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Updates

Property/casualty industry's net income for '99 falls 28%

NEW YORK—The property/casualty insurance industry's aftertax net income dropped 28% in 1999, to $22.2 billion, according to the Insurance Services Office Inc. and the National Assn. of Independent Insurers.

Major contributors to the decline were a $9.5 billion decrease in the industry's pretax operating income and a $4.3 billion drop in realized capital gains to $13.7 billion, according to the ISO/NAII data.

The property/casualty industry's combined

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Disability rates to rise

More California employers likely to offer own plans

By JOANNE WOJCIK KOCHANIEC

SACRAMENTO, Calif.—The much-anticipated April 1 increase in California's State Disability Income insurance fund premiums is expected to prompt more employers in the state to offer voluntary plans instead of participating in the state-run program.

Or, at the very least, the increase to 0.7% from 0.5% of payroll will enable the 550 employers that currently offer self-funded voluntary disability income plans to keep those plans from going belly up.

In fact, many employers already were planning to drop their existing voluntary plans because the premium that California allowed them to charge was not enough to keep them afloat, according to Jack Bredehorn, president of Calabasas, Calif.-based VPA Inc., the state's largest voluntary plan administrator, with approximately a third of the market.

Under California law, employers may opt out of the SDI program, but they cannot charge employees more than the state contribution rate, and they must provide benefits that exceed the state plan.

Just 550 of the state's 900,000 employers offer voluntary plans, according to California's Health and Human Services Agency in Sacramento. About 4.8% of people covered by disability insurance are enrolled in voluntary plans, an HHS spokeswoman said.

"A lot dropped out Jan. 1 because of the 0.5% rate," said Mr. Bredehorn. "It made things really awkward for many of the employers in the state

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PHOTO: NEWSMAKERS

The Bank One tower was among several buildings in Fort Worth severely damaged by last week's tornadoes.

Tornadoes blast Texas

Damage totals hundreds of millions

By MICHAEL BRADFORD

FORT WORTH, Texas—As the tornado season intensifies, recent deadly storms have left property owners with hundreds of millions of dollars in damage.

Two tornadoes roared through Fort Worth last week, leaving at least four dead and at least 100 injured. The early evening storms tore through the downtown area, blowing out windows in glass skyscrapers and scattering debris through streets.

The city of Arlington, Texas, and nearby areas also were pounded by the tornadoes. Thousands of homes and businesses suffered damage in the area between Dallas and Fort Worth. Lt. Gov. Rick Perry last week declared Tarrant County a disaster area.

The Southwestern Insurance Information Service in Austin, Texas, has estimated insured losses from the storms will be more than $400 million.

In Houma, La., property owners are putting parts of the city back together and totaling their losses after a tornado struck last month. Repairs to homes and businesses are under way after the March 15 storm that left 34 injured. Approximately 200 homes and at least 10 businesses were damaged when the tornado touched down around 2 p.m.

While firm damage estimates were not available last week, they are expected to total several million dollars. The Property Claims Services unit of the Insurance Services Office Inc. has not assigned the

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Tokio Marine, State Farm to create risk exchange

By GAVIN SOUTER

HAMILTON, Bermuda—An innovative $200 million earthquake risk exchange between a Japanese insurer and a U.S. insurer is a prudent way for both to diversify their portfolios, an analyst said.

By exchanging risks, rather than buying reinsurance, the insurers achieve a similar effect without paying premiums and brokerage fees, said Donald Watson, a director at Standard & Poor's Corp. in New York.

"It's a terrific means to diversify and reduce your concentration of risk," Mr. Watson said.

But the deal is unique and is unlikely to erode the role of intermediaries, a reinsurance broker said.

"Would we have liked to have done it? Sure. Are we upset and think it's the beginning of the end? No," said Steven K. Bolland, senior vp at Gill & Roeser Inc. in New York.

The deal, announced late last month between Tokio Marine & Fire Insurance Co. Ltd. of Tokyo and State Farm Mutual Automobile Insurance Co. in Bloomington, Ill.,

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RIMS meets on Capitol Hill again

Patients' bill could pass

By MARK A. HOFMANN

WASHINGTON—Compromise "patients' bill of rights" legislation likely will win congressional approval and the president's signature this year, says one insurance regulator turned lawmaker.

Rep. Earl Pomeroy, D-N.D., who is a former president of the National Assn. of Insurance Commissioners, made that and several other predictions about specific legislation at the second annual "RIMS on the Hill" meeting in Washington last week. The event, sponsored by the Risk & Insurance Management Society Inc., involved briefings on issues and visits to congressional offices by risk managers seeking to make their views known on several legislative concerns.

"Political pressure is so intense" for some sort of patients' rights legislation that House and Senate conferees are very likely, in the coming months, to iron out differences between widely divergent bills passed by the two houses last year, said Rep. Pomeroy. He said he believes that the final bill will be based on the measure approved by the House in October. That measure, commonly known as the Norwood-Dingell bill, after its two prime sponsors—Reps. Charlie Norwood, R-Ga., and John Dingell, D-Mich.,—has drawn considerable opposition from employer groups. Opponents fear that the measure's extension of legal liability for coverage decisions to employers, under certain circumstances, will lead to increased health care costs. RIMS itself has issued a position paper expressing concern that certain provisions of the bill will "drive up the costs of providing health care for employees and have the unintended consequence of limiting access to

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Updates

P/C industry's profit falls 28%

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ratio also deteriorated to 107.9% last year, compared with 105.6% in 1998 and 101.6% the year before, according to the data.

Among other financial results, the U.S. property/casualty industry's statutory surplus increased just 0.9%, to $2.9 billion. This was the smallest gain since 1984, when the industry's surplus shrank by 2.7%.

Meanwhile, net underwriting losses grew by 39.5%, to $23.4 billion. Net investment income fell 3.3%, to $38.6 billion, while net written premiums increased 1.9%, to $287 billion.

In his commentary on the results, Robert P. Hartwig, III's vp and chief economist, noted underwriting losses were sharply higher despite lower catastrophe losses and the development of favorable pricing trends late in the year.

"The surge in underwriting losses reflects the inevitable outcome of the intensely competitive pricing environment over the past few years," Mr. Hartwig wrote in his commentary.

"Offsetting mounting underwriting losses with investment gains is becoming increasingly difficult," according to Mr. Hartwig.

DOHSA lifted in TWA crash suits

NEW YORK—Families of those killed in the TWA 800 disaster may sue for non-economic damages, because the crash occurred within U.S. territorial waters, a federal appeals court has ruled.

In a 2-1 ruling, the 2nd U.S. Circuit Court of Appeals refused to apply the Death on the High Seas Act to limit damages to compensatory amounts, leaving plaintiffs free to seek damages for pain and suffering and other non-economic losses.

The term "high seas" in the act refers to waters beyond U.S. territorial boundaries, which President Reagan extended to 12 miles from three miles in 1988, the court found. Parties in the litigation agreed that the act would have applied had the crash occurred before 1988.

Victims' families are suing Trans World Airlines Inc.; The Boeing Co., which manufactured the plane; and Hydro-Aire Inc., a Burbank, Calif.-based unit of Crane Co. that manufactured the fuel pumps used in the ill-fated jet.

The suit charges that the defendants were negligent in building and operating the plane, which exploded shortly after takeoff from New York's John F. Kennedy International Airport in July 1996 and crashed about eight miles off the coast of Long Island. All 230 persons aboard were killed.

A Hydro-Aire spokesman said the company is reviewing the ruling and has not decided whether to appeal. Spokesmen for Boeing and TWA could not be reached.

Frontier to sell its surety book

ROCK HILL, N.Y.—Frontier Insurance Group Inc. is planning to sell its surety operations and a small insurance subsidiary to bolster its sagging capital base.

Frontier announced it has hired Banc of America Securities, a unit of Charlotte, N.C.-based Bank of America, to find buyers for the surety business and its Western Indemnity Insurance Co. unit.

"We have been working with Banc of America closely for several months on capital-raising alternatives and look forward to their assistance in marketing these operations," Chief Executive Officer Harry W. Rhulen said in a statement.

Surety accounted for $74.5 million, or 19.7%, of Frontier's consolidated 1998 net written premiums of $377.8 million, according to figures published by A.M. Best Co. Western Indemnity, writing mainly medical malpractice business, generated $23.4 million, or 6.2%, of Frontier's overall 1998 net premiums.

While Western Indemnity is a small operation, the sale "will certainly help them (boost) their capital," said Robert Partridge, a director of Standard & Poor's Corp. in New York.

Frontier, though, remains "a company that is facing financial strain at this point," Mr. Partridge said.

S&P last week suspended its BB+ financial strength rating of Frontier's insurance units, along with the C debt rating of the parent company because the rating agency was not receiving sufficient information about changes at Frontier to maintain the ratings, he said.

Best recently downgraded Frontier to B from BB+, citing poor capitalization of the insurance units and the holding company's "weak financial condition"(*BI*, March 20).

Sageo broadens initial offerings

LINCOLNSHIRE, Ill.—Responding to employer interest, Hewitt Associates L.L.C. is speeding up the timetable for Sageo, its e-commerce health care venture.

Initially, Lincolnshire, Ill.-based Hewitt said the new venture would be available this fall only for employers with retiree health care plans. But because of "tremendous interest," Sageo will be available this fall for the enrollment of both active employees and retirees, said Sageo Chief Executive Officer Tom Schmitz.

Sageo has lined up commitments from health plans in about 100 markets to offer standardized benefit packages. The program aims to make it easier for employees and retirees to select plans on the basis of cost, access to services and quality of care, as well as to cut administrative overhead.

Participants could use the program to compare benefit plan features and to enroll in plans online. Sageo would take over many functions currently performed by employers, shifting their role to that of payers—rather then providers and administrators—of health care benefit plans (*BI*, March 20).

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Measure follows Vermont model

S.C. captive bill crafted

By JERRY GEISEL

COLUMBIA, S.C.—South Carolina wants to become the captive insurer domicile of choice in the Southeast.

To that end, the state has introduced bipartisan legislation—backed by the insurance department and the governor—that is modeled along the lines of Vermont's highly attractive captive law.

Ernst Csiszar, director of the South Carolina Department of Insurance in Columbia, said H.B. 4467, which is now pending at the committee level, is certain to win House and Senate approval and could be on Gov. Jim Hodges' desk by the end of this month.

"There is strong bipartisan support for this bill. This is a state with a friendly, pro-business environment," Mr. Csiszar said, adding that there already is employer interest in setting up captives in South Carolina.

While 13 states now have captive statutes, the Southeast currently lacks a growing domicile. For the past several years, the number of captives in Georgia has hovered around 15. Tennessee, meanwhile, has seen its captive roster wither over the last several years to fewer than 10.

In drawing up its legislation, South Carolina looked to Vermont, whose more that 350 captives make it the biggest U.S.

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Bargaining bill advances

Employers, insurers wary of increased physician leverage

By MARK A. HOFMANN

WASHINGTON—Legislation that would exempt physicians from federal antitrust laws, allowing them to bargain collectively with managed care plans and health insurers, is headed to the House floor.

The measure, the Quality Health-Care Coalition Act, won overwhelming support in the House Judiciary Committee last week. Its progress came in spite of repeated warnings from employers and insurers that the bill would increase health care costs by allowing doctors to engage in cartel-like behavior. Supporters of the bill, notably the American Medical Assn., have said it is necessary to restore balance to the relationship between doctors and health plans and to allow physicians to function more effectively as patient advocates.

The measure, introduced by Rep. Tom Campbell, R-Calif., would apply to physicians, pharmacists, dentists and other health care providers. The bill would exempt them from federal antitrust laws that bar competitors from negotiating collectively. House Judiciary Chairman Henry Hyde, R-Ill., offered a "sunset" amendment that would cause the bill's provisions to expire in three years. That amendment won the unanimous approval of the committee, which ultimately voted 26-2, with one abstention, in favor of the bill last week.

Backers on the committee attempted to craft the bill so that no other committees could claim the right of "sequential referral,"

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Gauging value of work/life plans complex

By MICHAEL PRINCE

NEW YORK—Measuring is not the same thing as counting, when it comes to work/life programs, experts advise.

When measuring the impact of work/life programs, a company shouldn't simply count the money saved. Rather, the total impact to the organization should be gauged, they say.

The common wisdom is that quantification doesn't work with work/life programs, said Arlene Johnson, senior consultant in Livingston, N.J., with WFD Consulting of Boston. According to this belief, the benefit to a company's bottom line cannot be measured because it consists solely of intangible benefits, such as higher morale or greater employee satisfaction, she said.

But measurement of work/life initiatives "can be done, is being done, and is a powerful tool," Ms. Johnson told attendees at a conference on work/life programs sponsored by The Conference Board and the Families & Work Institute.

In some attempts, she said, people tally only what

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Reinsurers' combined ratio soars in 1999

By JUDY GREENWALD

At least the worst is probably over.

Maybe that's the best reinsurers can say when looking at last year's results.

A particularly bad catastrophe year on top of the already-competitive pricing caused the reinsurance industry's combined ratio to soar to 113.4%, according to the Washington-based Reinsurance Assn. of America's survey of 32 U.S. reinsurers, compared to a 104.4% combined ratio posted by a comparable group in 1998.

Assuming a relatively normal catastrophe year, reinsurers say results should improve this year, albeit modestly.

But for now, reinsurers and others lament

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Spotlight report

Risk Management Services

Market firming may signal uptick in consulting activity

By MICHAEL BRADFORD

The slowly tightening insurance market isn't yet squeezing risk managers enough to send them running to consultants for help.

Traditionally, as insurance costs have risen in a hardening market, employers have turned to consultants and brokers for advice about alternative risk financing options and about how to better control losses.

In the current environment, consultants and brokers say that, in some cases, the phones are ringing a little more frequently, but the demand has a long way to go before it resembles anything close to the torrent that was unleashed in previous hard markets. And with the market hardening limited to a handful of lines, some consultants say it may be a while before many risk managers become concerned enough to call.

"In past market tightenings, what I saw was a rapid increase in prices," said Richard G. Rudolph, principal consultant with Seaver, Rudolph & Associates Inc. in St. Charles, Ill. And buyers who were willing to pay the premiums also usually had to agree to tougher restrictions and exclusions, he said.

Today, Mr. Rudolph noted, he is aware of "selective areas where there is increased attention to underwriting and a lot of posturing," whereby insurers are saying they "would like a 10% increase but will settle for 5% or 0%. . . .The carriers are not willing to walk away from business."

Consultants are seeing some activity among clients who, while not overly concerned about current conditions, are starting to sense a market turn.

"I think what we're beginning to see is some of the buyers are thinking they might have a problem" down the road, Mr. Rudolph observed. During the hard periods of the 1970s and 1980s, employers didn't prepare very well for those changes, he said. "I think that is a major difference in what we will see in whatever this market turns out to be."

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Top U.S. risk management consultants

Ranked by risk management consulting revenues

	1999 revenues	Total clients	Risk mgmt. professionals
PricewaterhouseCoopers L.L.P.	$113,280,000	4,200*	560
Deloitte & Touche L.L.P.	71,450,000	1,000*	455
Arthur Andersen L.L.P.	59,444,750	813	263
EQE International Inc.	53,500,000	800	300
Ernst & Young L.L.P.	29,590,000	900	125
Tillinghast-Towers Perrin	27,916,000	850	55
KPMG L.L.P.	12,000,000	300	70
Milliman & Robertson Inc.	10,000,000	463	96
J.H. Albert International Insurance Advisors Inc.	6,800,000	650	35
Dempsey, Myers & Co.	4,000,000	90	21

*Estimated. Source: *BI* survey

Hands-on experience helps consultants

By RODD ZOLKOS

For former risk managers who've made the career leap to consulting, while hands-on risk management experience is a valuable asset, there's more to consulting success than simply having "risk manager" on one's resume.

"It's a far more difficult transition than most people realize, going from one to another," said George Netherton, chairman of Marietta, Ga.-based Risk Laboratories L.L.C.

But, if a consultant can integrate risk management experience with the skills that consulting demands, hands-on experience can be a tremendous asset, he said.

Before moving into consulting, Mr. Netherton spent several years as a risk manager, first with Sperry Corp. from 1979 through 1983, then with the Coca-Cola Co., where he headed the company's worldwide risk management program from 1984 until 1990.

"I wanted to do something entrepreneurial," he said. To that end, he went to work for a consulting firm until he felt established as a consultant, and then started his own risk management information systems consulting business six years ago. "I think my background in risk management was absolutely invaluable to the whole thing," he said. "I would say this, though—there are very different skills involved."

He likened the experience to that of his early career, which began on the brokerage side, first for his father's agency and later for one of the large brokerage firms.

As with his transition from risk management to consulting, he found that though his brokerage experience benefited him as a risk manager, the job called for other skills as well.

"Even though you're doing what seems to be the flip side of the same industry, it's not," he said.

One of the most valuable skills Mr. Netherton sees himself bringing from his risk management experience to his consulting work is an emphasis on communication.

Discussing his own area of consulting, RMIS, he noted that people in the information technology business tend to look at issues differently from most risk managers.

"It's dominated by people who are very young and are driven by logic and the engineering aspect of various problems," he said.

Risk managers also have those characteristics to some extent, though in risk management, he said, "You have to work with people. You have to build consensus, you have to build partnerships."

"I think the people aspects, that is probably the weakest part when you look at technology companies," Mr. Netherton said. "And I think bringing those skills from risk management, that comes home all the time for me to be able to teach these technology guys how to work with clients."

"One thing I learned having been a risk manager was that one of the most important skills I had was being able to work with people," Mr. Netherton said. He recalled, in particular, experiencing the insurance crisis of the mid-1980s as a risk manager. "If you didn't have some good relationships in the underwriting community, you were dead."

Another former risk manager now

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Spotlight Editor: Roberto Ceniceros

Networking on online risks

More consultants offering technical help to ensure security

By ROBERTO CENICEROS

In a competitive online business world that is increasingly fraught with peril, some companies are turning to their risk management consultants for help.

Minimizing Internet-related exposures should help reduce the price of costly specialty insurance for Internet operations, risk managers and consultants agree.

The full gamut of the risks still remains unknown, experts say, but the exposures include employment liability-related lawsuits stemming from employee e-mail transmissions, business interruption from hacker attacks and the disabling of e-commerce sites, and litigation stemming from the use of company-sponsored chat rooms.

Some of the consultants say their business is booming because of e-ventures; others say they are striving to make inroads.

But several risk managers say they have shied away from contracting with traditional risk management consultants in their efforts to lessen their company's cyber-related risks. Instead, they say, they are buying insurance, leaning more on their brokers, and contracting for the technical expertise offered by companies that specialize in performing computer security audits.

Computer security auditing companies have become Internet-era risk management consultants, said John G. Pinner, assistant treasurer for Mattel Inc. in El Segundo, Calif. Mr. Pinner has contracted with San Jose, Calif.-based Cisco Systems Inc. to evaluate Mattel's Internet security risks.

International Business Machines Corp.'s global services unit and several other companies also conduct security audits of companies' Internet operations, Mr. Pinner said.

In a sense, the security auditors perform services similar to those that highly protected risk insurers have traditionally offered industrial factory sites.

In essence, "they are telling us if our computer systems have sprinklers," Mr. Pinner said.

The auditors can evaluate his system and then provide him with a report that Mr. Pinner could immediately pass on to his insurer. But he chooses to first make any recommended corrections and have the auditors perform a second inspection, sharing the results of that follow-up review with his insurer.

That way, his insurer sees his computer system security only "after all the sprinklers are installed," Mr. Pinner said. "It's just risk management."

Insurers that write coverage for Internet risks require such audits, as the insurers tend to know very little about the exposures they are underwriting, Mr. Pinner said. Consequently, they rely on experts to evaluate the security of the systems.

But regardless of insurer requirements, Mr. Pinner independently had Mattel's Internet system inspected to ensure that the company's Web sites cannot be easily penetrated, he said. The inspection also helped him to better understand any new risks and to negotiate better rates with his insurer.

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International advice in demand

By GAVIN SOUTER

Risk managers at U.S. companies that expand overseas face a broad range of concerns that they do not encounter at home, consultants and risk managers say.

Differences in regulations, legal environments, insurance customs and language all serve to make risk management significantly more complex overseas, they say.

To address those complexities and effectively implement a global risk management strategy, risk managers often turn to consultants. And these consultants must be sufficiently large in size, have broad expertise and possess adequate knowledge of local practices, the risk managers and consultants say.

Risk managers with overseas exposures need consultants to provide a whole array of advisory services, said David L. Mair, risk manager for the U.S. Olympic Committee in Colorado Springs, Colo.

"With the world changing as quickly as it is today, risk managers are always looking for advice and counsel. . .and consultants can play a role in that," Mr. Mair said.

In particular, a consultant can cast an issue in a wider context when a risk manager is accustomed to seeing only "snapshots" of the company's risks and exposures, Mr. Mair said.

Consultants are most useful to risk managers who use regional or national brokers that lack overseas offices, he said. The U.S. Olympic Committee, on the other hand, uses global brokerages that provide both placement and other services, including loss control and other risk management advice, Mr. Mair said.

Risk managers often need to call upon a range of consultants when their organizations expand overseas, said Andrea Dudek, risk manager at Lexmark International Inc. in Lexington, Ky.

For example, Lexmark uses security consultants to conduct due diligence studies in areas such as Central and Eastern Europe, where there is often a significant amount of organized crime and corruption, Ms. Dudek said.

"You have to check out the ar-

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Top U.S. risk management specialists

Ranked by risk management consulting revenues representing majority of total business

Company	1999 revenues	Total clients	Percent of total revenue generated by risk mgmt.
EQE International Inc.	$53,500,000	800	81%
J.H. Albert International Insurance Advisors Inc.	$6,800,000	650	100
Dempsey, Myers & Co.	$4,000,000	90	100
McNeary Insurance Consulting Inc.	$3,174,000	350	100
Advanced Risk Management Techniques Inc.	$2,840,000	375	92
RMI Consulting Inc.	$2,600,000	260	59
Robert Hughes Associates Inc.	$2,148,681	250	95
Alpha Risk Management Inc.	$2,100,000	47	100
Kevin F. Donoghue Insurance Advisors Inc.	$1,950,000	140	100
RECON L.L.C.	$1,891,701	40	100

Source: *BI* Survey

Consulting

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working in consulting, Gordon Prager, senior consultant at Willis Risk Solutions in New York, also regards recognition of the importance of good communications as a benefit of his experience in risk management.

For example, if a risk manager and treasurer are not "speaking the same language, I'll show you an underperforming company," he said.

Mr. Prager spent two-and-a-half years as global risk manager for U.K.-based Lucas Varity P.L.C. until the automotive and aerospace company was acquired last year by TRW Inc.

Prior to entering risk management, Mr. Prager's career took him through positions on both the insurance company and brokering sides

After Cleveland-based TRW bought Lucas Varity, he knew that he would exit the company and had time to "think about what I wanted to do."

"I was looking for what I identified as certain generic or fundamental concepts," he said. "One of them was the ability to make a difference, to add value."

Mr. Prager thought that a consulting position at Willis Risk Solutions offered that opportunity. "There's a part of me—and thankfully for this—that's always going to be 'the risk manager,'" he said. "I don't have to try to look at things through the eyes of the risk manager. I just do."

One benefit Mr. Prager derived from his risk management work is an awareness that "the choices of how we manage risk can't be done abstractly." Instead, such choices must be made within the strategies and objectives of the company and its units.

And, with today's companies focusing on such approaches as just-in-time inventory and delivery, "risk identification and mapping have never been more important than they are today," Mr. Prager said.

Also, he said his corporate experience imparted an emphasis on "continuous improvement" as well as his sense that such an approach must be applied to consulting relationships.

His experience also has made him aware that consultants "can't imply to customers that we have the answers before we know the questions."

Lucille A. "Lucky" Gallagher, former vp-risk management at Monfort Inc. and ConAgra Red Meat Cos. and now a Denver-based risk management consultant, sees her experience in dealing with senior management as a corporate risk manager as benefiting her consulting work.

"I really do believe that the experience of being a corporate-type risk manager, especially being a part of the senior management team, brings a certain discipline and understanding in that area," said Ms. Gallagher, who also began her career in insurance before moving to risk management.

A big difference is that "coming from the corporate side and being part of senior management and understanding the needs and goals" of a company, vs. a broker or consultant who has never been a risk manager, "brings a lot of credibility," she said.

Ms. Gallagher, who entered consulting after retiring from her risk management position, also served as president of the Risk & Insurance Management Society Inc. That experience also has shaped her consulting work, she said, noting that "One of my big things when I was president of RIMS was to try to integrate the risk management culture in businesses."

"The majority of my consulting is working with smaller companies and helping them work through that process and try to understand what they need," she said.

The objective is similar with her larger clients, however, "which have been consolidations or roll-up companies. Risk management has been the farthest thing from their minds, and they should be thinking about risk management from the start," she said.

Mr. Prager said he thinks that having been a risk manager does provide a certain advantage in the eyes of his clients, as well. "I think it lends an aura of credibility," he said. "But I don't overplay the card."

"You may have walked the role, but you never have stood in the shoes of another individual," Mr. Prager said. "You never win business by showing somebody your resume."

Mr. Netherton offered a similar view about the credibility afforded a consultant who once worked as a risk manager. "I think there is a certain camaraderie and a certain fraternity among risk managers," he said. "Risk managers will listen to another risk manager."

"I don't care how good a salesman you are. They'll give more credibility to another risk manager," Mr. Netherton said. "Having been a risk manager, it's sort of the next best thing."

From a buyer's perspective, Daniel J. Pliszka, manager of risk management for Charlotte/Mecklenburg County, N.C., sees a definite benefit to consultants having hands-on risk management experience. "I think it's absolutely advantageous if a consultant comes to me and can relate to me that they can understand some of the things that I'm up against on my side of the desk," he said.

But the consultant has to know the limits of that advantage, he said.

"I've seen consultants who've been on my side of the desk who try to hold themselves up as having surmounted every problem that's conceivable on the risk management side, and that's a little unbelievable," he said. BI

E-risks

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Mattel insures its Internet operations through Net Secure, a program offered by Marsh Inc. He does not use traditional risk management consultants.

Mr. Pinner is not the only risk manager shying away from consultants in this area.

Karen Banks, director of risk management for Shaklee Corp. in Pleasanton, Calif., is chairwoman of a company crisis management team that evaluates such risks as the company's Internet use. The household product and beauty-care manufacturer is not big on using consultants because of cost considerations, Ms. Banks said.

Instead of turning to a risk management consultant, she will first consider purchasing Marsh's Net Secure product, she said.

"They already are my broker, and it's something I can easily access," Ms. Banks said.

"I know very few people who deal with risk management consultants," said a risk manager for a high-tech company who asked not to be identified. "I think, in this area of cyber risk, if you are seeing consultants being used, it's probably the system security people who assure your system is not being hacked into. It's not the traditional risk management consultant."

But business is brisk for A. Michael Smith, manager for enterprise risk services for Deloitte & Touche L.L.P. in Los Angeles. His volume of business perhaps has something to do with the proximity of his risk management consultation practice to California's Silicon Valley and Orange County's high-tech centers, Mr. Smith said.

Computer department managers now attend more meetings where insurance coverage is discussed.

Hacker attacks have driven a growing use of "boutique" security firms, he said. The security companies generally do an outstanding job of managing one specific area of e-business risk management, he said.

But that is a very limited function, Mr. Smith said. As companies turn to e-ventures, they are finding they must rethink how their new use of technology fits in with all their business processes. In doing so, they are calling in Mr. Smith's practice to re-evaluate their risk management efforts across all business functions.

Additionally, many former e-commerce startups have grown and matured significantly, he said. As they do so, they are hiring Deloitte to look at all their corporate risks, beyond just their technology exposures, Mr. Smith said.

"I have had probably six people in the last week talk to me about helping them restructure their whole internal risk management function to be more business-aligned," he said.

Other risk management consultants say they are positioning themselves to help risk managers reduce their electronic exposures or obtain more-favorable insurance coverage pricing.

As risk manager involvement in computer-related issues increases, the consultants clearly see a potential to provide more services, said Roger Wade, senior manager in Chicago for KPMG L.L.P.'s actuarial services practice, which includes risk management consulting.

After all, the consultants have the insurance expertise and can help apply loss prevention techniques or assist in finding the best risk transfer alternatives.

Many of the same principles applied to traditional risk management practices are applicable to Internet-related risks, Mr. Wade said. That is why risk managers increasingly are finding themselves involved with Internet issues, he said.

To help clients evaluate their Internet risks, more consultants are acquiring technical expertise, said William L. Granahan, manager of Milliman & Robertson Inc.'s risk management consulting practice in Wakefield, Mass. They are learning skills such as how to evaluate what risks are involved when clients exchange information via cyberspace and how to determine the security of a client's firewall.

More consultants also are teaming up on risk management projects with their companies' information systems experts, Mr. Granahan said.

Such collaboration is happening more often at KPMG, noted Mr. Wade.

KPMG has a consultant group that evaluates client computer exposures from a business perspective, rather than from an insurance perspective, he said. More frequently, members of that group are bringing in KPMG's insurance risk management consultants when the issue of insurable risks arises. Meanwhile, KPMG's insurance consultants are calling in their technology counterparts.

Employers' computer department managers also are attending more meetings where insurance coverage is discussed. It's a topic the information systems experts previously shunned, Mr. Granahan said.

"It's probably comparable to (the evolution of) employment practices liability, where there was a turf battle, and there still is, between human resources and risk management," he explained. "The same thing is happening in IS. The IS people are having to jump out of their box and understand more risk management, loss control and safety issues."

One way Mr. Granahan helps his clients reduce their Internet exposures and their related insurance costs is by developing employee manuals for Internet use. The manuals are somewhat similar to those employers created to stem sexual harassment liability. Having such a manual shows an insurer that a company has a solid Internet risk management policy in place.

The manuals contain information on corporate rules about the use of the Internet, including what kind of information can and cannot be exchanged. For example, the manuals can address the sharing of proprietary data that affects copyright or patent losses.

Mr. Granahan is also finding work from risk managers who want to know whether their general or professional liability policies provide adequate coverage for Internet exposures. In many cases, he is finding that the traditional policies are unclear about the insurance they might provide for Internet losses.

"The response I give to my clients is, if they have a large exposure, they ought to be insuring it with a policy specifically designed to respond to those exposures," he said. "I'm not comfortable with an insurance company that is not sure if they are going to provide you coverage until a claim occurs, then they make their decision." BI

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Opinions

Customization's downside

Even if a conscious effort had been made, we doubt it would be possible to create a more inefficient and unwieldy health care delivery system than what we have today.

Customization, to take one example, is the order of the day, with perhaps hundreds of variations in plan design.

While customization has meant employers, especially larger organizations, can have exactly the types of plans they want—in terms of benefits and cost-sharing—it also has created huge overhead, because insurers and claims administrators have to train staffs about how all those plans operate.

At the same time, while improvements have been made, areas such as communications and plan enrollment remain paper-intensive. Certainly, there has to be a better way. Perhaps there is.

As we recently reported, benefit consultant Hewitt Associates L.L.C. has created a new e-commerce venture called Sageo in an effort to inject greater efficiency into the health care delivery system and more useful information for consumers.

"SO FAR, I SEE A COUPLE OF SALUTES AND LOTS OF LOOKS."

Sageo now has agreements with health maintenance organizations, preferred provider organizations, point-of-service plans and traditional indemnity insurers in about 100 markets to offer standardized plans.

These standardized plans all offer the same benefits and cost-sharing features. This has the potential to significantly shave overhead costs, because insurers and other health plans won't have to train their staffs to learn the nuances of so many different plans.

Just as important, if not more so, greater standardization of plan design will mean employees will be better able to compare the plans offered on variables like breadth of networks and access to providers. These provisions can mean a lot more to employees than, say, a difference in copayment levels among plans.

Part and parcel of Sageo will be vastly expanded use of the Internet, not just for plan enrollment but also as a tool for employees and retirees to do online comparisons of plan features, an information tool now virtually lacking.

To get insurers and health plans to cooperate on standardizing designs is no small feat, and it is a credit to Hewitt that it secured that cooperation.

While Hewitt may be the first to bring e-commerce in such a big and important way to the employer-provided health care system, we are sure others will follow, as logic and common sense demand a new approach to providing and administering health care plans.

Safeguarding the PBGC's health

Is it time for the Pension Benefit Guaranty Corp. to go to Congress to ask for legislation to lower the insurance premiums that employers with defined benefit plans pay the agency?

That's a fair question in light of the $7 billion surplus the agency racked up last year. The surplus now stands at 40% more than in 1998. That's a stunning turnaround from the early 1990s, when the PBGC faced a nearly $3 billion deficit, prompting fears that a taxpayer bailout would be needed to save the agency from insolvency.

Just as, looking back, the fears of insolvency were exaggerated, so should we take care that the PBGC's health—good as it clearly is—is not overestimated.

Its robust health is due to factors, such as the general good health of the economy and high rates of return on its equity investments, that cannot be expected to continue indefinitely.

The economy will sour one day, leading again to more terminations of underfunded plans and lower, if not negative, returns on the PBGC's own investments.

Indeed, even in today's super-strong economy, the PBGC is potentially exposed to $17 billion to $19 billion in unfunded liabilities in pension plans maintained by employers with below investment grade bond ratings. Some of those employers maintaining those plans will surely fail when the economy worsens, and the PBGC will absorb the liabilities.

The prudent course of action, says PBGC Executive Director David Strauss, is to maintain a significant cushion by keeping premium rates at their current levels so the agency can meet any future increased financial obligations without having to turn around and again raise premiums.

We agree, but with one caveat. Perhaps the premium charged plans that are overfunded by at least 150%—using conservative actuarial assumptions—should be lowered. Those plans truly represent little risk to the agency's insurance program, and their sponsors should be rewarded.

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Reporting weekly on corporate risk, employee benefit and managed health care news

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Market

Continued from page 3

Peter I. Yanev, president of consultant EQE International Inc. in Oakland, Calif., said consultants' efforts and the effects of catastrophes have encouraged employers to better prepare for market changes.

In the mid-1980s, "people were calling all over the place" for help in managing risks in the hard market, Mr. Yanev recalled. Today, he said, many already have taken steps to ensure they are ready if disaster strikes in the form of high rates or natural catastrophes.

"We have upped the level of awareness and concern with quite a few people," Mr. Yanev said, by educating clients and prospects about the risks they face. An increase in EQE's consulting activity has "probably had more to do with raising consciousness than (insurance) pricing," he explained, and natural disasters such as earthquakes in Taiwan and Turkey and last year's European windstorms have driven the point home.

Because there currently is so much more insurer capacity in the marketplace than existed during the 1980s, "we don't expect to see the same drastic shrinking of coverage and availability," said Charles R. Lee, a principal with Tillinghast-Towers Perrin in Dallas.

Market hardening in certain areas, however, is prompting some insurance buyers to ask for help, Mr. Lee said. "We started seeing the first indications in the fourth quarter of last year, when January renewals were not going quite as smoothly as they have for a lot of years."

Existing clients in troubled lines began looking to Tillinghast for help in exploring alternatives and managing risks, Mr. Lee noted, and "we certainly are seeing a lot of new client opportunities."

'I think most people would agree that we're probably in the trough of the soft market,' says Carl Groth.

Carl Groth, senior vp and alternative risk transfer director at Willis Risk Solutions in New York, said the next hard market flash point could come this summer. At summer renewals, he said, employers will have an idea as to whether the market's rigidity is spreading.

"We're hearing insurance companies will be tightening their belts" in some cases, Mr. Groth noted. "That's going to increase the sophistication that buyers need to bring to the table through their brokers."

He explained that brokers are able to help buyers with loss control procedures and, in some cases, a re-evaluation of retentions—moves that can affect the cost of insurance programs.

As for now, Mr. Groth said, "I think most people would agree that we're probably in the trough of the soft market. If there is any general characterization, it's probably that we're at the bottom of it."

Mr. Lee pointed out that there are some "notable" exceptions, though. For example, "the long-term care industry is getting hit very hard with drastic increases in insurance costs," he said. "Some of it is driven by the insurance market and some of it by the regulatory environment; a heightened duty-of-care responsibility has translated into a shrinking insurance market and higher costs."

Mr. Rudolph said brokers have told him employers with long-haul trucking and some workers compensation risks are beginning to face coverage problems.

And employers with catastrophe property risks also are becoming concerned as rates creep up, Mr. Lee said.

Mr. Groth said he expects that if the market hardens suddenly, some risk managers are going to have trouble facing such a turnaround. If such a change occurs, "it should spawn a bunch of activities in keeping those costs down," he said, as risk managers seek out help in restructuring insurance and loss control programs.

Mr. Groth said he believes many employers are waiting for a market change before making a move for assistance. "I don't think there will be a lot of risk managers out there spending money on the belief that the market is going to go up. I think it will have to go up first."

Hanh Tran, director of risk management at Consolidated Freightways Corp. in Menlo Park, Calif., said he isn't ready to seek out any additional help. "We continue to try to improve the safety and loss prevention record. Other than that, we don't plan to do anything special."

Mr. Tran said Consolidated is protected against near-term price increases on its liability coverages under a two-year policy it negotiated last October.

He said he will rely partly on his broker, Marsh Inc., to help with any loss control problems that arise. "They are available to assist us, and we have a very strong internal safety group as well."

Weyerhaeuser Co. also is using multiyear policies to protect against cost increases and doesn't feel pressure to call on consultants for help, said Gary A. Baxter, director of insurance at the Tacoma, Wash.-based manufacturer of wood products.

Mr. Baxter explained that, in late 1998 and 1999, in part because "we thought we had to be at the bottom of the cycle," Weyerhaeuser structured three-year deals on some of its coverages to protect against potential price hikes.

Even with that bit of risk management, Mr. Baxter said the hard market at this point isn't much of a threat and is "talk, more than anything. I don't see anything tightening that drastically."

With financial markets standing by to provide risk financing and most insurers holding ample capacity, Mr. Baxter said he doesn't foresee any change in the next three to five years.

Only a financial market change of opinion about entering the insurance business is likely to have a significant tightening influence on the insurance market, he added.

If risk managers do turn to consultants for help, they likely will be willing to pony up, consultants say.

"The hard market diminishes the reluctance" to pay for risk management consulting services, said Mr. Lee. "In a hard market, when coverage diminishes or costs are increasing, people are willing to spend money to make sure what they are doing is the right thing or to find out if alternatives are available."

Mr. Rudolph said paying for consulting services usually isn't a problem for employers that know they have to spend money to keep costs down in the long run. "If somebody is going to use a consultant, they have already made that leap over the hurdle. It's the same as a tax decision or choosing a lawyer. They've already made the decision to use an outside consultant, and they are willing to pay the premium for it." BI

Overseas

Continued from page 3

eas and your own people. . .you don't want to be seen to be paying people off," she said.

And consultants can play a useful role in providing loss control services by ensuring that a common global approach is used throughout an organization, she said.

To provide those services, a consultant must have an extensive network of overseas offices and staff members who are familiar with local laws and regulations and who speak the local language, Ms. Dudek said.

One of the first concepts that consultants must communicate to U.S. risk managers facing overseas exposures is that insurance and risk management practices are frequently different outside the United States, said Russell McGuire, a consultant at Tillinghast-Towers Perrin in Dallas.

"The U.S. does not rule, OK?" he quipped.

Regulations and customs overseas often differ considerably from those in the United States, Mr. McGuire said.

"And the risk managers that really struggle are the ones that presume 'That's the way we do it in America, and that is the way we'll do it here,'" he said.

U.S. risk managers venturing overseas for the first time often encounter an entirely different environment, agreed David Heslington, executive vp at International Risk Management Americas, a unit of International Risk Management Group in Iselin, N.J.

Liability awards, environmental rules and insurance purchasing conventions are often significantly different in other countries, he said.

In most countries, liability awards are significantly smaller than they are in the United States, so property coverage usually is the main insurance concern. Environmental laws are often stringent and are different from U.S. laws, Mr. Heslington said. As a rule, insurance is used extensively, with few policyholders making use of large deductibles or large self-insured retentions, he said.

One of the principal problems that consultants must help risk managers tackle is how to cover international exposures under a master policy in the United States and create a global insurance program, Mr. Heslington said.

Local laws and tariffs often stipulate a minimum amount of coverage that must be bought locally; consultants can provide the expertise needed to ensure that the programs comply with the local laws, Mr. Heslington said. "You have to know the rules and regulations," he noted.

And the minimum primary coverage required in other countries may be extensive, creating some redundancies of coverage. In such a case, a risk manager should seek a premium reduction from the insurer on its global program, said Mr. McGuire of Tillinghast-Towers Perrin.

In other cases, a risk manager may have a misunderstanding about the regulations in an overseas market and, as a result, may put unnecessary restrictions on a program, Mr. McGuire said.

For example, there is a perception that recent regulatory changes bar the use of captives for risks in Mexico. But the regulations bar only the use of captives based in certain "fiscal paradises," he said.

"If you read the legislation carefully, it lists the specific locations, and so Vermont is not a problem," Mr. McGuire said.

One major difference between foreign and U.S. coverage is the wide variety of wordings available outside the United States, he said.

"If you look at the forms in the U.S., they are all the same. But in other areas, the insurance contract is a personal contract between the insurer and policyholder, and it may be very different from the contract issued to a similar factory next door," Mr. McGuire said. "So read it, and go back and read it again, and don't assume anything."

By providing the local information and services, consultants can help risk managers bring exposures under a global program, often in spite of resistance from local managers who have established relationships with insurers and want to maintain control of the coverages, Mr. Heslington said.

"From a corporate point of view, it makes sense to reduce costs, but people are often reluctant to leave programs that they are familiar with," he said.

A risk manager may also need to introduce a different approach to loss control at a foreign subsidiary, Mr. Heslington said.

"Often, the overseas operations have very low deductibles, and they buy insurance for everything," he said.

By improving loss control at the overseas units and covering the risks under a global program, a risk manager can reduce overall costs, Mr. Heslington said.

Consultants can help a risk manager build a system in which the risk management department treats the local companies as clients, said Mark Charron, a principal at Deloitte & Touche L.L.P. in Hartford, Conn.

By making the risk management department a central resource center, a corporation can help instill a common risk management approach throughout its operations, while still complying with the various local regulations and customs, he said.

One of the best ways to develop such a system is to build Internet-based risk management tools, Mr. Charron said.

"You create a database that really provides information to locals," he said.

And the risk manager can use the database to develop varying approaches to coverage for the different countries, depending on the exposures, Mr. Charron said.

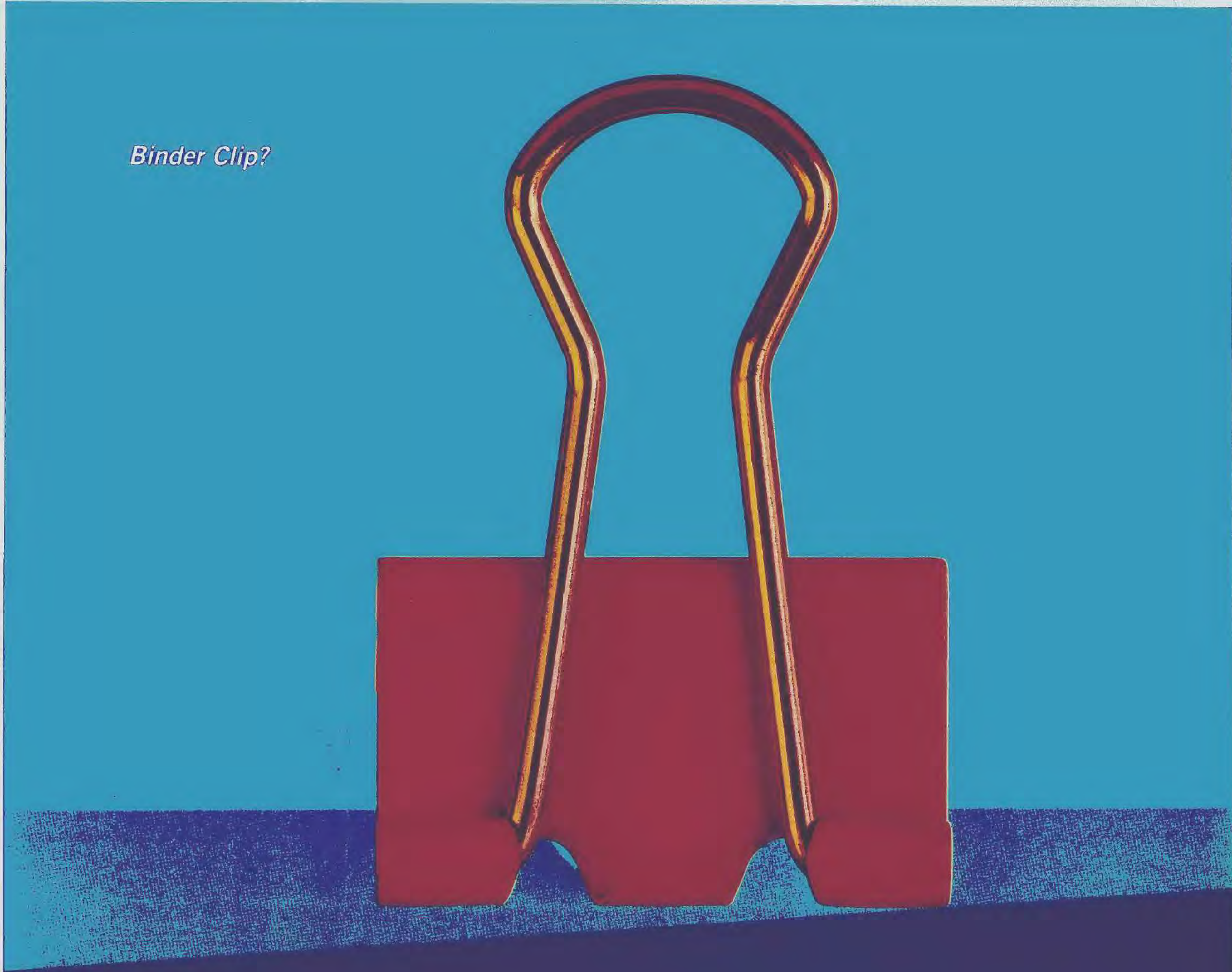
Consultants can also help by providing data for risks that are not normally covered overseas, Mr. Heslington said.

For example, in the United States, it is now possible to obtain coverage for hydroelectric plants against a drop in the level of water flows, but that coverage usually is not available in Latin America, he said.

"If you can come up with the data to underwrite the risk, underwriters will look at it. People often think that the data is not available in Latin America, but, in some cases, it is," Mr. Heslington said.

Other services Tillinghast-Towers Perrin provides include surveys to establish benchmarks for risk management practices in a specific region, Mr. McGuire said. Examples of surveyed information include the levels of insurance coverage bought by particular industries and the types and levels of coverage bought for specific risks, he said.

The consultancy published surveys on Japan and Latin America last year. It is scheduled to publish a survey on the Asia-Pacific region in May, and it plans to conduct a survey of Europe later this year, Mr. McGuire said. **BI**



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www.aig.com

Parent: American International Group Inc.
Consulting since: 1976.
1999 revenues
Consulting revenues ... $32,000,000
Continuous consulting ... 80%
Special consulting projects ... 20%
Staff
Total ... 181
Risk management professionals ... 151
Includes: 151 consultants.
Clients
Total ... 4,000
U.S ... 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer.
Officers: John Carey, president; Duncan Karcher, Michael Castelli, vps.

A&L Corporate Risk Ltd.
6110 Blue Circle Drive, Suite 235,
Minnetonka, Minn. 55343;
612-933-5560; fax: 612-931-1147

Consulting since: 1986.
1999 revenues
Continuous consulting ... 80%
Risk management audits ... 5%
Special consulting projects ... 15%
Staff
Total ... 5
Risk management professionals ... 5
Includes: 2 principal consultants, 2 consultants, 1 analyst.
Clients
U.S ... 90%
Non-U.S ... 10%
Services: broker and vendor services analysis, risk management organizational studies.
Specialties: technology, global companies, real estate.
Compensation: by the project; on retainer; per hour: $135 to $255 for principal consultants, $105 to $125 for consultants, $85 for analysts.
Officers: Robert Abrahamson, executive consultant/CEO.

AMI Risk Consultants Inc.
11410 N. Kendall Drive, Suite 208,
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305-273-1589; fax: 305-274-4706
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Consulting since: 1992.
1999 revenues
Continuous consulting ... 5%
Risk management audits ... 15%
Special consulting projects ... 5%
Actuarial/accounting services ... 75%
Staff
Total ... 10
Risk management professionals ... 7
Includes: 2 principal consultants, 2 actuaries, 1 consultant, 2 analysts.
Clients
Total ... 54
U.S ... 100%
Services: alternative risk financing consulting, consulting on design of risk management information systems, actuarial consulting.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $180 to $200 for principal consultants, $130 to $175 for consultants, $90 to $120 for analysts, $25 to $40 for clerical work.
Officers: Bob Ingco, president/chief actuary; Gail Flannery, consulting actuary.
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1999 revenues
Total gross revenues ... $3,100,000
Consulting revenues ... $2,840,000
Continuous consulting ... 45%
Risk management audits ... 10%
Special consulting projects ... 15%
Actuarial/accounting services ... 30%
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Total ... 19
Risk management professionals ... 13
Includes: 3 principal consultants, 2 actuaries, 5 consultants, 3 analysts.
Clients
Total ... 375
U.S ... 100%
Services: most risk management services.
Specialties: health care providers, utilities, construction.
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Contact: Michael M. Kaddatz.

Affiliated Risk Management Cos. L.L.C.
770 N. Jefferson St.,
Milwaukee, Wis. 53202;
414-271-7333; fax: 414-271-6494

Consulting since: 1997.
1999 revenues
Total gross revenues ... $3,575,000
Consulting revenues ... $330,000
Continuous consulting ... 90%
Risk management audits ... 5%
Special consulting projects ... 5%
Staff
Total ... 500
Risk management professionals ... 39
Includes: 8 principal consultants, 20 consultants, 10 analysts.
Clients
Total ... 315
U.S ... 100%
Services: insurance coverage and limits analysis, loss prevention consulting, litigation management consulting.
Specialties: manufacturing, professional services.
Compensation: by the project; on retainer; per hour: $125 for principal consultants, $75 for consultants, $50 for analysts, $25 for clerical work.
Officers: Paul Price, president; David Ginder, vp; Curt Klade, treasurer.
Contact: Paul Price; pprice@benefitsinc.com.

J.H. Albert International Insurance Advisors Inc.
72 River Park,
Needham, Mass. 02494-2631;
781-449-2866; fax: 781-449-5340
www.jhalbert.com

Consulting since: 1967.
1999 revenues
Consulting revenues ... $6,800,000
Continuous consulting ... 80%
Risk management audits ... 10%
Special consulting projects ... 10%
Staff
Total ... 40
Risk management professionals ... 35
Includes: 9 principal consultants, 26 consultants.
Clients
Total ... 650
U.S ... 98%
Non-U.S ... 2%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: per hour: $200 to $325 for principal consultants, $175 for consultants, $125 for analysts.
SRMC member.
Officers: Joseph H. Albert, chairman; Alfred H. Nagelberg, Stuart T. Cowart, presidents.
Contact: Alfred H. Nagelberg.

Aldrich & Cox Inc.
3075 Southwestern Blvd.,
Suite 202, Orchard Park,
N.Y. 14127-1287;
716-675-6300; fax: 716-675-2098
www.aldrichandcox.com

Consulting since: 1951.
1999 revenues
Continuous consulting ... 75%
Risk management audits ... 20%
Special consulting projects ... 5%
Staff
Total ... 11.5
Risk management professionals ... 7.5
Includes: 3.5 principal consultants, 4 consultants.
Clients
Total ... 80
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $80 to $165 for consultants.
SRMC member.
Officers: Charles H. Cox, president; James B. Hood Jr., executive vp; Michael B. Coyle, vp.
Contact: Charles H. Cox; cox@aldrichandcox.com.

Alert Technology Group
P.O. Box 129,
Acme, Wash. 98220;
360-595-6022; fax: 360-595-6019
www.alertcorp.com

Consulting since: 1995.
1999 revenues
Continuous consulting ... 75%
Risk management audits ... 17%
Special consulting projects ... 5%
Actuarial/accounting services ... 3%

Continued on next page

Continued from previous page

Staff
Total 600
Risk management professionals 540
Clients
Total 2,300
U.S. 75%
Non-U.S. 25%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer.
Officers: Harry Patz, president/CEO; Jamieson Allen, vp.
Contact: Harry Patz; hpatz@alertcorp.com.

Alexander Forbes Risk Management Operations
25 Sauer St.,
Johannesburg, South Africa;
27-11-378-3000; fax: 27-11-378-3600
www.alexanderforbes.com
Parent: Alexander Forbes Ltd.
Consulting since: 1974.
1999 revenues
Total gross revenues $5,676,000*
Consulting revenues $5,125,600*
Continuous consulting 60%
Risk management audits 35%
Special consulting projects 5%
Staff
Total 87
Risk management professionals 61
Includes: 15 principal consultants, 41 consultants, 5 analysts.
Clients
Total 250
Non-U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour.
Officers: Frank D. Butler, chairman-risk engineering; Steven Riordan, managing director-risk engineering; Charles Nortje, managing director-risk finance.
*Converted at 0.172 dollars per rand.

Alpha Risk Management Inc.
60 Cutter Mill Road,
Great Neck, N.Y. 11021;
516-829-3500; fax: 516-829-6029
www.alphariskmanagement.com
Consulting since: 1973.
1999 revenues
Consulting revenues $2,100,000
Continuous consulting 60%
Risk management audits 20%
Special consulting projects 20%
Staff
Total 16
Risk management professionals 11
Includes: 7 principal consultants, 3 consultants, 1 analyst.
Clients
Total 47
U.S. 86%
Non-U.S. 14%
Services: most risk management services.
Specialties: financial services, construction, real estate.
Compensation: by the project; on retainer; per hour.
Officers: Herbert H. Feldman, president/CEO; James Branigan, executive vp; Fran Carleton, senior vp.
Contact: Herbert H. Feldman.

American Actuarial L.L.C.
15 Cliffside Drive,
Wallingford, Conn. 06492;
203-284-3891; fax: 203-284-0408
Consulting since: 1997.
1999 revenues
Actuarial/accounting services 100%
Staff
Total 1.5
Risk management professionals 1
Includes: 1 principal consultant.
Clients
Total 20
U.S. 100%
Services: alternative risk financing consulting, insurance coverage and limits analysis, actuarial consulting.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $210 for principal consultants.
Officers: Bruce E. Ollodart, president/managing member; beo.amer.actuarial@prodigy.net.

American Risk Managers Inc.
330 County Highway, P.O. Box 789,
Hamilton, Ala. 35570;
205-921-7979; fax: 205-921-3146
www.amerisk.com
Consulting since: 1979.
1999 revenues
Consulting revenues $425,000
Continuous consulting 38%
Risk management audits 15%
Special consulting projects 27%
Actuarial/accounting services 20%
Staff
Total 9
Risk management professionals 3
Clients
Total 39
U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour.
Officers: Walter Haney; Walter Haney Jr.; Marty Sanderson.

Aon Risk Consultants
123 N. Wacker Drive,
Chicago, Ill. 60606-1700;
312-701-3000; fax: 312-701-2195
www.aon.com
Parent: Aon Corp.
1999 revenues
Continuous consulting 20%
Risk management audits 25%
Special consulting projects 25%
Actuarial/accounting services 30%
Staff
Total 50,000
Risk management professionals 500
Includes: 19 actuaries.
Clients
Total 700
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour.
Officers: Thomas Rodell, Robert Williams, Robert Needle, managing directors.
Contact: Thomas Rodell, tom_rodell@aon.com; Robert Williams, robert_williams@aon.com; Robert Needle, bob_needle@aon.com.

Applied Risk Control Corp.
15 N. Mill St.,
Nyack, N.Y. 10960;
914-365-2444; fax: 914-365-2478
Consulting since: 1985.
1999 revenues
Total gross revenues $850,000
Consulting revenues $285,000
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%
Staff
Total 13
Risk management professionals 10
Includes: 6 principal consultants, 2 consultants, 2 analysts.
Clients
Total 130
U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $150 for principal consultants, $100 for consultants, $95 for analysts.
Officers: Harry P. Mirijanian, president.

Applied Risk Solutions Inc.
12200 E. Briarwood Ave., Suite 205,
Englewood, Colo. 80112;
303-790-1725; fax: 303-790-1731
www.appliedrisksolutions.com
Consulting since: 1996.
1999 revenues
Continuous consulting 40%
Risk management audits 60%
Staff
Total 9
Risk management professionals 5
Includes: 1 principal consultant, 3 consultants, 1 analyst.
Clients
Total 30
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $150 for principal consultants, $125 for consultants, $125 for analysts, $35 for clerical work.
SRMC member.
Officers: James M. Graham, president.

Arthur Andersen L.L.P.
1601 Market St.,
Philadelphia, Pa. 19103;
215-241-7626; fax: 215-241-7420
www.arthurandersen.com
1999 revenues
Total gross revenues $7,300,000,000
Consulting revenues $59,444,750
Risk management audits 1%
Special consulting projects 93%
Actuarial/accounting services 6%
Staff
Total 72,728
Risk management professionals 263
Includes: 37 principal consultants, 15 actuaries, 116 consultants, 95 analysts.
Clients
Total 813
U.S. 95%*
Non-U.S. 5%*
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $325 to $550 for principal consultants, $225 to $325 for consultants, $100 to $225 for analysts.
Officers: Robert G. Palm, partner-property and casualty consulting group (New York); James W. DeLoach, partner-business risk consulting (Houston); Mark C. Hargis, partner-environmental services (Chicago); William T. Keevan, partner-business fraud and investigation services (Vienna, Va.).
Contact: Steven R. Struck; steven.r.struck@U.S.arthurandersen.com.
*Estimates.

Associated Consultants Inc.
2539 Ogden Ave.,
Downers Grove, Ill. 60515;
630-353-0182; fax: 630-353-0181
Consulting since: 1981.
1999 revenues
Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%
Staff
Total 3
Risk management professionals 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total 22
U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $135 for principal consultants, $90 for consultants, $35 for clerical work.
Officers: Robert K. Nelson, president; Judaline D. Nelson, vp.

AuditRate Inc.
60 W. Superior St.,
Chicago, Ill. 60610;
312-944-2000; fax: 312-944-7000
Parent: Alper Services L.L.C.
Consulting since: 1966.
1999 revenues
Total gross revenues $875,000
Consulting revenues $675,000
Continuous consulting 13%
Risk management audits 77%
Special consulting projects 10%
Staff
Total 9
Risk management professionals 6
Includes: 2 principal consultants, 2 actuaries, 2 analysts.
Clients
Total 100
U.S. 99%
Non-U.S. 1%
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: manufacturing, health care providers, technology.
Compensation: by the project; on retainer; per hour: $200 for principal consultants, $150 for consultants, $95 for analysts, $35 for clerical work.
Officers: Howard C. Alper, president/CEO; Richard A. Swoik, vp; Kurt J. Murray, assistant vp.
Contact: Howard C. Alper.

B

Bahr Consultants Inc.
408 N. Cedar Bluff Road, Suite 220,
Knoxville, Tenn. 37923;
865-694-6098; fax: 865-694-6099
Consulting since: 1987.
1999 revenues
Continuous consulting 95%
Risk management audits 5%
Staff
Total 3
Includes: 1 principal consultant.
Clients
Total 60
U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $125 for principal consultants, $25 for clerical work.
SRMC member.
Officers: William H. Bahr.

Becher & Carlson Cos.
21700 Oxnard St., Suite 1800,
Woodland Hills, Calif. 91367;
818-715-0800; fax: 818-407-5555
www.amre.com/content/mags
Parent: American Re-Insurance Co.
Consulting since: 1981.
1999 revenues
Continuous consulting 50%
Special consulting projects 40%
Actuarial/accounting services 10%
Staff
Total 46
Risk management professionals 24
Includes: 11 principal consultants, 1 actuary, 10 consultants, 2 analysts.
Services: alternative risk financing consulting, consulting on the design of risk management information systems, actuarial consulting.
Specialties: consulting to all or most industries.
Compensation: by the project.
Officers: Gregory K. Myers, president/CEO; Robert L. Glicksteen, senior vp/CFO; Robert W. Hessel, senior vp.
Contact: Gregory K. Myers; gmyers@bc-companies.com.

Max Bernstein Co.
650 California St., 23rd Floor,
San Francisco, Calif. 94108;
415-981-3510; fax: 415-362-7100
Consulting since: 1987.
1999 revenues
Consulting revenues $269,000
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%
Staff
Total 4
Risk management professionals 4
Includes: 1 principal consultant, 3 consultants.
Clients
Total 12
U.S. 100%
Services: most risk management services.
Specialties: provides consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $200 for principal consultants, $150 for consultants.
Contact: Max Bernstein, president; maxrm@flash.net.

Betterley Risk Consultants Inc.
13 Loring Way,
Sterling, Mass. 01564;
978-422-3366; fax: 978-422-3365
www.betterley.com
Consulting since: 1932.
1999 revenues
Total gross revenues $295,000
Consulting revenues $265,000
Continuous consulting 50%
Risk management audits 15%
Special consulting projects 35%
Staff
Total 1
Includes: 1 principal consultant.
Clients
Total 25
U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: per hour: $225 for principal consultants.
Contact: Richard S. Betterley, president; info@betterley.com.

Blackburn Group Inc.
25 Franklin St., Suite 1110,
Rochester, N.Y. 14604;
716-232-3550; fax: 716-232-7561
www.blackburngroup.com
Consulting since: 1991.
1999 revenues
Continuous consulting 75%
Special consulting projects 25%
Staff
Total 12
Risk management professionals 5
Includes: 1 principal consultant, 4 consultants.
Clients
Total 2
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $125 to $150 for principal consultants, $75 to $125 for consultants, $50 to $75 for analysts, $30 to $40 for clerical work.
Contact: Robert J. Blackburn, managing principal.

Blades, Macaulay, Crout & Myers Inc.
2444 Morris Ave., P.O. Box 188,
Union, N.J. 07083;
908-687-3735; fax: 908-687-2040
Consulting since: 1926.
1999 revenues
Continuous consulting 40%
Risk management audits 40%
Special consulting projects 20%
Staff
Total 4
Risk management professionals 3
Includes: 2 principal consultants, 1 consultant.
Clients
Total 25
U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $200 to $225 for principal consultants, $160 to $170 for consultants.
SRMC member.
Officers: John J. Crout, president; Richard L. Myers, vp.

T.E. Brennan Co.
2025 N. Summit Ave., Suite 200,
Milwaukee, Wis. 53202-1362;
414-271-2232; fax: 414-271-0104
www.tebrennan.com
Consulting since: 1895.
1999 revenues
Total gross revenues $1,650,707
Consulting revenues $1,122,480
Continuous consulting 60%
Risk management audits 20%
Special consulting projects 20%
Staff
Total 18
Risk management professionals 6
Includes: 4 principal consultants, 2 consultants.
Clients
Total 247
U.S. 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $200 for principal consultants, $180 for consultants, $150 for analysts, $50 for clerical work.
SRMC member.

Officers: Arvid R. Tillmar, chairman/CEO; Allan J. Klotsche, vice chairman/COO; Thomas E. Gold, president.
Contact: Arvid R. Tillmar.

Larry W. Buck & Associates Inc.
820 Gessner, Suite 1355,
Houston, Texas 77024;
713-278-0200; fax: 713-278-0202
Consulting since: 1977.
1999 revenues
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%
Staff
Total 3
Risk management professionals 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total 50
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: per hour: $225 for principal consultants, $225 for consultants.
SRMC member.
Officers: Larry W. Buck, president; N. Richard Magel, vp.

Ken Buhler Associates Inc.
11 Erita Lane,
Smithtown, N.Y. 11787;
631-360-3770
Consulting since: 1976.
1999 revenues
Consulting revenues $500,000
Continuous consulting 60%
Risk management audits 10%
Special consulting projects 30%
Staff
Total 6
Risk management professionals 5
Includes: 2 principal consultants, 3 consultants.
Clients
Total 30
U.S. 100%
Services: risk management organizational studies, loss prevention consulting, expert witness services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer.
Officers: Ken Buhler, president; Randy Buhler, vp; S. Relkin, administrative assistant.

J. D. Byrd & Associates Inc.
7260 Rush River Drive,
Sacramento, Calif. 95831;
916-429-2999; fax: 916-427-4743
1999 revenues
Consulting revenues $191,260
Special consulting projects 100%
Staff
Total 1
Includes: 1 consultant.
Clients
Total 32
U.S. 100%
Services: consulting on design of risk management information systems, loss prevention consulting, onsite medical management.
Specialties: provides consulting to all or most industries.
Compensation: by the project; on retainer.
Contact: J. Douglas Byrd, president/CEO; jdbyrdfins@aol.com.

C

CBIZ Benefits & Insurance Services Inc.
9302 Lee Highway, Suite 200,
Fairfax, Va. 22031;
703-654-6311; fax: 703-654-6315
www.cbiz.com

Continued on next page

Explanation of terms in the directory

The Directory of Risk Management Consultants lists companies that generate at least $100,000 of their gross revenues from pure risk management consulting.

Business Insurance defines pure risk management consulting as providing advice, on a fee-for-service basis, on the identification and analysis of an organization's loss exposures and on minimizing the financial impact of such risks. This excludes activities such as conferences, publishing, claims administration, computer time sharing, consulting for insurers, captive management and employee benefits.

Listings begin with the company address, the name of the **parent** company, if applicable, and the year the company began risk management consulting. Information about **1999 revenues** follows. This section includes gross revenues and revenues generated by risk management consulting, including the breakdown—in percentages—of business attributed to continuous risk management consulting, risk management audits, special risk management projects and actuarial/accounting services. All companies listed have attested to generating risk management consulting revenues of at least $100,000. The **staff** section details the total number of employees, as well as the number of professional employees assigned to risk management consulting at the company. Professionals are broken down into principal consultants, consultants, actuaries and analysts. The total number of risk management consulting **clients** is listed next, including a percentage breakdown by U.S. vs. non-U.S. clients.

Listed next is information on **services**, with companies stating either "most risk management services" or listing up to three specific services. Information on **specialties** follows, with companies indicating up to three industries in which they specialize. **Compensation** specifies whether the company is paid on a per-project basis, on a retainer basis and/or by the hour. If compensation is charged by the hour, the ranges of hourly charges are given for principal consultants, consultants, analysts and for clerical work. If a member of the Society of Risk Management Consultants is on staff, the listing will indicate an **SRMC member**. The names and titles of the company's **officers** and the name of a **contact** person end each listing.

The directory is published as an editorial service; there is no charge to included. Information reported is based on each company's response to a *BI* questionnaire. Although every effort is made to publish complete and accurate listings, *BI* is unable to verify all information provided.

Continued from previous page

Parent: Century Business Services Inc.
Consulting since: 1986.
1999 revenues
Continuous consulting ... 90%
Special consulting projects ... 10%
Staff
Total ... 5,000
Risk management professionals ... 48
Includes: 18 principal consultants, 3 actuaries, 15 consultants, 12 analysts.
Clients
U.S ... 100%

Services: alternative risk financing consulting, insurance coverage and limits analysis, loss settlement assistance.
Specialties: technology, construction, real estate.
Compensation: by the project.
Officers: Richard White, principal/practice leader; Robert Muir, Michael O'Malley, vps/principals.
Contact: Lisa Russ; 2600 Grand Blvd., Suite 600, Kansas City, Mo. 64108; lruss@cbiz.com.

CGR
455 W. St. Antoine, Suite 310,
Montreal, Quebec H2Z 1J1;
514-392-1253; fax: 514-392-0559

Consulting since: 1987.
1999 revenues
Continuous consulting ... 60%
Risk management audits ... 20%
Special consulting projects ... 20%
Staff
Total ... 3
Risk management professionals ... 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total ... 12
U.S ... 10%
Non-U.S ... 90%

Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: per hour: $200 for principal consultants, $150 for consultants, $45 for clerical work.
Contact: Andre Goyette; andregoyette@sympatico.ca.

C-Risk Inc.
1582 S. Parker Road, Suite 308,
Denver, Colo. 80231;
303-873-0800; fax: 303-338-1169
www.c-risk.com

Consulting since: 1999.
1999 revenues
Continuous consulting ... 70%
Risk management audits ... 10%
Special consulting projects ... 20%
Staff
Total ... 3
Risk management professionals ... 3
Includes: 3 principal consultants.
Clients
Total ... 12
U.S ... 100%

Services: most risk management services.
Specialties: construction.
Compensation: by the project; per hour: $200 for principal consultants, $150 for consultants, $100 for analysts, $50 for clerical work.
Officers: David L. Grenier, president; William Jorgensen, Mark A. Larsen, associates.
Contact: David L. Grenier; david.grenier@c-risk.com.

Cannon Cochran Management Services Inc.
2 E. Main St.,
Danville, Ill. 61832;
217-446-1089; fax: 217-443-0927
www.ccmsi.com

Consulting since: 1978.
1999 revenues
Total gross revenues ... $23,141,283
Consulting revenues ... $2,545,541
Continuous consulting ... 90%
Risk management audits ... 5%
Actuarial/accounting services ... 5%
Staff
Total ... 296
Risk management professionals ... 13
Includes: 13 principal consultants.
Clients
Total ... 235
U.S ... 96%
Non-U.S ... 4%

Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project.
Officers: G. Bryan Thomas, president; Rodney Golden, senior vp/COO; Steven Luebbert, executive vp/chief marketing officer.
Contact: Sue Brown.

Capell Industrial Risk Management Inc.
955 Horsham Road, Suite 205,
P.O. Box 505,
Horsham, Pa. 19044;
215-441-5561; fax: 215-441-5567

Consulting since: 1978.
1999 revenues
Total gross revenues ... $750,000
Consulting revenues ... $220,000
Continuous consulting ... 90%
Special consulting projects ... 10%
Staff
Total ... 3
Includes: 1 principal consultant.
Clients
Total ... 48
U.S ... 100%

Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: manufacturing, transportation, retail.
Compensation: by the project; on retainer.
Contact: James W. Capell, president; 800-622-7355.

Cardinal Risk Management Alternatives Inc.
10670 N. Central Expressway,
Suite 460, Dallas, Texas 75231;
214-365-0055; fax: 214-365-0077

Consulting since: 1995.
1999 revenues
Continuous consulting ... 85%
Risk management audits ... 5%
Special consulting projects ... 10%
Staff
Total ... 3
Risk management professionals ... 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total ... 10
U.S ... 100%

Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $188 for principal consultants, $180 for consultants.
SRMC member.
Officers: Robert Duty, president; Susan Duty, vp.

Casualty Actuarial Consultants Inc.
7101 Executive Center Drive, Suite 225,
Brentwood, Tenn. 37027;
615-371-5339; fax: 615-371-5341

Consulting since: 1989.
1999 revenues
Actuarial/accounting services ... 100%
Staff
Total ... 8
Risk management professionals ... 8
Includes: 8 actuaries.
Clients
Total ... 200
U.S ... 95%
Non-U.S ... 5%

Services: alternative risk financing consulting, expert witness services, actuarial consulting.
Specialties: government, public sector, associations.
Compensation: by the project; per hour: $225 for principal consultants, $175 for consultants, $100 for analysts.
Officers: J. Edward Costner, president; Cecilia M. LePere, senior vp; Ellen Pierce, vp.
Contact: J. Edward Costner; 615-371-5339 ext. 100; ecostner@cacil.com.

Charyn Enterprises
1640 E. 51st St.,
Brooklyn, N.Y. 11234-3822;
718-253-2142; fax: 718-252-9829

Consulting since: 1973.
1999 revenues
Continuous consulting ... 90%
Risk management audits ... 5%
Special consulting projects ... 5%
Staff
Total ... 1
Includes: 1 principal consultant.
Clients
Total ... 6
U.S ... 100%

Services: most risk management services.
Specialties: health care providers, professional services, associations.
Compensation: per hour: $135 for principal consultants.
Contact: Jerome I. Charyn, president; jcharyn@aol.com.

Clifford-Ferch & Co.
450 Grant St.,
Akron, Ohio 44311;
330-375-0923; fax: 330-375-0924

Consulting since: 1995.
1999 revenues
Continuous consulting ... 34%
Risk management audits ... 33%
Special consulting projects ... 33%
Staff
Total ... 4
Risk management professionals ... 4
Includes: 2 principal consultants, 1 consultant, 1 analyst.
Clients
Total ... 11

Services: insurance coverage and limits analysis, claims consulting, loss settlement assistance.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $155 for principal consultants, $105 for consultants, $85 for analysts.
Officers: Daniel Buser, president; Christine Kincaid, vp.
Contact: Daniel Buser; cferch@ee.net.

Commercial Risk Consultants Inc.
P.O. Box 606,
Hampton, Va. 23669-0606;
757-723-0254; fax: 757-723-7953
www.commercialrisk.com

Consulting since: 1979.
1999 revenues
Continuous consulting ... 90%
Risk management audits ... 5%
Special consulting projects ... 5%
Staff
Total ... 3
Includes: 1 principal consultant, 1 consultant.
Clients
Total ... 33
U.S ... 90%
Non-U.S ... 10%

Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour.
SRMC member.
Officers: John W. Newby, president.

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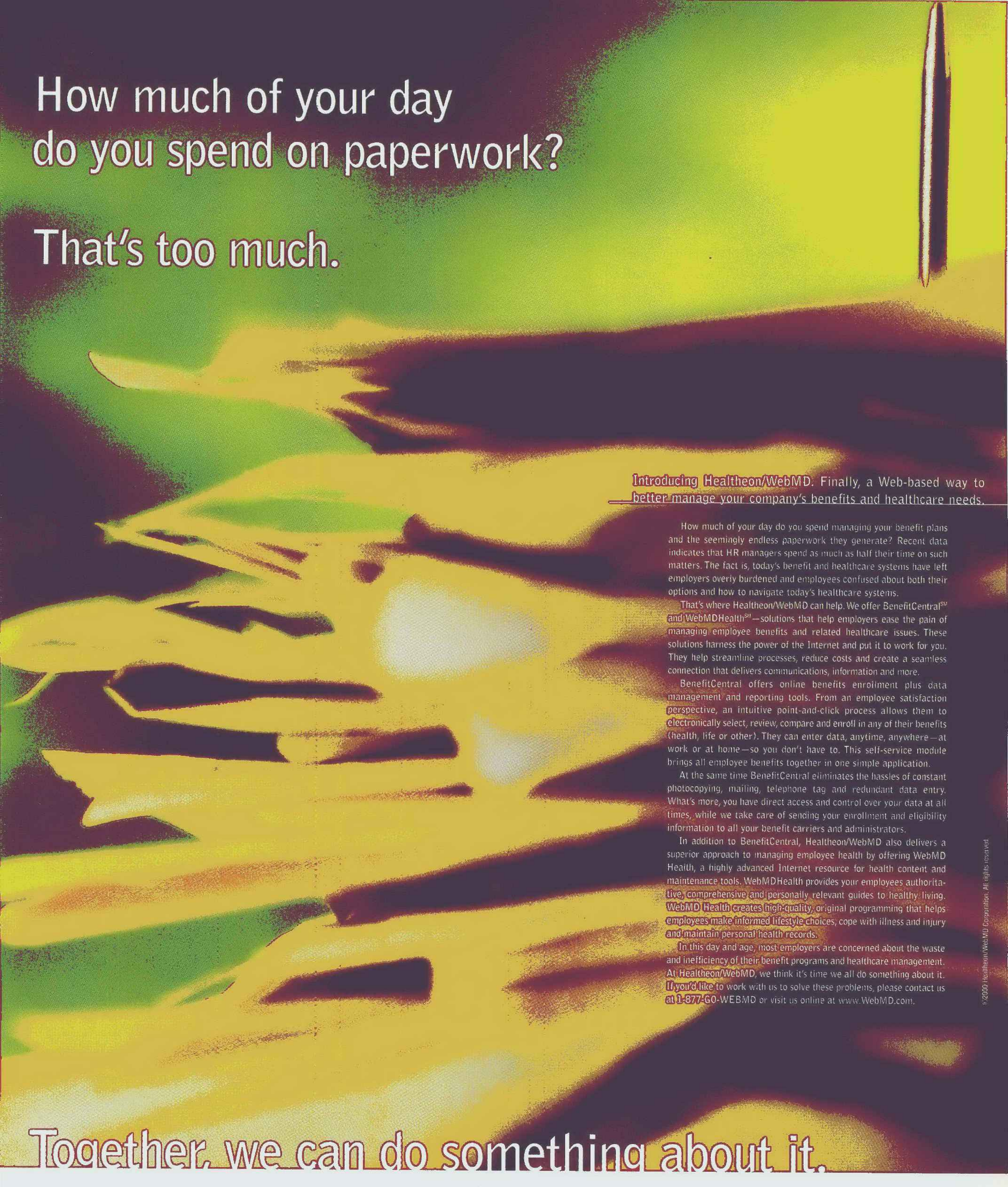

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That's too much.
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How much of your day do you spend managing your benefit plans and the seemingly endless paperwork they generate? Recent data indicates that HR managers spend as much as half their time on such matters. The fact is, today's benefit and healthcare systems have left employers overly burdened and employees confused about both their options and how to navigate today's healthcare systems.
That's where Healtheon/WebMD can help. We offer BenefitCentral℠ and WebMDHealth℠—solutions that help employers ease the pain of managing employee benefits and related healthcare issues. These solutions harness the power of the Internet and put it to work for you. They help streamline processes, reduce costs and create a seamless connection that delivers communications, information and more.
BenefitCentral offers online benefits enrollment plus data management and reporting tools. From an employee satisfaction perspective, an intuitive point-and-click process allows them to electronically select, review, compare and enroll in any of their benefits (health, life or other). They can enter data, anytime, anywhere—at work or at home—so you don't have to. This self-service module brings all employee benefits together in one simple application.
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Continued from page 18

CONFIRM Inc.

30 Watervliet Ave.,
Albany, N.Y. 12206;
518-459-0296; fax: 518-438-4042
www.confirm-inc.com

Consulting since: 1989.

1999 revenues
Continuous consulting 60%
Risk management audits 10%
Special consulting projects 20%
Actuarial/accounting services 10%

Staff
Total 2
Risk management professionals 2
Includes: 1 principal consultant, 1 consultant.

Clients
Total 32

Services: most risk management services.

Specialties: health care providers, public sector, associations.

Compensation: by the project; on retainer; per hour: $125 to $175 for principal consultants, $85 to $100 for consultants, $35 for clerical work.

SRMC member.

Contact: James P. Faughnan Jr., president.

Consolidated Risk Management

1717 E. Ninth St., Suite 1125,
Cleveland, Ohio 44114-2804;
216-623-1777; fax: 216-241-8267

Consulting since: 1985.

1999 revenues
Continuous consulting 85.4%
Risk management audits 1.5%
Special consulting projects 13.1%

Staff
Total 8
Risk management professionals 5
Includes: 2 principal consultants, 3 consultants.

Clients
Total 30
U.S 100%

Services: most risk management services.

Specialties: consulting to all or most industries.

Compensation: by the project; on retainer; per hour: $192 to $250 for principal consultants, $88 to $140 for consultants, $42 for clerical work.

Officers: Michael A. Cristal, Michael R. Weil.

Contact: Michael A. Cristal.

Copper Roof Risk Management

1290 Hornby St., Suite 302,
Vancouver, British Columbia V6Z 2G4;
604-669-0456; fax: 604-682-6738

Consulting since: 1982.

1999 revenues
Continuous consulting 80%
Risk management audits 8%
Special consulting projects 10%
Actuarial/accounting services 2%

Staff
Total 3
Risk management professionals 2
Includes: 1 principal consultant, 1 analyst.

Clients
Total 42
U.S 53%
Non-U.S 47%

Services: most risk management services.

Specialties: manufacturing, financial services, transportation.

Compensation: by the project; on retainer; per hour: $175 to $225 for principal consultants, $100 for analysts, $60 for clerical work.

Officers: Erika D. Wellen, president.

CORE Risk Services

22145 Wasserstrasse, P.O. Box 206,
Oldenburg, Ind. 47036;
812-933-0656; fax: 812-933-0354
www.coreriskservices.com

Consulting since: 1993.

1999 revenues
Continuous consulting 95%
Risk management audits 2.5%
Special consulting projects 2.5%

Staff
Total 2
Risk management professionals 2
Includes: 2 principal consultants.

Services: most risk management services.

Specialties: consulting to all or most industries.

Compensation: by the project; on retainer; per hour: $135 for principal consultants, $45 for clerical work.

SRMC member.

Officers: Robert L. Bernens, Mary Ellen Wilson.

Cornerstone Risk Management & Insurance Services L.L.C.

17011 Beach Blvd., Suite 560,
Huntington Beach, Calif. 92647;
714-843-6600; fax: 714-843-6601

Consulting since: 1998.

1999 revenues
Continuous consulting 80%
Risk management audits 20%

Staff
Total 7
Risk management professionals 3
Includes: 2 principal consultants, 1 analyst.

Clients
Total 6
U.S 100%

Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.

Specialties: consulting to all or most industries.

Compensation: by the project.

Officers: Charles F. Holdren, Daniel A. Rieden.

Contact: Charles F. Holdren, choldren@cornerstonerisk.com.

Corporate Risk Management Inc.

505 Fenton Place,
Charlotte, N.C. 28207;
704-335-0165; fax: 704-377-2973
www.crm1978.com

Consulting since: 1978.

1999 revenues
Continuous consulting 75%
Risk management audits 15%
Special consulting projects 10%

Staff
Total 5
Risk management professionals 5
Includes: 3 principal consultants, 1 consultant, 1 analyst.

Clients
Total 40
U.S 100%

Services: most risk management services.

Specialties: consulting to all or most industries.

Compensation: by the project; on retainer; per hour: $150 for principal consultants, $125 for consultants, $90 for analysts, $55 for clerical work.

Officers: William B. Heeney, president; Mark S. Moss, vp.

Contact: William B. Heene.

Corporate Risk Management Inc.

350 E. Ogden Ave.,
Westmont, Ill. 60559;
630-920-0000; fax: 630-920-0157
www.crm-inc.com

Consulting since: 1979.

1999 revenues
Continuous consulting 40%
Risk management audits 40%
Special consulting projects 20%

Staff
Total 8
Risk management professionals 6
Includes: 3 principal consultants, 1 consultant, 2 analysts.

Clients
Total 65
U.S 95%
Non-U.S 5%

Services: insurance coverage and limits analysis, broker and vendor services analysis, risk management organizational studies.

Specialties: consulting to all or most industries.

Compensation: by the project; on retainer; per hour: $290 for principal consultants, $600 for consultants, $125 for :analysts.

Officers: Robert A. Wilson, president; Robert W. Wilson, executive vp; Scott R. Wilson, vp.

Contact: Robert A. Wilson.

Crain, Langner & Co.

3728 Waitley Drive, P.O. Box 531,
Richfield, Ohio 44286;
330-659-3142; fax: 330-659-6241

Consulting since: 1939.

1999 revenues
Consulting revenues $322,800
Continuous consulting 60%
Risk management audits 30%
Special consulting projects 10%

Staff
Total 4
Risk management professionals 2
Includes: 2 principal consultants.

Clients
Total 100*
U.S 100%

Services: insurance coverage and limits analysis, expert witness services, loss settlement assistance.

Specialties: consulting to all or most industries.

Compensation: by the project; on retainer; per hour: $140 for principal consultants.

SRMC member.

Officers: Thomas E. Borror, president; Kenneth R. Butler, vp.

Contact: Kenneth R. Butler.

**Estimate.*

Creative Risk Concepts International

6114 LaSalle Ave., Suite 355,
Oakland, Calif. 94611;
510-531-9150; fax: 510-531-2531

Consulting since: 1985.

1999 revenues
Risk management audits 25%
Special consulting projects 75%

Staff
Total 1
Includes: 1 principal consultant.

Clients
Total 3
U.S 100%

Services: most risk management services.

Specialties: consulting to all or most industries.

Compensation: per hour: $250 for principal consultants.

SRMC member.

Contact: Donn McVeigh, managing director.

Crisis Management International Inc.

8 Piedmont Center, Suite 420,
Atlanta, Ga. 30305;
404-841-3400; fax: 404-841-3404
www.cmiatl.com

Consulting since: 1988.

1999 revenues
Continuous consulting 98%
Risk management audits 2%

Staff
Total 6
Risk management professionals 5
Includes: 2 principal consultants, 3 consultants.

Clients
Total 148
U.S 100%

Services: claims consulting, loss prevention consulting, expert witness services.

Specialties: consulting to all or most industries.

Compensation: by the project; on retainer; per hour: $250 to $325 for principal consultants.

Officers: Bruce T. Blythe, CEO; Richard S. Wnek, president.

Contact: Richard S. Wnek; rwnek@cmiatl.com.

Continued on page 22

Agent/Broker Topics

A monthly editorial section sent exclusively to agents, brokers and consultants

Inside:

Insurer service centers free up agents

By LEE FLETCHER

Insurer-run customer service centers can take some work off the hands of agents, freeing the producers to focus on the business of selling insurance.

To attain maximum efficiency and to concentrate on developing accounts, "an agency needs to centralize the processing and customer service" for personal lines and small commercial business, said Carol Hammes, president of Pine, Colo.-based The Middleton Group. "The more volume that you have in one place, the more the people can specialize in what they do best and the more productive they will be," Ms. Hammes said.

"Agencies that are looking for larger income-producing business aren't putting the staff, the expertise" toward customer service for personal and small commercial lines business, said Emily Huling, president of the agency consulting firm Selling Strategies Inc., in Terrell, N.C. "So they feel that the (insurance) companies are better positioned to do that," Ms. Huling said.

"Many agents don't have the money to invest in the technology to interface with clients at the levels that the insurance companies want," she said.

Randy R. Farless, vp of property/casualty marketing at Seattle-based SAFECO Corp., emphasized the importance of the insurers' customer service centers to independent agents.

"As it is becoming more and more expensive for independent agents to do business, this is an added value that SAFECO can provide agents and their customers—and not only just the access point but it allows agents to focus on providing other things that they may not normally have the time to do," Mr. Farless said.

He said that SAFECO's call centers can handle the less-involved customer concerns, such as claim reports and questions about billing.

"We can do this much more efficiently than an agent can. The agent, in turn, can spend their time and efforts on cross-selling their clients," as well as other activities, he said.

"The simple fact is that most agents cannot provide 365-by-24-by-seven service to their customers, and this gives (customers) the opportunity to get to an actual person—not a recording—to help them with a question," Mr. Farless said.

SAFECO, which currently has nine call centers around the United States, plans to combine the regionally based operations into four national contact centers by the end of 2002.

Ms. Huling noted that some service centers provide such customer services as pre-renewal questionnaires and follow-up phone calls.

One advantage of the centers, she said, is that they have the clients' policy information in the system and can gain access to it quickly, without the back-and-forth calls that often take place between a customer and an agent.

"The benefit to the policyholder is that the policyholder is going to get more attention," Ms. Hammes said.

Another advantage to the service centers, Ms. Hulling noted, is that insurance companies often are better equipped to provide the necessary training for center employees.

And Ms. Hammes emphasized that many insurers staff their centers with college graduates who are articulate and can discuss insurance issues in a way that customers can understand.

The quality of customer service centers' staff is a concern for agencies, according to Joseph P. Flanagan, president of the Chicago-based agency J.P. Flanagan Corp.

"We do a lot of screening to be sure that the people handling our accounts are people we are comfortable interacting with our clients," said Mr. Flanagan, whose agency has been using customer service centers for about two years. "We went out and interviewed them, and they actually passed with flying colors," he said.

Carter Flatt, executive vp of operations and technology for The Hartford Financial Services Group Inc. in Hartford, Conn., noted the benefits of service centers for agents.

Agents retain ownership of the business, and "they have less expense; therefore, they're enhancing their income from the business and they're getting our best product," Mr. Flatt said.

He also emphasized that a customer who calls the service center is

See **Service** on page 20D

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Service

Continued from page 20B

not aware that the person answering the call is employed by the insurer.

"When we respond to a customer's call, we respond as a representative of the agent, not The Hartford," Mr. Flatt said.

Ms. Hammes said centers are cost-effective for agencies because they eliminate the need for in-house staff.

"If you can have well-trained people that somebody else is paying for taking care of your customers' everyday needs," allowing agents to work on expanding accounts, "then it's really very beneficial for the agency," she said. Ms. Huling noted that, in some cases, insurers charge a modest commission for the service.

If an agency opts to use an insurer's customer service center, it is critical that agents keep in touch with their customers at some level, Ms. Huling noted. "It can be in the form of newsletters or simply calling them and asking, 'How's it going with the customer service center?' " she said.

Ms. Hammes also strongly advocated continued communication between the agent and client. "Especially if the independent agent is using a service center, they need to call the insured and let them know they're providing that value-added service," Ms. Hammes said. BI

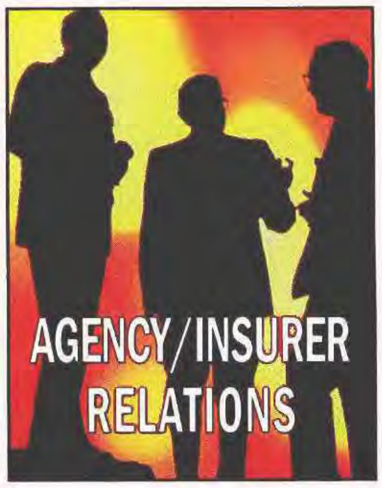
Web site pairs agents, surplus lines insurers

By DOUGLAS McLEOD

While the Internet holds the threat of cutting agents out of certain transactions, one fledgling Web site is aiming to bring agents, brokers and insurers together.

Organizers of the Internet Wholesale Insurance Exchange, or iwix.net, plan to launch the site in mid-April as a virtual marketplace that will let small and medium-sized agents place specialty property/casualty coverages with surplus lines insurers.

Independent agents and brokers that typically handle standard coverages may only occasionally encounter a specialty lines risk that requires access to the surplus lines market, explained Max Carter, a former Johnson & Higgins vp who is chief executive officer of iwix.net.



Such agents generally lack the volume of specialty business or the resources to maintain in-house specialty lines departments, and the new Web site is intended to act as a substitute, offering the agents access to specialty lines expertise and speedy quotes from surplus lines insurers.

"It will connect agents, brokers and carriers who typically would not have the resources or opportunity to work together in providing specialty insurance," Mr. Carter said.

It will also give insurers a more-efficient channel for dealing with their existing agency forces, said Joel Campanella, vp with Charlotte, N.C.-based Royal & SunAlliance USA Inc., one of iwix.net's insurer participants.

"This supports the agent and broker and helps them with their business," said Mr. Campanella, who is the insurer's worldwide practice leader for professional and financial risks. "This is still a broker- and agent-driven medium, and that's why we like it."

Once up and running, iwix.net will join a widening array of insurance-related Internet sites, ranging from the CATEX catastrophe reinsurance exchange to individual insurers' direct sales sites.

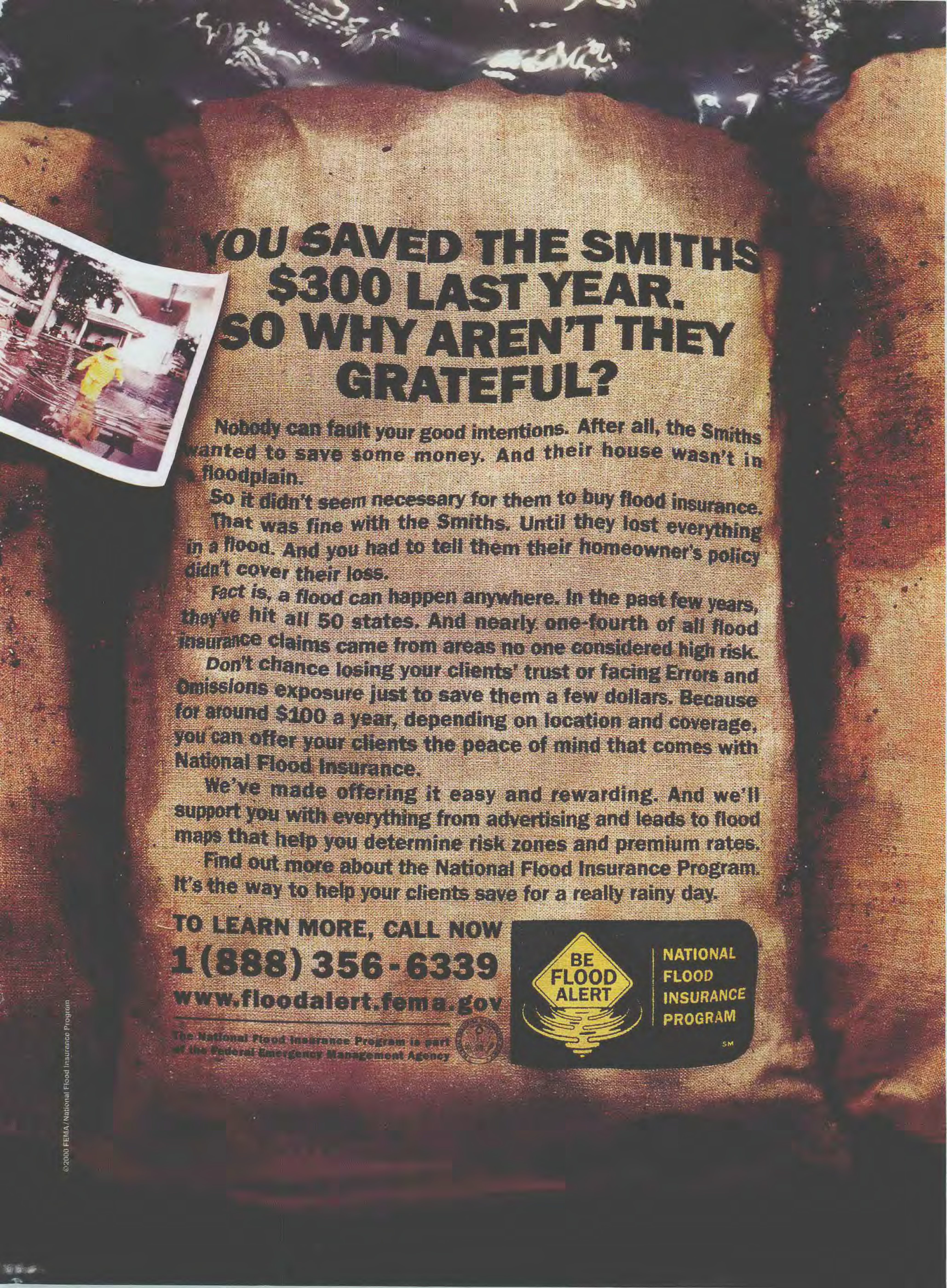
It also follows the emergence of proprietary online systems that directly link the world's largest insurance brokers to insurers around the globe.

The creation of such systems by Marsh Inc. and others, Mr. Carter said, was one impetus for developing iwix.net. Small and medium-sized brokers that have lost specialty business to larger, better-equipped competitors in the past may be able to hang onto that business with help from a service such as iwix.net, he said.

Under the system, iwix.net will register retail and wholesale agents and insurance company and managing general agency participants, Mr. Carter explained.

Once registered, agents will be able to access the site and submit

See **Iwix.net** *on page 20F*



YOU SAVED THE SMITHS $300 LAST YEAR. SO WHY AREN'T THEY GRATEFUL?
Nobody can fault your good intentions. After all, the Smiths wanted to save some money. And their house wasn't in a floodplain.
So it didn't seem necessary for them to buy flood insurance.
That was fine with the Smiths. Until they lost everything in a flood. And you had to tell them their homeowner's policy didn't cover their loss.
Fact is, a flood can happen anywhere. In the past few years, they've hit all 50 states. And nearly one-fourth of all flood insurance claims came from areas no one considered high risk.
Don't chance losing your clients' trust or facing Errors and Omissions exposure just to save them a few dollars. Because for around $100 a year, depending on location and coverage, you can offer your clients the peace of mind that comes with National Flood Insurance.
We've made offering it easy and rewarding. And we'll support you with everything from advertising and leads to flood maps that help you determine risk zones and premium rates.
Find out more about the National Flood Insurance Program. It's the way to help your clients save for a really rainy day.
TO LEARN MORE, CALL NOW
1 (888) 356-6339
www.floodalert.fema.gov
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Agent/Broker Topics

Iwix.net

Continued from page 20D

specialty risks—ranging from directors and officers liability to kidnap/ransom business—for quotations by participating insurers.

Insurers registering on the site will set guidelines for the types of business they're willing to consider, allowing iwix.net to point agents only to those underwriters able to provide quotations.

After iwix.net identifies the insurers willing to write a particular risk, an agent can select the companies he or she would like quotes from, choosing up to 10 names. To save agents from needing to re-key written submission material, the system will allow them to fax paper submissions directly into the site, Mr. Carter said. Each agent will have his or her own "filing cabinet" on the site to keep transactions confidential.

The system will e-mail the insurers a link to the site for viewing the submission, and quotes will be delivered to the agent, through the site, via e-mail.

The agent may then send a request to bind coverage through iwix.net, and the agent and insurer can continue with the transaction, either through the site or directly with one another.

> *'We know it is going to be successful. We don't know how fast it will be successful.'*
> — Joel Campanella

Agents will need to hold surplus lines licenses to access surplus lines insurers through iwix.net. An agent without such a license can have his or her submissions referred through surplus lines-licensed intermediaries registered with the site.

Iwix.net will be free for agents and brokers. Insurers will pay a flat fee for each submission quoted and for each risk bound. Mr. Carter and participating insurers would not disclose the fees, but Mr. Carter compared them to the cost of "a family of four going to the movies."

The site is not accepting financial backing from insurers or agents, nor is it selling advertising space, according to Mr. Carter, who funded the start-up through venture capital investors.

"We feel it's very important to be completely independent," he said.

So far, iwix.net has signed up nine insurer participants and about 30 wholesale brokers, according to Mr. Carter and Michael Teden, vp of business development in Charlotte.

Iwix.net aims to provide agents and brokers with instant access to specialty lines insurers they might not otherwise contact, while also reducing costs by eliminating multiple written underwriting submissions. The site intends to provide insurers with a direct channel—without any marketing costs—to potentially hundreds of independent producers.

"The purpose has really been to mirror, as far as possible, the workflow process in the real world, but with some of the advantages of the Internet," Mr. Carter said.

Insurers that have already joined the site hope to see its potential realized.

"It's a new channel of distribution that is so far unexplored," said Sean S. Sweeney, executive vp and director of marketing for Philadelphia Insurance Co., a surplus lines insurer based in Bala Cynwyd, Pa. "I don't think anybody knows what type of new business can be generated, and we want to be flexible and open to the new opportunity."

Royal's Mr. Campanella, meanwhile, views online distribution as inevitable and sees iwix.net as a convenient means of dealing with Royal's existing agents.

"We think it's the wave of the future. We think it's going to happen," he said, adding that Royal has set "reasonable" production goals for its participation and doesn't expect overnight success.

"We know it is going to be successful. We don't know how fast it will be successful," he said.

While some might argue that Royal will be paying iwix.net fees for business it would be getting anyway, Mr. Campanella noted that the system should cut costs for Royal and its agents.

"The bet is that the offset will be greater" than the costs, he said.

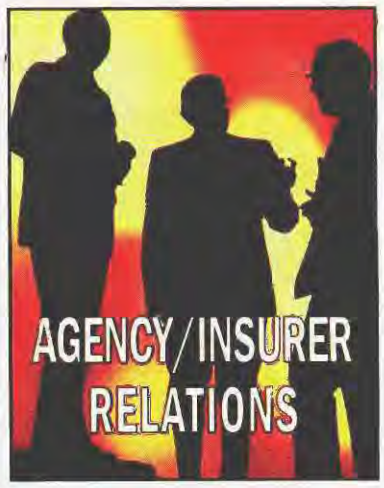
"At this point, it's only about doing business with existing agents and brokers in a more cost-effective medium," Mr. Campanella said.

Assuming iwix.net takes hold in the United States, Mr. Carter says he has other plans for the system—by the first quarter of next year, he said he hopes to expand into Europe, where cultural and linguistic barriers could make a common Internet marketplace a useful tool.

"For a Danish company to sell coverage in Portugal, they pretty much need to have a branch office there," Mr. Carter observed. "Effectively, we get around that for them.

"The object is the same—to create a transparent marketplace that's easy to use," he said. **BI**

Insurer marketing online through agents



By MICHAEL BRADFORD

Agents for Harleysville Insurance Cos. are sharing in the wealth of the insurer's Internet sales.

The Harleysville, Pa.-based insurer, which writes personal and commercial lines, has gone online in an effort to market its products and boost its writings through its independent agent network.

Its approach is somewhat different from most other insurers' attempts to use the Internet to increase sales, according to two Harleysville executives.

"Like anyone else, we were seeing all the companies use the Internet to market insurance; one thing that became apparent is that most of them were marketing direct," said Jeff Duplak, assistant secretary of business development and marketing at Harleysville.

Rather than follow the direct marketing approach, Harleysville decided to take advantage of the "power of the Internet and use it to the advantage of our independent agents," he explained.

To that end, the insurer created a pilot program that sends sales leads to its producers' desktops.

The program, developed in-house over a year and a half, aims to give prospective buyers a simple way to obtain quotes and bind coverage. It was unveiled in January after a preview by a group of Harleysville agents.

The process starts when prospective customers click on the "Get Quote" button at the top of any page on Harleysville's Web site, www.harleysvillegroup.com, or on a graphic image link on the site's home page. In the quote-request section, the user provides some basic information, including name, address, phone number and other details.

The next page asks a prospective buyer to check off the types of coverage he or she wants to purchase. The potential buyer can add other information that is not mandatory, including such details as the date of expiration on a current policy and the name of the current insurer.

The data is then transmitted to an agent in the prospective buyer's area, and a page pops up providing the user with information on that agent. The agent then can contact the prospective buyer by phone or e-mail to obtain additional information needed to provide a quote.

If the buyer specifies a Harleysville agent not included in the current phase of the program, the lead is e-mailed to the insurer's customer service department to be forwarded to that agent.

The program currently is available in 24 states, and plans call for its expansion elsewhere, said Philip Jacobson, manager of market research and planning at Harleysville. No timetable has been developed for the expansion, he said.

Mr. Jacobson noted that, because the pilot program has been in place for only a couple of months, reliable figures on how well the system is performing are not yet available.

The insurer expects that the Internet service, in addition to providing leads on personal lines coverages, will generate new small to medium-sized commercial property/casualty accounts, which are its specialty. Smaller accounts don't always need as much hands-on treatment from agents as larger accounts require, Mr. Duplak explained.

He said the development of the program isn't just about increasing the insurer's bottom line.

The sales-lead program has three goals, he explained. Those goals are "to give agents additional leads; to increase the premium income of the agents and ourselves; and, more importantly, to enhance the franchise value for the agents with Harleysville."

Mr. Duplak said that offering the program is a way for the insurer to "reconfirm that it is, indeed, behind the independent agency system 100%."

The program also allows Harleysville to develop a database for future prospecting efforts.

While the ownership of the business generated through the site remains with the agent that binds it, "we like to understand who is responding to our Web site and lead program," Mr. Jacobson noted.

And Harleysville will use information gathered by the program for "future marketing to support our agents," he said. BI

Integrated benefits aims misunderstood

SAN FRANCISCO—In a survey conducted by the Integrated Benefits Institute, more than half of the 700 agent and broker respondents said that they believe their clients have a strong interest in integrated benefits programs.

The survey revealed, however, that producers are not completely clear about their clients' objectives in integrating workers compensation, disability and group health benefit programs.

The study found that producers ranked "simplified benefits administration" and "integrated data" as the key reasons why employers favor integrated benefits, cited by 61% and 33% of the producers, respectively.

On the other hand, in a 1999 IBI study of 800 employers that parallels the 2000 producer survey, employers underscored the importance of "productivity/return to work" and "employee health and safety" as the key reasons for integrating benefits, cited by 46% and 41%, respectively.

Employers and producers agree on the importance of cost savings.

"It's clear from these results that there is a disconnect between producers and employers," Thomas Parry, president of the San Francisco-based IBI, said in a statement. "Employers are making a clear distinction between cost savings and price by looking at benefits costs broadly, factoring in their goals of productivity, early return to work and employee health. Producers, on the other hand, focus on point-of-sale messages, such as simplified administration, integrated data and price. Until they close this gap, they cannot speak the strategic language of their management customers." BI

A/BT briefs

Online exchange

NASHUA, N.H.—AMS Services Inc. recently formed an online company, TowerStreet, in an effort to create an integrated, Internet-based insurance exchange for agencies and insurers.

TowerStreet, which initially will focus on the insurance sales process, will later be expanded to support the entire insurance transaction.

TowerStreet recently unveiled a prototype of its personal lines point-of-sale service product, which integrates comparative quoting, rating, underwriting report delivery, reference information proposals, ACORD forms and electronic submission. The product is currently in beta testing, with plans for a national rollout later this year. A commercial lines point-of-sale system will be released this summer.

Because online transactions will involve multiple trading partners, TowerStreet is using ACORD standards for extensible markup language, or XML. These standards allow agencies to connect to insurer systems without having to deal with multiple user interfaces and data repositories.

In a statement, John Ashenhurst, executive vp of AMS Holding Group of Nashua, N.H., and business developer of TowerStreet, said: "TowerStreet will finally allow agencies and companies to have the complete integrated systems they have always wanted, without having to spend their time and money running what has become an increasingly complex and expensive office data center. Access to TowerStreet requires only a computer running a browser and connection to the Internet. New users can be online and at work in minutes."

Redman joins SIAA

KEENE, N.H.—Phoenix-based insurer The Redman Group recently became the 400th member of SIAA, a national insurance agency alliance based in Keene, N.H.

As an independent satellite member of SIAA, Redman will be affiliated with the INEX Agency Alliance, an SIAA master agency based in Albuquerque, N.M.

In a statement, SIAA Chairman Jim Masiello said: "As our 400th member, The Redman Group is an example of how independent agencies can thrive in this competitive environment, by forging an alliance that provides access to companies, programs, profit sharing and enhanced compensation opportunities usually reserved for larger agencies."

Kaye tops Web poll

NEW YORK—Kaye Group Inc. earlier this year announced that the Web site operated by its largest retail insurance subsidiary, New York-based Kaye Insurance Associates Inc., received the highest overall rating of online insurance sites in a customer survey.

The poll, conducted by deja.com, ranked Kaye's site No. 1 among 28 insurance sites in four major categories: products, customer service, ease of use and cost savings.

Kaye's interactive site, www.kinsurancecenter.com, is designed to help business users learn about important risk exposures, including property, general and professional liability, directors and officers liability, auto liability and workers compensation. Users also can select the types and amounts of insurance coverage that they need and apply for coverage online.

The site targets the needs of Internet and new media firms, as well as a wide variety of other small and medium-sized businesses.

SGP acquires two

DALLAS—Dallas-based broker Summit Global Partners recently made acquisitions in Texas and Illinois.

American Insurance Agency, an Arlington, Texas-based property/casualty agency, will become part of Summit Global Partners of Texas. Its president, Kim Brimer, will take on the title of vp and senior producer.

Meanwhile, Vista Insurance Partners, a wholesale brokerage division of SGP, recently acquired A.J. Renner & Associates Inc. of Chicago.

A.J. Renner is a wholesale specialty broker with a strong emphasis in health care and the life science industry.

Terms of the transactions were not disclosed.

Networks merge

OLEAN, N.Y.—The Iroquois Group, the oldest network of independent insurance agents, recently expanded in New England through a merger with New England General Insurance Agency.

New England General is a network of 22 independent agencies in Massachusetts. It will continue to provide centralized underwriting authority to area agents out of its Woburn, Mass., headquarters.

"New England General agents already have a strong customer base," Twig Branch, president of the Iroquois Group, said in a statement. "Now, through the Iroquois network, they will have vastly improved access to a broad array of quality insurance companies, plus better training, technology and administrative support," he said.

The Iroquois network, which is based in Olean, N.Y., is made up of nearly 1,000 rural and suburban agencies in 22 states, representing $2 billion in premium volume. BI

Industry axioms outmoded in new century: Analyst

By RODD ZOLKOS

A number of long-held truths about the property/casualty insurance industry will be found false as the new century progresses, according to one industry analyst.

Speaking to Standard & Poor's Corp.'s Insurance and Banking Seminar last month in San Antonio, Sean F. Mooney, a senior vp at Guy Carpenter & Co. Inc. in New York, outlined seven 20th century property/casualty axioms that won't hold true in the 21st century.

The first is that branding isn't important, Mr. Mooney said.

That might have been true in the 20th century, when a relationship with an agent provided all the security many consumers needed in making an insurance decision. But the strength of the insurer's brand will take on new significance as more and more insurance purchases are made online in the 21st century.

The second truth Mr. Mooney expects to fall is the notion that one-stop combinations of banking and insurance into "financial supermarkets" won't work.

"When we look to the 21st century, I think we're looking at a different reality," he said. "In fact, the financial supermarket may be the major place to buy property/casualty insurance."

The third 20th century truth Mr. Mooney sees going by the boards is that there will be few strategic alliances in the industry. In fact, he predicts, more such alliances will be forged, driven particularly by the emergence of new management concepts.

The belief that banking and insurance are fundamentally different businesses also will be overturned in the coming years, the Guy Carpenter economist predicts.

"When you think about the various businesses that banks and insurance are in, there are a lot of similarities," Mr. Mooney said. As the two industries grow closer, each is likely to employ some of the business techniques of the other, he suggested.

Yet another notion that will be dashed is that being "the low-cost price taker is the key to success." In fact, Mr. Mooney suggested, "perhaps one of the winning strategies will be to start to think of a premium-price strategy."

As an example, he cited Chubb Corp.'s experience with its homeowners coverage, whose customers are willing to pay a higher price in exchange for better service.

The sixth truth soon to disappear in the property/casualty industry is that there is no "first mover" advantage, Mr. Mooney said.

With more and more technology being employed in the business world, insurers will definitely find it advantageous to be the first to move in a particular direction, he said, particularly in terms of new methods of distribution and new services.

Finally, the notion that property/casualty insurance is about physical risks will not hold true in the 21st century. "Information infrastructure has become the central nervous system of the economy," Mr. Mooney said.

As a result, property/casualty insurers will develop more and more products to deal with information-related exposures, he said. BI

FASB changes should incite more M&A activity

By Joseph D. Teplitz and Holly D. Overcamp

A/BT Perspective

Y2K HAS COME AND GONE. The elevators worked, the lights stayed on, and the bills went out on time. The insurance industry now can move on to new issues—and just in time.

Proposed Federal Accounting Standards Board changes in accounting rules, if approved, will very likely kick off a new wave of mergers and acquisitions, as the industry accelerates its response to regulatory reform in an attempt to beat the FASB's proposed Jan. 1, 2001, trigger date.

Consequently, there are several questions that any insurance business should be asking itself right now: Do we understand the issues? What are we doing about them? What should we be doing now to prepare?

As a result of the Gramm-Leach-Bliley Act, signed into law in November, it is essentially open season for banks, brokers and insurers to offer any and all financial services. Nevertheless, we have yet to see a new round of combinations.

One reason for the delay is that the planned demutualization of several key insurance industry players has shifted those companies' focus temporarily away from merger and acquisition strategies.

Other insurers in 1999 took the opportunity to concentrate on streamlining operations by selling off weak or ill-fitting books of business.

Yet another reason is that a significant amount of insurance industry capital continues to flow toward information technology.

It's also quite possible that high-level, low-key M&A discussions already have started, and it's only a matter of time until they come to fruition.

Apart from those developments, the looming FASB changes will end the period of quiet. The financial services realm will see a significant—and rapid—increase in M&A activity as banks, asset managers and insurers get back in the race to provide one-stop financial shopping. Mergers between insurers will continue to focus primarily on cross-product and distribution channel opportunities.

The proposed FASB changes center on eliminating pooling-of-interest accounting for mergers and acquisitions. This is not a garden variety, arcane change in the rules of reporting; it could dramatically change the economics of large combinations.

In the past, using the pooling-of-interests approach meant that companies in a "merger of equals" would not take a hit to their profit and loss statements. They simply began reporting as one larger company.

The requirements for what constitutes a merger of equals have been loosely defined in the United States. As a result, some obviously uneven combinations have been classified as "mergers of equals," simply so the companies could take advantage of pooling-of-interest accounting.

When you switch from the pooling method to purchase accounting—the approach currently used by most major countries—deals become more expensive. Under the purchase approach, goodwill—the premium paid by the acquiring company, generally for the value of intangibles—must be accounted for as an expense over a period of time.

The FASB also is considering changing the acceptable period in which goodwill can be accounted for as an expense to the profit and loss statements from the current 40-year maximum to a maximum of 20 years.

Just to make things even more interesting, other changes under consideration would favor cash deals—in which the purchase price is apparent—over stock deals, in which the purchase value may be more difficult to estimate.

The final outcome is uncertain. But the FASB is clearly committed to bringing U.S. accounting rules into line with those in most other major countries, where purchase accounting is the norm. So the betting is that U.S. firms will likely be held to the same standards as their global counterparts.

If the rule changes do go into effect, it is very probable that we will see a new rush of consolidations, as companies press to complete their deals prior to the effective dates for the accounting changes, thereby saving hundreds of millions of dollars in direct profit and loss hits.

This could have even more powerful implications for insurance than for banking, which is still taking a breather from M&A activity.

Some of the larger insurance mergers will likely cross borders, given that regulatory change is encouraging a global market.

What to do?

Although the new rules are still being debated, a company that sees consolidation in its future should begin preparing for it now. The future has a way of arriving much faster than it used to.

We have seen, time and again, that mergers and acquisitions that are rushed tend to stumble early on. Rushing places the focus on the deal alone, giving short shrift to the complex task of blending systems, processes and culture.

Once these integration efforts stumble, it can take years to regain footing and mend customer and employee relationships. Preparation is everything.

There are certain steps insurance companies can take right now that will make integration proceed much more smoothly—even when the deal is accelerated.

First, of course, is having a focused M&A strategy in place. Lay out your objectives and strategies now, even if there is nothing immediate on the radar screen. Consider implementing a "merger state" organizational structure, culture and governance.

Assess your company's strengths and weaknesses, and get your house in order.

Companies tend to bring unnecessary baggage into a combination, including businesses that don't quite fit, legacy IT systems, employee levels that are out of line with the industry and expense ratios that are too high. It's difficult to fix businesses in the midst of trying to combine them.

Get your team in place now. You can't afford not to assign one of your most valuable senior managers to run the combination. Next, you need to determine who is going to take on that individual's previous responsibilities. It's important to "build the bench," so the business doesn't suffer while top talent focuses on making the combination work.

Firms with successful merger track records typically had program management offices that ensured the use of consistent integration tools, a common language and a defined priority of merger tasks.

In addition to putting in place the right structure and tools, a program management office is a visible sign that senior management is committed to the success of the merger and has a workable plan.

In order for a firm to go successfully through a merger, it must clearly outline the program management office's responsibilities. It knows who will staff the office. It figures out who will do what—and why. When it comes time to begin the merger integration process, the program management office is ready to move based on plans, already in place, that office staff can adapt to fit the situation.

As part of this preparation, it is critical to develop the ability to quickly spot and deal with risks in a fast-moving, highly charged environment.

Be sure there are opportunities for people to bring to light risks in an apolitical atmosphere. One proven approach is to develop a risk management system that focuses on key organizational and operational risks and provides guidelines for dealing with the inevitable problems that arise.

To keep things moving in the right direction and on schedule, build in a system of ongoing measures to review progress and evaluate performance.

Another important step that often is overlooked is thinking through the impact of a combination to customers' loyalty and the retention of key employees. While some short-term disruption is often the price of any move toward long-term gain, attention to these issues now can keep disarray to a minimum.

Be prepared to make personnel decisions as quickly as is practical, and don't try to appoint two people to run a single function—it almost never works.

One of the most critical aspects of any combination is simply good communications—going in, in the heat of the action, and coming out.

It's a good idea to make communications strategies part of the M&A plan from the outset. Keep in mind, too, that communication inside the companies can be every bit as important—in some ways more so—than that outside.

It is important to create an environment where both leaders and employees can question what the combination means to their areas—and get answers to those questions.

Will the inevitable consolidation and convergence of the financial services industry be an orderly procession or a mad dash? Right now, it's a tough call. But one thing is certain—all companies should be prepared to move quickly and efficiently when the M&A race begins. BI

Joseph D. Teplitz and Holly D. Overcamp are New York-based business consultants at Arthur Andersen L.L.P. who focus on mergers and integration for the financial services industry.

Agent/Broker Topics

ADVERTISER INDEX

Issue of April 3

Continued from page 20

Croydon Risk Consultants
198 N. Arrowhead Ave.,
San Bernardino, Calif. 92408;
909-884-8295; fax: 909-384-0321
Consulting since: 2000.
1999 revenues
Risk management audits 20%
Special consulting projects 80%
Staff
Total 1
Includes: 1 principal consultant.
Clients*
Total 8
U.S 90%
Non-U.S 10%
Services: alternative risk financing consulting, broker and vendor services analysis, risk management organizational studies.
Specialties: financial services, government, global companies.
Compensation: by the project; per hour: $200 to $250 for principal consultants.
Contact: Paul W. Pinckney.
** Projected for 2000.*

Robert M. Currey & Associates Inc.
75 Park Plaza,
Boston, Mass. 02116;
617-695-0900; fax: 617-695-0210
Consulting since: 1981.
1999 revenues
Continuous consulting 92%
Risk management audits 5%
Special consulting projects 3%
Staff
Total 15
Risk management professionals 5
Includes: 5 principal consultants.
Clients
Total 77
Services: most risk management services.
Specialties: consulting to all or most industries.
Officers: Robert M. Currey, president; Kathleen M. Nickerson, vp.
Contact: Kathleen M. Nickerson, knickerson@robertmcurrey.com.

D

Dann Insurance
1500 S. Lakeside Drive,
Bannockburn, Ill. 60015;
847-444-1060; fax: 847-444-1065
www.danninsurance.com
Consulting since: 1994.
1999 revenues
Continuous consulting 100%
Staff
Total 86
Risk management professionals 3
Includes: 3 consultants.
Clients
Total 30
U.S 100%
Services: insurance coverage and limits analysis, loss prevention consulting.
Specialties: consulting to all or most industries.
Compensation: on retainer.
Officers: Russell Dann, chairman; Scott Dann, president; Julie Dann, executive vp.
Contact: Scott Dann.

Deloitte & Touche L.L.P.
185 Asylum St.,
Hartford, Conn. 06103;
860-543-7337; fax: 203-705-5104
www.dttus.com
Consulting since: 1978.
1999 revenues
Total gross revenues $6,000,000,000*
Consulting revenues $71,450,000
Continuous consulting 20%
Risk management audits 20%
Special consulting projects 50%
Actuarial/accounting services 10%
Staff
Total 455
Risk management professionals 455
Includes: 80 principal consultants, 85 actuaries, 215 consultants, 75 analysts.
Clients
Total 1,000*
U.S 70%
Non- U.S 30%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $300 to $500 for principal consultants, $150 to $250 for consultants, $90 to $150 for analysts, $50 to $70 for clerical work.
Officers: Mark P. Charron, William D O'Connell, Bradley D. Murlick, partners.
Contact: Mark P. Charron, mcharron@dttus.com; Bradley D. Murlick, bmurlick@dttus.com. Branch office: Two Prudential Plaza, 180 N. Stetson Ave., Chicago, Ill. 60601-6710; 312-946-2865
**Estimate.*

Dempsey, Myers & Co.
426 Danbury Road,
Wilton, Conn. 06897;
203-762-5052; fax: 203-762-9826
www.dempseymyers.com
Consulting since: 1982.
1999 revenues
Consulting revenues $4,000,000
Actuarial/accounting services 100%
Staff
Total 22
Risk management professionals 21
Includes: 7 principal consultants, 4 consultants, 10 analysts.
Clients
Total 90
U.S 95%
Non- U.S 5%
Services: claims consulting, expert witness services, loss settlement assistance.
Specialties: consulting to all or most industries.
Compensation: per hour: $150 to $210 for principal consultants, $110 to $130 for consultants, $75 to $100 for analysts.
Officers. John D. Dempsey, managing partner; William L. Myers, Michael S. Skweres, partners.
Contact: John D. Dempsey.

Devine & Tweedale Inc.
7633 Ganser Way, Suite 200,
Madison, Wis. 53719-1093;
608-833-9595; fax: 608-833-8088
Consulting since: 1981.
1999 revenues
Continuous consulting 55%
Risk management audits 30%
Special consulting projects 15%
Staff
Total 5
Risk management professionals 3
Includes: 2 principal consultants, 1 consultant.
Clients
Total 27
U.S 100%
Services: most risk management services.
Specialties: construction, government, associations.
Compensation: by the project; per hour: $125 for principal consultants, $75 for consultants, $45 for clerical work.
Contact: Dennis Tweedale; dtweed@dtrskmgt.com.

Kevin F. Donoghue Insurance Advisors Inc.
200 Lincoln St.,
Boston, Mass. 02111;
617-482-7015; fax: 617-556-4030
www.kfda.com
Consulting since: 1970.
1999 revenues
Consulting revenues $1,950,000
Continuous consulting 70%
Risk management audits 12%
Special consulting projects 18%
Staff
Total 12
Risk management professionals 9
Includes: 7 principal consultants, 2 consultants.
Clients
Total 140
U.S 96%
Non- U.S 4%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: per hour: $200 to $250 for principal consultants, $135 to $175 for consultants, $90 to $115 for analysts,
SRMC member.
Officers: Kevin F. Donoghue, president; Emmanuel Psilakis, Joseph F. Boyle, senior vps.
Contact: Emmanuel Psilakis.

Dothage Risk Management Consultants Inc.
7811 Grantwood Oaks Court,
St. Louis, Mo. 63123;
314-842-5898; fax: 314-842-7725
Consulting since: 1993.
1999 revenues
Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%
Staff
Total 2
Includes: 1 principal consultant.
Clients
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $140 for principal consultants.
Officers: Alan Dothage, president; Judith Dothage, vp.
Contact: Alan Dothage, dothage1@aol.com.

E

ECS Risk Control Inc.
600 Eagleview Blvd.,
Exton, Pa. 19341;
800-858-0853; fax: 610-458-7285
www.ecsinc.com
Parent: XL Capital Ltd.
1999 revenues
Total gross revenues $13,100,000
Consulting revenues $1,200,000
Continuous consulting 80%
Risk management audits 20%
Staff
Total 88
Risk management professionals 8
Includes: 3 principal consultants, 5 consultants.
Clients
Total 30
U.S 99%
Non-U.S 1%
Services: claims consulting, loss prevention consulting, expert witness services.
Specialties: provides consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $110 to $175 for principal consultants, $75 to $110 for consultants.
Officers: William Kronenberg, president/CEO; James F. Splain, senior vp; Mark Zimmerman, vp.
Contact: James F. Splain; splainj@ecsinc.com.

The explanation of terms is on page 17.

EQE International Inc.
1111 Broadway, 10th Floor,
Oakland, Calif. 94607;
510-817-3100; fax: 510-663-1050
www.eqe.com
Parent: ABS Group of Cos.
Consulting since: 1981.
1999 revenues
Total gross revenues $66,000,000
Consulting revenues $53,500,000
Continuous consulting 10%
Risk management audits 30%
Special consulting projects 60%
Staff
Total 550
Risk management professionals 300
Includes: 50 principal consultants, 250 consultants.
Clients
Total 800
U.S 75%
Non-U.S 25%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $270 for principal consultants, $200 for consultants.
Officers: Douglas Frazier, CEO; Peter Yanev, president; James Johnson, COO.

Effective Risk Management
19200 Von Karman Ave., Suite 500,
Irvine, Calif. 92612-1540;
949-251-1500; fax: 949-251-1715
Consulting since: 1993.
1999 revenues
Continuous consulting 60%
Risk management audits 20%
Special consulting projects 20%
Staff
Total 1
Includes: 1 principal consultant.
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour.
SRMC member.
Officers: Pauline Thomas.

Elam Consulting Inc.
15 Northtown Drive, Box 2,
Jackson, Miss. 39211;
601-952-0403; fax: 601-977-0807
Consulting since: 1988.
1999 revenues
Total gross revenues $220,000
Consulting revenues $200,000
Continuous consulting 85%
Risk management audits 10%
Special consulting projects 5%
Staff
Total 3
Risk management professionals 3
Includes: 1 principal consultant, 2 consultants.
Clients
Total 130
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $150 for principal consultants, $120 for consultants, $50 for clerical work.
Officers: Jonathan Eric Elam, president; Eileen Elam Luter, vp.
Contact: Jonathan Eric Elam.

Ernst & Young L.L.P.
787 Seventh Ave., 12th Floor,
New York, N.Y. 10019;
212-773-5600; fax: 212-773-3467
www.ey.com/riskmanagement
Consulting since: 1922.
1999 revenues
Consulting revenues $29,590,000
Continuous consulting 10%
Risk management audits 15%
Special consulting projects 40%
Actuarial/accounting services 35%
Staff
Total 31,000
Risk management professionals 125
Includes: 30 principal consultants, 55 actuaries, 55 consultants, 40 analysts.
Clients
Total 900
U.S 80%
Non-U.S 20%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $550 for principal consultants, $300 for consultants, $150 for analysts.
SRMC member.
Officers: Orin Linden, national director-property, casualty and risk management consulting; William Berglund, national partner-claims consulting services; James Blinn, national director-business risk solutions.
Contact: James Blinn; james.blinn@ey.com.

EVAZBO Risk Management Consulting Service Inc.
Popular Bank Building, Ninth Floor,
Old San Juan, Puerto Rico 00901;
787-723-1950; fax: 787-723-8128
www.bonnetinsurance.com
Consulting since: 1974.
1999 revenues
Total gross revenues $525,000
Consulting revenues $500,000
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%
Staff
Total 8
Risk management professionals 4
Includes: 1 principal consultant, 2 consultants, 1 analyst.
Clients
Total 25
Services: insurance coverage and limits analysis, claims consulting, loss prevention consulting.
Specialties: manufacturing, health care providers, government.
Compensation: by the project; on retainer; per hour: $150 for principal consultants, $100 for consultants, $75 for analysts, $25 for clerical work.
Officers: Edna Vazquez-Bonnet, president; Chandrissa Bonnet, vp; Luis Alexandre Bonnet, treasurer.

F

FARA Risk Control Services
204 Winchester Drive,
Lafayette, La. 70506;
337-988-4008; fax: 337-988-4121
www.fara.com
Parent: F.A. Richard & Associates Inc.
Consulting since: 1979.
1999 revenues
Consulting revenues $1,200,000
Continuous consulting 45%
Risk management audits 40%
Special consulting projects 15%
Staff
Total 15
Risk management professionals 15
Includes: 12 principal consultants, 3 consultants.
Clients
Total 35
U.S 100%
Services: loss prevention consulting.
Specialties: manufacturing, construction, public sector.
Compensation: by the project; per hour: $85 for principal consultants, $75 for consultants.
Officers: M. Todd Richard, president/CEO; Reed A. Bell, executive vp; Dan Clark, senior vp.
Contact: David Sturgis, president-FARA Risk Control; david.sturgis@fara.com.

R.M. Fields International
Public Ledger Building,
620 Chestnut St., Suite 1056,
Philadelphia, Pa. 19106;
215-625-9639; fax: 215-625-9679
www.rmfields.com
Consulting since: 1987.
1999 revenues
Total gross revenues $1,000,000
Consulting revenues $750,000
Continuous consulting 100%
Staff
Total 10
Risk management professionals 10
Includes: 2 principal consultants, 6 consultants, 2 analysts.
Clients
Total 150
U.S 70%
Non-U.S 30%
Services: insurance coverage and limits analysis, litigation management consulting.
Specialties: consulting to all or most industries.
Compensation: per hour: $200 for principal consultants, $150 for consultants, $75 to $125 for analysts, $35 for clerical work.
Officers: Henry R. Booth, David R. Jones, managing directors.
Contact: Henry R. Booth; rmfieldsphl@att.net.

First Risk Management - Legal Division & Associated Cos.
1250 Greenwood Ave., Suite 12,
Jenkintown, Pa. 19046;
215-885-1125; fax: 215-885-1161
Parent: First Risk Management Co.
Consulting since: 1988.
1999 revenues
Continuous consulting 1%
Risk management audits 1%
Special consulting projects 98%
Staff
Total 5
Risk management professionals 2
Includes: 2 principal consultants.
Clients
Total 26
U.S 100%
Services: insurance coverage and limits analysis, expert witness services, litigation management consulting.
Specialties: consulting to all or most industries.
Compensation: per hour: $395 to $450 for principal consultants, $90 for clerical work.
SRMC member.
Officers: Leonard J. Silver, president; Bernard J. McGovern, vp; Bonnie Esposito, corporate secretary.
Contact: Leonard J. Silver.

Fortune Risk Management Inc.
9000 W. Sheridan St., Suite 149,
Pembroke Pines, Fla. 33024;
954-436-7384; fax: 954-436-7385
Consulting since: 1991.
1999 revenues
Continuous consulting 75%
Risk management audits 5%
Special consulting projects 20%
Staff
Total 3
Risk management professionals 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total 15
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $110 to $160 for principal consultants, $75 for consultants, $30 for clerical work.
SRMC member.
Contact: David E. Fortune, president, fortunerm@aol.com.

Fowler Risk Management Consulting
8401 Mayland Drive,
Richmond, Va. 23294;
804-270-9524; fax: 804-270-9527
Consulting since: 1988.
1999 revenues
Continuous consulting 50%
Risk management audits 10%
Special consulting projects 40%
Staff
Total 1
Includes: 1 principal consultant.
Clients
Total 15
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $165 for principal consultants, $100 for consultants, $80 for analysts, $40 for clerical work.
Officers: Bruce L. Fowler, president.

Leonard R. Friedman Risk Management Inc. - LRF/RM Inc.
170 Great Neck Road,
Great Neck, N.Y. 11021;
516-466-0750; fax: 516-466-0997
Consulting since: 1974.
1999 revenues
Consulting revenues $1,000,000*
Continuous consulting 85%
Risk management audits 10%
Special consulting projects 5%
Staff
Total 12
Risk management professionals 8
Includes: 3 principal consultants, 1 consultant, 4 analysts.
Clients
Total 60
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $200 for principal consultants, $175 for consultants, $95 for analysts, $50 for clerical work.
SRMC member.
Officers: Alice B. Weiss, president; Susan G. Kaufman, executive vp; Rachel L. Efrati, vp.
Contact: Susan G. Kaufman.
**Estimate.*

G

Gage-Babcock & Associates Inc.
3975 Fair Ridge Drive, Suite 310 N.,
Fairfax, Va. 22033-2924;
703-934-6440; fax: 703-385-6749
www.gage-babcock.com
Consulting since: 1952.
1999 revenues
Total gross revenues $7,800,000
Consulting revenues $1,750,000
Continuous consulting 60%
Risk management audits 20%
Special consulting projects 20%
Staff
Total 75
Risk management professionals 45
Includes: 10 principal consultants, 35 consultants.
Clients
Total 58
U.S 99%
Non-U.S 1%
Services: most risk management services.
Specialties: consulting to all or most industries.
Officers: Thomas W. Jaeger, president; Alfred J. Longhitano, treasurer; Mario A. Antonetti, secretary.
Contact: Douglas J. Rollman, director-business development.

GatesMcDonald
3455 Mill Run Drive,
Hillard, Ohio 43026;
800-336-4733; fax: 614-777-3265
www.gatesmcdonald.com
Parent: Nationwide Insurance Co. of America.
Consulting since: 1929.
1999 revenues
Total gross revenues $111,100,000
Consulting revenues $200,000
Continuous consulting 2%
Special consulting projects 3%
Actuarial/accounting services 95%
Staff
Total 1,500
Risk management professionals 20
Includes: 5 consultants, 15 analysts.
Clients
U.S 100%
Services: alternative risk financing consulting, claims consulting, loss prevention consulting.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer.
Officers: Danny Fullerton, president/COO; Kelly Hamilton vp-finance and pricing; Scot Van Marter, vp-marketing.
Contact: Jim Bryant, vp-sales.

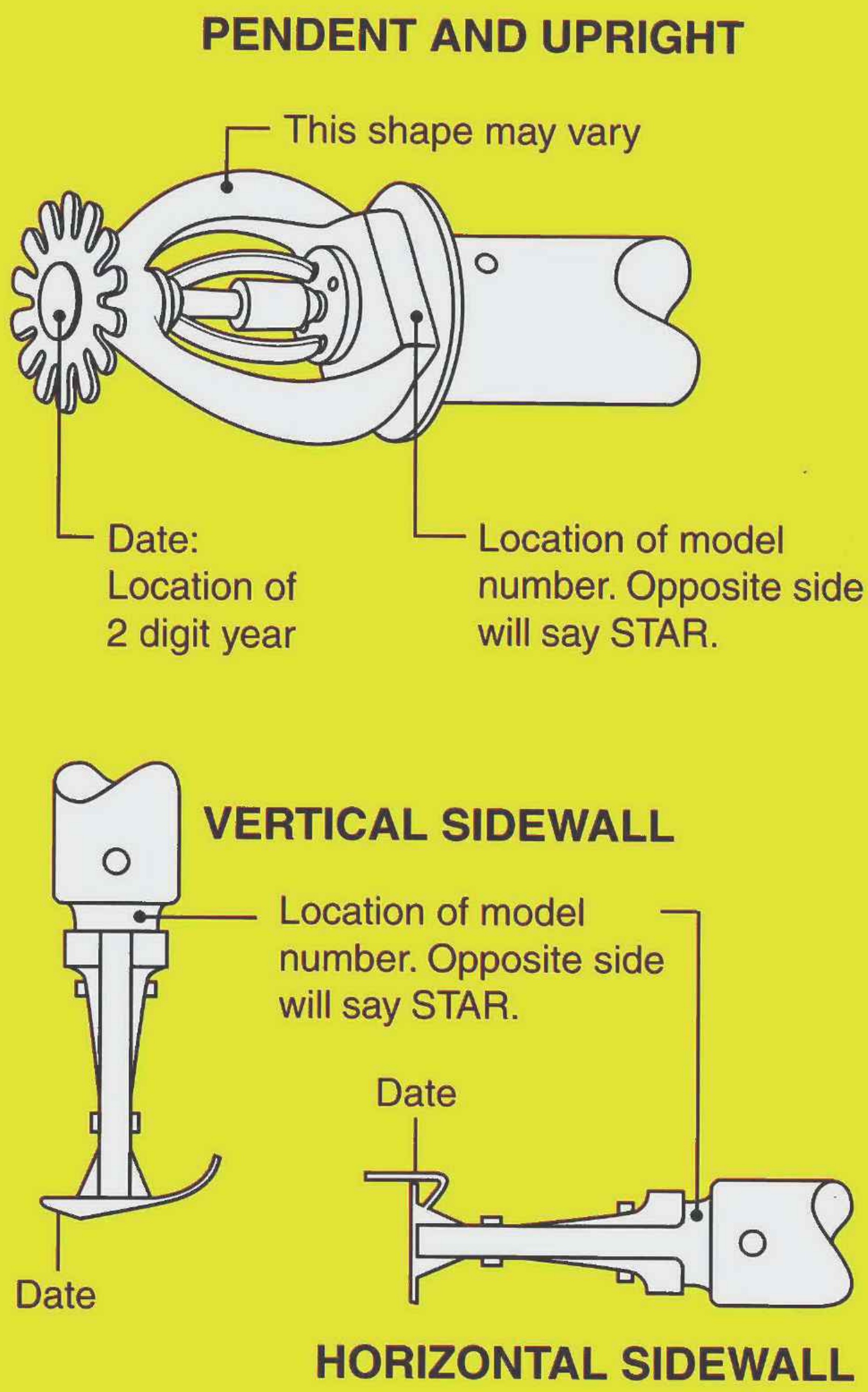
Global Risk Management Center Inc.
800 Wilcrest, Suite 110-B,
Houston, Texas 77042;
713-789-0563; fax: 713-789-1042
Consulting since: 1991.
1999 revenues
Consulting revenues $408,000
Continuous consulting 85%
Risk management audits 5%
Special consulting projects 10%

Continued on page 24

Recall of "Star" Brand D-1, RD-1, RE-1, E-1, and ME-1 "Dry-Type" Fire Sprinklers manufactured from 1961 to 1976

In cooperation with the U.S. Consumer Product Safety Commission (CPSC), Mealane Corp. of Philadelphia, PA, is voluntarily recalling "Star" brand fire sprinklers manufactured from 1961 through 1976. These sprinklers could likely fail in a fire, exposing the public to bodily injury or death. These sprinklers have been primarily installed in nursing homes and hospitals. They may also be found in schools, loading docks, warehouses and cold storage areas in supermarkets nationwide. The Star sprinklers being recalled are "dry-type" models **D-1, RD-1, RE-1, E-1, and ME-1.** The name "Star" appears on the sprinkler, along with the model number and date of manufacture. With "dry-type" sprinklers, portions of the pipe do not have water in them until the sprinkler activates.

Mealane Corporation is urging consumers and property owners to determine whether their facilities contain any Star D-1, RD-1, RE-1, E-1, and ME-1 sprinkler models made from 1961 to 1976 and to call the Star Sprinkler Recall Hotline at 1-800-866-7807 or visit the special web site, www.star-recall.com, for more information.



There are four styles of sprinklers:

- Pendent
- Upright
- Vertical Sidewall
- Horizontal Sidewall

The following model numbers may appear on any recalled sprinkler style:

D-1
RD-1
RE-1
E-1
ME-1

Continued from page 22

Staff
Total 4
Risk management professionals 3
Includes: 2 principal consultants, 1 analyst.
Clients
Total 7
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project.
Officers: John A. Lindquist, president; Diane J. Lindquist, vp/treasurer; Shelley H. Elliott, vp.

H

HJH Group Inc.
3837 Northdale Blvd., Suite 352,
Tampa, Fla. 33624;
888-478-3400; fax: 888-478-4478
www.hjhgroup.com
Consulting since: 1993.
1999 revenues
Risk management audits 80%
Special consulting projects 20%
Staff
Total 6
Risk management professionals 4
Includes: 2 principal consultants, 2 consultants.
Clients
Total 19
U.S 100%
Services: risk management organizational studies, claims consulting.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $175 to $200 for principal consultants, $150 for consultants, $25 for clerical work.
Officers: Catherine K. Johnson, principal/president; Dennis L. Huffman, principal/CEO.
Contact: Catherine K. Johnson.

Walter Haner & Associates Inc.
555 Goffle Road, Suite 208,
Ridgewood, N.J. 07450;
201-445-7020; fax: 201-445-0328
Consulting since: 1992.
1999 revenues
Total gross revenues $280,000
Consulting revenues $235,000
Actuarial/accounting services 100%
Staff
Total 2
Includes: 1 actuary.
Clients
Total 18
U.S 80%
Non-U.S 20%
Services: alternative risk financing consulting, expert witness services, actuarial consulting.
Specialties: consulting to all or most industries.
Compensation: per hour: $270 to $300 for principal consultants.
Contact: Walter Haner, president; whainc@ix.netcom.com.

Harper Risk Consultants Inc.
1705-90 Garry St.,
Winnipeg, Manitoba R3C4J4;
204-942-0071; fax: 204-942-0107
www.harperrisk.com
Consulting since: 1994.
1999 revenues
Consulting revenues $170,000
Continuous consulting 30%
Risk management audits 40%
Special consulting projects 30%
Staff
Total 1
Includes: 1 principal consultant.
Clients
Total 12
U.S 10%
Non-U.S 90%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $175 for principal consultants.
Officers: Peter Harper, president.

The Hastings Management Group
P.O. Box 816,
Kenton, Ohio 43326;
419-675-1443; fax: 413-675-1444
Parent: Hastings & Hastings.
Consulting since: 1984.
1999 revenues
Continuous consulting 62%
Risk management audits 7%
Special consulting projects 30%
Actuarial/accounting services 1%
Staff
Total 37
Risk management professionals 13
Includes: 10 principal consultants, 2 consultants, 1 analyst.
Clients
Total 207
U.S 86%
Non- U.S 14%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $150 to $200 for principal consultants, $100 to $150 for consultants, $150 to $200 for analysts, $45 to $65 for clerical work.
Officers: Philip Hastings, CEO; Shannon Lenhart, CFO.
Contact: Sara Erwin; hastings@kenton.com.

Health Insurance Specialists Inc.
30 W. Gude Drive, Suite 220,
Rockville, Md. 20850;
301-217-9100; fax: 301-217-9111
www.his-inc.com
Consulting since: 1982.
1999 revenues
Total gross revenues $56,250,000
Consulting revenues $2,250,000
Continuous consulting 75%
Risk management audits 25%
Staff
Total 18
Risk management professionals 6
Includes: 3 principal consultants, 1 actuary, 2 analysts.
Clients
Total 500
U.S 95%
Non-U.S 5%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $250 for principal consultants, $175 for consultants, $125 for analysts, $75 for clerical work.
Officers: Jon Belinkie, president; Eileen Drucker, vp; Brendan Ryan, senior consultant.
Contact: Jon Belinkie; jbelinkie@his-inc.com.

Helmsman Management Services Inc.
9 Riverside Road,
Weston, Mass. 02193;
781-243-7985; fax: 781-736-0256
Parent: Liberty Mutual Group.
Consulting since: 1983.
1999 revenues
Continuous consulting 51%
Special consulting projects 26%
Actuarial/accounting services 23%
Staff
Total 23
Includes: 4 principal consultants, 11 actuaries, 8 consultants.
Clients
Total 61
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project.
Officers: Edmund F. Kelly, president; Amy J. Leddy, vp/manager; Scott Murphy, vp.
Contact: Edith Shearman; 175 Berkeley St., Boston, Mass. 02117-0140; 617-357-9500, ext. 43986.

Henderson Insurance & Risk Management Consultants Inc.
3300 Henderson Blvd., Suite 206,
Tampa, Fla. 33609;
813-287-2986; fax: 813-289-0683
Consulting since: 1970.
1999 revenues
Continuous consulting 40%
Risk management audits 25%
Special consulting projects 35%
Staff
Total 3
Risk management professionals 2
Includes: 2 principal consultants.
Clients
Total 51
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: per hour: $125 for principal consultants, $100 for consultants, $90 for analysts.
SRMC member.
Officers: Otto Lee Henderson, president; William Armistead, senior vp; Julia Claire Henderson, vp/secretary.
Contact: Otto Lee Henderson.

The Hilder Group Inc.
200 N. Arlington Heights Road, Suite 425,
Arlington Heights, Ill. 60004;
847-870-8168; fax: 847-870-8169
Consulting since: 1987.
1999 revenues
Continuous consulting 60%
Risk management audits 20%
Special consulting projects 20%
Staff
Total 2
Risk management professionals 2
Includes: 2 principal consultants.
Clients
Total 20
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $225 for principal consultants.
SRMC member.
Officers: Daniel E. Hilder, president; Thomas P. Donahoe, vp.
Contact: Daniel E. Hilder; hldrgrp@aol.com.

Hilton Hilliard & Associates L.L.C.
P.O. Box 842014,
Houston, Texas 77284-2014;
281-646-1728; fax: 281-646-1729
Consulting since: 1991.
1999 revenues
Special consulting projects 100%
Staff
Risk management professionals 3
Includes: 1 principal consultant, 2 consultants.
Clients
Total 8
U.S 100%
Services: most risk management services.
Specialties: construction, education.
Compensation: by the project.
Officers: J. Hilton Hilliard, Mary H. Hilliard, Carol Wigginton.
Contact: J. Hilton Hilliard; hhasafety@flex.net.

P.M. Hudson & Associates Inc.
20303 Stedmall Place,
Montgomery Village, Md. 20886;
800-355-6946; fax: 301-990-0665
Consulting since: 1982.
1999 revenues
Total gross revenues $420,000
Consulting revenues $240,000
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%
Staff
Total 8
Risk management professionals 4
Includes: 1 principal consultant, 2 consultants, 1 analyst.
Clients
Total 35
U.S 100%
Services: insurance coverage and limits analysis, broker and vendor services analysis, risk management organizational studies.
Specialties: technology, associations, real estate.
Compensation: on retainer; per hour: $160 for principal consultants, $120 for consultants, $95 for analysts, $30 for clerical work.
Officers: Peter M. Hudson, president/senior consultant; Eugene Dudley, Timothy Chisenhall, consultants.

Robert Hughes Associates Inc.
14180 Dallas Parkway, Suite 400,
Dallas, Texas 75240;
972-980-0088; fax: 972-233-1548
www.roberthughes.com
Consulting since: 1979.
1999 revenues
Total gross revenues $2,263,041
Consulting revenues $2,148,681
Continuous consulting 5%
Risk management audits 5%
Special consulting projects 76%
Actuarial/accounting services 14%
Staff
Total 21
Risk management professionals 15
Includes: 1 principal consultant, 3 actuaries, 11 consultants.
Clients
Total 250
U.S 98%
Non-U.S 2%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $395 for principal consultants, $150 to $300 for consultants, $65 to $85 for clerical work.
Officers: Robert N. Hughes, president; John R. Oakley, executive vp; Michele S. Martin, Alice H. Oakley, senior vps.
Contact: John R. Oakley; joakley@roberthughes.com.

I

IRMC Inc.
2451 McMullen Booth Road, Suite 236,
Clearwater, Fla. 33759;
727-799-0844; fax: 727-791-0584
Consulting since: 1985.
1999 revenues
Consulting revenues $330,000
Continuous consulting 50%
Risk management audits 20%
Special consulting projects 30%
Staff
Total 3
Risk management professionals 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total 20
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: manufacturing, utilities, global companies.
Compensation: by the project; on retainer; per hour: $150 to $200 for principal consultants, $135 to $165 for consultants, $50 for clerical work.
Contact: Gene L. Weaver, president; gene.weaver@worldnet.att.net.

IRMG Risk Advisory Services Division
Metro Park, 99 Wood Ave. S.,
Iselin, N.J. 08830;
732-635-7200; fax: 732-635-1965
www.irmg.com
Parent: IRMG.
Consulting since: 1958.
1999 revenues
Continuous consulting 70%
Risk management audits 10%
Special consulting projects 10%
Actuarial/accounting services 10%
Staff
Total 182
Risk management professionals 71
Includes: 32 principal consultants, 3 actuaries, 9 consultants, 27 analysts.
Clients
Total 200
U.S 65%
Non-U.S 35%
Services: alternative risk financing consulting, claims consulting.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour.
Officers: James W. Hutchin, CEO; John R. English, director-global captive operations; Emory M. Shawver, president-risk advisory services.
Contact: Emory M. Shawver.

Industrial Risk Specialists Inc.
150 Great Neck Road,
Great Neck, N.Y. 11021;
516-487-1700; fax: 516-487-1146
www.indrisk.com
Consulting since: 1980.
1999 revenues
Continuous consulting 85%
Risk management audits 10%
Special consulting projects 5%
Staff
Total 19
Risk management professionals 14
Includes: 2 principal consultants, 7 consultants, 5 analysts.
Clients
Total 165
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $225 to $275 for principal consultants, $170 to $190 for consultants, $80 to $125 for analysts.
SRMC member.
Officers: Robert S. Sterling, president; Pat Antonacci, executive vp; Les Welch, senior vp.

Information Risk Group Inc.
P.O. Box 97245,
Raleigh, N.C. 27624-7245;
919-875-8780; fax: 919-875-8706
www.goirg.com
Parent: Pinkerton Consulting & Investigations Inc.
Consulting since: 1998.
1999 revenues
Risk management audits 80%
Special consulting projects 20%
Staff
Total 3
Risk management professionals 2.5
Includes: 2 principal consultants, 0.5 consultants.
Clients
Total 15
U.S 90%
Non-U.S 10%
Services: loss prevention consulting, expert witness services.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $175 to $200 for principal consultants, $125 to $175 for consultants.
Officers: Barry J. Wilkins, CEO; John D. Spain, president/COO; Reginald G. Schindler, executive vp-business development.
Contact: Reginald G. Schindler; 4900 Centerwood St., Oswego, Ore. 97035; 888-316-5217; schindler@goirg.com.

INSPRO Risk Management Inc.
P.O. Box 515039,
Dallas, Texas 75251;
972-235-3030; fax: 972-235-3556
Consulting since: 1991.
1999 revenues
Continuous consulting 80%
Risk management audits 5%
Special consulting projects 15%
Staff
Total 2
Includes: 1 principal consultant.
Clients
Total 15
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $100 to $150 for principal consultants, $60 to $75 for consultants, $25 to $35 for analysts, $25 to $35 for clerical work.
Contact: Gerald P. Brunker.

Insurance Audit & Inspection Co. Inc.
6314-G Rucker Road,
Indianapolis, Ind. 46220-4892;
317-259-1013; fax: 317-465-1004
www.insuranceaudit.com
Consulting since: 1901.
1999 revenues
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%
Staff
Total 9
Risk management professionals 7
Clients
Total 250
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour.
SRMC member.
Officers: Daniel C. Free, president/general counsel; Jack G. Harris, executive vp; Kenneth Bush, vp.
Contact: Daniel C. Free.

Insurance Buyers' Council Inc. & First Risk Management/ IBC Inc.
9690 Deereco Road, Suite 65C,
Timonium, Md. 21093;
410-561-9200; fax: 410-561-9351
Parent: Insurance Buyers' Council Inc.
Consulting since: 1945.
1999 revenues
Consulting revenues $1,748,075
Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%
Staff
Total 12
Risk management professionals 9
Includes: 7 principal consultants, 1 consultant, 1 analyst.
Clients
Total 135
U.S 98%
Non-U.S 2%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: per hour: $130 to $175 for principal consultants, $110 to $125 for consultants, $90 to $110 for analysts.
SRMC member.
Officers: Adam P. Sielicki Jr., president/treasurer; Frederic W. Schultz, chairman/secretary; Thomas J. Krzys, vp.
Contact: Adam P. Sielicki Jr.; asielicki@consultibc.com.

Insurance Consulting Associates
1 International Blvd., Suite 605,
Mahwah, N.J. 07495-0019;
201-512-9600; fax: 201-512-9635
www.icarisk.com
Consulting since: 1956.
1999 revenues
Continuous consulting 85%
Risk management audits 8%
Special consulting projects 7%
Staff
Total 46
Includes: 16 principal consultants, 11 consultants, 10 analysts.
Clients
Total 330
U.S 95%
Non-U.S 5%
Services: most risk management services.
Specialties: retail, construction, real estate.
Compensation: by the project; on retainer; per hour: $275 to $375 for principal consultants, $212 to $275 for consultants, $165 to $195 for analysts, $51 to $60 for clerical work.
SRMC member.
Contact: Barron S. Wall, managing associate; bwall@icarisk.com.

Insurance Review & Management
1820 Water Place, Suite 210,
Atlanta, Ga. 30339;
770-955-4474; fax: 770-955-4358
Consulting since: 1985.
1999 revenues
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%
Staff
Total 2
Risk management professionals 2
Includes: 1 principal consultant, 1 analyst.
Clients
Total 64
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $150 for principal consultants, $35 for analysts, $17 for clerical work.
Contact: T. Joe Byrd.

Insurance & Risk Management
3811 Illinois Road, P.O. Box 1705,
Fort Wayne, Ind. 46801-1705;
219-436-1616; fax: 219-432-4083
Consulting since: 1988.
1999 revenues
Consulting revenues $200,000
Special consulting projects 100%
Staff
Total 3
Risk management professionals 3
Includes: 1 principal consultant, 2 consultants.
Clients
Total 150
Services: loss prevention consulting.
Specialties: manufacturing, construction, education.
Compensation: per hour: $90 for consultants.
Officers: John Hettwer, Ron Haruff, Dewey Tagtmeyer.
Contact: James Krouse.

Insurance Services Office Inc.
7 World Trade Center,
New York, N.Y. 10048;
212-898-6000; fax: 212-898-5525
www.iso.com
Consulting since: 1993.
1999 revenues
Special consulting projects 100%
Staff
Total 2,300
Risk management professionals 16
Includes: 2 principal consultants, 6 actuaries, 5 consultants, 3 analysts.
Clients
Total 22
U.S 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project.
Officers: Fred R. Marcon, chairman/CEO; Frank J. Coyne, president/COO; Carole J. Banfield, executive vp.
Contact: Robert Klipera, principal-risk management consulting; 212-898-6143; rklipera@iso.com.

J

JMC Risk & Insurance Management
12003 Bourgeois Forest Drive,
Houston, Texas 77066;
281-580-2462; fax: 281-580-3325
www.jmcriskmgmt.com
Consulting since: 1985.
1999 revenues
Continuous consulting 75%
Risk management audits 5%
Special consulting projects 20%
Staff
Total 3
Includes: 1 principal consultant, 1 consultant, 1 analyst.
Clients
Total 7
U.S 98%
Non-U.S 2%

Continued on page 26

Continued from page 24

Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $125 for principal consultants, $100 for consultants, $85 for analysts, $45 for clerical work.
Contact: John Centineo; riskmgmt@onramp.net

JM Risk Management Co. of the Southwest Inc.
305 FM 474,
Boerne, Texas 78006-7809;
830-537-4076; fax: 830-537-5023

Consulting since: 1987.
1999 revenues
Continuous consulting ... 100%
Staff
Total ... 3
Includes: 1 principal consultant.
Clients
Total ... 46
U.S ... 100%
Services: most risk management services.
Specialties: manufacturing utilities, chemical.
Compensation: on retainer; per hour: $125 for principal consultants.
Officers: James L. Macdonald, president; Jeffrey B. Macdonald, vp.
Contact: James L. Macdonald.

K

KPMG L.L.P.
303 E. Wacker Drive,
Chicago, Ill. 60601;
312-665-2299; fax: 312-665-1640
www.kpmg.com

Consulting since: 1987.
1999 revenues
Consulting revenues ... $12,000,000
Continuous consulting ... 5%
Risk management audits ... 20%
Special consulting projects ... 25%
Actuarial/accounting services ... 50%
Staff
Total ... 70
Risk management professionals ... 70
Includes: 35 actuaries, 35 consultants.
Clients
Total ... 300
Services: most risk management services.
Specialties: consulting to all or most industries.
Contact: Scott Weinstein, senior manager (Atlanta), 404-222-3594; Roger Wade, senior manager (Chicago); George Levine, manager (Hartford), 860-297-5527.

Keenan & Associates
P.O. Box 4328,
Torrance, Calif. 90510;
310-212-3344; fax: 310-212-0354
www.keenanassoc.com

Consulting since: 1978.
1999 revenues
Total gross revenues ... $57,840,000
Consulting revenues ... $2,880,000
Continuous consulting ... 76%
Risk management audits ... 5%
Special consulting projects ... 10%
Actuarial/accounting services ... 9%
Staff
Total ... 550
Risk management professionals ... 21
Includes: 3 principal consultants, 15 consultants, 3 analysts.
Clients
Total ... 111
U.S ... 100%
Services: most risk management services.
Specialties: health care providers, construction, public sector.
Compensation: by the project; on retainer.
Officers: John R. Keenan, CEO; Sean K. Smith, president; David J. De Wenter, executive vp/COO.
Contact: David J. De Wenter.

L

LTC Consultant Group Inc.
12424 Wilshire Blvd., Suite 600,
Los Angeles, Calif. 90025;
800-753-4467; fax: 310-207-2111
www.ltcconsult.com

Consulting since: 1992.
1999 revenues
Special consulting projects ... 100%
Staff
Total ... 6
Risk management professionals ... 6
Includes: 1 principal consultant, 5 consultants.
Clients
Total ... 40
U.S ... 92%
Non-U.S ... 8%
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: financial services, health care providers, associations.
Compensation: by the project.
Contact: Peter B. Daenzer, chairman; ltcdaenzer@aol.com.

Lor Consulting Corp.
4620 N. 16th, E-113,
Phoenix, Ariz. 85016;
602-604-8694; fax: 602-604-8873

Consulting since: 1998.
1999 revenues
Continuous consulting ... 80%
Risk management audits ... 10%
Special consulting projects ... 10%
Staff
Total ... 3
Risk management professionals ... 2
Includes: 1 principal consultant, 1 analyst.
Clients
Total ... 15
U.S ... 80%
Non-U.S ... 20%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: on retainer.
Contact: Charles L. Lorenz, president; lorcorp@yahoo.com.

M

M/A Structured Finance Corp.
6 Commerce Drive, Suite 2000,
Cranford, N.J. 07016;
908-276-1400; fax: 908-272-6297
www.fasit.com

Consulting since: 1998.
1999 revenues
Special consulting projects ... 100%
Staff
Total ... 3
Clients
Total ... 6
Services: alternative risk financing consulting.
Specialties: financial services, utilities, public sector.
Compensation: by the project.
Contact: Paul Alderdice, managing director; paulalde@fasit.com.

James R. Mahurin
114 Third Ave., S.,
Franklin, Tenn. 37064;
615-790-0083; fax: 615-791-0370

Consulting since: 1984.
1999 revenues
Continuous consulting ... 60%
Risk management audits ... 25%
Special consulting projects ... 15%
Staff
Total ... 1
Clients
Total ... 45
U.S ... 100%
Services: insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.
Specialties: consulting to all or most industries.
Compensation: per hour: $125 for principal consultants, $35 for clerical work.
SRMC member.
Contact: James R. Mahurin; jimmahurin@aol.com.

Manage Comp Consulting
790 E. Market St., Suite 235,
West Chester, Pa. 19382;
610-719-6008; fax: 610-719-6009
www.managecompconsulting.com

Consulting since: 1998.
1999 revenues
Continuous consulting ... 98%
Special consulting projects ... 2%
Staff
Total ... 1
Includes: 1 principal consultant.
Clients
Total ... 4
U.S ... 100%
Services: broker and vendor services analysis, claims consulting, expert witness services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $185 for principal consultants.
Contact: George W. Scherbak, president; mccgeorge@msn.com.

Marsh Risk Consulting (U.S. Operations)
500 W. Monroe St.,
Chicago, Ill. 60661-2595;
312-627-6085; fax: 312-627-6396
www.marshweb.com

Parent: Marsh & McLennan Cos.
Consulting since: 1920.
1999 revenues
Continuous consulting ... 20%
Risk management audits ... 20%
Special consulting projects ... 60%
Staff
Total ... 400
Risk management professionals ... 338
Includes: 174 principal consultants, 130 consultants, 34 analysts.
Clients
Total ... 1,000
U.S ... 90%
Non-U.S ... 10%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer.
Officers: James M. Connolly, managing director.
Contact: Susan M. Sauer; 312-627-6264.

McNeary Insurance Consulting Inc.
6525 Morrison Blvd., Suite 200,
Charlotte, N.C. 28211;
704-365-4150; fax: 704-365-4155
www.mcneary.com

Consulting since: 1956.
1999 revenues
Consulting revenues ... $3,174,000
Continuous consulting ... 82%
Risk management audits ... 7%
Special consulting projects ... 8%
Actuarial/accounting services ... 3%
Staff
Total ... 31
Risk management professionals ... 25
Includes: 6 principal consultants, 10 consultants, 9 analysts.
Clients
Total ... 350
U.S ... 99%
Non-U.S ... 1%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $195 to $220 for principal consultants, $175 to $211 for consultants, $95 to $125 for analysts, $40 to $60 for clerical work.
Officers: William Yaeger, president; Sam L. Booke, executive vp; Al Fuller, senior vp.
Contact: Sam L. Booke, bookes@mcneary.com.

Meadowbrook Inc.
26600 Telegraph Road,
Southfield, Mich. 48034;
2448-358-1100; fax: 248-358-1614
www.meadowbrook.com

Parent: Meadowbrook Insurance Group Inc.
Consulting since: 1955.
1999 revenues
Total gross revenues ... $68,674,226
Consulting revenues ... $5,401,401
Continuous consulting ... 74%
Special consulting projects ... 20%
Actuarial/accounting services ... 6%
Staff
Total ... 712
Risk management professionals ... 75
Includes: 5 actuaries, 35 consultants, 35 analysts.
Clients
Total ... 102
U.S ... 98%
Non-U.S ... 2%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer.
Officers: Merton J. Segal, CEO; Robert S. Cubbin, president; William J. Lohmeyer, CFO.
Contact: Kenn Allen, president-Meadowbrook Agency; 248-204-8209; Archie McIntyre, senior vp-business development; 248-204-8518.

Milliman & Robertson Inc.
1301 Fifth Ave., Suite 3800,
Seattle, Wash. 98101-2605;
206-624-7940; fax: 206-340-1380
www.milliman.com

Consulting since: 1947.
1999 revenues
Total gross revenues ... $270,300,000
Consulting revenues ... $10,000,000
Continuous consulting ... 10%
Risk management audits ... 25%
Special consulting projects ... 25%
Actuarial/accounting services ... 40%
Staff
Total ... 1,500
Risk management professionals ... 96
Includes: 35 principal consultants, 46 actuaries, 15 consultants.
Clients
Total ... 463
U.S ... 88%
Non-U.S ... 12%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour.
Officers: Bradley M. Smith, chairman; Robert L. Collett, president/CEO; John F. Clearman, CFO.
Contact: William L. Granahan; 289 Edgewater Drive; Wakefield, Mass. 01880-6215; 781-213-6200.

N

National Property & Casualty Services
45 Atlantic Ave., Second Floor,
Long Branch, N.J. 07740;
732-222-6100; fax: 732-222-8040

Consulting since: 1995.
1999 revenues
Continuous consulting ... 90%
Risk management audits ... 5%
Special consulting projects ... 5%
Staff
Total ... 4
Risk management professionals ... 3
Includes: 2 principal consultants, 1 consultant.
Clients
Total ... 53
U.S ... 100%
Services: insurance coverage and limits analysis, claims consulting, loss prevention consulting.
Specialties: consulting to all or most industries.
Compensation: on retainer.
Officers: Stephen S. Levy president; Steven Sultan, executive vp.
Contact: Stephen S. Levy; npcs22@aol.com.

National Risk Services Inc.
266 Harristown Road, Suite 200,
Glen Rock, N.J. 07452;
201-689-4040; fax: 201-689-4044
www.nationalrisk.com

1999 revenues
Continuous consulting ... 40%
Risk management audits ... 30%
Special consulting projects ... 30%
Staff
Total ... 5
Includes: 1 principal consultant.
Clients
Total ... 161
U.S ... 100%
Services: alternative risk financing consulting, claims consulting, expert witness services.
Specialties: consulting to all or most industries.
Contact: Montgomery J. Gale.

Directory terms are explained on page 17.

Nelson Bernstein & Foorman L.L.C.
650 California St., 23rd Floor,
San Francisco, Calif. 94108;
415-981-3040; fax: 415-362-7100

Consulting since: 1999.
1999 revenues
Consulting revenues ... $137,000
Continuous consulting ... 65%
Risk management audits ... 25%
Special consulting projects ... 10%
Staff
Total ... 3
Risk management professionals ... 3
Includes: 3 principal consultants.
Clients
Total ... 7
U.S ... 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer per hour: $200 for principal consultants.
Officers: Robert G. Nelson, Max Berstein, Robin Foorman.
Contact: Robert G. Nelson.

NetRisk Inc.
1 E. Weaver St.,
Greenwich, Conn. 06831;
203-618-1200; fax: 203-618-1255
www.netrisk.com

Consulting since: 1997.
1999 revenues
Continuous consulting ... 20%
Risk management audits ... 30%
Special consulting projects ... 50%
Staff
Total ... 30
Risk management professionals ... 15
Clients
Total ... 19
U.S ... 75%
Non-U.S ... 25%
Services: most risk management services.
Specialties: financial services, public sector, global companies.
Compensation: by the project; on retainer.
Officers: Gene Shanks, president/CEO; James B. Lockhart, Daniel T. Mudge, managing directors.
Contact: Christopher Lewis, managing director.

Nugent Risk Management Services
2425 Maple Ave.,
Northbrook, Ill. 60062;
847-412-0410; fax: 847-412-0610

Parent: Nugent Insurance Group.
Consulting since: 1993.
1999 revenues
Consulting revenues ... $350,000
Continuous consulting ... 60%
Risk management audits ... 20%
Special consulting projects ... 20%
Staff
Total ... 2
Risk management professionals ... 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total ... 30
U.S ... 100%
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: manufacturing, government, public sector.
Compensation: by the project; on retainer; per hour: $175 for principal consultants, $125 for consultants.
Contact: Michael D. Nugent; nugentrms@aol.com.

O

Richard Oliver International Inc.
1717 Park St., Suite 200,
Naperville, Ill. 60563;
630-637-1717; fax: 630-637-5003
www.richardoliver.com

Parent: Willis Group Ltd.
Consulting since: 1972.
1999 revenues
Consulting revenues ... $5,061,000
Continuous consulting ... 60%
Risk management audits ... 5%
Special consulting projects ... 35%
Staff
Total ... 27
Risk management professionals ... 20
Includes: 5 principal consultants, 13 consultants, 2 analysts.
Clients
Total ... 45
U.S ... 50%
Non-U.S ... 50%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project
Officers: Kathy Brody, senior vp; Robert Beerman, principal-risk engineering.
Contact: Kathy Brody.

P

Partnersource Inc.
12160 Abrams Road, Suite 100,
Dallas, Texas 75243;
972-680-8909; fax: 972-680-8950
www.partnersource.com

Consulting since: 1983.
1999 revenues
Total gross revenues ... $1,200,000
Consulting revenues ... $685,000
Continuous consulting ... 60%
Risk management audits ... 10%
Special consulting projects ... 20%
Actuarial/accounting services ... 10%
Staff
Total ... 14
Risk management professionals ... 7
Includes: 4 principal consultants, 2 consultants, 1 analyst.
Clients
Total ... 40
U.S ... 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $200 for principal consultants, $100 for consultants, $75 for analysts, $35 for clerical work.
Officers: Keith C. Kakacek; Bill Minick.
Contact: Keith C. Kakacek.

PricewaterhouseCoopers L.L.P.
1155 Peachtree St., Suite 1100,
Atlanta, Ga. 30309;
404-870-1396; fax: 404-870-1335
www.pwcglobal.com

Consulting since: 1979.
1999 revenues
Total gross revenues ... $614,000,000
Consulting revenues ... $113,280,000
Continuous consulting ... 10%
Risk management audits ... 25%
Special consulting projects ... 45%
Actuarial/accounting services ... 20%
Staff
Total ... 560
Risk management professionals ... 560
Clients
Total ... 4,200*
U.S ... 65%
Non-U.S ... 35%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour.
Officers: Paul O'Connell, Michael R. Vogler, Cathy McKeon, partners.
Contact: Michael R. Vogler.
**Estimated.*

Professional Liability Risk Management Ltd.
214 Bronson Road, Suite 200,
Syracuse, N.Y. 13219-1408;
800-323-7475; fax: 315-488-3963

Consulting since: 1983.
1999 revenues
Total gross revenues ... $280,773
Consulting revenues ... $265,523
Continuous consulting ... 50%
Risk management audits ... 20%
Special consulting projects ... 30%
Staff
Total ... 2
Includes: 1 principal consultant.
Clients
Total ... 25
U.S ... 100%
Services: most risk management services.
Specialties: manufacturing, construction, professional services.
Compensation: by the project; on retainer; per hour: $175 for principal consultants, $75 for consultants, $25 for clerical work.
Contact: Eli Marposon III.

Professional Risk Management
2101 Webster St., Suite 900,
Oakland, Calif. 94612;
510-874-5202; fax: 510-238-9437
www.mmicompanies.com

Parent: MMI Group.
Consulting since: 1979.
1999 revenues
Continuous consulting ... 55%
Risk management audits ... 10%
Special consulting projects ... 30%
Actuarial/accounting services ... 5%
Staff
Total ... 250
Risk management professionals ... 11
Includes: 10 principal consultants, 1 consultant.
Clients
Total ... 25
U.S ... 100%
Services: most risk management services.
Specialties: consulting to all or most industries.
Compensation: by the project; per hour: $185 for principal consultants, $125 for analysts.
Officers: Jean Baulis, president; Dan Nicholson, executive vp.
Contact: Dan Nicholson; dnicholson@mminet.com.

Professional Risk Management Inc.
9977 Valley View Road, Suite 250A,
Eden Prairie, Minn. 55344-3586;
612-829-8922; fax: 612-829-8924

Consulting since: 1988.
1999 revenues
Continuous consulting ... 91%
Risk management audits ... 2%
Special consulting projects ... 7%
Staff
Total ... 1
Includes: 1 principal consultant.
Clients
Total ... 23
U.S ... 100%
Services: most risk management services.
Specialties: provides consulting to all or most industries.
Compensation: by the project; per hour: $155 to $235 for principal consultants.
SRMC member.
Officers: Carl F. Lidstrom.

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Specialty Risk Management Inc.
8015 Bronco Lane,
Lago Vista, Texas 78645;
512-328-2545; fax: 512-328-2486
www.riskybsns.com
Consulting since: 1991.
1999 revenues
Continuous consulting ... 70%
Risk management audits ... 15%
Special consulting projects ... 15%
Staff
Total ... 10
Risk management professionals ... 7
Includes: 7 principal consultants.
Clients
Total ... 423
U.S ... 90%
Non-U.S ... 10%
Services: risk management organizational studies, claims consulting, loss prevention consulting.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $125 to $150 for principal consultants, $75 to $125 for consultants.
Contact: Pamila J. Ritz, president.

C. J. Spivey Associates Inc.
6813-B Fairview Road,
Charlotte, N.C. 28210;
704-364-6187; fax: 704-364-7143
www.ncharrp.com
Consulting since: 1987.
1999 revenues
Total gross revenues ... $615,187
Consulting revenues ... $304,000
Continuous consulting ... 60%
Risk management audits ... 16%
Special consulting projects ... 24%
Staff
Total ... 2
Risk management professionals ... 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total ... 8
U.S ... 100%
Services: most risk management services.
Specialties: health care providers, government, education.
Compensation: by the project; on retainer; per hour: $175 for principal consultants, $125 for consultants, $40 for clerical work.
Officers: C.J. Spivey, president/treasurer; B.R. Spivey, vp/secretary.
Contact: C.J. Spivey; jimspivey@ncharrp.com.

Stogniew & Associates
12225 28th St. N.,
St. Petersburg, Fla. 33716;
727-572-7400; fax: 727-572-8997
Consulting since: 1980.
1999 revenues
Total gross revenues ... $1,200,000
Consulting revenues ... $600,000
Continuous consulting ... 60%
Risk management audits ... 20%
Special consulting projects ... 20%
Staff
Total ... 10
Risk management professionals ... 8
Includes: 5 principal consultants, 3 consultants.
Clients
Total ... 50
U.S ... 100%
Services: most risk management services.
Specialties: financial services, health care providers, professional services.
Compensation: by the project.
Officers: Gerald F. Stogniew, Kristen J. Stogniew, W. Mac Fleming.

Strang & Associates
P.O. Box 1997,
Lake Arrowhead, Calif. 92352;
909-336-7739; fax: 909-336-3629
Consulting since: 1991.
1999 revenues
Continuous consulting ... 80%
Risk management audits ... 10%
Special consulting projects ... 10%
Staff
Total ... 2
Risk management professionals ... 2
Includes: 2 principal consultants.
Clients
Total ... 12
U.S ... 80%
Non-U.S. ... 20%
Services: insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.
Specialties: manufacturing, transportation, technology.
Compensation: by the project; on retainer; per hour: $150 to $250 for principal consultants, $75 to $150 for consultants.
SRMC member.
Officers: James P. Strang, Elizabeth S. Strang, principals.
Contact: James P. Strang; strangrm@gateway.net.

T

TLJ Partners Inc.
P.O. Box 12979,
Jackson, Miss. 39236-2979;
601-364-7308; fax: 601-366-1815
Consulting since: 1997.
1999 revenues
Continuous consulting ... 98%
Risk management audits ... 1%
Special consulting projects ... 1%
Staff
Total ... 2
Risk management professionals ... 2
Includes: 2 principal consultants.
Clients
Total ... 24
U.S ... 100%
Services: most risk management services.
Specialties: provides consulting to all or most industries.
Compensation: on retainer.
Officers: Thomas L. Joyner Jr.; Leland H. Rogers.
Contact: Thomas L. Joyner Jr.

D.L. Tibbals Risk Management Consulting Inc.
519 Johnson Ferry Road, Suite 450,
Marietta, Ga. 30068;
770-565-1200; fax: 770-565-1204
www.dltibbalsriskmgt.com
Consulting since: 1987.
1999 revenues
Consulting revenues ... $366,431
Continuous consulting ... 60%
Risk management audits ... 10%
Special consulting projects ... 30%
Staff
Total ... 2
Includes: 1 principal consultant.
Clients
Total ... 50
U.S ... 100%
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: health care providers, technology.
Compensation: by the project; per hour: $200 for principal consultants, $65 for clerical work.
SRMC member.
Contact: David L. Tibbals, president; dltibbalsriskmgt@mindspring.com.

Tiller Consulting Group Inc.
99 Trent Drive,
St. Louis, Mo. 63124;
314-567-7480; fax: 314-567-4199
Consulting since: 1984.
1999 revenues
Actuarial/accounting services ... 100%
Staff
Total ... 1
Includes: 1 actuary.
Clients
Total ... 23
U.S ... 100%
Services: alternative risk financing consulting, expert witness services, actuarial consulting.
Specialties: consulting to all or most industries.
Compensation: per hour: $350 to $375 for principal consultants, $155 to $175 for consultants.
Contact: Margaret Tiller Sherwood, president.

Tillinghast-Towers Perrin
12377 Merit Drive, Suite 200,
Dallas, Texas 75251-3234;
972-701-2610; fax: 972-701-2576
www.towers.com
Parent: Towers Perrin.
Consulting since: 1946.
1999 revenues
Total gross revenues ... $72,246,000
Consulting revenues ... $27,916,000
Continuous consulting ... 5%
Risk management audits ... 25%
Special consulting projects ... 40%
Actuarial/accounting services ... 30%
Staff
Total ... 349
Risk management professionals ... 55
Includes: 10 principal consultants, 7 actuaries, 22 consultants, 16 analysts.
Clients
Total ... 850
U.S ... 85%
Non-U.S ... 15%
Services: most risk management services.
Specialties: provides consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $325 to $450 for principal consultants, $175 to $405 for consultants, $145 to $190 for analysts, $80 for clerical work.
Officers: Terence G. Clarke, managing principal; Charles R. Lee, Tom Hermes, practice leaders.
Contact: Charles R. Lee.

U

URS Greiner Woodward Clyde
Stanford Place 3,
4582 S. Ulster St., Suite 600,
Denver, Colo. 80237;
303-740-2600; fax: 303-740-2650
www.urscorp.com
Parent: URS Corp.
Consulting since: 1985.
1999 revenues
Special consulting projects ... 100%
Staff
Total ... 15,700
Risk management professionals ... 35
Includes: 15 principal consultants, 20 analysts.
Clients
Total ... 80
U.S ... 100%
Services: claims consulting, loss prevention consulting, expert witness services.
Specialties: manufacturing, technology, chemical.
Compensation: per hour: $150 to $200 for principal consultants, $100 to $150 for consultants, $75 to $100 for analysts, $25 to $50 for clerical work.
Officers: Martin M. Koffel, chairman/CEO; Irwin L. Rosenstein, president-general engineering; Kent P. Ainsworth,
executive vp/CFO/secretary.
Contact: Dave Einolf; 111 SW Columbia, Suite 900; Portland, Ore. 97201; 503-222-7200.

W

WRISC of Nevada Inc.
2065 Clark,
Cottage Grove, Ore. 97424;
541-767-0421; fax: 541-767-0421
www.wrapup-consultants.com
Consulting since: 1998.
1999 revenues
Consulting revenues ... $378,043
Continuous consulting ... 100%
Staff
Total ... 6
Risk management professionals ... 4
Includes: 1 principal consultant, 3 consultants.
Clients
Total ... 2
U.S ... 100%
Services: insurance coverage and limits analysis, broker and vendor services analysis, loss prevention consulting.
Specialties: construction, government.
Compensation: by the project; on retainer; per hour: $200 for principal consultants, $155 for consultants, $89 for
analysts, $28 for clerical work.
Contact: Christina M. Lund, president.

The Waddell Organization Inc.
44 W. Broadway, Suite 502,
P.O. Box 7946,
Eugene, Ore. 97401;
800-449-7472; fax: 541-344-5555
www.wrapupservices.com
Consulting since: 1986.
1999 revenues
Consulting revenues ... $582,943
Continuous consulting ... 100%
Staff
Total ... 7
Risk management professionals ... 5
Includes: 1 principal consultant, 4 consultants.
Clients
Total ... 7
U.S ... 100%
Services: most risk management services.
Specialties: utilities, construction, government.
Compensation: by the project; on retainer; per hour: $195 for principal consultants, $170 for consultants, $75 for analysts, $30 for clerical work.
Contact: Donald A. Waddell, president.

Warren, McVeigh & Griffin Inc.
1420 Bristol St. N., Suite 220,
Newport Beach, Calif. 92660;
949-752-1058; fax: 949-955-1929
www.griffincom.com
Consulting since: 1968.
1999 revenues
Continuous consulting ... 50%
Risk management audits ... 20%
Special consulting projects ... 25%
Actuarial/accounting services ... 5%
Staff
Total ... 8
Risk management professionals ... 6
Includes: 2 principal consultants, 3 consultants, 1 analyst.
Clients
Total ... 85
U.S ... 100%
Services: most risk management services.
Specialties: provides consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $195 to $250 for principal consultants, $150 to $190 for consultants, $100 to $145 for analysts, $60 for clerical work.
SRMC member.
Officers: C.C. Griffin, president; Gary W. Griffin, executive vp; James Bukowski, Don Huff, senior consultants.

Waters Risk Management
6580 64th Ave. N.,
Pinellas Park, Fla. 33781-5218;
727-546-5644; fax: 727-546-2712
Consulting since: 1978.
1999 revenues
Continuous consulting ... 25%
Risk management audits ... 5%
Special consulting projects ... 60%
Staff
Total ... 3
Risk management professionals ... 2
Includes: 1 principal consultant, 1 consultant.
Clients
Total ... 40
U.S ... 100%
Services: most risk management services.
Specialties: government.*
Compensation: by the project; per hour: $130 for principal consultants, $120 for consultants, $25 for clerical work.
SRMC member.
Officers: Al Waters, Hayden Knowlton.
*70% of business to government, 30% to business/industries.

R.A. West Associates Inc.
2865 S. Eagle Road,
Newtown, Pa. 18940;
215-860-5026; fax: 215-860-0883
www.rawestassociates.com
Consulting since: 1991.
1999 revenues
Special consulting projects ... 100%
Staff
Total ... 4
Risk management professionals ... 2
Includes: 1 principal consultant, 1 consultant.
Services: claims consulting, loss prevention consulting, expert witness services.
Specialties: consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $110 to $150 for principal consultants, $72 to $98 for consultants, $45 to $65 for analysts, $32 for clerical work.
Officers: Robert A. West; Maureen A. West.
Contact: Pamela Eutsler.

R. P. Wittuck & Associates Inc.
5727 Schultz Road,
Erie, Pa. 16509;
814-825-0525; fax: 814-825-1598
Consulting since: 1991.
1999 revenues
Continuous consulting ... 97%
Risk management audits ... 2%
Special consulting projects ... 1%
Staff
Total ... 5
Risk management professionals ... 5
Includes: 1 principal consultant, 2 consultants, 2 analysts.
Clients
Total ... 22
Services: most risk management services.
Specialties: provides consulting to all or most industries.
Compensation: on retainer.
Officers: R.P. Wittuck, president; V.A. Wittuck, secretary.

Z

The Zigmund Co. Ltd.
2319 Walnut St.,
Harrisburg, Pa. 17103;
717-232-7551; fax: 717-232-7552
Consulting since: 1982.
1999 revenues
Continuous consulting ... 50%
Risk management audits ... 20%
Special consulting projects ... 30%
Staff
Total ... 4
Risk management professionals ... 3
Includes: 1 principal consultant, 2 consultants.
Clients
Total ... 39
U.S ... 100%
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: provides consulting to all or most industries.
Compensation: by the project; on retainer; per hour: $95 to $200 for principal consultants, $95 to $200 for consultants, $45 for clerical work.
Officers: Ruth A. Moraski, president.
Contact: Joseph D. Zinobile; zcl@paonline.com.
BI

ADVERTISER INDEX

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Total ... 8
Risk management professionals ... 7

Continued on next page

Global Briefs

Lloyd's of London has projected a loss of £725 million ($1.17 billion) for the 1998 underwriting year. This figure is 67% higher than the prediction it released in November 1999. The market also announced a £176 million ($284.2 million) underwriting loss for 1997. Lloyd's said that it has now appointed a chief analyst, Douglas Morton, in an attempt to improve forecasting. Mr. Morton, previously an independent insurance analyst, will check the forecasts of Lloyd's syndicates. Previously, Lloyd's relied on quarterly forecasts from managing agents to make its predictions for the market as a whole. Standard & Poor's Corp. affirmed its A+ financial strength rating of Lloyd's despite the deteriorating results.... **SCOR S.A.** has been granted a license to open an Asia-Pacific branch office in Labuan. The Paris-based reinsurer said it would now be able to reinforce its services to Malaysian clients and explore growth opportunities in the local insurance market. ...AIG Global Trade & Political Risk Insurance Co. and Corporacion Andina de Fomento have agreed to form a **joint venture political risk and investment guarantee company** to insure companies operating in Latin America and the Caribbean. The new company, Latin American Investment Guarantee Company Ltd., will be based in Bermuda and will have an initial capitalization of $50 million... Mitsui Marine International plans this month to establish the largest **Japanese-backed syndicate** at Lloyd's. Syndicate 3210 will be managed by Chaucer Syndicates Ltd. and will write property, professional liability and directors and officers liability business....The proposed merger to form **Japan's biggest non-life insurer** will take place six months sooner than expected, according to the insurers. Sumitomo Marine & Fire and Mitsui Marine & Fire announced that their merger will now take place in October 2001.... **AXA S.A.** has entered into talks to acquire the 43.7% of London-based Sun Life & Provincial Holdings it does not already own. SLPH, one the U.K.'s largest multiline insurers, also owns PPP Healthcare, one of the largest private health insurers in the United Kingdom. Analysts estimate the 43.7% stake could be worth £2 billion ($3.19 billion)....French mutual insurer MACIF has become the latest group to announce property/casualty losses stemming from the **December windstorms** in Northern Europe. MACIF said its P/C arm would announce a loss of between 50 million French francs and 100 million French francs ($7.3 million to $14.5 million) at the end of April... **Limit P.L.C.** and **Wellington Underwriting P.L.C.** have confirmed they are involved in preliminary merger talks. The combined group would be Lloyd's largest independent insurance group, with a market value of about £376 million ($598.9 million). Limit and Wellington's combined syndicates would have a total premium capacity of about £1.24 billion ($2.00 billion), representing roughly 10% of Lloyd's market capacity.... **Odyssey America Reinsurance Corp.**, the company formed last year by the consolidation of Odyssey Reinsurance Corp. and TIG Reinsurance, will open branch offices in Paris and Singapore. The company also said it would move its London underwriting operation to Lloyd's of London, to be managed by Newline Syndicate Management... Leader L, the Panamanian-registered **bulk carrier that sank** near Nova Scotia March 23, was insured for $6 million at Lloyd's by J.L. Jones & Others. The vessel, which was carrying a cargo of salt from Spain to New York, had both protection and indemnity and hull insurance. Eighteen of the ship's 31-member crew died in the accident.... Spanish insurance groups **Mapfre Seguros** and **Caja Madrid** are planning to merge. A new holding company, Mapfre-Caja Madrid Seguros, will be 51%-owned by Mapfre and 49%-owned by Caja Madrid. The enlarged group would have an estimated premium volume of 710.50 billion pesetas ($4.06 billion) for 2000.

Criminal case review ordered

U.K. High Court calls failure to file corporate manslaughter charges 'irrational'

By SARAH VEYSEY

LONDON—In a historic ruling, the High Court has ordered the Crown Prosecution Service to reconsider its decision not to prosecute a company manager for the death of an employee.

Two judges ordered the director of public prosecutions of the Crown Prosecution Service—the state legal body responsible for bringing criminal proceedings—to revisit the decision. The ruling marked the first such ruling on a failure to prosecute directors after a fatal accident.

The accident at issue in the case involved Simon Jones, a 24-year-old student who was killed just two hours after he began working a temporary job for Dutch-owned shipping company Euromin at Shoreham Docks, England, on April 24, 1998.

The High Court ruled March 23 that the director of public prosecutions' decision not to bring manslaughter charges against Euromin and its U.K. general manager, James Martell, was "unlawful" and "irrational."

The judges ruled that the DPP, David Calvert-Smith, and the CPS had failed "properly to address the relevant law" when they decided there was no manslaughter case to be answered.

Mr. Jones was crushed by an incorrectly welded crane while unloading cobblestones from the hold of a Polish ship.

Mr. Jones' family has long been trying to file a manslaughter case but the CPS has twice refused to do so, despite a police recommendation. The CPS claimed there was insufficient evidence to convince a jury that Mr. Martell had been guilty of gross negligence. Mr. Jones' family accused both Euromin and Mr. Martell of "sacrificing safety for profit."

The two judges, Lord Justice Buxton and Justice Moses, called on the DPP's queen's counsel, James Turner, to justify the decision not to prosecute. Mr. Turner was forced to concede that Mr. Martell had been negligent and failed to have a safe system of work in place. Justice Moses said the dangers workers had been put in by Euromin were "plain as a pikestaff." The judges called the CPS' decision "baffling" and said it "beggared belief."

The two judges ordered that the DPP's decision should be reconsidered. The DPP said it was studying the High Court ruling as a

See **Criminal** on next page

Ruling may hike rates

Pain/suffering awards raised

By SARAH VEYSEY

LONDON—U.K. employers' liability insurance premiums could increase as a result of a change in the level of some pain and suffering awards, observers say.

The U.K. Court of Appeal ruled late last month for a moderate increase in awards for pain and suffering of over £10,000 ($15,880) in personal injury claims. The levels of awards of less than £10,000 will remain unchanged, however.

The court ruled to introduce a sliding-scale increase for claims above £10,000. The scale begins at 1% for a claim of £10,001 and rises to 33% for the highest level of claim. In effect, this means that the most severely disabled victims of accidents would be awarded almost £200,000 ($317,600), instead of the previous cap of £150,000 ($238,200).

The Court of Appeal's recommendations followed a study into eight personal-injury test cases and proposals by the U.K. Law Commission, a government-funded legal body that examines possible changes in U.K. law.

A 1999 report by the Law Commission, "Damages for Personal Injury Non-Pecuniary Loss," concluded that levels of damages for non-financial losses, such as pain and suffering, were too low. The report also conclud-

See **Awards** on next page

Bankruptcy order upheld against names

LONDON—Lloyd's of London has won its appeal of a bankruptcy case against two names.

Geoffrey and Gail Twinn, a married couple whom Lloyd's claims owes the market more than £1.5 million ($2.4 million), failed in their attempt to persuade a court that a bankruptcy order against them should be set aside.

Lloyd's gained two bankruptcy orders against the Twinns in January 1999 for non-payment of underwriting losses. The Twinns appealed the order, saying that they had not accepted the 1996 Reconstruction and Renewal Plan and thus did not owe anything for the losses. In May 1999, Justice Jacob set aside the bankruptcy order against the Twinns.

Lloyd's then appealed the Justice's decision. The Court of Appeal ruled on March 23 that the Twinns had accepted the R&R program but had not paid money they owed to Lloyd's under the terms of the settlement. Sir Richard Scott, Lord Justice Chadwick and Lord Justice Buxton ruled that the bankruptcy order should therefore be enforced.

Philip Coldbeck, a lawyer from Lloyd's financial debt recovery team, said: "This case is another step forward in our program of debt recovery around the world. Lloyd's will continue to pursue these debts on behalf of our policyholders and the thousands of names who were prepared to pay and duly settle their liabilities."

Earlier in March, Lloyd's won a case against a group of Canadian names who owe the market about £20 million ($31.8 million).

The Twinns gained notoriety when they were featured in a BBC television documentary about the market that aired in October 1999. The program, called "Money, Money, Money," focused on Lloyd's attempts to recover debts from names following the asbestos-related losses of the late 1980s and early 1990s.

Lloyd's is currently embroiled in a case brought by more than 100 names who refused to sign on to the R&R plan. Lloyd's is expected to call its first witnesses in the so-called Jaffray trial this week.

—By Sarah Veysey

Groups hit proposed reserve tax

Joint statement from the ABI, Lloyd's and IUA decries 'tax on prudence'

By SARAH VEYSEY

LONDON—The Assn. of British Insurers, Lloyd's of London and the International Underwriting Assn. have issued a joint statement decrying the proposed new tax on insurance reserves unveiled in the U.K. budget on March 21.

The plan, proposed by U.K. Chancellor of the Exchequer Gordon Brown, calls for taxing both the funds insurers set aside for paying claims and any investment gains made on those funds. In announcing the proposal, Mr. Brown said that he would consult with industry bodies on the new taxes.

Mary Francis, the director general of the ABI; Nick Prettejohn, chief executive of Lloyd's; and Marie-Louise Rossi, the chief executive of the IUA, said that the proposed measure would hit the U.K. industry hard. "This proposal is designed to take an extra £250 million ($397.2 million) each year in tax from the insurance industry, according to the government's figures. This will damage the competitiveness of the U.K. industry, both in the single European market and worldwide. The insurance industry is a significant source of invisible earnings and of employment," they said in the joint statement.

Nick Prettejohn of Lloyd's, left, and Marie-Louise Rossi of the IUA are among the industry leaders opposing the proposed reserve tax.

Insurers in the United Kingdom currently get tax relief both on the amount of money they reserve to meet future claims and any investment gains they make on that money before claims are paid. But Mr. Brown has said he wants to "claw back the benefit they get by not discounting their provision for unpaid claims."

The statement's authors describe this as a

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Criminal

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matter of urgency.

Under U.K. law, a company can be prosecuted for corporate manslaughter if it can be proved that a "controlling mind" of the company was guilty of negligence.

George Galloway, a Labour member of Parliament, sponsored a debate on the Jones case in Parliament last year. He heralded the High Court decision as a "historic breakthrough in establishing corporate responsibility for the fate of employees to whom they owe a duty of care—a duty too many employers have dodged."

David Bergman, director of the Centre for Corporate Accountability, described the High Court ruling as "hugely significant, not just for workplace deaths but also for disasters."

Only five companies in the United Kingdom have been prosecuted for corporate manslaughter over the past 20 years.

In February, the Court of Appeal upheld a decision to acquit train operator Great Western Trains of corporate manslaughter charges arising from the 1997 Southall train crash in which seven people died.

Corporate manslaughter charges were never brought for a series of disasters in 1987 and 1988. These included the Herald of Free Enterprise ferry disaster, in which 187 people died; the Piper Alpha oil rig explosion, which killed 167; the Kings Cross subway fire, in which 31 people died; and the Clapham rail crash, which killed 35.

> **The decision was historic in 'establishing corporate responsibility for the fate of employees to whom they owe a duty of care,' says the Labour Party's George Galloway.**

The U.K. Home Office is considering recommendations from the Law Commission, a government-funded entity that examines possible changes in U.K. law, that an offense of "corporate killing broadly comparable to killing by gross carelessness on the part of an individual" should be introduced.

In February, the Court of Appeal effectively stymied efforts to bring a corporate manslaughter charge against the rail operators that owned the trains involved in the October 1999 Paddington rail crash, in which 31 were killed. The Court of Appeal reiterated that a company could not be found guilty of manslaughter unless an individual also was prosecuted for the same crime.

Meanwhile, Mr. Galloway and the Centre for Corporate Accountability have called for a public inquiry into the CPS' handling of workplace deaths. The recent High Court decision has returned the issue to the spotlight.

Mr. Jones' father, Chris Jones, said he hoped that the CPS would prosecute Mr. Martell and Euromin. "That is all we have ever asked—that this case is brought to trial for a jury to hear the evidence," he said.

Louise Christian, the lawyer representing Mr. Jones' family, claimed that if the CPS had applied existing law properly, it likely could have prosecuted successfully a director of Great Western Trains for the Southall disaster. She claimed that the manslaughter charges failed partly because the DPP decided not to charge a director as well.

If the Law Commission's recommendations on corporate killing are introduced, it could create a huge uninsured liability exposure, because criminal fines are not insurable.

David Gamble, chief executive of the U.K. Assn. of Insurance & Risk Managers, has warned risk managers to prepare themselves for the introduction of a corporate killing offense.

"Society appears to be demanding greater accountability from all those in positions of authority, whether it be (members of Parliament), civil servants, hospital administrators or managing directors of companies," Mr. Gamble said. "This trend towards expecting some form of redress when decision-makers get it wrong looks set to become stronger."

"Risk managers understand the concerns being expressed and take this public opinion seriously," he said.

"It is important," Mr. Gamble said, "that AIRMIC members apply proven and established risk management principles to address these issues wherever they may impact on their organization and work together with those colleagues in risk-related functions to promote good corporate governance." BI

Statement

Continued from previous page

"tax on prudence." "It will hit hardest those classes of business where risks are most volatile and uncertain and where protection is most necessary. Such protection is essential for a thriving and growing economy," the statement reads.

David Gamble, executive director of the Assn. of Insurance & Risk Managers in London, also spoke out against the proposed changes. "AIRMIC shares the concerns of the insurance industry that these taxation changes could be a retrograde step," he said. "Insurers will be forced to reduce their reserves, which will potentially affect solvency. This could also lead to increased premiums. These changes would appear to be a penalty for prudent loss reserving by insurers and could lessen the effectiveness of insurance for risk managers."

The ABI, Lloyd's and the IUA characterized Mr. Brown's proposals as unfair to both the industry and consumers.

"The insurance industry and its customers are being singled out for harsh treatment. This proposal would mean that insurers are taxed on a figure in excess of their real commercial profits and in conflict with prudent regulatory principles. This is inequitable and an exception to normal taxing practice," their statement says.

Mr. Brown's proposal will be part of a finance bill to be submitted to Parliament later this year.

Mr. Brown intends the changes to be effective from Jan. 1, 2001, for insurance companies and for the income tax year 2001-2002 for Lloyd's members.

In July 1999, an independent tribunal, the City General Commissioners, ruled that discounting of reserves cannot be imposed on Lloyd's members under existing law.

On March 21 the Inland Revenue department announced that it would not overturn the tribunal's decision for periods before the 2001-2002 income tax year. BI

Awards

Continued from previous page

ed that awards of £3,000 ($4,764) or more should be increased by between 50% and 100% and awards of between £2,000 ($3,176) and £3,000 should be increased by up to 50% (*BI*, May 10, 1999).

The Law Commission and plaintiffs attorneys had argued that the current guidelines on compensation were too low and failed to take into account changes in living standards and life expectancy over the past 30 to 40 years.

Tom Jones of the London personal injury law firm of Thompsons, who represented one of the victims in one of the test cases reviewed by the court, criticized the ruling. "The Court of Appeal has sided with the insurance industry. It has put the interests of profit before justice," he said.

Lord Woolf, Master of the Rolls and head of the five-member panel of judges that studied the issue, said the judgment took into account "the impact of the level of damages on the level of insurance premiums and on the resources of the National Health Service."

The Assn. of British Insurers said in a statement that the judgment would have "some impact" on insurance premiums, "particularly for motor and employers liability policies, but significantly less than if the Law Commission's proposals had been implemented in full."

Steven Sklaroff, deputy director general of the ABI in London, said that if the Law Commission's proposals had been enacted, employers' liability premiums would have risen by 20% to 30%. Instead, the ABI has predicted single-digit increases.

> **'The Court of Appeal sided with the insurance industry. It has put the interests of profit before justice,' said Tom Jones.**

Mary Francis, director general of the ABI said: "It is for society to judge what levels of compensation for accident victims are fair. But society has to be prepared to meet the costs. The Court of Appeal has taken account of this in its judgment and decided that damages should be larger for the most-serious cases, where advances in medical science have led to longer life expectancies."

Steve Walker, chief executive of the National Health Service's litigation authority in London, welcomed the ruling. "We are relieved the court has taken a pragmatic view. We were not trying to deny claimants justice, but the court has agreed with us that reasonableness should be the order of the day," he said.

The London-based Assn. of Risk Managers warned its members that the increase in awards highlights the need for good risk management. "Organizations, in particular, should review their risk management procedures and ensure that everything possible is being done to prevent accidents from happening," said David Gamble, executive director of AIRMIC. "This approach, allied to early intervention and appropriate rehabilitation in the event of an injury, is the way forward to the good health of the employees and to the good management of the organization."

The Court of Appeal judgment will not affect the pain-and-suffering portion awards of greater than £1 million ($1.6 million) where damages are awarded with respect to the cost of lifetime care and the loss of future earnings. BI

Measure

Continued from page 2

can be counted and fail to take into consideration the intangible benefits. But effective measuring requires more work and sophistication compared with simply adding up savings.

"We can settle for counting, but we do measuring," she said.

Ms. Johnson also said that many who try to measure the impact of work/life programs have an "inadequacy complex" about their measurements, because they don't have precise scales for every factor. But this should not deter anyone from attempting measurement, because many studies have reported the economic value of the intangible benefits of work/life programs. For example, such studies have shown increased profits that stem from the greater worker commitment after an employer implements a work/life program.

Not only does measuring help quantify the savings realized by a work/life program that is already in place but it also helps justify starting such a program, said Stacey Gibson, director of work/life diversity for Bristol-Myers Squibb Co. in New York.

Ms. Gibson said that, at Bristol-Myers, before an idea will be considered, its proponent has to evaluate its potential for success by asking herself or himself, "How do you know what you think you know?"

For example, Ms. Gibson said that, before Bristol-Myers opened backup child care centers, employees were surveyed, leaders were interviewed and focus groups were conducted. From these, the need for backup child care was identified. But before any centers could be opened, a second survey was conducted to determine whether employees would use such centers and, if so, how much they would be willing to pay. Since employees responded with enthusiasm to the idea, the first center was opened in March 1999 and more openings are planned for this year.

"The study gave us all the ammunition we needed to get the money" for the centers, Ms. Gibson said.

In addition, the surveys helped the company avoid the mistake of opening centers in locations where interest was too low.

One employer that has done extensive measuring of its work/life programs is Deloitte & Touche L.L.P., the professional services firm based in Wilton, Conn.

Starting in 1993, the firm began a major initiative to reduce turnover among women employees and to improve the work/life quality for all workers, said Mary Ellen Rodgers, a partner in the Cleveland office and head of the firm's initiative to retain and advance women.

To determine whether the program was a success, the company embarked on a large-scale measurement program. The areas covered included the turnover gap between men and women, the percentage of partners and those in the pipeline to become partners who were women, and the admission rate of women partners.

In addition, a climate survey was conducted that looked at overall employee satisfaction.

Finally, an analysis of the financial return on investment was conducted.

The results of the measurements indicated that, between 1993 and 1999, turnover has declined for both sexes and the gender gap for turnover has disappeared. The number of women partners had grown to 248 from 88, and the number of women in senior management has also increased. In addition, the feelings of the employees toward the firm had dramatically improved among both men and women.

These developments have made the firm an employer of choice, she said.

Perhaps most importantly, Ms. Rodgers said, the firm has made $224 million in additional revenue in the past 3 years from the added business gained because turnover has dropped. This is in addition to the $104 million the firm saved in employee replacement costs.

The speakers stressed that, when their work is applied to another organization, that organization must develop its own surveys and data to be gathered. Although information is available from surveys done at other companies, it lacks the authority of an in-house survey, she said.

"You can't refute the facts coming from your own employees," Ms. Gibson said.

Also, each organization must customize its measurement to fit its own needs. For example, each employer has its own issues to address with its work/life programs.

"Each person's measurements have to be tailored to the particular business," Ms. Rodgers said. "For us, it was retention; for others, it will be something else."

But no matter what is measured and which industry being surveyed, "make the data meaningful to your audience," Ms. Gibson said.

Ms. Johnson of WFD Consulting recommended keeping in mind the three "Cs" of measurement—commitment, choice and communication.

For success, a long-term commitment to measuring the impact of a work/life program is needed; a one-time survey is insufficient. Also, because it is impossible to measure every aspect of a program, it is necessary to choose a few of the most relevant aspects to gauge. And, finally, it is important to communicate the results to top management.

"We need the data that speaks the language and is understood by those in positions to make decisions," Ms. Gibson said. BI

Keys to successful work/life programs

Practices worth copying

By MICHAEL PRINCE

NEW YORK—There is no single best way to introduce a successful work/life program, experts say.

Instead, several best practices can help employers to establish successful programs, speakers said last month at a work/life conference in New York sponsored by The Conference Board and the Families & Work Institute.

But overall, best practices must address the changing work force and an organization's resistance to changing its culture, speakers said.

The need for work/life programs is growing as companies seek to be an employer of choice "to remain strong and viable," said Christian Kjeldsen, vp, community and workplace programs at Johnson & Johnson in New Brunswick, N.J.

Because employees expect more today than in the past, employers need to adjust their offerings accordingly, said Karol Rose, senior consultant with DCC Inc. in Westport, Conn.

In addition, "a lot of work/life policies were designed for a 'traditional family,'" though that family structure is changing, she said.

Work/life programs cannot exist solely to benefit employees, though, said Heidi Gomula, director of work/life for Bank of America Corp. in Charlotte, N.C.

"You need to look at them from a business perspective," she said. If a program doesn't help the business, senior management might not support the initiative, she said.

And senior management support is critical to the success of any program, she said. Ms. Gomula recommends identifying a senior executive who supports the program to act as its champion, pushing for its implementation and supporting the change of culture.

Support from the top does not ensure success, however. Support and cooperation from middle managers—those who directly oversee the work-force—are also crucial, she said, noting that this sometimes can be more difficult to obtain than support from the top. To gain this support, manager training is needed, she said.

At Bank of America, all of the managers' training materials are put into one package, which she called "training in a box." Such an approach makes it easier for managers to learn about the programs and to steer an employee toward the appropriate one.

Also, a company should not implement too many programs; rather, it should focus only on those targeted to address key concerns, she said.

Another best practice is to have internal processes that encourage—rather than hinder—use of the programs, Ms. Gomula said.

But even the best programs won't succeed if employees aren't aware of them. Thus, a strong and clear communication program is also needed, she said.

The company's results with the program speak for the effectiveness of these practices, Ms. Gomula said, noting that there has been a 200% increase in the use of the company's child care service. In addition, 80% of the employees who used the telephone resource and consultation service, an employee assistance program, said that using the service helped some employees decide to stay with the company.

Training supervisors to support the employees' work/life needs is a difficult component of implementing such a program, Mr. Kjeldsen said. One best practice he used to overcome this was having managers meet to discuss work/life issues when the company first implemented its program. This institutionalized the issue, and "for the first time, the managers had the green light to talk about work/life issues," he said.

In addition, work/life programs can sometimes prompt backlash from employees without families, he said. One one way to diminish that response is to open flexible work arrangements to all employees, not just those with children, he said.

Following the formal presentations, the audience suggested their own best practices and generated a wish list for what should be done in the future. That list included:

- Developing an office-hotel arrangement where telecommuters can reserve space when they come to the office for a day.
- Creating "employee plus one" benefit structures, eliminating the quandary of who, other than the employee, is eligible for benefits. This definition would allow a non-family member to receive benefit coverage.
- Providing sabbatical leave without linking it to a dependent issue, such as a child's birth.
- Using technology for checking on elders, both at home and in a facility.
- Asking retirees to volunteer as child care providers.
- Forming a partnership among employers, employees and the government for dependent care.
- Creating an international strategy for work/life programs.
- Designing more-creative communication strategies to help managers understand and use flexible work arrangements more effectively.
- Grounding work/life programs in return-on-investment figures.
- Developing mass customization of employee benefits, with employees creating their own benefit program.
- Providing paid days off for employees wishing to volunteer their time to the community.
- Telecommuting instruction to help people work better from home.
- Providing backup child care if normal arrangements fall through.
- Building workplace communities.
- Examining how small and medium-sized companies can compete in providing comparable benefits.
- Subsidizing the purchase of home computers.
- Responding to work overload. BI

Libel case dismissed

Statute of limitations applied to Internet posting

By JUDY GREENWALD

SARATOGA SPRINGS, N.Y.—In a decision that is expected to be influential nationwide, a New York court has ruled that the statute of limitations for defamation claims filed in connection with material posted on the Internet is the same as that for more-traditionally published material.

Attorneys say the decision by New York's Court of Claims in *Firth vs. the State of New York* is one of the first to address this issue and is apparently the first to be reported, which means it is a published decision that can be cited by attorneys in other cases.

The suit was filed by George Firth, a former director of the state Dept. of Environmental Conservation's Division of Law Enforcement. The focus of his claim was "The Best Bang for Their Buck," a report issued by the Office of the State Inspector General in 1996. The report, which was distributed on the Internet, was highly critical of Mr. Firth's management style and the manner in which the procurement of weapons was undertaken, according to the March 8 decision, which was filed March 17.

Mr. Firth had filed his claim against the state after the expiration of the one-year statute of limitations that normally applies to traditionally published material. He argued that the statute is inapplicable, however, because of the continuous availability of the allegedly libelous material on the Internet.

But Judge Francis T. Collins, of New York's Court of Claims, which deals only with civil suits filed against the state, disagreed and dismissed the case.

"While the act of making the document available constitutes a publication, in the absence of some alteration or change in form, its continued availability on the Internet does not constitute a republication acting to begin the statute of limitations anew each day," said Judge Collins in his decision.

Mr. Firth's attorney could not be reached for comment as to whether he plans to appeal.

Defense attorneys praised the ruling.

As the first reported decision on this issue, "this is an extremely significant decision for every entity that participates in the Internet publication business," said Michael J. Grygiel, an attorney with McNamee, Lochner, Titus & Williams in Albany, N.Y., who specializes in First Amendment issues.

"I think what was surprising was that this case emerged in the context in which the allegedly defamatory speech was issued by the state of New York, rather than from one of the major Internet or electronic communications service providers," said Mr. Grygiel.

"Nevertheless," he said, "the principle remains the same and it remains important, because what this decision really does is endorse application of the traditional one-year statute of limitations in the context of an Internet publication."

The decision was appropriate, Mr. Grygiel said, "because to hold otherwise would expose Internet information service providers to a virtually unlimited liability time frame."

Kevin W. Goering, an attorney with Coudert Brothers in New York, agreed. "Contrary results would have meant that any media entity or Web site operator who placed anything on the Internet could always be sued, no matter how much time had passed since it first appeared on the Web, even if there had been no substantive change in the content of the statement," said Mr. Goering, who is chairman of the New York State Bar Assn.'s Committee on Media Law.

This "would have undermined the social purpose of statutes of limitation, which is to bring finality to matters," he said.

Adam Liptak, senior counsel to the New York Times Co., said, "If the statute of limitations ran forever merely because the very same article that the New York Times, for instance, has published in its newspaper is posted on the Internet, the whole purpose of the statute of limitations would be undone."

Mr. Liptak said the New York Times currently is a defendant in a comparable case, *Van Buskirk vs. New York Times*, that has been filed in federal court in New York. The Times has filed a motion seeking dismissal of the case.

Gretchen Sayers, senior claims counsel for Media/Professional Insurance in Kansas City, Mo., said, "If you think about it, the fact that an article published on the Internet continues to be accessible each day after it is originally published does not mean the article is republished every day, any more than a book that continues to be available in a library is republished every day after it is first published."

Assistant Attorney General for New York Dennis M. Acton, who represented the state in the case, said he is pleased with the ruling. "We think it's a well-reasoned decision," said Mr. Acton, who is based in Albany.

But plaintiffs attorney Jacob Zamansky, of Zamansky & Associates in New York, criticized the decision. "When somebody purposely puts up a false and defamatory publication on the Internet, it continues to be republished every day thereafter," Mr. Zamansky said.

"The legal issue is whether it was foreseeable that there would be a republication in this case. I believe it was foreseeable, and that the commissioner who put it up on the Internet intended it to be viewed again and again on the Internet," he said.

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George Firth vs. The State of New York, State of New York Court of Claims; Claim No. 97999.

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All bids submitted will be at net cost to the State of Delaware. Within the Request for Bid are the property schedules and other information which can be secured from the Insurance Coverage Office.

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Doctors

Continued from page 2

whereby a bill must pass the muster of other panels that can claim jurisdiction over some of its provisions before the full House can vote. For example, the House Commerce Committee attempted to claim jurisdiction over the bill because one of its provisions required the Federal Trade Commission to review the impact of the bill after three years. The Judiciary Committee's ranking minority member—Rep. John Conyers, D-Mich.—offered a successful amendment that stripped the FTC language from the bill, thus removing the Commerce Committee's right of review.

If no other committee is granted sequential referral, and even if the full House votes on the measure later this month, its fate is far from certain. No companion legislation has been introduced in the Senate, and the Clinton administration has expressed opposition to the measure, though no direct veto threat has been made.

Employers and insurers hope that the measure receives closer scrutiny in coming weeks.

"I think they have some real issues to consider that it's painfully obvious that the Judiciary Committee did not consider," said Neil Trautwein, director-employment policy for the National Assn. of Manufacturers in Washington.

"This bill would license physicians and pharmacists to engage in anti-competitive behavior to the detriment of consumers and businesses. It's one of the worst bills I've seen in this Congress," said Mr. Trautwein, who is the NAM's health care lobbyist.

"We certainly don't want this to get any traction."

Charles Kahn, president of the Washington-based Health Insurance Assn. of America, issued a statement condemning the bill after the Judiciary Committee's vote.

"Let's clear the air. Antitrust exemptions are intended to augment providers' incomes. Allowing health care professionals to disrupt one-seventh of the nation's economy for their own gain will wreak havoc, even by conservative estimates, and will do absolutely nothing to improve health care quality," Mr. Kahn said in his statement.

Property/casualty insurance trade groups also oppose the measure.

"We're concerned about it because of the potential increase in health care costs. Obviously, anything that increases health care costs indirectly increases costs for workers comp and automobile insurance," said Melissa Shelk, vp-federal affairs for the American Insurance Assn. in Washington. BI

Deal

Continued from page 1

involved the exchange of $200 million of Japanese earthquake risk from TMF for $200 million of New Madrid risk from State Farm (*BI*, March 27).

The coverage is triggered by the magnitude of an earthquake rather than a monetary amount of loss, a State Farm spokesman said.

For State Farm, the payments from TMF would be triggered by an earthquake of magnitude 6.5 or greater along the New Madrid Fault, located in several Midwestern states. The payments would be on a sliding scale, with 17.5% of the limit paid for a quake of 6.6 magnitude, rising to 100% for a quake of magnitude 7.1 or greater, he said.

State Farm would pay out similar amounts for earthquakes of equivalent magnitudes in Japan, as measured by a Japanese system that uses a different scale, the spokesman said.

TMF normally buys conventional reinsurance from other companies to diversify its book of business, but this direct transaction with State Farm eliminated reinsurance premiums and brokerage fees, said Yuichi Takeda, manager of the commercial lines underwriting department at TMF in Tokyo.

"Normally, we have used reinsurance contracts, but then you pay premiums and lose cash flow out from the company. Here, we were fortunate to find a good partner and save premium being paid out," Mr. Takeda said.

'It's a very prudent thing for both of these companies to be doing,' says Donald Watson.

State Farm Group generally cedes only 10% of its risks to third-party reinsurers, a spokesman said.

The exchange of risks is an innovative way to diversify books of business, but it could also be seen as a return to a more-simplistic approach to risk management, said the S&P's Mr. Watson.

"It's almost like going back to bartering," he quipped.

Despite its simplicity, TMF's program is an effective means for two large companies to offset one large catastrophe exposure that they cover extensively with another that they do not cover at all, Mr. Watson said.

"It's a very prudent thing for both of these companies to be doing," he said.

And, despite the direct negotiation between the two companies, the deal is unlikely to foreshadow the demise of reinsurance brokers or conventional reinsurance, Mr. Watson said.

TMF and State Farm both needed to exchange risks with similar entities, and few insurers are as large as themselves, he said.

A smaller insurer interested in doing a similar deal would likely have to search harder to find a suitable fit and would probably find it cheaper to buy conventional reinsurance instead, Mr. Watson said.

See **Deal** *on next page*

Deal

Continued from previous page

Even if smaller reinsurers persisted in searching for partners to exchange risks with, they would likely want to employ brokers to aid them in their searches, said Gill & Roeser's Mr. Bolland.

"If TMF looks for a specific company to swap with, the universe is small. . . .It would be very much more difficult for other Japanese insurers to identify a partner and negotiate a transaction, and if an intermediary charges a small fee to do it, why bother doing it yourself?" he asked.

As in other reinsurance transactions, brokers offer expertise derived from the volume of transactions they have negotiated for and between many different parties, Mr. Bolland said.

The TMF and State Farm exchange will be coordinated by the head offices of TMF and State Farm and a reinsurer just established in Bermuda, called Tokio Millennium Re Ltd.

Tokio Millennium will be capitalized at $125 million and will be used to write other contracts for TMF and its Japanese clients, Mr. Takeda said.

A TMF unit set up in New York, called Integrated Solutions Group, will negotiate some additional deals, Mr. Takeda said.

TMF is already working on a transaction with Munich Reinsurance Co., he said.

The deal will involve the exchange of securitized Japanese risks with securitized U.S. risks, Mr. Takeda said. He said he could give no additional details except to say that the effect of the deal will be the same as the State Farm exchange. BI

Reinsurers

Continued from page 2

last year's results. "Obviously, 1999 was a horrible year for most reinsurers and one that I would hope that we don't see again for quite a while," said David Robb, president of reinsurance operations for the Hartford Reinsurance Group.

"I think the results for the reinsurance industry were terrible," said a spokesman for Princeton, N.J.-based American Re-Insurance Co. "They were, clearly, substantially deteriorated from 1998 and reflect the need for companies in the industry to work hard at re-establishing adequate prices."

"Hopefully, this is the wake-up call we've been waiting for," said Jerome Karter, president and chief executive officer of New York-based SCOR U.S. Group. "Finally, the rotten market has infiltrated our business so that everybody can see what's going on, and that, therefore, is great. Maybe some people will now feel the pain and start being reasonable about pricing."

"The market's been competitive for a long time, and now the overall bad results are showing," said Steve Tirney, president and chief operating officer of Philadelphia-based PMA Reinsurance Corp. "I think companies don't have many (reserve) redundancies left to bring forward, and they really have to come to grips with the real results," he said.

The top 20 reinsurers, based on net premiums written, fared somewhat better than did the overall industry. They posted a 112.2% combined ratio for the year, compared with 104.3% for the year-earlier period. *Business Insurance* includes the reinsurance results of Berkshire Hathaway, which does not directly participate in the RAA survey, although the results of Berkshire-owned General Re Group are included.

Net premiums written by all the reinsurers in the RAA survey rose 9.1%, to $21.21 billion. The top 20 reinsurers reported a 23.1% increase, to $21.95 billion.

"The full-year 1999 results were the worst in 15 years, in comparison to the overall insurance industry," said Michael Smith, an analyst with Bear, Stearns & Co. in New York. Mostly, "the reinsurance industry has had better underwriting results than the overall insurance industry. Not only was this year's combined deterioration worse, it was much worse than we have seen since 1984," he said.

Results reflect "simply the effect of competition finally getting to the reinsurers." There seems to be "cynical demand looking for and finding naive capacity," said Mr. Smith.

"When you line up the reinsurers in order of statutory surplus, top to bottom, the bottom half had almost twice the percentage increase in premiums as the top half," said Mr. Smith, who does not include reinsurance affiliates or Berkshire Hathaway in his figures.

He also noted that, of the 28 professional reinsurers in the RAA survey, 12 posted an operating loss. "The numbers are remarkable for how bad they have gotten, considering that, just a few years ago, the reinsurance sector was characterized by a very high degree of price leadership," with a few very large companies exercising a high degree of discipline.

"For the better part of 13 or 14 years, you had a very stable reinsurance market that was very predictable that has, all of a sudden, collapsed in a heap," Mr. Smith said.

Donald Watson, director at the rating agency Standard & Poor's Corp. in New York, said, "The big surprise, of course, was the underwriting performance of the big companies," including American Re, General Re, Swiss Re America Corp. and Employers Reinsurance Group, which he said produced their worst underwriting results since 1992.

Mr. Watson predicted these reinsurers' 1999 underwriting losses will lead to some withdrawal of capacity as the reinsurers revert to profitable pricing.

But, "my guess is that 2000 will still be a bad year for the reinsurance industry." Rising claims inflation, as well as underpricing, will lead to further reserve strengthening, he said. "Rate improvement will be slow to filter to the bottom line, given the rise of multiyear contracts that has locked some reinsurers into lower rates for the 2000 renewal period."

Mr. Watson said that, assuming a more-normal catastrophe year, S&P projects an 108% combined ratio for the reinsurance industry this year. Although that would be a five-point improvement from 1999, "from an historical perspective, the 108% still places it as one of the poorer showings in the last decade," he said.

Others also believe there will be at least some improvement this year, although it may not be enough to restore the industry to financial health.

"For 2000, I think the rate levels will start to improve," although they will still be lower than they should be because of overcapacity in the market, said PMA Re's Mr. Tirney.

"I do think that we are beginning to see improvements in the reinsurance marketplace," said Hartford Re's Mr. Robb. These improvements, he said, are driven largely by 1999 results.

Mr. Robb said he believes the straw that broke the camel's back was probably the windstorms in France at the end of December, which followed other catastrophes, including other windstorms and the Taiwanese earthquake, as well as the losses associated with the Unicover workers compensation pool and the "regular" losses.

"I think you'll probably still see some pretty high combined ratios relative to what you'd expect in the industry, at least in the first six months," he said. But as the year continues, if it is a more-normal catastrophe year, "I would think that, towards the end of the year, you'll see some improvement in GAAP numbers, and then there'll be a noticeable improvement in 2001," said Mr. Robb.

James Duffy, president and CEO of St. Paul Re in New York, said, "Certainly, rates have begun to move in the right direction as of Jan. 1, and our expectation is that's going to continue through the year 2000."

Mr. Duffy said, "We're seeing improvements in virtually every line or class of reinsurance that we underwrite, some more than others. We can expect to see continued improvement for the next couple of years."

This year's results will "be somewhat better" said Mr. Karter. But, "I'm not sure they're going to be a lot better. I think there will still be a drift-through" of the same negative impact into 2000, he said.

"It really takes more than one year, and sometimes more than two years, before you begin to see the effect of a change in pricing," he said. Some companies began reducing their exposure to this marketplace a year or more ago, "but for those who didn't, the pricing drift will take longer to work out, so, overall, I think this is going to be another tough year for the industry," said Mr. Karter.

American Re's spokesman said it will likely take several years, based on individual company action, to restore results to where they should be.

William J. Adamson, CEO of CNA Re, a unit of CNA Financial Corp. in Chicago, said, "I think it's the beginning of the transition, but I don't see people moving fast enough."

He said, "I have big concerns that 2000 is going to be a very poor year for most people as well," and if more primary insurers and reinsurers do not aggressively increase rates, there will be another year of subpar returns.

Bill O'Donnell, senior vp-property and casualty reinsurance in North America for Employers Re, who focuses on direct business, said, "We're certainly hoping for improved results over 1999, and we've been working very hard" to identify where losses are taking place.

Meanwhile, the top 20 reinsurers reflect the industry's ongoing consolidation. For instance, a deal by New York-based Folksamerica Holding Co. Inc. to acquire Greenwich, Conn.-based Risk Capital Reinsurance Co.'s reinsurance business was announced earlier this year (*BI*, Jan. 24). Swiss Re also announced its plan to acquire the Calabasas, Calif.-based Underwriters Re Group late last year (*BI*, Dec. 13, 1999). Winterthur Reinsurance Corp. of America was acquired by New York-based Partner Reinsurance Co. of the U.S. in 1998 (*BI*, Sept. 7, 1998).

Not appearing in its traditional place on the top 20 list is Greenwich, Conn.-based NAC Reinsurance Corp., which was acquired by Bermuda-based XL Capital Ltd. Its net premium volume, which dropped to $111.5 million in 1999 from $481.3 million in 1998, placed it below the top 20.

Paul Giordano, XL's general counsel, said NAC Re's net premiums written for 1999 do not reflect the $215 million in ceding commissions paid by XL to NAC Re for the business the Bermuda company reinsured. It "does not fully capture the economics of the reinsurance," he said.

Major U.S. insurers are lobbying to eliminate the purported tax advantages held by Bermuda companies with U.S. units, including XL (*BI*, March 13). BI

Largest U.S. reinsurers' year-end 1999 results

Ranked by net reinsurance premiums written. All amounts in thousands of dollars.

Reinsurers	Net reinsurance premiums written 1999	Net reinsurance premiums written 1998	Policyholders surplus (reinsurers only)	Net income 1999	Losses & loss adjustment expenses	Loss ratio	Underwriting expenses	Expense ratio	Combined ratio 1999	Combined ratio 1998
1. Employers Re	$3,509,319	$2,665,739	$5,382,773	$477,148	$2,719,090	81.2	$1,170,346	33.3	114.5	103.4
2. American Re	2,821,261	2,276,153	2,146,112	(182,327)	2,456,943	86.2	819,145	29.0	115.3	103.8
3. General Re*	2,800,684	2,707,368	4,696,886	243,800	2,514,425	88.6	877,554	31.3	119.9	101.0
4. Berkshire Hathaway*	2,410,000	986,000	N/A	N/A	2,573,000	108.0	65,000	2.7	110.7	102.2
5. Transatlantic/Putnam	1,391,798	1,257,332	1,442,571	129,952	1,077,950	78.9	383,315	27.5	106.4	101.5
6. Everest Re	1,108,070	1,017,766	1,147,579	149,928	777,133	71.8	348,780	31.5	103.3	103.3
7. St. Paul Re	1,056,401	1,056,230	N/A	N/A	697,713	69.0	329,869	31.2	100.2	98.7
8. Swiss Re America	1,046,400	728,044	1,243,991	271,959	732,848	76.6	344,476	32.9	109.5	106.2
9. Zurich Reins. (N.A.)	967,313	852,503	906,193	107,399	708,468	70.7	356,863	36.9	107.6	113.3
10. Gerling Global Re	800,874	592,390	617,154	(10,332)	592,537	77.6	233,511	29.2	106.8	108.7
11. Hartford Re Co.	702,961	710,593	N/A	N/A	507,418	74.5	230,061	32.7	107.2	105.7
12. SCOR U.S. Group	664,935	709,582	401,392	9,541	518,121	77.5	234,997	35.3	112.8	113.6
13. Odyssey Re	550,255	604,535	855,835	69,402	492,985	86.6	197,516	35.9	122.5	107.9
14. Underwriters Re	429,259	384,223	524,605	46,033	341,597	76.0	112,578	26.2	102.2	102.0
15. Signet Star Re	399,372	351,026	250,674	4,048	291,124	75.2	132,849	33.3	108.5	106.9
16. Risk Capital Holdings Group	306,726	234,735	290,082	(44,561)	305,840	98.2	94,941	31.0	129.2	116.4
17. Reliance Re	262,573	219,756	N/A	N/A	238,231	92.7	98,414	37.5	130.2	103.1
18. PMA Re	260,095	231,932	287,635	34,412	191,918	69.8	82,713	31.6	101.6	104.3
19. Partner Re (U.S.)	240,263	82,528	335,828	(29,905)	158,062	83.9	79,757	33.2	117.1	113.2
20. American Agr. Ins. Co.	223,746	168,324	288,543	536	188,568	93.6	45,489	20.3	113.9	104.4
Totals for Top 20	$21,952,305	$17,836,759	$20,817,853	$1,277,033	$18,083,969	83.8	$6,238,174	28.4	112.2	104.3
Totals for all companies	$21,212,749	$19,439,312	$24,350,564	$1,391,175	$17,116,923	81.5	$6,857,035	32.3	113.8	104.4

* Berkshire Hathaway's worldwide operations and General Re's domestic operations continue to be reported separately
Source: Reinsurance Assn. of America and *Business Insurance*

Commentary

Regulatory reform options too limited

As editor, there are subjects I tackle on the editorial page that I would never explore in this column and vice-versa. One recent issue, however, offers plenty of material for both: state regulation of insurance.

A *BI* editorial last week praised state regulators both for their recognition of flaws in the current system and for their bold effort to eliminate those flaws and reinvent how they perform their job.

A more fundamental issue, however, of whether state regulation is worth saving was left untouched. . .until now.

That, I believe, is a key question that all stakeholders in the insurance industry must answer before this regulatory reinvention process moves forward. Some insurer trade groups are wrestling with that question. Others have been so hidebound in their support for state regulation that they are unlikely ever to question or change that position. And still others have been equally rigidly focused on a federal alternative to state oversight.

For my part, I must admit that years of watching state regulators and the National Assn. of Insurance Commissioners have bred in me a sense of cynicism that they can accomplish even the simplest of tasks without launching several committees, talking an issue to death and arriving at a conclusion only long after one was called for (cynicism is an occupational hazard of journalism; my workers comp claim is pending). Indeed, in its recent re-engineering initiative, the NAIC boasted of creating more than half a dozen new committees to tackle various issues.

Paul D. Winston

State regulators, their staff and the various cogs in the NAIC appear to revel in bureaucracy, rather than in the attainment of a solution or conclusion. After all the fanfare over the creation of committees and working groups, the drafting of white papers and a lengthy series of procedural votes, the actual passage of a law or regulation typically is anti-climactic. It's not hard to see why, as anything that comes out of the NAIC still must be adopted by individual states before it truly takes effect.

Therein lies the central flaw of state regulation: The inability to assure that any two states are performing the functions of insurance regulation in a consistent and uniform manner. This consistency is crucial if the regulatory process is not to unduly burden the companies it oversees. The current discordant system not only adds unnecessary costs to insurers that are passed on to buyers but also impedes the competitiveness of U.S. insurers globally.

To be more efficient and effective, many of the functions of state regulation need to be handled centrally and without deviation. I believe these could include such tasks as licensing, rate and form filing and financial reporting, to name a few.

The NAIC, to its credit, has identified these and other functions as potential tasks to be undertaken in a more consistent manner. At the end of the day, however, the NAIC is an association, not a legislative body. That leaves the task of attaining a more centralized, uniform regulatory approach in the hands of more than 50 different jurisdictions.

So what's the alternative? The federal government certainly would overcome the problem of multiple jurisdictions not acting in concert, but is that enough?

In terms of experience with the insurance industry, the feds obviously have far less exposure to the complexities of personal and commercial insurance than the states. Federal insurance programs like Medicare and the FDIC have little in common with the policies purchased by most consumers and businesses. Insurance would be as new to Uncle Sam as the challenges of regulating the Internet, and the learning curve could be painful to insurers.

What about the cost of regulation? Each state now assesses various fees and levies premium taxes to finance its regulatory role. Don't think for a minute that the federal government would not have to create a new funding mechanism other than income taxes to fund its new position as insurance regulator.

Finally, when it comes to bureaucracy, not even the NAIC can beat the federal government's excessive use of red tape, layers of administrative complexity and vast hierarchy of officials and administrators. It also is difficult to conceive of the federal government ever undertaking a process to reinvent itself and scale back the extent of regulation (despite Al Gore's assertions to the contrary), as states are proposing.

I used to think the federal government would be a better alternative to state regulation, mostly because the choice has always been limited to one or the other. Now, I'm interested in seeing what alternatives the states have to offer. It may be better than either of the previous choices.

Editor Paul D. Winston's commentary appears fortnightly. He can be reached at pwinston@crain.com.

Texas

Continued from page 1

storm a catastrophe number, which means that insured damages are not expected to exceed $25 million.

In Fort Worth, "there is damage to a large number of high-rise office buildings" in the downtown area, said a spokeswoman for Mayor Kenneth Barr. There also was substantial damage to an area west of the city where many warehouses are located.

The 36-floor office building occupied by Bank One Corp. was among the most heavily damaged.

"Eighty percent of the glass is gone," said a Bank One spokesman. The storm also ripped away the ceilings in some offices, causing sprinkler systems to activate, he said.

Bank One, which leases space on several floors, expects to be out of the facility for the several months needed to complete repairs. "We have talked to the building superintendent, and there does not appear to be structural damage," the spokesman added.

He said Bank One has a business continuity plan and is checking to see which temporary facilities can provide space. "We're sorting out the available space in the area."

Because it was a tenant and not the building's owner, Bank One's property loss is limited to damage to furniture and equipment in its offices. The spokesman said he believes insurance will pay for such damage as well as for business interruption losses and relocation expenses.

The Cash America International building in Fort Worth, where tenants include federal agencies, sustained heavy structural damage. Windows were blown out at the Tandy Center, a downtown office complex.

The downtown area was closed off the day after the storm as crews cleaned up debris from the streets and removed window glass that posed a danger of falling. The city was gradually reopening parts of the downtown area last week.

Allstate Corp. said last week it had received over 1,500 claims for damage to homes and automobiles from the Texas storms. Allstate would not provide dollar amounts for the claims.

State Farm Group last week estimated that it will receive more than 32,000 auto and homeowners claims, totaling around $101.7 million, as a result of the Texas storms.

Meanwhile, many families in Houma last week remained displaced by the storm. At least 27 families lost all their possessions and had no insurance, according to Michael Deroche, director of the Terrebonne Parish Office of Emergency Preparedness.

The heaviest commercial losses were sustained by a TG&Y Coast to Coast variety store and the Terrebonne Assn. for Retarded Citizens.

"The TG&Y was gutted from one end to the other," said Mr. Deroche. He said much of the store's inventory was sold to a salvage company.

An official with McCrory Corp., TG&Y's York, Pa.-based parent, did not return calls.

Mr. Deroche said he was told by a representative of TG&Y that damage to the store would amount to around $2 million and plans were to rebuild.

The Terrebonne Assn. for Retarded Citizens is rebuilding its facility at a cost expected to reach around $1 million, according to Valerie Wallace, executive director of the organization.

Ms. Wallace said last week that a temporary roof had been constructed for the facility's administration building, and workers were repairing a shop that produced wood and metal products on the property.

Four portable classrooms were knocked off their foundations, and a building housing pottery kilns lost part of a wall. "Two greenhouses are gone completely," she said.

"In five seconds, it was through this place," Ms. Wallace recalled. "We had about 300 people out here," and with only one injury, to a woman who fractured a leg bone, "we were very, very fortunate," she said.

Ms. Wallace said she expects the associations' property and business interruption coverage, written by Lumbermen's Mutual Casualty Co., will cover the facility's losses.

State Farm said last week it had received 85 claims from personal lines policyholders in the Houma area. Those claims, for damage to homes and automobiles, amounted to around $200,000. BI

Disability

Continued from page 1

that have voluntary plans."

Santa Cruz, Calif.-based software developer SCO Inc. was affected by the SDI rate suppression. The rate has been held at 0.5% since 1997.

"At the lower rate, it's been less than break-even," said Jack Moyer, senior vp of human resources. "The increase will allow us to maintain our benefit levels."

SCO, which has always self-insured disability benefits for its more than 500 California employees, pays more than statutory levels—about 66.7% of salary up to $10,000 per month for the first 90 days of disability. If an employee is still disabled after 90 days, he or she is covered under SCO's LTD program. Both programs are administered by Matrix Absence Management Inc. of San Jose.

As news of the rate hike spreads, administrators of voluntary plans are hoping to generate renewed interest in self-funding.

"It's definitely sparked activity," said Rick Bernstein, director of sales and marketing at Matrix. "More and more employers are asking for feasibility studies."

"We are gearing up for it. We obviously have the hope that interest will increase because of the changes," concurred Kim Doyle, disability product development leader at Standard Insurance Co. in Portland, Ore.

"Most employers have become complacent," said Deborah Kweller, division president of Integrated Care Services Inc., a voluntary plan administrator based in Torrance, Calif. "But this is an opportunity."

While broker ABD Insurance & Financial Services of Belmont, Calif., doesn't expect much voluntary plan activity this year, it is hoping for a lot of new business beginning Jan. 1, 2001, said Dave Brown, senior vp in ABD's employee benefits division.

The hike, which will take effect April 1, was needed to help fund an increase in benefits implemented Jan. 1 this year. Although the legislation that raised weekly disability benefits to $490 from $336 had increased the amount of income tapped for workers' contributions to $46,327 from $31,767, that still wasn't enough to fund the benefit increase, according to the agency that operates California's State Disability Income fund.

The state's Employment Development Department conducted an actuarial study in December and concluded that the employee contribution rate needed to be raised to at least 0.7% to keep the fund solvent.

But Gov. Gray Davis, who took office early last year, hesitated to raise the rate out of concern that it might be viewed as a tax increase.

Finally, after repeated warnings from the EDD and California's Department of Finance, Gov. Davis agreed to increase the rate beginning April 1. But because it is so late in coming, many industry observers expect another rate increase will be necessary Jan. 1, 2001.

An additional rate hike will likely make it even more attractive for employers to opt out of the state-run system and self-fund their own voluntary disability programs, said ICS' Ms. Kweller. "If your loss experience is less than that of the state pool, you're better off self-insuring," she said.

Employers can determine if it's worth making the switch with a little math, according to ABD's Mr. Brown.

Each employer should add up the premium contributions that its employees would make and subtract its actual disability claims experience from that total. "If there's a 15% to 25% surplus sitting there, then it's worth trying" to self-insure, Mr. Brown said. "In younger populations, we've seen (surplus) numbers as high as 50%."

Self-insuring also helps employers attract workers, notes Martin Grable, president of Matrix. "In today's tight employment market, employers have to look at all available means to keep and retain workers," he said. "This is one more benefit that has a return on investment."

Employers that self-insure can use any surplus funds to provide richer disability benefits, while those that participate in SDI cannot, Ms. Kweller pointed out. This can make self-insuring cost less, she added.

"Over the past 12 years, our voluntary plan clients have saved over $55 million" collectively, Mr. Grable said.

VPA's Mr. Bredehorn says his clients save an average of 30% on the SDI contribution rate.

Voluntary plans also streamline administration, Ms. Kweller noted.

"Many employers offer supplemental programs that ride on top of SDI benefits," she said. By integrating both the short-term and long-term disability programs, "you have just one claim," rather than one with the state and another with the employer.

And employees in voluntary programs usually have shorter disability times because these programs are more strictly managed, she added. For example, while the average claim under SDI is for 12.7 weeks, the average under programs administered by ICS is between 6.8 and 7.5 weeks, she said.

"The state has a non-managed environment. They pay whatever the doctor bills," agreed Mr. Bredehorn. By contrast, "we can have a dialogue with the doctors and we can do independent medical exams."

VPA clients' disability claims average 9.5 weeks, compared with the state's 12.7-week average, he said.

And voluntary plan claims usually are processed more quickly than those that must wend their way through the state bureaucracy, observers say.

"It takes three or four weeks for the state to process a claim, but it's instant with a voluntary plan," Mr. Bredehorn said.

The experience of San Jose.-based KLA-Tencor Inc. illustrates what a voluntary plan with aggressive disability management can do.

While the state claims' frequency is 65 per 1,000 employees, KLA-Tencor's is just 35 per 1,000 workers. Its claim duration averages 10.9 weeks, compared with the average of 12.7.

"The state has a hard job because it has to cover everybody—including the unemployed," said Bill Louie, global benefits manager for the company, which supplies equipment to the semiconductor industry.

"But when you self-fund, you take yourself out of the SDI pool. So employers can essentially cherry-pick. We have better demographics. Our average employee is 35 years old. So we're able to provide better benefits at the same cost," he said.

Under its voluntary plan administered by Matrix, KLA-Tencor offers disability benefits to its 2,400 California employees that pay about 66.7% of salary up to $2,308 per week or $10,000 per month for up to a year. BI

Bill

Continued from page 1

health care."

Rep. Pomeroy said that he thinks that managed care has "pulled a lot of the slack—excess utilization—out of the system" but the effectiveness of cost-control measures may have resulted in diminished quality of care in some situations.

"I ended up voting for the House bill, with some reservations, but I supported it," he said during a question-and-answer session. He also noted that he doesn't believe that supporters of the bill intended to subject employers to expanded liability through a broad reading of employer "discretion" in providing managed care plans.

Turning to another issue of interest to RIMS, Rep. Pomeroy said he does not believe medical records privacy legislation will be enacted during the current Congress. "We'll need your input as this goes forward," he said.

On another health care-related bill—one that has not been a high priority for risk managers—Rep. Pomeroy called the Quality Health-Care Coalition Act, which would grant physicians exemption from federal antitrust law in their negotiations with managed care plans, "a terrible idea."

"This total broad exemption is an overreaction," he said. He predicted that the measure would pass the House but "stall out" in the Senate. Fewer than 24 hours after Rep. Pomeroy offered his assessment, the House Judiciary Committee gave its overwhelming support to the bill and moved it on for a vote by the full House (see story, page 2).

On an issue that RIMS vehemently opposes, the Occupational Safety and Health Administration's proposal to promulgate a national ergonomics standard, Rep. Pomeroy said that while he didn't know a lot about the details of the proposal, some of its provisions dealing with workers compensation sounded "screwy." He said that while he disagreed with earlier congressional efforts to prohibit OSHA from even studying ergonomic issues, he assured his audience that "if OSHA really overreacts, there will be a legislative response." BI

Washington insiders offer tips

RIMS gets lobbying lessons

By MARK A. HOFMANN

WASHINGTON—When it comes to lobbying approaches, ignorance is not bliss for risk managers who want to get their message across on Capitol Hill.

That was one of numerous pieces of advice offered by experts—including lobbyists, congressional staffers and a congressman—to those attending the second annual "RIMS on the Hill" legislative conference held by the Risk & Insurance Management Society Inc. in Washington last week.

Risk management issues are increasingly "coming to the forefront," noted Daniel J. Conway, senior vp in Chubb Corp.'s Washington office. These issues include cyber security, e-commerce and privacy matters, he said.

The event included a day of visits to congressional offices by RIMS members. RIMS had already chosen three issues of interest to stress during the Capitol Hill visits—the Occupational Safety and Health Administration's proposed ergonomics standard, managed care reform and health care privacy.

"Know your audience," said Alex Sternhell, a top banking staffer for Sen. Christopher Dodd, D-Conn. Risk managers and others hoping to make their point shouldn't go to a lawmaker's office without knowing how the member voted on a relevant bill or how the member generally stands on an issue.

"Never walk into an office without having done your homework," said Donna K. Alexander, counsel with LeBoeuf, Lamb, Greene & McRae L.L.P. in Washington. Risk managers going to the Hill need to speak with clarity and honesty as well, she remarked.

Ms. Alexander also noted that some of the issues of interest to risk managers "will be there next year and the next year." She pointed out that she began working on financial modernization legislation in 1982—an effort that did not come to fruition until last year.

Rep. Earl Pomeroy, D-N.D., offered 'Earl's Rules' as a guide to Capitol Hill and to help risk managers present their message effectively to legislators.

Mary Beth Carozza, chief of staff for Rep. David Hobson, R-Ohio, advised her listeners to make clear why they are visiting the congressional office. "We need to hear what your bottom line is," she said. She also advised visitors to the Hill to use the meeting as an opportunity to express their thanks for something the lawmaker has done, such as co-sponsoring legislation of interest to risk managers.

Joel Wood, senior vp-government affairs for the Council of Insurance Agents & Brokers in Washington, urged his audience to stick to the three issues. He warned that "something of a poisonous atmosphere" has descended upon Capitol Hill in recent weeks. The looming elections, the narrow margin by which the Republican majority holds control and a bitter controversy over how House leaders went about choosing a House chaplain all have contributed to that situation, he said. That atmosphere could spill over into issues that shouldn't be partisan in nature, he noted.

After hearing from the congressional staff and the lobbyists who regularly deal with Congress, the attendees heard from a lawmaker, Rep. Earl Pomeroy, D-N.D., and a former president of the National Assn. of Insurance Commissioners (see story, page 1). Rep. Pomeroy offered "Earl's Rules" as a guide to understanding how the Hill works and how to present a message effectively:

- Keep it simple.
- Never underestimate congressional inertia.
- Perfection can be the enemy of the good.
- Pick your battles carefully.
- Increasing the complexity of a bill significantly decreases the chances of passage.
- Never underestimate partisanship.
- Civil war is fatal. BI

Domicile

Continued from page 2

domicile. "Certainly, this is modeled after the Vermont law," Mr. Csiszar said.

Like Vermont's law, the South Carolina legislation includes modest capitalization requirements and low premium taxes.

Single-parent captives could be formed with capital and paid-in surplus of $250,000, while association captives established as stock companies would need $750,000 in capital and paid-in surplus.

In another provision modeled after Vermont's captive statute, the South Carolina measure would permit the formation of "branch captives." Under such an arrangement, a company with an offshore captive could create a branch in South Carolina.

Specifically, the branch would be used to fund employee benefits, a risk that, under the Employee Retirement Income Security Act, cannot be insured in an offshore captive. Last year, the Department of Labor gave Union Carbide Corp. of Danbury, Conn., permission to fund group term life insurance benefits through the U.S. Virgin Islands branch of its Bermuda-based captive, Westbridge Insurance Ltd. Under the plan, the captive reinsures a portion of life insurance policies written by Metropolitan Life Insurance Co.

In addition, Columbia Energy Group of Herndon, Va., is awaiting word from the Labor Department on whether it can use a Vermont branch of its Bermuda captive, Columbia Insurance Corp. Ltd., to reinsure long-term disability policies written by Liberty Mutual Insurance Co. unit Employers Insurance of Wausau.

Under South Carolina's legislation, captive premium taxes would be identical to those in Vermont. Taxes would be 0.4% on the first $20 million of direct written premiums, 0.3% on the next $20 million, 0.2% on the next $20 million, and 0.75% on each dollar thereafter.

Reinsurance premiums would be 0.225% on the first $20 million, 0.15% on the next $20 million, 0.05% on the next $20 million, 0.025% on each dollar thereafter.

Also, as in Vermont, a dedicated unit within the insurance department would be established to regulate captives.

"We would have a knowledgeable staff dedicated exclusively to captives," Mr. Csiszar said. Other states also have attractive captive statutes, but they have not established separate regulatory units in their insurance departments for captives.

If the legislation is passed, Mr. Csiszar envisions South Carolina having a flexible regulatory climate without preconceived notions on what captives can or cannot do.

In addition to an attractive statute and regulatory system, South Carolina also offers a lower-cost operating environment, he said.

If South Carolina passes captive legislation, it would become the fifth state in the past two years to pass such a measure. Maine, New York, Rhode Island and Nevada are the most recent states to enact captive legislation. But, so far, only a handful of captives have been established in the newest domiciles. BI

Updates

Risk manager pay increases

NEW YORK—Senior risk managers' average annual salary rose to $110,000 last year, a 7% increase from 1998, a newly released study reports.

Employee benefit managers weren't as fortunate, though, according to the 2000 RIMS Compensation and Benefits Survey. Their average pay has fallen $1,000 over the past two years, to $57,000 in 1999.

The survey, produced by the New York-based Risk & Insurance Management Society Inc., offers compensation data on risk management departments in the United States and Canada. It allows organizations to compare compensation levels and benefits among risk managers, employee benefit managers, claims managers, safety managers, risk management analysts and administrative assistants.

The report found that senior risk managers, or the top risk managers in an organization, work an average of 47 hours per week and supervise 11 employees. Those top risk managers have been in their position for eight years, on average.

The average safety manager has been in his or her current position for six years and earns $62,000 per year. The average claims manager makes $57,000, having been at his or her current position for five years, according to RIMS. The average benefit manager has been in his or her present position for six years and supervises four employees. He or she works, on average, 44 hours per week.

Copies of the 2000 RIMS Compensation and Benefits Survey are available for $95 for members of the Risk & Insurance Management Society Inc. Copies are $110 for associate members and $125 for non-members. To order, contact Maria Alfaro at 212-286-9292 ext. 230; or visit the Education and Research section of RIMS' Web site, www.rims.org.

Limit, Wellington may merge

LONDON—Limit P.L.C. and Wellington Underwriting P.L.C. are in preliminary merger talks but are keeping quiet regarding the details of their discussions.

If the two were to merge, the combined entity would be Lloyd's biggest independent insurance group, with a market value of about £376 million ($598.9 million). Limit and Wellington's combined syndicates would have premium capacity of about £1.24 billion ($2.00 billion), representing roughly 10% of the Lloyd's market.

Australian insurer QBE Insurance approached Limit about a merger last year, but its offer was rejected. QBE has said that it has not been approached by Limit recently and is not involved in talks with the group.

Stephen Searby, associate director of Standard & Poor's in London, said that consolidation in the Lloyd's marketplace is inevitable. Such activity, he said, is "being driven by the requirement for Lloyd's market companies to achieve critical mass."

Michigan combines regulators

LANSING, Mich.—Michigan has consolidated its regulation of insurance, financial institutions and securities into a new office that will begin operating April 3.

The Office of Financial and Insurance Services was authorized earlier this year, when Gov. John Engler signed an executive order merging the Michigan Insurance Bureau, the state's Financial Institutions Bureau and the Securities Division of the Corporation, Securities and Land Development Bureau. The new office, known as OFIS, will operate within the state's Department of Consumer and Industry Services.

"We are the first state, in the wake of Gramm-Leach-Bliley (the federal financial modernization act), to go to a new organizational structure," said Commissioner of Insurance Frank M. Fitzgerald. Mr. Fitzgerald will serve as the first OFIS commissioner, following a four-year appointment by the governor earlier this year.

"By combining these agencies into one office, we will be able to improve service and protection for consumers, while allowing Michigan companies to effectively compete in the national and international marketplace," he said. "Working together, we know that we will not only continue to regulate these areas effectively, we will also be able to use resources more efficiently, streamline processes and better serve both the industries we regulate and the public at large," Mr. Fitzgerald said.

The consolidation of state regulatory units is not expected to affect the number of staff members needed to oversee the marketplace, Mr. Fitzgerald said.

Briefly noted

Standard & Poor's Corp. has lowered its financial strength rating of **Markel Corp.** units to A from A+ following the completion of Markel's purchase of Terra Nova (Bermuda) Insurance Co. Ltd. and its affiliates. The downgrade reflects Markel's reduced capital and increased financial leverage, S&P said. . . .**The Hartford Financial Services Group Inc.** has offered to buy the outstanding shares of Hartford Life Inc. for $1.14 billion. The Hartford already owns 81.5% of Hartford Life. . . .Gregory E. Murphy, chief executive officer and president of **Selective Insurance Group Inc.**, has been named to the additional position of chairman of the insurer. He succeeds James W. Entringer, who is retiring. . . .Dale Crandall has been named president of **Kaiser Foundation Health Plan Inc.** and Kaiser Foundation Hospitals Inc. Mr. Crandall was previously chief financial and administrative officer of Kaiser. . . .Standard & Poor's Corp. has affirmed its AAA insurer financial strength rating of **Swiss Reinsurance Co.** but revised the outlook to negative from stable. S&P cited weakened underwriting performance and uncertainty of Swiss Re's return to historical underwriting levels.

FTR FOR THE RECORD

Excerpts from *BI*'s Daily Online Updates , March 27-31, 2000

LINCOLN NATIONAL ENDS DISPUTES Lincoln National Corp. has settled disputes with several reinsurers over workers compensation carve-out business it assumed through an ill-fated Unicover Managers Inc. facility. The deal, terms of which Lincoln National would not disclose, settles disputes between Lincoln National and Reliance Insurance Co., which ceded the business; and between Lincoln National and its retrocessionaires. The underlying workers comp business, for which Reliance acted as a fronting reinsurer, was written by Fremont Compensation Insurance Group and Bridgefield Employers Insurance Co.

PHOTO: SEA LAUNCH

SATELLITE LOSS PROBED A software error on the ground was the likely cause of the explosion that destroyed a satellite insured for $235 million last month, according to aerospace consortium Sea Launch. Sea Launch, which conducted the launch, said preliminary investigations indicate that the software error impeded a valve from closing in the rocket's second-stage pneumatic system. The resultant drop in pressure triggered the automatic flight termination system, a Sea Launch statement said. The Ukrainian-built Zenit 3 SL rocket was carrying a telecommunications satellite owned by London-based ICO Global Communications. The lead insurer on the satellite was Lloyd's of London's Marham Space Consortium.

PHOTO:NEWSMAKERS

BUS, TRAIN COLLIDE Three children were killed and at least three individuals, including two children, sustained critical injuries after an early morning collision last week between a Murray County, Ga., school bus and a CSX Transportation Inc. train. A spokeswoman for the Tennessee Department of Safety said that the school bus was picking up students of Northwest Elementary School, north of Chatsworth, Ga. The 34-year-old driver had only seven children on board when the accident occurred at about 7 a.m. on March 28, according to the spokeswoman. A CSX spokeswoman confirmed that the company is insured for any liability stemming from the accident, although she declined to provide details on the coverage.

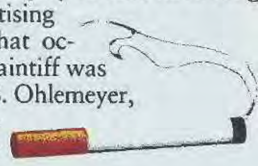
HOSPITALS SUE BIG TOBACCO Joining the battle against tobacco companies, 145 New York hospitals have filed a suit in state court in Mineola, seeking $3.4 billion to recoup the costs of treating patients with tobacco-related illnesses.

The suit charges that the tobacco industry and their research and advertising agencies engaged in a coordinated effort to sell cigarettes, despite knowing that smoking causes illnesses. The hospitals claim they have suffered substantial losses in treating the tobacco-related illnesses of the uninsured and of Medicaid and Medicare patients, in cases in which the hospitals were not fully reimbursed for their care. Under New York law, hospitals are required to provide emergency and other care, regardless of a patient's ability to pay.

WISCONSIN BLUES Blue Cross & Blue Shield United of Wisconsin will convert to a for-profit insurance corporation after the Wisconsin insurance commissioner gave approval last week for the transaction. Under terms of the proposal, the Milwaukee-based Blues will transfer 100% of the new company's equity value to a new foundation designed to promote public health. Over time, the foundation will sell its equity stake in the for-profit Blues to the University of Wisconsin Medical School and the Medical College of Wisconsin for medical research and education, according to Insurance Commissioner Connie L. O'Connell. A value has not yet been determined for the health plan.

MEAT RECALL Sara Lee Corp. unit Ball Park Brands has announced a 15-state voluntary recall of 34,500 pounds of Ball Park franks and beef franks feared to contain the potentially deadly bacteria listeria monocytogenes. No related illnesses have been reported to date, according to a statement issued by the Chicago-based company. Greg Sykes, president and chief executive officer of Ball Park Brands, said the company is working closely with the U.S. Department of Agriculture "to take the most responsible actions that best serve the interests of our consumers." The company has said that the recall is not related to a December 1998 recall of 15 million pounds of meat products. Insurance coverage information was not immediately available.

TOBACCO AWARD Tobacco companies Philip Morris Cos. and R.J. Reynolds Tobacco Co. will appeal a $20 million San Francisco jury award to a dying smoker and her husband. A 12-member San Francisco Superior Court jury last week ordered the two companies to pay $10 million each in punitive damages to Leslie Whiteley, a California woman who developed lung cancer after smoking for 25 years. Because the verdict marks the first time cigarette makers have been held responsible for the health of a person who started smoking after the surgeon general began requiring warning labels on cigarette packages in 1965, the companies say they should not be held liable. The trial judge allowed the jury to base its finding of liability on advertising and other events that occurred before the plaintiff was born, said William S. Ohlemeyer, vp and associate general counsel for Philip Morris, in a statement announcing the company's intent to appeal. As a result, the companies will argue in their appeal that the jury's verdict resulted from the court's decision to allow consideration of novel legal theories not supported by the facts, Mr. Ohlemeyer said. Insurance coverage information was not immediately available, although California public policy prohibits insuring punitive damage awards.



INFORMATION IN BRIEF Bermuda-based **American Safety Insurance Group Ltd.** has purchased Oklahoma-based excess and surplus lines insurer **Trafalgar Insurance Co.** for $16.3 million. ASIG writes insurance and reinsurance for specialty risks, including environmental liability and employee leasing. . . .Mary Hennessy has been appointed chief executive officer of Bermuda-based reinsurer **Overseas Partners Ltd.** She will succeed Scott Davis, who will remain on OPL's board of directors. Ms. Hennessy previously was OPL's president and chief operating officer. . . .The National Committee for Quality Assurance has granted full three-year accreditation to the Western Region operations of **PacifiCare Behavioral Health,** a unit of PacifiCare Health Systems. . . .Gerling Group has opened a credit insurance agency in Chicago to serve North American clients. **Gerling Credit Insurance Agency Inc.** is intended to broaden the insurer's presence in North America. . . .Pittsburgh-based insurance broker HDH Group Inc. has helped form a **bank-owned group captive** domiciled in the Cayman Islands. The captive, PennBanks, is owned by eight Pennsylvania banks. Initially, it will write credit life and credit disability coverage and plans to add other lines in the future. BI

Find daily coverage on Corporate Risk, Employee Benefit and Managed Health Care News at www.businessinsurance.com

BI Industry Stock Report MARCH 27, 2000, THROUGH MARCH 31, 2000

BROKERS

		Price	Weekly % change	Year to date % change	Year to date High	Low	Vol.(000)
Aon Corp.	NYS	32.25	5.31	-19.38	46.66	20.69	8881
Clark Bardes Holdings	NDQ	14.25	-5.00	-0.87	21.00	11.63	59
E.W. Blanch Holdings Inc.	NYS	20.00	3.23	-67.35	71.75	18.31	2316
Gallagher Arthur J. & Co.	NYS	32.50	6.56	0.39	33.13	22.56	1562
Hilb, Rogal & Hamilton	NYS	27.31	0.46	-3.32	29.13	15.56	98
Kaye Group Inc.	NDQ	6.56	-0.94	-21.64	11.88	5.00	6
Marsh & McLennan	NYS	110.31	14.91	15.28	110.31	61.75	7299
Brown & Brown	NYS	38.69	-0.80	0.98	40.63	29.31	129
BROKERS	AVERAGE		3.90	-12.61			

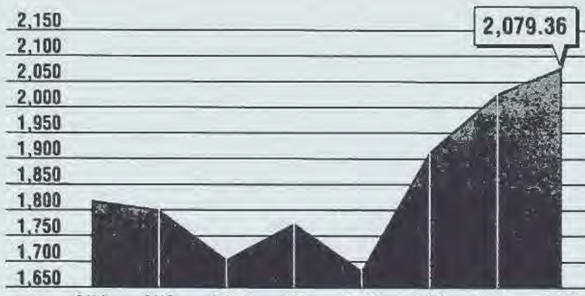
INSURERS/REINSURERS

		Price	Weekly % change	Year to date % change	Year to date High	Low	Vol.(000)
ACE Ltd.	NYS	22.88	20.39	37.08	35.25	14.06	7937
Accel International Corp	NDQ	0.88	0.00	-12.50	2.88	0.50	3
Acceptance Insurance Cos.	NYS	5.44	-4.40	-5.43	17.06	2.75	414
AEGON N.V.	NYS	80.50	1.58	-15.71	104.00	63.00	652
Aetna Life & Casualty	NYS	55.69	-2.30	-0.22	99.88	38.50	5371
AFLAC Inc.	NYS	45.56	-0.82	-3.44	56.75	33.56	4040
Allmerica Financial Corp	NYS	51.00	4.62	-8.31	64.81	35.06	1202
Allstate Corp.	NYS	23.81	3.53	-1.04	40.75	17.19	20482
Ambac Financial Group	NYS	50.38	-3.93	-3.47	63.00	38.88	2286
American Financial Group	NYS	28.63	19.58	8.53	38.38	18.38	856
American General	NYS	56.13	-3.65	-26.03	82.19	45.63	4021
American Intl Group	NYS	109.50	1.74	1.27	114.50	78.56	19370
American Safety Insurance	NYS	5.75	2.22	-11.54	10.00	5.50	73
Argonaut Group	NDQ	20.06	0.63	0.94	27.94	16.88	385
AXA-UAP Group	NYS	71.69	0.97	0.97	73.63	53.75	388
Baldwin & Lyons Inc.	NDQ	19.38	9.15	-12.43	24.05	16.25	61
Berkley W.R. Corp.	NDQ	23.06	30.39	10.48	29.13	14.00	1426
Berkshire Hathaway Inc.	NYS	57200.00	4.38	1.96	78600.00	40800.00	3
Capitol Transamerica Corp.	NAS	12.13	1.57	20.50	16.00	9.38	68
Chubb Corp.	NYS	67.56	13.19	19.98	76.38	43.25	7789
CIGNA Corp.	NYS	75.75	-0.66	-5.97	98.63	60.75	5183
Cincinnati Financial Corp.	NYS	37.63	10.66	18.04	42.50	26.19	1869
Citigroup	NYS	59.31	-2.06	6.51	62.38	38.30	51113
CNA Financial Corp.	NYS	32.31	3.19	-17.01	45.31	24.56	647
CNA Surety	NYS	13.94	0.00	7.21	15.56	9.75	274
EMC Insurance Group Inc.	NDQ	7.75	-8.82	-15.07	13.38	7.63	65
ESG Re Limited	NDQ	4.00	-5.88	-42.34	20.06	3.19	377
Enhance Financial Services	NYS	14.13	-5.04	-13.08	24.75	10.75	943
Everest Reinsurance	NYS	32.63	11.54	46.22	35.88	20.50	1526
Fremont General Corp.	NYS	6.38	-6.42	-13.56	21.75	4.69	1380
Frontier Insurance Group	NYS	1.00	-33.33	-70.91	17.25	0.88	2801
Gainsco Inc.	NYS	5.94	-2.06	10.47	6.94	3.94	136
Harleysville Group	NDQ	14.50	13.17	1.75	21.38	11.63	250
HSB Group Inc.	NYS	28.94	11.57	-14.42	42.25	21.50	843
HCC Insurance Holdings	NYS	13.25	-4.50	0.47	25.13	8.00	353
ING Groep N.V.	NYS	55.00	-0.23	-9.84	63.94	46.81	548
IPC Holdings Ltd.	NDQ	12.00	-10.28	-19.33	22.50	9.75	457
Hartford Financial Services	NYS	52.75	22.14	11.35	66.44	29.38	7333
LaSalle Re Holdings Ltd.	NYS	13.88	0.91	-15.91	19.88	10.88	112
Lincoln National	NYS	33.50	4.48	-16.25	57.50	22.63	5745
MAIC Holdings Inc.	NYS	19.06	-4.69	-10.03	29.05	16.63	178
Markel Corp.	NYS	145.50	10.44	-6.13	193.00	111.50	105
MBIA Insurance Group	NYS	52.06	3.74	-1.42	71.88	36.31	2157
Meadowbrook Insur. Group	NYS	5.00	-17.53	-23.81	17.13	4.75	118
MMI Cos. Inc.	NYS	9.88	0.64	14.49	17.44	3.31	262
Mutual Risk Mgmt. Ltd.	NYS	20.00	27.49	18.96	43.25	9.81	1398
Navigators Group	NDQ	10.19	1.88	4.49	16.00	8.75	71
NYMagic Inc.	NYS	13.69	10.61	3.79	19.50	12.00	132
Ohio Casualty Corp.	NDQ	17.88	28.25	11.28	21.00	10.75	2017
Old Republic Int'l	NYS	13.75	10.00	0.92	20.69	10.63	3460
Partner Re Ltd.	NYS	36.81	5.94	13.49	43.63	28.38	625
Penn-America Group Inc.	NYS	7.13	-17.39	-8.06	11.44	6.63	183
PMA Capital Corporation	NDQ	17.50	-1.41	-11.95	21.13	16.00	52
Philadelphia Cons. Holding	NDQ	14.75	0.00	1.72	25.50	10.81	149
PXRE Corp.	NYS	17.00	19.30	30.77	21.88	9.94	93
Reliance Group Holdings	NYS	3.50	-1.75	-47.17	10.88	2.81	2831
ReliaStar Financial Corp.	NYS	33.88	3.83	-13.56	49.81	23.75	2262
RenaissanceRe Holdings Ltd.	NYS	40.88	7.92	0.00	43.19	30.00	286
Risk Capital Holdings	NDQ	16.38	5.65	29.70	22.00	11.00	207
RLI Corp.	NYS	33.50	4.48	-1.47	38.81	26.25	64
St. Paul Cos.	NYS	34.13	15.68	1.30	37.06	21.31	7914
SCOR	NYS	47.25	-1.31	6.78	58.56	40.00	10
SAFECO Corp.	NDQ	26.56	8.97	6.78	46.75	18.00	7608
SCPIE Holdings Inc.	NYS	30.63	1.03	-4.67	36.94	23.69	NA
Seibels Bruce Group	NDQ	1.56	-15.25	-10.71	6.25	1.47	162
Selective Ins. Group	NDQ	17.06	3.41	-0.73	22.50	14.63	267
Terra Nova Ins Co. Ltd.	NYS	22.75	0.00	-24.17	32.63	20.31	162
Tokio Marine & Fire	NDQ	52.44	5.93	-11.31	67.00	45.00	214
Torchmark Corp.	NYS	23.13	-3.14	-20.43	38.00	18.75	2609
Transatlantic Holdings	NYS	85.50	7.46	9.53	85.50	68.75	118
Travelers Property Casualty	NYS	41.25	0.30	20.44	41.88	27.69	5262
Trenwick Group Inc.	NYS	14.13	-2.59	-16.61	32.00	12.00	187
Unico American Corp.	NDQ	4.75	-17.39	-32.14	11.13	4.75	159
United Fire & Casualty	NDQ	19.25	1.32	-14.92	30.50	17.38	30
Unitrin	NDQ	39.75	3.25	5.65	42.38	30.50	1322
UNUM Corp.	NYS	16.94	19.91	-47.17	56.88	11.94	14309
Vesta Insurance Co.	NYS	6.25	4.17	61.29	7.88	3.38	297
XL Capital Ltd.	NYS	55.38	11.03	6.75	67.19	39.00	3162
Zenith National Ins.	NYS	22.19	8.56	7.58	26.69	18.75	111
INSURERS/REINSURERS	AVERAGE		3.03	-2.52			

HEALTH MAINTENANCE ORGANIZATIONS

		Price	Weekly % change	Year to date %change	Year to date High	Low	Vol.(000)
Foundation Health Systems Inc.	NYS	8.00	0.79	-19.50	20.06	6.25	3304
Humana Inc.	NYS	7.31	0.00	-10.69	19.50	5.88	2294
Oxford Health Plans	NDQ	15.25	4.72	20.20	24.25	9.75	5865
Pacificare Health Sys.	NDQ	49.88	4.45	-5.90	98.13	31.13	2479
Sierra Health Services	NYS	4.94	-2.47	-26.17	16.25	4.31	705
United HealthGroup	NYS	59.63	3.81	12.24	70.00	39.38	3612
Wellpoint Health Networks	NYS	69.88	7.92	5.97	97.00	48.25	1781
HMOs	AVERAGE		2.74	-3.41			
ALL COMPANIES	AVERAGE		3.22	-6.18			

BI Index



Base=100 on Dec. 29, 1978

Top advancing issues: W.R. Berkley Corp., Ohio Casualty Corp., Mutual Risk Management Ltd. Leading decliners: Frontier Insurance Group, Meadowbrook Insurance Group, Penn-America Group Inc. Most active issue: Citigroup. The *BI* Index gained 2.5%; the Dow Jones 30 Industrials decreased 1.7%; the S&P 500 went down 1.9%, and the NYSE Composite fell 0.7%. Average P/E: Brokers, 19.1; Insurers/reinsurers, 19.0; HMOs, 10.8.

Source: *CNET Investor* (investor.cnet.com) Boulder, Colo.

I know how to keep the swelling down.

Holly Gustafson LIBERTY MUTUAL IDM TEAM MANAGER

BUSINESS AUTO HOME LIFE

" When an employee is disabled on or off the job, everyone suffers. But that doesn't mean your bottom line has to. With Liberty*One*[SM], I keep disability costs from swelling. Fact is, direct and indirect disability costs can take up to 14% of a company's payroll. That's why we created Liberty*One*, an integrated disability management solution designed to save you money. By utilizing cross-trained specialists, consistent return-to-work practices and integrated outcomes reporting, Liberty*One* saves our customers an average of 15% on their disability costs. Why suffer over the swelling costs of disability insurance? Simply skip the aspirin and call me in the morning. "

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INSURANCE *in* ACTION *Form a cross-functional task force to evaluate whether an IDM program is right for your company. Call our Integrated Disability Management Team at 888-322-4IDM.*

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