Galatoire's, the world-famous restaurant that takes no credit cards, no reservations, allows no jeans or shorts and usually has a long line at the door. Hurry before they decide to allow no customers.

Next door is Mike Anderson's Seafood Restaurant & Oyster Bar, a restaurant that should be high on your list for seafood. The sign there says this particular eatery does take credit cards, but "No drifters

allowed."

Drift next door to Montalbo's and try red beans and rice for lunch or Creole, Cajun or Italian food in the evening.

If you're thirsty at this point, Jean Lafitte's Old Absinthe House is across Bourbon from Montalbo's. It's a fine corner bar, with walls papered with money and thousands of business cards. The doors are open during good weather, and it's a great place to meet out-of-towners. The next cross street is Bienville Street.

Take a left if you're eating at Arnaud's, another famous New Orleans establishment. It's a half block down Bienville.

At Bourbon and Bienville lies a secret that is well-known among Bourbon Street regulars: The Royal Sonesta Hotel has a clean, uncrowded restroom that is unpatrolled by hotel security. When you're caught in the Quarter with no place to go, duck in here. No cover charge.

Walk in the front door, cut

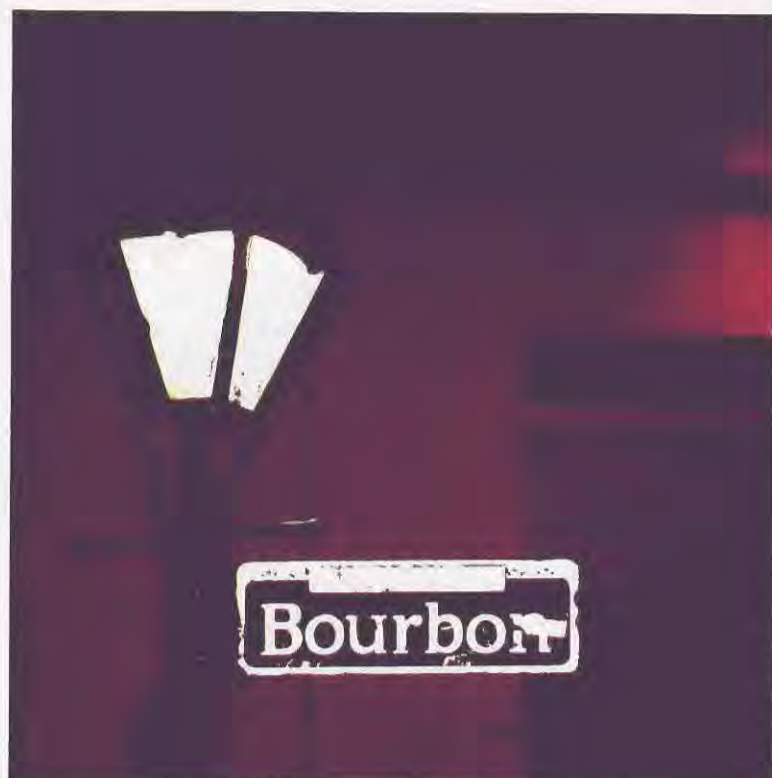


Photo by Ron Calamia

through the patio to the right and in the doors at the back. It's just around the corner. Don't tell 'em we sent you.

And now we come to some of the more interesting sights along Bourbon Street.

As you head down Bourbon, you'll notice on the left the Bourbon Burlesque Club, which bills itself as the "Home of the Best Strip Tease."

Next door, Follies Bergere, Continued on next page

## Jazzfest to host many big names

*Neville Bros., B.B. King to name a few*

NEW ORLEANS—The New Orleans Jazz & Heritage Festival will be held on the grassy infield of the Fair Grounds Race Track, April 26-28 and May 2-5. The Gray Line of New Orleans will run continuous round-trip bus service from the Superdome and the Natchez Dock (on Toulouse Street at the river) from 11 a.m. to 7 p.m. Adult tickets are \$10 at the gate at 1751 Gentilly Blvd. Featured performances include:

### Saturday, April 27

B.B. King, Irma Thomas, the Dirty Dozen Brass Band, Los Lobos, Ellis Marsalis, Beausoleil, Zachary Richard, Charmaine Neville.

### Sunday, April 28

Danny Barker, Dr. John, Pete Fountain, Michael McDonald, Dianne Reeves, the Ohio Players, Queen Ida, Gatemouth Brown.

### Thursday, May 2

C.J. Chenier & the Red Hot Louisiana Band, Taj Mahal, Cyril Neville & the Uptown All-Stars, Richie Havens.

### Friday, May 3

Ernie K-Doe, George Porter & Runnin' Partners, Batiste Brothers & Guest Batistes, John Rankin, Kid Sheik, Jessie Hill.

### Saturday, May 4

The Meters, Johnny Adams, Delfeayo Marsalis, Alvin Batiste, Astral Project, Golden Eagles, Indigo Girls, Leon Russell.

### Sunday, May 5

The Neville Brothers, Allen Toussaint, the Radiators, the Robert Cray Band, Maze featuring Frankie Beverly, Buckwheat Zydeco.

An evening schedule of concerts also includes many big names. To charge tickets by Visa or MasterCard, or for ticket information, call 504-522-5555 or 800-683-1996 outside of Louisiana.

At 9 p.m. on Saturday, April 27, Miles Davis, B.B. King and Rockin' Dopsie and the Zydeco Twisters will appear at the Municipal Auditorium, located in Armstrong Park.

At 9 p.m. on Sunday, April 28, Harry Connick Jr. & the Harry Connick Jr. Orchestra will be at the Saenger Theatre, at Canal and North Rampart Streets.

At 8 p.m. on Wednesday, May 1, Allen Toussaint and others will appear at the Riverboat Hallelujah Concert Hall, 3615 Tule Ave.

At 7:30 p.m. on Thursday, May 2, "La Noche Latina" will be held with Ruben Blades and others at the Municipal Auditorium.

At 9 p.m. on Friday, May 3, the Robert Cray Band will appear at the Municipal Auditorium.

At 8 p.m. on Friday, May 3, the Count Basie Band with special guest Cab Calloway and others will appear at the Sheraton New Orleans Grand Ballroom, 500 Canal St.

## The sounds of the city

*RIMS week will be special time in jazz's hometown*

By **MICHAEL BRADFORD**

NEW ORLEANS—The city is throwing its biggest jazz bash of the year while risk and benefit managers are in town for RIMS.

The New Orleans Jazz and Heritage Festival, known as Jazzfest, is slated for April 26-28 and May 2-5 at the Fair Grounds Race Track.

Musicians, artisans and chefs get together during the two weekends of this annual blowout, and thousands of fans crowd the stages, sample the local food and browse through the tents and displays of handiwork for sale.

Jazzfest, a rite of spring in New Orleans, draws the biggest names in jazz and gospel. The New Orleans Times Picayune will have a detailed listing of acts and show times.

If you just can't get enough jazz at Jazzfest, several spots near the conference hotel can tide you over until the weekend.

Preservation Hall (726 St. Peter St., 504-522-2841), is the most famous. Located in the French Quarter, this institution features several local favorites including the Olympia Brass Band. Admission is \$3.

The Famous Door (339 Bourbon St., 504-522-7626) is one of the oldest jazz houses in the quarter and another favorite local haunt.

Maison Bourbon (504-522-8818), at the corner of St. Peter and Bourbon, is a fine traditional jazz club without the crowds of Preservation Hall.

Storyville (1104 Decatur St., 504-525-8199), serves up jazz, blues and rock in the French Quarter.

New Orleans mixes jazz with river water on the cruises aboard the Creole Queen Paddlewheeler (504-524-0814) and the steamboat Natchez (504-586-8777).

Louis Armstrong's Foundation Jazz Club at the Hotel Meridien (614 Canal St., 504-525-6500) books traditional New Orleans jazz Tuesday through Saturday from 9 p.m. until 12:30 a.m.

Check with Pete Fountain's in the Hilton Hotel on Canal Street near the river (504-561-0500) to find out if Pete is in town. Reservations are recommended for Mr. Fountain's show, which is usually at 10 p.m. on Tuesday, Wednesday, Friday and Saturday. The \$19 ticket includes one drink.

### Blues

If blues is your bag, the Absinthe Bar (400 Bourbon St., 504-525-8108) provides the soulful sounds late into the evening.

The 544 Club (544 Bourbon St., 504-523-8611) is another French Quarter blues joint with a good reputation.

Rhythms (227 Bourbon St., 504-523-3800) lets you dance the night away and cool off in the courtyard.

### Dance

Got to move your feet?

Step onto the floor at City Lights in the Warehouse District (310 Howard Ave., 504-568-1700). There's a body crush on the weekends, and the club is not recommended for those with respiratory difficulties. The quarters are definitely close and sweaty with a cover charge and line at the door.

The 4141 Club at 4141 St. Charles Ave. is a hipster hangout where the young and upwardly mobile like to dance a little and appear chic at the bar. Quiet during the week.

A short street car ride from downtown, 4141 is located among the city's most beautiful homes.

Cajun food and dancing are the fare at Mulate's (504-522-1492) located directly across from the New Orleans Convention Center.

Show up for dinner and then burn off the calories with a two-step on the roomy dance floor.

Chris Owens is still going at the Chris Owens Club (500 Bourbon St., 504-523-6400). The Las Vegas-style show features a performance

by the venerable Ms. Owens, and her band provides the dance music.

### Rock

Real music for real risk managers can be found at Tipitina's (501 Napoleon Ave., 504-891-8477).

The legendary club offers an eclectic mix of music, from the Neville Brothers to new wave, so check first.

The Hard Rock Cafe (418 N. Peters St., 504-529-5617), is like all the others. Good music, memorabilia and a memorable pig sandwich. Opens at 11:30 a.m. for lunch.

Jimmy's Music Club (8200 Willow St., 504-861-8200), leans toward the hard and heavy. Excellent local bands and occasional national talent.

### Piano bars

Pleasant tunes in pleasant surroundings can be had at Windsor Court (300 Gravier St., 504-523-6000). Stop in for afternoon tea and enjoy the music in the hotel's Le Salon or Polo Club Lounge.

Make requests and sing along at world famous Pat O'Brien's (718 St. Peter St., 504-525-4823). Get there early if you want a place to sit, because Pat O'Brien's fills up in the wee hours, particularly if there's a conference in town.

If you're staying at the Hotel Intercontinental (444 St. Charles Ave., 504-525-5566), stroll downstairs to the lobby lounge for some soothing sounds. Also, there is music in the Veranda.

### Irish pubs

Have the bartender pull you a pint of Guinness at O'Flaherty's Irish Channel Pub (514 Toulouse, 504-529-1317). Call for details on Celtic entertainment and Irish music.

Ryan's Irish Pub (441 Bourbon St., 504-566-1507), also serves up Irish libations. ■



## RIMS New Orleans Guide

Continued from previous page which promises old-time burlesque and Dixieland Jazz, offers its own particular version of clothing removal.

A caveat: If you want to see burlesque, ask before you go in whether the strippers are male or female. There is a large transvestite population in this part of town and the transformation in some cases is particularly convincing. Depending on your taste, you can make your choice after you find out the gender of the entertainment.

Conti Street is the next cross street. On the right, the block is filled mostly with souvenir shops.

Posters are big business in the Crescent City, and there is a good collection of local artwork at Altario, a shop near the end of the block.

On the left, you can pick up Chinese food and a large beer at the Takee Outee or head straight to the joint next door where the sign reads "Female Impersonators." No need to ask here.

And next door, "Topless & Bottomless Girls" gives a similar indication of what's inside.

After this exhausting stretch of sightseeing, the Irish Bar at the corner is a respite for the weary. Favorite Irish beers and boisterous camaraderie are available in the spacious bar.

Now you have arrived at St. Louis Street.

The highlight of this block and one of the most popular attractions in the French Quarter is the Chris Owens club.

Ms. Owens is often called the "Queen of New Orleans Nightlife," and her show is a rousing one-woman extravaganza of song and dance. (Ms. Owens is not a stripper.) Mardi Gras beads and doubloons rain on the crowd during the conga line.

Not only is Ms. Owens a "Hot! Hot! Hot!" performer as her ads scream, she is a testimony to the preservative powers of New Orleans cooking. A favorite pastime in New Orleans is guessing Ms. Owens' age.

And if all this is hard to believe, walk across the street to the Ripley's Believe It or Not! museum, a must-see attraction for fans of the wacky and odd.

Back in the real world, there is jazz in this block at The 544 Club, on the corner of Toulouse Street.

Cross Toulouse and stop in The Original Papa Joe's Restaurant. Have a muffuletta—a sandwich made with dense, round bread dressed with olive salad and pickles and stuffed with layers of Italian meats and cheeses. A single muffuletta usually serves two adults. Or, if you prefer, try the red beans and rice.

Across the street is another New Orleans favorite—Daiquiri's, a walk-in shop with rows of churning daiquiri machines slushing out frozen drinks with names like 44 Magnum, Scorpion and Blue Hawaii. Get one to go.

Just down from Daiquiri's is Maison Bourbon, "Dedicated to the Preservation of Jazz." This is a great jazz joint and a preferred alternative to the more famous Preservation Hall on St. Peter, a crowded, hot and costly experience.

St. Peter is the next cross street and this is where Bourbon Street begins to peter out. Beyond is a smattering of shops and bars. If you've got the energy, go ahead, but you won't miss much by skipping this section.

Take a right on St. Peter Street and visit Preservation Hall if you must. The doors open at 8 p.m., and you can hear the band start wheez-



The Old Absinthe House bar

ing at 8:30.

Next door is the legendary Pat O'Brien's, home of the infamous Hurricane. The Hurricane is one of those pretty drinks, served in a souvenir glass if you like. Beware: It goes down smooth, but the Hurricane—a fruity, dark rum punch—turns into a sledgehammer when it hits the bloodstream. Too many and you'll crawl or be carried back to the hotel. Pat O'Brien's does not accept credit cards.

So there, you've made it down one of the most famous streets in the world. There may be nothing more than lint in your pockets and a heavy feeling in your stomach and head, but that's what fun is all about, right? ■

The Maison Bourbon, a jazz club



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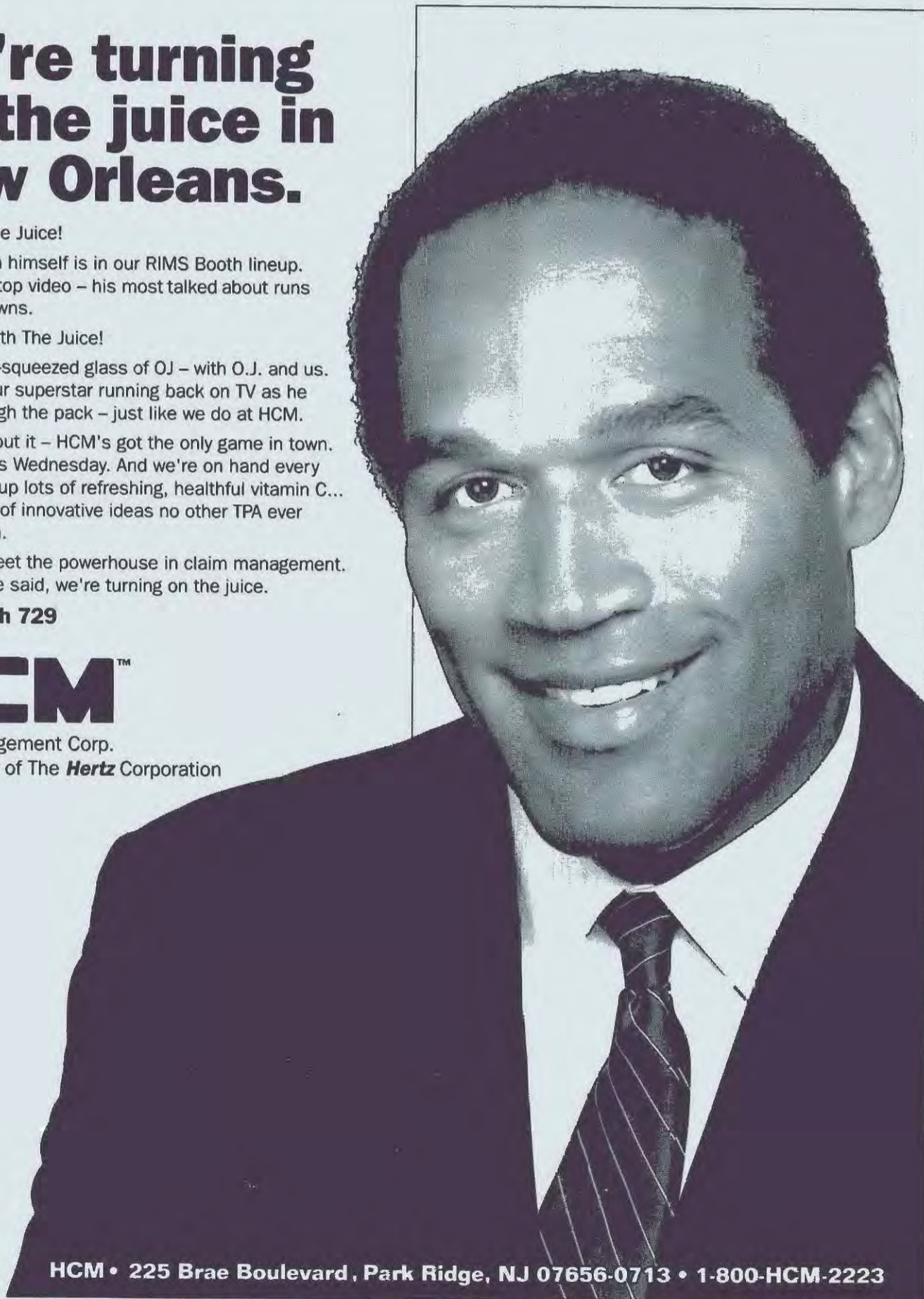
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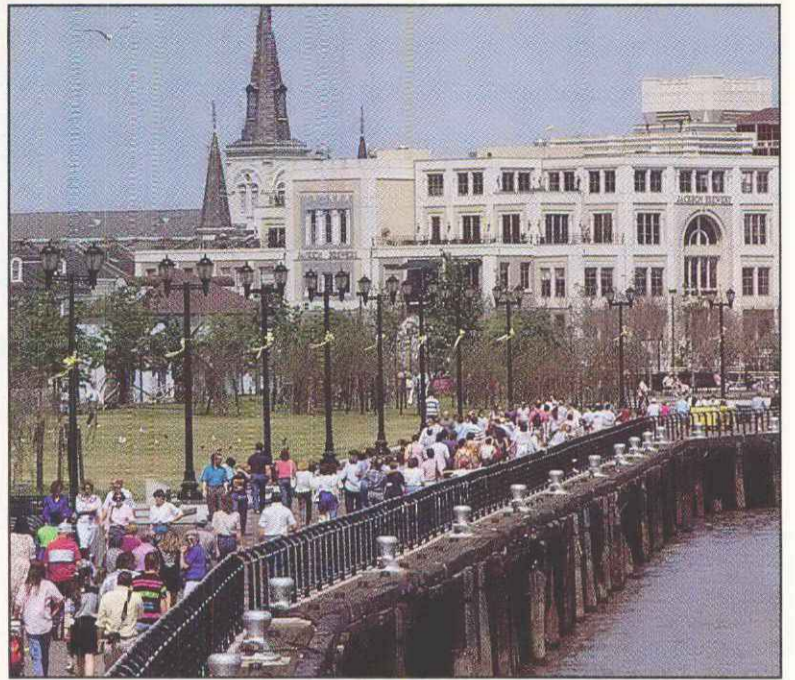
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# RIMS New Orleans Guide

## The sights of the Big Easy

*Taking advantage of the city during RIMS conference*



**There's more to New Orleans than Mardi Gras parades and fiery Cajun cuisine, as visitors to such colorful areas of the Crescent City as Jackson Square, the French Market and the Riverwalk will find.**

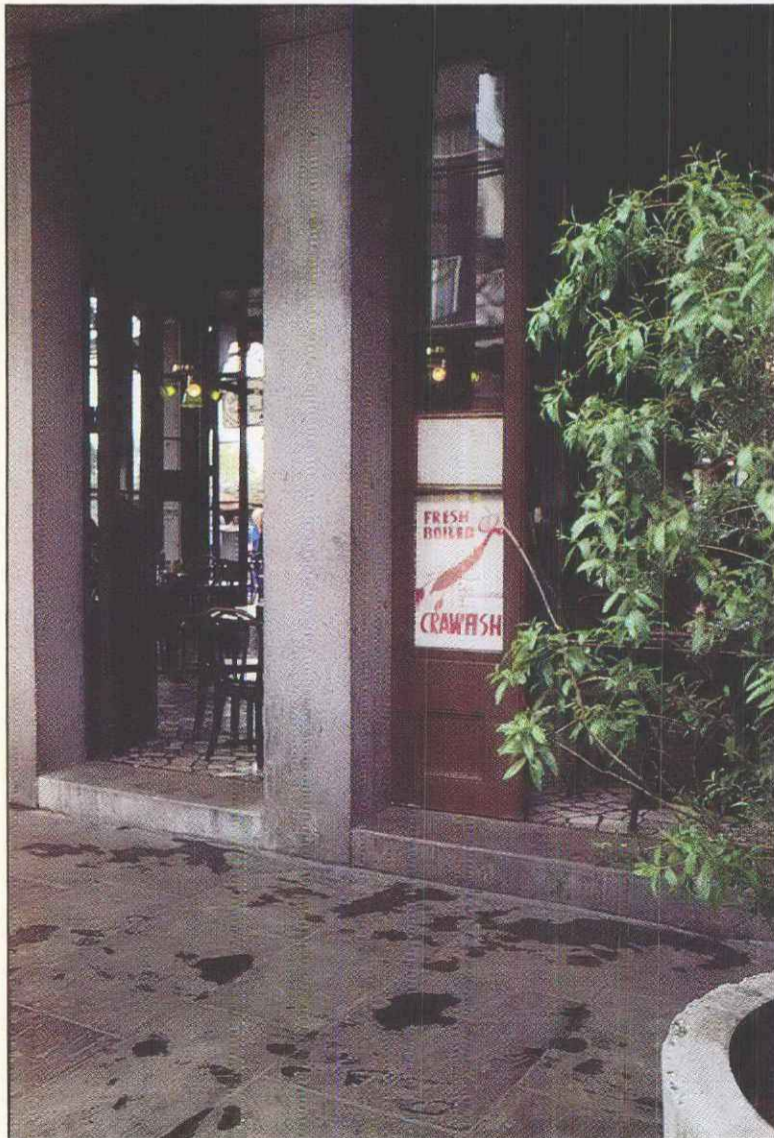
**A lovely stroll along the Riverwalk has many highlights.**



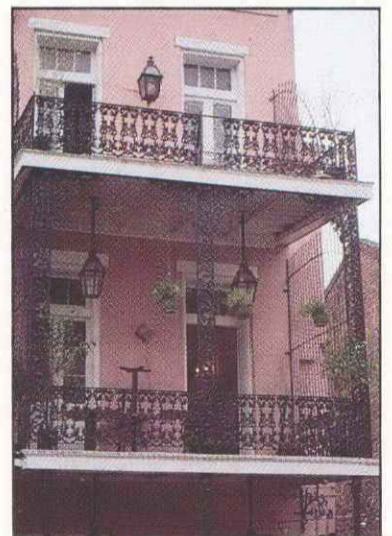
**Street performers demonstrate their talents for spare change.**



**You can find anything from apples to socks at the French Market.**

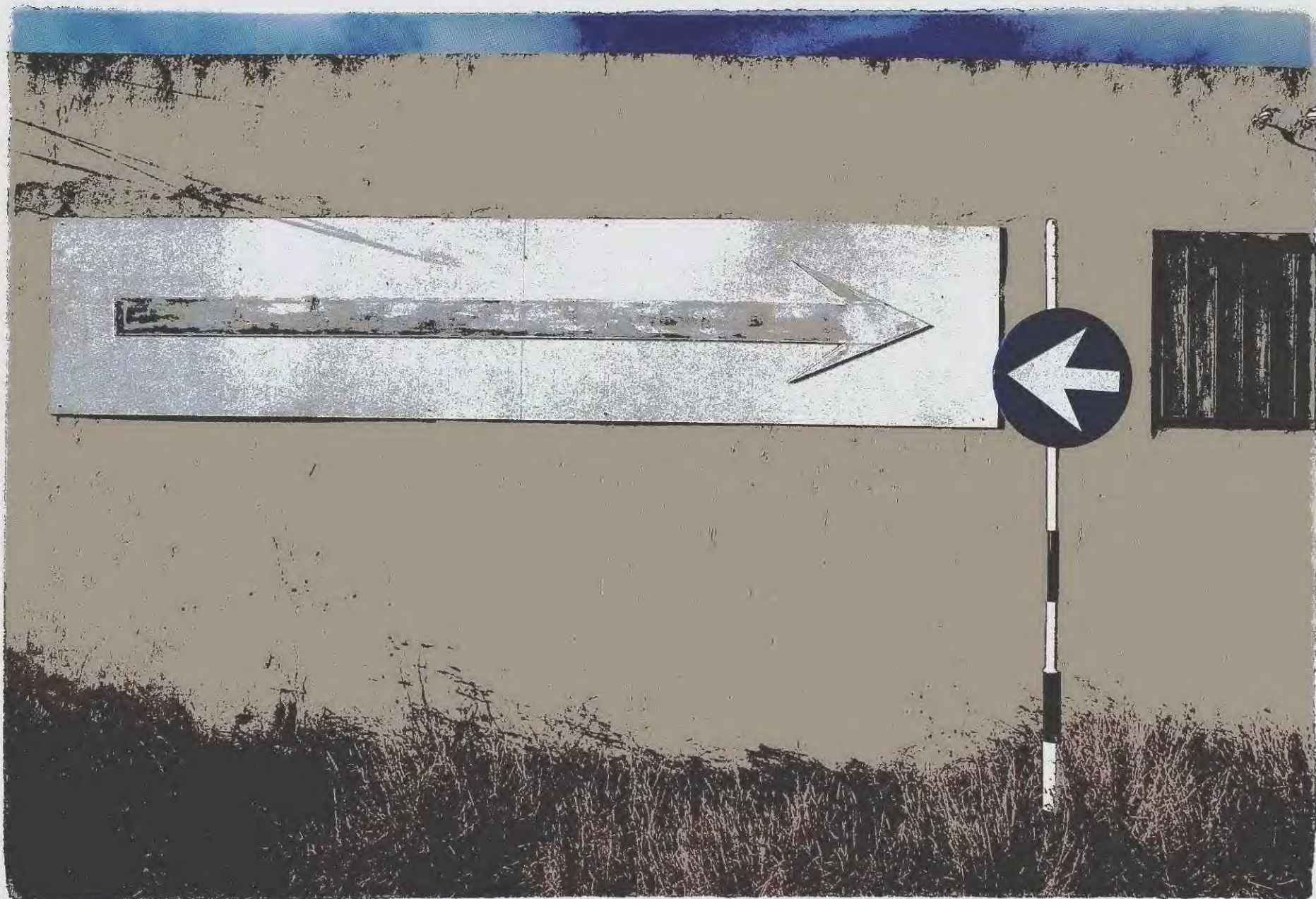


**Sucking the heads off crawfish is tasty, natives swear.**



**Wrought iron balconies adorn buildings throughout the French Quarter.**

**Jazz bands of all ages perform in Jackson Square**



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The fact that Scott Wetzel Services is an independent company with a half century of experience is another distinct advantage. Our advice is tempered with this experience. Recommendations are confident, effective, proactive and ultimately, driven by the wisdom of our longevity.

Let Scott Wetzel Services foster opportunities that will impact your future. Our local representative can get you started. Or contact our home office at 1-800-426-5990. (In Washington, call 206-479-0200.) Ask for our president, John Harrold. He'll show you how to get pointed in the right direction.

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## RIMS New Orleans Guide

# Foreign visitors can save sales tax

NEW ORLEANS—International visitors to the Risk & Insurance Management Society conference can save a few bucks on what they buy in New Orleans.

Louisiana Tax Free Shopping is a program that allows visitors from outside the United States to claim refunds of state sales tax—and in some cases local taxes—on purchases of tangible goods that leave the state.

Tax refunds are available only from participating retailers located in "tax free zones." Shops in the New Orleans International Airport offer the refunds, as do some downtown retailers and suburban merchants.

Canal Place Shopping Center and New Orleans Centre, both downtown, are two tax-free zones near conference hotels. Shops in the five blocks of the French Market also are part of the program.

Merchants participating in the program are identified by stickers on doors or windows.

International visitors with foreign passports and roundtrip tickets outside the United States are eligible for refunds.

Shoppers must show their passports when making a purchase and request a tax refund voucher from the merchant. Canadians may substitute a driver's license or birth certificate for a passport.

The visitor is charged full price, including tax.

Refunds are given at the airport when the visitor presents the voucher and sales slip at the refund center. The center is located in the airport's upper west lobby, near the entrance to Concourse C.

A handling charge of \$5 to \$10 is deducted from the refund amount, depending on the total amount of purchases, including tax.

Refunds under \$100 are made in cash, and higher amounts are issued by check and mailed to the visitor's home.

Refunds can be obtained by mail if the purchaser sends copies of vouchers, receipts, airline tickets and a notarized statement saying why vouchers were not redeemed at the airport and where the purchases are located.

The address for refunds by mail is: Louisiana Tax Free Shopping Refund Center, P.O. Box 20125, New Orleans, La. 70141.

—By Michel Bradford

# Getting around New Orleans

NEW ORLEANS—Spring is convention time in New Orleans. And unless you call well ahead of time, you may find that all the rental cars are taken.

But there are other ways to get downtown from New Orleans International Airport and a couple of options for getting around once you get there.

While an increase in cab fares has been proposed, it will not take effect by the time the Risk & Insurance Management Society conference gets under way. Fares now run \$18 for up to three people from the airport to downtown hotels. Each additional passenger over three costs another \$6.

Rhodes Limousine Service will get

you downtown for \$7 per person. Call 502-469-4555 to arrange pickup.

Once you're checked in and ready for some sightseeing, cabs are easy to hail outside hotels. The fare runs \$1.10 for the first one-fifth mile and 20 cents for each additional one-fifth mile. Cabbies charge an extra \$3 per person for transportation to or from special events—like the New Orleans Jazz and Heritage Festival.

If your destination is along scenic St. Charles Avenue or the Riverfront, hop the streetcar downtown.

The fare is 80 cents for the St. Charles Line and \$1 for the Riverfront trolley. Transfers to the public bus system cost 10 cents.

The fare on public buses is 80

cents, and there are plenty of stops downtown. Express buses are \$1.

There is also the Easy Rider bus system that circles the central business district with stops on Poydras and Canal streets. The bus also stops at the New Orleans Convention Center and Superdome. The fare is 30 cents.

Hotels and some stores offer the VisiTour Pass that gives riders unlimited rides on streetcar and bus lines. The cost is \$3 for one day and \$6 for three consecutive days.

If you do decide to rent a car, be warned that New Orleans is notorious for enforcing no-parking zones.

Some no-parking signs can be confusing, so when in doubt, don't park there. It's an expensive mistake. ■



Riverfront streetcar



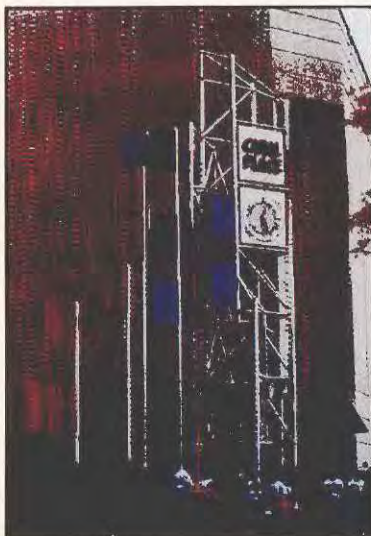
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Canal Place shopping center



## RIMS New Orleans Guide

# What?! No mini-bar or phone jack?

*Hotels try, with limited success, to please all the people*

By MICHAEL BRADFORD

NEW ORLEANS—Downtown hotels all offer most of the comforts of home and office—but they have different opinions on what those comforts are and how much they should cost.

The Westin Canal Place, New Orleans Marriott, Sheraton New Orleans and the Hyatt Regency New Orleans are hosting a large number of registrants from the annual Risk & Insurance Management Society conference.

The services those hotels provide

are similar, but there are some variations.

The most notable distinction is the lack of accommodations for laptop computers at the Westin and Hyatt.

Business travel provides a large chunk of hotel revenue. Yet some hotel telephone systems are still designed so that wall jacks are inaccessible, meaning that computer users can't plug in to transmit data to a remote location.

The Westin will rent a meeting

room with phone jacks, but there is a \$75 charge to activate the room's outside phone line, plus long-distance charges.

Rooms at the Marriott and Sheraton do have the modular jacks, according to front desk personnel.

The cost of faxing home some unfinished business will depend on where you're staying.

At the Marriott, the charge is \$4 per page for the first five and \$2 thereafter. Telephone connection

charges amount to \$1 per minute for calls within the United States and \$3 per minute for transmissions abroad.

The Sheraton charges \$10 for the first three pages and \$3 for each one that follows. The connection charges are the same as those at the Marriott.

The Westin charges \$5 for the first page and \$3 each for subsequent pages.

It costs \$7.50 to fax the first five pages at the Hyatt and \$1 for each additional page. The Hyatt is the only hotel of the four that charges for receiving faxes, with a \$1 per page fee.

Photocopy charges also vary.

The Marriott's fee is 10 cents per page, and copies can be made at the front desk when the hotel's fourth floor business center is closed. The Westin charges 25 cents per page and the Sheraton charges the same amount for the first 50 pages and 15 cents for each additional page.

The Hyatt charges 25 cents for copies up to 50 pages and 15 cents for each additional page up to 500.

If it absolutely, positively has to be there overnight, Federal Express will pick it up at any of the four hotels. But pickup times depend on the hotel.

The latest Federal Express will arrive at the Westin is 5:30 p.m., and the last pickup at the Sheraton is sometime between 5 p.m. and 6 p.m.

Items have to be downstairs between 4 p.m. and 6:30 p.m. to make the last pickup at the Marriott and at 5 p.m. at the Hyatt.

How comfortable you are while working depends on where you stay, too.

The Sheraton and Westin have equipped guest rooms with desks to accommodate business travelers, and some rooms at the Marriott have desks. Guests at the Hyatt will have to use a table in the room.

If you have a lot of local calls to make, you may want to find a phone booth. Three of the hotels charge 75 cents per local call made from the room, while the Marriott rings up a 60-cent charge.

If you like to catch up on the news over breakfast, all the hotels provide free newspapers, either outside the door or by request.

At the Westin, the paper automatically arrives with a room service order, or it will be delivered on request.

Burning the midnight oil over a laptop computer in a room with no phone jack can produce powerful hunger.

The Hyatt dishes out room service from 6 a.m. to 1 a.m. Sunday through Thursday and 6 a.m. to 2 a.m. Friday and Saturday. The other three hotels provide 24-hour room service.

And the stress of working late can be blunted by a trip to the in-room minibars at the Sheraton and Westin. That solace is not available at the Marriott or Hyatt.

Athletic types can work out at Racquetball One at the Westin and in the fifth-floor health club at the Marriott. Guests at the Hyatt can use facilities at the YMCA next to the Superdome.

The Sheraton currently is building a health club, but guests are permitted to use the Marriott's facility. Also, most downtown hotels have an arrangement with Racquetball One to allow guests to use that facility (see story, page 20).

If you're driving in New Orleans, parking fees at all four hotels are \$9 per day. The Sheraton charges \$11 per day for vans.

Don't chance parking on the street. Parking signs downtown are often confusing, and the city has a reputation for keeping its impound lot filled.

Come check-out time, all four hotels allow you to avoid long lines with an express service.

At the Hyatt and Sheraton, dial up your bill on the television and check out. The final copy is mailed.

A bill will be slipped under your door the night before your departure at the Marriott and Westin, and if it meets your approval, just drop the key at the desk on the way out and wait for a copy of the bill in the mail.

None of the four hotels offers a free ride to or from the airport, but all contract with local van services that charge \$7 per person. ■

# now, but what about 10 years from now?



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# RIMS New Orleans Guide

By MICHAEL BRADFORD

NEW ORLEANS—When the dinner bell rings, there are a lot of places to run to in New Orleans. Fine restaurants in this city are as plentiful as doubloons at Mardi Gras.

New Orleans chefs are the ones who gave us blackened redfish and spawned the 1980s Cajun dining craze. Paul Prudhomme (pictured at right) made his name serving up seared seafood, and the line at his down-home French Quarter eatery, K-Paul's Louisiana Kitchen, is testimony to its enduring popularity.

Other New Orleans specialties include red beans and rice, traditionally eaten on Monday; seafood and chicken gumbo; barbecue shrimp; muffulettas; crawfish etouffee; and spaghetti with "red gravy," as the locals call the tomato sauce.

To top it all off, Cafe Du Monde serves up cafe au lait and beignets, Louisiana's official state doughnut, outdoors at the French Market.

With the finest restaurants rubbing shoulders with hole-in-the-wall takeout joints, dinner prices for two can run from budget-busting triple-digit shockers to pocket change.

It's a diner's market in New Orleans; mediocre restaurants will not survive here. Your choices range from world-famous to local treasures.

Perhaps the city's best-kept breakfast secret is Petunia's, on Rue St. Louis in the Quarter, a few blocks from Canal Street.

Located in an old French Quarter home with high pink walls and hardwood floors, Petunia's serves up a slate of scrumptious New Orleans-style breakfasts. Leave plenty of time to enjoy your meal, because the service can best be described as casual and unhurried. New Yorkers especially may find the pace disturbingly slow here, but it's worth the wait.

Order the pain perdu or "lost bread," and sip on a brandy milk punch while the cooks prepare the New Orleans version of French toast using French bread and ham, bacon or sausage.

You'll find grillades and grits on the menu, a smothered round steak in gravy over grits. Uninitiated Northerners or foreign visitors may wish to substitute potatoes or rice for grits.

Petunia's is a bargain, with breakfast prices ranging from \$5.50 to \$8.95 per person.

If you find yourself out late with a bad case of the munchies, hop the street car and head for the Camellia Grill not far from Tulane University.

The grill is an original soda fountain and a popular late-night breakfast haunt. Great omelets and burgers served until 1 a.m.

Lunch and dinner is just around the corner from conference hotels.

Seafood lovers can stroll a few steps down Bourbon Street to Mike Anderson's Seafood Restaurant and Oyster Bar. Crawfish, shrimp, crabmeat or fish fresh from the Gulf of Mexico are served up in a variety of local recipes.

French Quarter neighbor Ralph & Kacoos also dishes up Cajun-style fish, crabmeat, shrimp and crawfish, but many locals will tell you Mike Anderson's has a leg up on its competitor.

La Louisiane is an upscale French Quarter spot where the classic Creole and Italian food is among New Orleans' best. The restaurant is part of the century-old home that was originally the residence of Mme. Charlotte Livaudais, whose husband was one of the city's most powerful landowners.

Past the antique lanterns at the entrance, diners pass through



Photo by Ron Calamia

## You won't go home hungry

*New Orleans restaurants dish up Cajun, Creole cuisine*

leaded cut-glass doors to a dining room graced with crystal chandeliers.

The menu is equally impressive. House specialty Veal Iberville is served with crawfish tails and hollandaise sauce, and softshell crabs are pan fried and topped with bearnaise sauce. Snapper, shrimp, quail, duckling and filet mignon are also available, and entree prices range from around \$14 to \$20.

Show up early or be prepared to stand in line if you're planning on eating at Galatoire's Restaurant on Bourbon Street. No reservations are accepted. Also, take plenty of cash, because they don't take American Express—or any other credit card.

Galatoire's has gained an international reputation not only for long lines outside the door but for its French menu. Coat and tie are required after 5 p.m. and all day Sunday.

Make a point to eat at least one

meal at Mr. B's Bistro on Royal Street and pray that they have the pasta jambalaya.

The dish is a spinach fettuccine laced with shrimp, andouille sausage, duck and chicken. This is New Orleans cooking at its finest.

Mr. B's is usually crowded and noisy at lunchtime and piano music and jazz often liven things up in the evening.

If you're angling for a big slice of beef, head for the Chart House at Jackson Square. Steaks, prime rib and seafood are served at the dinner-only restaurant on Chartres Street.

Mandina's Restaurant on Conti Street is a casual spot that draws a crowd for its fried seafood and po-boy sandwiches. Best known for its turtle soup, Mandina's also gets high marks for shrimp remoulade.

Outside the French Quarter, the Bon Ton Cafe on Magazine Street leads the list for lunchtime.

The Bon Ton doesn't accept reservations and there is usually a

wait after noon. Don't despair. Friendly waitresses, dressed in style and speaking in the thickest of New Orleans accents, serve up perfectly prepared crawfish dishes, shrimp and oysters, soft shell crab and seafood worth the wait. Great turtle soup here, too.

Dessert at the Bon Ton is bread pudding with whiskey sauce, a local delicacy that is sometimes heavy on the whiskey. If you prefer a lower-proof dessert, try the ice cream with hot praline sauce.

Pascal's Manale on Napoleon Avenue has made its name with barbecued shrimp. Its oyster bar, Italian and seafood dishes are also recommended.

The wall of signed photographs of movie stars and politicians that have downed the shrimp at Pascal's makes the wait for a table interesting.

Mulate's touts itself as the world's most famous Cajun restaurant and one that is dedicated to preserving Cajun music and cul-

ture. From 7:30 p.m. until 11 p.m. each night, the sound of Cajun music and dancing fills the spacious and casual eatery. The band also performs on Sundays from 12:30 p.m. until 3 p.m.

Mulate's Cajun offerings include a seafood platter heaped with stuffed crabs, stuffed bell peppers, shrimp, oysters, frog legs, jambalaya, cole slaw, french fries and garlic bread. A deal at \$13.95.

The restaurant also provides its own Mulate's brand beer to cool the palate after a spicy meal.

The restaurant sits directly across the street from the New Orleans Convention Center, making it a convenient stop after a tour of the Risk & Insurance Management Society conference's exhibit hall.

Head for the shores of Lake Pontchartrain one sunny afternoon and enjoy the view and the food at Bart's Lighthouse Inn. The restaurant is upstairs, and the patio is a fine place to have a cold Dixie beer and watch the boats cruise the lake.

Bart's is loud and casual and a popular hangout on the weekends when the weather is nice.

The restaurant's generous portions of seafood are well-prepared and its bread pudding is a tasty dessert. If you're not interested in Dixie, the local beer, try a home-grown Barq's root beer instead.

When just a sandwich will do or a hamburger craving sets in, there are some notable eateries near the conference hotels.

Cafe Maspero, in the French Quarter, will satisfy the hamburger craving. Giant burgers on hefty buns with french fries may well be the tastiest in town. Onion soup and seafood platters are other favorites.

Central Grocery on Decatur Street claims to have the "original" muffuletta. The sandwich creation, a distinctively New Orleans treat with multiple spellings and variations, is typically piled high with salami, ham, cheese and olive salad and served on homemade Italian bread.

Sit at the counter in back and knock back a cold Barq's with your sandwich.

And if you're really short of time, there's always a Lucky Dog, served by street vendors from giant hot dog-shaped carts. "Don't be a meanie, get your girl a weenie," they urge.

If you can resist these temptations, be sure to check the following listings:

### MIKE ANDERSON'S SEAFOOD RESTAURANT AND OYSTER BAR

215 Bourbon St.  
524-3884

Casual seafood house. Average dinner for two with wine and gratuity: \$35. Reservations not accepted. Specialty is fresh Louisiana seafood, like fried trout filet with crabmeat etouffee and crawfish bisque. The nautical atmosphere features several large salt-water aquariums. All major cards including Discover. Hours: 11:30 a.m.-11 p.m. Friday and Saturday; 11:30 a.m.-10 p.m. Sunday through Thursday.

### ANDREA'S RESTAURANT

3100 19th St.  
Metairie  
834-8583

Classical Northern Italian and Continental cuisine. Jacket required, no shorts or jeans. Average dinner for two with wine and gratuity: \$65-\$70. Reservations recommended. Specialties include fresh seafood, beef, game and homemade pastas. Major credit cards. Hours: 11:30 a.m.-10 p.m. Sunday through Thursday; 11:30 a.m.-11 p.m. Friday and Saturday.

Continued on page T43



## RIMS New Orleans Guide

# Down South in Dixie

*Plantation homes line 100 miles of Antebellum history*

By MICHAEL BRADFORD

NEW ORLEANS—A 100-mile stretch of road from New Orleans to Baton Rouge winds along the curving Mississippi River and into the world of the 1800s.

River Road is dotted with sprawling antebellum plantations, reminders of genteel Southern yester-years. The rustle of hoop skirts is for the most part gone, except for the sound of those worn by costumed guides, but visitors still hear wind moving through trees that have stood on sweeping green lawns a hundred years longer than the homes.

Some of the mansions offer accommodations, allowing visitors to completely immerse themselves in the Old South.

If time doesn't allow you to spend the night or you want to drive only part of the route, take I-10 west toward Baton Rouge, exit near any one of the plantations and head back toward New Orleans.

From New Orleans, the first stop is Destrehan Plantation in Destrehan. Start out by exiting I-10 at Williams Boulevard near the airport and drive south to River Road. The plantation is about eight miles west on River Road.

Built in 1787, the plantation is the oldest in the Mississippi Valley. It was originally built in the French Colonial style but later converted to Greek Revival. Doric columns support an unusual West Indies-style roof. Tour information is available by calling 504-764-9315.

A short ride upriver is San Francisco Plantation, one of the most unusual along the road.

The home was constructed in a style that has come to be known as "Steamboat Gothic," and its Corinthian columns are the base for a wide porch and captain's walk.

Furnishings are period antiques and include a suite of John Henry Belter parlor furniture.

Call 504-535-2341 for information.

Twenty-eight live oak trees, evenly spaced, provide the dramatic entrance to the Oak Alley plantation in Vacherie. The house, with its 28 columns, is a Greek Revival-style home that includes a restaurant and overnight accommodations at cottages on the grounds.

Information on tours and lodging is available by calling 504-523-4351.

If you're hungry for lunch, a popular stopping-off point is the historic Cabin Restaurant in Burnside.

Here, you can have breakfast, lunch or dinner in a restored slave cabin. The fare consists of Louisiana specialties, including gumbo, po-boys and fried seafood.

Houmas House is not far from the restaurant. Costumed guides lead tours through the grounds and the 151-year-old home built in Greek Revival style.

Period antiques and a three-story spiral staircase are part of the old home's charm. Call 504-473-7841 for information.

The largest plantation home in the South, Nottoway, sits on 37 acres in White Castle.

The stately old home is an imposing figure on the verdant lawn, with its tall columns and railed balconies on both floors. Visitors can spend the night in rooms furnished with antiques and wake up to Creole coffee and sweet potato muffins.

Call 504-545-2730.

If you can't make the trip along River Road, visit Longue Vue House and Gardens in New Orleans.

Fashioned after the country houses

of England, Longue Vue sits on eight acres of gardens with beautiful fountains. A Greek Revival mansion, it is furnished with English and American antiques and houses French and Oriental carpets, modern art, porcelain and a collection of Wedgewood pieces.

The home, off Highway 18, has its entrance on an oak-lined alley and its gardens complement the sculpted hedges around the lawn of the Spanish courtyard. The mansion, once home to cotton broker Edgar

Bloom Stern, is now the site of galas, concerts, workshops and other special events.

For tour information call 504-488-5488.

Visitors who would rather someone else do the planning for them can take a tour of Long Vue or the River Road plantations with local tour operators.

Tours by Isabelle (504-367-3963), Gray Line (504-587-0861) and New Orleans Tours (504-592-0560) include visits to plantations.



■ Oak Alley plantation home in Vacherie

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## RIMS New Orleans Guide

# The sporting life

## Tee time an alternative to world's biggest happy hour

By MICHAEL BRADFORD

NEW ORLEANS—Partying, of course, is the most popular sport in New Orleans. But there are other, more athletic endeavors if you lack the tolerance, enthusiasm or stamina to deal with the demands of the French Quarter.

If an open morning or afternoon is on your agenda, there are a number of diversions to take your mind off risk management.

Golfers can swing by several fine

courses, including four 18-hole layouts and a 100-tee double-decker driving range at historic New Orleans City Park. City Park is one of the country's largest urban parks where visitors also find 45 lighted courts at the Wisner Tennis Center, picnic areas, canoeing, paddleboats and the Botanical Gardens.

Expect to shell out \$12 in green fees during the week or \$15 on the weekends at City Park. Call 504-483-9397 to arrange a tee

time.

Bayou Barriere Golf Course, across the river from downtown in Belle Chasse, is touted as a premier public course in the New Orleans area. Its 27 well-groomed holes challenge the area's finest golfers.

"It's the best public course, without a doubt," said Dudley Meaux, a Bayou Barriere course marshal.

Green fees at Bayou Barriere are \$20 during the week for out-of-state residents and \$30 on the

weekend. The prices include the use of a cart.

To reserve a tee time, call 504-394-9500.

Brechtel Memorial Park Municipal Golf Course also is on the West Bank, a short drive from downtown.

This 18-hole layout is a bargain, with green fees at \$5.75 during the week and \$7 on the weekends.

Tee times can be arranged by calling 504-362-4761.

Like courses all over the country that are burdened by the current popularity of golf, New Orleans' courses are apt to be crowded. And, green fees may be slightly higher for out-of-state residents than for locals.

Conference attendees who want to turn some of that yummy luncheon food into muscle can whip themselves into shape at hotel ex-

ercise facilities.

At the Westin Canal Place, guests are allowed complimentary admission to Racquetball One, the health club on the third floor of the Canal Place shopping mall.

Guests can play racquetball at the facility or work out with free weights or Nautilus machines. Stair climbers and exercise bikes are also available.

The Holiday Inn Crowne Plaza has stationary bikes, an arm lift machine and treadmill for those who want to shed a few pounds or tone up the biceps.

The Windsor Court Hotel's complimentary health facility has a stationary bike, stair machine, free weights, aerobics tapes, treadmill, sauna, Jacuzzi and pool.

Out-of-towners stuck at a hotel with no health club may be able to turn to Racquetball One. The club has an arrangement with most downtown hotels that provides a discounted rate of \$8 per day to guests. Check with the concierge.

Cyclists can rent wheels in the French Quarter from the appropriately named French Quarter Bicycle Rental & Tours at 410 Dauphine St.

Along with the bikes, riders are supplied with tour maps to guide them through the city. Five-, 10- and 12-speed bikes are available, as are tandem cycles.

Prices vary but are around \$15 for daily rentals and \$3.50 for hourly rentals. Reserve a bike by calling 504-522-3101.

Joggers can pound the pavement through the French Quarter or hop the streetcar and take the scenic ride down mansion-lined St. Charles Avenue to Audubon Park.

The park's tree-lined trails are perfect for jogging or bike riding. And when it's time to slow down, bikers and joggers can take a break and enjoy a picnic lunch beside the lakes or under the towering canopy of moss-draped trees.

If your idea of a good time is more parimutuel than partying, take the 20-minute drive from downtown to Jefferson Downs in Kenner.

The thoroughbred track is located not far from New Orleans International Airport. From Interstate 10, take the Williams Boulevard exit toward Lakefront and look for the signs.

For dinner reservations and post times, call 504-466-8521.

RIMS conference-goers who yearn for the sting of the salt air and the smell of fresh fish can charter deep-sea boats for an expedition into the Gulf of Mexico.

Capt. Nick's Fishing Charters will accommodate groups of two to four people into the Gulf or on bayou fishing trips.

Capt. Nick's provides all the gear and can arrange hotel transportation. Call the captain at 504-361-3004 or 800-375-3474.

The 41-foot Teaser takes anglers into blue water in search of marlin, yellowfin and blackfin tuna, wahoo, bull dolphin, amberjack, snapper and tarpon. Inland fishing in runabouts is available for bass, redfish and trout fishermen. Call 504-341-4245 to arrange trips.

Man-made reefs at offshore oil platforms are the territories served by Charter Time Fishing & Diving Service. Fishing charters and scuba diving can be arranged by calling 504-798-7609.

If you call to arrange a charter on the Cherece IV, captain Renee Rice may be "fishing, fixing broken boats, drinking a cold beer or just taking a nap and relaxing," says his answering machine.

Leave a message if you're interested in deep sea fishing for one to six people. Fuel, bait, tackle and ice are provided. Captain Rice can provide details at 504-787-2200—if not otherwise occupied. ■



## Dry eyes and no corpse.

Health and life insurance fraud isn't only a world-wide industry, it's at least a \$60 billion a year business in North America alone.

From the fictional "Dry Eye Syndrome" disease in the U.S., to false death claims in the Caribbean and non-meritous hospital claims in Asia, insurance companies are getting hit for billions of dollars in avoidable losses.

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# RIMS New Orleans Guide

## So where's the couch?

*In Freud exhibit, personal effects take center stage*

By MICHAEL BRADFORD

NEW ORLEANS—A collection of Sigmund Freud's personal effects is one of two special exhibits currently on display at the New Orleans Museum of Art.

The 81-year-old museum, which is located within scenic 1,500-acre City Park, is displaying books, personal photographs and artwork from Dr. Freud's collection, along with a number of ancient Egyptian, Asian and other artifacts he owned.

In another temporary exhibit, the museum is showing a collection of Lalique decorative glass.

The museum currently is undergoing renovation that is expected to continue into next year. Although several permanent exhibits have been removed during the renovation, the museum continues to display much of its collection, including works by American and European masters.

Also among the museum's treasures is a group of works by French impressionist Edgar Degas, who visited New Orleans in the 1870s. Works by Picasso, Braque, Dufy and Miro also are on display.

One of the museum's most distinctive offerings is a permanent exhibit of the jeweled creations of Peter Carl Faberge, the master jeweler to Russian czars.

The collection includes three Imperial Easter Eggs and the jeweled Basket of Lilies of the Valley, created in 1896 for Empress Alexandra.

Another of New Orleans' noted museums is within walking distance of downtown hotels.

The Louisiana State Museum actually comprises three French Quarter locations, the Presbytere, 1850 House and the Old U.S. Mint, all National Historic landmarks.

The Cabildo, damaged by fire in 1988 (BI, Sept. 26, 1988), was also a part of the Louisiana Museum complex. Museum officials hope to reopen the facility by late next year.

Within the three buildings, visitors can relive the history of jazz or learn what antebellum life was like in New Orleans. The history of Mardi Gras is reflected in colorful costumes and memorabilia.

The Presbytere is at 751 Chartres St. on Jackson Square, the Old U.S. Mint is at 400 Esplanade Ave. and the 1850 House is at 523 St. Ann St.

A short street car ride from Canal Street, near Lee Circle, is the Louisiana Historical Assn.'s Confederate Museum at 929 Camp St. Part of the significance of the old building is its claim as the place where the body of President Jefferson Davis lay in state in 1891 before being moved to Richmond, Va.

The museum houses a collection of Davis family memorabilia that was donated by the former president's wife.

Confederate veterans and their families donated most of the items in the museum.

Some of the displays include paintings of generals Robert E. Lee, Thomas J. Jackson, Nathan B. Forrest and others. There are also confederate uniforms and regimental banners carried in battle.

Weapons on display include rare

guns and swords. The museum also houses medical instruments used on Civil War battlefields and a military surgery manual printed in 1863.

The Musee Conti Wax Museum, at 917 Conti St., calls itself "The Wax Museum of Louisiana Legends."

The museum is a slick collection of all things Louisianian, including figures depicting the Battle of New Orleans, Marie Laveau's Voodoo Dancers and a riveting scene featuring Napoleon in a bathtub at the moment he decides to sell the Louisiana Territory.

Blaine Kern, known in New Or-

leans as "Mr. Mardi Gras," has built a monument to the yearly pre-Lenten celebration with his Mardi Gras World.

Just across the Mississippi River from downtown, Mardi Gras World houses a collection of the floats and figures that take to the streets every carnival season.

Mr. Kern is considered one of the pioneers of float-building in New Orleans, and daily tours at the facility allow visitors to watch sculptors and artists at work creating their fleets.

Costumes worn by the local "royalty" of Mardi Gras also are on display.



The Presbytere houses part of the Louisiana State Museum.

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## RIMS New Orleans Guide



A Bourbon Street strip joint

# Loss prevention

## Advice for staying safe and sound in New Orleans

NEW ORLEANS—A fool and his money are soon parted on Bourbon Street.

Like most major cities, New Orleans has its share of con games and questionable establishments. RIMS attendees should rely on common sense and a firm grip on their wallets to get them through the week with a minimum of financial damage and bodily harm.

Local police have attempted to crack down on the con artists and panhandlers that harass tourists.

And, with the city's economy ailing in recent years, city leaders are very careful to protect tourism.

Here are a few things to keep in mind:

- Ignore the kids who approach you on Bourbon Street, stare at your feet and make this statement: "I bet I know where you got them shoes."

If you accept their bet, the answer will be something on the order of: "You got them shoes on your feet. . . walking down Bour-

bon Street."

- Bourbon Street strip joints are advertised by the more delicate name of burlesque houses. But by whatever name, the drinks are high-priced and the strippers are ugly.

Check the prices at the door before sampling the entertainment. Some burlesque houses don't have a cover charge but will make you buy drinks. The drink prices are likely to be exorbitant.

And gentlemen, once inside, re-

member that you have come for a few drinks and some wholesome entertainment. Asking the performers for anything more may get you booted roughly out the door—or worse, what you asked for.

- Stay out of the cemeteries unless you are in a supervised group. New Orleans' "cities of the dead" are fascinating with their above-ground tombs, but they are dangerous places. Never go in after dark.

- Early-morning joggers should stick to the city's main streets.

New Orleans is a late-night town, and some of the bars will still be open when you hit the streets. Get too far away from the hotel and you're likely to find yourself in an unfamiliar and possibly unfriendly part of town.

- When sightseeing outside of downtown, know where you're going before you set out.

While no city is absolutely safe, New Orleans' neighborhoods change quickly from good to bad and it's not a good idea to go wandering about with no idea of how to get to where you're going.

Stay out of the city's housing projects. You can read about the drugs, muggings and shootings in the local newspaper.

The precautions to take in New Orleans are the same as those you would observe in any other major city.

Try not to look like a tourist with a camera around your neck and a back pocket full of maps. Don't flash wads of money and leave expensive jewelry in the hotel safe.

And, when you're in doubt about an area of the city, check with the hotel staff. ■

# Everybody wants to look like a million.



# Unfortunately, many top executives look like 25 million.

It is well known that more than a handful of today's top corporate executives pull down high six- or seven-figure salaries. Which makes them particularly attractive targets in lawsuits involving corporate wrongdoing.

In fact, many directors and officers these days are spending more time in the courtroom and less time in the boardroom.

Yet, as the magnitude of claims continues to escalate, few insurance companies have been able to provide adequate D&O protection.

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After all, the only suit you want your client to be in is hanging in the closet.



## Sunglasses, umbrellas both cover spring weather

NEW ORLEANS—Risk and Insurance Management Society Inc. conference planners picked the perfect time of year to hold the 29th annual Risk & Insurance Management Society conference.

The last week of April is usually on the cusp of the humidity season, before a broiling summer sun combines with heavy, wet air to turn the Crescent City into a giant sauna.

There is the danger, though, of some early hot weather. Come prepared for temperatures ranging from 75 to 85 degrees.

Evening temperatures will be a little cooler.

Showers are frequent during New Orleans' spring, so pack an umbrella.

If you plan to spend time outdoors, bring along sunscreen and sunglasses.

And don't forget your shorts and swimsuit.

—By Michael Bradford



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# RIMS New Orleans Guide

## Conference to feature more than 270 exhibits

More than 270 firms will exhibit their products and services in the New Orleans Convention Center during the Risk & Insurance Management Society Inc. conference April 28-May 3.

Attendance to the Exhibition Hall is limited to conference and guest program registrants, and conference badges must be worn at all times.

A boxed luncheon will be held April 29 at 12:15 p.m. and a reception sponsored by RIMS and the 1991 exhibitors will be held from 4:15 p.m. to 6 p.m. Conference attendees are permitted to bring a guest to the reception. However, children under age 16 will not be permitted in the Exhibition Hall at any time.

Two theme lounges sponsored by Jardine Ematt & Chandler Inc. will also provide refreshments between April 30 and the morning of May 2.

The 1991 exhibit hall hours are:

- Sunday, April 28: noon-5 p.m.
- Monday, April 29: 9:30 a.m.-6 p.m.
- Tuesday, April 30: 8 a.m.-5 p.m.
- Wednesday, May 1: 8 a.m.-5 p.m.
- Thursday, May 2: 8 a.m.-noon.

Special exhibit visiting hours for conference delegates will be:

- Monday, April 29: 4:15 p.m.-6 p.m.
- Tuesday, April 30: 8 a.m.-9 a.m.; 11 a.m.-noon; 4 p.m.-5 p.m.
- Wednesday, May 1: 8 a.m.-9 a.m.; 11:30 a.m.-noon; 4 p.m.-5 p.m.
- Thursday, May 2: 8 a.m.-9 a.m.; 11 a.m.-noon.

Following is a list of conference exhibitors and their booth numbers:

- A/S Quasar Consultants **149**
- AFCO Credit Corp. **1537**
- ALTIS **849**
- AM-RE Managers Inc. **831**
- Aberdeen Insurance Managers (Turks and Caicos) Ltd. **451**
- Accent Insurance Recovery Service **225**
- Accorn Behavioral Healthcare **124**
- Adjustco Inc. **743**
- Advanced Driver Training Services Inc. **1513**
- Aegis Floor Systems Southeast **232**
- Aetna/Executive Risk **232**
- Alexander & Alexander Inc. **1239**
- The Alexander Consulting Group **1251**
- Alexis Inc. **1243**
- America's Pharmacy Inc. **739**

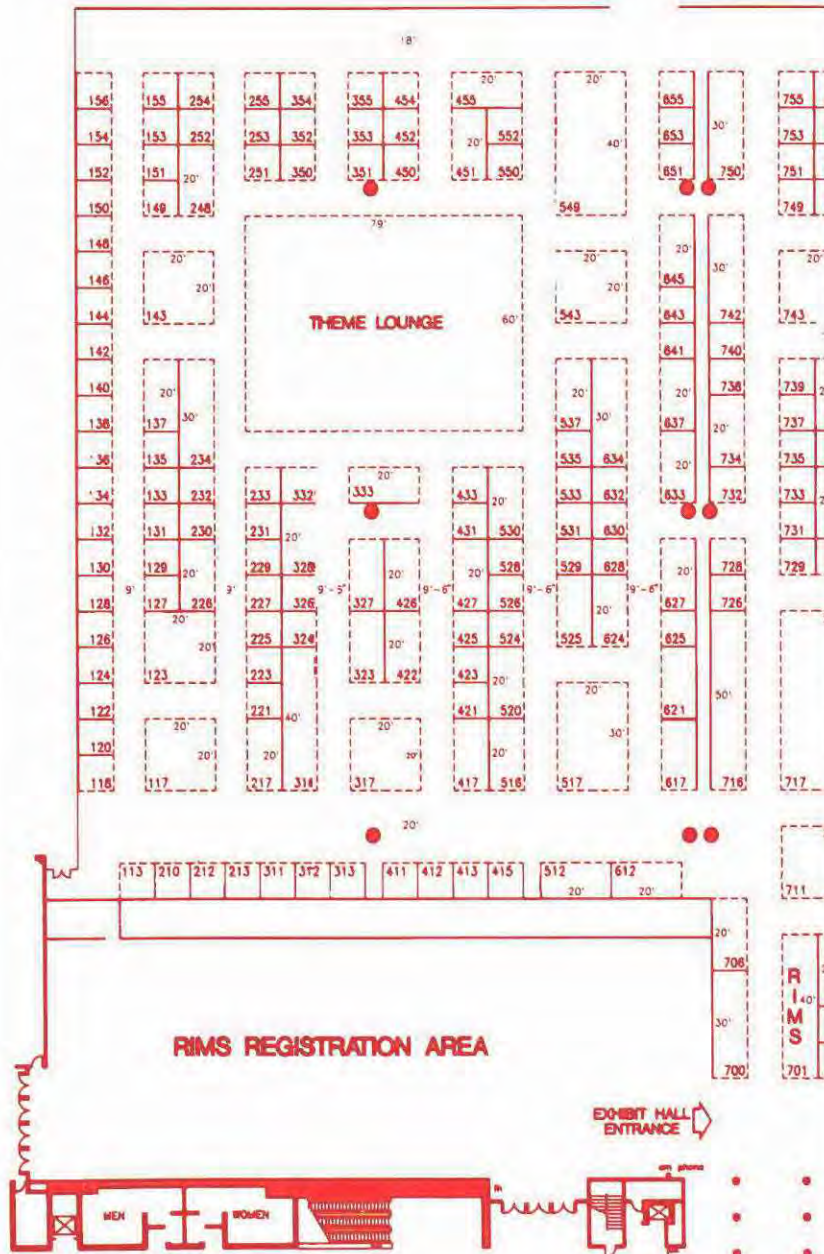
- American Appraisal Associates **834**
- American Excess Insurance Assn. **1044**
- American International Adjustment Co. **1000**
- American International Group Inc. **1001**
- American International Recovery Inc. **1006**
- American Risk Management Corp. **627**
- American Safety Risk Retention **749**
- American Society for Healthcare Risk Management **946**
- Arkwright Mutual Insurance Co. **317**
- Arthur J. Gallagher & Co. **928**
- Assessment Centers Technology **1008**
- Associated Risk Services Corp. **1146**
- The Atlantic Mutual Cos. **1430**
- Axia Services Inc. **1517**
- BFI Stephens Inc. **427**
- BMS Catastrophe Inc. **236**
- Bahamas Ministry of Finance **825**
- Baldwin & Lyons Inc. **113**
- M.F. Bank Cos. **645**
- Baxter Healthcare, Prescription Services Division **804**
- Becher & Carlson Risk Management Inc. **742**
- Beech Street of California Inc. **633**
- Berkley Risk Services **1541**
- Bermuda Government **117**
- A.M. Best Co. **1349**
- Blue Cross & Blue Shield Assn. **1510**
- Burdco Environmental Inc. **1350**
- Business Insurance* **1024**
- CEI/ClaimsNet Inc. **800**
- CIGNA Corp. **933**
- CMG Health Inc. **1434**
- CNA Structured Settlements Inc. **1547**
- CORE Management Inc. (CMI) **433**
- CPCU/IIA **1428**
- California Interactive Computing Inc. **1217**
- Allan Campo & Associates **1511**
- Capital Recovery & Subrogation **1422**
- Cayman Islands Government **843**
- Central Bank of Barbados **836**
- Chubb Group of Insurance Cos. **801**
- Claims Magazine **144**
- Commercial Cleaning & Restoration Inc. **530**
- Commonwealth Risk Services Inc. **912**
- Community Care Network **735**
- ComPro Inc. **417**

- Computations Inc. **1323**
- Computer Sciences Corp. **1111**
- Concord Information Systems Inc. **1425**
- ConServCo **1201**
- Consolidated Services Corp. **516**
- Construction Technology Laboratories **1142**
- Continental Insurance Co. **711**
- Continental Medical Systems Inc. **328**
- Conway Computer Consultants **1532**
- Coopers & Lybrand **1016**
- Corbel & Co. **651**
- Corporate Benefit Systems Services **212**
- Corporate Systems Ltd. **1139**
- Cost Care Inc. **323**
- Countrywide Services Corp. **524**
- Crawford & Co. **717**
- Data General Corp. **901**
- David Corp. **1337**
- Deloitte & Touche **1138**
- Dempsey, Myers & Co. **1010**
- Detail Masters **146**
- Diagnostic Engineering Inc. **643**
- Disaster Services Inc. **134**
- Dorn Technology Group Inc. **1406**
- ECIPS **1530**
- EQE Engineering Inc. **917**
- Eldorado Computing Inc. **1543**
- Employee Benefit News **641**
- Environmental Risk Insurance Co. **1424**
- Equifax Inc. **924**
- Ergodyne Corp. **1507**
- Ernst & Young **248**
- Evans American Corp. **617**
- Executive Risk Management **625**
- Factory Mutual Engineering Corp. **1325**
- FlexRx Pharmacy Services Inc. **1346**
- FlightSafety International **731**
- Florida Orthopedics Inc. **118**
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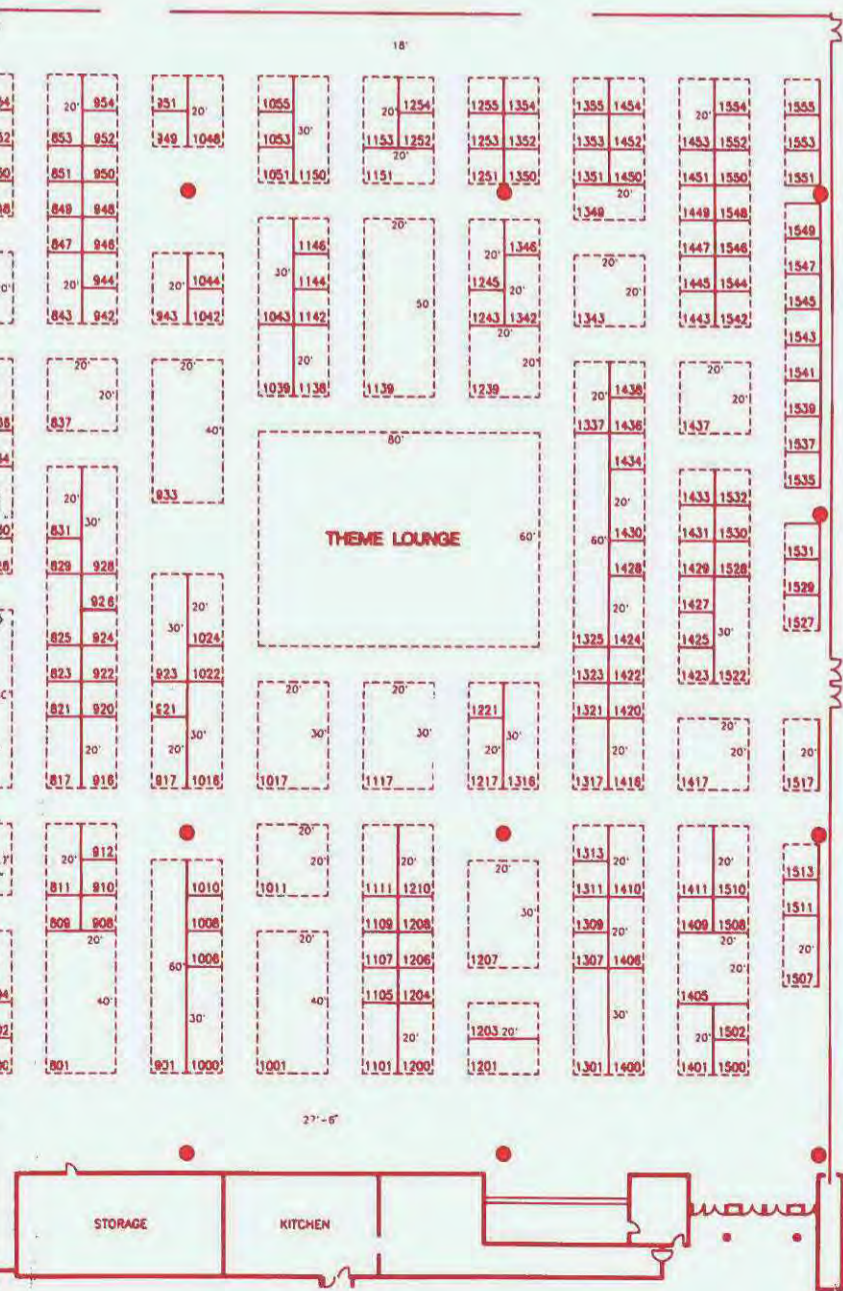


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## RIMS New Orleans Guide

# Ben Cohen runs a business with a mission

Man who markets 'Chunky Monkey' gives scoop on corporate stewardship

By KATHRYN LARRABEE

Ben & Jerry's ice cream is guilt-free.

It isn't sugar-free, fat-free or cholesterol-free. It's socially conscious.

Ben Cohen, chairman of Ben & Jerry's Homemade Inc., will share his company's unique corporate philosophy during a special session at this year's Risk & Insurance Management Society conference. His talk will focus on corporate stewardship—or what corporations owe both to their stockholders and to the community at large.

Mr. Cohen describes Ben & Jerry's two-part bottom line as composed of: "How much money is left over at the end of the year" and "How have we improved the quality of life in the community."

Mr. Cohen and Jerry Greenfield, a friend from junior high school, opened their first ice cream store in Burlington, Vt., in 1978.

Soon they became known not only for their ice cream but also for sponsoring events like a free outdoor movie festival and a "Free Cone Day" on the anniversary of their first year in business.

The company now reports \$58.5 million in annual sales of such fattening but enticing flavors as "Chunky Monkey" (banana ice cream with chocolate chunks and nuts), "Chocolate Fudge Brownie" and "Rainforest Crunch" (vanilla ice cream with Brazil nuts and caramel).

Proceeds from the sale of Rainforest Crunch are used to help preserve the Amazonian rainforest by funding a nut-shellers' cooperative.

Along the same lines, the brownies in Chocolate Fudge Brownie ice cream are made by a bakery in New York staffed by homeless people, and the blueberries in "Wild Maine Blueberry" are harvested by native Americans.

While the average corporate executive might not know where to find a nut-shellers' cooperative or socially responsible bakery in need of funding, Mr. Cohen said it's simply a matter of "being open to it and looking for it."

He met representatives of the New York bakery and native American blueberry harvesters at meetings of the Social Ventures Network, a group in which he's actively involved.

And, he said he met a represen-

tative of the nut-shellers' cooperative at a Grateful Dead concert. (Mr. Cohen's status as a "Deadhead" is borne out by Ben & Jerry's "Cherry Garcia" ice cream, named after Grateful Dead guitarist Jerry Garcia.)

Mr. Cohen also is actively involved in 1% for Peace, a 2-year-old lobbying organization of 420 small businesses committed to re-directing 1% of the national defense budget to peace causes.

"I think it's about the first peace organization for business," Mr. Cohen said.

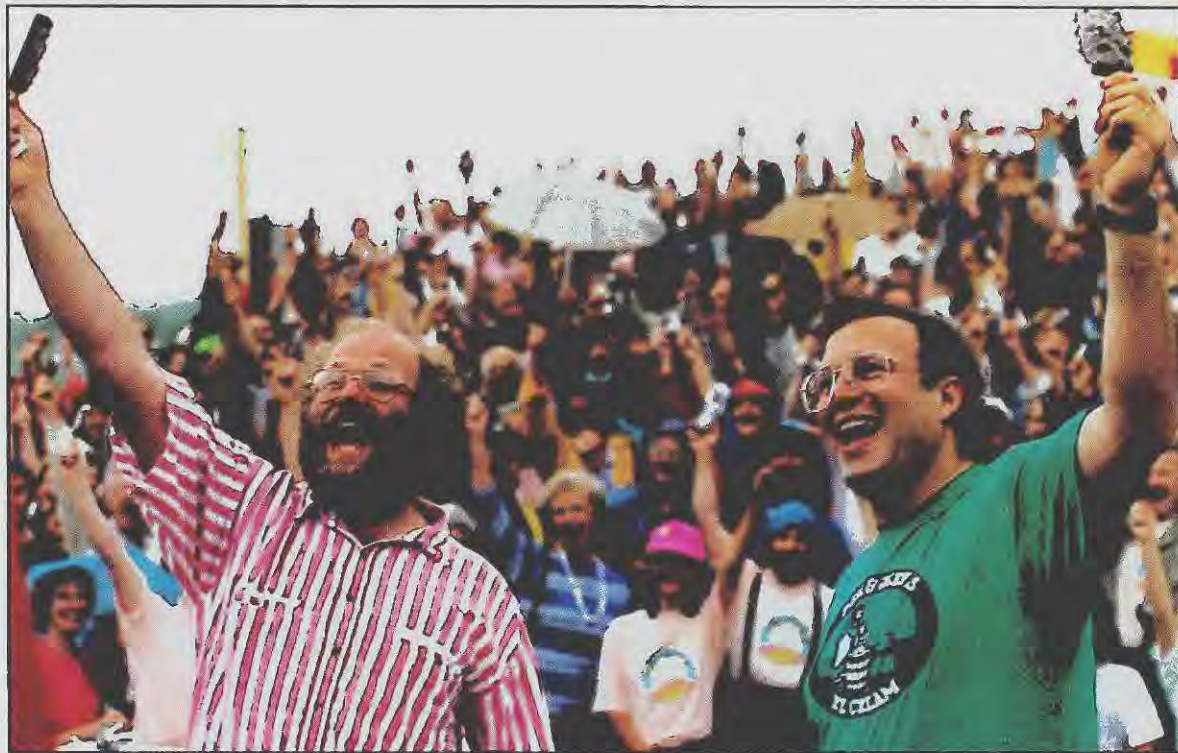
Ben & Jerry's own projects include working to open an ice cream store in the Soviet Union, from which all proceeds will fund U.S.-Soviet educational and cultural exchanges, Mr. Cohen said. The store will be located in Karelia, Vermont's sister city in the Soviet Union.

Mr. Cohen, as a member of the Governor's Council of Economic Advisors in Vermont, accompanied Gov. Madeleine M. Kunin to the Soviet Union in 1988 to help establish the sister city program.

The cultural and educational exchanges funded by the ice cream shop will focus on helping Soviet farmers learn about family farming and dairy farming in particular, Mr. Cohen said. He said Soviet cows now produce only about one-third as much milk as American cows. The granite, marble and lumber industries—other industries important to Vermont—also will be a focus of the program, he added.

Ben & Jerry's has also established the Ben & Jerry's Foundation, through which it donates 7.5% of its pretax profits to non-profit organizations. For the quarter ending Jan. 1, 1991, these organizations included:

- The Affiliated Media Foundation Movement in New Orleans. This group provides lower-income and middle-income people with access and control of media institutions.
- The American Wildlands in Bozeman, Mont.
- Burch House Inc. in Littleton, N.H. (which provides people in emotional or psychological distress with a safe place to stay).
- The Burlington Peace & Justice Coalition in Burlington, Vt. Funding was provided to the group to produce a manual on the Middle East Crisis to be used for educa-



Ben Cohen, left, and Jerry Greenfield hold Ben & Jerry's Homemade Inc. ice cream bars.

tional purposes.

- The Citizens' Committee for Children of New York. This is an advocacy group pressing for more treatment of crack-addicted pregnant women and mothers and their children.
- The Counseling Service of Addison City in Middlebury, Vt. Funding helped tenants of a low-income trailer park build a playground.
- The Displaced Homemakers Center in Ithaca, N.Y. This group helps low-income female heads of households gain access to free and low-cost legal services.
- The Environmental Health Coalition in San Diego. Funds aided a school pesticide use reduction project.
- The Farm Labor Research Project in Montgomery, Mich.
- The Foodshare Commission of Greater Hartford in Hartford, Conn. Funds provided transportable containers to carry surplus food from area restaurants, caterers, hotels and banquet facilities to emergency feeding sites.
- The Governor's Commission on Women in Montpelier, Vt. Funds were used to update a handbook on women's employment rights, parental rights and governmental benefits, as well as on divorce and violence against women.
- The Gray Panthers of Greater

Boston in Cambridge, Mass.

- H.O.M.E. Inc. in Orland, Maine. Funds were used to provide technical and administrative help to emerging land trusts to compete for low-interest loans from the state, as well as to provide hats and boots for low-income and homeless people while they harvested trees for fuel for low-income citizens.
- The Midwest Center for Labor Research in Chicago. Funds aided development of a strategy involving labor and local communities to save jobs and rebuild the community.
- Natural Guard in North Guilford, Conn., an environmental group for school-age children and teens.
- People's Bridge Action Inc. in Anthol, Mass., a social service agency.
- Schoolhouse, Inc. in South Burlington, Vt. Funds offset tuition for low-income children to attend alternative schools.
- 32nd Ward Community Services Network in Chicago, a group working with gentrification and the loss of affordable housing.
- Uptown People's Law Center in Chicago. Funds were used to hire a community educator/organizer to study domestic violence.
- Uptown Community Learning Center in Chicago, a group working to include multicultural and

international perspectives in education.

- Voice of the Next Generation to provide support of a youth newspaper working for change in the Chicago school system.
- Waterbury Citizens for Responsible Growth in Waterbury Center, Vt. to assist community members in voicing concern about development in their town.
- Women's Crisis Service in Keene, N.H. to support the Education and Outreach Program.

These organizations deal with the "root causes that lead to child abuse, spouse abuse and hunger," Mr. Cohen said.

Mr. Cohen and Mr. Greenfield were awarded the Council on Economic Priorities' Corporate Giving award in 1988 for establishing the foundation. Also in 1988, Mr. Cohen and Mr. Greenfield were named Small Business Persons of the Year by the U.S. Small Business Administration.

This is all part of what Mr. Cohen refers to as Ben & Jerry's "social mission": to instruct all managers and employees to involve concern for the community in every decision they make.

The special session at the RIMS conference featuring Mr. Cohen will be held at 9 a.m. Wednesday, May 1 in the ballroom of the New Orleans Convention Center. ■

## Alex, I'll take insurer insolvency for \$400

By KATHRYN LARRABEE

NEW ORLEANS—Answer: The game played by risk managers and risk management students during the 1991 Risk & Insurance Management Society conference.

Question: What is "Risk Management Jeopardy?"

The game, to be held from 9 to 11 a.m. Friday, May 3, in Room 42 of the New Orleans Convention Center, will challenge contestants' knowledge of topics like captives, workers compensation, international risk management and insurance company solvency.

The risk management version of the well-known television game show was created on computer software by Norma Nielson, an educational member of RIMS and a

member of the board of directors of the American Risk & Insurance Assn.

Ms. Nielson, a professor of insurance at the College of Business at Oregon State University in Corvallis, said she thought developing the game "was going to be harder than it was."

After giving her students a trial run of the game as a review session, Ms. Nielson pronounced it a success.

Jeopardy teams will be composed of risk managers recruited by the RIMS conference committee and participants in the RIMS Student Involvement Program.

Participating risk managers were selected to represent a variety of RIMS chapters nationwide, according to Barbara Parker, assistant director of conferences.

Ms. Nielson said there will be three teams

of four people—most likely two risk managers and two students per team. Richard P. Hackenburg, executive vp of Corroon & Black of Massachusetts, will "stand in" for Alex Trebeck, the host of the television game show.

The RIMS Student Involvement Committee has invited college students to attend the annual conference each year since 1978. Participants are selected based on academic achievement, demonstrated interest in the profession and by recommendation of their professors.

This year, 14 students will attend the conference: Julie Cagle of the University of South Carolina in Columbia; Eric D. Clason from Ohio State University in Columbus; David Cole of Indiana State University in Terre Haute; Paul A. Gonzalez of Florida

State University in Tallahassee; Randall F. Holmes of the University of Georgia in Athens; Donald H. Houston of Howard University in Washington, D.C.; and Kristi L. Kuhn of Illinois Wesleyan University in Bloomington.

Also, Jeffery W. Lamb of Olivet College in Olivet, Mich.; Deborah C. McGonigal of Memphis State University in Memphis, Tenn.; Rebecca L. McGowen of Temple University in Philadelphia; Kay Millonzi of the University of Wisconsin in Madison; Manuel Padilla of The College of Insurance in New York; Andy Patton of Appalachian State University in Boone, N.C.; and Joey Van Ness of LaSalle University in Philadelphia.

The students may be recognized at the conference by their green badge ribbons. ■



## RIMS New Orleans Guide

# Allen, Safire to offer luncheon entertainment

*Famous comedian and journalist will give celebrity insights during 1991 RIMS conference*

NEW ORLEANS—Television celebrity and comedian Steve Allen and newspaper columnist and lexicographer William Safire will be the luncheon speakers at this year's Risk & Insurance Management Society conference.

Perhaps best known as a comic entertainer, Mr. Allen created



Steve Allen

NBC's "The Tonight Show" in 1953 and was its host for four years. He also hosted the "Steve Allen Show" from 1956-1960, "I've Got a Secret" from 1964-1967, and "Laughback" from 1976-1977.

A prolific composer, Mr. Allen has written more than 1,000 songs including "Picnic," "Impossible," and "This Could Be the Start of Something Big."

His other credits include having written 28 books, including "Funny People," "How to Be Funny" and "Murder in Manhattan," as well as the Irish drama "The Wake," which was nominated in 1977 by the Los Angeles drama critics for best play.

Mr. Allen was named to the TV Academy Hall of Fame in 1986.

He will speak from noon to 1:45 p.m. on Tuesday, April 30, in Exhibit Hall B1 of the New Orleans Convention Center.

For the past 17 years, William Safire has been a columnist for The New York Times, earning a Pulitzer Prize for distinguished commentary in 1978.

After a reporting stint with the now-defunct New York Herald Tribune in the 1950s, Mr. Safire was a radio correspondent in the Middle East and later formed his own public relations firm, where he was best known for arranging the "kitchen debate" between former then-Vice President Richard M. Nixon and Soviet leader Nikita Khrushchev.

While a senior speechwriter for the Nixon administration, Mr. Safire was perhaps best remembered for composing Spiro Agnew's famous assault on the press as "nat-



William Safire

tering nabobs of negativism."

In 1975, he published "Before the Fall," a history of the pre-Watergate Nixon White House.

Mr. Safire's other publications include the best-selling novel "Full Disclosure" about a president under fire and "Freedom," a recent novel about Abraham Lincoln's role in the Civil War. He is also the author of "Safire's Political Dictionary," and "You Could Look it Up," which was drawn from his newspaper columns on writing.

Mr. Safire will be speaking Thursday, May 2 from noon to 1:45 p.m. in Exhibit Hall B1 of the New Orleans Convention Center. ■

## Solid gold performance

*Dionne Warwick to entertain conference registrants*

NEW ORLEANS—Dionne Warwick will provide an evening of entertainment Wednesday, May 1 during the Risk & Insurance Management Society conference.

Ms. Warwick will perform at 9 p.m. in the New Orleans Convention Center Exhibit Hall B1. Doors will open at 8 p.m.

All conference registrants will receive a ticket admitting two.

Ms. Warwick has been churning out hit records for almost 30 years, having reached the top 10 for the first time in 1962 with "Don't Make Me Over" by Burt Bacharach and Hal David. The singing-songwriting partnership between Ms. Warwick, Mr. Bacharach and Mr. David continued over the next few years with "Walk on By," "This Girl's in Love With You," "Do You Know the Way to San Jose?" "I Say a Little Prayer for You," "I'll Never Fall in Love Again" and "Alfie."

Ms. Warwick's more recent hits include the album "Heartbreaker," which topped the charts



Dionne Warwick will provide an evening's musical entertainment during the 1991 RIMS conference.

in the United States, England, Germany, Canada, Australia and the Netherlands in 1983. And in 1986, she won a Grammy for Best Performance by a Duo or Group for "That's What Friends Are For," which also won the Best Song-Composer's Award for Mr. Bacharach and Carole Bayer Sager. "That's What Friends Are For" was the No. 1 record on Billboard's Top 100 chart for more than four consecutive weeks.

She has also appeared regularly on television, as a host for the "Annual Soul Train Music Awards" and, in the 1980s, as host of "Solid Gold."

In 1987, Ms. Warwick was appointed the first U.S. ambassador of health by the Reagan administration, and the Bush administration has retained her services in raising awareness of health issues and leading the fight against AIDS.

She also has founded the Warwick Foundation, a non-profit group dedicated to health education and family values. ■

## RIMS conference events at a glance

### Sunday, April 28

Noon-5 p.m. Exhibit Hall open—First Floor, New Orleans Convention Center, 900 Convention Center Blvd.

Noon-8 p.m. Conference registration—First Floor, New Orleans Convention Center.

2-5 p.m. Softball game sponsored by New York chapter of RIMS and insurance brokers—Audubon Park.

7:30-10:30 p.m. Spencer Educational Foundation Silent Auction in the Ballroom of the New Orleans Marriott at the corner of Canal and Chartres Streets.

7:30-10:30 p.m. Spencer Educational Foundation "Sensational Celebrations of America" opening reception—Ballroom of the New Orleans Marriott.

### Monday, April 29

7 a.m.-7 p.m. Conference registration—First Floor, New Orleans Convention Center.

7:30-9:30 a.m. RIMS Annual Membership Meeting and Breakfast—New Orleans Convention Center. Features "Riskbusters: A Salute to the Chapters" visual show.

9:30 a.m.-6 p.m. Exhibit Hall open—First Floor New Orleans Convention Center.

10 a.m.-Noon Conference sessions. Sessions will be held at the New Orleans Convention Center, 900 Convention Center Blvd. as well as at the New Orleans Marriott at the corner of Canal and Chartres Streets.

12:15-1:45 p.m. Boxed luncheon—Exhibit Hall.

2-4 p.m. Conference sessions.

4:15-6 p.m. Exhibit Hall reception—Exhibit Hall.

4:15-6 p.m. Special exhibit time—Exhibit Hall.

6:15-11:30 p.m. Hospitality suites open.

### Tuesday, April 30

7 a.m.-6 p.m. Conference registration—First Floor, New Orleans Convention Center.

8 a.m.-5 p.m. Exhibit Hall open—First Floor, New Orleans Convention Center.

8-9 a.m. Special Exhibit Time—Exhibit Hall.

9-11 a.m. Conference sessions.

11 a.m.-Noon Special Exhibit Time—Exhibit Hall.

Noon-1:45 p.m. Lunch with comedian, songwriter and television personality Steve Allen—New Orleans Convention Center Exhibit Hall B1.

2-4 p.m. Conference sessions.

4-5 p.m. Special Exhibit Time—Exhibit Hall.

5:30-11:30 p.m. Hospitality suites open.

### Wednesday, May 1

7 a.m. Exhibitors' breakfast—New Orleans Convention Center Room 42.

7 a.m.-5 p.m. Conference registration—First Floor, New Orleans Convention Center.

8 a.m.-5 p.m. Exhibit Hall open—First Floor, New Orleans Convention Center.

9-10:30 a.m. Special session on Corporate Stewardship—New Orleans Convention Center Ballroom. Ben Cohen, chairman of Ben & Jerry's Homemade Inc., will discuss what corporations owe to the community and to the environment.

10:30-11:30 a.m. Tribute to RIMS Executive Director Ron Judd—New Orleans Convention Center Ballroom.

11 a.m.-Noon Special Exhibit Time—Exhibit Hall.

Noon-1:45 p.m. Lunch.

2-4 p.m. Conference sessions.

4-5 p.m. Special Exhibit Time—Exhibit Hall.

5:30-11:30 p.m. Hospitality suites open.

9 p.m. An Evening of Entertainment with singer Dionne Warwick—New Orleans Convention Center Exhibit Hall B1. The doors will open at 8 p.m.

### Thursday, May 2

7 a.m.-2 p.m. Conference registration—First Floor, New Orleans Convention Center.

8 a.m.-Noon Exhibit Hall open—First Floor New Orleans Convention Center.

8-9 a.m. Special Exhibit Time—Exhibit Hall.

9-11 a.m. Conference sessions.

11 a.m.-Noon Special Exhibit Time—Exhibit Hall.

Noon-1:45 p.m. Lunch with New York Times columnist, author and lexicographer William Safire—New Orleans Convention Center Exhibit Hall B1.

2-4 p.m. Conference sessions.

5:30-11:30 p.m. Hospitality suites open.

### Friday, May 3

9-11 a.m. Conference sessions.

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## RIMS New Orleans Guide

# RIMS overhauls aimed at boosting efficiency

*Hawkins says the changes clarify the association's chain of command and stress service to local chapters*

By CHRISTINE WOOLSEY

NEW ORLEANS—Changes to the Risk & Insurance Management Society Inc.'s governing structure not only will result in more efficient operations, but will guarantee that RIMS offers its members the resources they need to do their jobs, says outgoing President Cheri Hawkins.

The changes, designed primarily to strengthen communications among the organization's staff, committees, executive director and executive council, should be well-established when the society formally names Robert W. Esenberg, risk manager for the city of Virginia Beach, Va., as its new president.

Mr. Esenberg, currently first vp, will take office May 1 during RIMS' 29th annual Risk Management and Employee Benefits Conference in New Orleans.

Suzanne H. Crager, assistant vp of PNC Financial Corp. in Pittsburgh, will replace Mr. Esenberg as first vp, the traditional stepping stone to the presidency.

In addition, Eugene U. Ricci, who was president of Philadelphia-based CIGNA Service Co. from 1983 until he retired in October, will succeed Ron Judd, who is retiring as RIMS' executive director.

Mr. Judd has served as executive director of RIMS and its predecessor organization, the American Society of Insurance Management, for 23 years (BI, Jan. 14).

During Ms. Hawkins' tenure as president, RIMS implemented a new governance structure. The changes were the result of 18 months of work by a task force consisting of members of the board of directors, executive council and past presidents, explained Ms. Hawkins, who is director of insurance for Weyerhaeuser Co. in Ta-

coma, Wash., and the first woman president of RIMS.

Describing the changes as "philosophical," Mr. Esenberg said, "We are a volunteer organization, so it is sometimes confusing to the staff as to whom they are to report and where they are to report."

Among the changes:

- An amendment to the RIMS constitution approved in April 1990 directs the executive director, who previously reported to the board of directors, to report to the executive council. The council is a smaller group, made up of the president, first vp and eight vps, while the board of directors consists of a representative from each RIMS chapter.

- The executive council is responsible for appointing committee chairmen, who in turn appoint vice chairmen. The chairmen report to the eight vps of the executive council.

- The chairman and vice chairman of each of the organization's 17 committees are responsible for appointing members of their committees.

- The 50-person staff reports directly to the executive director.

In addition, Ms. Hawkins explained, budgeting now begins with the committees, rather than the RIMS staff.

"It's an effort to strengthen the committee chairs' roles," according to Ms. Hawkins.

Other changes made during Ms. Hawkins' term as president are the direct result of "customer" feedback, something she sought to cultivate during the past year. "We listened to our members and took action," she said.

Mr. Esenberg said Ms. Hawkins' message about identifying RIMS members as "customers" really took hold. "It was really exciting hearing the (RIMS) staff referring to 'customers,' not 'members,'" he



The organizational changes begun during Cheri Hawkins' tenure as RIMS president should be well-established when the society formally names Robert W. Esenberg to that post this week.

## Ignoring diversions of New Orleans

### RIMS debuts ARM study groups

NEW ORLEANS—Amid the smoky jazz club din and Bourbon Street revelry that are local trademarks, RIMS will have a new offering at this year's conference: Study groups.

That's right, study groups.

The sessions, designed for risk managers working toward the Associate in Risk Management designation offered by the Insurance Institute of America, are one of several changes made in response to a suggestion made at the 1990 conference.

Several people pointed out that ARM exams are usually given the week after the RIMS conference. This year, to help alleviate the need to cram, RIMS will arrange study groups to help students prepare for the test, said RIMS President Cheri Hawkins.

Other suggestions from the 1990 conference were more general.

Sessions that ran more than two hours left little time to view exhibits, members complained. This year, all sessions will be two hours long and "a block of time has been set aside to spend in the exhibit hall," said Robert W. Esenberg, first vp at RIMS.

That extra time may be needed. More than 270 exhibits are scheduled for this year's conference.

Other changes include two new industry sessions—for furniture manufacturers and secular non-profit entities.

Members also expressed a desire to learn more about global risk management issues. A new RIMS continuing education course, tentatively titled "Handling Risk Management for a Global Corporation," should be available in 1992, Mr. Esenberg said.

said.

Ms. Hawkins also spearheaded a project designed to give members a taste of international risk management. A "friendship chapter" program, still in its preliminary stages, will allow RIMS to share information about risk management techniques and regulations with foreign risk management groups, she said.

"That kind of communication and hands-across-the-sea effort will reflect" RIMS' dedication to global risk management efforts, Mr. Esenberg said.

At home, RIMS has set various legislative and regulatory priorities for the coming year. Among the issues targeted are:

- A proposed model law by the National Assn. of Insurance Commissioners that originally would have banned most fronted insurance programs reinsured by captive insurance companies (BI, Dec. 10, 1990).

RIMS is participating on an advisory committee that recommended that fronting insurers report more information to regulators but that fronting programs not be banned. A group of regulators subsequently proposed that many fronting programs that are reinsured by non-admitted reinsurers be prohibited but that captives owned by companies with \$50 million or more in assets be allowed to reinsure fronting insurers (BI, April 15; April 8).

- Proposed changes to the federal Risk Retention Act (BI, Feb. 18).

A new Bush administration proposal to amend the law is "an excellent effort, but still does not address all of RIMS' concerns," said Paul Brown, the group's director of governmental affairs. Mr. Brown replaced Howard Greene, who left

in February.

The administration proposal, among other things, would require a risk purchasing group insurer to meet the same capital and surplus requirements as admitted insurers in every state in which the group does business in an effort to crack down on financially shaky insurers that write coverage through purchasing groups.

- No-fault automobile insurance.

In a January position paper, RIMS advocated a national no-fault law with well-defined verbal thresholds in the United States—its first-ever public stance on a personal lines issue (BI, Jan. 14).

Canadian RIMS members, meanwhile, are continue to support Ontario's no-fault auto insurance law. A new Ontario provincial government elected late last year is threatening to repeal the law (BI, March 18).

- Guaranty fund exclusions based on policyholders' net worth.

RIMS believes that all commercial insurance policyholders, no matter how large their net worths, should be covered by state guaranty funds.

However, in a blow to RIMS and risk managers, a federal appellate court in February ruled that a provision in the Michigan guaranty fund law that denies coverage to policyholders with substantial net worths is constitutional (BI, Feb. 12, 1990).

"We've dubbed it taxation without indemnification," Mr. Esenberg said.

A record eight new RIMS chapters were formed in 1990, bringing the total to 88.

Among those formed in 1990 are: the Florida North Central Chapter, which will serve the Orlando area; the Toledo Chapter in Toledo,

Ohio; the Ozarks Area Chapter in Springfield, Mo.; the Mid-Illinois Chapter in Peoria, Ill.; the Greater Quad-Cities Chapter in Davenport, Iowa; and the Sacramento Valley Chapter in Sacramento, Calif.

So far in 1991, chapters have been formed in the Naples/Fort Myers, Fla., and Palm Beach, Fla. areas.

RIMS also formed a new committee last year, bringing the total to 17.

The Employee Benefit Legislation Committee will be headed by Lucille A. Gallagher, currently the group's vp of governmental affairs and also vp of risk management at Monfort of Colorado Inc. in Greeley, Colo.

Creating a new committee of RIMS members to study legislative and regulatory issues affecting employee benefits "ties back to listening to our customers," said Mr. Esenberg.

"All of our employee benefit members are very excited about the new committee, because it directly helps them address issues they are concerned with," Ms. Hawkins said.

Yet other efforts to bolster employee benefit membership or activities have been dropped, Ms. Hawkins said.

"Employee benefits is going to have a sub-role in our activities; property/casualty is the primary role. We can't be everything to everyone, and property/casualty is our core product," Ms. Hawkins explained.

Adding that "we don't see employee benefits as a growth area to RIMS anymore," Ms. Hawkins said, "we need to change our thinking of employee benefits and risk management separately. It's all really people management. We

*Continued on next page*

Continued from previous page  
don't have to be the No. 1 voice for employee benefits or abandon them—we can be somewhere in between."

As of January RIMS had 4,529 member companies, up 3% from 4,395 members in 1990. In addition, RIMS has a total of 8,057 individuals listed as deputy members, up 4% from 7,736 in 1990.

RIMS is expecting future growth to come from small businesses and public entities—those with less than \$25 million in annual sales or budgets—that currently make up about 12% of the organization's membership.

Last year, the risk management group surveyed 253 employers of that size, asking them, among other things, why they joined the organization.

The 76 responding companies—or 30%—mentioned many of the same reasons that larger members have given, according to Mr. Esenberg.

"They are looking for networking opportunities and risk management education," he said. Society publications like RIMSCOPE, the society's biweekly newsletter, and Risk Management magazine were called beneficial, as

were local chapter meetings, annual conference and periodic seminars.

Also cited as a valuable tool was RIMSNET, the organization's on-line computer information and communication service. RIMSNET subscriptions have risen 23% to 282 from 230 last year, said Ms. Hawkins.

"We were very pleased with the survey results. We are now very confident that the products we provide to customers are as valuable to smaller organizations as they are to larger organizations," Mr. Esenberg said.

As part of its pitch to small employers, RIMS is publishing "Risk Management: Practical Ideas and Applications," a book aimed at small company risk managers, Ms. Hawkins said.

Self-insurance pools, which are now eligible for membership in RIMS, are another potential area for growth.

"We see them as an emerging entity in the future. We look at pools like we look at a corporation," she said.

However, self-insurance pools must meet the membership requirements of RIMS, including having a functioning risk manager on staff, she added. ■

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# RIMS New Orleans Guide

## RIMS president excited about new position

*Esenberg credits support of predecessors, employer*

The Risk & Insurance Management Society Inc.'s incoming president is anticipating his new post "with both excitement and apprehension."

"Going in as RIMS president is a tremendous honor and also a very humbling experience," said Robert W. Esenberg, who was RIMS' first vp in 1990-1991 and is risk management administrator for the city of Virginia Beach, Va.

"There are some pretty big shoes to fill from past presidents," he noted. But, he said, "I've gotten tremendous support from Cheri Hawkins, Ronald Stasch and Richard Heydinger," RIMS' three most recent presidents.

Like many others, Mr. Esenberg got into risk management by accident. "It just happened."

Mr. Esenberg served as an accountant, responsible for Virginia Beach's insurance, from 1969-1973, when he was promoted to a newly created position as insurance administrator. He held that position from 1973-1978, when he was appointed risk management administrator.

"I was very fortunate to be in the right place at the right time, because it's something that is tremendously interesting and I really love doing," he said.

Mr. Esenberg said he most enjoys the diversity his job brings. "There is really never a dull moment. You deal with everything in the city—the police, the fire department, emergency services and even recreational services."

It's not always exciting, he concedes. One of the job's drawbacks "is having to sometimes deal with the minute details of relatively minor matters," he said. "Sometimes it's surprising the amount of time it takes to deal with something that appears trivial."

RIMS activities also take up a considerable portion of his time, Mr. Esenberg said.

"For my last several years on the executive council, it's virtually been like having two full-time jobs."

Mr. Esenberg has been active with RIMS on both the state and national levels. He served as treasurer of the Virginia Chapter in 1980 and was elected chapter president a year later. Elected to RIMS' Executive Council in 1986, he has served as vp-member affairs and secretary and vp of the RIMS Conference Committee, as well as serving two terms as vp-governmental affairs. He also is chairman of the RIMS' Human Resources Committee.

"I do spend a lot of evenings and weekends working on RIMS and city matters," he said. But, he added, "it's absolutely worth it. I firmly believe you cannot simply join an organization and sit back and say 'OK, educate me and provide me services.' You only get out what you put in."

Mr. Esenberg stressed the importance of gaining top management's support of extracurricular activities like RIMS. "Anybody that has had the opportunities I've had, professionally and with RIMS, needs support and a clear understanding of these activities from management. The city of Virginia Beach has been very supportive."

In fact, the city has long recognized the importance of risk management, he said, pointing out that it was the first public entity to create a full-time risk manager post.

Mr. Esenberg said his family also has been very supportive, especially in light of the amount of traveling the job requires.

"My travel schedule is mind-boggling. The time away from

home has gradually increased over the last few years. I'm going somewhere at least once every month, and there are some months that I'm gone more than I'm here."

Mr. Esenberg attended Campbell

University in Buies Creek, N.C., where he received a bachelor's degree in business administration.

A former saxophone player, he worked his way through college playing for a band called the Pop Tops. They played "beach music" that he describes as more like rhythm and blues than "surfer" music.

His children have inherited his musical talents. Brent, 17, plays the alto and baritone sax; Karen, 15, plays the flute and the piccolo; and Kathy, 13, plays the clarinet and bass clarinet.

Mr. Esenberg's wife, Iris, also enjoys music. But, "she just plays the radio," he quipped.

—By Christine Woolsey

T H E H O M



O L D P R O S O N



# RIMS New Orleans Guide

## Risk management sessions

*Other groups' expertise tapped for several sessions*

By KATHRYN LARRABEE

NEW ORLEANS—For the first time, several sessions at this year's Risk & Insurance Management Society conference will be sponsored in cooperation with other industry groups.

For example, in cooperation with

the National Assn. of Insurance Commissioners, RIMS will sponsor session LL203: "Firing Line—How Insurance Commissioners' Decisions Affect Risk Managers."

Issues to be discussed include the affordability and availability of health care; insurer insolvency; the status of the proposed NAIC model

fronting law (*BI*, April 15); state rate regulation vs. open competition; and the NAIC accreditation program (*BI*, March 25), said Freida L. Jackson, session coordinator and president/risk manager for the ARM Group Inc., a Charlotte, N.C.-based firm performing risk management for self-insured pools.

Risk managers want to know how commissioners are elected or appointed in different states, how the NAIC views RIMS and how RIMS can benefit from communication with commissioners, she said.

"The open line of communication is what we really want to establish."

Jim Long, president of the NAIC and North Carolina commissioner of insurance will also speak at the session, along with Bruce Smith, deputy commissioner in Colorado, and Robin K. Campaniano, Hawaii's insurance commissioner.

Sam Fisher, insurance manager for

the Hamilton Oil Corp. in Denver, will moderate the session, to be held from 2 to 4 p.m. Tuesday, April 30, in Room 12 of the New Orleans Convention Center.

Session RK103: "Morality Play—Ethics in Insurance and Risk Management" will be a coordinated effort between RIMS and the Insurance Institute of America.

The session will focus on several case scenarios involving ethical dilemmas for risk managers. Among them: negotiation of vendors' fees; use of commission schedules; use or overuse of consultants; and tabulation of travel and entertainment expenses, said Julie Doepel, corporate manager-risk management for Southwestern Bell Corp. in St. Louis and coordinator of the session.

Also speaking will be Lucille Gallagher, vp-governmental affairs for RIMS and vp of risk management for Monfort Inc. in Greeley, Colo.; George Head, vp of the IIA in Malvern, Pa.; James S. Kemper III, senior vp-underwriting for Kemper National Insurance Cos. in Long Grove, Ill.; Timothy J. Mahoney, executive vp for Marsh & McLennan Inc. in New York; and Judith J. Morgan, a principal at Tillinghast, the risk management consulting division of Towers, Perrin, Forster & Crosby Inc. in Atlanta.

John Robson, corporate director of risk management and insurance for Anheuser-Busch Inc. in St. Louis, will moderate the session to be held from 2 to 4 p.m. Wednesday, May 1, in Room 37 of the New Orleans Convention Center.

The Society of Chartered Property & Casualty Underwriters will co-host RK300: "International Update—Eastern Europe, Western Europe and Latin America" and RK301: "International Update—Africa, Asia, the Middle East, the Pacific Rim, Canada and the United States."

The sessions will focus on the insurance environment in each regions said Terry Pahl, vp of Corroon & Black International Inc. in Chicago.

In the session covering Eastern Europe, Western Europe and Latin America, Jack R. Perez, senior vp at Alexander & Alexander Inc., will discuss the opening of markets in Latin America, particularly in Mexico, as well as how to do business in a country with a nationalized reinsurer, Ms. Pahl said.

Steve Schleisman, senior vp at A.I. Global in New York, will discuss London's role in pan-European insurance markets and the pros and cons of this involvement. Hugh A. Warren, chief operating officer at Corroon & Black International Inc. in Chicago, will discuss Eastern Europe and joint ventures between the Soviet Union and Poland, Ms. Pahl said.

In the session on Africa, Asia, the Middle East, the Pacific Rim, Canada and the United States, Thomas Hite, president of Zurich International, a Zurich Insurance Co. unit in Schaumburg, Ill., will discuss markets in the United States and Canada, and Ms. Pahl will discuss nationalized markets in the Middle East and Africa.

Robert J. Soloman, managing director of the international division of Marsh & McLennan Inc. in New York, will discuss how Japanese insurers are opening up the Japanese market to the United States, she said.

RK300 will be held from 9 to 11 a.m. Tuesday, April 30, in Room 10 of the New Orleans Convention Center, and RK301 will be held from 2 to 4 p.m. Tuesday, April 30, in Room 2 of the convention center.

Cynthia R. Ziegler, director of continuing education for CPCU in Malvern, Pa., will coordinate the sessions. Louis J. Drapeau, manager of insurance and risk management for Budd Co. in Troy, Mich., will moderate RK300, and Steven H. Lawrence, director of risk management for PepsiCo Inc. in Purchase, N.Y., will moderate RK301.

# E T O D A Y

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# A N E W T E A M



## RIMS New Orleans Guide

# Parlez-vous paid-loss retro?

*RIMS offers course to risk managers in native tongues*

By KATHRYN LARRABEE

The Risk & Insurance Management Society has expanded its offerings to non-U.S. risk managers attending this year's conference.

Among those offerings is "U.S. Risk Financing for Non-U.S. Corporations" to be held in four languages: FN204 in Spanish, FN205 in Japanese, FN206 in French and FN207 in English.

The sessions will reflect the "shrinking of the globe and the internationalization of insurance," said Myra Tobin, managing director of Marsh & McLennan Inc. and coordinator of the Spanish session.

All risk managers should understand "the evolution of business in different countries" and how decisions are made, Ms. Tobin said.

Speakers at FN204, the Spanish session, will include Rafael Castillo, director of risk management for Adolph Coors Co. of Golden, Colo.; Ramon Alvarez Pedrosa, corporate director of insurance for Repsol, S.A.—a state-owned oil company in Madrid, Spain; Eva Seijido, a tax consultant for Deloitte & Touche in New York; and Jose Carlos Rodriguez, managing director for Marsh & McLennan Espana S.A. in Madrid.

Mr. Castillo will "relate some things he believes non-U.S. corporations will need to be aware of in doing business with the United States," according to Ms. Tobin.

Mr. Rodriguez will discuss risk financing techniques, giving a European perspective, she said. Ms. Seijido will discuss tax issues, including deferred acquisition costs, the effect of federal excise and withholding tax, and 1991 tax proposals.

Mr. Alvarez will give the Spanish risk manager's point of view, Ms. Tobin said, discussing "the way he has done his program and the frame of reference from which (Spanish) companies would be coming."

FN206, the French session on risk financing, will focus on how the "French risk manager has to look at his risks in the United States," according to Marnix Guillaume, president and chief executive officer of Corroon & Black International and coordinator of the French session.

Speaking at the session will be Jean Michel Atlan, director of risk management for Renault in Paris; Alain Frecon, a partner at Popham Haik, a law firm in Minneapolis; Hugh Rosenbaum, a principal at the Tillinghast unit of Towers, Perrin, Forster & Crosby Inc. in Stamford, Conn.; and Guy Lamand, risk manager for Framatome, an installer, builder and cleaner of nuclear plants in Paris.

Mr. Frecon will focus on the "implications under French tax laws" of U.S. self-insurance structures, Mr. Guillaume said.

Mr. Rosenbaum will focus on "areas of self-insurance that lend themselves to French multinationals with operations in the United States," Mr. Guillaume said.

Mr. Atlan will give real-life examples of problems with Renault's partial ownership of Mack Trucks Inc., while Mr. Lamand is to discuss his experience both at Framatome and as a former risk manager for a French manufacturer of munitions and launch propellant for rockets.

Georges Balcer, director of risk management for Stone Container Corp. of Chicago, will moderate the

session held from 2 to 4 p.m. Wednesday, April 30 at the New Orleans Convention Center.

FN205, the Japanese session, will "deal with more basic concepts," said G. Randall Wada, senior vp of Kadowaki Associates, the Japanese investment unit of Alexander & Alexander Inc. in Pasadena, Calif., and coordinator of the session.

"Risk management is not as necessary a function" in domestic operations, in part because Japanese corporations do not have the same type of workers compensation or liability exposures, he explained.

Also, "in Japan, there aren't a lot of straight translations of a lot of

terms," Mr. Wada said. Speakers will explain both the meaning of American risk financing terms and how those alternatives are used, he said.

Speakers at the Japanese session will include Masami Ishii, deputy manager of international operations at Yasuda Fire & Marine Insurance Co. of Tokyo; Takuji Morikami, a tax partner at Tohmatsu Awoki, an auditing firm, that works closely with Deloitte & Touche; Seiichi Ckariwa, manager of global business development for A&A of Japan in Tokyo; and Norman Sawanobori, vp of Kadowaki Associates.

While it is unusual to find an insurer representative like Mr. Ishii on

this type of panel, Mr. Wada explained that "Japanese carriers have a very close relationship with clients in Japan and have a role to play" in the risk management programs of large industrial concerns. At Yasuda Fire & Marine, Mr. Ishii is responsible for captive management and formation and many risk management consulting functions.

Mr. Morikami is to focus on tax and financial issues. Mr. Okaniwa will describe the role of the risk management consultant, and Mr. Sawanobori will use his practical underwriting and brokering experience to enhance the case scenarios discussed by the panel.

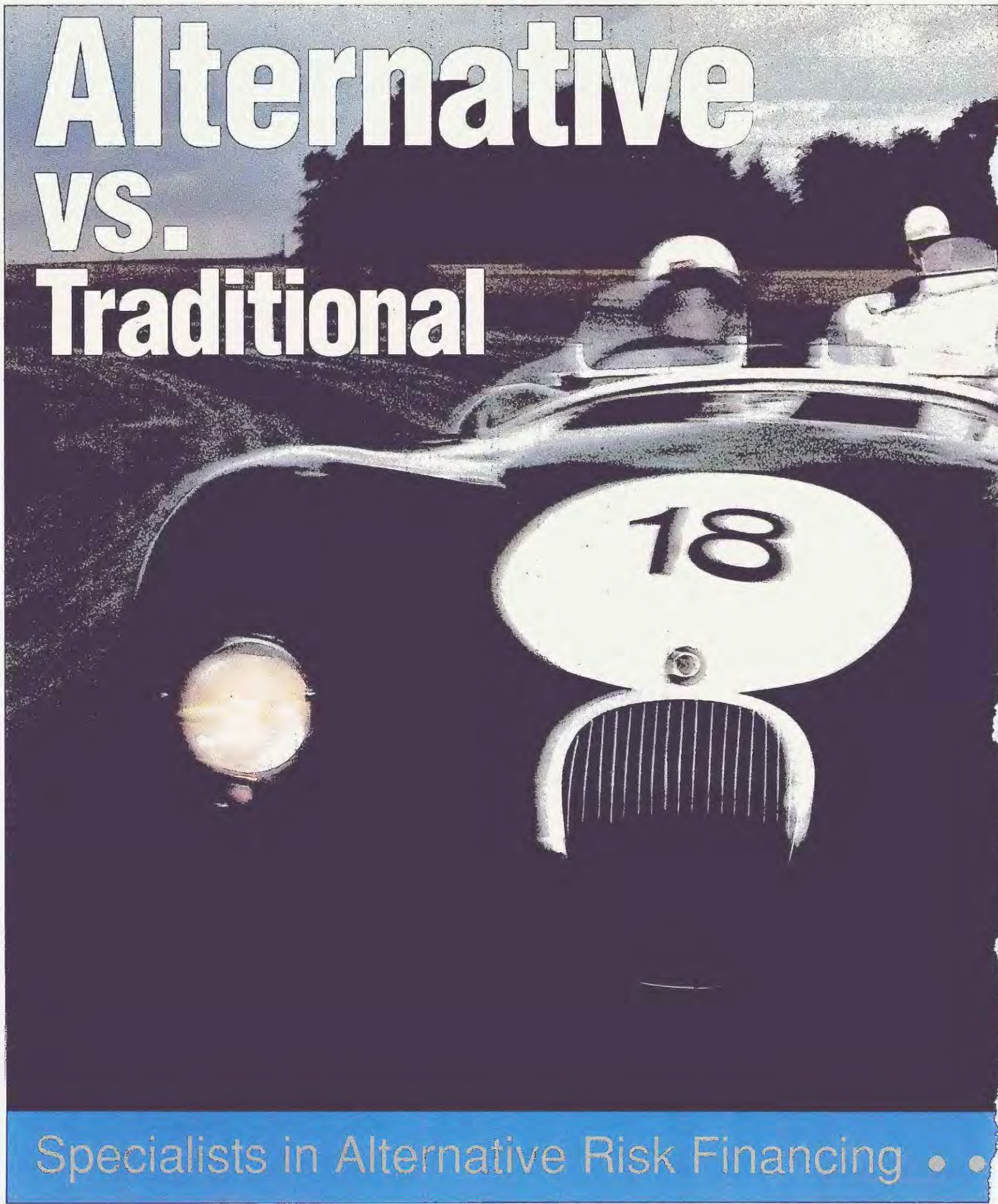
Overall, Mr. Wada said, the panel will be able to show "how the decision-making process comes into play and why it comes into play."

Session FN205 will be held from 2 p.m. to 4 p.m. Monday, April 29, in

room 27 of the New Orleans Convention Center. It will be moderated by Hiroshi Yamada, vp in the insurance department of Nissho Iwai Corp., a Tokyo trading concern.

The English language session, FN207, will be held from 2 to 4 p.m. Wednesday, May 1, in room 1 of the New Orleans Convention Center. Coordinating the session is Claude F. Gallelo, executive vp of Corroon & Black International in New York. Speakers include William H. Bradley, partner with Southerland, Asbill & Brennan in Atlanta; Lucien P. Laborde Jr., president/research & development of Willis Corroon Advanced Risk Management Services in Nashville, Tenn.; and Peter Rosier, manager-risk management and insurance for Pearson P.L.C. of London. The moderator is Robert J. Muir, risk manager of Tarmac America Inc. in Herndon, Va. ■

# Alternative vs. Traditional



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## RIMS New Orleans Guide

# Benefits change with need

Two sessions to focus on dependent, long-term care

By KATHRYN LARRABEE

NEW ORLEANS—Employers' concerns about demographic changes and the welfare of employees who must care for children and aging parents will be addressed during this year's Risk & Insurance Management Society Inc. conference.

Two sessions—EB 300: "Dependent Care and the Employer" and EB 303: "The Newest Innovations in Long-Term Care"—will focus on innovative ways to meet employees' changing needs.

Many employees now are caught between caring both for children and

for aging parents, pointed out Robin Dusang, vp of Martin E. Segal Co. and manager of its New Orleans office. It "is an issue that employers must face," added Ms. Dusang, who will speak at EB 300.

In the case of dependent care, "all employers are starting to recognize the need," Ms. Dusang said, citing 1988 federal statistics, which showed that 31.8% of employers with 250 or more employees offered some type of child care benefit or service.

Flexible spending accounts—which allow an employee to contribute up to \$5,000 in pretax income to an account set up by an employer—

are the most popular form of dependent care benefit, Ms. Dusang said. The employer then uses the account to reimburse the employee for money spent on child care. Employers may contribute to the accounts.

Some employers also partially fund vouchers, which are issued to the employee so he can pay the dependent care vendor directly. That way, the employee doesn't have to wait to be reimbursed.

"White-collar employees are much more likely to use the FSA arrangement than blue-collar employees, because of the time lag," she said.

Other dependent care plans may

include employer-provided discounts at daycare centers or providing on-site or near-site daycare facilities, which is the most expensive dependent care option, Ms. Dusang said.

Also speaking at the EB 300 session will be Ken Feltman, executive director of the Employers Council on Flexible Compensation in Washington, D.C. He will discuss current legislation that affects dependent care, as well as the results of a council survey on dependent care.

Formal survey results will be available at the time of the conference, but based on early findings, Mr. Feltman said there was a tremendous difference between what employees want from employers and what employers feel they can provide.

Though they are "willing to concede" that dependent care has become a necessary benefit, "employers

have not confronted in any real way their responsibility toward employees with aging parents," he said.

Sherry Herchenroether, manager of family services for Aetna Life & Casualty Co. in Hartford, Conn., will speak about Aetna's dependent care assistance plan.

Aetna was "one of the first" employers to develop such a plan in 1988, she said. It now offers assistance in locating and choosing daycare facilities; counseling for employees with problem teen-agers; workplace seminars; and support groups.

In addition, the plan offers a resource library with workbooks and videotapes on family topics like how to talk to children about AIDS or drugs and how to reduce stress. Also available is a benefits plan that offers group long-term care insurance employees can purchase for themselves, their spouses or their parents, as well as life insurance for the children of a single parent, she said.

Mary L. Feldman, vp-marketing and public affairs for Martin E. Segal, will coordinate the session, to be held from 10 a.m. to noon on Monday, April 29 in Room 6 of the New Orleans Convention Center.

Session EB 303: "The Newest Innovations in Long-Term Care" will be held from 2 to 4 p.m. on Wednesday, May 3, in Room 10 of the Convention Center.

Cynthia Hosay, senior vp and director of health services for Segal in New York, will discuss issues an employer must consider before establishing a long-term care benefit plan.

About 150 employers now offer such plans (BI, April 1).

Issues to be considered are:

- Who should be eligible for coverage under such a plan?

In one case, Ms. Hosay said, this included the employee, spouse, parents, in-laws and grandparents.

- How should the plan account for inflation?

"When you design a long-term care plan, the employer is very concerned about having meaningful, affordable benefits, and the balance between those two key components is a very difficult one," Ms. Hosay said.

Because of the long time period involved, especially for younger employees, inflation must be accounted for, Ms. Hosay said.

One way to account for inflation is to increase long-term benefits by a certain percentage over time, thus keeping the initial premium lower for younger employees while including incremental increases, she said. Another method would be to include a cost-of-living rider in the policy.

- How involved should the employer be in administering the plan, or should the long-term care insurer handle all of the administration?

- Should the employer make any contributions to the premiums?

"In most cases," Ms. Hosay said, "the answer is 'no,' because the tax status of long-term care (insurance) is unclear." But, she added, "employees always appreciate group programs," because their premiums are about 33% less under a group plan.

Also speaking at the session will be Mildred Shapiro, an associate commissioner with the state Department of Social Services in Albany, N.Y.

Robert A. Hall, assistant vp in the employee benefits division of Aetna Life Insurance Co. in Hartford, Conn., will discuss the new long-term care program Aetna is exploring.

Aetna is investigating a combination long-term care/life insurance program which would allow employees either to channel leftover funds for long-term care as life insurance or to allow a certain amount of life insurance proceeds to be tapped for long-term care costs, Ms. Hosay said.

Ms. Feldman will coordinate the long-term care session, held from 2 p.m. to 4 p.m. Wednesday, May 1 in the Convention Center. ■

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## RIMS New Orleans Guide

# Spencer scholarships

*Foundation increases size of grants by \$1,500 in 1991*

By KATHRYN LARRABEE

The Spencer Educational Foundation will award eight \$7,500 scholarships this year to students of risk management and insurance.

In addition, six other awards are being made under the foundation's matching funds program in conjunction with individual Risk & Insurance Management Society chapters.

Each Spencer scholarship has been

increased by \$1,500 from last year, when eight \$6,000 scholarships were awarded, said foundation President Anita Benedetti, who also is director of research and education for RIMS.

The size and number of scholar-

ships are determined annually based on the interest accrued to the foundation's account.

The scholarship program's popularity continues to grow, with this year's eight winners chosen from a pool of 72 applicants by the foundation's education committee. Last year, 48 applications were received.

The foundation seeks applicants who have an exceptional grade point average; who major in risk management, property/casualty insurance or employee benefits or minor in these areas with a related major in finance, accounting, economics, business, en-

gineering or management; and who are either full-time college juniors or seniors, master's degree candidates, or teaching-oriented Ph.D. candidates.

Candidates must submit an essay on their chosen careers, school transcripts and three recommendation letters from academic sources.

Receiving Spencer Foundation scholarships this year are:

- Cathy K. Eddy, a master's degree candidate in insurance and health care management at the Wharton School of the University of Pennsylvania in Philadelphia. She is originally from Warren, Ohio.

- Christine B. Horrocks, a Ph.D. candidate in risk management and insurance at the University of Georgia in Athens. She is originally from Langhorne, Pa.

- Christopher T. Lewis, a junior at Temple University in Philadelphia majoring in risk management and finance. He is originally from Springfield, Pa.

- Burke E. Masters, a master's degree candidate at Mississippi State University in Mississippi State, Miss., majoring in actuarial science. He is originally from New Lenox, Ill.

- Rebecca L. McGowan, a senior at Temple University in Philadelphia with a double major in both risk management and insurance and finance. Ms. McGowan plans to attend the Wharton School. She is originally from Philadelphia.

- Jose G. Mejia, a master's degree candidate in business administration at Stanford University, in Stanford, Calif. Mr. Mejia is originally from Bogota, Columbia, and has also studied in London.

- Brenda F. Powell, a Ph.D. candidate at the University of Georgia in Athens, majoring in risk management and insurance. She is originally from Athens.

- Marc B. Samuels, a master's degree candidate at the Yale School of Medicine at Yale University in New Haven, Conn., majoring in epidemiology and public health/management of public health services with a minor in risk management and quality assurance. He is originally from Birmingham, Mich.

Six chapters participating in the matching funds program requested that their award go to the general scholarship fund for a risk management student at chapter-designated universities, Ms. Benedetti said. Those chapters are:

- The Atlanta chapter, which has designated the University of Georgia in Athens.

- The Carolinas chapter, which has designated Appalachian State University in Boone, N.C.

- The Minnesota chapter, which has designated St. Cloud State University in St. Cloud.

- The New York chapter, which has designated the College of Insurance in New York City.

- The Washington chapter, which has designated Washington State University in Pullman.

The Rocky Mountain chapter has asked that its matching-fund award revert to the Spencer Foundation.

The foundation was established in 1979 to honor the late Robert S. Spencer, a career risk management executive who was committed to education. A former president of both RIMS and its Atlanta chapter, Mr. Spencer died in 1979 at age 53.

Originally organized by the Atlanta chapter, the Spencer Foundation is now administered at RIMS' headquarters in New York and governed by a volunteer board of directors of risk managers and members of the insurance community.

Anyone interested in contributing to the Spencer Foundation can contact Ms. Benedetti at RIMS, 205 E. 42nd St., Suite 1504, New York, N.Y. 10017; 212-286-9292.

Following are 1990-91 contributors and pledges to the foundation

*Continued on page T38*

# We turned 10 this month...

## ...for exactly one second.

We were almost ten.  
Then we were older than ten.  
With exactly one second in between.

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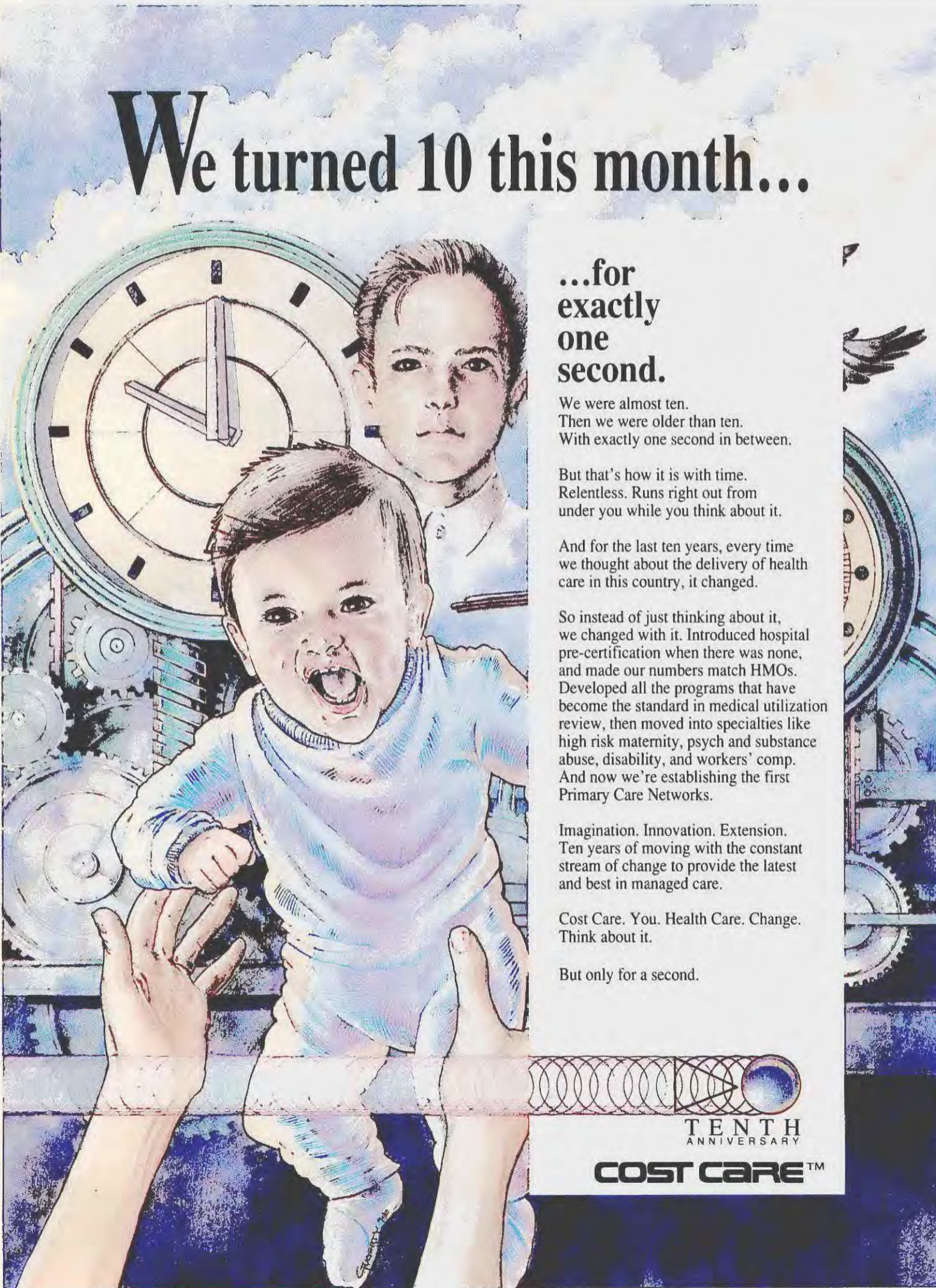
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Morning plenary sessions will focus on: The Distribution System, Coping With Catastrophes, and Global Restructuring of Insurance Markets.

Afternoon breakout sessions will focus on more specialized subjects: Professional Liability, Financial Reinsurance, Global Insurance Programs, Banking & Insurance, Claims Handling Following a Disaster, The LMX Market, Toxic Torts & Product Liability, Insurance Regulation Worldwide, The Green Movement and EC Directives.

Under the title of *'Restructuring For Opportunity'*, a host of internationally recognized experts will debate and present papers on the challenges facing the industry.

The 1991 **World Insurance Congress** will be opened by the Lord Mayor of the City of London, Sir Alexander Graham GBE DCL. The keynote address to this exceptional event will be given by David Coleridge, Chairman, Lloyd's of London.

Included on the program to date are:

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£ 2,000 per exhibit, incl. one registration

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\* **NOTE:** Under UK excise regulations, delegates are required to pay 15% VAT on all courses and related functions taking place in the UK. Please add VAT to specified fees.

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Access/Visa/Diners Club/American Express cards are acceptable.

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# RIMS New Orleans Guide

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Continued from page T36  
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## RIMS New Orleans Guide

# Silence can be golden

*Silent auction offers opportunity to bid on trips, tickets and more*

By KATHRYN LARRABEE

Bidders at the Spencer Educational Foundation silent auction could be lucky enough to wind up with a weekend hotel getaway, box seats to see their favorite baseball team or even a stay at a condominium in Hawaii.

The auction will be held from 7:30 to 10:30 p.m. Sunday, April 28, in the ballroom of the New Orleans Marriott in conjunction with the "Sensational Celebrations of America" party that will kick off this year's Risk & Insurance Management Society conference.

The total value of items to be auctioned (as of April 9) was about \$26,000, said Spencer Foundation President Anita Benedetti.

She said the auction committee hopes all items will sell above value. Last year's auction raised about \$11,000.

Auction proceeds will be used to increase the foundation's scholarship endowment for full-time risk management and insurance students.

Bidding will begin at 7:30 p.m. and will feature items in four categories: travel, restaurants, sports and special items.

Items will be assigned a number, and each item will be listed on a separate clipboard, with the minimum bid required and the incremental price increase permitted.

The final auction bid must be made by 9:30 p.m. with the highest written bid the winner. Payment in full, by cash or check only, must be made by 10:30 p.m.

Participants bid by writing in their name, their company name, office or daytime phone and the amount of their bid on the list for a particular item. Participants may bid as often as they wish for as many items as they wish.

Items range from several nights' hotel lodging to restaurant dinners to baseball tickets to a framed replica of a painting by Edouard Manet to an eight-night stay in Hawaii.

Donations come from individuals and corporations and are tax-deductible, as is the amount paid by bidders above the value of the purchased item.

Anyone interested in donating a last-minute prize to the silent auction may call Anita Benedetti at RIMS at 212-286-9292.

The following items as of April 9 will be available for bid during the auction:

### Travel/vacations

**1. Bed & Breakfast Weekend.** Bethlehem, Pa., area. May through December, 1991. Room and bath for a couple for Saturday night, including breakfast Sunday. Donated anonymously. Value \$200. Minimum bid \$50.

**2. Barrier Dunes Townhouse Week.** One week in two-bedroom (plus sleeping loft), 2½-bath beachfront townhouse at Barrier Dunes in Florida. Sixteen-foot Hobie Cat included provided winning bidder knows how to sail. Donated by B. Scott Rich. Value \$1,000. Minimum bid \$500.

**3. Westin St. Francis.** Three-night weekend stay (Friday to Monday) at the Westin St. Francis in San Francisco in a deluxe one-bedroom Tower suite. Valid until April 29, 1992, subject to space availability. Donated by the Wes-

tin St. Francis. Value \$1,050. Minimum bid \$400.

**4. Loews Anatole.** Weekend for two in a "king room" in the tower of the Loews Anatole Hotel in Dallas, plus Sunday brunch for two in the Nana Grill (brunch tax and gratuity included). Valid until April 28, 1992. Donated by the Loews Anatole Hotel. Value \$450. Minimum bid \$150.

**5. Sheraton Centre.** A double

room for two nights at the Sheraton Centre Hotel & Towers in New York, subject to space availability. Valid until May 31, 1992. Donated by Sheraton Centre Hotel & Towers. Value \$350. Minimum bid \$125.

**6. Stouffer Hotels.** Two nights/three days (room and tax only) at any Stouffer Hotel (resorts excluded) on a space-available basis. Valid until December 30, 1991. Donated by Stouffer Hotels & Resorts. Value \$300. Minimum bid \$125.

**7. New Orleans Hilton.** Two nights/three days for two at the

*Continued on next page*

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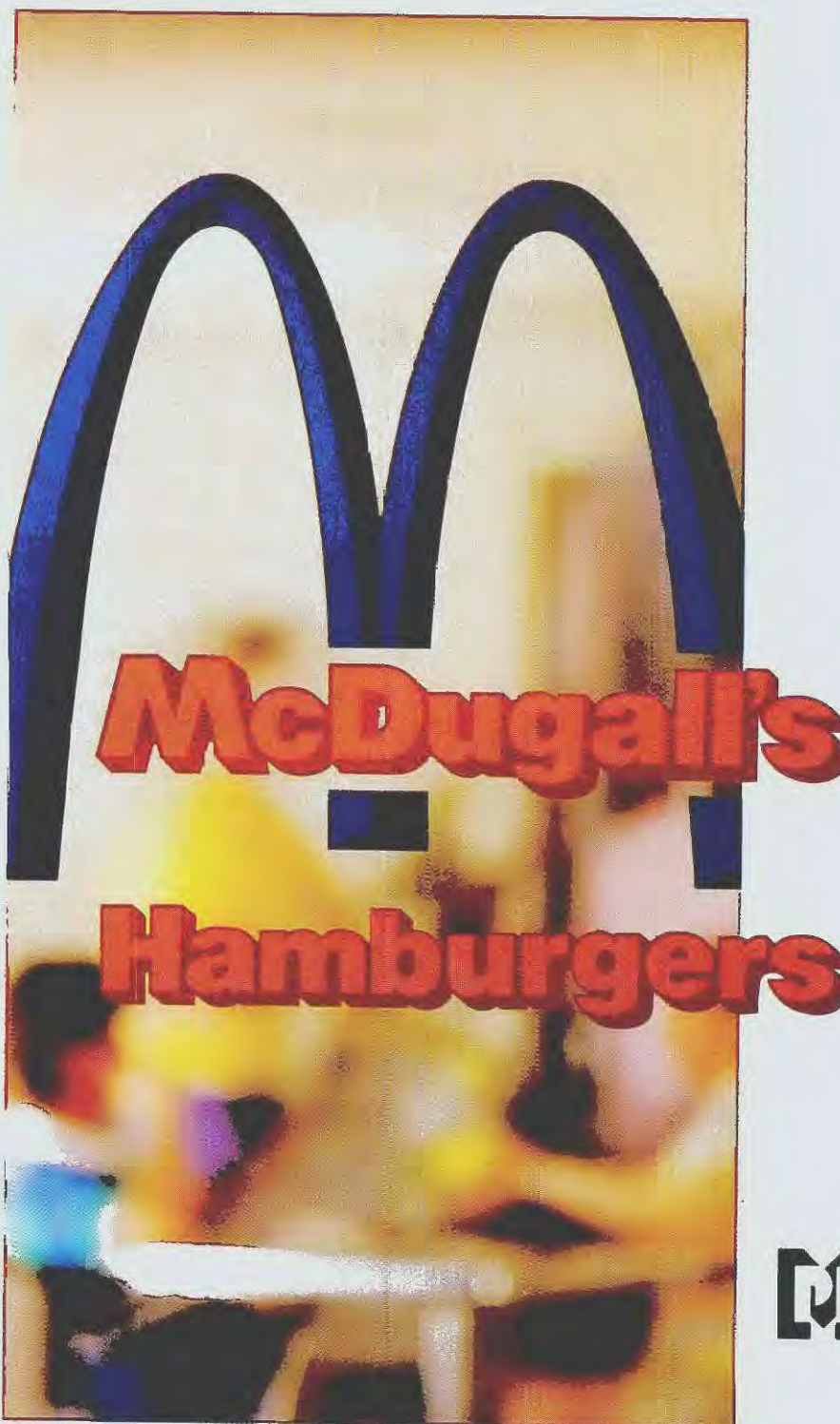
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## RIMS New Orleans Guide

### Auction items

*Continued from previous page*

**New Orleans Hilton Riverside & Towers.** Valid until Jan. 31, 1992. Donated by the New Orleans Hilton Riverside & Towers. Value \$350. Minimum bid \$125.

**8. Hotel del Coronado.** Two nights for two at this 103-year-old Victorian hotel by the sea in Coronado Island, Calif. (excluding holidays and summer weekends). Donated by the Hotel del Coronado. Value \$450. Minimum bid \$150.

**9. San Francisco Hilton.** Two-night weekend stay for two at the San Francisco Hilton on Hilton Square (not valid on holidays or in connection with any convention). Valid until November 1991. Donated by the San Francisco Hilton. Value \$411. Minimum bid \$150.

**10. Anaheim Marriott.** One guest room for one night at the Anaheim Marriott Hotel, Anaheim, Calif. (not valid in conjunction with groups, conventions or holidays). Valid until April 30, 1992. Donated by the Anaheim Marriott. Value \$180. Minimum bid \$50.

**11. Omni Hotel at Independence Park.** A weekend package for two at the newly opened luxury property, Omni Hotel at Independence Park, Philadelphia (subject to availability). Valid until Dec. 30, 1991. Donated by Omni Hotels. Value \$500. Minimum bid \$175.

**12. Grand Hyatt New York.** Two-night weekend stay (Friday to Sunday) at the Grand Hyatt New York (room and tax only). Valid until Dec. 31, 1991. Donated by Grand Hyatt New York. Value \$350. Minimum bid \$125.

**13. Hyatt Regency Dallas.** De-

lux weekend accommodations for two (parking, room, tax included, space-available basis) at the Hyatt Regency Dallas. Valid until September 1991. Donated by the Hyatt Regency Dallas. Value \$225. Minimum bid \$75.

**14. Continental Airline Tickets.** Two round-trip coach airline tickets via Continental Airlines, anywhere in the domestic United States (subject to availability; not transferable or redeemable for cash). Holiday and peak periods may be blacked out. Travel must be completed by Dec. 31, 1991. Donated by Garber Travel. Value \$1,300. Minimum bid \$500.

**15. Continental Airline Tickets.** Two round-trip coach airline tickets via Continental Airlines, anywhere in the domestic United States (subject to availability; not transferable or redeem-

able for cash). Holiday and peak periods may be blacked out. Travel must be completed by Dec. 31, 1991. Donated by Garber Travel. Value \$1,300. Minimum bid \$500.

**16. Golf Down Among the Sheltering Palms.** A one-week stay between May 1 and Sept. 1, 1991, at the PGA National Golf Resort in Palm Beach Gardens, Fla. The two-bedroom, two-bath Club Cottage Villa is located on four square miles of beautiful grounds, including five golf courses, tennis courts, swimming pools, etc. Donated by Mr. and Mrs. James W. Smirles. Value \$1,000. Minimum bid \$500.

**17. Hyatt Regency Atlanta.** A luxury Panorama suite for a two-night weekend. Enjoy chilled champagne upon arrival and a champagne breakfast in bed for two from room service. Valid until

Dec. 1, 1991. Donated by the Hyatt Regency Atlanta. Value \$249. Minimum bid \$75.

**18. Airline Tickets.** Two round-trip coach airline tickets valid for travel within the continental United States (subject to availability; not transferable or redeemable for cash; excludes black-out dates and peak periods). Travel must be completed by April 28, 1992. Donated by Rosenbluth Travel Agency Inc. Value \$1,300. Minimum bid \$500.

**19. Pocono Mountain Week.** One-week stay in secluded two-bedroom (plus sofa bed) mountain retreat with fishing stream on property. Located near Big Boulder/Jack Frost ski areas, white-water rafting. Valid August 1991 through March 1992 (excluding Thanksgiving through New Year's). Donated by Mr. and Mrs. H. Dillon Crager. Value \$650. Minimum bid \$250.

**20. Hyatt Regency New Orleans.** A two-night weekend stay for two at the Hyatt Regency New Orleans, subject to space availability. Valid until Oct. 30, 1991. Donated by the Hyatt Regency New Orleans. Value \$500. Minimum bid \$175.

**21. Hyatt Regency San Francisco.** A two-night stay for two at the Hyatt Regency San Francisco, on a space-available basis. Valid until November 1991. Donated by the Hyatt Regency San Francisco. Value \$500. Minimum bid \$175.

**22. Summit County, Colorado Retreat.** A one-week stay in a three-bedroom, two-bath mountain house on the Blue River in Summit County, Colorado. Winter sports: downhill and cross-country skiing, ice skating, etc. Summer sports: mountain biking, hiking, sailing, river rafting, fishing, golf, etc. Donated by Lucille Gallagher. Value \$1,500. Minimum bid \$500.

**23. Big Island of Hawaii.** An eight-night stay, Sept. 1-9, 1991, on the big island of Hawaii in a two-bedroom, two-bath condo at Sea Village in Kailua-Kona. Sleeps six. Donated by Ron and Kelly Winans. Value \$1,500. Minimum bid \$500.

### Restaurants

**51. Atlanta Dinner for Two.** Dinner for two at Carbo's Cafe in Atlanta. Donated by Crawford & Co. Value \$150. Minimum bid \$50.

**52. San Francisco Dinner for Two.** Dinner for two in the Nob Hill Restaurant, based on space availability—tax and gratuity included; holidays excluded. Valid until May 1, 1992. Donated by the Mark Hopkins Inter-Continental Hotel. Value \$125. Minimum bid \$50.

**53. Dinner Cruise Around Manhattan Harbor.** Dinner for two aboard "The Spirit of New York." Enjoy an evening cruise around New York's Manhattan Harbor, including dinner, dancing and a "Salute to Broadway Revue." (Reservations necessary.) Valid until May 15, 1992. Donated by National Fleet Service Inc. Value \$150. Minimum bid \$50.

**54. New York Dinner for Four.** Dinner for four at the National Arts Club, 15 Gramercy Park South, New York. Donated by Myra Tobin, Marsh & McLennan Inc. Value \$200. Minimum bid \$75.

**55. New York Dinner for Two.** Dinner for two at the University Club, 4 West 54th St., New York. Donated by Myra Tobin, Marsh & McLennan Inc. Value \$100. Minimum bid \$50.

**56. Kansas City Dinner for Two.** Dinner for two at Shadow Glen Golf Club, located in Cedar Creek and listed in Golf Digest as the "Best New Private Course for 1989." Includes cocktails, tax and gratuity. Donated by Shadow

*Continued on next page*

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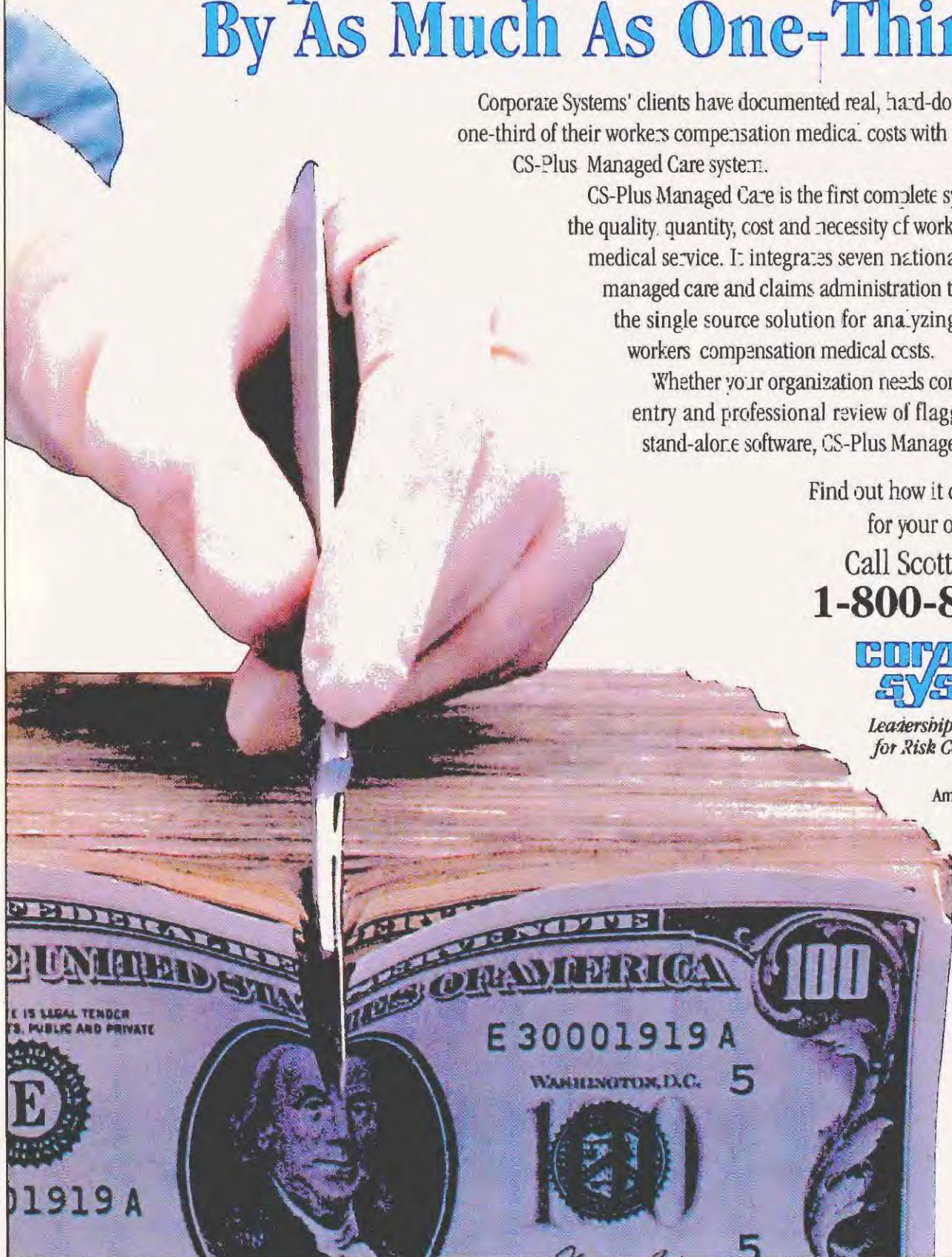
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*Continued from previous page*  
Glen/Ash Grove Cement Co. Value \$90. Minimum bid \$25.

**57. Dining Certificates for Two.** Enjoy lunch or dinner for two at any of the Gilbert/Robinson Associated restaurants located across the United States, including: Darryl's, Charley's Place, Houlihan's, Bristol Bar & Grill, etc. Expires Oct. 31, 1991. Donated by Gilbert/Robinson's Inc. Value \$60. Minimum bid \$15.

### Sports

**76. Day's Sail on Penobscot Bay, Maine.** Sail on a 36-foot sloop, with lunch on a Maine island. Sun, sailing, a swim in cold water, perhaps even fog! Leaving from Tenants Harbor anytime in July or August 1991. Donated by H. Felix Kloman. Invaluable. Minimum bid \$250.

**77. Boston Red Sox and Dinner.** Two tickets to a regular season Boston Red Sox home game at Fenway Park and dinner for two. Donated by Corroon & Black of Massachusetts Inc. Value \$150. Minimum bid \$50.

**78. Eagles Tickets.** Two tickets to a regular season Philadelphia Eagles home game (1991 football season). Donated by Johnson & Higgins of Pennsylvania Inc. Value \$200. Minimum bid \$50.

**79. Atlanta Braves.** Four tickets to a regular season Atlanta Braves home game. Donated by Crawford & Co. Value \$50. Minimum bid \$25.

**80. Boat Ride and Lunch.** An afternoon's sport boat ride and lunch for four (water skiing available) touring the numerous bays of Minnesota's beautiful Lake Minnetonka. Valid until Sept. 1, 1991. Donated by Jerry Ciardelli. Value \$150. Minimum bid \$50.

**81. New York Mets.** Four box seat tickets to a 1991 regular season New York Mets home game. Donated by Chemical Bank. Value \$50. Minimum bid \$25.

**82. Golf "Fore" You.** A round of golf for four at the site of the 1989 PGA Championship, Kemper Lakes Golf Club in Long Grove, Ill. Includes carts and green fees on a weekday of your choice. Donated by Kemper National Insurance Cos. Value \$350. Minimum bid \$150.

**83. New York Mets.** Four tickets to a 1991 regular season New York Mets home game. Donated by AM-RE Managers Inc. Value \$50. Minimum bid \$25.

**84. Los Angeles Dodgers and Dinner for Four.** Four box seat tickets to a 1991 regular season Los Angeles Dodgers home game with dinner for four in the Stadium Club. Donated by Jardine Insurance Brokers Los Angeles Inc. Value \$300. Minimum bid \$75.

**85. New York Mets.** Four box seat tickets, Sunday, June 30, 1991. New York Mets vs. Philadelphia Phillies at Shea Stadium. Donated by American International Group Inc. Value \$50. Minimum bid \$25.

**86. New York Yankees.** Four box seat tickets, Sunday, May 12, 1991. New York Yankees vs. Oakland A's at Yankee Stadium. Donated by American International Group Inc. Value \$50. Minimum bid \$25.

**87. New Orleans Saints and Dinner.** Two tickets to a 1991 regular season New Orleans Saints home game and dinner for two. Donated by General Rehabilitation Services Inc. Value \$100. Minimum bid \$35.

**88. Chicago White Sox.** Two upper deck box seat tickets to a 1991 Chicago White Sox home game in the new Comiskey Park. Donated by Donald R. Smolinski. Value \$22. Minimum bid \$15.

**89. Toronto Blue Jays.** Four Sky Club seats behind home plate for a regular 1991 season Toronto

Blue Jays baseball game in the Skydome. Donated by Marathon Realty Co. Ltd. Value membership in Sky Club plus \$84. Minimum bid \$100.

**90. New York Yankees.** Four box seat tickets, Saturday, August 17, 1991. New York Yankees vs. Chicago White Sox at Yankee Stadium. Access to Stadium Club. Donated by Marsh & McLennan Inc. Value \$100. Minimum bid \$50.

**91. New York Mets.** Four box seat tickets to a 1991 regular season New York Mets game at Shea Stadium. Located at Mets dugout; access to Diamond Club. Donated by Alexander & Alexander Inc. Value \$100. Minimum bid \$50.

**92. Kansas City Royals and Dinner for Four.** Four box seat tickets, Friday, July 5, 1991. Kansas City Royals vs. Oakland A's  
*Continued on next page*

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# RIMS New Orleans Guide

## Auction items

*Continued from previous page*  
and dinner for four at the Royals Stadium Club. Donated by Marsh & McLennan, Kansas City. Value \$150. Minimum bid \$50.

**93. Boston Red Sox.** Four box seat tickets, Tuesday, May 21, 1991. Boston Red Sox vs. Milwaukee Brewers at Fenway Park. Donated by Marsh & McLennan, Boston. Value \$56. Minimum bid \$25.

**94. Seahawks football tickets.** Four tickets to a 1991 pre-season game Seattle Seahawks games in Seattle. Donated by Steve Sadler. Value \$100. Minimum bid \$50.

**95. Washington state sail.** Enjoy a weekend cruise aboard a 41-foot sailboat in Washington's San Juan Islands. Crew is provided. Valid until Sept. 30, 1991. Donated by Mark Edlund. Value \$400. Minimum bid \$150.

## Special items

**150. Disneyland Passports.** Four Disneyland passports good for admission to Disneyland with unlimited use of attractions, and one car pass. Donated by The Walt Disney Co. Value \$110. Minimum bid \$35.

**151. Circuit City Stores.** A \$100 gift certificate redeemable at any Circuit City store nationwide. Donated by Circuit City Stores Inc. Value \$100. Minimum bid \$25.

**152. Salex Car Care.** Family membership for one year (for up to four cars registered in the same household) in the Salex Nationwide Car Care Network (24-hour helpline and towing, repair facilities, etc.). Donated by Salex Systems Inc. Enrollment by June 30, 1991. Value \$160. Minimum bid \$50.

**153. Manet Painting Replica.** A framed replica of "Monet in His Floating Studio" by Edouard Manet,

39 x 33 inches. Donated by Nathan S. Ancell, founder and chairman emeritus of Ethan Allen Inc. Value \$850. Minimum bid \$200.

**154. 1992 RIMS Conference Booth.** One 10 foot-by-10 foot booth space at the RIMS annual conference March 29 through April 3, 1992 in Anaheim, Calif. Includes side rails, backwall, identification sign and one complimentary registration to attend the conference. Valid until Feb. 1, 1992. Donated by the Risk & Insurance Management Society Inc. Value \$2,250. Minimum bid \$750.

**155. Full Week Registration to 1992 RIMS Conference.** One full week registration to attend the 30th Annual Risk Management and Employee Benefits Conference, March 29, 1992 through April 3, 1992 in Anaheim, Calif. Includes attendance at technical sessions, luncheons and exhibit hall admission. Valid until April

3, 1992. Donated by the Risk & Insurance Management Society Inc. Value \$595 to \$795. Minimum bid \$200.

**156. RIMS Course Registration.** One complimentary registration for a 1991 RIMS Continuing Education Program Course offering, May 1991 to December 1991. Your choice of: Fundamentals of Insurance; Techniques of Risk Management; Claims Management; Techniques of Loss Control; Fundamentals of Risk Financing; or Advanced Risk Management Analysis, on a space-available basis. Donated by the Risk & Insurance Management Society Inc. Value \$495-\$695. Minimum bid \$200.

**157. Risk Management Library.** A set of Risk Management Society Publishing (RMSP) publications offering practical tools and resources for risk managers and employee benefits professionals. (RMSP is not an affiliate of RIMS.) Includes shipping. Donated by Risk Management Society Publishing Inc. Value \$200. Minimum bid \$75.

**158. Uniden Cordless Telephone.** Uniden HQ Series cordless phone featuring two lines, three-way conferencing, speakerphone, 10-number

memory, last number redial, hold key and more. Donated by United Telecom/U.S. Sprint—Kansas City. Value \$180. Minimum bid \$50.

**159. "His and Hers" Writing Ensemble.** A "his and hers" writing ensemble, by Hallmark Cards, featuring two pen and pencil sets (one appointed in gold, the other in chrome) and a collection of fine writing papers. Donated by Hallmark Cards Inc. Value \$150. Minimum bid \$50.

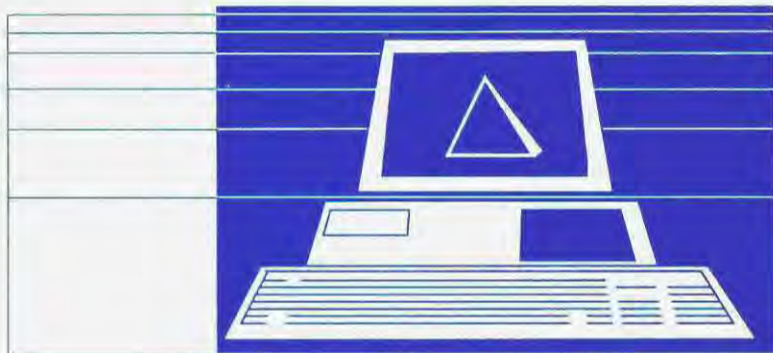
**160. Sea World of Florida Passes.** Four passes to Sea World of Florida. Donated by Sea World of Florida Inc. Value \$114. Minimum bid \$35.

**161. S.A.F.E. Plus Driver Training.** Use of a S.A.F.E. Plus driver training program video tape for 30 days and 50 workbooks. Valid until July 31, 1991. Donated by Interaction Safety Inc. Value \$750. Minimum bid \$250.

**162. S.A.F.E. Plus Driver Training.** Use of a S.A.F.E. Plus driver training program video tape for 30 days and 50 workbooks. Valid until July 31, 1991. Donated by Interaction Safety Inc. Value \$750. Minimum bid \$250.

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## RIMS chapter takes swing at brokers

NEW ORLEANS—The New York chapter of the Risk & Insurance Management Society and several insurance brokerages will co-sponsor a softball game for this year's RIMS conference attendees on Sunday, April 28, from 2 to 5 p.m. in New Orleans' Audubon Park.

The game will pit risk managers against brokers. Participants should bring their own shoes and gloves. Bats and softballs will be provided.

To reserve space on a team or for more information, call Ray Steinbach at Citizens Utilities Co., 203-329-8800, or be on the field before game time.

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# RIMS New Orleans Guide

## Restaurants

*Continued from page T18*  
**TONY ANGELLO'S**

6262 Fleur de Lis Ave.  
488-0888  
Seafood, steaks and pasta. Casual attire. Average dinner for two with drinks and gratuity: \$45. Reservations recommended. Visa, American Express. Hours: 6 p.m.-10 p.m. Monday through Saturday.

### ANTOINE'S

713 St. Louis St.  
581-4422  
French Creole. Jacket required, tie optional; no jeans, T-shirts or shorts. Average dinner for two with drinks and gratuity: \$70. Reservations suggested for weekends. Specialties of this historic restaurant include soufflé potatoes, Oysters Rockefeller (which it invented) and Creole cuisine. Major credit cards. Hours: Noon-2 p.m.; 5:30 p.m.-9:30 p.m.

### ARNAUD'S

813 Bienville St.  
522-8767  
French and Creole. Jackets required, ties optional. Average dinner for two including wine and gratuity: \$80. Reservations recommended. Specialties include shrimp remoulade, trout meuniere, shrimp bisque and creme brulee. Major credit cards. Hours: 11:30 a.m.-2:30 p.m. Monday through Friday; 6 p.m.-10 p.m. Sunday through Thursday; 6 p.m.-10:30 p.m. Friday and Saturday; Jazz brunch 10 a.m.-2:30 p.m. Sunday.

### BART'S LIGHTHOUSE INN

8000 Lakeshore Drive  
282-0271  
Casual seafood house. Average dinner for two with drinks and gratuity: \$30. Reservations taken for parties of eight or more. Located on Lake Pontchartrain, with balcony seating available. Specialties include mesquite grilled steaks and seafood. Major credit cards. Hours: 11:30 a.m.-10 p.m. Monday through Thursday; until 11 p.m. Friday and Saturday; until 9:30 p.m. Sunday.

### BAYONA

430 Dauphine St.  
525-4455  
French Mediterranean. Casual to dressy atmosphere. Average dinner for two with wine and gratuity: \$70. Reservations recommended. Mediterranean specialties include crawfish phyllo, pan-roasted salmon and grilled shrimp and scallops with pesto and rouille. Courtyard dining. Major credit cards. Hours: 11:30 a.m.-2 p.m. Monday through Friday; 6 p.m.-10 p.m. Monday through Thursday; 6 p.m.-11 p.m. Friday and Saturday.

### BAYOU RIDGE CAFE

5080 Pontchartrain Blvd.  
486-0788  
Gourmet pizzas and other light food. Casual dress. Average dinner for two with drinks and gratuity: \$35. Reservations recommended. Specialties include chicken and goat cheese pizza, grilled seafood salads and a renowned creme brulee. Diners Club, Visa, MasterCard. Hours: 11 a.m.-2:30 p.m. Monday through Saturday; 5:30 p.m.-11 p.m. Monday through Saturday; 5:30 p.m.-11 p.m. Friday and Saturday; 5:30 p.m.-9 p.m. Sunday.

### STRO at MAISON de VILLE

Maison de Ville Hotel  
733 Toulouse St.  
528-9206  
American/Mediterranean bistro. Dressy atmosphere. Average dinner for two with wine and gratuity: \$55. Reservations required. Specialties include sauteed oysters with peppercakes and aioli, marinated grilled lamb and filet mi-

gnon stuffed with herbed cheese. Courtyard seating if weather permitting. Major credit cards. Hours: 6 p.m.-10:30 p.m. Monday through Saturday; 11 a.m.-2 p.m. Sunday.

### BON TON CAFE

401 Magazine St.  
524-3386  
Cajun. Casual neat attire. Average dinner for two with drinks and gratuity: \$55. Reservations required. Specialties include variety of crawfish dishes, like crawfish bisque and crawfish omelet, fresh seafood and a bread pudding with whiskey sauce. Major credit cards. Hours: 11 a.m.-2:30 p.m.; 5 p.m.-9:30 p.m., Monday through Friday.

### BRASS LANTERN

50 Dominican Drive  
652-1111  
Creole/classic French. Casual at-

mosphere. Average dinner for two with wine and gratuity: \$55. Reservations recommended. Specialties include grilled filet of catfish. Major credit cards. Hours: 11 a.m.-2 p.m. Monday through Friday; 5 p.m.-9 p.m. Tuesday through Thursday; 5 p.m. to 10 p.m. Friday and Saturday.

### BRENNAN'S RESTAURANT

417 Royal St.  
525-9711  
French and Creole. Jackets are preferred. Average dinner for two with wine and gratuity: \$100. Reservations recommended. Famous for breakfasts, other house specialties include Creole cuisine and seafood dishes. Request an area with a view of the courtyard if space allows. Major credit cards accepted. Hours: 8 a.m.-2:30 p.m. Monday through Friday; 6 p.m.-10

p.m. seven days a week.

### BRIGTSEN'S

723 Dante St.  
861-7610  
Modern Louisiana cooking. Casual to dressy; jackets not required. Average dinner for two with wine and gratuity: \$80. Reservations required. Although the menu is ever changing, specialties include rabbit, veal, fowl and gumbos prepared with Cajun and Creole flair. Menu changes daily. The restaurant is located in a Victorian baseboard cottage. Major credit cards. Hours: 5:30 p.m.-10 p.m. Tuesday through Saturday.

### BROUSSARDS

819 Conti St.  
581-3866  
Classical French Creole. Jackets

preferred, ties optional. Average dinner for two with wine and gratuity: \$75. Reservations recommended. Specialties include veal sirloins, escargots and flaming desserts like bananas Foster. Restaurant features a center courtyard surrounded by three dining rooms. All major credit cards including Discover. Hours: 5:30 p.m.-9:30 p.m. every night.

### CAFE du MONDE

813 Decatur St.  
581-2914  
Beignets and cafe au lait with chicory. Casual atmosphere. Average dessert for two: \$6. Reservations unnecessary. The restaurant has been a favorite New Orleans fixture since 1862. Cash only. Hours: 24 hours, seven days a week.

*Continued on next page*

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## Restaurants

Continued from previous page

### CAFE MASPERO

601 Decatur St.  
523-6250  
Sandwiches. Casual atmosphere. Average dinner for two with drinks and gratuity: \$14. No reservations. Specialties include muffuletta, seafood and burgers. Cash only. Hours: 11 a.m.-11 p.m. Sunday through Thursday; 11 a.m.-midnight Friday and Saturday.

### CAMELLIA GRILL

626 S. Carrollton Ave.  
866-9573  
Casual diner-style atmosphere. Average meal for two: less than \$20. No reservations. Specialties include chili cheese omelets, burgers, pecan waffles and homemade desserts. Cash only. Hours: Opens at 8 a.m. Saturday and Sunday; 9 a.m. Monday through Friday; until 1 a.m. Monday through Thursday, Sunday; until 3 a.m. Friday and Saturday.

### CARIBBEAN ROOM

Pontchartrain Hotel  
2031 St. Charles Ave.  
524-0581  
Creole Provençal. Jacket required. Average dinner for two with wine and gratuity: \$100. Reservations recommended. Specialties include soft-shell crabs and the mile-high ice cream pie. Major credit cards including Discover. Hours: 11:30 a.m.-2 p.m. Monday through Friday; 6 p.m.-10 p.m. seven days.

### CENTRAL GROCERY

923 Decatur St.  
523-1620  
Sandwiches. Casual. Average dinner for two with beer and gratuity: \$12. Specialties include muffuletta. Cash only. Hours: 8 a.m.-5:30 p.m. seven days.

### CHARLIE'S STEAK HOUSE

4510 Dryades St.  
895-9323  
Steakhouse. Casual. Average dinner for two with drinks and gratuity: \$45. Reservations suggested for parties of eight or more. All major credit cards. Hours: 11 a.m.-3 p.m. Tuesday through Friday; 5 p.m.-11 p.m. Tuesday through Saturday.

### CHART HOUSE

801 Chartres St.  
523-2015  
Steak and seafood. Casual dress. Average dinner for two with drinks

and gratuity: \$60. Reservations suggested. Specialties include prime rib, filet mignon, fresh scallops and other seafood. Major credit cards. Hours: 6 p.m.-11 p.m. Sunday through Thursday; 5 p.m.-midnight Friday and Saturday; open one hour earlier all nights for cocktails.

### CHRISTIAN'S

3835 Iberville St.  
482-4924  
French Creole. Jackets required, ties optional; no jeans or shorts. Average dinner for two with drinks and gratuity: \$70. Reservations recommended. Specialties include smoked softshell crab with a Creole meuniere sauce, bouillabaisse and oysters en brochette. All major credit cards. Hours: 5:30 p.m.-10 p.m. Monday through Saturday; 11:30 a.m.-2 p.m. Thursday and Friday.

### COMMANDER'S PALACE

1403 Washington Ave.  
899-8221  
Haute Creole. Jackets required for dinner in this acclaimed restaurant. Average dinner for two with drinks and gratuity: \$100. Reservations required for dinner. Specialties include turtle soup, roasted Louisiana quail and bread pudding soufflé. All major credit cards accepted. Hours: 11:30 a.m.-2 p.m. Monday through Friday; 6 p.m.-10 p.m. seven days a week.

### CONSTANTIN'S

8402 Oak St.  
861-2111  
Nouvelle Creole. Casual to dressy atmosphere. Average dinner for two with drinks and gratuity: \$65. Reservations recommended for weekends. Specialties include brie wrapped in spinach leaves, fried and served with pepper jelly; and shrimp in a roasted garlic and shallot sauce served in a nest of fried mirliton. Major credit cards. Hours: 11:30 a.m.-2 p.m., Monday through Friday; 6 p.m.-10 p.m. Tuesday through Saturday.

### COPELAND'S

4338 St. Charles Ave.  
733-7843  
Cajun. Casual. Average dinner for two with drinks and gratuity: \$40. Major credit cards. Copeland's is named for its owner, Popeye's Fried Chicken magnate Al Copeland, whose spicy cajun food is known nationwide. Hours: 11 a.m.-11 p.m. Monday through Thursday; 11 a.m.-midnight Friday and Saturday; 11 a.m.-10 p.m. Sunday.

### COURT OF TWO SISTERS

613 Royal St.  
522-7261  
Creole/French. Nice casual dress. Average dinner for two with wine and gratuity: \$60. Reservations suggested. Specialties include buttery crabmeat and shrimp lightly stewed and served over rice, flaming fruit desserts at tableside and homemade breads and pastries. The jazz brunch buffet includes 60 items. The restaurant has one of the largest courtyards in the French Quarter with fountains, flowers and vines. Major credit cards. Hours: 9 a.m.-3 p.m.; 5:30 p.m.-11 p.m. seven days a week.

### DELMONICO'S

1300 St. Charles Ave.  
525-4937  
Seafood with Creole sauces. Casual neat dress. Average dinner for two with wine and gratuity: \$65. Reservations recommended for large groups. Specialties include turtle

soup, okra gumbo, broiled stuffed catfish and shrimp and blackened catfish etouffee. All major cards. Hours: 11:30 a.m.-9 p.m. Monday through Friday; until 9:30 p.m. Saturday and Sunday.

### L'ECONOMIE

325 Girod St.  
524-7405  
French. Casual, neat dress; "eclectic" atmosphere. Average dinner for two with drinks and gratuity: \$45. Reservations strongly recommended for dinner and Friday lunch. Specialties include soups, grilled softshell crabs, crawfish pasta and poached salmon. The food is described as very light with no heavy creams or salt and very little butter. No credit cards. Hours: 11 a.m.-2 p.m. Monday through Friday; 6 p.m.-10 p.m. Monday through Saturday.

### EMERIL'S

800 Tchoupitoulas St.  
528-9393.  
Nouvelle Creole. No jeans, tennis shoes, shorts or T-shirts. Average dinner for two with wine and gratuity: \$50. Reservations required up to a week in advance, no parties over eight. Seasonal menu changes daily. Consider getting reservations to the Chef's Bar, eight stools arranged so that patrons can watch the food being prepared and talk to the chef. Major credit cards including Diner's Club. Hours: 11:30 a.m.-2 p.m. Monday through Friday; 6 p.m.-10 p.m. Monday through Sunday.

### FELIX'S OYSTER BAR

739 Iberville St.  
522-4440  
Seafood. Casual dress. Average dinner for two with beer and gratuity: \$28. Specialties include jambalaya and oysters Rockefeller. Major credit cards. Hours: 10 a.m.-midnight Monday through Thursday; 10 a.m.-1 a.m. Friday and Saturday; 10 a.m.-10 p.m. Sunday.

### GALATOIRE'S

209 Bourbon St.  
525-2021  
French Creole. Jacket required after 5 p.m.; no jeans or shorts. Average dinner for two with wine and gratuity: \$60. Reservations are not accepted. Specialties of the family-run restaurant include oysters en brochette, Creole bouillabaisse and

several crawfish and crabmeat dishes. No credit cards. Hours: 11:30 a.m.-9 p.m. Tuesday through Saturday; noon to 9 p.m. Sunday.

### GAMBRILL'S

96 Friedrichs Ave.  
831-6917  
Light Creole. Semi-casual; many wear jacket and tie although not required; no shorts. Average dinner for two with drinks and gratuity: \$65. Reservations recommended. Specialties include rack of lamb, raspberry chicken with pecans and bread pudding with Irish whiskey sauce. All major credit cards. Hours: 11 a.m.-2:30 p.m. Monday through Saturday; 5 p.m.-10 p.m. Monday through Friday; 5 p.m.-10:30 p.m. Saturday.

### GAUTREAU'S

1728 Soniat St.  
899-7397  
Nouvelle Creole. Dressy casual, jacket preferred. Average dinner for two with wine and gratuity: \$80. Specialties include filet mignon with black peppercorns and roasted chicken marinated in red wine. Menu changes monthly, with some daily specials. Visa, MasterCard. Hours: 6 p.m.-10 p.m. Monday through Saturday.

### GRILL ROOM

Windsor Court Hotel, 300 Gravier St.  
523-6000  
Classic international cooking with a Louisiana influence. Jackets required, ties optional; no jeans or sneakers. Average dinner for two with wine and gratuity: \$100. Reservations highly recommended up to three weeks in advance. Although the menu changes semiweekly, specialties include exotic breakfasts, homemade pastas, fresh seafood and meats ranging from rabbit to sweetbreads. Major credit cards. Hours: 7 a.m.-10:30 a.m.; 11:30 a.m.-2:30 p.m.; 6:30 p.m.-10:30 p.m. every day.

### HENRI

Hotel Meridien  
614 Common St.  
527-6708  
French. Formal atmosphere, jacket and tie required. Average dinner for two with drinks and gratuity: \$100. Reservations required. Specialties  
*Continued on next page*

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*Continued from previous page*  
are seafood and game, including a poached salmon souffle and filets of venison with wild mushrooms. Major credit cards. Hours: 6 p.m.-10 p.m. Monday through Saturday.

#### HUMMINGBIRD GRILL

804 St. Charles Ave.  
561-9229

All-day breakfast and sandwiches. Casual. Average dinner for two with drinks and gratuity: \$18. No reservations accepted. MasterCard, Visa. Hours: open 24 hours a day, seven days a week.

#### K-PAUL'S LOUISIANA KITCHEN

415 Chartres St.  
942-7500

Cajun. Casual dress. Dinner for two with wine and gratuity: \$70. Reservations not accepted. Nationally known Chef Paul Prudhomme's specialties include hot interpretations of Cajun specialties, like the Cajun martini, gumbo, blackened redfish and chicken and rabbit dishes. Menu changes daily. Expect long lines and communal seating. American Express or cash only. Hours: 11:30 a.m.-2:30 p.m.; 5:30 p.m.-10 p.m. Monday through Friday.

#### KOLB'S GERMAN RESTAURANT

125 St. Charles St.  
522-8278

German. Casual. Average dinner for two with wine and gratuity: \$45. Reservations recommended for parties larger than two. Specialties include turtle soup, barbecue shrimp, schnitzel, veal. Major credit cards. Hours: 11 a.m.-3 p.m.; 5 p.m.-10 p.m. Monday through Friday; 11 a.m.-3 p.m., 5 p.m.-10 p.m. Saturday; 5 p.m.-10 p.m. Sunday.

#### KUNG'S DYNASTY

1912 St. Charles Ave.  
525-6669

Chinese. Casual. Average dinner for two with drinks and gratuity: \$35. Reservations suggested. Specialties include chicken and duck dishes. The restaurant is located within a Victorian mansion. Major credit cards. Hours: 11:30 a.m.-10 p.m. seven days.

#### THE LITTLE GREEK

2051 Metairie Road  
831-9470

Greek. Casual dress. Average dinner for two with drinks and gratuity: \$50. Specialties include grilled lamb

and seafood. Reservations recommended. Major cards. Hours: 11 a.m.-2 p.m. Tuesday through Saturday; 5 p.m.-9:30 Tuesday through Thursday; 5 p.m.-10:30 p.m. Friday and Saturday; 4 p.m.-9 p.m. Sunday.

#### LA LOUISIANE

725 Rue Iberville  
523-4664

Creole Italian. Dressy to casual, jackets not required. Average dinner for two with wine and gratuity: \$60. Reservations recommended. Specialties include spinach dumplings with Alfredo sauce, alligator soup, barbecued shrimp and veal Iberville. A lingerie show every Tuesday and Thursday during the lunch hour may want to be avoided by female patrons. Major credit cards accepted. Hours: 11:30 a.m.-10:30 p.m. Tuesday through Friday; 5:30 p.m.-11 p.m. Monday, Saturday and Sunday.

#### LOUIS XVI

St. Louis Hotel  
730 Bienville St.  
581-7000

French Nouvelle. Jackets required. Average dinner for two with drinks and gratuity: \$40. Reservations recommended. Specialties include rack of spring lamb, grilled salmon and a variety of desserts and meats prepared tableside. Courtyard dining. Piano music on Friday and Saturday, guitar on Tuesday and Wednesday. Major credit cards. Hours: 7 a.m.-11 a.m. Monday through Friday; 7 a.m.-noon Saturday and Sunday; 6 p.m.-10 p.m. every night.

#### MANDINA'S

3800 Canal St.  
482-9179

Seafood. Casual dress. Average dinner for two with drinks and gratuity: \$30. No reservations. Specialties include turtle soup, shrimp remoulade and fried seafood. Cash only. 11 a.m.-midnight seven days a week.

#### MR. B'S

201 Royal St.  
523-2078.

Contemporary Creole. Dressy casual. Average dinner for two with wine and gratuity: \$55. Specialties include gumbo ya-ya, pasta jambalaya, hickory and pecan wood-grilled fish and meats with light sauces. Reservations suggested although walk-ins are welcome. Major credit cards. Hours: 11:30 a.m.-3 p.m.; 5 p.m.-10

p.m. Monday through Saturday. 10:30 a.m.-3 p.m. Sunday jazz brunch.

#### MORAN'S

44 French Market Place  
529-1583

Italian with international dishes. Casual to dressy, no shorts or tennis shoes. Average dinner for two with drinks and gratuity: \$70. Specialties include homemade fettuccine, beef, lamb, seafood and flaming desserts. Reservations suggested for weekends. Major cards. Hours: 6 p.m.-11 p.m. Monday through Thursday; 6 p.m.-midnight Friday and Saturday; closed Sunday.

#### MULATE'S

201 Julia St.  
522-1492

Cajun/seafood. Casual. Average dinner for two with drinks and gratuity: \$45. Specialties include baked duck, blackened prime rib, seafood.

Live music from 7:30 p.m.-11 p.m. every night and from noon to 4 p.m. on Sunday. Reservations suggested for weekends. Major cards accepted. Hours: 11 a.m.-11 p.m. seven days a week.

#### MYSTERY STREET CAFE

3201 Esplanade Ave.  
947-6117

French provencal/Mediterranean. Dress is described as "funky neat." Average dinner for two with drinks and gratuity: \$75. Reservations recommended. Specialties include beef Wellington, roast leg of lamb and grilled seafood salad. Wednesday nights feature music by a French guitarist. All credit cards except American Express. Hours: 6 p.m.-11 p.m. every night except Monday.

#### NAPOLEON HOUSE

500 Chartres St.  
524-9752

Casual atmosphere. Average dinner for two with drinks: \$16. Specialties include muffledettas. Reservations unnecessary except for large parties. Classical music plays at all times in one of the oldest bars in the French Quarter, since 1797. Major credit cards. Hours: 11 a.m.-1 a.m. Monday through Thursday; 11 a.m.-2 a.m. Friday and Saturday; noon-7 p.m. Sunday.

#### NATCHEZ HOUSE RESTAURANT

421 Natchez St.  
524-7840

Homestyle Creole/Cajun. Average dinner for two with drinks: \$14. Cafeteria-style restaurant. Specialties include fried chicken, red beans and rice, lasagna and seafood platters. Cash only. Hours: 7 a.m.-2 p.m. Monday through Friday.

#### NORBY'S

6078 Laurel St.  
895-9441

Sandwiches and hot plate specials. Casual. Average dinner for two with drinks and gratuity: \$18. Reservations are unnecessary. Specialties include po-boys and onion rings. Cash only. Hours: 10 a.m.-9 p.m. Monday through Saturday.

#### PASCAL'S MANALE

1838 Napoleon Ave.  
895-4877

Italian, seafood and steaks. Dressy

to casual, no sleeveless shirts. Average dinner for two with wine and gratuity: \$60. Reservations accepted but not required. Specialties of this lively and usually crowded spot include barbecued shrimp (jumbo shrimp still in the shell cooked in butter with pepper and spices), and spaghetti with butter sauce and chopped scallions. Major credit cards, including Diner's Club. Hours: 11 a.m.-10 p.m. Monday through Friday. 4 p.m.-10 p.m. Saturday and Sunday.

#### PATOUT'S

1319 St. Charles Ave.  
524-4054

Authentic Cajun. Casual, preferably no jeans or T-shirts. Average dinner for two with wine and gratuity: \$60. Reservations suggested. Specialties include crab and shrimp stew, fried oysters with bacon, chicken breast in cream sauce with crabmeat, as well as seafoods and pastas. Major credit cards. Hours: 7 a.m.-10:30 a.m.; 11:30 a.m.-2 p.m.; 5:30 p.m.-10 p.m. seven days.

#### PETUNIA'S

817 St. Louis St.  
522-6440

Cajun/Creole. Casual. Average dinner for two with wine: \$65. Reservations suggested. Specialties include Cajun pasta, gumbo, blackened fish and dessert crepes. Large crepes at breakfast and Sunday brunch are also widely renowned. Major credit cards. Hours: 8 a.m.-midnight, seven days a week.

#### QUE SERA

3636 St. Charles Ave.  
897-2598

American. Casual. Average dinner for two with drinks and gratuity: \$25. Reservations not accepted. Major credit cards. Hours: 11 a.m.-10 p.m. Monday through Saturday; 10 a.m.-2 p.m. Sunday.

#### RALPH AND KACOO'S

519 Toulouse St.  
522-5226

Cajun/Creole. Casual atmosphere. Average dinner for two with drinks and gratuity: \$40. Reservations for parties over 20. Specialties include seafood platters, hush puppies and seafood gumbo. Major credit cards and Discover. Hours: 11:30 a.m.-

*Continued on next page*

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## Restaurants

*Continued from previous page*  
9:30 p.m. Monday through Friday; until 11 p.m. weekends.

### RIB ROOM

Royal Orleans Hotel  
621 St. Louis St.  
529-7045  
Steakhouse. Jackets required. Average dinner for two with drinks and gratuity: \$75. Reservations recommended. Specialties include prime rib and roast beef. Major credit cards accepted. Hours: 11:30 a.m.-3 p.m.; 6 p.m.-10:30 p.m. seven days a week.

### RICK'S PANCAKE COTTAGE

2547 Canal St.  
822-2630  
Breakfast and lunch. Casual. The \$1.95 earlybird special includes two eggs, choice of sausage or bacon, pancakes or toast and grits, served from 6:30 a.m.-8:30 a.m. Lunch averages \$3; choices include po-boys and hot lunches. American Express or cash only. Hours: 6:30 a.m.-2:30 p.m.

### RUTH'S CHRIS STEAKHOUSE

3633 Veteran's Memorial Blvd.  
Metairie  
388-3600  
Steakhouse. Casual. Average dinner for two with drinks and gratuity: \$70. Reservations accepted. Major credit cards. Hours: 11:30 a.m.-11:30 p.m. seven days a week.

### SAZERAC

Fairmont Hotel  
University Place  
525-4733  
Classical French with a touch of Creole. Jacket and tie required. Average dinner for two with wine and

gratuity: \$90. Reservations recommended. Specialties include rack of lamb, Dover sole, Louisiana seafood appetizer, crawfish with lobster sauce. All major credit cards. Hours: 11:30 a.m.-2 p.m. Monday through Friday; 6 p.m.-10 p.m. seven days.

### TAVERN ON THE PARK

900 City Park Ave.  
486-3333  
Creole. Casual. Average dinner for two with wine and gratuity: \$60. Reservations recommended. Specialties include Australian coldwater lobster tails. Major credit cards. Hours: 11 a.m.-11 p.m. Monday through Friday; 5 p.m.-11 p.m. Saturday.

### TUJAGUE'S

823 Decatur St.  
525-8676  
French. Casual. Average dinner for two with wine and gratuity: \$50. Reservations suggested. Specialties include broiled brisket of beef with horseradish sauce, shrimp remoulade and gumbo. Daily lunch and dinner specials. All major cards. Hours: 11 a.m.-3 p.m.; 5 p.m.-10:30 p.m. every day.

### VERSAILLES

2100 St. Charles Ave.  
524-2535  
Classical French Creole. Jacket required, ties optional, no jeans. Average dinner for two with wine and gratuity: \$75. Reservations are suggested. Specialties include veal sauteed with crabmeat or crawfish, bouillabaisse and rack of lamb. Major credit cards. Hours: 6 p.m.-10 p.m. Monday through Saturday.

These listings were compiled by Staff Reporter Sara J. Harty.

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# Managed care seen inevitable in future plans

By CHRISTINE WOOLSEY

WASHINGTON—Virtually all employee benefit plans someday will incorporate managed care concepts, predicts a health care analyst.

And, now that health maintenance organizations are becoming increasingly acceptable to the parties involved, employers should stop continually debating their cost containment ability, he said.

"From a cost point of view there is no place like an HMO, in my opinion," said Joel Menges, director of analytical services at American Healthcare Management & Systems Inc., a managed care consulting firm in Arlington, Va.

"The pure HMO model is where the cost containment capability is by far the strongest," he said during a session at the 1991 National Managed Health Care Congress conference in Washington earlier this month.

The advantages of moving employees and dependents into an HMO "should be accepted rather than continually debated," Mr. Menges said. "The real planning issues for the 1990s are an employer's willingness to move its covered population into this restrictive setting and how this can best be accomplished."

Mr. Menges said employers should not count on any kind of reversal of managed care during the next decade. "There is nothing close to a pendulum going on. You won't see the population swinging out of tightly managed care settings to less stringent programs," he said.

At the same time, he said, employers should accept the fact that managed care programs will not hold health care cost increases below the general inflation rate.

"On top of general inflation, health care costs are being pushed up by the aging of the population, new technologies, malpractice concerns, the pent-up demand for mental health services," Mr. Menges explained. "No matter how well care is being managed, these forces will exert themselves."

Effective planning will require more realistic expectations by employers. "A lot of employee benefit managers are asking their health plans to be like a .600 hitter in baseball," he said. But "you can't expect health care costs to rise at the rate of inflation—it's never going to happen."

He urged employers not to react by constantly changing benefit plan designs in a desperate attempt to control costs. "That's counterproductive and it's very disruptive to plan participants."

Instead, he predicted a resurgent "do-it-yourself" attitude among employers. "They'll fire their consultants, throw their hands up and say 'I'll do it myself.'"

Among the tactics companies are looking at are establishing direct contracts with hospitals, physicians and other health care providers and hiring doctors and nurses for on-site clinics.

Employers will continue to require workers to pay a greater portion of health plan costs, Mr. Menges said.

Fixed contribution structures may become the most common cost-sharing arrangement, he added. In such a scheme, an employer may pay 80% of health care

expenses regardless of which plan an employee selects.

But, he warned, any new effort to control costs "will fail if it's done out of exasperation and it's not thought out clearly."

Penny Mills, project manager at Lewin/ICF, a consulting firm in Washington, D.C., moderated the session and participated in the panel discussion.

David S. Kelley, vp at John Alden Risk Management Services, a subsidiary of John Alden Life Insurance Co. in Miami, also spoke during the session. ■

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# Using toxic materials

## Protect firm by reducing chance that chemicals will escape

By The Insurance Institute of America

The following question and answer are drawn from the curriculum for the Associate in Risk Management designation awarded by the Insurance Institute of America. They represent the type of question asked—and the possible answer—in one of the three examinations for the A.R.M. designation.

This month's question and answer, taken from a recent national examination in ARM 55—Essentials of Risk Control—focus on reducing the extent of various types of losses that may result from the escape of toxic materials used in an organization's normal operations.

**Q:** The management of a firm that manufactures industrial chemicals is concerned that any escape of some of these chemicals onto neighboring properties could result in liability claims for property damage.

- Contrast the harmful effects that a reactive chemical may have on a neighboring property with the effects of a chemical that is: flammable; corrosive; or toxic.

- Assume chemicals escape from this manufacturer's property onto

### A.R.M. exercises

neighboring properties. Without repeating answers, describe two specific actions the manufacturer should take to preserve its legal defenses with respect to each of the

normally oxidize (burn) rapidly but do not explode except under special circumstances, like in the presence of airborne dusts.

Corrosive agents, including many acids, normally act more slowly than do most reactive chemicals.

Reactive chemicals normally damage

potentially hazardous materials.

Gathering evidence about an incident to support the defendant's position involves both determining who has been harmed and to what extent and collecting physical evidence at the site of the incident.

- There are many possible uses of a risk management information system to manage pollution liability exposures.

One important RMIS application is making an inventory of the types, locations and quantities of toxic materials so that the most hazard-ridden facilities can be carefully monitored for potential escapes of hazardous materials.

Also, an RMIS can be used to create computer models of terrain, wind and water flow, weather conditions and other factors to estimate the likely path and extent of any escape of a toxic material into the environment. ■

Among many other possibilities, due care for the safety of others can be documented by evidence showing careful inspection of an organization's manufacturing processes and thorough training of personnel in how to safely handle potentially hazardous materials.

following: documenting the manufacturer's degree of care before and/or during the escape of chemicals; and gathering evidence on the events surrounding the escape of chemicals.

- Give two specific examples of how a risk management information system could properly be used to manage this liability exposure.

**A:** • Reactive chemicals typically oxidize more slowly than flammable ones, but they are unstable and can explode when they come into contact with other materials like water. In contrast, flammable chemicals

property but do not cause bodily injury. In contrast, the toxicity of a chemical relates to its potential to cause death or illness as opposed to property damage.

- Documenting that an organization has taken proper care in handling hazardous substances negates one element of alleged negligence in a claimant's case. Among many other possibilities, due care for the safety of others can be documented by evidence showing careful inspection of an organization's manufacturing processes and thorough training of personnel in how to safely handle

The sample questions and answers used in this column are taken from the Associate in Risk Management designation curriculum of the IIA. For more information on the content of the A.R.M. program, write Dr. G.L. Head, Vp, Insurance Institute of America, P.O. Box 314, Malvern, Pa. 19355.

# Spiraling health care costs

## Book suggests ways to keep benefit dollars from slipping away

**"Containing the Health Care Cost Spiral"**  
By Mary P. Callan and David C. Yeager  
Published by McGraw-Hill Inc., 1221 Avenue of the Americas, New York, N.Y. 10020  
\$29.95

By Kevin M. Quinley

IN THE GOOD OLD DAYS, risk managers did not worry about health care costs. Property/casualty insurance was their bailiwick. Health benefit costs were something handled "over there," in the human resources department, in between posting job ads.

How times have changed!

While property/casualty insurance is not cheap, its costs are rivaled by the huge expenses companies are now facing in employee benefits. In a 1991 study, The Wyatt Co. announced that despite efforts to contain employee medical expenses, these costs jumped at an average annual rate of 21% from 1987 to 1989 (BI, Jan. 21). As a result, a new dimension of risk management has opened, one devoted to structuring employee benefit plans in such a way as to maximize coverage while containing costs.

Health maintenance organizations, preferred provider organizations, flexible benefit plans—these terms have now entered the risk manager's lexicon. With employee benefits costs shooting skyward, risk managers are looking to apply cost containment strategies without triggering employee mutiny.

Enter this handy guidebook, "Containing the Health Care Cost Spiral." Written by Mary Callan, a human resource executive with the Beaverton, Ore., public school system, and David Yeager, a health care communications specialist, the book is a handy

### Books & ideas

tool for benefit managers, risk managers and anyone looking for ways to manage employee benefit health care costs.

Ms. Callan and Mr. Yeager argue that health care costs can be controlled, and even reduced, with intelligent planning and hard work. They give practical and equitable strategies for alleviating or preventing a health care cost crisis in any organization. The book is based on a program that Ms. Callan developed and successfully utilized to bring one organization's runaway costs under control.

As the authors point out, "The cost of many benefits programs has risen so dramatically in the recent past that many employers can no longer foot the bill. Consequently, employee medical benefits are being severely reduced or dropped altogether."

This eight-chapter answer-oriented book spells out:

- How to spot warning signs of premium increases or benefit reductions. Unbundling of services and "code creep"—in which doctors manipulate the billing code system to maximize reimbursement—are two examples.
- How to involve employees in decisions regarding health care costs.
- How to negotiate successfully with insurers and medical care providers.
- How to initiate changes in a company's health care plan.

The book also addresses the proper role of the consultant and provides a time-line checklist of

the process that employers should use in soliciting bids on major plan changes. The book's appendix gives handy sample documents—including a needs survey, a model PPO plan and a model catastrophic health care plan—that employee benefits specialists can adapt or use as benchmarks of comparison.

In selecting a consultant to help address needs, the authors suggest that small is beautiful. "For most companies, it usually makes sense to retain either broker-consultants or local independent consultants who can provide TPA service and bidding sources. . . . Retaining a small independent consultant will insulate the company from advice designed to increase the sale of related services rather than controlling costs."

Change often evokes resistance, particularly in the health care benefits arena. Thus, the authors stress the importance of involving all employees in the process from the beginning and making them stakeholders in the decision.

In the lean economic times most pundits forecast, companies will be under increased pressure to trim this escalating cost category. Conscientious risk and employee benefits managers will reach for this book and start mapping out their strategies for containing costs and preserving needed benefits. ■

Kevin M. Quinley is vp of risk services for MEDMARC Insurance Co. Risk Retention Group Inc. and subsidiary Hamilton Resources Corp., both of Fairfax, Va. Mr. Quinley holds the Chartered Property & Casualty Underwriter and Associate in Risk Management designations.

# Solid infrastructure or fun in the sun?

## Off come the gloves, out come the wits in pitch for captives

By MICHAEL BRADFORD

SCOTTSDALE, Ariz.—Captive insurer owners searching for a domicile will find high rents in Bermuda, an Ayatollah in Vermont, a little bit of Vermont in Hawaii, a lack of identity in Ireland and an office in Illinois that they never have to visit.

Regulators from five domiciles made their pitches and took these good-natured potshots at the cor-

petition at the Captive Insurance Companies Assn. conference here last month.

Malcolm Butterfield, Bermuda's registrar of companies, touted the island's status as the oldest captive domicile with years of experience in captive management and regulation.

"Bermuda's maturity as a world insurance center is maintained by its professional service providers," Mr. Butterfield said. That infrastructure includes managers, brokers, actuaries, consultants, local

banks and offices of major accounting firms, he said.

Regulation is handled by "self-policing," he said. "In other words, government does not interfere with the business decisions of captives."

Bermuda insurance law on forming and operating captives is neither cumbersome nor onerous, and it affords captive owners some flexibility, according to Mr. Butterfield.

Loosened restrictions make the island more attractive to captives writing medical malpractice liability

insurance, he said. For example, captives that write the coverage for non-employee hospital physicians are now allowed to operate in Bermuda.

Following that and other regulatory changes, several medical malpractice captives have incorporated in Bermuda this year, and there have been many more inquiries about establishing such captives, Mr. Butterfield said.

He acknowledged that Bermuda "has seen its share of liquidations and insolvencies," but he called the "professional handling" of those failures "very positive."

Mr. Butterfield also acknowledges that few domiciles have higher business and living costs than Bermuda, but he claims that neither the cost of doing business nor local tax laws should be the overriding factors in choosing a domicile.

Instead, the most important consideration should be "where you feel most comfortable doing business," he said.

But, companies would be most comfortable in Vermont, according to Edward Meehan, the state's deputy insurance commissioner.

Despite Mr. Meehan's nickname—"Ayatollah"—the Vermont commissioner welcomes captives, he said.

Some potential captive owners "are a little nervous" about the attitudes of the new governor, Richard A. Snelling, toward captives, Mr. Meehan said. However, he reminded listeners that Gov. Snell-

ing previously held office—and that was at the time Vermont's captive law was enacted.

No changes in the state's attitude toward captives are anticipated, Mr. Meehan said. "We've got the same good old boy back again, and he loves captives."

Leonard D. Crouse, the director of captives at the state Department of Insurance & Banking, emphasized that "captive insurance in Vermont is considered an industry" and is backed by the administration and the public.

Each of the numerous changes to the state captive law since 1981 has had the "complete support of the administration," Mr. Crouse said.

"You must understand that everyone in Vermont knows about captives," he said. "They understand (captives') importance to the state" for creating jobs and bringing in capital.

Hawaii, though, has all the advantages of Vermont plus an abundance of sunshine and beautiful beaches, pointed out Insurance Commissioner Robin Campaniano.

"I've got to say that the initial draft of our captive law was taken verbatim from Vermont," Mr. Campaniano said. "So you may say that Ed Meehan, who so proudly claims that he is the author of the Vermont captive law, is also the author of the Hawaii captive law."

But Hawaii has improved on that law, Mr. Campaniano quipped.

Captive regulation is "run out of  
Continued on next page

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issue: April 15  
closing: April 3  
demographic section: Insurer Topics: Loss Control & Catastrophe Planning

issue: April 22  
closing: April 9  
editorial feature: RIMS Preview

issue: April 29 — Reader Service Bonus Distribution: RIMS  
closing: April 16  
editorial feature: Captives/Risk Manager of the Year — Directory: Captive Managers

issue: May 6  
closing: April 23  
editorial feature: RIMS Report: Employee Benefits  
demographic section: Agent/Broker Topics: Advertising/Sales Promotion/Community Relations

issue: May 13 — Reader Service Bonus Distribution: PRIMA  
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editorial feature: RIMS Report: Risk Management

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Continued from previous page my office, which sends a clear message to our captive population that we deal with you from our perspective first and foremost as a regulator," the commissioner said. "Our primary concern will be with your solvency and well-being."

And, in addition to providing adequate professional support services like other locations that court captives, Hawaii is attractive and easy to reach, Mr. Campaniano said.

Hawaii does not view captives as a big-ticket state revenue item. Instead, they are seen as feathers in the cap of a state with a fairly robust economy that is trying to become a major Pacific Rim financial center, he said.

In Dublin, Ireland, captives will find that, technically, they do not exist.

Captive regulation in Ireland is handled by the national insurance regulator, who operates under European Community directives, pointed out Paul Cronin, manager of the Industrial Development Authority of Ireland.

"There is no such thing as a captive insurance company in the eyes of the regulator in Ireland," Mr. Cronin said.

Captives, therefore, are regulated just like commercial insurers, he said. "The captive description simply means that the regulator is going to know who is going to be your major policyholder."

The first captive was licensed in Ireland in January 1989, and 60 facilities are expected there by the end of this year, Mr. Cronin said.

Most captives domiciled in Ireland are owned by large industrial companies with risks across Europe, Mr. Cronin said.

Mr. Cronin added that employees would have no difficulty getting visas or residence in Ireland.

"We've never made an issue of that," he said.

But, Illinois offers all of those advantages and more as a captive domicile, said former Illinois Insurance Commissioner Zack Stamp.

He touted the state as the one "that can give you the beaches of Hawaii, the mountains of Colorado and the sex appeal of Ed Meehan."

He explained that Illinois captive owners "never have to meet in Illinois" because state law does not require in-state meetings.

Therefore, "you're certainly free to pursue all those other avenues" by meeting anywhere, he said.

**Mr. Stamp says Illinois 'can give you the beaches of Hawaii, the mountains of Colorado and the sex appeal of Ed Meehan,' noting that Illinois captive owners 'never have to meet in Illinois' because state law does not require in-state meetings.**

Mr. Stamp said the regulatory climate in Illinois is a good one for captives.

"The general attitude of the department, and I see no reason for it to change, is that single-parent captives are going to be treated

very favorably," he said. "They will be given a lot of latitude in what they want to do and how they want to conduct business."

However, group captives "are going to be treated virtually the same as insurance companies," Mr.

Stamp said.

He also warned prospective captive owners looking at offshore locations or those who are considering moving a captive offshore to be "very cautious."

While offshore domiciles currently may offer owners the advantage of being out of reach of U.S. regulators, indications are that Congress will pass legislation to regulate the U.S. business of all offshore companies.

If that happens, captive owners a few years from now might find themselves looking to move an offshore insurer back to the states, Mr. Stamp observed. ■

## Rain dampens 'research' at CICA

SCOTTSDALE, Ariz.—The pleasant desert scenes that the Captive Insurance Companies Assn. customarily enjoys during its annual meeting turned ugly this year.

Hail and rain put a damper on a portion of the conference's famed "independent research."

CICA alternates its annual meetings between Arizona and California and manages to end each day's formal schedule just after lunch. Afternoons traditionally are given over to "research" on the mysteries of golf, tennis and poolside activities.

Not this year. Unseasonably bad weather limited the options on several afternoons this year. As a result, research consisted mainly of figuring out Parcheesi moves or which in-room movie to watch.

The rain and hail didn't keep away speakers, though, including: Charles Ruoff, senior vp of Sedgwick James Inc.; Joseph Smetana, president of AIGlobal and chairman and CEO of AIG Risk Management Inc.; Eugene Anderson of the New York law firm Anderson, Kill, Olick & Oshinsky; and officials from several captive domiciles that met in a panel discussion.

About 200 people attended the conference. Next year's meeting is set for March 1-4 in what is hoped to be sunny Rancho Mirage, Calif.

More information on CICA and its annual meeting is available from the organization at 205 E. 42nd St., New York, N.Y. 10017; 212-687-4501.

By Michael Bradford



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# Reinsurers tougher on late notice

## 'You are the enemy,' captives warned

By MICHAEL BRADFORD

SCOTTSDALE, Ariz.—Captive insurers that delay notifying reinsurers of claims are going to be left footing the entire bill, warns a prominent policyholder lawyer.

"Late notice is not wine. It does not improve with age," said Eugene R. Anderson of Anderson, Kill, Olick & Oshinsky in New York.

"This group is going to forfeit a billion dollars in insurance coverage this year because you do not give notice to your reinsurers," Mr. Anderson said at the annual meeting of the Captive Insurance Companies Assn. here last month.

Gone are the days when reinsurers paid claims even if they had not been notified early, he said.

"There was a custom of the trade in the old days," Mr. Anderson recalled, "when reinsurance was on a gentlemen's basis, when the ceding company did not give notice and after it paid a loss, sent the bill to the reinsurer and the reinsurer paid. Not anymore."

Reinsurers, he said, are routinely rejecting even the largest commercial insurers' claims because of late

notice. And if those insurers' claims aren't getting paid, "you know what's in store for captives," said Mr. Anderson.

"If there ever was a gentlemen's way of doing business, it doesn't apply to captives," he said.

"You are the enemy," he told captive owners. "And reinsurers can visit a special form of viciousness on captives because they see you as neither fish nor fowl."

"On the one hand," Mr. Anderson explained, "you're trying to horn in on their business. On the other hand, your parent companies are making claims against them."

Not only do captives have to notify reinsurers of claims paid, but also of incidents that may give rise to claims.

And, he urged, captives should never assume what reinsurers know.

"You may think, 'Oh well, the reinsurers know all about the asbestos problem, the problems of the roofing industry, the environmentalists. So we don't have to write them a special letter.'"

However, Mr. Anderson said reinsurers have denied claims because an insurer failed to inform them of something as obvious as the fact that there is asbestos litigation in the United States.

"You are in jeopardy, and the brokers are in jeopardy if you screw around at all with late notice," said Mr. Anderson.

To avoid further difficulties with reinsurers, he advised captives to keep meticulous claims records.

**'Make absolutely certain that your record keeping is A-1 perfect,' Eugene Anderson advises.**

"Make absolutely certain that your record keeping is A-1 perfect and that you have kept reinsurers advised of what's going on on a regular basis. Stuff paperwork down their throats," Mr. Anderson urged.

He said his firm is representing a captive in arbitration with a reinsurer that claims the captive handled claims negligently. "The reinsurers have gone through 500,000 documents in the captive's files. And what do you know? They've got 50 instances where there's something wrong with the records."

In one instance, the paperwork indicates there was an error in which a claim was paid at an amount \$10,000 higher than it was settled, said Mr. Anderson.

"The reinsurer's counsel is making that \$10,000 error into an attempt on the part of the captive to defraud the reinsurers," said Mr. Anderson.

"And they're going through each one of the 50 errors they have turned up in the captive's files," Mr. Anderson noted. The point? To show the arbitrator that "these frauds, these leeches on the body of mankind, do not deserve their reinsurance," he said.

The lawyer told captive owners that since reinsurers are successfully challenging major insurers' claims to reinsurance, "you ought to double your vigilance" with regard to record keeping and timely notice of claims.

"Your reinsurers are going to find some needles in your haystack and they are going to stick them to you," he warned.

"Keep the flow of paperwork up," Mr. Anderson said. "Act as though you were a government bureaucrat" and cover your tail, he said.

"Keep in mind: If it is not in writing, it does not exist," he said. The lawyer also warned captives they must consider what insurance other than the coverage they pro-

vide might pay an owner's claim. Otherwise, a reinsurer may have grounds to reject a reinsurance claim because the captive settled a claim it was not responsible for paying.

"When you are considering claims, look to OPI—other people's insurance," advised Mr. Anderson. "Because the reinsurer will say, 'Sorry captive, you paid \$78 on that claim and there was other coverage for that policyholder that you did not pursue.'"

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# 'Archaeologist' reconstructs past insurance

By MICHAEL BRADFORD

SCOTTSDALE, Ariz.—Although not as thrilling as the exploits of Indiana Jones, insurance archaeology certainly can keep a policyholder out of a deep hole, says the field's founder.

Policyholders must be prepared to respond if a claim from a long-ago accident arises, said Randolph Fields, who is credited with inventing insurance archaeology in 1981.

At the heart of insurance archaeology is reconstruction, Mr. Fields, president of R.M. Fields & Co. in Philadelphia, said at the annual meeting of the Captive Insurance Companies Assn. last month in Scottsdale, Ariz.

Only after a company's insurance history is reconstructed can policies that were in force be interpreted to determine coverage, Mr. Fields remarked. "Until that is done, you have effectively tied both hands behind your coverage lawyer's back."

Without that information, he explained, lawyers can do nothing to "exploit what are literally invaluable assets."

Most of the reasons for reconstructing an insurance history are obvious, Mr. Fields said.

Consider, for example, environmental liability cases.

"I think everybody now appreciates that it doesn't matter how well-managed your company was over the last 100 years. If the local government failed to handle your waste properly unbeknownst to you, the bill is going to be sent to you," he said.

Another obvious area of concern is product liability claims.

"You may have made the greatest product of all time 40 years ago," Mr. Fields said. "It may have been safer than any other product on the market. But if today that product starts injuring people, you may be liable and you have to know who insured you at that time."

But not all potential liabilities are so apparent. One often overlooked area is discrimination, Mr. Fields said.

"There are cases being reported where companies are being cited for practices that took place in the 1950s and 1960s. Did you know that coverages written in the '50s, particularly in London, were written on a personal injury basis that covered such discrimination cases?" he asked.

Many companies that grew through acquisitions need to know the insurance history of the firms they purchased, Mr. Fields pointed out.

As an example of what he called this "ticking time bomb," he cites the companies bankrupted or nearly bankrupted by asbestos claims.

Many, he said, were never in the asbestos business.

"They made a mistake," said Mr. Fields. "They bought another company that at some point in the past had been involved in the asbestos business."

Most of the companies that once made asbestos products had already stopped doing so when they were acquired, he said.

However, the best reason for constructing an insurance history is just to "get your records in order," Mr. Fields suggested.

"The time to do it is before there

is a claim," he said. "Believe you me, when there is a claim situation and I have to go and research the records and talk to brokers and insurers, when I mention the word 'asbestos,' they run for cover."

If records are put together before there's a problem, "you'll find it's much easier and the level of cooperation you get from the carrier is much greater."

Mr. Fields explained that a typical insurance reconstruction project involves an understanding of the "historic market that you operate in as an insured."

To understand the insurance practices of the 1950s, for example, one has to know which insurers might have written coverage for certain types of businesses at that time.

As an example, he pointed out that excess insurance above \$2 million that was written between 1950 and 1960 almost "had to be purchased in London." If a domestic market was found to have written such a risk, the insurer always purchased facultative reinsurance, he added.

There are other facts that can be used during an insurance reconstruction, Mr. Fields said. "We know, for example, that in 1959 the total amount of general liability coverage available was \$20 million. And that included both London and the U.S. market."

And where does Mr. Fields' staff dig up all its information? Their sources include:

- Client records.

These can include information like minutes from board meetings, legal department files, claims records, accounting records and acquisition documents.

The goal is to find policy numbers that can be used to track coverage through the insurer.

- Brokers.

"Most domestic brokers can be extremely helpful" in providing information from the 1960s to the present, Mr. Fields said. "Very few have the records prior to that time period."

Identifying the domestic broker is important, he stressed, because many had relationships with London brokers through which a client's policies would have been placed.

- Insurers.

Asking a U.S. insurer to confirm the history of a client's coverage is often "a waste of time," but "there are exceptions," he said. "Depending on who the carrier is, that is an excellent source."

- The National Archives in Washington, D.C.

Although "a little patchy," Mr. Fields said, the archives contain information on military contracts signed with many companies during World War II and in the years following the war.

Those contracts can provide some insurance clues, he said.

- Railroad companies.

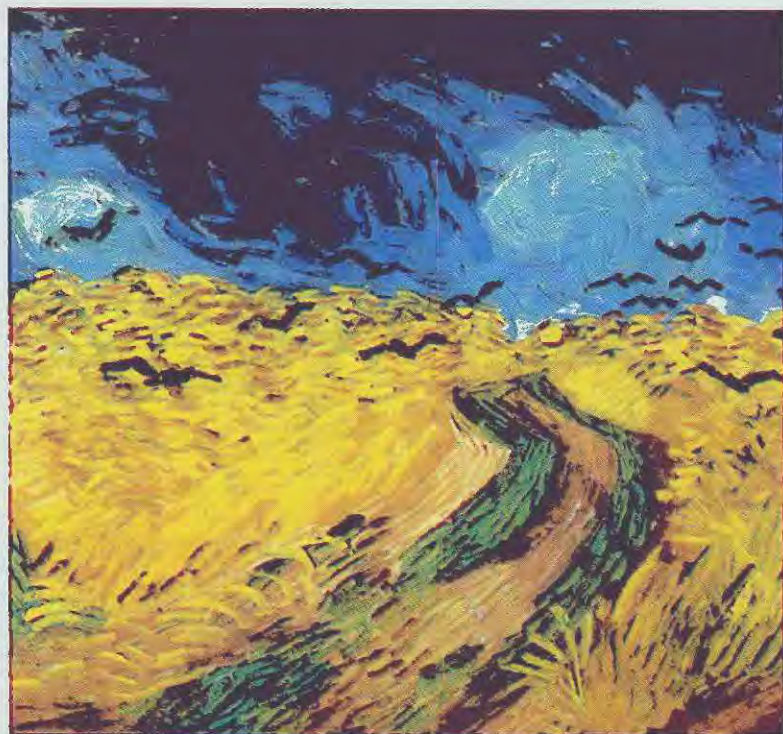
"Some of the railroad companies have pretty good record systems," said Mr. Fields, and they required certificates of insurance from many companies that used side tracks.

"Every industrial company in America was connected to the railroads in the '40s and '50s," he remarked. "I've yet to find one that wasn't."

- Banks.

"Depending on what type of coverage you're looking for, banks and lessors can also be very helpful," Mr. Fields noted. ■

## INTERNATIONAL



"Wheat Field with Crows," the last painting by Vincent Van Gogh before he died, was one of three severely damaged in a botched theft.

# Van Goghs uninsured for damage by thieves

By MARIA KIELMAS

AMSTERDAM—Any losses stemming from the attempted theft and subsequent damage of a score of Vincent Van Gogh paintings from an Amsterdam museum are not insured.

Like other national museums in Europe, the Van Gogh Museum in The Netherlands does not purchase commercial insurance for its art collection, said a spokeswoman from the Ministry of Welfare, Health and Culture in The Hague.

Any damage to the recovered works will be repaired by the Van Gogh Museum's own restorers, she said.

In the early hours of Sunday April 14, armed thieves broke into the Van Gogh Museum and overpowered security guards, accord-

ing to an Amsterdam police spokesman. The guards were unable to notify the police until two hours later, he said.

Police last week said they were questioning the security firm, which the spokesman identified as "CNC Amsterdam," to determine what took place during that two-hour period.

The thieves escaped with 20 paintings. But, 35 minutes after the theft was reported, the police recovered all of the works from a van the thieves had used in the theft and then abandoned at a train station.

Three paintings, though, were severely damaged with tears and punctures, the police spokesman said.

Those works are:

- "Still Life With Bible,"

Painted in 1885.

- "Still Life With Lemons, Pears and Grapes," painted in 1887.

- "Wheat Field With Crows," painted in 1890.

Art historian Ivo Bouwman was quoted in the Dutch press as saying that "Wheat Field With Crows" probably would be worth as much as other works by Van Gogh that have recently sold, like "Sunflowers," "Irises" or "Portrait of Dr. Gachet." The latter work sold last year in New York for \$82.5 million.

Two forms of coverage generally are available for art collections, according to Julian Radcliffe, a director of Hogg Group P.L.C. in London.

The first covers exhibitions of works on loan from other galleries or private collectors, he said.

Continued on page 43

## BERMUDA

# CODA tells brokers it's as strong as ever

By ROGER SCOTTON

HAMILTON, Bermuda—Corporate Officers & Directors Assurance Ltd., the Bermuda-based directors and officers liability insurer, is putting 85% of earned premiums into loss reserves this year, while assuring producers it is as strong as ever.

CODA Chairman and Chief Executive Officer Donald Snyder said that as a result of its new reserving policy, the insurer has already added almost \$10 million to year-end 1990 loss provisions of \$116.6 million since the beginning of fiscal 1990-1991 on Nov. 1.

CODA, which is managed in Bermuda by ACE Insurance Management Ltd., a subsidiary of excess liability insurance giant ACE Ltd., provides up to \$25 million of either primary or excess personal coverage to directors and officers for

risks that their corporations are either unwilling or unable to indemnify. Up to \$10 million of fiduciary liability coverage also is available from CODA.

Mr. Snyder revealed details of the new reserving policy after releasing a financial viability memorandum to shareholders, policyholders and brokers last week. The memorandum defended CODA's decision to put \$90.7 million into reserves in 1990 and take a \$38.6 million net loss for the year—a result that contrasted sharply with CODA's \$35.8 million of net income and an underwriting profit of \$13.6 million in 1989.

The decision led several brokers in Bermuda to express concern about the insurer's financial health (BI, April 1).

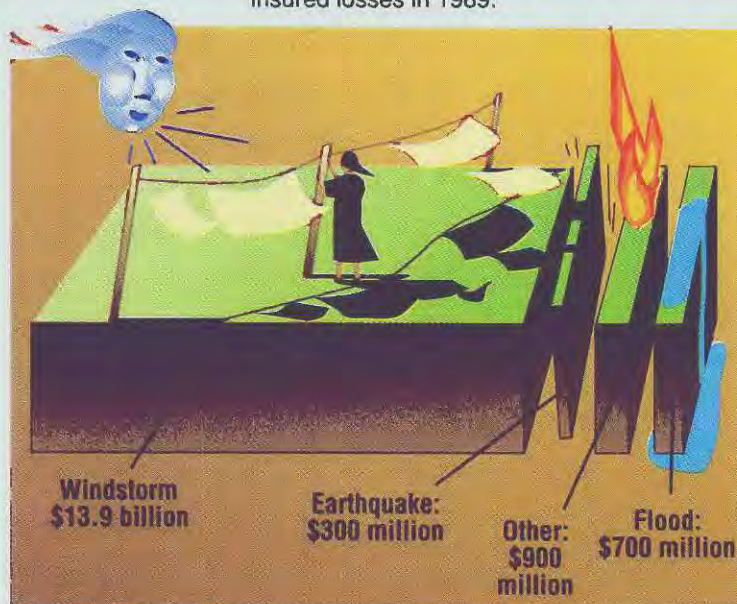
The memorandum, which was signed by the CODA executive

Continued on page 43

# Disaster toll keeps rising

## Batten down the hatches

Insured damages from 420 natural disasters in 1990 totaled a record \$15.8 billion, which is nearly double the \$8.12 billion in insured losses in 1989.



Source: Munich Reinsurance Co.

GRAPHIC BY JOHN SMITHER

Munich Re reports 1990 disasters cost insurers \$15.8 billion

By GAVIN SOUTER

MUNICH, Germany—The economic cost of natural disasters has dramatically increased over the past 30 years, while insured losses during the same period have nearly quintupled, according to the world's largest reinsurance company.

Economic losses stemming from disasters increased by a factor of 2.75 from 1960 through 1989, while insured losses increased by a factor of 4.57 during the same period, according to Munich Reinsurance Co. of Munich, Germany. And, if 1990 storms were to be included, the factors would "increase drastically," Munich Re says.

Last year marked the worst year ever for natural catastrophes with winter storm losses in Europe and earthquakes in Iran and the Philippines, says a report by Munich Re-

Continued on page 43

# 1991 AIRMIC conference

## Risk managers are urged to seize freedoms in E.C.

By STACY SHAPIRO

CAMBRIDGE, England—Freedom is "a Holy Grail" for which risk managers hunt, even though "we don't know what it looks like; we don't know what we're hunting for; and we wouldn't know what it looked like if we found it," a risk manager says.

Traditional definitions and concepts of "freedom" were dismissed by Tony Benson, head of group risk management of Guinness P.L.C., during a speech at the annual conference of the Assn. of Insurance & Risk Managers in Industry & Commerce, held April 9-12 in Cambridge, England.

"The Freedom Factor" was the title of this year's AIRMIC conference, which attracted more than 400 people to speeches and workshops dealing with such topics as political freedom in Eastern Europe; free-

dom of insurance services in the European Community; and consumer freedom.

At the outset of the conference, however, Mr. Benson dismissed a dictionary definition of freedom: "exemption from arbitrary control: the power of self-determination."

And, he questioned other definitions of freedom. "The freedom of conscience may give the right to think or believe as one pleases—but can one say what one thinks (freedom of speech) or publish what one thinks (freedom of the press) regardless of the law of the land?" Mr. Benson asked.

Is there "any real freedom under the law if in practice the law is unjust, made retroactively, or made under enabling legislation which eliminates the need for further public debate, or is formulated within

Continued on next page

## Experts say training key to surviving media crisis

By STACY SHAPIRO

CAMBRIDGE, England—Two journalists, one toting a video camera, storm into an executive's home and start asking questions on live television about a disaster—before he has had a chance to prepare an appropriate response.

That scenario, which could conceivably harm a company's public image and cost millions of dollars in lost sales and stock values, was played out at a workshop on "Crisis Media Management" during the Assn. of Insurance & Risk Managers in Industry & Commerce's annual conference here earlier this month.

As members of the workshop were being seated, two men—later identified as John Brand, managing director of London-based consultant Television & Radio Techniques,

and Gary Bartram, technical manager of TRT—stormed into the room.

Mr. Brand, in a rough and demanding voice, started directing people where to sit and asking them blunt questions while Mr. Bartram pointed the camera in their faces with lights blazing. Only one person chose to stay where he was.

Mr. Brand then asked one member of the audience to stand in front of the room and asked several questions, ordering her to "look at the camera" as she answered.

Finally, Mr. Bartram turned off the camera, while Mr. Brand took the podium and—now quite calmly—welcomed those attending the workshop.

"Think the unthinkable and plan for it now," Mr. Brand said. Think of the crisis situations that could increase the liability

Continued on page 39

AIRMIC

## INTERNATIONAL

## E.C. freedoms

*Continued from previous page*  
a tyrannical or undemocratic system?" "Is there any true freedom of competition if the existing law is unfair to the various competitors, or produces injustices or inequality for them or for the clients whom they are attempting to serve?" he asked.

Instead, Mr. Benson gave his own definition of freedom: "The right to determine one's own behavior, governed only by the constraints of a just and equitable legal system and by compliance with fundamental moral law."

The practical implications of this definition of freedom—which he said makes up the "true chalice" and not the "flawed grail"—are different from the idealistic concepts of freedom, according to Mr. Benson.

For example, there is talk of the freedom to trade across European Community borders for all types of business, including insurance.

But Mr. Benson asserts that this is more a "freeing up of the moving parts of the business, legal and social machinery of the community. The directives emerging from Brussels—with depressing frequency, it must be said—are generally instruments of integration rather than fundamental declarations of human rights."

Nevertheless, the E.C. changes are "of key importance to us all," he said. "We need to take every step to ensure that such directives and the subsequent legislation which flows from them are unambiguous, capable of successful implementation, framed for the general good, and legal within the fundamental concepts of the Treaty of Rome," the agreement that established the European Community.

"I think that it necessarily follows from this that if we are to attain greater effective freedoms, we must collectively devote more resources to ensuring that the legislation is fundamentally sound," Mr. Benson said. "In our industry, I believe that we cannot enjoy true freedoms unless we earn them."

However, Mr. Benson said AIRMIC and others have been "lazy" about responding to the proposed E.C. directives. Only by getting the "small print right" will businesses achieve the freedoms they want in the European Community, he said.

That prompted a member of the audience to ask AIRMIC's chairman to what extent the group had considered a proposed third non-life insurance directive from the European Community that would lift certain restrictions that remain to cross-border sales of insurance.

AIRMIC Chairman Brian Pountney reported that AIRMIC executives currently are "reviewing" the proposed directive.

Mr. Benson also pointed out that there have been moves toward freedom in other parts of the world, particularly in Eastern Europe, as well as in third world countries. Even in the United States—known as "the land of the free"—there has been "increasing liberalization with the slow dawning of the realization that (the U.S.) economy is not insulated from prevailing global trends," he said.

Meanwhile, in some parts of the world, restrictions on insurance are a result of new freedoms in governments, an underwriter contends.

Many insurers prospered under new-found freedoms and collected huge pools of capital that the governments have seen as an important tool in the economic progress of their nations, said Walter Scott, chairman and chief executive officer of Bermuda-based ACE Ltd., at another AIRMIC conference session.

As a result, governments have become involved in insurance, he said, either by nationalizing private companies or by insisting that only domestic insurers write domestic business so that premiums are retained within the country.

India, Pakistan, and nations in Africa are just a few countries that have nationalized insurers, he said.

And, in countries that already are considered "free," insurance has become "a rich source to levy," he said. In the United States, for example, state legislatures that want to legislate for social programs at the expense of industry are regulating prices of auto insurance and workers compensation insurance, which creates losses for insurers, he said.

One speaker said that soft and hard insurance markets are caused by "freedom."

It's the "freedom of insurers to determine the premium rates they believe to be justified, whether they are looking at the risk they are running or seeking cash for the investment department or to pay yesterday's claims," said George F. Nixon, chief executive of broker Willis Wrightson Ltd. of London.

"There is, in addition, the laud-

able freedom of competition, nationally and internationally, which is characteristic of the insurance business. But the upshot is wild swings—seeming to get wilder as each cycle passes—in underwriting results, coverage and premium rates," he added.

These cycles hurt the insurance buyer who is trying to plan ahead and make assumptions about the cost and availability of coverage, Mr. Nixon said.

Freedom for U.S. insurance companies and Lloyd's of London has also caused problems, he said, referring to insurer insolvencies in the United States and allegations of underwriting negligence by some Lloyd's names.

A case may be made for more regulation in the United States as an answer to concerns over insurer solvency, Mr. Nixon said.

At the same time, he contended, Lloyd's is suffering from overregulation.

"Is the solution greater regulation, protection of the investor (Lloyd's names)? Or are the investors—the names—really at fault for having given too much freedom to their agents and insufficient attention to the risks they themselves were running?" he asked.

Meanwhile, at another session, Mr. Nixon said risk managers also are encountering the issue of "freedom" within their companies.

More and more, central control of corporations is diminishing and authority and responsibility are being passed on to various managers, he said. In other words, corporate headquarters are "giving management freedom of action but establishing a framework of cooperation and accountability," Mr. Nixon said.

This poses problems for some risk managers, he said. The insurance and risk management department typically will remain centrally controlled, which means that the risk manager

"has to perform his role by influence and persuasion rather than dictate" to other managers, he said.

"Risk managers often face the problem of lack of authority," said Mr. Nixon. "Although it is seen as important and necessary to retain expert risk management guidance and a central head office function, risk managers are frequently given the responsibility for that function, but without the authority to go with that responsibility," he said.

"So in a commercial or industrial undertaking where much freedom is given to the managers to run their businesses, the central risk management function has to be led by someone of considerable ability in presentation, negotiation, persuasion and implementation skills, as well as having an in-depth understanding of the business of his or her employer together with a good knowledge of risk management and insurance," Mr. Nixon said. ■



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## INTERNATIONAL

## Crisis management

Continued from page 37  
of a company if answers to the media's questions aren't dealt with professionally, he said.

"If you don't think now about the unthinkable, then the night it happens will be awful," he said.

As technology becomes more advanced, the "more vulnerable we become" to media exposure following an accident or disaster, Mr. Brand said. Since news travels faster and farther than ever, a company must not only manage its response to a crisis, but also its response to media questions, he said.

"The way you handle (the media) will have immediate implications," he said. "You are the risk managers. We in public relations are the reputation managers."

Mr. Brand played back the video of the first few minutes of the workshop when he and Mr. Bertram had

acted as television journalists. He said the experience simulated what happens when someone in a corporation gets a surprise phone call in the early hours of the morning from a journalist asking for comment about a disaster.

The results can vary, he noted.

For example, a British Midland Airways crash in Kegworth, England, happened at "a most unfortunate time" in the evening, but the airline's chairman responded immediately and sympathetically during the evening news, Mr. Brand said.

However, the 1986 sinking of the Herald of Free Enterprise occurred at 7 p.m. on a Friday when no one was at the offices of ferry owner Townsend Thoreson, which had just been bought by the P&O Group and whose chairman was in New Zealand. It took the company 24 hours to respond to media inquiries about the disaster, which he said contributed to a drop in the company's stock price.

Looking at the video, it was obvious that all but one of the people did exactly what Mr. Brand told them to do. "We ordered you to stand up and you did. Would you act like that in the normal course of management?" he asked one of the workshop participants.

"No," was the response.

"All of you let me push you around," he continued, noting this would not be taken as a sign of cooperation but one of weakness.

In the event of a real disaster, there may be more than one journalist to contend with, in which case a news conference might be the best way to respond, according to Mr. Brand.

Mr. Brand then chose six people from the workshop to act as representatives of the AIRMIC conference who called a news conference to talk about the conference itself.

"This is about crisis management, but" using the AIRMIC conference as the subject of a press conference

"will help show you how you behave in public," Mr. Brand explained.

There first was a 10-minute discussion among the "AIRMIC representatives" on who should do what during the news conference.

One suggestion was to plant some representatives in the audience to ask questions, but Mr. Brand warned against doing that. "Beware of plants. They can sometimes be nettles and weeds," he quipped.

Finally, the group decided that three people should represent AIRMIC at the mock news conference and one of those three would be the chairman. The others would sit in the front row of the audience to answer any difficult questions that needed their expertise.

The mock news conference was taped, complete with questions from the audience that were fielded by the three participants. The questions were handled sometimes by directly answering them or sometimes by not

answering them at all.

When the tape was played back, workshop members decided that:

- The answers were too long.
- The participants didn't look directly at members of the "media."
- The participants weren't looking at the chairman when he was speaking and instead appeared asleep because they were looking downwards or writing on note pads.

Mr. Brand also pointed out that a company's executives can be remembered for a single photograph, and sometimes that's the photo in which they are yawning.

However, Mr. Brand later warned that "a journalist does not have a right or wrong view of the world. But he has to get the story and, if you're in the way, that's the story."

A press conference should look organized, Mr. Brand noted. For example, all speakers should enter and exit the room in an orderly fashion and chairs should be pushed out so that everyone can reach them easily.

Mr. Brand also paraphrased British politician Denis Healey who said that the "rule of holes" is that "when you're in a hole, stop digging." In other words, when journalists ask questions that are the opposite of what you're trying to say, avoid using negative words in your responses to add fuel to the allegations, Mr. Brand said. If the question is irrelevant, then say so and say you didn't hold the press conference to talk about that, he said.

But don't avoid answering the question altogether, warned Mr. Brand. And never stand up and walk out of an interview, he said. "Walk out and you're guilty as charged."

Also, always act in charge at a press conference, he advised. This can include giving an introduction; saying how long the news conference will last; fielding questions; and having a closing phrase before walking out.

## AIRMIC finds roomier site for meetings

CAMBRIDGE, England—The Assn. of Insurance & Risk Managers in Industry & Commerce annual meeting is outgrowing Robinson College at Cambridge University, its longtime quarters.

Next year's meeting will be held at Robinson College, but thereafter the meeting will be held elsewhere, the group says.

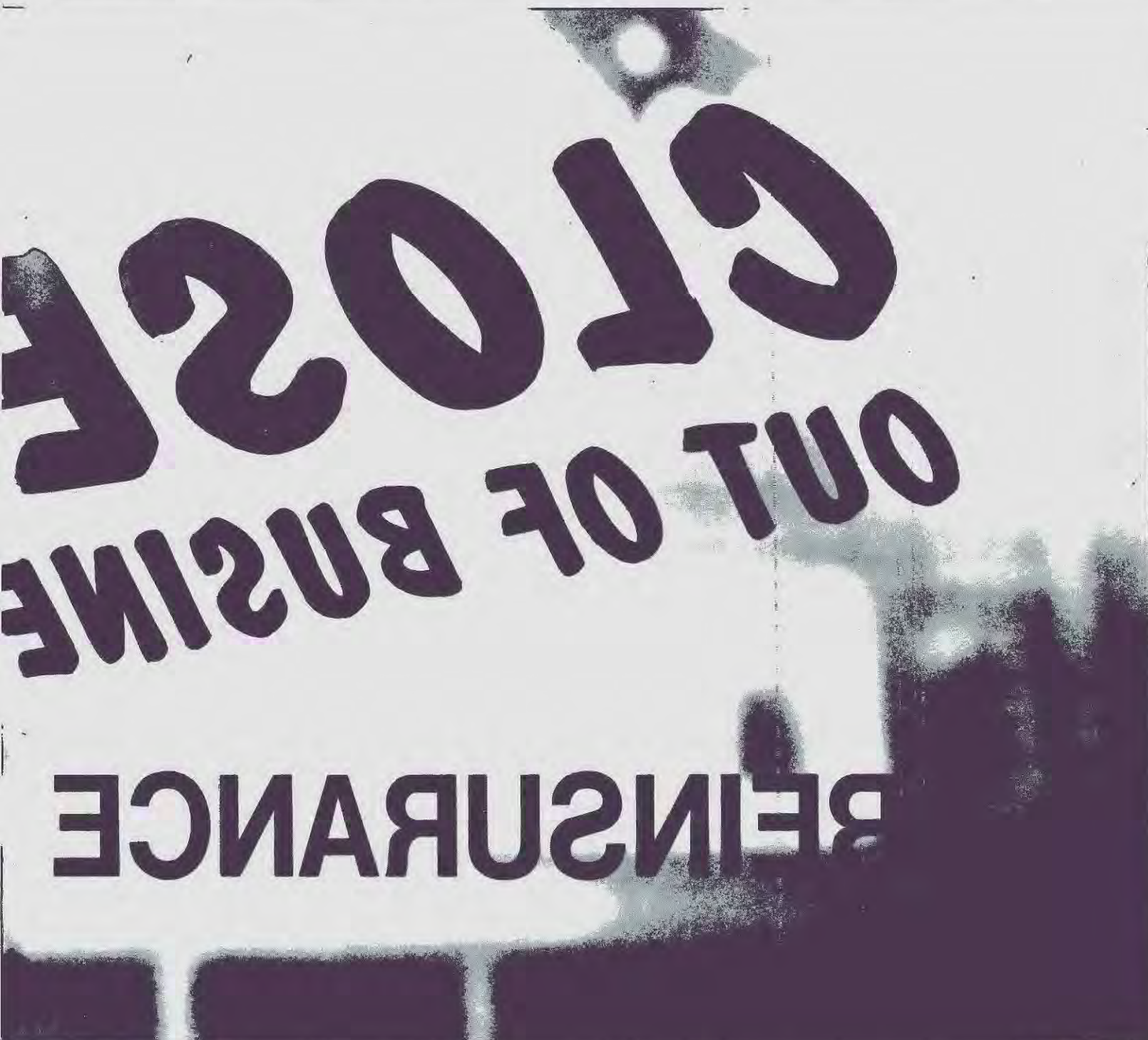
More than 400 delegates, speakers and exhibitors attended this year's meeting. Some had to watch broadcasts of speeches given in the college's main auditorium on a screen in another college auditorium.

Exhibitors are also running out of space. Most exhibitors were accommodated in a tent in the center of the college, but others like Zurich Insurance Group and Lloyd's of London had to make do with space farther away from the entrance of the main auditorium.

As a result, the conference will be moved to Warwick University in Warwick in 1993, said Brian Pountney, chairman of the AIRMIC council.

The new facilities offer on-site accommodations, allowing more delegates to attend. Also, a wide range of leisure facilities and larger exhibition areas will be available, the group said.

For more information on the 1992 AIRMIC conference, contact the group at 6 Lloyd's Ave., London EC3N 3AX; 71-702-3752.



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# Eastern Europe will modernize—in time

By STACY SHAPIRO

business, he explained.

Yet he said he is optimistic that Germany in time will overcome these obstacles.

However, it will take some time for the people in other parts of Eastern Europe to get used to their new-found freedoms and the concept of risk management, Mr. Bremkamp said at the AIRMIC meeting.

Eastern Europe's greatest problem is that political change has been rapid, while economic reform is moving at a snail's pace, he said.

"What is lacking here is probably the successful transfer of a politically effective idea into an economic idea—an idea which will grab the masses like the idea of freedom and democracy," he said.

Because old economic ideas still flourish, the economies of Eastern Europe's young democracies are still in chaos. As a result, the voters—who pay higher prices for fewer goods in some of these countries—are now requesting a return to stricter economic controls, according to Mr. Bremkamp. Such controls include "a government distribution system with regulated prices," he said.

"An inconsistent economic policy might finally endanger the achieved pluralistic level of the young democracies and might ring the bell for a political reversal," he warned.

However, Mr. Bremkamp added that in the long run he is "very optimistic." Political liberalization has opened up new markets in the East to Western investors, including insurance companies, he said.

With many former state-owned insurance monopolies being privatized and other companies being allowed to form, the potential for Western insurers is great, he said.

Only 24 insurers in Eastern Europe now cover 400 million people, compared to 4,000 insurers in the European Community covering some 320 million people, said Mr. Bremkamp. And the average premium per person in Eastern Europe is 70 pounds (\$125.30), compared with 550 pounds (\$984.50) on average in the European Community, he said.

"The situation with all its problems and challenges will certainly demand our full attention in the near future," Mr. Bremkamp said. "Those who believed (a year ago) in a fast

transition from a socialist to a capitalistic market structure without major difficulties have to accept today that the reality has turned out to be very different."

During a workshop session on Eastern Europe, some conference delegates learned more details about insurance and risk management in some of these countries.

Hungary, for example, has made the most progress in insurance-related reform, said D. Jeffrey Manners, a senior vp with Gradmann & Holler & Kiefhaber, a unit of Marsh & McLennan Cos. Inc. in Vienna, Austria.

Eleven insurers are now set up in Hungary, six of which are majority-owned by foreign insurance companies, Mr. Manners said. Those foreign insurers include American International Group Inc.; Assicurazioni Generali S.p.A.; Allianz; Colonia Versicherung A.G.; Nationale-Nederlanden N.V.; and Groupe des Assurances Nationales.

And among the 20 brokerages now in Hungary are subsidiaries of Jauch & Hubener; Sedgwick Group P.L.C.; and M&M.

Marsh & McLennan has found that Hungarian employees in its new Budapest office are computer-literate, Mr. Manners said. But, ironically, they are dumbstruck by files and filing cabinets, which haven't been available in Hungary.

New insurance legislation is being considered in Hungary, but meanwhile, the country "has made greater progress than all the other states by a series of amendments to the existing law," said Mr. Manners.

Meanwhile, Poland, Yugoslavia and the Czech and Slovak republics of Czechoslovakia have passed "comprehensive new insurance legislation," Mr. Manners said.

Poland—which has at least four insurers partially owned by foreign firms—has placed legal restriction on outward reinsurance. No more than 90% of premiums collected annually by an insurance company may be reinsured; only a maximum of 15% of the ceded premiums can go to any one company; 20% to any one group; and 25% to any one country.

Yugoslavia had limited foreign ownership of domestic insurers to 49%, but that has since been rescinded.

Foreigners still may not hold shares in life or reinsurance companies in Yugoslavia, however.

In Czechoslovakia, the Czech republic has capped foreign ownership of insurers at 45% of each company; while the Slovak republic has capped it at 25%.

"These limitations shall apply for only a few years," said Mr. Manners. "The idea is that this will be long enough to develop a domestic insurance industry strong enough to stand up to foreigners and competitors."

Workshop members discussed which of the Eastern European countries will be most attractive to Western investors. The opinions were that Hungary is the most forward-thinking and had the best chance; and Romania holds a lot of promise if it doesn't get too bogged down in its domestic issues. The others needed to resolve internal problems or become less restrictive to attract foreign capital, they agreed.

Meanwhile, the concept of insurance and risk management is very new in Eastern Europe, said Mr. Manners.

"We cannot expect to find any evidence of risk management or insurance consciousness among the local managers, whether they be in the state sector or the new private sector," he said. "In fact, some managers will view insurers with suspicion as

insurance was sometimes used as a means (of tax) to raise revenues for the state."

And the fact that an Eastern European company is majority-owned by a Western company "is no guarantee that it will be properly insured. I have seen examples of clients assuming they had cover where none existed, or being heavily underinsured when they did."

Western companies looking to invest in Eastern Europe would be "well advised" to consult with someone who knows both the local markets and practices and understands Western insurance practices, Mr. Manners said.

"The arrival of insurance freedom in Eastern Europe, though it is to be welcomed, has not made the life of a risk manager any easier," he said. "In the past there was one insurer, a limited choice of (policy) forms, and no say in the rating. Freedom implies choice and responsibility."

"As risk managers, brokers and insurers, we now have a variety of means available in Eastern Europe to meet our ends and those of our clients. However, we have a responsibility as well, one that goes beyond the immediate needs of our own companies and clients. That responsibility is to help keep the flames of freedom burning in Eastern Europe," he said.

## AIRMIC audience calls journalist's proposal all wet

By STACY SHAPIRO

CAMBRIDGE, England—Risk management ideas can come from unusual sources.

**AIRMIC**

For example, last year a London newspaper reporter—frustrated with the unprecedented number of catastrophes occurring in Britain over the past several years, the lack of objective information about them and the fact

that the public had no place to go with their questions—took to his bathtub with a bottle of whiskey, a soggy envelope and a pen.

When Richard North, a former reporter for The Independent and now environmental editor for The Sunday Times, emerged from his soak, he had put together his ideas for a governmental "Risk Management Authority," where scientists from all British government agencies would come together in one body to assess risks. This authority, which would report to Parliament, would issue reports and suggest legislation to reduce risks. And the authority would "speak truth to power" on how to avoid catastrophes, he said.

Mr. North's ideas were incorporated into an article in The Independent, which sparked interest among members of the Assn. of Insurance & Risk Managers in Industry & Commerce and was adopted as the topic for the "formal" debate held at the end of the AIRMIC conference earlier this month.

Speaking in favor of the debate's motion—"This house considers that a governmental Risk Management Authority should be established"—were Mr. North, just back from an assignment in Kuwait, and Paul Bawcutt, managing director of Risk & Insurance Research Group, a London consulting firm.

Opposing the motion were Eddie Hazel, managing director of the risk services division of Sedgwick James Ltd., and Roger Miller, executive director of AIRMIC.

Mr. North noted that when a disaster strikes, the public turns to television or newspapers for answers. But, that is no place to turn because "journalists love a crisis" and escalate it beyond proportions, he said.

Advocacy groups don't have the answers either, especially since they are in cahoots with the media, he said. And the government currently is no help at all, since all it seems to do is regulate, he added.

However, Mr. Hazel rebutted the  
Continued on next page

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## INTERNATIONAL

Continued from previous page motion, explaining that he thought that the proposal would only add to the bureaucracy risk managers already face from government.

The British government already has a "line" of risk management running through various departments, like the Health and Safety Executive, the equivalent of the U.S. Occupational Health and Safety Administration; the water inspectorate; the pollution inspectorate; and other agencies.

One agency could be created to encompass all these functions, Mr. Hazel continued. "But how far should this go?" he asked, adding that the proposal "raises more questions than answers."

Would it create bureaucracy that would inhibit industry? he asked.

And where would the funding come from? Full government funding is unlikely, so who else would be asked to contribute? he asked.

Staffing could present other problems. Mr. Hazel wondered if there would be enough people with risk management qualifications to run the authority.

The objective of a government risk management authority would be to demand minimum standards, but other agencies already do this, Mr. Hazel continued.

The biggest help government could give industry would be to ensure more rigorous data collection to estimate the cost of risk, instead of the establishment of a government risk management authority, he said.

However, Mr. Bawcutt, in support of the motion, said a risk management authority would mark a "proactive, humane approach" to risk management.

The British government already has introduced safety legislation following major disasters to "seek action" from responsible parties, Mr. Bawcutt said. But a risk management authority would avoid the overlap that is caused when various government agencies attempt to mitigate risks, he said.

In fact, establishment of the authority would be "a good old-fashioned risk management approach" to disaster prevention.

Mr. Miller, the other speaker opposing the proposal, said he thought a governmental risk management authority would be "onerous."

During his lighthearted speech, which had the audience roaring with

laughter, Mr. Miller pointed out that "whatever governments want to achieve, they achieve the diametrically opposite."

A national health service, he said, "won't give you an operation in your lifetime," and "an anti-smoking campaign serves only to raise stress-related illnesses."

"The road has many avenues and all of them lead to bureaucracy," he said. A government risk management authority is a bad idea that would be filled with "intellectual prima donnas" who would know nothing about business.

While there is a need for a risk management authority, that authority should be operated by individuals responsible for risk management at the corporate level, said Mr. Miller.

Mr. North rebutted those statements, however, by maintaining that his vision of a risk management authority would actually "reduce" government bureaucracy. It would allow all the scientists who currently work in various departments to gather within one agency that would allow them to "speak freely" rather than preach departmental dogma, he said.

"It's a way of getting scientists out of government and into the limelight," Mr. North said.

Some AIRMIC conference members contributed to both sides of the debate during a brief period of comments from the floor.

One man in the audience said he supported the motion to stem the problems in British industry that led to the 1986 Herald of Free Enterprise ferry disaster and the 1988 Piper Alpha oil platform explosion.

Another member of the audience suggested that much of what Mr. North would like to see is already incorporated in the Institute of Risk Management, the British risk management educational foundation, and he opposed the motion.

Another opposed the motion, suggesting that a law like the U.S. Freedom of Information Act be enacted instead to force government agencies to divulge information on disasters.

Finally, a risk management consultant thanked Mr. North for his encouragement by "lying in a bath with a bottle of whiskey thinking up a ridiculous idea and then dining out on it for the next year."

By a show of hands, members of the audience voted against the motion.

# 'Eco-audits' raise awareness

By STACY SHAPIRO

CAMBRIDGE, England—European Community legislators will have considered more than 200 new or revised

**AIRMIC**

E.C. environment-related directives and regulations by the end of 1992, says an environmental consultant.

As a result, E.C. companies are becoming more aware of the need to adopt environmental policies that will involve everyone in the company, said Pamela Shimmell, managing director of Industry & Environment Associates of London.

Ms. Shimmell spoke at a workshop on corporate environmental policies at the Assn. of Insurance & Risk Managers in Industry & Commerce conference earlier this month.

Ms. Shimmell focused on one of the many directives and regulations that will affect European industry—a recent draft regulation by the E.C. Council on environmental audits, which gauge the impact of a company's operations on the environment and the potential for pollution.

The draft "Regulation Establishing a Community Environmental Auditing Scheme for Certain Industrial Activities" should be adopted by the end of 1992 and will be mandatory in all E.C. nations, Ms. Shimmell said.

The "Eco-audit" regulation aims to "promote the use of environmental auditing as a tool for systematic, periodic and objective evaluation of environmental performances," Ms. Shimmell explained.

Chemical firms, oil refineries and power plants are among those that will be affected, she said.

Under the regulation, each E.C. state would have to designate an "environmental auditing professional body." Its duties would include verifying internal audits and setting practice codes for verifying audits.

Manufacturers would have to register with national authorities and supply an annual audit of activities at each site. The Eco-audit would also have to be verified by an independent auditor and made public.

But the E.C. regulation is just one of the environmental pressures European manufacturers will soon encounter, Ms. Shimmell warned.

Trade unions already are demanding a better work environment for employees. They are seeking such changes as lower noise levels and reduction of aerosol sprays in the workplace, she said.

Each corporate environmental policy should "reflects the aims of management and employees," Ms. Shimmell said. Everyone in the company should contribute to the policy so that they feel they are a part of the

policy, she said.

The policy "affects every decision taken in the organization," Ms. Shimmell said. "It will be costly to implement, although it should bring opportunities for cost savings and 'Green' growth. It is therefore essential for the main board to assign it priority and an appropriate budget."

An environmental policy must be accepted by the managers at all sites to ensure uniform implementation.

During the session, Ms. Shimmell and the workshop participants discussed various factors that should be incorporated in a corporate environmental policy, including:

- Guidelines on how to train employees to reduce environmental pollution risks.
- Identification of those responsible for implementing the policy.
- Written procedures on reducing environmental harm.
- Identification of environmentally safe product lines to be developed.
- Scheduling of environmental audits to discover how well the policy is being carried out.

Workshop members also wondered whether large expenditures that may result from environmental audits should be declared as a footnote to their financial statements. Some U.K. companies have already made such disclosures, some participants noted.

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# Insurer expands legal expense cover

## Critics say the policies foster litigious behavior

By WILLIAM PITT

PARIS—One of France's largest insurance companies, Assurances Generales de France, has unveiled ambitious plans to market legal expenses coverage throughout the European Community.

However, critics of the coverage have warned that increasing the supply of legal expenses coverage may lead to more litigation and higher insurance costs.

Legal expenses coverage, which is popular in Europe, covers the legal costs of the policyholder, such as when one individual is

suing another for damages or injury caused in an accident. Some of the policies will also cover the cost of defending lawsuits filed against the policyholder.

Assurances Generales de France has teamed up with Cie. Francaise de Defense et de Protection, a legal expenses insurance specialist. The two Paris-based concerns will hold equal stakes in Protexia International, a joint venture formed to write the coverage. Protexia in turn will set up subsidiaries in other European countries. Belgium, Italy, Spain and Great Britain are cited as target markets.

Protexia will take advantage of AGF's existing distribution channels in these markets, but will consider taking on other partners based on the quality of their distribution networks. A spokeswoman for CFDP said Spanish savings banks would be possible partners.

She downplayed the chance that more readily available legal expenses insurance might make Europeans more litigious and boost the number of liability claims closer to U.S. levels. "In the U.S. it is not the policyholders who are dangerous, it's the lawyers."

She pointed out that France has

no contingency fee system, in which attorneys are paid only if they win their case. "Our lawyers have no financial interest in how the case goes," she said.

Europe's legal expenses insurers currently market two kinds of coverage.

The first is sold in association with accident insurance, homeowners and automobile coverage. For example, it may give the policyholder involved in an auto accident the means to sue the other party's insurer to recover damages his own policy would not cover.

This type of coverage does not

encourage litigious behavior, said the CFDP spokeswoman. "People don't have accidents for fun."

The other type of legal insurance is more problematical. It covers policyholders against various infringements of their legal rights and can be invoked at the discretion of the policyholder.

In theory, if every European had such a policy and was fully versed in his or her legal rights, lawsuits could skyrocket.

But certain safeguards would prevent this, she said. One is the slow pace of legal actions in Europe, particularly in France, which makes it less attractive to file suit. "Eighty percent of our cases are settled out of court," she noted.

The other is ignorance, the spokeswoman said, noting that most people are unaware of their legal rights. Recent legislation like E.C. directives on product liability and strict liability, which are now being included in the laws of E.C. member states, have yet to penetrate the consciousness of most consumers.

Legal expenses insurers, therefore, are caught between a rock and a hard place. They want to sell as many policies as possible, but they do not want people to be filing suits excessively, thereby increasing claims against other lines of insurance.

Two years ago, heavy losses prompted DAS Legal Expenses Insurance Co. Ltd., the U.K. subsidiary of Germany's leading legal expenses insurer, to withdraw a family legal expenses policy it introduced in 1975. "In no quarter did we have a loss ratio under 100%," said Tony Holdsworth, general manager.

While successful in Germany, in the United Kingdom DAS fell victim to the adverse selection that typically plagues legal expenses insurers when they enter a new market. Only people who plan to file lawsuits buy the coverage, Mr. Holdsworth said.

CFDP had the same experience in France 10 years ago when it introduced legal expenses cover unrelated to accidents, the spokeswoman said.

Mr. Holdsworth takes a less sanguine view than CFDP of the impact of legal expenses insurance on the number of suits filed.

Legal expenses coverage "must have some impact" he said. "It was a concern expressed by all the major composite insurers in the U.K. when we began here 15 years ago."

Medical malpractice claims have been rising rapidly in the United Kingdom in recent years, Mr. Holdsworth said. "Elements of our policy covered that. It gave people the means to sue if they weren't satisfied with an operation."

However, the strongest influence pushing claims upward is the example set by the United States, according to Mr. Holdsworth. Legal expenses insurers are only giving the less wealthy the means to take legal action that the rich have always enjoyed, he contends.

Germany is by far Europe's most mature market for legal expenses coverage. According to Mr. Holdsworth, "around 80% of people have this cover." But, he acknowledged that legal expenses insurers in Germany have often been "accused by lawyers of clogging the court system."

Nevertheless, even Germany has a long way to go before liability awards reach U.S. levels, Mr. Holdsworth said, echoing the familiar refrain that it is "contingency fees that have encouraged excessive claims" in the United States.

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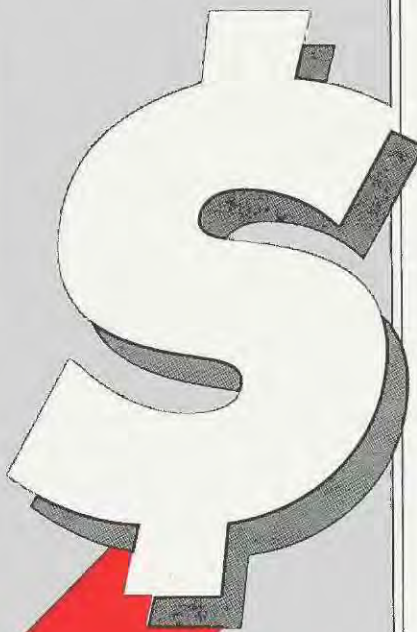
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## INTERNATIONAL

## Natural disasters

Continued from page 37  
insurance Co.

The report lists 420 natural disasters in 1990, beginning with floods in Tunisia Jan. 21-25 that killed 54 people and caused \$220 million in damages, although little was insured, and ends with frost damage in the western United States Dec. 18-25 that caused \$1 billion in damage, of which \$400 million was paid by insurers.

The 420 disasters in 1990 produced a whopping \$48.4 billion in economic damages, of which \$15.8 billion was insured, according to Munich Re. That compares with 416 natural disasters in 1989, which produced \$24.79 billion in economic losses, of which \$8.12 billion was insured.

**Top priority should be given to correct underwriting of natural hazard risks, says Mr. Jannott.**

The majority of natural disasters in 1990 were produced by windstorms, according to Munich Re. There were 144 windstorms last year that produced \$13.9 billion in insured losses, compared with 150 windstorms in 1989 that generated \$6.42 billion in insured damages.

The most severe were the series of storms that hit Europe in January and February, causing nearly \$15 billion worth of damage, of which nearly \$11 billion was insured (BI, March 5, 1990).

"1990 also stood out because of the exceptional number of severe typhoons in the northwest Pacific in the second half of the year," the report says.

Split into individual events, the sequence of European windstorms began with Hurricane Daria Jan. 25 and 26, which hit western and northern Europe killing 90 people and causing \$6.8 billion of damage, of which \$5.1 billion was insured, the report says.

Daria—which was the costliest windstorm ever, according to Munich Re—particularly affected Britain and the Benelux countries—Belgium, the Netherlands and Luxembourg.

Hurricane Herta hit central Eu-

rope on Feb. 3 and 4 killing 30 people and causing \$1.9 billion of damages, of which insurers paid \$1.3 billion, the report says.

The hurricane particularly affected Paris and environs, Luxembourg and central Germany.

Next came Hurricane Judith, which hit western and central Europe on Feb. 7 and 8, killing 17 people and causing damage valued at \$300 million of which insurers paid \$100 million, Munich Re says.

On Feb. 11 and 12 Hurricane Nana killed only one person as it tore through western Europe but caused \$100 million in damage of which \$50 million was insured, the report says.

The second most costly of the sequence of storms came in the form of Hurricane Vivian on Feb. 25 to 27, which killed 64 people as it carved up western, central and northern Europe causing \$3.2 billion of economic damage and \$2.1 billion of insured damage.

Finally, from Feb. 28 to March 1 Hurricane Wiebke whipped through western and central Europe, killing 34 people and causing \$2.2 billion of damage, of which insurers were stung for \$1.3 billion, the report says.

Earthquakes also were felt by insurers last year, the report notes. According to Munich Re, there were 50 earthquakes in 1990 that produced about \$300 million in insured losses. That is up from 46 earthquakes in 1989, although those quakes—which included the San Francisco Bay area quake—produced \$1.3 billion in insured damages, Munich Re reports.

The Iranian earthquake that centered on Gilan on June 21 killed 36,000 people causing \$7 billion in damage (BI, June 25, 1990), though only \$100 million was insured, the report says.

And, the July 16 earthquake that shook Luzon, the Philippines, killed 1,660 people and caused \$2 billion in losses (BI, Aug. 6, 1990), but only \$200 million was insured, Munich Re says.

Munich Re also reported that 123 flooding events in 1990 produced about \$700 million in insured losses, compared with 137 floods in 1989 that caused only \$81.2 million in insured damages.

And, 103 miscellaneous other disasters produced about \$900 million of insured losses last year, compared with 83 miscellaneous events in 1989 that produced \$324.8 million in insured damages.

Among the miscellaneous losses in 1990 were forest and brush fires in the Southwestern United States between June 27 and July 2 that killed eight people and caused insured losses of \$300 million, according to Munich Re.

The chairman of Munich Re warns that a rising tide of catastrophes is having a devastating effect on the insurance industry.

"The natural disasters experienced... have made it clear again and to an unparalleled extent that natural hazards—especially windstorms, earthquakes and floods—with their accumulation potential

lead to a recurrence of heavy and ever-increasing burdens for direct insurers and their reinsurers," Horst Jannott, chairman of Munich Re, warned the company's shareholders at its annual general meeting in December 1990.

Although scientists still dispute whether the climate is changing or whether the increase in the incidence of catastrophic weather is part of the normal range of fluctuations, there are more and more indications to support the climatic change thesis, he said.

"Direct insurers and reinsurers would be well-advised to give top

priority to the correct underwriting of risks involving natural hazards in order to control the growing loss potential better," Mr. Jannott warned.

Because of the huge potential losses, reinsurers increasingly will have to use non-proportional pricing methods on their proportional risks and determine and implement their own pricing instead of following the direct market, he said.

Copies of "Major Natural Disasters in 1990" are available from Munich Reinsurance Co., Koniginstrasse 107, D-8000, Munich 40, Germany.

## Art theft

Continued from page 37

The ministry's spokeswoman explained that when paintings are loaned from another museum for a large exhibition, the museum purchases commercial insurance, usually from underwriters at Lloyd's of London.

For example, a Lloyd's underwriter, who did not wish to be identified, said the Van Gogh Museum's centenary exhibit last year was insured at Lloyd's for \$2.7 billion. The policy covered "all risks," including physical loss, theft, damage and liability for a premium of \$1 million, he said.

"But, the only pictures which are insured are those from overseas or from private collections," she said.

None of works stolen from the museum last week were on loan to the museum.

Paintings in transit within The Netherlands, either from private collections or other national muse-

ums, are insured by the government, the spokeswoman said.

The other form of insurance covers private museums. Usually only trustees of U.S. museums purchased this coverage, Mr. Radcliffe said.

The spokeswoman for the Ministry of Welfare, Health and Culture said that responsibility for the security of national art collections is divided among three separate bodies: the ministry; the Rijksgebouwdienst, an agency in charge of government buildings; and the museum, which hires security guards.

The Netherlands government last year granted a 1.2 million guilder (\$711,720 at year-end exchange rates) increase in its security budget for national art collection, the ministry spokeswoman said. She could not say what the overall budget was. In addition, she noted that another 600,000 guilders

(\$355,860) was given to the Van Gogh Museum last year to increase security for the special exhibition marking the centenary of Van Gogh's suicide.

Last week's theft marked the fifth theft in as many years from a Dutch museum. The others occurred:

- April 7, 1991, when one statuette was stolen from the Rijksmuseum in Amsterdam. It has not been recovered.

- June 28, 1990, when three Van Goghs were stolen from the North Brabant Museum in Den Bosch. All have since been recovered.

- Dec. 13, 1988, when three Van Goghs were stolen from the Kroller-Muller Museum in Oterloo. All have since been recovered.

- May 20, 1988, when three paintings, including one Van Gogh, were stolen from the Stedelijk Museum in Amsterdam. All have been recovered.

## BERMUDA

Continued from page 37  
committee, said that:

- CODA was being conservative in setting total undiscounted reserves at the top end of a \$95 million to \$117 million range suggested by its actuarial consultants.

- This increase in loss reserves was primarily attributable to the bankruptcy of "a very few companies" and the inability to indemnify directors and officers insured by CODA.

- Since incorporation in 1986, CODA has paid less than \$2 million for losses and loss expenses. In several instances, CODA responded when underlying insurers exercised their "reservation of rights."

- Even after setting aside additional loss reserves, CODA has a "healthy" \$181 million in capital and surplus "singularly dedicated" to D&O and related risks.

- The company's entire \$356 million investment portfolio is made up of fixed-income securities rated AA or better.

- CODA's earned premium and investment income combined will this year equal about half of total loss reserves.

- When CODA was started by its

53 policyholder owners, it recognized that its success required growth in the number of policyholders and in earned premiums. In both of the last two years, CODA has experienced 19% or greater increases in earned premium and now has more than 165 policyholders.

- No "significant" claims have been reported since the current fiscal year started Nov. 1.

Mr. Snyder said this week that the memorandum puts into context CODA's \$90.7 million reserve provision for 1990, which brought its total reserves to \$116.6 million.

"It shows that even after this reserve provision, CODA remains a strong, highly capitalized, liquid company with very high net worth," he said.

He said that not only had CODA not lost business as a result of market concern over its 1990 results, the company was adding business, writing three or four new policies in the last month.

Mr. Snyder said that CODA will continue to monitor reserving practices and will be seeking actuarial advice again later in the year to ensure that the company is adequately reserved.

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## Fire lawsuits

Continued from page 3  
or must be demolished.

Aetna wrote a \$1 billion blanket property policy on the building and leads the owners' \$100 million liability policy (BI, March 18).

E/R Associates is a partnership composed of Richard I. Rubin & Co. Inc., the building's manager; Equitable Life Assurance Society of the United States; and a Dutch government pension fund.

The suits charge that the partnership and other named and unnamed defendants violated five state and seven city fire codes pertaining to the installation, maintenance and testing of fire protection systems. That negligence hampered firefighting efforts, the suits charge.

Specifically, the suits claim that:

- Fire alarm systems were negligently installed.
- Water pressure in the building was far too low.
- Fire pumps and wet standpipe systems failed to operate.
- Fire-resistant materials designed to seal off fires by floor failed.
- The air-conditioning system, which is designed to pump smoke out of the building, failed.
- The electrical system and two backup electrical systems failed, causing elevators and lights to malfunction. This hampered firefighters' efforts in getting to the fire quickly, fire officials have said.

The lawsuits also charge that the owners acted recklessly by not installing automatic sprinkler systems on every floor. Only nine floors of the building had working sprinkler systems that were installed by the building owners, according to the suits.

A tenant on the 30th floor, where the fire was finally suppressed, installed its own sprinkler system.

Fire officials also have criticized the absence of sprinklers on the eight gutted floors. Sprinklers would have helped control the fire much sooner, fire officials and outside safety experts have said.

However, a 1981 city ordinance requires only new buildings to have sprinklers on every floor. One Meridian Plaza was built in the early 1970s.

"Everything in that building went wrong but the fire," said plaintiffs' attorney Paul R. Rosen, who represents two groups of similar plaintiffs that have filed separate suits that may be consolidated. These plaintiffs include building tenants, their employees and clients, and providers of services to tenants, according to Mr. Rosen, a partner with Spector Gadon & Rosen of Philadelphia.

The plaintiffs, which a court would have to certify as a class, seek \$100 million of damages for uninsured losses, like the loss of business to service providers, and \$1 billion of punitive damages.

"Every single thing (the owners) had put in place to protect that building from a massive fire malfunctioned, and that's shocking," Mr. Rosen said. "They know what state-of-the-art is in fire protection, and they have ignored it."

Mr. Rosen said it is "inexcusable" that the Dutch pension fund, Algemeen Burgerlijk Pensioenfonds, paid \$118 million in 1989 for a 65% share in the building but did not insist that a portion of the money be used to retrofit the building with sprinklers.

"ABP paid Rubin and Equitable \$118 million and every penny went into the developer's pockets," Mr. Rosen charged.

"It would have cost them about \$1.4 million to retrofit that building with sprinklers. That's just more than 1% of what E/R got from ABP," Mr. Rosen said.

"Furthermore, (defendants) told the city that they would sprinker the entire building by 1993, and then in January they claimed that low occupancy and economic conditions would make it financially impossible to do that. It may have been the contractors who checked out all the systems, but the bottom-line responsi-

bility falls on the owners," he said.

"This case isn't a matter of compliance with code. It's a matter of what a jury believes should have been done. There were danger signs everywhere. The toilets didn't even flush on the upper floors," he said, referring to charges of insufficient water pressure in the building to fight the fire.

"What you have here is a major mortgage company owning part of the building and Aetna insuring it, and still nobody sees to it that a retrofit of all floors is taken care of," Mr. Rosen asserted.

In addition to the two suits filed by the plaintiffs Mr. Rosen represents, six other suits seeking class-action status have been filed, all of which name the building owners.

All but one lists as a defendant Penn Sprinkler Co. Inc., which installed and inspected the building's water valve system. That system controls the pressure in the building's standpipes.

And, Delmont Fire Protection Ser-

vice Inc., which modified and certified the building's entire water system, is named as a defendant in all but three of the suits.

Attorneys for Penn Sprinkler did not return phone calls, and Delmont would not comment.

Penn Sprinkler and Delmont are two of at least eight contractors and inspectors that installed and certified the building's fire safety systems, according to Mr. Cozen.

Two more complaints seeking class-action status designed for consolidation have been filed by tenants of buildings in the cordoned-off disaster area, their employees as well as clients and service providers for those tenants.

These suits also seek \$100 million for uninsured losses and \$1 billion of punitive damages.

Safety systems should have contained the fire, said plaintiffs' attorney Henry F. Siedzikowski of Elliot, Bray & Riley in Philadelphia who represents plaintiffs in these suits.

Elliot Bray—whose offices are on the 18th floor of One Meridian Plaza—is one of the lead plaintiffs in one of the suits.

"It's not just that there was a fire, but this was a 19-hour blaze that has caused so much damage that all the surrounding streets have been cut off for two months now," Mr. Siedzikowski said.

"If this fire was contained on the 22nd floor like it should have been, the story today would be much different," he said.

"We are seeking damages only for uninsured losses and it's possible, maybe even probable, that tenants had more complete coverage to respond to this type of situation," he said.

Two more complaints seeking class-action status have been filed by businesses within the closed-off area. Both seek at least \$20,000 of compensatory damages and unspecified punitive damages.

The suits allege that negligence on the part of the building owners and

Penn Sprinkler created a "public nuisance" and that falling debris, water and smoke damage from the fire constitute trespassing.

Local businesses located near One Meridian Plaza but not within the closed-off area have filed a suit seeking \$50 million of compensatory damages plus unspecified punitive damages.

The suit, which charges only the building owners with creating a public nuisance, claims business has been badly disrupted by the fire.

And, the owner of property within the closed-off area seeks \$20,000 of compensatory damages because he has been unable to enter his property since the fire.

Many of the defendants—including E/R Associates and Balis, already have filed preliminary objections to the litigation. The defendants contend that most occupants and tenants of nearby buildings have no cause of action because state law does not permit recovery of purely non-eco-

Continued on next page

# HOW HOBBS MINIMIZE YOUR COST OF RISK.

Continued from previous page  
 nomic losses.

Without allegations of "economic loss caused by physical damage to personal property... the claims of this class of plaintiffs are too remote," the defendants contend.

The defendants object to the requests for punitive damages. "A claim for punitive damages may not be sustained merely by labeling an act or omission as reckless, wanton or outrageous in the absence of factual allegations establishing conduct that is qualitatively different from negligence," the defendants argue in preliminary objections.

The defendants also claim that state law does not allow plaintiffs to seek a specific amount of damages. Plaintiffs only are allowed to specify that they are seeking damages in excess of or less than \$10,000, the preliminary objections contend.

The defendants also ask the court to strike all actions against 77 John Doe defendants "whose identities are currently unknown to plaintiffs."

These defendants probably would be contractors that worked on or certified the building's fire safety system, Mr. Rosen said.

The defendants' preliminary objections also state that Elliot Bray, the lead plaintiff in one of the tenant suits, had a lease with the building owners that released both parties from liability.

The lease states: "Landlord and tenant release the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property covered by any fire and extended coverage insurance then in force even if such fire shall have been caused by the fault or negligence of the other party."

But Mr. Rosen insisted that the language in the lease cannot be used as a defense if negligence can be proven.

All eight lawsuits were filed in state court and have been removed to federal court in Philadelphia. ■

## NAIC proposal

Continued from page 2

would not grant or renew a certificate of authority unless the state in which the insurer is domiciled is accredited as having met minimum NAIC financial standards or the insurer agrees to be fully subject and bound "by all solvency-related statutes, regulations, bulletins and directives" of the insurance departments in all states in which it wants to write business.

An insurer also must file evidence that its governing board approved of such an agreement with each state insurance department.

Under the proposal, insurers would have six months after the model law is adopted by a state in which they are licensed to comply unless the state insurance commissioner grants an extension.

If the state in which an insurer is domiciled loses its NAIC accreditation, an insurer would have up to one year to meet the regulatory re-

quirements of other states.

Currently, the NAIC generally allows accredited states two years to pass new standards required of accredited states.

The proposal is "extraordinarily significant," commented Earl Pomeroy, the North Dakota commissioner and a member of the Executive Committee.

By adopting the proposal, the committee "makes it clear that (the NAIC's) certification standards are not voluntary," said Mr. Pomeroy, who is also chairman of the association's Financial Regulatory Standards Committee.

Only New York and Florida have been accredited. About three dozen other states are taking steps to receive accreditation, he said.

The model will have greater impact on "a company's ability to do business in other jurisdictions than any other regulatory proposal in recent history," he said.

As a result, he predicted an "outcry" from insurers when they learn

about the proposed model law.

It's "not a very good idea," said Phillip Schwartz, vp-financial reporting and associate general counsel of the American Insurance Assn. in Washington, D.C.

"It seems to be an attempt to encourage insurance companies to encourage their states of domicile to become accredited, but the device that they use is to severely penalize insurance companies in a way that can't work," he said.

"We think the end is a good one, but we don't think the means are workable."

If hearings are held on the proposal, Mr. Schwartz said he will voice AIA's views, although he questions how meaningful that process would be in light of the Executive Committee's adoption of the measure.

The Alliance of American Insurers, which supports solvency-related measures generally, is studying the current proposal, said Lenore S. Marema, vp-legal and regulatory affairs for the Schaumburg, Ill.-based trade association.

"It would be pretty fair to say if a company is required to meet the laws of multiple states, it could get onerous," Ms. Marema said.

However, Mr. Pomeroy said, insurer representatives generally have been "extremely supportive" of states' efforts to adopt the existing financial standards.

This proposed model gives insurers "the strongest incentive possible" to encourage the state where they reside to become accredited, he said. Otherwise, the proposed model "will make marketing in certain jurisdictions more demanding from a regulatory compliance perspective."

David Levinson, the Delaware commissioner, said, "Good insurers always lobbied for good regulation. Bad insurers always lobbied against it. Now, good and bad insurers will all lobby for good regulation or they won't be insurers at all."

In other action at the NAIC meeting, regulators:

- Scheduled a May 13 meeting in Washington, D.C. to discuss a proposed model law to limit fronting arrangements (BI, April 15; April 8).

Regulators asked that comments on their latest proposal be sent by May 1 to Vincent Laurenzano, chief of the New York Insurance Department's Property Companies Bureau.

The latest proposal would still prohibit many types of fronting arrangements, though some fronting programs that are reinsured by captives owned by parent companies with net worths exceeding \$50 million would be permitted.

- Approved the concept of an NAIC-proposed federal law to expand the duties of the NAIC's Non-Admitted Insurers Information Office so it could become "a national gatekeeper" of non-U.S. insurers writing direct business.

That office currently reviews the financial qualifications of non-U.S. insurers that want to write surplus lines business in the United States and makes the information available to states, many of which require NAIIO approval before non-U.S. insurers can do business in their states.

The NAIC is proposing that Congress authorize the NAIIO to determine which non-U.S. insurers can do business anywhere in the United States.

In addition, alien reinsurers that assume business from U.S. insurers would be required to be on the NAIIO's approved list before the ceding companies could take credit for the reinsurance.

- Approved a resolution supporting federal legislation to create criminal penalties "for certain types of fraudulent activities committed by an officer, director, agent or employee of an insurance company."

- Approved a resolution protecting clients of rental car companies by recommending that Congress approve H.R. 1293, which would outlaw collision damage waivers. ■

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## Largest U.S. reinsurers' 1990 results

Ranked by net reinsurance premiums written. All amounts in thousands of dollars.

Reinsurers	Net reinsurance premiums written 1990	Net reinsurance premiums written 1989	Policyholders surplus (reinsurers only)	Net income 1990	Losses & loss adjustment expenses	Loss ratio	Underwriting expenses	Expense ratio	Combined ratio 1990	Combined ratio 1989
1. General Re	\$2,065,003	\$1,796,111	\$2,901,536	\$562,695	\$1,378,949	68.2%	\$635,654	30.8%	99.0%	99.6%
2. Employers Re	1,135,568	1,113,867	1,363,688	309,774	901,503	79.3	268,241	23.6	102.9	104.4
3. American Re	875,515	871,220	661,098	105,634	582,421	70.6	290,279	33.2	103.7	103.8
4. North American/Swiss Re	676,082	630,071	568,028	14,557	504,980	74.0	234,747	34.7	108.7	116.9
5. Prudential Re	562,556	503,362	508,956	42,723	451,685	83.6	199,730	35.5	119.1	106.7
6. Munich Re	527,421	570,907	616,006	51,655	409,827	76.7	162,015	30.7	107.4	109.8
7. F&G Re (USF&G)	460,299	415,739	N/A	N/A	300,381	62.0	156,066	33.9	95.9	95.7
8. Skandia America Group	414,122	262,162	311,610	5,980	314,169	80.3	123,602	29.8	110.2	114.4
9. St. Paul Cos.	404,904	416,934	N/A	N/A	381,818	98.0	132,829	32.8	130.8	124.7
10. Kemper Re	355,640	328,439	343,625	N/A	307,188	88.6	87,502	24.6	113.2	106.5
11. Constitution Re	318,405	240,184	206,855	17,523	230,562	77.4	96,245	30.2	107.7	103.5
12. Transatlantic Re	317,480	319,110	212,744	41,833	253,281	81.0	82,329	25.9	107.0	108.7
13. Transamerica Re	313,546	280,178	193,520	26,883	242,624	76.3	91,845	29.3	105.6	104.9
14. CIGNA Re	302,574	272,945	180,522	18,322	253,125	83.7	71,721	23.7	107.4	110.9
15. National Re	268,953	243,145	219,694	33,820	186,556	73.2	77,564	28.8	102.0	107.7
16. NAC Re	217,106	192,323	197,391	21,811	159,720	74.3	73,690	33.9	108.2	108.5
17. Winterthur Re	172,727	100,096	156,311	4,527	98,989	70.7	59,894	34.7	105.4	115.7
18. Putnam Re	166,143	159,280	126,947	17,819	123,317	77.4	42,548	25.6	103.0	103.0
19. Continental Re	147,535	184,276	158,683	13,893	125,282	85.1	43,307	29.4	114.4	104.9
20. American Agricultural Ins.	132,065	96,847	124,424	4,872	101,459	90.7	19,661	14.9	105.6	115.9
<b>Totals for Top 20</b>	<b>9,833,644</b>	<b>8,994,196</b>	<b>9,051,538</b>	<b>1,294,321</b>	<b>7,307,836</b>	<b>75.9</b>	<b>2,949,469</b>	<b>30.2</b>	<b>106.1</b>	<b>107.0</b>
<b>Total for all companies</b>	<b>10,711,317</b>	<b>9,816,663</b>	<b>12,130,255</b>	<b>1,609,294</b>	<b>7,916,839</b>	<b>75.5</b>	<b>3,273,771</b>	<b>30.6</b>	<b>106.1</b>	<b>106.9</b>

Source: Reinsurance Assn. of America and Business Insurance

### Reinsurer results

Continued from page 3

of catastrophic claims—like those generated in 1989 by Hurricane Hugo and the California earthquake—rather than an upturn in the market.

Mr. Smith agreed, noting that the combined ratio settled last year after being pushed up by the prior year's catastrophe losses.

"A billion here, a billion there

and it amounts to real money after a while," Mr. Smith said of the 1989 losses.

The 20 largest reinsurers, meanwhile, reported much the same experience as the larger group of 65, posting a 106.1% combined ratio last year, an improvement from 107.0% in 1989.

The 1990 combined ratio for the top 20 reinsurers comprised a 75.9% loss ratio and a 30.2% expense ratio.

Business Insurance includes F&G Re, a unit of USF&G Corp., and the reinsurance operations of The St. Paul Cos. Inc. and Kemper Corp. in its ranking of the 20 largest reinsurers. These companies are not included in the RAA survey.

The 65 reinsurers RAA surveyed also reported total net income of \$1.6 billion for 1990, with the top 20 companies accounting for \$1.4 billion of this.

The RAA added net income last year to the reinsurer financial data it collects, so comparable figures for 1989 are not available.

The 9.1% growth in net written premiums for the surveyed companies, meanwhile, was slightly exceeded by the growth of the 20 largest reinsurers, which write the vast bulk of the market's business.

While the 65 surveyed reinsurers' volume grew to \$10.7 billion last year from \$9.8 billion in 1989, the top 20 companies reported \$9.8 billion in 1990 net written premiums, a 9.3% increase from \$9.0 billion in 1989.

Growth at many of the largest reinsurers was steady, though a few companies reported large jumps in volume: Skandia America Group, for example, saw volume rise 58% to \$414.1 million from \$262.2 million after its acquisition of Metropolitan Reinsurance Co.'s book of business.

Premium volume at Constitution Re, a unit of Crum & Forster Inc., jumped 32.6% to \$318.4 million last year from \$240.2 million in 1989 after the company reassumed a block of business it had ceded to its parent, Mr. Bunaes explained.

American Agricultural Insurance Co.'s volume climbed 33.6% to \$132.1 million from \$98.8 million because of a relatively rare surplus relief contract it wrote for one of its state farm bureau insurance company policyholders, according to Richard Wade, the Park Ridge, Ill.-based reinsurer's accounting manager.

Shearson's Mr. Smith noted that, overall, reinsurance volume surged during last year's fourth quarter.

While volume for the RAA-surveyed companies was up only 5.5% through the first nine months of 1990, growth by year-end had far exceeded that amount.

Mr. Smith attributed this largely to an increase in the sale of surplus relief reinsurance to ceding insurers that needed to shore up their balance sheets as the end of the year approached.

He also noted generally rising interest in financial reinsurance coverages, particularly as a result of severe restrictions in the London catastrophe retrocessional market, which he estimated has only 35% of the capacity it had a year ago.

As catastrophe retrocessions and low-layer catastrophe reinsurance become harder to place, ceding companies are rushing to replace the coverage with whatever is available, which in most cases is some form of finite risk or funded

reinsurance cover, Mr. Smith said.

He added that he sees the growth of financial reinsurance accelerating, which in turn will make it increasingly difficult for smaller, less well-capitalized reinsurers to compete, hastening further consolidation in the U.S. reinsurance industry.

Financial reinsurance "puts further emphasis on a strong (reinsurer) balance sheet," agreed Oppenheimer's Mr. Picoult, who maintained that independent reinsurers now need \$100 million in capital and surplus to be viable players in the market and may need \$250 million in a couple of years.

"They are dead but they don't know it," Mr. Picoult said of the smaller reinsurers.

Meanwhile, the growth of financial reinsurance leaves reinsurers in an advantageous position regardless of the state of the underlying primary insurance market, the analysts say.

Reinsurers may gain either from rising primary rates or from the financial reinsurance business that may flow from continuing weak rates and the need of ceding insurers to bolster their capital and surplus.

"Reinsurers are becoming the bankers to the industry," Mr. Picoult observed.

"The longer it takes primary companies to turn their fortunes, the greater the benefit to the reinsurers," he added.

Mr. Picoult predicted that these circumstances should produce slow and steady growth in reinsurance premium volume, saying "the demand for reinsurance, I think, has basically bottomed."

William D. Warren, chairman and chief executive officer of National Reinsurance Corp. in Stamford, Conn., concurred that demand for reinsurance has increased, adding that he has also seen selective rate increases for some types of coverage.

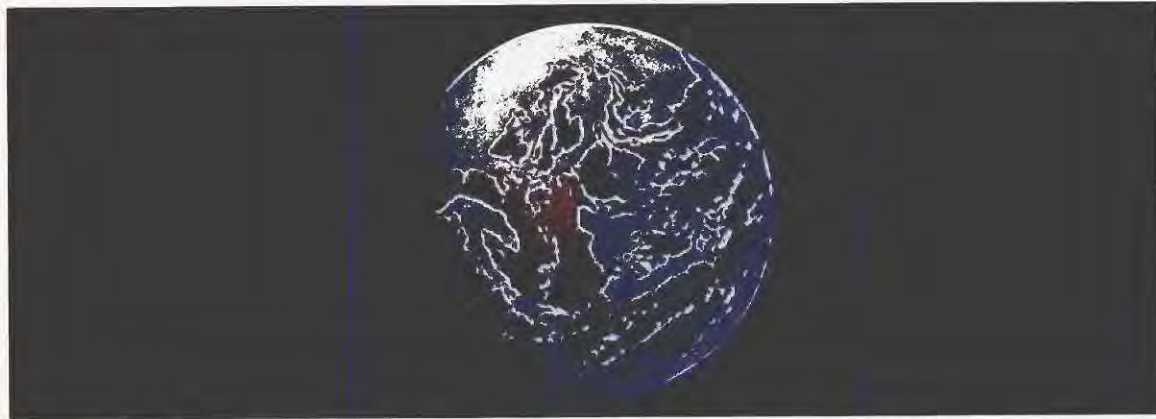
"We saw the beginnings of some upward indicators" last year, Mr. Warren said, adding that this has continued through the first quarter of this year.

"One lives in hope" of continued improvement, he said.

Several other reinsurance officials offered bleaker assessments of the overall market, though.

While Employers Re has increased volume by bringing in new business, "the market is still very, very soft. Hopefully that's going to

Continued on next page



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Continued from previous page  
change later this year," Mr. Fitt said.

However, Mr. Fitt said he hasn't seen any broad movement toward a tighter market, adding that a market turn may not come until next year.

"Nothing is happening, and I find that somewhat disconcerting," he said.

Mr. Bunaes pointed out that the reinsurance market's capacity for most types of business is still abundant.

The RAA-surveyed companies wrote at a net premium-to-surplus ratio of 0.88-to-1 last year, while the 20 largest reinsurers wrote at

a 1.09-to-1 ratio.

"There's too much money in the reinsurance market, pure and simple," Mr. Bunaes said.

"At this point, I'm reasonably pessimistic" about a turn in the reinsurance market, largely because of overabundant capacity, added James F. Dowd, president and chief executive officer of Skandia America Group in New York.

"Other than the catastrophe retrocessional crunch that's going on in London, we see very little" tightening, he said.

"Hope seems to prevail, but we are not seeing any significant upturn," observed American Re's Mr. Fisher. ■

## Associated buys Robinson-Conner

### Markets

Associated Insurance Cos. Inc. acquired Robinson-Conner Inc., one of the Top 20 U.S. insurance brokers with 1990 revenues totaling \$31 million. Terms of the purchase were not disclosed.

Acquiring Robinson-Conner is "consistent with Associated's long-standing strategic plan of expanding the range of products and services available to its customers to include property and casualty insurance," noted L. Ben Lytle, president and chief executive officer of the Indianapolis-based company.

Clients of both companies should benefit, said William Conner, president of the Erie, Pa.-based broker. Associated "has a very strong third party administration business, and they handle a lot of corporate clients. And, we are basically a large property/casualty organization with a small TPA operation."

"Clearly, a lot of our clients' medical costs overshadow their other insurance costs, and Associated offers" the types of medical cost containment those clients need, he said.

Robinson-Conner last year scrapped plans for an initial public offering. With the downturn in the U.S. stock market, the public offering "didn't seem like a practical decision," said Mr. Conner. After becoming acquainted with Associated, the broker decided the acquisition would be of greater benefit.

Robinson-Conner places a wide range of casualty and benefits coverage, including workers compensation, general liability and directors and officers liability. It also places aviation, automobile, life, health and medical insurance. Ro-

binson-Conner plans to introduce Associated's employee benefit products and services throughout all of its offices, Mr. Conner said.

Robinson-Conner will retain all of its existing offices and 400 employees, and Mr. Conner will remain president. However, the broker may eventually take on the Associated name, Mr. Conner said.

### Small group plans

Travelers Corp. has taken over the responsibility for the life and health insurance benefits of about 4,000 small employer groups previously insured with State Mutual Life Assurance Co. of America.

According to the agreement between the two insurers, Travelers will assume the rate and risk responsibility for the groups, which range in size from two to nine employees. Included are more than 10,000 employees and dependents previously covered by State Mutual.

Also, as part of the agreement, Consolidated Group Inc. of Farmington, Mass., a third-party administrator of small business and individual insurance plans, will provide customer service and claim administration.

State Mutual wants to focus its attention on slightly larger employer groups: those of 15 employees or more, said a spokesman for the Worcester, Mass.-based insurance company.

Travelers will maintain existing benefits provided under the State Mutual contracts. And, as the contracts renew, Hartford, Conn.-based Travelers will offer the em-

ployers expanded benefit, including managed care network options and managed indemnity plans.

### Kemper partnership

Kemper Corp. has announced plans to combine its risk management subsidiary with Lumbermens Mutual Casualty Co.'s medical loss containment subsidiary.

Kemper's Corp.'s National Loss Control Service Corp. and Lumbermens' Kemper National Services Inc. signed a partnership agreement forming Kemper Risk Management Services.

The partnership formalizes a long-standing claims management business relationship between Lumbermens and Kemper, Long Grove, Ill.-based Kemper said in a press release. The new enterprise also will enable the company to tap into the self-insured marketplace. For example, the partnership will offer integrated risk management services and managed medical care services to self-insured corporations.

Among the services offered by the new entity are hazard controls like ergonomics and industrial hygiene consulting; and full claims management.

Under the agreement, Kemper Corp. and Lumbermens have equal control of the unit's operations. Kemper Corp. designates the chairman of the partnership board, and Lumbermens designates the president of the unit, who has day-to-day responsibilities.

For more information, contact Jeff Weiss, director of marketing, Kemper Risk Management Services, Kemper Corp., Long Grove, Ill. 60049; 708-540-2690. ■

## General Re plans to buy Royal Re, U.S. units

STAMFORD, Conn.—General Re Corp. plans to acquire Royal Reinsurance Co. Ltd. and its U.S.-based subsidiary, American Royal Reinsurance Co.

General Re last week announced an agreement in principle with London-based Royal Insurance Holdings P.L.C. under which General Re will acquire Royal's 80% stake in Royal Re.

The other 20% of Royal Re is owned by Aachener Reinsurance Co. of Aachen, Germany, which has said it will sell its shares to Gen Re under the same terms granted to Royal Insurance Holdings, according to General Re.

London-based Royal Re has branch offices in Canada, Belgium, Singapore and Venezuela and operates in the United States through American Royal Re.

Although General Re's operating subsidiary, General Reinsurance Corp., is a direct writer, Royal Re is expected to continue operating as a broker market, General Re announced.

Royal Re reported 1990 gross written premiums of 210.4 million pounds (\$406.1 million at year-end exchange rates) and net written premiums of 153.2 million pounds (\$295.7 million), according to Royal Re's annual report.

Royal Re reported 67 million pounds (\$129.3 million at year-end exchange rates) of assets at year-end 1990.

Completion of the acquisition is subject to regulatory approvals.  
—By Douglas McLeod

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## Renewals

*Continued from page 1*

ter understand the exposures involved, he said.

"We've seen some indication of some increases in some specialty areas," like directors and officers liability and marine insurance, but little change in other lines, said James E. Goulard, president of the corporate risk division of Frank B. Hall Insurance Brokers Inc. in New York, a unit for Frank B. Hall & Co. Inc.

Charles L. Ruoff, senior vp with Sedgwick James Inc. in New York, a unit of Sedgwick Group P.L.C., said rates are down overall, but not as much as they were a year ago or in the fourth quarter of 1990.

Insurers and brokers generally say property rates are among the softest this spring.

"Things are still very competitive on the property side," said Michael C. McIntyre, senior vp-marketing at Allendale Mutual Insurance Co. in Johnston, R.I. Rates "pretty much have bottomed out, though."

Property rates for Fortune 1,000 companies are "either the same or going down slightly," perhaps as much as 10%, said Daniel Batonick, a vp and deputy manager of Johnson & Higgins' property department in New York.

Rates for companies smaller than the Fortune 1,000 also remain competitive, with non-highly protected risks able to obtain property coverage at the same rates as highly protected risks, said Henry Revzan, a senior vp with J&H in Chicago.

Rates for highly protected risks typically are down "marginally," depending on the risk's experience, said Larry R. Sorensen, senior vp and director of corporate marketing at

Rollins Burdick Hunter Co., the retail brokerage unit of Aon Corp. in Chicago.

Larger HPR risks are down 5% to 15% in some cases, he said.

Sedgwick James' Mr. Ruoff said rates for HPR risks are about flat, while rates for non-HPR property coverage are flat to down 10%.

Tom Luckstone, senior vp of the special programs division for Reliance National Insurance Co. of New York, said he has not seen further rate reductions for property coverage but that larger accounts generating more than \$1 million of premiums are able to get better terms and other benefits.

And, Kemper National Insurance Cos. of Long Grove, Ill., is getting property rate hikes of about 5%, but "with much tugging and begging" and some loss of business, said R. Keith Like, executive vp in charge of the commercial lines group.

Meanwhile, \$10 million to \$25 million of earthquake coverage for risks in California is available and "still relatively easy to get," J&H's Mr. Batonick said. But, he added that a risk manager who needs \$500 million in quake coverage is "going to have a problem."

The soft rates are "very frustrating for all of us, because we're not seeing the hardening we expected," said William G. Watt, senior vp in charge of field operations at Royal Insurance Group in Charlotte, N.C.

Hall's Mr. Goulard also theorized that property insurance "is probably the easiest form of insurance to understand" and that insurers know their losses about a month after a policy period ends. "It therefore becomes a foundation of an insurance company's book of business," he said.

Soft property rates also are par-

tially attributable to increased capacity from European companies entering the U.S. market as well as the lack of catastrophes in the past year, Mr. Batonick said.

Mr. O'Sullivan of M&M also noted there has been an "infusion in capacity" in the U.S. property market by European insurers.

"I think they're coming to the U.S. to find greener pastures," he said noting that property insurance rates are still higher in the United States than in Europe.

Coca-Cola renewed its property coverage with Industrial Risk Insurers of Hartford, Conn. at about the same premium, except for non-HPR risks which increased less than 10%, Ms. Burns said. The increase was due to loss experience, she said.

Mattel Inc. of Hawthorne, Calif., renewed its domestic property coverage with Protection Mutual Insurance Co. of Park Ridge, Ill., in February for premiums that were "pretty much stable," said Assistant Treasurer John G. Pinner.

Brokers and insurers concur that risk managers are not seeing any rate hikes for primary and excess liability coverage.

Both RBH's Mr. Sorensen and Thomas Kelsey, executive vp and chief underwriting officer at Chubb & Son Inc. of Warren, N.J., concurred that rates for primary liability coverage are basically flat.

But, many brokers and insurers disagree.

Mr. Ruoff of Sedgwick James said he is seeing 5% to 10% rate reductions for primary liability coverage.

Capacity has increased for liability and especially for excess liability risks, said Elliott Jones, vp and marketing manager in the Chicago office of broker Alexander & Alex-

ander Services Inc.

Rates for primary liability coverage are down about 10%, he said. And, rates for excess liability have declined 20% to 25%.

"There's a lot of carriers out there who want to write excess liability," Mr. Jones said, noting that some new players are entering that market.

Mr. Ruoff said first-layer excess rates are down about 10%, while rates for higher layers are flat.

But, Lawrence L. Drake, a managing director at M&M, said that while the market for less complex excess liability accounts is competitive, with insurers reducing rates 15% to 20%, excess liability rates for complex risks remain stable.

Rates for excess liability in some classes recently have declined 5% to 10%, RBH's Mr. Sorensen said. But, he said he has not seen these decreases for pharmaceutical, chemical and petrochemical risks.

Chubb's Mr. Kelsey said rates for excess liability have declined for some accounts.

Transamerica's Mr. Wratten, though, said he has seen little or no change in capacity or rates for primary or excess liability insurance.

Nor has Mr. Like of Kemper, who characterized primary and excess liability rates as "very flat; if anything, up about 2%."

Hall's Mr. Goulard said he has seen some insurers attempt to get price increases for primary and excess liability but that there has been "no meaningful movement."

Coca-Cola put its domestic casualty program out to market, Ms. Burns said, but "much to our surprise, the market pricing was higher than the incumbent carrier," which was New York-based Home Indemnity Co., a unit of The Home Insurance Co. There was a "very minimal increase" in premium, she said.

Primary general liability insurance premiums for Jockey International Inc. of Kenosha, Wis., rose by about 35% chiefly because of its loss experience, according to Jerold Mullane,

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*Advertiser*

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Issue of April 22

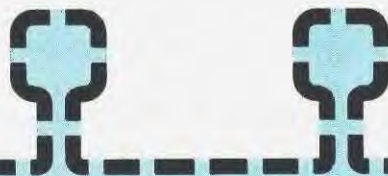
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**Business Insurance**

Continued from previous page  
director of corporate risk management.

He would not elaborate on the losses other than to say they are not settled.

"It went up and I don't like it, but I have to live with it," Mr. Mullane said, adding that he probably will look for a different market for the coverage next year.

However, Jockey consolidated its excess liability program to three insurers from four and obtained a 10% rate decrease in the process, Mr. Mullane said.

Rates for crime and fiduciary coverage rose slightly because of an increased exposure due to more employees and company locations, he said.

Jockey's auto liability premiums rose about 25%, mainly because of loss experience, Mr. Mullane added.

Mr. Ruoff observed that commercial auto liability rates generally are down about 5% to 10%, except in certain classes. Rates for truck fleets, though, rose 10% to 20%, he added.

Sugar manufacturer Imperial Holly Corp. of Sugar Land, Texas, obtained rate reductions for auto and general liability from Reliance Insurance Co. because of good experience, said Risk Manager Wayne P. Dauterive.

Rates declined 15% for general liability and 4% for auto liability, although the auto premium actually went up 3% because of an increase in the number of vehicles covered, he said.

Umbrella renewals were flat, with United States Fire Insurance Co. of Basking Ridge, N.J., a Crum & Forster Inc. unit, writing the primary layer.

Chubb subsidiary Federal Insurance Co. of Warren, N.J., and National Surety Corp. of Novato, Calif., a unit of Fireman's Fund Insurance Co., wrote the excess layers, Mr. Dauterive said.

When renewing excess liability insurance in February, Mattel purchased 25% more coverage for the same premium as in 1990, Mr. Pinner said. Six insurers participate in Mattel's excess program.

The toy maker's primary liability insurance is written through a captive fronted by CIGNA Corp., he said.

Although most of Land's End's liability renewals—written directly by Sentry Insurance Co. of Stevens Point, Wis.—were flat, there was a "slight increase" in rates for the company's D&O, crime and fiduciary policies, which are written by Chubb, Mr. Krentz said.

Brokers and insurers say professional liability rates generally are flat but that there are some pockets of competitiveness.

For example, rates for architects and engineers liability coverage are stable or up slightly, while rates for accountants are up moderately, said M&M's Mr. Drake.

Mr. Ruoff of Sedgwick James agreed that architects and engineers rates were stable or slightly higher, but said rates for accountants are flat.

Reliance's Mr. Luckstone said professional liability rates are "flat for all intents and purposes," with the exception of medical malpractice rates, which are lower because of publicity on a "real or perceived lowering of medical malpractice awards" and additional capacity.

Indeed, medical malpractice rates are down about 10% because of improving loss ratios, Mr. Ruoff said.

He also said the market for lawyers professional liability is competitive, with insurers cutting rates 5% to 10% because of generally good loss experience.

Professional liability rates for lawyers, though, are expected to rise because of the "S&L fiasco," Mr. Luckstone said.

And A&A's Mr. Jones said that lawyers' professional liability coverage already is difficult to obtain because of the savings and loan crisis.

Rates in the aviation insurance market have "bottomed out pretty

much" but remain competitive, Mr. Revzan of J&H said.

Mr. Ruoff characterized the aviation insurance market as "mixed," with insurers "still competitive but reluctant to give up further price reductions."

RBH's Mr. Sorensen also said he has seen the aviation market firming in the past few months because of loss experience.

Hall's Mr. Goulard also said he has seen "upward movement" in aviation rates, with increases varying by account. "The fact that the rates got to such a ridiculously low level in the first place" is responsible for the increases, he said.

Brokers and insurers say the marine insurance market is stabilizing

but that there are some indications of hardening.

Marine rates have "certainly stabilized," Chubb's Mr. Kelsey said.

However, marine hull rates are starting to increase, Mr. Kelsey noted, explaining that "hull business has been terribly, terribly unprofitable" and that primary marine underwriters in London are starting to push rates up.

M&M's Mr. Drake said there has been some reduction in capacity in the U.S. marine energy market, but that European insurers have made up for it.

Rates in the excess marine market have increased slightly, he said.

"I think that, generally, we've seen a stabilization of that marketplace,"

RBH's Mr. Sorensen said. While there have been some rate increases, the market is not hardening overall, he said.

However, the London market—including Lloyd's of London and the Institute of London Underwriters—has been pushing for increases in energy and ocean marine rates, Mr. Sorensen said.

Mr. Ruoff said he, too, has seen a push for marine rate increases led by the London market. "We expect to see some increases and less competition by the end of the year," he said.

Mr. Cannon of Jardine said he has seen "some slight hardening in the hull" market as well as in the protection and indemnity market.

Hall's Mr. Goulard also said he

has seen "some upward movement" in marine rates, particularly among P&I clubs, where there have been losses.

Walter Scott, chairman and chief executive officer of excess liability insurer ACE Ltd. of Hamilton, Bermuda, said he has seen excess marine liability rates for tanker pollution risks increase dramatically in some accounts since the beginning of the year, with the rates for some risks increasing tenfold. ACE does not write this business.

"This is the one area where there appears to be a significant hardening of the market," Mr. Scott observed.

However, J&H's Mr. Revzan contended that the marine market is

Continued on page 51

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# Circulation Breakdown\*

### Commercial Consumers

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Vice-Presidents, General Managers and Other Administrative Personnel ..... 4,489

Financial:  
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Secretaries, Treasurers, controllers and other Financial Personnel ..... 4,349

Risk/Employee Benefits:  
Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations ..... 10,606

Sub-total ..... 24,591

Associations ..... 488  
Government, unions and Educational Institutions ..... 1,275

Commercial Consumers  
Sub-total ..... 26,354

Insurance Agents and Brokers ..... 9,651  
Insurance Companies ..... 8,074  
Accountants, Actuaries, Attorneys & Consultants ..... 3,438  
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers ..... 1,294  
Others Allied to the Field 1,365

TOTAL ..... 50,176

\* Source Business/Occupational breakdown of qualified circulation, November 26, 1990 issue, as submitted to BPA for December 1990 BPA Publisher's Statement.

## Renewals

Continued from page 49

"very soft." Rates are "plateauing, but they've plateaued at a low level. You can't imagine them getting any lower," he said.

Meanwhile, the biggest problem for risk managers continues to be workers compensation insurance.

"The workers compensation market is the one that is causing us and clients the most concern," Sedgwick James' Mr. Ruoff said.

Residual market loads—the cost of insurer assessments for residual markets, which are partially passed on to buyers—and the fact that general loss experience has not improved as it has in other lines are among the problems, he said.

Many insurers also do not want to write workers comp coverage or will not write it unless the buyer also purchases other types of insurance, Mr. Ruoff said, noting underwriters in Texas, Louisiana, Florida and Maine in particular.

In Texas, employers are not even required to purchase workers comp coverage, he noted.

Employers rarely have decided not to buy the coverage because, by not doing so, they give up their legal protection against lawsuits by employees injured on the job, Mr. Ruoff explained.

However, because of the burden-

some costs of workers comp coverage in Texas, thousands of employers in the first quarter elected not to buy it, he said.

"Workers compensation in my book right now is probably the single line that has got the most work to be done with it," agreed Transamerica's Mr. Wratten.

Noting that some insurers are withdrawing from various workers comp markets and others are restricting the business they will write, Mr. Watt said Royal will not write business that is not expected to produce a profit.

However, Royal has "not pulled out of the workers compensation business," he said.

Similarly, Mr. Luckstone said Reliance "is making a conscious effort to avoid it by not writing guaranteed cost" workers comp programs.

In Florida, the workers comp system is in "total chaos," said Nelson Green, vp of Poe & Associates Inc. of Tampa, Fla. About 70% of Florida employers are covered through self-insured trusts, joint underwriting agreements or other self-insurance programs because insurers believe rates are inadequate and are unwilling to write the business, he said.

Jockey International's workers comp rates "just went out of the ceiling" on renewal, said Mr. Mullane.

Imperial Holly renewed a paid-loss retrospectively rated workers comp

program with Reliance for the third consecutive year, covering workers in Texas, Colorado, Illinois, Nebraska and Oregon, Mr. Dauterive said.

"We were basically pretty pleased with what we got," he said.

Imperial Holly also renewed its excess workers comp insurance in California and Montana, where the company self-insures that risk, Mr. Dauterive said. Imperial Holly switched from Employers Reinsurance Corp. of Overland Park, Kan., to National Union Fire Insurance Co. of Pittsburgh, Pa., a subsidiary of American International Group Inc.

In changing insurers, Imperial Holly slightly reduced its retention and obtained about a 5% rate decrease, he said.

When Coca-Cola Co. renewed its paid-loss retro workers comp program in April, expenses associated with the program, like administrative costs and the insurer's residual market load, increased 25% to 30%, Ms. Burns said.

Another problem area is directors and officers liability insurance, according to brokers and insurers.

"D&O is getting a little bit tough," J&H's Mr. Revzan said. "The terms and conditions are negotiable, but the prices are going up."

"Apparently the D&O underwriters are experiencing some losses" and believe they need to generate more premium volume, he said.

## Observers say stock gains may delay a turn in pricing

By COLLEEN JOHNSON

Insurers and brokers do not expect any significant changes in the property/casualty insurance market soon.

Insurers, benefiting from the recent upswing in the stock market, have not yet absorbed the level of losses required for a major market swing, observers say.

"For whatever reason, (insurers) don't want to sacrifice their market share" by raising rates, noted Thomas Kelsey, executive vp and chief underwriting officer at Chubb & Son Inc. of Warren, N.J.

Tom Luckstone, senior vp of the special programs division of Reliance National Insurance Co. of New York, said he does not think the market will turn in 1991 because of an abundance of capital.

"I would like to see some other direct markets take lead positions in getting rates up," he said. "The industry is inviting federal regulation, as well as continuing to stare at absolutely abysmal returns."

However, more of the losses incurred by insurers may be stemming from personal lines now than when the market last hardened, suggested Charles L. Ruoff, senior vp with Sedgwick James Inc. in New York, a unit of Sedgwick Group P.L.C.

When the market last hardened in 1984, \$17 billion of \$21 billion of underwriting losses for all property/casualty insurers were attributable to commercial lines, according to the Insurance Services Office Inc. and A.M. Best Co. However, only \$11 billion of \$21 billion in 1990 underwriting losses stemmed from commercial lines, he said.

In addition, insurers' investment income is still strong enough to overcome underwriting losses, Mr. Ruoff said, noting that commercial lines produce more investment income than do personal lines.

Sedgwick James is estimating insurers produced a 10% return on equity for commercial lines and a 3% return on equity for personal lines in 1990, he said.

Mr. Ruoff also noted that the property/casualty industry is writing at a premium-to-surplus of 1.6-to-1, which suggests there is excess surplus in the market. "The

### SPRING RENEWALS

supply is there, and the results are not quite as onerous as they would seem."

For the market to turn, investment gains will have to moderate, Mr. Ruoff said. If this happens, and if underwriting losses continue to rise, insurers' operating income will narrow to a point at which operating return will be insufficient and rates will have to rise, he said.

John F. O'Sullivan, a managing director of Marsh & McLennan Inc. of New York, agreed that insurers still have a significant amount of cash flow, noting that the recent stock market rebound has improved insurers' investment income.

Robert H. Hilb, president of Hilb, Rogal & Hamilton Co. in Glen Allen, Va., said he thinks rates have bottomed out.

But, rates generally are not rising because "insurance carriers haven't suffered enough on their loss and expense ratios." He estimated that insurers' combined ratios will have to reach 115% to 118% before they will raise rates.

Major commercial insurers surveyed by *Business Insurance* posted a 110.7% combined ratio last year (*BI*, April 1).

Rates are not going up "because the industry hasn't felt enough pain yet," agreed William G. Watt, senior vp in charge of field operations at Royal Insurance Group in Charlotte, N.C.

Some insurers were beginning to consider increasing rates around the end of 1990, but the stock market improved and boosted their investment income, according to R. Keith Like, executive vp in charge of the commercial lines group at Kemper National Insurance Cos. of Long Grove, Ill.

Kemper estimates that for rates to be adequate, it needs increases of 20% for workers compensation, 20% for commercial auto and 15% for property, Mr. Like said.

Even though insurers should be able to foresee inevitable problems if rates do not increase, "there's got to be red ink" for the market to turn, Mr. Like commented.

"Knowing what's going to hap-

pen does not turn the market."

Mr. Like said he thinks the market will turn later this year or early next year, with rates increasing gradually.

"We're going to be very conservative in writing new business," Mr. Like said.

Joseph Basta, president of the commercial insurance division of Zurich-American Insurance Co. in Schaumburg, Ill., estimates his company's rates would have to increase about 25% to be adequate.

However, Zurich-American generally has only been able to obtain increases of 5% to 6%, he said.

While insurers are not raising rates significantly, many insurers say they are setting walkaway prices of some sort.

"Certainly we have a walkaway price," said Mr. Watt of Royal. "We are not going to write business at a known underwriting loss."

"We have lost some very good business over the past few years because we haven't been competitive," said Richard W. Wratten, president of the commercial division of Transamerica Insurance Co. of Woodland Hills, Calif. As a result, Transamerica will not need to raise rates drastically, he said.

Mr. Luckstone said that Reliance sets walkaway prices for each account.

And, he noted that it is difficult for the insurer to obtain the rate increases it wants because clients cannot "swallow" them in the current economy. "The economic climate really doesn't lend itself to change in the insurance rate climate," he said.

Mr. Ruoff of Sedgwick James said insurers are "trying to establish a threshold of walkaway prices" but said he doesn't know how effective that practice has been.

He noted that he hasn't seen a significant amount of renewal business changing insurers.

However, James E. Goulard, president of the corporate risk division of Frank B. Hall Insurance Brokers Inc. in New York, said a sign of a hardening market is that compared with six months ago, more underwriters now are passing up some difficult risks rather than compete for the business.

For example, Mr. Revzan noted that he has been asked by a market that normally does not write D&O coverage for mid-size businesses—firms smaller than the Fortune 1,000—to respond to a survey that is designed to determine whether there is interest among these companies for D&O coverage.

Mr. Sorensen of RBH said D&O rates generally have been flat to up about 10%.

But, D&O rates for financial institutions have increased 10% to 25% because of that industry's loss experience, Mr. Sorensen said. And, some financial institutions with recent losses face even steeper rate hikes.

Mr. Scott of ACE, which writes \$50 million of D&O limits excess of \$25 million, said rate changes for financial institutions' D&O coverage are "all over the lot." Those with "flawless" experience are renewing at the same rate, while those with "deteriorating conditions" can expect increases of up to 50% to 100%, he said.

D&O rates for businesses other than financial institutions have been increasing by about 4% to 9%, Mr.

Scott said.

A&A's Mr. Jones said he has seen D&O rates increase 5% to 10% for publicly owned companies, due to the ever-present risk of derivative action suits, while rates have been flat for private and non-profit firms.

Mr. Cannon said some insurers are seeking D&O rate hikes but are not getting them because other insurers are willing to write the business at lower rates.

Jockey renewed its D&O coverage for the same rates but with improved terms, Mr. Mullane said.

Meanwhile, some observers see different trends in the overall marketplace among various regions of the country.

Jardine's Mr. Cannon said insurers tend to prefer business in the Midwest because there is less emphasis on litigation there.

Transamerica's Mr. Wratten agreed that "the Midwest is still the real hotbed of competition."

He said rates in the West are flat, while he has seen some rates "ticking up" in the East, mainly in the last quarter.

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• General Learning Corp. publishes several newsletters, magazines and custom calendars that emphasize **health and safety practices for employees and their families**. For free samples of "Your Health & Fitness," "Your Health Report," "Your Health & Safety Report," "Senior Health Report," "Your Healthy Retirement," "Your Health" or "Your Health & Safety," contact Jill Galel, National Account Executive, General Learning Corp., 60 Revere Drive, Northbrook, Ill. 60062-1563.

• The third edition of the "RCRA Handbook" is now available from ENSR Consulting and Engineering. The handbook is intended to give industrial managers an overview of the requirements and liabilities imposed upon those who generate, treat, store, transport and dispose of hazardous wastes under the **Resource Conservation and Recovery Act**. Free copies of the 180-page book are available on a limited basis. Contact ENSR Consulting and Engineering, Marketing Department, 35 Nagog Park, Acton, Mass. 01720.

• "**Project Return: Rehabilitation of SSDI Applicants**" is a summary of The Menninger Return to Work Centers' two-year vocational rehabilitation program for Social Security disability insurance applicants and beneficiaries. The volume contains participant data and a project summary. Single copies of publication TMF-1017-60R are available for \$23. Contact Menninger Return to Work Centers, 700 Jackson, Suite 900, Topeka, Kan. 66603; 800-678-0633.

• Comprehensive Loss Management Inc. is offering information on several different services and products. "**The Ergonomics Manual**" discusses risk factors of cumulative trauma disorders and prevention strategies. Single copies are available for \$9.50. A free **ergonomics catalog** listing programs and equipment for dealing with cumulative trauma disorders also is available from Comprehensive Loss Management Inc. Contact Terri O'Donnell, Sales/Marketing Director, CLMI, 7750 W. 78th St., Minneapolis, Minn. 55439; 800-533-2767.

• The Texas State Board of Insurance has published a new "**Consumer's Guide to Health Insurance**." The 30-page booklet provides information on health insurance pricing, underwriting and benefits mandated by Texas law. Copies are available at no charge by writing to State Board of Insurance, Information Services (000-3), 1110 San Jacinto, Austin, Texas 78701-1998.

• Have a new report, booklet or educational brochure you'd like to send to buyers of insurance? *Business Insurance* will describe material costing less than \$35 as an editorial service in the Info column. Simply send us a copy of the item to be offered and a short description of it, along with the cost and a mailing address. Address all contributions to Info, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590.

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## First Executive

Continued from page 1

holders charging that officials at First Executive misled them about the riskiness of its investments.

Whether employers can successfully defend themselves will depend on whether they can prove that they acted prudently when investing with the insurers.

"Have employers, as plan fiduciaries, exercised due diligence and prudence in reviewing the capabilities of Executive Life" to meet benefit commitments? asked Roger Thomas, a benefits attorney in Washington, D.C.

And when employers invested 401(k) and other defined contribution plan assets in GICs written by Executive Life, employers' liability could hang on how plan benefits and risks were presented to employees, experts say.

When Executive Life of California was seized, 64% of its \$10.1 billion in assets was invested in junk bonds, the regulators said. They have not disclosed its liabilities.

The unit has 170,000 life insurance policies in force with a face value of \$38 billion.

Payments owed to the company's 75,000 annuitants represent \$2.5 billion in reserves, but it is not clear how many of the annuities were written for pension plan participants.

The California unit also issued about 300 GICs with a value of more than \$3 billion, but it wasn't immediately known last week how many were sold to 401(k) and other pension plans. Some benefit consultants, though, say Executive Life of California held about 1% to 2% of the GIC market for defined contribution plans.

Defined contribution and defined benefit plans have purchased roughly \$200 billion in GICs, said Larry H. Mylnechuk, executive director of The GIC Assn. Inc., a Lake Oswego, Ore.-based trade group.

Executive Life's share of that market began to decline in 1988 as its ratings slid amid growing concern about its junk bond holdings, consultants said.

However, because GICs often are written for five years, many contracts written in 1986 and 1987 remain in effect. In those years Executive Life offered returns that often were about 35 basis points higher than other insurers, a consultant said. "Executive Life was very competitive in 1987 and through early 1988," he said.

Meanwhile, the much smaller Executive Life Insurance Co. of New York had approximately \$3.2 billion in assets and liabilities of about \$3 billion at year-end 1990, according to Terence Lennon, chief examiner for the New York Insurance Department.

Junk bonds account for about 60% of its current assets, he said.

The vast majority of the company's approximately 103,000 policyholders nationwide are in New York. Some 30,000 policyholders have individual ordinary life insurance policies, while 60,000 are individual annuity policyholders.

The New York insurer wrote only nine group annuity contracts covering 13,000 individuals. It was not heavily involved in GIC business; it wrote only three small contracts totaling \$16 million. Only a portion of these are pension-related.

Both California and New York regulators say they seized the insurers to prevent their collapse and to stem a massive outflow of cash.

John Garamendi, the California commissioner, acted against Executive Life because it was "considered in hazardous condition," said a spokesman.

In the first week of April, about 260 policies were being surrendered each day. That's an increase from 60 to 70 per day during the first three months of 1991, the spokesman said.

New York regulators expressed optimism that the New York unit could meet its obligations.

"If we can prevent a fire sale, the assets of this company are sufficient to meet its liabilities," said Salvatore Curiale, the superintendent of insurance.

In California, the situation is less certain. Mr. Garamendi has warned that ensuring a maximum return to policyholders may require restructuring the insurer's liabilities.

While it's not clear whether either insurer has sufficient assets to honor its obligations, another insurance company might purchase the assets and liabilities of the Executive Life units.

Mr. Curiale said he will work closely with Metropolitan Life Insurance Co. during the rehabilitation of the New York insurer.

Met Life, the state's largest life insurer and a member of the New York Life Insurance Guaranty Corp., has offered to assist the superintendent in the rehabilitation. However, Met Life has not offered to buy the New York unit, Mr. Curiale and a Met Life spokesman said.

There have been no firm offers to purchase the New York insurer, said Mr. Curiale. Regulators, though, are negotiating with a French consortium interested in buying both insurers.

The consortium, led by Altus Finance, a financial services company connected with Credit Lyonnais, also is working with California regulators on the rehabilitation of the California unit, said Mr. Garamendi.

Credit Lyonnais officials in New York refused to comment.

If the Executive Life units cannot honor all their obligations, guaranty funds in 47 states provide coverage for annuity holders, including members of terminated defined bene-

fit pension plans holding annuities. Payouts generally are limited to a maximum of \$100,000 of present value (see related story).

It was not clear last week how many guaranty funds cover GIC holders.

In addition, the Pension Benefit Guaranty Corp. will not cover annuity obligations that are not paid by the Executive Life units or guaranty funds.

The PBGC's mandate under federal law is to protect basic benefits promised to participants when underfunded defined benefit plans are terminated, a spokeswoman explained. As a result, there would be no PBGC protection for retirees whose defined benefit pension plan benefits are provided through a First Executive annuity.

Meanwhile, the pension agency and the Labor Department last week pointed out that employers choosing an annuity insurer for pensioners are governed by ERISA fiduciary responsibility rules. That means, a statement said, that the decision must be prudent, free from self-dealing and be solely in the interests of participants and beneficiaries.

"Clearly, the use of plan assets to buy an annuity is a fiduciary responsibility," said Peter Schmidt, an ERISA attorney and partner at Arnold & Porter in Washington, D.C.

To prove that it prudently chose an insurer, an employer may have to establish a record of its decision making, Mr. Schmidt noted.

A.M. Best Co. gave both Executive Life units an A-plus rating, Best's highest, until January 1990, when it began a series of downgrades.

Both units had strong reserves and were extremely profitable, despite their junk bond portfolios, said Paul Wish, a Best vp. Best lowered the ratings when it saw that reserves were being depleted, he said.

In addition, Standard & Poor's Corp. gave Executive Life Insurance Co. of California a AAA rating until January 1990 when it lowered the rating to A, the first in a series of downgrades.

Not all rating agencies were so generous.

In June 1988, when it first rated the California unit, Duff & Phelps Credit Rating Co. gave it a below-average BBB for claims-paying ability. Duff & Phelps' ratings continued to slide over time until the unit was placed in conservation.

Aside from having to prove whether it consulted rating agencies, an employer might also have to prove it was unaware of any problems faced by the Executive Life insurers that would have justified further investigation by the employer, said Mr. Thomas, the Washington benefits attorney.

Whether employers that purchased GICs from the First Executive units could be held liable for their decision will depend on how employers present the investments to employees and whether they made specific promises on rates of return and safety of investments, experts say.

Typically, employers are very careful to state in defined contribution plan documents that the GIC insurer, not the employer, is responsible for providing benefits, consultants point out.

"Employers have always said the insurers are providing the benefits. Employers will be even more careful in the future to say that," said Gerry Bell, a partner with Kwasha Lipton in Fort Lee, N.J.

"We advise employers not to make specific promises," said Kim McCarrel, a consultant with The Wyatt Co. in Portland, Ore.

For example, BankAmerica Corp. in San Francisco, informs employees in a handbook that a GIC is a commitment by the insurance company to make agreed-upon payments and that agreement is not secured, insured or guaranteed by a third party.

"We want to disclose the risk," said Paul Nordine, vp and benefits consultant at BankAmerica.

## Executive Life seizure stalls pension lawsuit

By JOANNE WOJCIK

LOS ANGELES—Pacific Lumber Co. retirees are seeking to restart stalled settlement talks in their lawsuit against Executive Life Insurance Co. and Pacific's owner over the termination of Pacific's pension plan, says an attorney for the retirees.

Those talks were put on hold when California regulators seized Executive Life earlier this month.

The case centers on the 1986 leveraged buyout of Pacific Lumber by Maxxam Inc. of Los Angeles.

Maxxam financed the deal by issuing junk bonds, one-third of which were purchased by Executive Life's parent, First Executive Corp.

Maxxam then terminated the Pacific Lumber Retirement Plan, recapturing more than \$50 million of excess pension assets to pay off its debt. It then purchased an Executive Life group annuity contract to provide promised benefits.

Ten Pacific Lumber retirees and retirees' beneficiaries filed suit on behalf of 2,500 present and future retirees against Maxxam and Executive Life in U.S. District Court in San Francisco in 1989. The suit alleges various breaches of the Employee Retirement Income Security Act in connection with the selection of Executive Life as the annuity writer, explained plaintiffs' attorney Jeffrey Lewis, a partner with Sigman & Lewis in Oakland.

Executive Life was not a suitable annuity writer because its stability was questionable and because it "was the single biggest purchaser of the junk bonds used to finance Maxxam's leveraged buyout of Pacific Lumber," Mr. Lewis said.

The selection appeared to be a "reward" for Executive Life's part in the buyout, he alleged.

The retirees' in their lawsuit ask that a major insurer assume Executive Life's Pacific Lumber annuity obligations and that Maxxam make up any shortfall in the amount of Executive Life assets that eventually are transferred to the new insurer to pay the retirees' pension benefits, Mr. Lewis explained.

Settlement talks between the plaintiffs, Pacific Lumber, Maxxam and Executive Life were interrupted by the Executive Life takeover.

California Insurance Commissioner John Garamendi said he acted out of concern over the insurer's deteriorating junk bond holdings (BI, April 15). Junk bonds account for \$6.4 billion of the insurer's \$10.1 billion of assets, he said.

"We were trying to work out a plan" that would meet the retirees' demands, Mr. Lewis said.

"A couple of major carriers were interested" and were awaiting delivery of a computer tape from Executive Life that would give an accurate picture of the size of its Pacific Lumber annuity obligation, he said.

That delivery was held up by the conservation order.

In response, Mr. Lewis has written to Insurance Department attorneys and Mr. Garamendi asking the regulators to permit the settlement talks to continue.

"The transfer may even be beneficial to Executive Life," he said, because it would remove from its books the obligations to Pacific Lumber retirees. Between \$30 million and \$40 million is scheduled to be paid to 2,500 current and future retirees.

Mr. Garamendi said last week that he is confident that the state life insurance guaranty fund will cover Executive Life policyholders and annuitants, but Mr. Lewis is skeptical.

"We note with concern the apparent inconsistency between the conservation order, which prohibits further payments of annuities except in individual hardship cases, and your public statements, which assert that payments will continue," Mr. Lewis said in his letter to the commissioner.

However, late last week the commissioner announced he would ask a court to modify the conservatorship order so Executive Life can continue paying its annuity obligations in full to retirees.

And, Maxxam announced it would make up any shortfall in those payments to Pacific Life retirees in May and June.

Meanwhile, two lawsuits seeking class-action status have been filed in New York and California against First Executive on behalf of policyholders.

The suits accuse First Executive directors of misleading policyholders by not disclosing that the company was heavily invested in junk bonds. The lawsuits seek an unspecified amount of damages.

Attorneys for the plaintiffs would not comment on the lawsuits.

## Some guaranty funds don't pay GIC losses

By MICHAEL BRADFORD

LOS ANGELES—California Insurance Commissioner John Garamendi says he is confident the California Life Insurance Guaranty Fund will cover Executive Life Insurance Co.'s policyholders, but guaranteed investment contracts will have no protection in the state if the insurer is liquidated.

"The fund does not cover GICs," confirmed a spokesman for the California Insurance Department. "The law is very clear about that."

Other regulators, though, say they are unsure whether the types of GICs written by Executive Life will qualify for guaranty fund protection in their states.

GIC holders not covered by guaranty funds could file claims against the insurer's estate if Executive Life is liquidated.

The California department would

not provide information on how many GICs were issued by Executive Life in California, but throughout the country the insurer has issued more than 300 of the contracts, valued at more than \$3 billion.

Last week, regulators in other states were trying to determine the total amount of business written by Executive Life and the potential impact to their state guaranty funds if the insurer is declared insolvent.

Executive Life had not been declared insolvent as of late last week, partly because of language in California law that precludes guaranty fund protection for insurers found to be insolvent before Jan. 1, said the California department's spokesman.

While the California fund does not cover GICs, it will pay up to \$5 million to companies with group life insurance policies or annuities if Executive Life cannot honor the

Continued on next page

kind of exposure," Mr. Becker said.

"The message is that while Executive Life is definitely a serious situation, we don't know of any GIC issuer that acted this way. We don't know of any issuer that had such a high proportion of assets in non-investment grade securities," said Mr. Mylnechuk.

Still, even before regulators seized the Executive Life units, employers had been asking consultants to provide more information on the financial stability of GIC insurers rather than solely depend on rating organizations, noted Brian Ternoey, a principal with Foster Higgins in Princeton, N.J.

Employers want to know the quality of a GIC provider's assets, as well as how well the assets are diversified, Wyatt's Ms. McCarrel said.

Associate Editor Stacy Adler contributed to this report.

## S&P ratings

Continued from page 2  
with subsidiaries that have received the Bq rating.

A.M. Best Co. of Oldwick, N.J., which rates insurers, also has criticized the new service. Among Best's charges is that the service could be extremely disruptive in the marketplace and damaging to companies that are improperly rated.

Roy Taub, executive managing director of S&P's insurance rating services, said the service was introduced in response to market demand. "The market seems anxious to get an additional point of view about many of these companies," he said.

S&P needed a way to cover as many insurance companies as it could in a manner that would treat all companies on a "completely equal and fair basis," Mr. Taub explained.

Given the number of insurers involved, it was not feasible to take into account factors such as ownership and affiliates when rating the companies, said Steven J. Dreyer, a vp of S&P.

Mr. Dreyer stressed that S&P does

not intend to cause disruption in the marketplace with the new service, although it will take some time for the market to "digest and understand" the new information.

Among the insurers with units that received the Bq rating were Fireman's Fund Insurance Co. of Novato, Calif., Utica National Insurance Co. of New Hartford, N.Y., and Commercial Union Corp. of Boston.

Three Fireman's Fund units received the below-average rating: Interstate Fire & Casualty Co.; Interstate Indemnity Co.; and San Francisco Reinsurance Co.

Fireman's Fund said in a statement that by not using 1990 data, S&P's review failed to take into account that all three subsidiaries "had improved results and became considerably stronger last year." It also pointed to its new ownership by Allianz A.G. Holding and the triple-A claims-paying ability rating Fireman's Fund has received from S&P.

S&P's Mr. Taub said 1990 data would be used in the next edition of the reports, which will be released this summer.

Two Utica National units that re-

ceived the Bq ratings: Utica Mutual Insurance Co. and Graphic Arts Mutual Insurance Co.

Utica National pointed out that the company had an "A" rating from A.M. Best. "I think it shows what can be done with a 'broad brush' look at numbers without an in-depth review of a company's results," said W. Craig Heston, chairman and chief executive officer of Utica National.

CU's Commercial Union Insurance Co. unit also received a Bq rating.

Commercial Union noted it had an A- (Excellent) rating from A.M. Best and that its parent company, London-based Commercial Union P.L.C., has \$28 billion in assets.

Other well-known insurers that were given Bq ratings included: CIGNA Corp.'s Illinois Union Insurance Co., a property/casualty insurer; Aetna Life Insurance Co. of America, a unit of Aetna Life & Casualty Co.; and Pruco Life Insurance Co. of New Jersey, both units of Prudential Life Insurance Co. of America.

CIGNA, Aetna and Prudential officials could not be reached for comment.

## Benefit issues part of rail talks

Managed health care and cost sharing are among the issues to be decided by a special board following last week's rail strike.

The three-person board, to be appointed by President Bush, is to resolve contract disputes between the nation's railroads and eight unions that went on strike last week.

The strike, which began Wednesday morning, was over early Thursday after the president signed legislation ordering the roughly 230,000 strikers back to work and also mandating that a board be appointed to resolve differences within 65 days after its formation.

Unions have agreed to lower wage increases in past contract negotiations because railroads said they couldn't afford higher raises due to rising health care costs, said William Fairchild, general president of the Brotherhood of Railway Carmen division of the Transportation Commu-

nications Union in Kansas City, Mo.

"I think we've paid for it in every negotiation, and we don't think we should have to pay for it again," he said.

Benefits are "one of a whole slew of issues" involved in current contract negotiations between the railroads and unions, said a spokeswoman for the Assn. of American Railroads in Washington, D.C. Other key sticking points in the bargaining reportedly include wages and work rules.

Another presidential board, appointed to recommend solutions to disputes between the railroads and unions, issued a report in January that suggested, among other things, changing the health care plan now offered by Travelers Insurance Co. that covers about 188,000 railroad employees and their dependents.

The report noted that the railroads and unions have agreed on the estab-

lishment of managed care networks and that employees should still be allowed to choose non-network providers but at a greater cost. However, they disagree on the amount of coverage for non-network care.

The board recommended that out-of-network benefits cover 85% of costs after a deductible is met, which is the formula favored by the unions. The railroads favor an out-of-network plan covering only 80% of costs after a deductible.

The current plan covers 80% of some costs and 100% of others, Mr. Fairchild said.

Another sticking point is the issue of premium contributions. Union employees now do not contribute to the cost of health care benefits and oppose the railroads' proposal that they pay \$20 monthly, plus an additional \$25 monthly for dependents, for coverage, he said.

—By Colleen Johnson

## Guaranty fund coverage

Continued from previous page contracts.

In addition, the fund will pay up to 80% of contractual obligations or \$250,000 in death benefits on individual policies, whichever is less; and up to \$100,000 of the cash value of annuities, to an aggregate of \$250,000 for individuals who hold more than one annuity.

The California fund covers Executive Life policyholders who are residents of the state and would cover non-residents only if they are not eligible for protection from funds in the state in which they live and it is a state where the insurer has never held a license.

Meanwhile, regulators in other states are attempting to determine the extent of coverage written by Executive Life in their jurisdictions and the potential size of payouts that could be required by guaranty funds.

If Executive Life is unable to pay any of its obligations in Texas, it would cost the Texas Life, Accident, Health & Hospital Service Insurance Guaranty Fund around \$400 million, according to a spokesman for the State Board of Insurance.

Executive Life last year wrote around \$1.3 billion in group life insurance premiums in Texas and has \$102 million of group business in force.

The company received \$10.8 million in deposits on GICs from Texas businesses last year.

While the maximum payout on GICs by the Texas guaranty fund is \$5 million, the fund does not cover all types of GICs. Texas law says the fund will not cover a GIC "which contains no mortality guarantees and is not issued to or in connection with

a specific employee benefit plan or governmental lottery."

The State Board does not know how many of the roughly 20 GICs written in Texas by Executive Life might be excluded from guaranty fund protection.

The insurer also wrote \$44.3 million in premiums on personal life insurance in Texas last year, with \$4.2 billion of coverage in force, and accepted around \$43 million in individual annuity and GIC deposits.

The Texas guaranty fund protects individual policyholders up to \$300,000 for death benefits, \$100,000 for annuities and \$100,000 for the cash surrender value of life policies. Cash surrender value is the amount the insurer would return to a policyholder who cancels a policy.

In Illinois, a spokesman for the state's Department of Insurance said regulators are still collecting information on the potential impact to the Illinois guaranty fund.

At the end of last year, Executive Life had \$173 million in group life insurance in force in Illinois, with a reserve of \$31 million. The value of corporate retirement annuities in the state amounts to \$61 million, and GICs are valued at \$58 million.

Ordinary life insurance in force in Illinois totals \$1.8 billion, with a reserve of \$143 million. Single-premium deferred annuities—tax-deferred investments similar to individual retirement accounts—are valued at \$93 million and immediate annuities at \$63 million.

The Illinois guaranty fund will pay annuity and life policyholders up to \$100,000 of the cash surrender values. The limit is \$300,000 on death benefits and up to \$5 million on some

GICs, according to the spokesman.

The Illinois fund covers GICs in programs like 401(k) plans and other "government plans" that are structured according to federal regulations. The fund will pay up to \$100,000 per GIC participant, with no cap on the payout.

Plans other than those structured under federal regulations are covered up to \$5 million.

Executive Life wrote 6,800 individual and group life policies in Massachusetts last year valued at \$1.1 billion. It had 3,800 annuities in force with an undetermined value.

"The total liability in Massachusetts is \$450 million if Executive Life is declared insolvent," said a spokeswoman for the Massachusetts Insurance Department.

The Massachusetts Life & Health Guaranty Fund will pay up to \$300,000 in death benefits and \$100,000 on cash-surrender values.

The Massachusetts fund does not cover GICs. Executive Life has \$206 million in GIC reserves and \$144 million in reserves on annuities.

The Florida Department of Insurance doesn't have figures available on the impact of a liquidation on the Florida fund, but a spokeswoman said limits on payouts are similar to those in other states.

The guaranty fund in Florida pays up to \$100,000 on cash-surrender values and \$300,000 on death benefits.

In 1990, Executive Life wrote group life premiums of \$90 million and ordinary life premiums of \$35.7 million in Florida and deposits to annuities reached \$3.4 million.

Executive Life has GIC reserves of \$306,000 in Florida.

## Update

### Court limits employers' liability

Continued from page 2

third-party defendants, said Carus attorney Michael Reagan of Herbolshimer, Lannon, Henson, Duncan & Reagan in Ottawa.

Last week's decision could lead to lower workers comp insurance costs for many Illinois employers, said Douglas Stevenson, an attorney with Stevenson, Rusin & Friedman Ltd. in Chicago.

New York is now the only state that does not limit recoveries against employers in such cases, according to Ian M. Sherman, an attorney with Rooks, Pitts & Poust in Chicago.

### Health care reform urged

WASHINGTON—The comptroller general of U.S. General Accounting Office was not suggesting health care rationing last week when he told a House panel that a federal health care reform measure should consider capping national expenditures for provider services, a GAO official says.

Comptroller General Charles A. Bowsher also told the House Ways and Means Committee during a hearing on long-term strategies for health care that uniform payment rules should be considered for health care services and that all individuals must be insured.

Mr. Bowsher said that the country could succeed in "slowing the spending spiral in health care" only with "comprehensive" reform.

But, Mr. Bowsher was not suggesting health care rationing, said Janet Shikles, the GAO's director of health financing and policy issues.

Though Mr. Bowsher supports national health care expenditure targets, the responsibility of meeting those targets would rest with health care providers, she said. And, the incentives for providers to stay within the targets "are things Congress must wrestle with."

While the GAO has no specific plan to accomplish this, "it can be done without rationing," she said.

For example, the government should look at how other nations control health care expenditures without rationing, as well as how well the Medicare Physician Payment System works, she said. That system will set expenditure targets for doctor services beginning in 1992.

Kenneth Sperling, a consultant in the Rowayton, Conn., office of Hewitt Associates, believes that the measures Mr. Bowsher suggested would be effective in controlling health care costs.

"To the extent that it would prevent the massive cost-shifting that occurs, yes it would cut health care costs," he said.

### Briefly noted

At the California Insurance Department's request, the Surplus Lines Assn. of California has warned surplus lines brokers in the state not to place business with **Winston Hill Assurance Ltd.** of the Turks & Caicos Islands. Though domiciled in the Turks & Caicos, Winston Hill is not licensed there. . . Severe weather, dubbed Catastrophe No. 68, caused an estimated **\$60 million of insured property damage** to widely scattered areas of Kentucky, Pennsylvania, Tennessee and West Virginia April 8-10, reports the Property Claim Services division of the American Insurance Services Group. And, rough weather, assigned Catastrophe No. 67, caused approximately \$25 million of insured property damage to portions of southern Texas April 4-7.

## Warsaw Convention bars mental injury suits: Court

By MICHAEL SCHACHNER

WASHINGTON—Passengers on international airline flights cannot seek damages for purely emotional injuries under the terms of the international treaty governing airline liability, the U.S. Supreme Court unanimously ruled last week.

However, in ruling that the Warsaw Convention only permits recovery for death and physical injuries, the court did not address whether damages for mental anguish stemming from domestic flights can be recovered under various state laws.

The court also did not clarify whether airline passengers on any flight can recover separately for mental injuries that accompany physical injuries.

By stating that the Warsaw Convention prohibits international airline passengers to sue for damages for purely emotional distress, the high court in essence established state laws as the only vehicles by which mental injury claims can be filed, according to a plaintiffs attorney who specializes in airline litigation.

"The question that remains is whether the court will go one step further and rule on state laws," said Steve Pounian of Kreindler & Kreindler in New York.

Mr. Pounian's firm represents families of passengers who died when a Pan American World Airways Inc. jetliner exploded over Lockerbie, Scotland, in 1988. He said the high court ruling would not affect that

case because the plaintiffs are seeking recovery for the deaths of their relatives, which clearly is permitted under the Warsaw Convention.

However, a federal appellate court last month ruled that the Pan Am plaintiffs could not seek punitive damages from the airline (BI, April 1).

Marshall Turner, an attorney with the New York firm of Condon & Forsyth, which represents Pan Am in the Lockerbie case, agreed that last week's Supreme Court ruling will not affect that case.

"This is simply a narrow interpretation of the French term for bodily injury" by the high court, Mr. Turner said.

In its ruling, the court interpreted that the French term for bodily injury—"lesion corporelle"—as it appears in the original 1925 text of the Warsaw Convention "excludes purely mental injuries."

The majority opinion written by Justice Thurgood Marshall pointed out that "lesion corporelle" might well refer to a more general category of physical injuries that includes internal injuries caused, for example, by physical impact, smoke or exhaust inhalation, or oxygen deprivation.

The Supreme Court's ruling overturns a 1989 decision by the 11th U.S. Circuit Court of Appeals in Atlanta that allowed passengers of a 1983 Eastern Airlines flight between Miami and the Bahamas to sue the airline for emotional distress after the plane nearly crashed.

# Brokers' annual reports show emphasis on global services

By LEONARD M. WILSON  
Special to Business Insurance

THIS IS THE SEASON for annual reports. Text, financial statements and footnotes constitute a kind of summing up for the past year. Managements have had an opportunity to propound their views as to organizational accomplishments and future strategies. As a consequence, a closely read annual report can be a revealing document.



Mr. Wilson

For the publicly owned insurance brokers, globalization is the predominant theme of 1990 annual reports. To be sure, not all public brokers can claim true international status, but all aspire to at least some degree of participation in insurance brokerage beyond the domestic arena.

Marsh & McLennan Cos. Inc. underscored the global theme with a cover caption titled, "Serving clients worldwide." Alexander & Alexander Services Inc. captioned its report's cover with the rubric, "Managing risks around the world." Sedgwick Group P.L.C. characterized itself as "Serving the world."

M&M moved ahead on the global front by seeking majority control of its European affiliates. In the early stages of expansion outside domestic borders, the company had been content with minority stakes in leading foreign insurance brokers. This latest evolution in the organization and control of foreign operations is aimed at strengthening the firm's ability to operate in worldwide markets.

The company also formed a single, worldwide reinsurance entity through the union of U.S.-based Guy Carpenter & Co. Inc. and C.T. Bowring Reinsurance Ltd. Guy Carpenter & Co. is the new designation for the company's global reinsurance services. This reorganization is geared toward more effective deployment of professional resources within reinsurance brokerage.

In the "what's in a name department," Seabury & Smith Inc. is the new designation for Marsh & McLennan Group Associates,

the mass marketing arm of the brokerage. Seabury & Smith, now 1,500 employees strong, will now have a distinct identity that should bolster its domestic business, and possibly allow greater scope outside the United States, as well.

A&A has reorganized retail brokerage along global lines. Henceforth, retail brokerage will operate through four functions globally, including business development, marketing, client service and industry specialty groups. The company expects improved provision of services and expertise anywhere clients are based.

A&A has also reorganized reinsurance brokerage to reflect the international nature of its business. Currently, reinsurance brokerage is carried on by a staff of 1,300 in 21 offices throughout the world. Global resources and a global client base warranted an approach that transcended the more limited prior organizational format.

Carrying the internationalization further, A&A now views itself as a global consulting firm through the Alexander Consulting Group. This segment of operations has grown rapidly in recent years.

Willis Corroon P.L.C. has become a global entity through the merger of Willis Faber P.L.C. and Corroon & Black Corp. The annual report conveys the impression of rapid integration of the two firms. Interaction between professionals on both sides of the Atlantic has already benefited clients. Teamwork in the transition is the keynote of integration efforts.

In a section of the annual report titled "Towards 2000," the emphasis on globalization comes through strongly. Willis Corroon can put together global resources in risk assessment, risk control, financing and insurance programs. Professional skills can be deployed to assist multinational clients domiciled anywhere in the world.

Sedgwick has experienced solid results from globally organized retail brokerage, carried on through Sedgwick James Inc. By aligning operations into four regions, the company can set priorities for each region depending on perceived needs or opportunities. Access to international expertise along

with strong local identification are principal objectives.

Arthur J. Gallagher & Co. remains principally a U.S. broker, but has increasing capabilities through its London-based operations. The company stresses its role as a provider of risk management services including brokering, consulting and claims administration.

Gallagher Bassett Services Inc., a leader in third-party administration and self-insurance services, extended its risk management services to Europe for the first time in 1990. This step reflects the firm's recognition of opportunities abroad for activities that have grown rapidly in the United States.

Frank B. Hall & Co. Inc. continues to make progress on the turnaround front, as evidenced by a number of initiatives detailed in the annual report. The firm's global reach in retail insurance brokerage is implemented through three subsidiaries: Frank B. Hall in the United States; Frank B. Hall International in 50 countries; and Leslie & Godwin Ltd. in the United Kingdom.

Consulting has evolved into a global activity through Godwins International Holdings, the management company for employee benefits, actuarial consulting and financial planning.

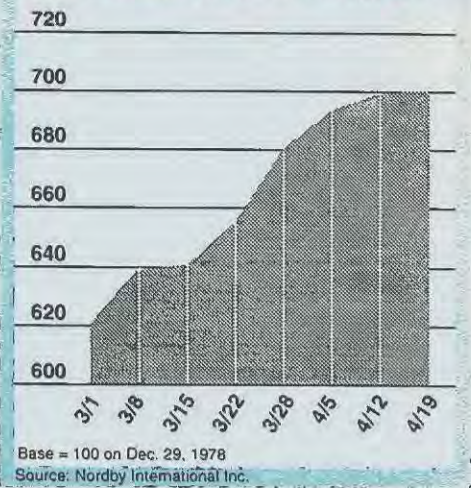
This globalization of insurance brokerage represents a natural evolution as clients have become increasingly multinational. We would not underestimate the complexity of managing a technically sophisticated service business operating in many locations under a wide variety of conditions and local needs.

A global broker is the sum of many local parts presumably working together smoothly as a team to service clients at widely dispersed locations.

Success in managing the disparate elements of this mix of skills and people no doubt holds the key to success in an intensifying competitive environment.

Leonard M. Wilson is a senior vp with Lazard Asset Management Inc. He is a member of the New York Society of Security Analysts.

## BI Insurance Index



Insurance industry stocks leveled off last week as the *Business Insurance Index* rose 1.0 point to 700.5 on April 19, from 699.5 on April 12. Advancing issues for the week were led by Durham Corp., up 14.7%; American Heritage, up 13.5%; and Orion Capital Corp., up 10.3%. Declining issues for the week followed HMO America Inc., down 10.1%; FHP International, down 9.5%; and Sierra Health Services, down 9.4%. The most active issue was Sears, Roebuck (Allstate), with 6.3 million shares traded. The *BI Index* was up 0.1%; The Standard & Poor's 500 climbed 1.0%; the Dow Jones 30 Industrials were up 1.5%; and the New York Stock Exchange Composite rose 1.0%.

## British Issues

April 18 Companies	Price	P/E	Div. %	Yield %	1 Week	
					High-Low	price/price
Comml Union	520	N/M	30.7	5.9	528-516	
Genl Accident	543	N/M	35.7	6.6	555-534	
Gdn Royal Exch	212	N/M	15.9	7.5	214-208	
Royal	472	N/M	34.7	7.3	474-465	
Sun Alliance	367	N/M	18.7	5.1	373-361	
<b>Brokers</b>						
Bradstock	155	17.6	6.0	3.9	155-153	
CE Heath	531	15.7	34.5	6.5	531-529	
Hogg Group	204	12.4	10.7	5.2	205-199	
Lloyd Thompson	371	24.7	10.0	2.7	371-364	
PWS Holdings	90	11.0	4.7	5.2	90-90	
Sedgwick Grp	263	25.3	16.0	6.1	268-263	
Steel Brll Jones	301	15.6	16.3	5.4	301-300	
Willis Corroon	330	17.5	17.6	5.3	336-329	

Source: Philip Olsen, Insurance Industry Analyst  
London

# BI Industry Stock Report

APRIL 15, 1991 THROUGH APRIL 19, 1991

	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value		
				High	Low										High	Low								
<b>BROKERS</b>																								
Alexander & Alexander	NYS	26.75	-0.47	15.68	28.00	16.13	783	1.00	3.74	20	9.18	2.91	43.13	2.37	4.86	50.25	39.00	16	0.92	2.13	14	31.82	1.36	
Gallagher Arthur J. & Co.	NYS	25.50	-1.92	9.68	28.38	19.75	575	0.64	2.51	19	5.33	4.78	53.88	3.36	26.29	56.50	30.75	169	2.72	5.05	13	49.19	1.10	
Frank B. Hall	NYS	3.50	0.00	-3.45	4.13	2.00	61	0.00	0.00	-7	-2.80	-1.25	42.50	-3.57	22.73	42.50	25.50	96	0.20	0.49	17	22.81	1.78	
Hibb, Rogal & Hamilton	OTC	15.88	-2.31	7.63	17.00	11.25	509	0.36	2.27	22	4.60	3.45	48.50	1.04	48.09	49.50	24.75	16	0.00	0.00	18	15.22	3.19	
Marsh & McLennan	NYS	81.75	-2.39	4.81	87.25	59.75	503	2.60	3.18	20	10.56	7.74	3.88	0.00	29.17	4.38	2.38	24	0.00	0.00	-	7.76	0.50	
Poe & Associates	OTC	11.50	6.98	43.75	12.25	7.75	2	0.40	3.48	11	2.40	4.79	28.75	-0.43	70.37	34.50	11.75	392	1.40	4.87	6	37.50	0.77	
BROKERS	AVERAGE		0.0	11.2									46.50	0.36	22.00	46.50	26.75	159	2.48	5.30	11	33.30	1.40	
<b>CONGLOMERATES &amp; HOLDING COMPANIES</b>																								
Berkley W.R. Corp.	OTC	45.00	0.00	20.00	46.50	28.50	870	0.48	1.07	15	25.06	1.80	29.13	3.10	27.32	29.50	17.38	86	0.68	2.33	7	30.70	0.95	
Berkshire Hathaway Inc.	NYS	8010.00	0.13	20.00	8900.00	5675.00	1	0.00	0.00	-26	2869.00	2.79	28.00	10.34	60.00	27.13	13.00	269	0.92	3.29	10	19.72	1.42	
ITT (Hartford) Group	NYS	58.88	2.84	22.66	60.88	40.25	1110	1.72	2.92	8	56.33	1.05	9.38	1.35	20.97	11.25	5.00	105	0.20	2.13	117	12.99	0.72	
Sears (Allstate)	NYS	39.00	6.48	53.69	39.00	22.00	6304	2.00	5.13	15	37.75	1.03	19.50	0.00	31.09	20.75	10.25	279	0.76	3.90	9	14.54	1.34	
CONGLOMERATES	AVERAGE		2.4	29.1									23.50	3.30	34.29	26.25	12.00	558	0.92	3.91	6	23.24	1.01	
<b>INSURERS/REINSURERS</b>																								
Aetna Life & Casualty	NYS	48.25	2.66	23.72	54.38	29.00	1976	2.76	5.72	9	58.11	0.83	17.13	1.48	33.01	17.38	11.75	24	0.00	0.00	12	14.43	1.19	
American General	NYS	40.00	-1.54	30.08	50.63	23.50	776	2.00	5.00	9	34.68	1.15	15.88	1.60	9.48	16.38	9.63	34	0.44	2.77	8	12.42	1.28	
American Heritage	NYS	26.25	13.51	25.00	25.75	19.63	20	1.00	3.81	12	22.60	1.16	70.75	-0.70	12.75	74.25	47.00	932	2.60	3.67	8	43.47	1.63	
American Indemnity/Fin'l	OTC	6.50	0.00	100.00	7.00	2.75	5	0.08	1.23	-20	17.38	0.37	42.75	0.59	30.04	44.75	25.13	684	1.36	3.18	10	24.87	1.72	
American International	NYS	96.50	-2.28	25.53	102.00	57.00	1377	0.44	0.46	14	41.92	2.30	14.63	1.74	18.18	15.25	8.38	13	0.24	1.64	10	10.61	1.38	
Aon Corp.	NYS	39.00	1.96	12.23	41.38	26.75	445	1.60	4.10	11	19.62	1.99	8.25	0.00	94.12	11.75	4.25	301	0.36	4.36	-17	13.75	0.60	
Argonaut Group	OTC	95.00	2.15	48.44	95.00	53.00	30	1.60	1.68	9	36.63	2.58	16.25	1.56	22.64	18.25	12.50	86	1.04	6.40	7	15.72	1.03	
AVEMCO Corp.	NYS	33.00	-1.49	30.69	34.25	21.13	80	0.44	1.33	17	9.52	3.47	2.75	2.31	75.94	3.00	1.25	2388	0.00	0.00	-16	4.19	0.66	
Baldwin & Lyons Inc.	OTC	24.50	-2.97	30.67	25.25	17.00	15	0.28	1.14	9	20.80	1.18	49.50	-0.75	4.76	56.50	34.50	1	0.26	0.53	-	70.93	0.70	
Belvedere Corp.	ASE	3.25	8.33	30.00	4.63	1.75	35	0.04	1.23	81	8.03	0.40	55.38	-0.67	13.30	58.50	38.00	337	1.40	2.53	13	13.23	4.19	
Chandler Insurance	OTC	4.38	9.38	-36.36	9.25	2.75	33	0.00	0.00	-6	9.53	0.46	35.13	1.08	7.86	41.00	23.25	498	1.96	5.58	11	34.63	1.01	
Chubb Corp.	NYS	68.88	-1.78	26.96	75.25	34.63	1533	1.48	2.15	11	55.49	1.24	24.50	1.03	47.37	32.38	11.50	1760	1.60	6.53	-13	44.85	0.55	
CIGNA Corp.	NYS	56.00	4.43	37.00	56.50	33.25	1015	3.04	5.43	11	66.64	0.84	30.00	1.69	29.73	30.00	16.25	141	0.60	2.00	12	16.91	1.77	
CNA Financial Corp.	NYS	84.75	-2.16	23.50	92.50	49.50	80	0.00	0.00	15	54.87	1.54	49.25	-7.94	40.21	58.00	28.75	9	1.32	2.68	8	22.56	2.18	
Continental Corp.	NYS	29.75	3.48	19.60	31.38	15.75	386	2.60	8.74	12	41.36	0.72	12.00	1.05	60.00	29.00	7.00	2086	0.20	1.67	-2	22.87	0.52	
Durham Corp.	OTC	32.25	14.67	15.18	33.00	23.00	145	0.92	2.85	16	26.32	1.23	64.00	-6.23	37.27	69.00	32.13	300	0.80	1.25	12	31.20	2.05	
Fund American Corp.	NYS	64.50	0.78	24.34	65.25	29.50	405	0.68	1.05	26	32.74	1.97	12.00	1.05	60.00	29.00	7.00	2086	0.20	1.67	-2	22.87	0.52	
Fremont General Corp.	OTC	21.50	2.38	48.28	22.13	10.13	286	0.80	3.72	7	19.09	1.13	64.00	-6.23	37.27	69.00	32.13	300	0.80	1.25	12	31.20	2.05	
Frontier Insurance Group	NYS	22.38	1.13	17.76	33.00	15.38	15	0.00	0.00	9	7.29	3.07	38.75	1.97	38.39	41.75	23.25	190	1.64	4.23	9	54.34	0.71	
General RE Corp.	NYS	97.13	-1.89	4.44	102.50	69.00	555	1.68	1.73	14	29.04	3.34	39.50	-0.63	28.46	41.25	24.50	210	0.80	2.03	14	33.99	1.16	
Hanover Insurance Co.	OTC	28.75	1.32	8.49	30.75	21.00	20	0.44	1.53	11	32.03	0.90	14.75	5.36	35.63	22.63	9.38	116	1.08	7.32	-16	32.90	0.45	
Harleysville Group	OTC	30.25	3.42	32.24	31.50	13.50	16	0.64	2.12	9	18.94	1.60	19.38	4.03	22.05	22.38	14.75	18	1.00	5.16	8	27.73	0.70	
Hartford Steam Boiler	NYS	62.00	1.22	27.18	63.75	43.50	85	1.80	2.90	16	18.94	3.27	17.25	-1.43	26.61	18.25	9.88	27	1.00	5.80	-34	13.81	1.25	
Kansas City Life Ins.	OTC	34.50	0.00	11.74	36.50	30.00	1	1.20	3.48	9	39.22	0.88												
Kemper Corp.	NYS	36.75	1.38	54.74	43.13	17.13	323	0.92	2.50	141	29.97	1.23												
Lawrence Insurance Group	ASE	8.50	6.25	21.43	9.00	6.38	3	0.48	5.6															

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