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update

Work comp insurers to post record loss in '85, NCCI says

BOCA RATON, Fla.—Workers compensation insurers nationwide are expected to report an estimated pretax operating loss of $1.2 billion in 1985—one of the worst results in history—according to the National Council on Compensation Insurance.

And, the disastrous losses will continue until significant overall rate increases are obtained in many states, according to information released by

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Packing for RIMS?

You'll certainly be prepared for the Risk & Insurance Management Society conference no matter what the weather if you remember to take along a copy of this issue of *Business Insurance*. Pages T1-T13 comprise a special "take out" section that contains valuable information about Toronto—the city in which the April 13-18 RIMS conference will be held. Also included are updated lists of speakers and exhibitors. Let *BI* be your RIMS conference guide.

Manville creditors' group files alternative reorganization plan

By STEPHEN TARNOFF

NEW YORK—The committee of unsecured creditors in the Manville Corp. reorganization proceedings has proposed its own reorganization plan as an alternative to the plan Manville filed in February.

Like the Manville plan, the more than 350-page document filed March 19 in U.S. Bankruptcy Court in New York includes creation of a $2.5 billion trust fund to pay "in full" present and future victims of asbestos-related diseases, the committee said in a prepared statement.

It also provides "improved payments" for general creditors and "enhanced recovery" for preferred and common shareholders, according to the committee.

However, the plan differs from the Manville document in significant ways and has drawn criticism from some quarters.

Late last week, various creditor groups were meeting, raising the possibility that a compromise was in the works or that the plan could be withdrawn.

"There are extensive negotiations going on," said Dennis Markusson, Manville's assistant corporation counsel. "But there are still significant differences between the position of the creditors' committee, the company and other interested parties."

"All I can say is that the plan remains on file and no one has petitioned the court for it to be withdrawn or declared a nullity," said an attorney for the unsecured creditors' committee.

'We filed the plan because we found the Manville plan unacceptable,' says an attorney for the creditors' committee.

"We filed the plan because we found the Manville plan unacceptable and felt there should be an alternative. If it is necessary we will push the plan, and if we can compromise we will be willing to do that as well."

Manville's commercial creditors and shareholder committees strongly opposed the Manville reorganization plan when the company presented it in bankruptcy court on Feb. 14 (*BI*, Feb. 24).

That plan provides for a $2.5 billion trust fund for bodily injury claimants funded by more than $800 million in cash, receivables, and insurance; a $1.65 billion bond; and Manville common stock equaling 50% of the company's outstanding shares, plus preferred stock that could be converted to the equivalent of an additional 30% of the company's common shares if needed to pay claims.

In addition, beginning in the fourth year, the plan provides for Manville contributions of 20% of annual net profits, to the extent funding needs are not met by payments under the bond or other payments.

The Manville plan also creates a trust fund for payment of asbestos property damage claims, providing $125 million in cash as well as insurance proceeds and net profits not used to settle asbestos bodily injury claims.

And, one condition of the Manville plan calls for the bankruptcy court to enjoin future lawsuits to collect or recover any claims against Manville, including bodily injury or property claims.

The 17 commercial creditors, primarily banks and manufacturers, objected that the Manville plan did not provide them with the approximately $450 million in principal they are owed, plus about $200 million in interest.

They also questioned the plan's proposed settlement of property damage claims.

Shareholders, meanwhile, have contended that the Manville plan would unfairly dilute the value of their shares.

The plan submitted by the creditors' committee provides principal to the commercial creditors—one-half in cash upon consumation of the plan, and the other half in a note four years later.

In addition, it provides for various scenarios under which interest would be paid from the time of Manville's bankruptcy filing in August 1982. These scenarios would

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Constellation attempts to correct surplus deficit

By JUDY GREENWALD

NEW YORK—Constellation Reinsurance Co., which two years ago anked in the top 20 U.S. reinsurers in terms of net premiums written, is vorking with the New York Insurance Department to correct a $29.2 million deficit in its policyholder surplus at year-end 1985.

An Insurance Department spokesman says the company, which has not vritten any new or renewal business since last year, has submitted plans to orrect the deficit. While the department has not given its approval to iese plans, "we're moving in a positive direction," he said.

"Conversations will continue, and if the company develops a plan that ie,ts our requirements and we're satisfied the condition is being corected, the company will go ahead," said the spokesman.

The spokesman would not present any details concerning Constellation's lan. James G. Smith, Constellation's president and chief executive officer, id not return phone calls. Officials at Southern Pacific Co., Constellation's arent, could not be reached.

According to the company's 1985 convention statement, Constellation Re eported $147.6 million in assets and $176.8 million in liabilities, leaving it vith a $29.2 million negative surplus.

That deficit is mainly attributable to a $65.4 million underwriting loss or 1985, which was only partially offset by $9.2 million in investment ncome. After a $4.2 million adjustment for taxes, this left the company

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Weavers' move affects U.S. risks

By STACY SHAPIRO

LONDON—North American businesses that are not currently buying excess liability insurance in the London market probably will not be able to find capacity in London for at least three months.

Mr. Wilson

H.S. Weavers (Underwriting) Agencies Ltd., one of the two major underwriters of North American excess liability risks in London, late last month stopped writing new American casualty business until July 1 to concentrate on renewal business.

However, some London brokers say the moratorium may last until the end of the year.

The other major underwriter of North American excess liability business, Lloyd's of London underwriter Robin A. Jackson of Merrett Syndicates Ltd., says he doubts he can satisfy the added demand for capacity that Weavers' decision will create.

"I don't see anybody picking up the slack," Mr. Jackson said. "We are going slow ourselves" when writing North American casualty business, he said. "We may slow down even further."

Both Weavers and Merrett say they will continue to write coverage for existing clients whose policies renew this year.

"We have only a certain number of underwriters to write business and a certain amount of capital we underwrite for and we must stay within that capital base," said Peter Wilson, Weavers' managing director. "And we must serve our existing clients."

"Our priority is our existing clientele," Mr. Jackson added.

However, Weavers' decision to stop writing new North American casualty business will have a major effect on U.S. businesses that cannot find liability coverage in the domestic market. Many of these companies have been forced to look to London for coverage.

"I think a lot of people will find it difficult to get terms from London," said a Lloyd's of London casualty broker. "It sounds very grim. Those coming up to renewals on July 1 in the domestic market—if they cannot get terms in the U.S.—may not be able

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Frank B. Hall posts $190.5 million loss for 1985
Page 2

Jewel still has $65 million in cover for salmonella claims
Page 3

Aviation underwriters facing two major losses
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update

Comp insurers face record loss

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the NCCI at its annual meeting last week in Boca Raton.

Maine tops the NCCI's list of states where it considers rates to be "highly inadequate." Other states cited by the NCCI are Louisiana, Montana, New Mexico, Oklahoma and Rhode Island.

Workers compensation insurers nationwide paid out $1.22 in claims, expenses and dividends to policyholders for every $1 collected in premium in 1985, said the NCCI, the New York-based ratemaking and research organization.

During 1985, employers paid about $20 billion in workers compensation premiums, almost one-seventh of all property/casualty premiums paid during the year.

NCCI also is predicting there will be no return to profitability for workers compensation insurers in 1986, and that an adequate level of profitability will not be reached until at least 1988.

ODECO's 1985 results qualified

HAMILTON, Bermuda—Accountants for Ocean Drilling & Exploration Co., the New Orleans-based parent of Mentor Insurance Ltd., have qualified ODECO's 1985 results because of uncertainties arising out of the collapse of Mentor and litigation against ODECO filed by Mentor's liquidators (*BI*, March 24).

The qualification also carries through to the annual statement of Murphy Oil Co., which owns 59.5% of ODECO.

But, ODECO, responding publicly for the first time to the litigation, which would force it to cover the estimated $500 million Mentor insolvency, has pledged to defend itself vigorously while continuing discussions with the creditors committee and liquidators to find a plan for the orderly and voluntary liquidation of Mentor.

In the meantime, contending that the ultimate liability, if any, of Mentor's liquidation and the litigation cannot be reasonably estimated, ODECO is not making any provision for loss.

The qualifications of ODECO's and Murphy Oil's results were made by accounting firm Peat Marwick Mitchell & Co.—the firm that uncovered the existence of secret side letters to reinsurance contracts alleged by the liquidators to have been used in a scheme to defraud Mentor policyholders and creditors.

ODECO's 1985 report shows group profits tumbled to $33.7 million from $82.5 million in 1984.Total revenues fell by $136 million to $648.4 million.

Mentor's net premiums earned from underwriting risks of ODECO were $3.3 million in 1984 and $3.8 million in 1983. Related losses were $1.1 million in 1984 and $3.6 million in 1983.

Bendectin award is reinstated

WASHINGTON—A decision by the District of Columbia Court of Appeals that reinstated a $750,000 award to a teen-ager born with a deformed arm marks the first time Merrell Dow Pharmaceuticals Inc. has been ordered to make a claim payment in connection with the controversial anti-nausea drug Bendectin.

The drug was manufactured by Merrell Dow until 1983 and was used by pregnant women to prevent morning sickness.

Merrell Dow likely will ask for another hearing in an attempt to overturn the decision, said an attorney close to the case. The orginial verdict was handed down in 1983.

Prior to the March 25 decision, Merrell Dow had successfully defended itself on four other occasions against charges Bendectin caused birth defects, including one trial in Cincinnati that consolidated the cases of more than 700 families (*BI*, March 18, 1985).

Carbide appealing record fines

DANBURY, Conn.—Union Carbide Corp. is appealing $1.38 million in fines proposed last week by the Occupational Safety and Health Administration for 221 alleged safety and health violations at the company's chemical plant in Institute, W. Va.

The fines are part of a first-phase report of a "wall to wall" inspection of the plant following a gas leak last August that hospitalized 134 people and prompted at least two suits (*BI*, Aug. 26, 1985).

Labor Secretary William E. Brock said the fines, the largest ever proposed by OSHA, are "a necessary and appropriate response to a situation characterized by complacency and what we believe to be a willfull disregard for health and safety."

An OSHA spokesman said the plant's safety management system is deficient because supervisors are not accountable for safety, record-keeping is improper and there is inadequate training and recognition of or prompt correction of hazards. One of eight "willful" violations was asking employees to detect the presence of toxic phosgene gas by sniffing the air after alarms indicated a leak.

Union Carbide President Robert D. Kennedy responded that the allegation of complacency is "an outrageous misrepresentation" and that OSHA has "grossly distorted" safety conditions and attitudes. "Most of the alleged violations involved paper work and not chemi-

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Frank B. Hall reports big loss for fourth quarter, entire year

By LINDA J. COLLINS

BRIARCLIFF MANOR, N.Y.—Frank B. Hall & Co. Inc.'s fourth-quarter and year-end results not only reflect large losses on discontinued operations but also that the brokerage may be losing business to its competitors, securities analysts say.

Hall last week reported a year-end net loss of $190.5 million, compared with a $14.5 million loss in 1984. The 1985 net loss was created by $200.1 million in losses on discontinued operations against $9.6 million in income from continuing operations.

In the fourth quarter, Hall reported a $87.4 million net loss, compared with a $712,000 net loss in the fourth quarter of 1984. The 1985 loss included a $1.4 million loss from continuing operations and a $86 million loss related to discontinued operations.

Besides releasing its results, Hall also announced last week that its auditor, Touche Ross & Co., has qualified Hall's 1985 financial statements because of potential future losses at Global Surplus Insurance Services Inc., a managing general agency subsidiary and one of the discontinued operations.

In addition, Hall announced that Reliance Insurance Co. had invested an additional $85 million in Hall by purchasing 2.2 million shares of Hall common stock, 500,000 shares of exchangeable preferred stock and warrants to buy an additional four million common shares at $19 each.

Hall stock was trading at about $21 a share last week.

Analysts last week said Hall's lackluster results, particularly its revenue growth, could show erosion in its market share.

Hall's revenues increased 12.2% in 1985 to $417.4 million from $371.9 million. Revenues in the fourth quarter increased 12.9% to $106.5 million from $94.3 million in the last quarter of 1984.

"Hall's continuing operations results were very poor in the fourth quarter, and their expenses are still running ahead at a rapid pace," noted Thomas G. Rosencrants, director of research and general partner with Conning & Co. in Hartford, Conn. "Revenue growth is considerably slower than the other brokers."

For instance, Marsh & McLennan Cos. Inc. reported a 23% increase in 1985 revenues, Corroon & Black Corp. reported a 29% increase and Alexander & Alexander Services Inc. announced a 15.9% jump.

"The only conclusion one could draw from the reported revenue figures is that they are losing business to their competitors," Mr. Rosencrants added.

He also noted that Hall's revenues, which include revenues from its British subsidiary Leslie & Godwin (Holdings) P.L.C., were somewhat inflated by the strength of the British pound in the fourth quarter of 1985 compared with the fourth quarter of 1984. "Because of this, there was somewhat less growth than the reported numbers indicate," Mr. Rosencrants said.

John E. Keefe, a securities analyst with Drexel Burnham Lambert Inc. in New York, said, "Considering there is now such a strong premium flow, many brokers are making a third of their income on the flow alone. Hall's revenues were up only 12%, which is less than half of what the other brokers are showing."

Hall "is obviously losing some business to their competitors," Mr. Keefe concluded.

However, John Addeo, Hall's senior vp-finance, discounted these suggestions. "We haven't seen any major erosion of our client base," he stressed.

While Hall had previously disclosed that it would report losses from discontinued operations in the fourth quarter, Hall's $1.4 million fourth-quarter operating loss surprised analysts.

Mr. Addeo said that this loss was "primarily due to the fact that one of our Midwest subsidiaries acts as a manager for a mutual insurance company. That insurer has recorded a substantial increase in its underwriting reserves."

Since Hall is "compensated based on the profits of the mutual," Mr. Addeo said that Hall suffered a $4.5 mil-

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Hikido joins *BI*'s Chicago ad sales staff

CHICAGO—Margaret Hikido has joined *Business Insurance*'s advertising sales staff in Chicago as a district representative.

Ms. Hikido will be responsible for the classified and insurance services guide sales and some display advertising sales.

Ms. Hikido

Ms. Hikido, a 1985 graduate of Northern Illinois University in DeKalb, was most recently a telecommunicator with The Signature Group, an insurance affiliate of Montgomery Ward & Co. Inc. in Chicago. She also has served as a sales representative for WKDI radio in DeKalb and as a campus marketing representative for the Assn. of MBA Executives Inc.

Ms. Hikido can be reached at 312-649-5340. ■

AT&T adds 401(k) plan, utilization review program

By DONNA DiBLASE

NEW YORK—AT&T has connected a new 401(k) feature to its savings plan for salaried management employees, in addition to linking a utilization review program to its indemnity plan for those employees.

"We thought long and hard over the past couple of years before going to 401(k)," said Warren Billings, director of benefit planning and administration for the telephone utility. He said 115,000 employees are eligible to participate in the plan, which went into effect April 1.

With the 401(k) feature, employees can contribute up to 10% of their pre-tax salary to the company's already existing Savings Plan for Salaried Employees, said Mr. Billings.

Under the old plan, employees could contribute up to 16% of their post-tax salary, and AT&T would match employee contributions at a rate of two-thirds of the first 6% saved.

Under the new plan, combined pre-tax and post-tax contributions cannot exceed 16%, Mr. Billings said. The company would still match the first 6% at a rate of 66⅔%.

Employees also have a choice of four investment allocations for the salary savings: AT&T stock, government obligations, a diversified equity portfolio and a guaranteed interest fund, he said. Employees can either put all the savings in one fund or spread the money among any combination of the four.

"There are two reasons why it took so long to reach a decision about offering the pre-tax option," he said.

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CU units reach accord with Florida

By CAROL CAIN

TALLAHASSEE, Fla.—Four underwriting subsidiaries of Boston-based Commercial Union Insurance Cos. are no longer facing the threat of having their licenses revoked in Florida.

Under a settlement last month with the Florida Insurance Department and the Florida Department of Labor and Employment Security, CU agreed to pay a $15,000 fine and implement new procedures to ensure timely payment of workers compensation claims.

Commercial Union Insurance Cos. are part of the Commercial Union Group, a subsidiary of London-based Commercial Union Assurance Co. P.L.C. Its four subsidiaries—Commercial Union Insurance Co., American Employers' Insurance Co., Northern Assurance Co. of America and Employers' Fire Insurance Co.—were notified in June by Florida Insurance Commissioner Bill Gunter that their licenses to write workers compensation insurance would be revoked or suspended because of delays in paying claims (*BI*, Aug. 5 1985).

Florida law says work comp benefits must begi within 14 days after employers know of an injury, sai David Yon, an attorney with the Insurance Depart ment. Florida's workers compensation program, whic is administered by a division of the Department o Labor, requires insurers to comply with the law at leas 85% of the time, he said.

However, the four CU insurers made late payment more than 15% of the time, according to informatio from the Department of Labor filed with the Insuranc Department last year.

According to Mr. Yon, CU maintains that, often, pay ments were made later than the 14-day deadline be cause the insurer did not receive information from th employer.

CU has indicated it would send letters to employer requesting information about injuries in a more timel

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Reagan OKs plan to draft tort bill

By STEVE TARAVELLA

WASHINGTON—Administration officials are drafting a new federal product liability reform bill based on recommendations in a federal report after receiving the go-ahead from President Reagan last week.

The legislation, which is being closely watched by manufacturers, insurers and other business groups, is being prepared by the administration's Tort Policy Working Group, the same group that recently presented the president with eight tort reform recommendations.

Those recommendations include restrictions on the application of the joint and several liability doctrine and limits on contingent fees for plaintiffs' attorneys (*BI*, March 17).

The recommendations are "going to be the foundation for what we'll be doing," says Robert L. Willmore, a deputy assistant U.S. attorney general.

Mr. Willmore would not specify which of the report's recommendations would be included in the legislation.

Les Cheek, vp-federal affairs for Crum & Forster in Washington, called the administration's current approach "horizontal tort reform in a vertical context." He explained: The administration is applying modifications that could affect the entire civil justice system, like limits on non-economic damages, to only product liability law.

The working group is also said to be addressing two other issues besides product liability: the federal government's own liability under the Federal Tort Claims Act and the liability of federal contractors.

Mr. Willmore says these topics have been discussed by the group, but he would not say whether they are currently the subject of legislative drafts.

The completion of a product liability reform bill could take several weeks or months, he says. "We are trying to move as quickly as we can," he adds.

The Tort Policy Working Group is composed of representatives

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Jewel has $65 million in cover year after salmonella outbreak

By MEG FLETCHER

CHICAGO—One year after the nation's largest outbreak of salmonella poisoning, Jewel Food Stores has about $65 million of liability insurance remaining to cover thousands of claims pending from the tainted milk it produced.

Insurers for Jewel and American Stores Co., its Salt Lake City-based parent, have paid about $6 million of its $71 million in total coverage to settle claims with about 7,000 individuals or families, according to attorney Gary Crawford.

The remaining coverage is available to pay potential compensatory damage awards to plaintiffs who are suing in 1,100 individual cases and class-action lawsuits.

More than 16,000 cases of food poisoning were documented in the outbreak in Illinois and five other Midwestern states from March 22 through mid-April of last year.

The salmonella epidemic is considered directly responsible for two deaths and indirectly linked to five others, according to Dr. Byron J. Francis, associate director for the Illinois Department of Public Health's newly formed Office of Health Protection.

A Jewel spokesman said in court papers that the company had $900,000 in primary liability coverage written by The Home Insurance Co. above Jewel's $100,000 self-insured retention (*BI*, April 27, 1985).

The primary layer is followed by a $5 million excess of $1 million layer written by Mission National Insurance Co. That is followed by a $5 million excess of $6 million layer written by Granite State Insurance Co., an American International Group Inc. unit.

A $30 million excess of $11 million layer is written by Federal Insurance Co., a Chubb Corp. unit, while a $30 million excess of $41 million layer is written by Fireman's Fund Insurance Co.

The excess policies vary as to whether defense costs are included within policy limits, said Mr. Crawford. He is a partner with the Chicago office of Skadden, Arps, Slate, Meagher & Flom of New York, which along with Phelan, Pope & John of Chicago is representing Jewel in the litigation.

Jewel's ultimate liability for the poisonings will largely depend on whether punitive damages are assessed.

Lawrence Leck, one of five plaintiffs' attorneys on an executive committee guiding a class-action lawsuit filed in Cook County Circuit Court in Chicago, said that while he would consider settling the compensatory damage issue, "the punitive damage issue is one that won't go away."

Nicholas Motherway, another attorney on the executive committee, said, "It all boils down to: What did American Stores know and when did they know it? They knew plenty, well before they pulled the milk off the market, and they should be punished so they don't let it happen again."

Plaintiffs' attorneys point to a final report written by a task force of state, federal and local health officials and Jewel officials. The report found "the same unusual strain" of salmonella bacteria "caused at least three outbreaks over a period of at least eight months."

If punitive damages are awarded against Jewel and American Stores, a coverage dispute could erupt between the food and drug chain conglomerate and some of its insurers.

At least some of the insurers have issued reservation

Continued on next page

Two major airline losses hit aviation underwriters

By STACY SHAPIRO

LONDON—Aviation underwriters face serious losses from two air accidents last week at a time when they are trying to recover from 1985's record disasters.

Last Monday, a Mexicana Airlines Boeing 727 crashed into densely wooded mountains in the Sierra Madre, 100 miles west of Mexico City, killing all 158 passengers and eight crew members.

Nine Americans were thought to be on board the plane.

Underwriters believe that the hull is insured for $11.5 million.

Mexicana's hull insurance, for a maximum of $75 million per hull, and liability insurance, for a maximum of $500 million, was renewed on March 1. The coverage is jointly led in London by British Aviation Insurance Co. and The Ariel syndicate at Lloyd's of London.

London brokers Leslie & Godwin Aviation Ltd. did not return calls.

On Wednesday, a Trans World Airlines Inc. Boeing 727 on the way to Athens and Cairo from Rome landed safely in Athens after there was an explosion in the cabin. Four passengers were killed and seven more were injured.

TWA renewed its coverage last November. A London underwriter says that TWA has a maximum of $80 million per aircraft for hull war risks. Hull coverage other than war is for a maximum of $80 million, up from $75 million, and liability coverage is up to $600 million from $500 million last year, the underwriter says.

Associated Aviation Underwriters Inc., which led both the hull and liability coverage and the hull war coverage last year, leads only the hull and liability coverage this year, sources say.

Fifty-five percent of TWA's coverage is in the U.S. market, 30% is in the London market and 15% is in the French market, unchanged from last year.

The Mexicana disaster brings the number of total hull losses this year to five with 283 people killed.

This year's accidents also follow last year's record number of aviation losses, in which aviation underwriters faced more than $1 billion in claims.

As a result of last year's losses, aviation underwriters believed that capacity could shrink and rates could increase. ■

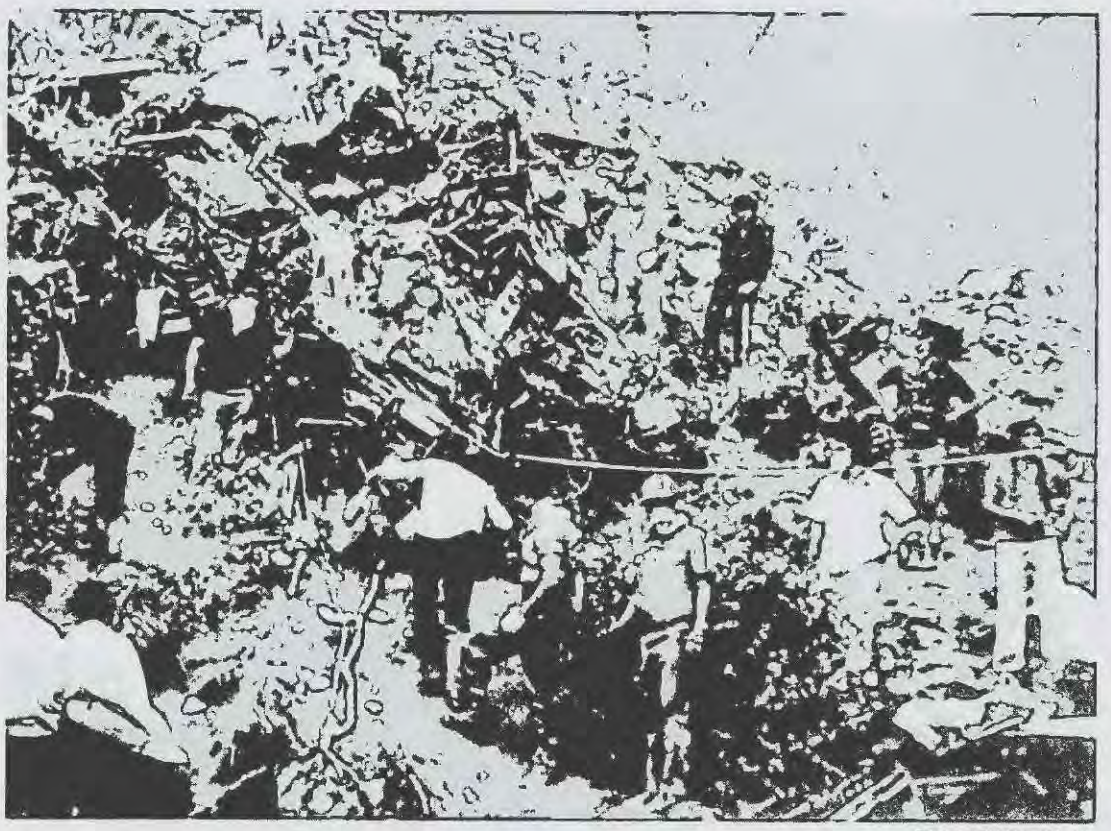

Photo: AP/Wide World

Rescue workers comb the site where a Mexicana Airlines jet crashed last Monday killing 166.

Michigan city may cover domestic partners

By STEVE TARAVELLA

The City Council members' 'rationale is, "If that's the sort of risk we're willing to take for a married couple, why not take it for a non-married couple?"' explains Michael Benedict, director of the East Lansing human resources department, which is researching the proposal for the council.

EAST LANSING, Mich.—The city of East Lansing is among the latest employers to consider extending health and dental insurance benefits to the domestic partners of its employees, regardless of whether the partner is of the same or different sex.

But the city, which self-insures its health and dental plans up to specific levels, is having a tough time finding an excess insurer to support the program, reports Michael Benedict, director of the city's human resources department, which is researching the proposal at the request of the East Lansing City Council.

If adopted by the City Council, the new policy would extend coverage to the partners of city employees, regardless of the sex of the partner if the individuals are over age 18, reside together, are not married to anyone else and are not related in such a way that would prohibit marriage, Mr. Benedict says.

They must also sign an affidavit affirming that they "share the common necessities of life," are responsible for each other's common welfare and are each other's "sole domestic partner."

The employee must notify the city if his or her relationship changes. And, the employee cannot cover a new partner any more quickly than could a married employee who was divorced and sought to enroll a new spouse. Mr. Benedict estimates that under Michigan law, this would take 60-90 days.

Mr. Benedict explains that City Council members did not think enrolling domestic partners in the city's health program would put the city at any greater risk than would covering husbands or wives.

"Their rationale is, 'If that's the sort of risk we're willing to take for a married couple, why not take it for a non-married couple?'" he explains.

East Lansing's medical plan is self-insured up to $30,000 per covered person per year. Above that point, it is reinsured to $1 million per person per lifetime with Forum Insurance Co. of Providence, R.I.

The city self-insures its dental plan up to $800 per person per year, with a 50% employee coinsurance provision. Above that level, the city provides no coverage.

But neither Forum nor two other insurers contacted by the city—Harbor Insurance Co. of Los Angeles and SAFECO Insurance Co. of Seattle—would consider reinsuring the health plan if coverage were extended to the partners of city employees, Mr. Benedict says.

He said the city still is contacting other insurers.

The city has about 315 full-time employees eligible for health insurance benefits. About half of them are enrolled in one of two health maintenance organizations, neither of which would extend coverage to domestic partners, Mr. Benedict says. The HMOs are Physicians' Health Plan and Health Central Inc., an affil-

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Jewel coverage

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of rights letters in the case, a source says.

The Jewel spokesman said in an interrogatory that it is Jewel's position that coverage is provided under these policies for punitive damages. But the insurers have indicated there may not be coverage for punitive damages, according to a plaintiff's attorney.

Coverage for punitive damages would depend on whether Jewel's coverage specifically excludes them and whether the applicable state law permits coverage. Which state's laws apply to a particular case can depend upon several factors, including where the policy was signed and premium was paid.

Spokesmen for Jewel, the insurers and broker Johnson & Higgins Inc. declined to comment on terms of the coverage.

The question of whether punitive damages are insurable is undecided in Utah, which is American Stores' home. In addition, Illinois generally does not allow for the insurability of punitive damages except possibly for vicarious liability, which involves employer responsibility for certain actions of employees, legal experts say.

'There is. . .no proper basis for punitive damages. Jewel acted reasonably and properly,' says attorney Gary Crawford.

The source of the contaminated milk was traced to Jewel's Hillfarm dairy in Melrose Park, Ill., which produced 1.5 million pounds of dairy products daily, meeting the needs of 30% of the Chicago-area market.

However, the cause remains "a mystery" and defense attorneys do not rule out possible "sabotage," Mr. Crawford said.

Despite a large-scale investigation, health officials "were not able to reconstruct an unbroken chain of probable events that would have lead to the intermittent contamination of pasteurized products," according to the task force report.

Jewel feels injured persons should be "fairly compensated," Mr. Crawford said, adding: "There is, however, no proper basis for punitive damages. Jewel acted reasonably and properly." He emphasized Jewel cooperated with federal and state health officials.

As a result of the outbreak, Jewel reportedly spent more than $3.5 million in uninsured costs to close its Chicago-area dairy on April 9, 1985, and pull and dispose of all milk and other dairy products from its 217 stores in four Midwestern states.

Jewel President James Henson said last week that the $3.5 million quoted figure was "low." He would not comment on whether any of the costs were insured.

Jewel has no plans to reopen the dairy, Mr. Henson said.

The company suffered a short-term drop in customer traffic and sales, Mr. Henson said, but it found other sources of dairy products and, after some weeks, both traffic and sales returned to or exceeded levels prior to the poisonings, he said.

The salmonella outbreak resulted in a flurry of lawsuits in several of six states in which alleged victims resided. Many cases were combined into a class-action lawsuit in Cook County Circuit Court, although Jewel's attorneys are appealing the certification of the class.

Jewel changed its legal counsel during the past year from Clausen, Miller, Gorman, Caffrey & Witous P.C. to Skadden Arps and Phelan Pope.

Managing the mass tort litigation has been made easier through the use of audio transmissions of depositions, which are broadcast to about a dozen locations. In addition, a 20-page questionnaire capable of being analyzed by a computer is being sent to plaintiffs to help determine the lost wages and expenses they incurred from the food poisoning.

Plaintiffs' attorneys will use the data to calculate an appropriate level of compensatory damages, one plaintiff's attorney said.

Also, at least one individual suit had named manufacturers of the milk cartons—Potlach Corp. of San Francisco and Ex-Cell-O Corp. of Troy, Mich.—as defendants. But, subsequent court action essentially has eliminated them from the litigation, said Potlach attorney John Conlon of Chicago.

Another pending class-action lawsuit accuses Jewel and claims adjuster GAB Business Services Inc. of misrepresenting facts, fraud, conspiracy and deceptive business practices in settling claims after the outbreak (*BI*, July 22, 1985).

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AMC must pay $20 million in two lawsuits

SOUTHFIELD, Mich.—American Motors Corp. has been ordered to pay $19.5 million to a Florida woman who was paralyzed in a 1984 Jeep rollover accident.

A St. Lucie County Circuit Court jury returned its verdict in favor of Elizabeth Walker of Fort Pierce, Fla. Ms. Walker sued AMC last year for $38.6 million, claiming the Jeep CJ-5 was defectively designed and that AMC knew the vehicle was prone to rollover.

Ms. Walker was thrown from a CJ-5 when it rolled over after hitting another car on May 4, 1984.

The verdict, delivered April 1, includes $9.5 million in compensatory damages and $10 million in punitive damages, according to an AMC spokesman, who said the automaker will appeal the verdict.

AMC—which renews its liability program April 1—carried a $2 million per occurrence/$20 million annual aggregate self-insured retention for the 1984-85 policy year (BI Oct. 28, 1985).

Insurers providing excess coverage over the self-insured retention included National Union Fire Insurance Co. of Pittsburgh, Pa., an American International Group Inc unit, which wrote the first $5 million layer; Allianz Underwriters Insurance Co., which wrote $5 million excess of National Union's layer; and Transit Casualty Co. which provided an undetermined limit excess of Allianz's layer.

Transit Casualty is currently being liquidated by the Missouri Division of Insurance.

In another case, a jury in Janesville, Wis., has awarded a woman badly burned in a crash involving a 1971 Gremlin $776,000 after finding AMC, which manufactured the car, had been negligent in designing the car's fuel containment system, including its gas tank.

Attorney Frank Scherkenbach, who represented AMC, noted that the jury found the manufacturer was only 30% responsible for the crash, with the driver who hit the Gremlin 70% responsible. But under the concept of joint and several liability, AMC "may pick up most of the tab," he said. The award includes $100,000 in punitive damages, he added.

The victim, Teresa Foster, 20, of Beloit, Wis., won the award in Rock County Circuit Court. She lost her ears, nose, eyebrows, hair and most of her fingers when the Gremlin she was riding in was hit from behind in May 1981 and the gas tank exploded.

An AMC spokesman said the company was considering an appeal.

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Tort legislation

Continued from page 3

and staff members of the White House and 10 federal departments and agencies. It was established by Attorney General Edwin Meese last October to study a variety of insurance and liability issues (*BI*, Nov. 18, 1985).

The group concluded in its report that a federal insurance program, which some have suggested could provide coverage to businesses and individuals who cannot obtain coverage in the commercial market, would be a "highly undesirable and counterproductive response" to the current liability insurance crisis.

"It effectively would amount to the nationalization of a potentially large portion of one of the nation's leading financial industries," the group said.

Recommendations contained in the group's report—and which form the basis for the legislation now being drafted—include:

- That the United States return to a system of judging product liability cases by fault and non-product liability cases by negligence.

The group proposes that manufacturers be held liable for injuries based on the state of the art at the time the product was manufactured and only for the uses of a product that are both reasonable and foreseeable.

- That joint and several liability be eliminated if the defendants did not act in concert to cause the injury.

The joint and several liability doctrine—in which one defendant can be held liable for an entire damage award if another, perhaps more culpable, defendant is unable to pay—is frequently "highly inequitable," the group concluded.

- That non-economic damages —which include punitive damages and damages for mental anguish and pain and suffering—be limited to $100,000, which the group says is a fair and reasonable amount.

Because the awarding of non-economic damages is by its nature subjective, "awards for similar injuries can vary immensely from case to case, leading to highly inequitable, lottery-like results," the group said.

The group recommends that punitive damages only be awarded in cases where actual malice is shown and that they be included within the limit for all non-economic damages. If that is not feasible, the group proposes the elimination of punitive damages in tort cases.

- That plaintiffs' attorneys working on a contingent fee basis be compensated according to a fee schedule.

The schedule proposed by the group would allow plaintiffs' attorneys 25% of the first $100,000 of an award, 20% of the next $100,000, 15% of the succeeding $100,000 and 10% of any amount exceeding $300,000.

Plaintiffs' attorneys operating on a contingent fee basis now typically receive 30% to 40% of an award.

- That defendants be permitted to use periodic payments if an award exceeds $100,000.
- That awards be reduced by the amount of other sources of recovery, like workers compensation benefits, the plaintiff receives for the same injury.

However, the group does not take a position on whether to eliminate subrogation actions between an injured worker's employer and manufacturers that are found liable in a product liability suit.

- That alternative forms of dispute resolution be developed to keep cases out of the court system.

These alternatives could include binding arbitration, mediation, expedited trial discovery and "procedural innovations such as mini-trials."

The group suggests that the most promising form of alternative resolution is to encourage early settlement of litigation. The group, though, does not seek major changes in liability standards or causation in tort law to encourage settlements.

"The value of alternative dispute resolution lies in procedural rather than substantive changes in the law," the group says.

- That findings of causation be based on credible scientific and medical evidence and opinions.

An existing inability to properly handle such matters "strikes at the very heart of tort law to deal with the growing number of cases involving highly complicated scientific or medical issues," the report states.

Along these lines, the group recommends that greater deference must be paid to governmental agencies and private bodies with significant scientific and medical expertise.

"Where such agencies and institutions have determined that particular products, services or techniques are safe and socially beneficial, courts should tread very carefully on overruling those judgments through the vehicle of tort law," the group suggests.

Courts must also be more aggressive in determining the credibility of this evidence "and not simply allow parties to present any theory to the jury," the report says.

Of the group's eight major recommendations, the final point—which addresses treatment of technical evidence in the courtroom—will probably not be part of the final legislative draft, one source says. The difficulty of legislating persons' understanding of complex issues could make for awkward, impractical legislation, he says.

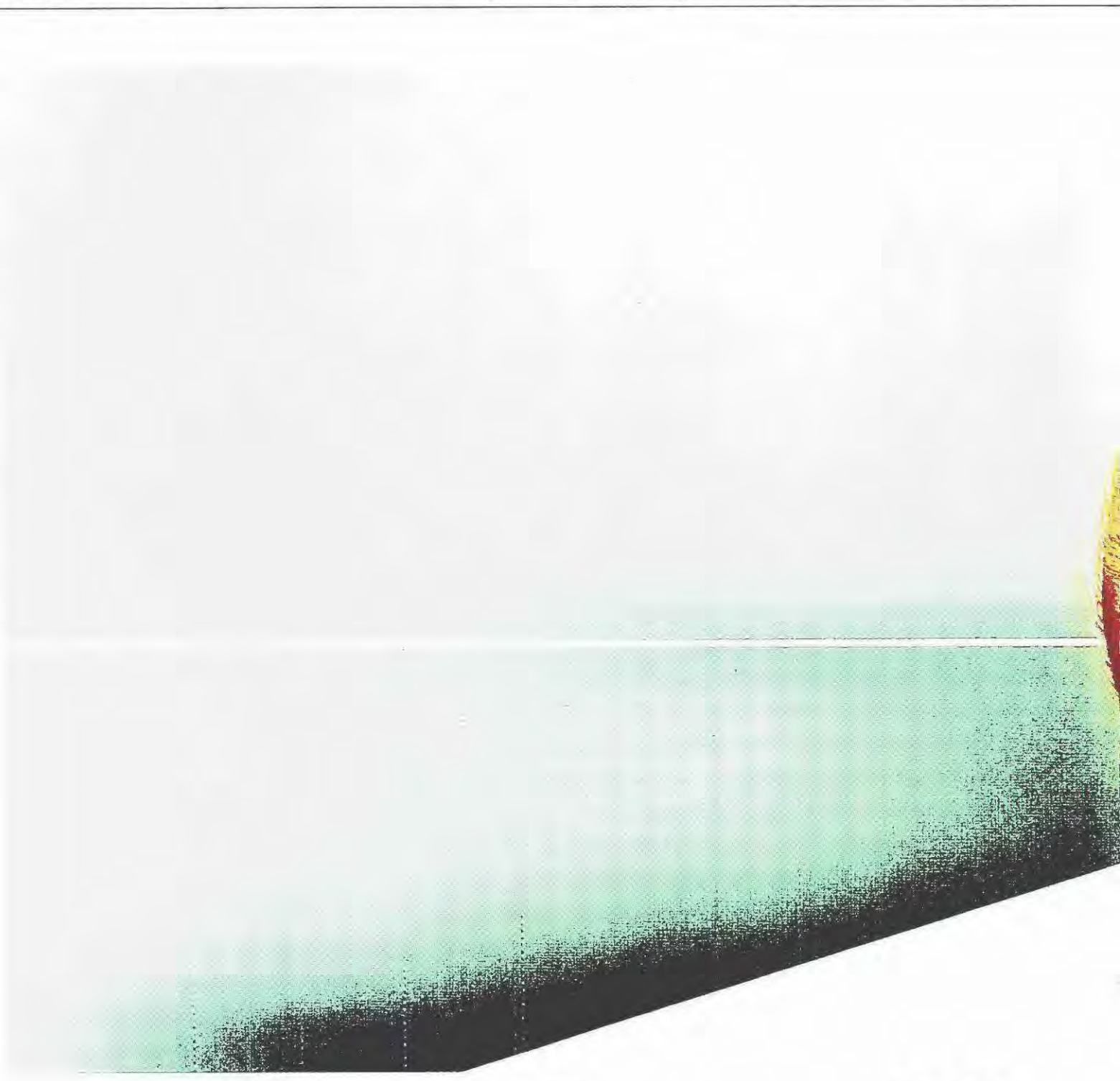
Various business and insurance industry groups contributed to drafting the report and generally support it. However, the report does have its critics.

"What they propose is an outrage," says J. Robert Hunter, president of the National Insurance Consumer Organization in Alexandria, Va. "To link the tort situation to the insurance crisis is inappropriate and dangerous."

Mr. Hunter particularly objects to the report's lack of statistical support.

"You can't make public policy changes based on anecdotes," he says. "The Tort Policy Working group has no facts. They'd be asking the legislature to do major surgery on the tort system without an X-ray, which we think is legislative malpractice."

The few issues in the report that Mr. Hunter says he might have supported, like the capping of attorneys' fees, are objectionable because they are not balanced proposals, he contends, noting that limits are placed only on compensation for plaintiffs' attorneys and not defense attorneys.



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CIGNA Re offers work comp catastrophe cover

CIGNA Re Corp. is offering catastrophe reinsurance to underwriters of workers compensation.

Cornelius Lehane, director of special risk underwriting at CIGNA Re in Philadelphia, said the company is offering the cover in response to concern by reinsurance intermediaries over the shortage of workers compensation catastrophe coverage.

CIGNA Re will write coverage of up to $10 million per occurrence and $1 million per person. The lowest level at which the reinsurance will attach is 10 times the ceding company's retention for any one insured life.

For example, the catastrophe reinsurance for an insurer with a $100,000 maximum retention for one life would attach at no lower than $1 million.

The coverage indemnifies for statutory work comp losses paid under an original policy as a result of accidental death, dismemberment, disability or other bodily injury.

markets

The coverage, which includes medical expenses incurred from a single occurrence, responds only when there is a minimum of 10 lives involved in an occurrence.

Mr. Lehane noted that there is some flexibility in the limits available and exclusions may differ on various accounts.

Unlike other similar coverages, the reinsurance excludes losses because of an employer's liability or occupational diseases. It also carries standard exclusions like ones for cumulative trauma, extra contractual damages, professional sports teams and airlines.

CIGNA Re said the following information is needed to price the reinsurance:

- A general description of the company and operations to be covered.
- The client's earned premium for workers compensation exposures, broken out by state and industry for the last three years.
- The multiple loss claims history for the last five years.
- Limits and retention needed and whether the coverage is for natural disasters or is to be written on an all-risk basis.

More information is available from Mr. Lehane at 215-241-4622.

HMO venture

Group Health Plan Inc., a Minneapolis-based health maintenance organization, has joined forces with a physicians association in Omaha, Neb., to offer HMO services in the Omaha-Council Bluffs, Iowa, area.

Group Health will work with Doctors Health Net, a non-profit independent physicians' association with about 130 members, to deliver HMO services through a plan called Personal HealthCare.

Thomas Connolly, president of Doctors Health Net, said the HMO will offer patients full coverage on virtually all medical services, including preventive health care, physician visits, low-cost prescription drugs, checkups, hospitalization and emergency care.

Group Health is licensed to operate an HMO in Nebraska and has applied for a license in Iowa.

Actuarial acquisition

William M. Mercer-Meidinger Inc., the New York-based benefits consulting unit of Marsh & McLennan Cos. Inc., has acquired actuarial consultants McGinn Associates in Anaheim, Calif.

The transaction, for an undisclosed price, was effective March 1.

Diljit S. Juneja, president of Mercer Meidinger, said that, with the acquisition, "Mercer-Meidinger will be even more strongly positioned to serve clients in Southern California."

McGinn has specialized since 1970 in providing consulting advice to corporations, public agencies and multiemployer benefit trusts.

The acquisition is Mercer-Meidinger's sixth in the past two years. The firm now has 83 offices worldwide, with 41 in the United States.

Benefit consultant

Benefit Resources Inc. has been formed in Milwaukee to provide consulting and marketing services to clients with group benefit plans.

The company, founded by Gregory P. Chrisafis, offers services to businesses with group life, universal life, medical, dental and disability plans. Mr. Chrisafis was a branch manager with Equitable Group & Health Co. in Milwaukee, a unit of Equitable Life Assurance Society of the United States.

Benefit Resources is located at 322 E. Michigan, Suite 500, Milwaukee, Wis. 53202; 414-276-2000.

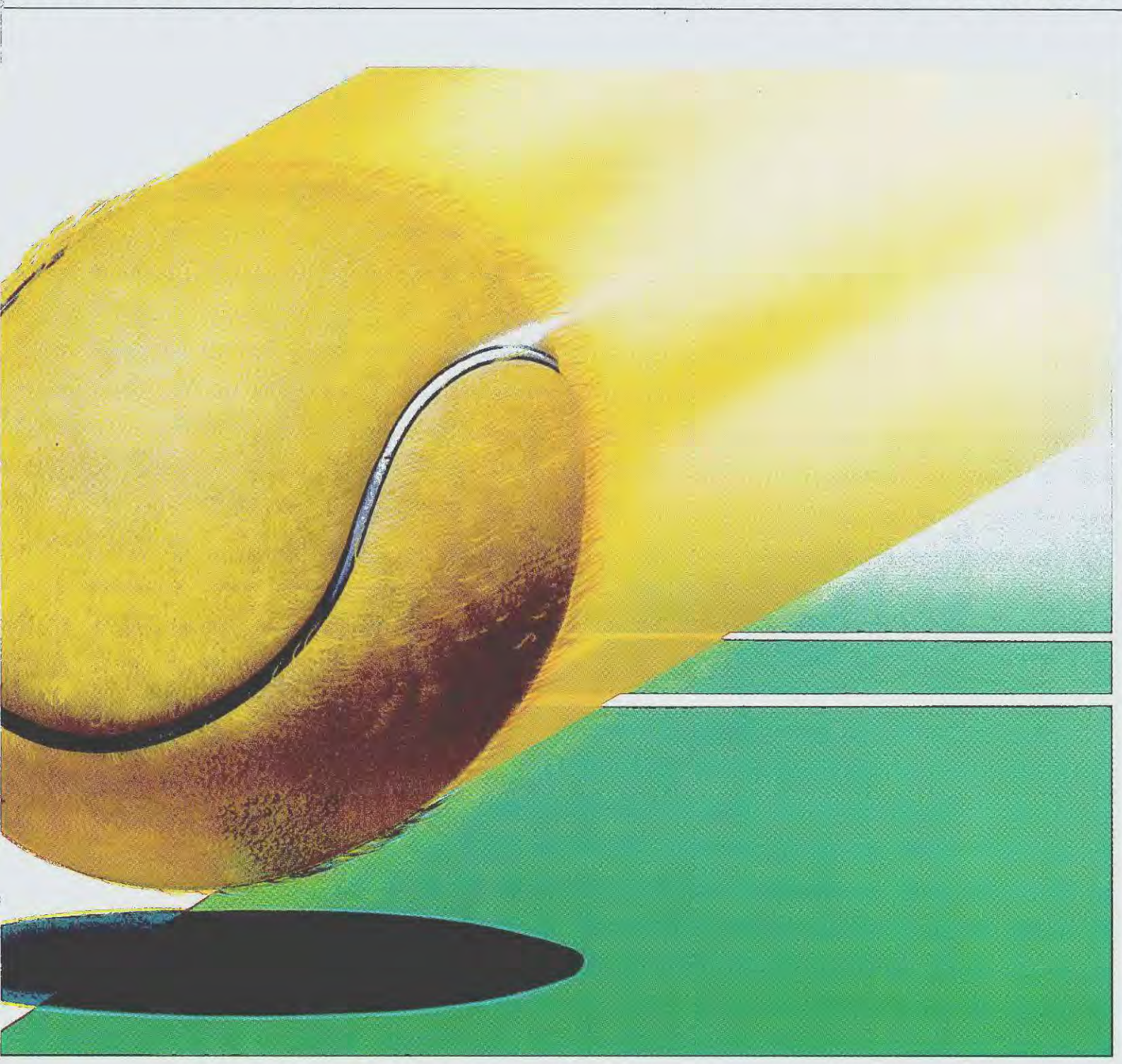
Acquisitions

Total Group Services, an administrator of self-funded benefit plans based in Grand Rapids, Mich., has been purchased by **Lincoln National Administrative Services** of Fort Wayne, Ind.

The Crump Cos. Inc., the ninth-largest U.S. insurance broker, has expanded its southern California operations with the purchase of the **Richard A. Mills Insurance Agency Inc.** of Costa Mesa.

New offices

As part of a corporate restructuring, Mexican insurer **Seguros La Comercial** will consolidate its Chicago and New York offices on April 1. The insurer's U.S. operations will subsequently be based at 111 John St., Suite 850, New York, N.Y. 10038; 212-349-4360. ■



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opinions

Wanted: Hard facts

SUPPORT IS BUILDING around the country for tort reform.

Consider: Time magazine declares on the cover of its March 24 issue: "Sorry America, Your Insurance Has Been Canceled." Inside, Time published an insightful and balanced report on the liability insurance crisis and problems in the tort system—the likes of which have never appeared in the general consumer press.

The public is getting an education.

Consider: The Reagan administration is drafting a federal product liability bill that will include caps on pain and suffering awards and punitive damages, scales for the payment of contingent fees to plaintiffs' attorneys and eliminate joint and several liability (see story, page 3). News of the bill was broadcast on all the major television networks and reported in daily newspapers across the country.

The public is getting an education.

Consider: Everytime you tell someone that you are involved in the insurance business, whether you are seated on an airplane or standing at a cocktail party, invariably it invites a recitation of another insurance disaster story and exhortations of disbelief at how the tort system and insurers operate.

The public is getting an education.

Now that the public is beginning to understand the issues—that the public is the ultimate deep pocket when the civil justice system goes awry—informed debate can ensue that could lead to tort reform.

It should be harder now for plaintiffs' attorneys to buffalo people into opposing tort reform by filling them with fear that tort reform will strip them of all their rights to pursue personal injury suits when they have indeed been injured.

But, at the same time, the public has acquired a better understanding of the insurance industry, and it will not be blackmailed into supporting tort reform by insurers withholding liability insurance.

Insurers must admit that their recent disastrous financial results were in part due to their own mismanagement. Then, they must contribute hard facts to the tort reform debate, detailing how specific reforms will control the cost of litigation, settlements and awards.

Insurers cannot merely argue that capping pain and suffering awards and punitive damages and implementing scales for contingent fees, for example, will provide them with more certainty so that they can better price insurance. Even though there is validity to this argument, it is too theoretical and elusive to attract support for specific tort reforms.

The insurance industry also must refrain from merely recanting horror stories, and especially restrain the impulse to selectively leave out facts to make a point. When horror stories are revealed to be less than horrific, the industry's credibility is shattered.

To capitalize on the growing support for tort reform, the insurance industry and business alike must unite to present a fair, honest and convincing evaluation of the problems and constructive suggestions for a workable compromise with representatives of consumers and victims, who, most certainly, have a legitimate claim to fair awards for actual injuries.

letters

Claims-made policy issue only tip of the iceberg

To the editor: The claims-made policy issue, however it is resolved, will not resolve the liability insurance crisis.

The claims-made issue is merely a manifestation of the real issue, which is that the system of litigation and redress that we rely on for injury compensation is unfair, too costly and if not changed will, in fact, hinder our system of economic growth that we have come to expect and enjoy.

Please make no mistake: The legal system has this country on its knees.

The time for change is now.

You can rest assured that the barristers will find their way through the claims-made contract and its many ambiguities and ambiguous applications and litigation will increase substantially and will include all of the players, i.e., the insurer, the agent, the broker, insurer to insurer, and various advisory services.

Those of us who have been involved with injury claims for any time of consequence know quite well that the civil system is unfair and rewards the legal profession more than the injured parties, that the process is artificially extended for inflated fees and costs and that is in its entirety a fraud on both the injured party and the insurers simultaneously. It is totally surprising that the insurance industry did not discover long ago what a long and expensive ride they were being taken for by the legal profession.

If the issue is not resolved, the real issue, insurance, will no longer be available nor will it be affordable. If the system fails, our economic way of life will be damaged significantly.

The voices of the various trial lawyers associations that those who speak for change would deny plaintiffs and injured parties due process and peer review is the *biggest fraud of all.*

All who are involved know quite well that more than 90% of all third party claims are decided by counsel behind closed doors, totally outside the view of either the plaintiff and/or the insurer, and it therefore is the present system that denies peer review.

The decisions are being made by parties who have a vested interest in the proceedings and the results but whose interests are not necessarily in accord with the client's interest on either side. That fact alone should be intolerable to any thoughtful person.

It is the present system that denies due process and equitable resolution and provides this great service at unreasonable cost and unreasonable time delay.

The system adopted must be based on equitable negotiations and first attempts at reaonable resolutions totally aside from the litigation process; litigation must be reserved as a last resort when all else has failed.

Simply, such an approach would refine the litigation process, keep the good attorneys in business, reduce the courtroom burdens and provide for a much improved system of compensation to injured parties.

Richard K. Fox
Insurance Consultant
Noblesville, Ind.

Business Insurance welcomes letters from its readers. Please keep your comments as brief as possible. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters. Send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

Risk Retention Act expansion sorely needed

To the editor: At a time when insurance for many organizations and individuals is either unavailable or unaffordable, expansion of the Risk Retention Act to allow risk pooling with some relief from state regulation is sorely needed (*BI*, March 10, March 31). Yet state regulators are arguing that their regulation is needed to assure solvency.

Where were the regulators when the many companies now insolvent were getting into trouble? The fact is that the state regulation of the insurance business has an abysmal record with respect to adequacy of rates. In whose interest is continued state regulation? The consumer? The companies? The regulators?

Currently the regulators are huffing and puffing over the trend toward companies discounting loss reserves to reflect expected investment income in long-tail lines (CIGNA wasn't the first; many "bedpan mutuals" have been doing so for a while). Whom does statutory accounting benefit? Investors? The consumer? The regulators?

Stephen G. Graves
Vp
Glenn, Nyhan & Associates Inc.
Radnor, Pa.

Comments in article put PLIA in bad light

To the editor: Robert A. Finlayson's article entitled "General Liability Policy May Be Best Chance for Pollution Cover" (*BI*, March 17) was well-written and informative. However, the comments concerning the Pollution Liability Insurance Assn. cast PLIA in a negative image.

While it is correct that PLIA reduced its total number of member companies, it should have been stated that PLIA denied membership to 11 1985 pool members because their financial ratings had fallen.

PLIA added the following three new members to its 1986 pool: Employers Insurance of Wausau—A Mutual Co., Farmland Insurance Co. and Security Insurance Co.

In the positive vein, it should be noted that PLIA's written premium and volume grew over 1,300% in 1985 and writings for 1986 are projected to be $20 million. Further, it is anticipated that new members will be added during 1986 and limits greater than the present $2 million/$4 million will be reinstated for the 1987 pool year.

Thomas E. Knowlton
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Tough market prompts new approaches to jobs

By MICHAEL BRADFORD

HOUSTON—The current hard insurance market is causing many professionals to re-evaluate the way they do their job, according to risk managers, insurers, benefit experts and brokers.

A panel of industry experts explained how they are coping with the problems posed by the hard market in "The Current Insurance Market—Coping With Change," at I-Day 1986 sponsored by the Houston chapter of the Risk & Insurance Management Society last month.

Richard Hackenburg, president of RIMS and staff vp and assistant treasurer of Allegheny International Inc. in Pittsburgh, said RIMS is stressing "a return to the basics of the risk management theory."

Mr. Hackenburg said risk managers should get back to the fundamentals of risk identification, analysis and control.

"The key is, we've got to spend a lot more time on risk control than we have in the last five years," he stressed.

"Perhaps that aspect more than any other has gotten away from us."

Insurers also are concerned about one of the basics—capital—according to Donald Frahm, president of the Hartford Insurance Group in Hartford, Conn.

"We as an insurance company have gone from one extreme to another," Mr. Frahm explained. "One of our biggest concerns is to try and find enough capital to respond to all the situations, opportunities and problems that there are in the marketplace."

Mr. Frahm said Hartford added $1 billion to capital and surplus during 1985, and the insurer also took in $1 billion more in premiums. And, he said he expects premiums to increase by another $1 billion this year.

"So we are interested in writing business," he added.

However, he pointed out that Hartford is "continuing to put more and more capital into business where we feel we can measure the risk. So obviously we've abandoned some segments of the market.

"We no longer are willing to try and insure pollution. But in some areas we feel we can expand our premium writings," he said.

For example, he said, Hartford is "probably the first- or second-largest player" among insurers that write excess liability coverage.

He added that the insurer is "trying to adapt the limits that we have on ourselves from a capital standpoint and apply to those market segments that we feel have the best opportunity for profit. And that's a tremendous burden."

Susan N. Weiner, assistant superintendent in the office of risk management of Dade County (Fla.) Public Schools, said the biggest challenge she is facing is replacing a liability program "that has disintegrated."

Ms. Weiner said it appears the schools will not be able to find coverage in the traditional market when its current coverage expires July 1.

She said the school district probably could defend itself in a liability lawsuit on grounds of Florida's sovereign immunity. However, she said, the district always has felt a responsibility to compensate when it was at fault.

Ms. Weiner said the district has always had at least $1 million in liability coverage and at times as much as $16 million in place.

"Now we're looking at $500,000 over a greater self-insured retention than we've ever had, and we're talking to attorneys to see if we should even go that route."

She said it is likely that the district will decide to self-insure completely rather than purchase the reduced coverage at the current high rates.

Ms. Weiner also pointed out that coping with market changes can mean changes in the way employee benefits are delivered.

For example, she said one way the district has dealt with the high cost of health care is by structuring a preferred provider organization with Metropolitan Life Insurance Co.

In 1983, Ms. Weiner explained, the district met with the five labor unions that represented its workers and showed them that "for every

Continued on page 12

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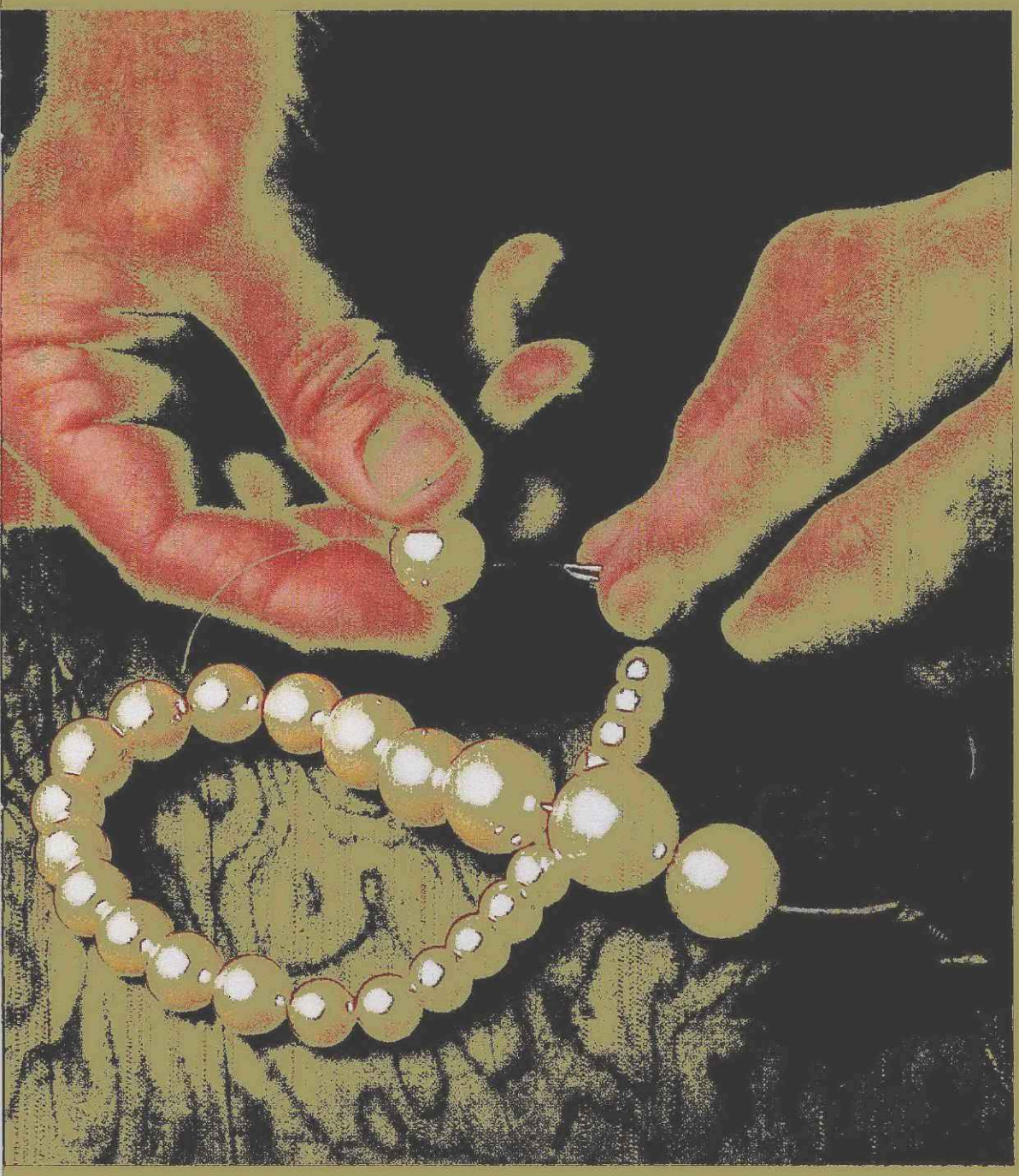

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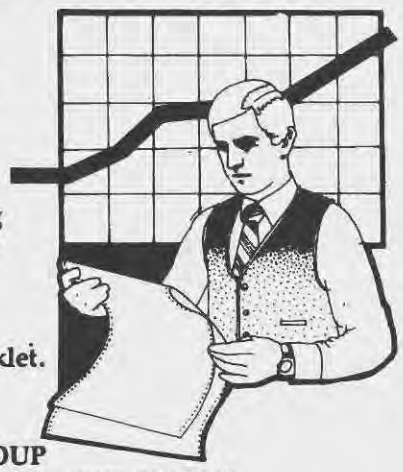

IMG

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Tough market

Continued from page 10

dollar increase in health care premiums, that was a dollar off the table for salary increases" for the 23,000 employees.

In 1984, Metropolitan and the district structured a PPO that included cost-containment features such as waived deductibles for outpatient surgery and mandatory second-surgical opinions.

And, after a shaky start, membership increased from 23% of the district's workers in 1984 to 63% in the second year.

Ms. Weiner said that the average cost of stay in a PPO member hospital is about $1,200 less than in a non-PPO hospital.

And, she said, such results meant a $3 million savings for the district in 1985.

William S. Woodside, vp of group sales and service at Metropolitan Life Insurance Co. in Houston, agreed that there will be "tremendous changes" in the way health care services are delivered.

"By 1995, speculation is that 25% to 50% of all people will be treated by HMOs, and another 20% will be in the PPO system," he said.

"Essentially, we're talking about major, major changes in the way health care services are delivered."

The challenge to employee benefits experts is to devise ways of giving employees quality care at reasonable prices, he said.

And, John F. McCaffrey, chairman and chief executive officer of Frank B. Hall & Co. Inc. in Briarcliff Manor, N.Y., said, "Frankly, I think that the challenge we all have is the communications situation."

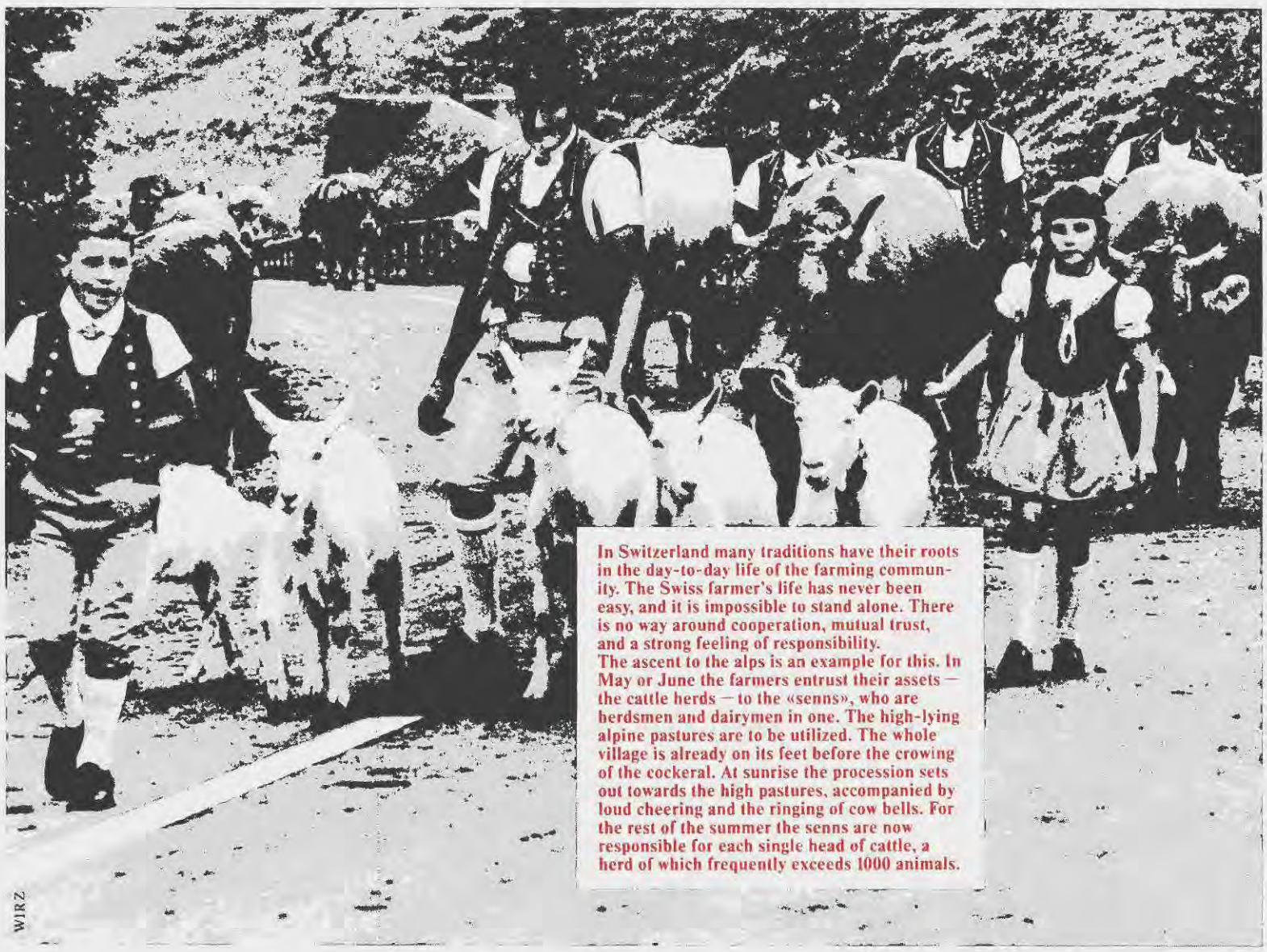
He said a big problem among risk managers a decade ago was "getting corporate identity, having the chief financial officer and the people in the boardroom understand who they were and what they were doing. This year you've accomplished that.

"At the highest level, they're focusing on the risk management problem. We've noticed that," he said.

But now, he said, risk managers need to remedy some of the problems posed by the current market through "a massive communications effort, a quick response to letting the intelligence that we all have combined get out to the people who make decisions" in their companies.

He noted that a "key issue" is keeping executives informed of such developments as tort reform efforts and proposed legislative changes.

The panel was moderated by Edwin Scott Overman, president of the American Institute for Property & Liability Underwriters Inc.■



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Tail of woe shows world gone to dogs

HOUSTON—Edwin Scott Overman, moderator of I-Day 1986, sponsored by the Houston chapter of the Risk & Insurance Management Society, thinks things are really going to the dogs.

And, tongues were wagging among attendees at the conference last month about whether the story Mr. Overman, president of the American Institute for Property & Liability Underwriters Inc., told was true.

He says it is.

Mr. Overman recounted an incident that, he said, "to me rather epitomizes what is going on and some of the changing conditions and attitudes that are existing in our society that reflect themselves on our insurance business."

He related how, at dinner the night before the conference opened, his companion could not finish the filet mignon she had ordered.

"So she called the waiter over and said, 'I have a dog at home. Would you fix a doggie-bag for me to take the other half of my steak home?'"

The waiter agreed and left to pack the meat for carryout to the lady's pet.

However, before the waiter returned, another restaurant employee came over with a clipboard, Mr. Overman said. "And here was a document that she must sign, absolving the hotel of any liability in case the dog died.

"That to me, is a true, true sign of the times."

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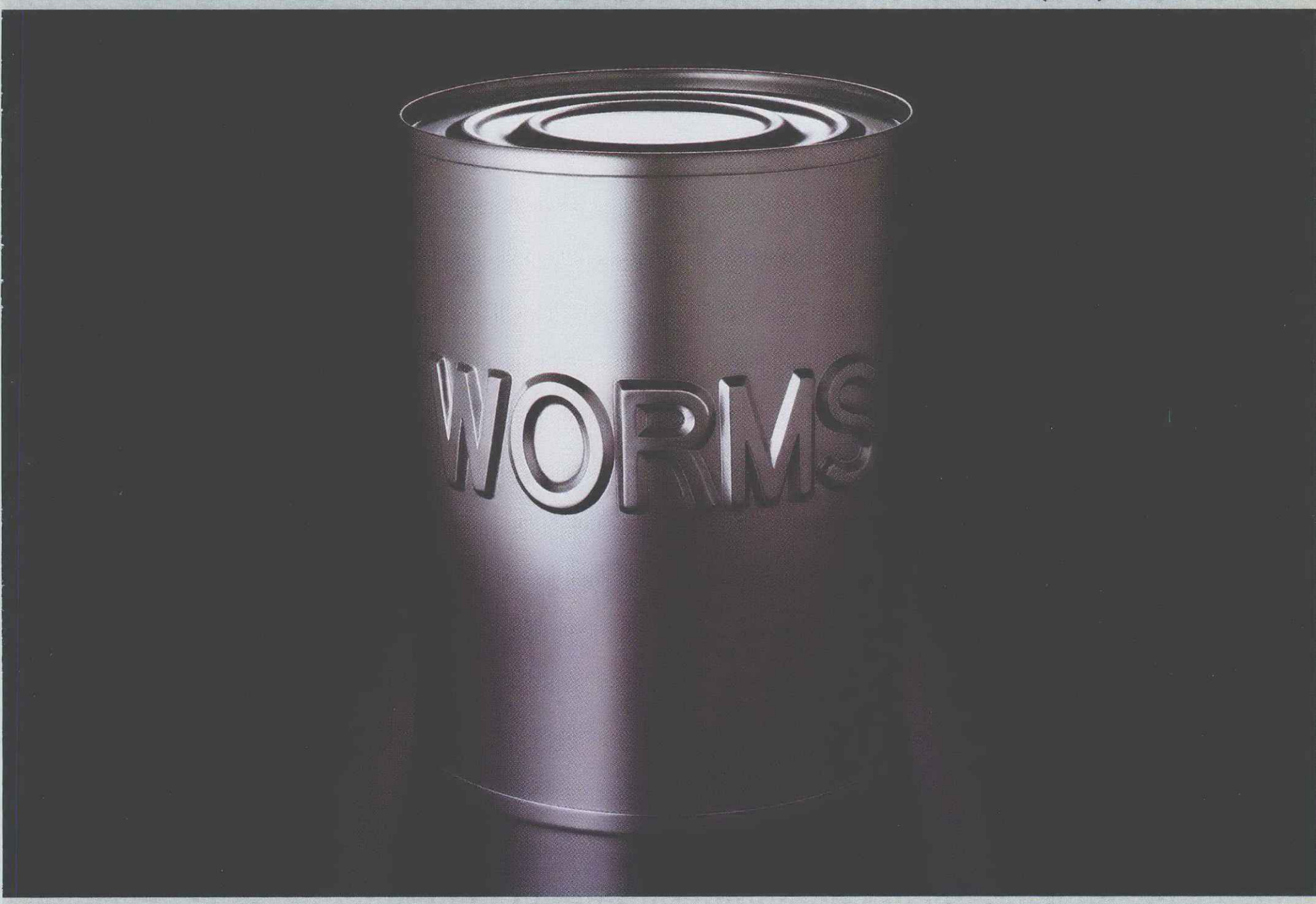

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Expert predicts slight relief for D&O market

By MICHAEL BRADFORD

HOUSTON—The market for directors and officers liability coverage may ease somewhat later this year, as some insurers find themselves in need of revenue to meet high reinsurance costs at July 1 renewals, an expert says.

But, the days of high limits for D&O coverage will not return soon, says Thomas L. Nygren, vp of Alexander & Alexander of Texas Inc. in Houston.

"I think there is a glimmer of hope. D&O may be a little easier to find and terms will be slightly better, but there won't be any $300 million limits," Mr. Nygren says.

A small, "low-risk" business might be able to find limits of $50 million, he said, and financial institutions should not expect to locate more than around $20 million in D&O coverage.

Speaking at I-Day 1986, sponsored by the Houston Chapter of the Risk & Insurance Management Society Inc., Mr. Nygren said, "I think you will find that some insurers in 1986, when they come up for treaty renewals, will find they are short of revenue. I think things will be opening up a little bit."

Mr. Nygren said he also expects Lloyd's of London, where D&O coverage was pioneered, to "get back to its roots" and begin offering slightly higher limits.

A.C.E. Insurance Co. Ltd., an offshore captive recently incorporated in the Cayman Islands by Marsh & McLennan Cos. Inc. and operating out of Bermuda, also is adding capacity to the troubled D&O market. It is offering its policyholders a $50 million aggregate limit excess of $50 million or an amount equal to underlying coverage excess of $25 million to a maximum of $50 million.

And, Tortuga Casualty Co., another high-layer excess liability captive in the Caymans, also is discussing writing the coverage for its shareholders.

"There is also hope in these new schemes, writing D&O in offshore mutual insurance companies," said Mr. Nygren.

Current problems in the availability and price of D&O coverage can "in hindsight, be looked upon as a result of cash-flow underwriting" rampant in the late 1970s and early 1980s, he said.

And, when the market was soft, insurers considered D&O coverage a good investment, said Mr. Nygren. That was because until 1981, the largest claim filed under a D&O policy was only about $9 million.

"That has changed radically," he noted.

When large claims from policies written at low rates began to roll in, insurers started to reconsider writing the coverage, said Mr. Nygren.

"It took a long time for the market to respond," he said. But "in the last half of 1984, underwriters began to refuse to write D&O on a three-year policy.

"Jan. 1, 1985, was the magic date. All of a sudden the market lost about half its capacity when reinsurance treaties would not come together."

But he points out that despite reinsurers' reluctance to take the risks, there are still primary insurers willing to write D&O liability.

"The reinsurers, unfortunately, have found it very easy to walk away from D&O," said Mr. Nygren.

To illustrate how the market has changed, Mr. Nygren referred to figures that show total capacity available per risk of $300 million among 17 insurers writing the coverage as of December 1984.

By January 1985, the capacity per risk had fallen to $159 million. It fell further to $115 million by July 1985, and in January 1986 it was down to $73 million.

Mr. Nygren said businesses looking for D&O coverage in the current marketplace probably will need three to five years of operating experience, and that experience probably will have to be backed up by qualified audits before an insurer will consider a risk, he noted.

Companies that do get the coverage can look forward to "more restrictive policies that force the company to take more of the risk and. . .are untested and untried," said Mr. Nygren. "Unfortunately as a buyer, you may be forced to take the paper."

George T. Van Gilder, vp and national underwriting manager of the Executive Protection Department at Chubb & Son Inc. in Warren, N.J., offered several suggestions for risk managers to make themselves a "better risk and prospect for the coverage."

He told risk managers they have a better chance of finding D&O coverage if:

- They have a knowledgeable agent and communicate with him concerning the state of the D&O marketplace.

"You've got to have current information on what is going on when you're looking for coverage," Mr. Van Gilder said. "Find someone who is on speaking terms with those who write it."

- Management is competent in dealing with difficult issues.

"We look for a good track record and go beyond the financial statements," he said. When management deals with difficult issues directly rather than delegating responsibility, that is a plus in seeking the coverage.

- The company has strong outside directors who help run the firm, instead of just sitting on the board with no responsibility.
- The company gets good outside advice from reputable lawyers, investment experts and others.
- Any remarks released by the company to the public are carefully reviewed and executives are not allowed to make off-the-cuff remarks concerning the business.

Mr. Van Gilder said about half of the D&O claims Chubb sees originate from spontaneous remarks by a member of a company's management.

- Applications for the coverage are completed thoroughly before being submitted. ■

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Guide offers more than just conference info

As you page through this special "RIMS Convention Guide," you will find much more than an updated program for the April 13-18 Risk & Insurance Management Society Conference in Toronto.

This year, *Business Insurance* is providing a travelogue for conference attendees.

This special "take out" section contains comprehensive information about Toronto, including cultural and leisure activities, restaurants, transportation, weather, a floor plan of the exhibit area, a list of all exhibitors and more. It was compiled by Joanne Wojcik O'Hare, assistant copy editor.

A map of Toronto (below) highlights points of interest as well as all the conference hotels.

Business Insurance will send nine editorial staff members to cover the 24th annual RIMS conference: Kathryn J. McIntyre, A.R.M., *BI* editor; Mark Rosati, deputy editor-Chicago; Donna DiBlase, staff reporter-Chicago; Meg Fletcher, A.R.M., associate editor-Chicago; Michael Bradford, associate editor-Dallas; Robert A. Finlayson, Los Angeles bureau chief; Jerry Geisel, Washington editor; Judy Greenwald, associate editor-New York; and Douglas McLeod, New York bureau chief.

BI Publisher Alfred Malecki, Advertising Sales Director Don Walsh, Director of Communications Ronnie I. Drachman and several sales representatives also will attend.

During the conference, *BI* will distribute copies from its booth (No. 610) of the April 14 Captives/RIMS Preview issue, which includes an announcement of the Risk Manager of the Year and profiles of the winners named to the Risk Management Honor Roll.

BI will wrap up its RIMS conference coverage with two reports: one on employee benefits sessions April 21 and one on risk management sessions April 28. ■

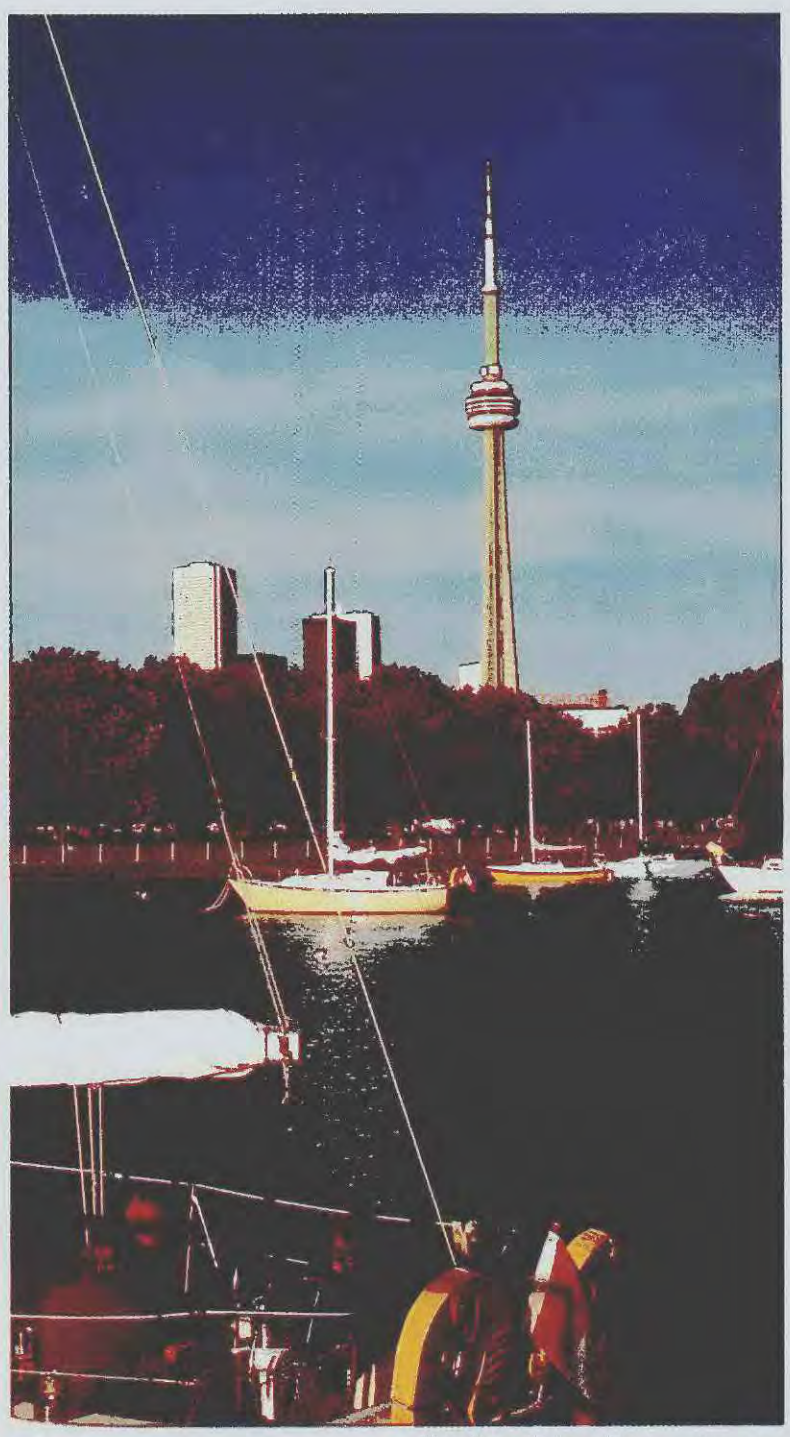

Photo: Ontario Ministry of Tourism and Recreation

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New speakers added to conference program

Because risk managers work in a constantly changing environment, they probably won't be surprised to learn that the program for this year's Risk & Insurance Management Society conference also has changed.

However, the conference, to be held April 13-18 in Toronto, still promises to be packed with learning experiences for both risk management and employee benefit professionals.

And a liberal sprinkling of leisure activities will give attendees a chance to relax after each intense session in the conference rooms of the Metro Toronto Convention Centre.

An expanded employee benefits program, intimate industry and special interest groups and intensive track programs are designed to give those who handle their company's insurance needs the knowledge necessary to keep abreast of today's volatile market.

Since *Business Insurance* began its coverage of this year's RIMS conference, new speakers and moderators have been named for the many conference sessions, and several seminars have been either canceled or combined based on enrollment.

Continued on page T9

Map: Amy Palmer

Toronto fare fulfills gourmet food fantasies

By WILLIAM LIDSTONE

No matter what your tastes, or culinary fantasies, you can fulfill them on the streets of Toronto.

Each wave of arriving immigrants has made its mark on the city's restaurant environment, generating both a tremendous choice and a public well-versed in gourmet delicacies.

Scattered across the cityscape are gastronomic glories from the Punjab and the Algarve, Kowloon and the Deep South, Budapest and Bristol.

One of the largest Chinatowns outside Asia is located in the central-west part of town, up Spadina Avenue and along Dudas Street. While the Cantonese-evolved North American style of Chinese food is available, so too are the special foods and spices of the Szechwan and Hunan provinces of China.

Newcomers on the dining scene in Toronto are the Japanese. Not confined to any one geographic area, many of the new operations offer specialty menus in cozy quarters.

Anchored on one end at Bathurst and Bloor streets by zany Honest Ed's department store, and at the other end by the University of Toronto, the "Schnitzel Strip" neatly encompasses the hearty, if under-funded, appetites of the student body as well as the trendy faculty types.

From the doors of the Korona Restaurant to the Blue Danube and Maison Suisse, hearty, low-cost mid-European dinners are the rule. But if you were to flip the city west to east, you'd find yourself on Danforth Avenue—in the heart of Mediterranean cuisine.

The Greeks have exported democracy, dish-breaking and restaurants as part of their cultural heritage, and it's here, along the Danforth, that you find small, but exquisite, establishments that keep alive their reputation for hospitality.

The center of the city has been taken over, though, by the French. Bistros, cafes and small, intimate rowhouse locations of many restaurants have become a hallmark of the city.

East Indian and Carribean immigration has brought the particular and enchanting flavorings of both areas to Toronto. East of the Don Valley, along Gerrard Street, leads you to Indian and Pakistani restaurants.

Vietnamese restaurants share the streets with the delis and whole-earth throwbacks along College Street, which also leads to the streets of Kensington Market, an absolute must for the ethnophile with a taste for something Portugese. ■

Toronto dining like a trip around the globe

By ANNE LANGDON

The following is a list of Toronto's finer restaurants, most of which are located in the downtown central core. Many are within walking distance of the Metro Toronto Convention Centre, the site of the 24th annual Risk & Insurance Management Society conference, April 13-18.

The prices at the end of each listing indicate the average cost of a meal for two, including a bottle of house wine, in Canadian dollars. The following abbreviations are used to indicate which credit cards are accepted: AMEX=American Express; MC=MasterCard; CB=Carte Blanche; DC=Diners Club; V=Visa; and enRoute, which is a Canadian credit card.

Convention attendees are advised to call ahead to make reservations or to inquire about dress codes.

Cafes and bistros

The Bellair Cafe

In the heart of Yorkville, Toronto's boutique and gallery capital, the Bellair Cafe provides an opportunity to watch the beautiful set on parade. The nouvelle menu is imaginative, with items such as lamb with an artichoke/pine nut sauce, combination pastas (season dictates sauces) and seafood chowder. Head chef is Jacques Noisette. $55-$65. AMEX, MC and V. Open Monday through Sunday for lunch and dinner. 100 Cumberland St.; 964-2222.

Bemelmans

An eclectic meeting spot—busy, showy and fun. At the corner of Bay and Bloor streets, a convenient location before or after a night's entertainment. Chef Mark Bibby's menu is strong, with an emphasis on grilled meats, although escargot in pasta shells with roasted garlic and gruyere is popular, as is the slightly carmelized orange ginger chicken on spinach fettuccine. $50. AMEX, MC and V. Open Monday through Sunday for lunch and dinner. 83 Bloor St. W.; 960-0306.

Colborne St.

The elegance of the dining room is aptly reflected in chef Fraser Prince's refined menu featuring such dishes as cream of celeriac soup, salmon/trout collops and a smooth lemon/almond tart. The house wine enjoys a good reputation. $50-$60. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 55 Colborne St.; 865-9691.

Emilio's

A home away from home for the CITY TV staff, which keeps the atmosphere buoyant during lunches. Chef Jeffrey Hanson's menu boasts robust pleasures such as goat's cheese creamed with sun-dried tomatoes and olive oil wrapped in chewy grape leaves. Fresh fish from the nearby St. Lawrence market is frequently available, usually grilled. Sophisticated dining for informal people. $50. AMEX, MC and V. Open Monday for lunch only, Tuesday through Saturday for lunch and dinner. 127 Queen St. E.; 366-3354.

Joe Allen

A New York-style gathering place right around the corner from Ed Mirvish's glittery King Street West strip. Good for late-night snacks such as burgers, fries, ribs and generous salads. Informal and fun. $40-$50. AMEX, DC and V. Open Monday through Sunday for lunch and dinner. 86 John St.; 593-9404.

Le Pigalle

Very reminiscent of French cafes, including tables set cozily close together. The suffused atmosphere, engendered by candlelight and lace curtains, is frequently echoed in chef Joseph Sretas' preparations, which include cream of celery soup, veal escalopes in a mustard/cream sauce and light pies. $40-$45. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 315 King St. W.; 593-0698.

West Side Grill

An uptown address well known to Toronto's socialites. Chef Michel Lombardi's kitchen has embraced the strong and pungent flavors of Mexico and the Mediterranean. Main courses are mostly from the grill and often served with sauces $50-$60. AMEX, MC and V. Open Monday through Sunday for lunch and dinner. 1118 Yonge St.; 921-5108.

Chinese

Golden Bull

Although its location is far away from Spadina Avenue, where menus outshine venues, some exotic dishes remain to complement the Cantonese and Szechwan offerings such as fish served with a Vietnamese red and green pepper sauce. Head chef is Ko Wah. $45-$55. AMEX, DC, MC and V. Open Monday through Saturday for lunch and dinner. 110 Bloor St. W.; 920-9922.

La Cuisine Imperiale

Perhaps Toronto's most elegant and restful Hunan-Szechwan dining room. Hong Kong chef Benny Wong's menu features mushu pork, scallops in garlic sauce and a skinned, fat-free duck with sweet, young ginger root. $75-$80. AMEX, MC and V. Open Monday through Saturday for lunch and dinner, Sunday for dinner only. 36A Prince Arthur Ave.; 926-1712.

Young Lok

Conveniently located near Chinatown, the Art Gallery of Ontario and the artsy Queen Street West strip, this large, light restaurant featuring a Mongolian grill is especially good for large gatherings. The menu is extensive, so it's best to order a variety of dishes for everyone to sample. $35-$40. AMEX, MC and V. Open Monday through Sunday for lunch and dinner. Located inside the Village by the Grange, 122 St. Patrick St.; 593-9819.

French

Auberge Gavroche

A very cheerful and comfortable establishment where the management is ever diligent that the patrons leave satisfied. A well-chosen menu complements Chef Jean-Jacques Lemesle's variable menu. You may have the luck to arrive on the day the warm goat's cheese salad is being served. $80. AMEX, DC, MC and V. Open Monday through Saturday for dinner only. 90 Avenue Road; 920-0956.

La Bastille

Situated on a chic and quiet alley just steps away from the busy intersection of Yonge and Bloor streets, this restaurant deserves its good reputation for charm, service and unpretentious cuisine. Chef Brent Makohn's reliable dishes include onion soup, rabbit, duck a l'orange, rack of lamb and perfectly prepared vegetables. $50-$60. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 51 St. Nicholas St.; 961-1774.

La Chaumiere

Toronto's first fine French restaurant that boasts a very large and dedicated following. Famous for its ample hors d'oeuvre trolley and prix-fixe menu, which has remained virtually unchanged, as most good things should. The very comfortable ambience is enhanced by chef Tony DiLaurenzio's reliable dishes, such as Dover sole amandine and sweetbreads Madeira. $60-$65. AMEX, DC, MC and V. Open Monday through Saturday for dinner only. 77 Charles St. E.; 922-0500.

Glossops

Very close to the boutiques and galleries of Yorkville. Chef Andrew Collins sees to it that all items are carefully prepared, such as sole in a bordelaise sauce, veal loin with a black currant liqueur sauce and tasty baked confections. $80-$100. AMEX, DC, enRoute, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 39 Prince Arthur Ave.; 964-2440.

Maison Basque

A rustic setting paying homage to food preparation in the Basque tradition, thereby distinguishing itself from Toronto's mainstream French houses. Chef Michel Hivert's commitment to robust, warm flavors is seen in Bayonne-style home-cured ham with white begnat cheese on a grilled baguette (a long French bread roll) and fish soup with very garlicy croutons. $50-$60. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 15 Temperance St.; 368-6146.

Le Rendez-Vous

Pretty surroundings and a competent menu prepared by chef Michel Berro. Hot dishes nod to the cuisine of Provence, while cold dishes tend to be milder. The wine list has been carefully prepared. $65-$75. Open Monday through Saturday for lunch and dinner, Sunday for brunch only. AMEX, DC, MC and V. 14 Prince Arthur Ave.; 961-6111.

Le Trou Normand

While the dining room runs to delicate furniture and pretty tiles, chef W. Herget's menu supplies such earthy items as grilled pork tenderloin with a goat's cheese sauce and tender calf brains in black butter. $65-$75. AMEX, DC, enRoute, MC and V. Open Monday through Saturday for lunch and dinner, Sunday for dinner only. 90 Yorkville Ave.; 967-5956.

Indian

Bombay Palace

Close to the historical and abundant St. Lawrence Market, this is a self-assured restaurant with fine art, plush banquettes and a competent staff. Chef Biren Bose's culinary roots are in the Punjab, resulting in the rich curries and wide selection of tandoori dishes. $45-$50. AMEX, DC, MC and V. Open Monday through Sunday for lunch and dinner. 71 Jarvis St.; 368-8048.

The Moghul

The complex spicing supervised by chef Surinder Singh treats diners to mild dishes, unless specifically requested otherwise. The atmosphere is open and resplendent, adding comfort to the enjoyment of the dishes, always prepared with finesse. AMEX, CB, DC, MC and V. Open Monday through Friday for lunch and dinner, Saturday and Sunday for dinner only. 33 Elm St.; 597-0533.

International

Chanterelles

Situated very close to the waterfront at L'Hotel. The restrained elegance of the dining room hints at the Orient, while chef Claude Gambin's menu pays homage to la nouvelle cuisine with such items as consomme of smoked trout with salmon eggs and veal in puff pastry. The wine list is selective and desserts are distinctive. $85-$95. AMEX, CB, DC, enRoute, MC and V. Open Tuesday through Saturday at lunch and dinner. 225 Front St. W.; 597-1400.

The Courtyard Cafe

At the Windsor Arms Hotel. The transparent canopied roof keeps this large dining room fresh and inviting. Michael Bonacini indicates with his chef's toque symbol the items on the menu that bow to the real haute cuisine of the 1980s—no cream, butter, oil, alcohol and low in salt and sugar. For those who are ready to dip into forbidden waters, many creamy, rich dishes remain. $55-$65. AMEX, DC, enRoute, MC and V. Open Monday through Sunday for lunch and dinner. 22 St. Thomas St.; 979-2212.

The Elmwood

As it is situated in a posh women's club, it's no surprise that much of Rory Golden's menu should cater to the health- and weight-conscious. Meats are well trimmed and are served with light sauces. Desserts favor fruit-centered ensembles. $60-$70. AMEX, CB, enRoute, MC and V. Open Monday through Friday for lunch and dinner, Sunday for brunch only. 18 Elm St.; 977-6740.

Fenton's

Regardless of your seating—the lush Garden Room or the dark and cozy Front Room—you will be pampered from beginning to end by chef Allan Barcley's imaginative menu and competent staff. The leek and stilton soup is considered a classic. Seafood and wild fowl are complemented by an

Continued on page 4

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Be wary of the weather

Risk managers should prepare for every possible kind of weather during this year's RIMS conference. That's because springtime in Ontario is unpredictable, according to the people who live there.

And since it's a risk manager's job to take precautions to protect against every possible risk, he or she should pack not only a warm coat, but an umbrella, boots and a sweater, advises a spokeswoman for the Toronto Convention & Visitors Assn.

"We can have a freak snowstorm in May," she says.

Average temperatures for April in Toronto range from a low of about 38 degrees to a high of about 53 degrees.

However, it is possible for fair-weather fans to explore Toronto without ever venturing out into the cold: Beneath its gleaming, modern, skyscraping exterior lies a climate-controlled "underground city."

"There is a lot you can do underground without coming up for too long," the spokeswoman says

Those brave enough to sightsee outside can call the Canadian weather service at 416-676-3066 for recorded forecast information.

Toronto dining

Continued from page T2

excellent wine list. $90-$100. AMEX, DC, MC and V. Open Monday through Friday for breakfast, lunch and dinner, Saturday for dinner only Toronto Dominion Bank Tower, King and Bay streets; 366-5575.

Gasthaus Schrader

In the heart of downtown, this German country inn's atmosphere will put you in the right mood to enjoy chef Hans Franz's specialties, such as weinerschnitzel, gefuellte rindsroulade, eisbein, wild boar and homemade cheesecake. European pub upstairs. A German band performs Thursday through Saturday evenings. $30-$40. AMEX, DC, MC and V. Open Monday through Friday for lunch and dinner, Saturday and Sunday for dinner only. 120 Church St.; 364-0706.

The Restaurant

At the Windsor Arms Hotel. An elegant dining room with two menus: a la carte and prix-fixe. Seafood and wild game are presented imaginatively by chef Michael Bonacini: trout mousse wrapped in thin slices of smoked salmon, a very gamey breast of mallard duck and a variety of Dover sole dishes. The wine list is extensive. $90-$100. AMEX, DC, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 22 St. Thomas St.; 979-2212.

Top of Toronto

Revolving restaurant at the top of CN Tower overlooking Toronto and Lake Ontario. Access to indoor and outdoor observation decks after dining. Prix-fixe menu offers continental cuisine such as smoked salmon, Caesar salad, steak and roast beef. $60-$70. AMEX, enRoute, MC and V. Open Monday through Sunday for lunch and dinner. CN Tower, 301 Front St. West; 362-5411.

Winston's

Considered to be the poshest dining spot in the city. Rolf Romberg's menu generally favors the traditional such as oyster soup, garnished beef filet with a bearnaise sauce and a carefully varied cheese plate. The wine list has been expertly drawn up. $150. AMEX, CB, DC, enRoute, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 104 Adelaide St. West; 363-1627.

Italian

Cibo's

A relatively new restaurant, but one that its many patrons would praise to the end. Chef Massimo Collavini offers traditional fare, with pastas changing daily. Veal chop au jus flavored with rosemary and topped with toasted hazelnuts is well handled, as is the beef tenderloin in a three-pepper sauce. $50-$65. AMEX, DC, enRoute, MC and V. Open Monday through Sunday for lunch and dinner. 1055 Yonge St.; 921-2166.

Corso

Chef Maria D'Orazio has created a menu catering to pasta lovers, although certain concessions are made to those preferring seafood, such as octopus and squid in a very light oil accented with lemon. Some salad and various veal dishes are also available. A discrete and pleasant dining room. $55-$65. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 108 Yorkville Ave.; 960-6255.

I Carbonari

The unpretentious dining room is dominated at one end by a woodburning brick oven that has played a large role in determining chef Carlo Esposito's menu. Meat, seafood and fowl are grilled over charcoal while pizza is baked in the oven. Their desserts and wines are limited, but the service is skillful and attentive. $50-$60. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 102 Bloor St. West; 968-3572.

Noodles

Chef Dant Rota, the former executive chef of the Windsor Arms Hotel, eschews trendy preparation in favor of reliable and pleasing dishes. The dining room is very high-tech, arguably at odds with the earthy cuisine. $50-$60. AMEX, DC, MC and V. Open Monday through Saturday for lunch and dinner. 60 Bloor St. W., with the entrance off Bay Street; 921-3171.

Orso

A flowery, relaxed dining room with terra cotta accents. A variety of dishes, prepared with imagination by chef Roland Richter include grilled shark and swordfish, tagliatelle and smoked trout and crab with peppers, tomatoes and cream. $60. AMEX, DC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 106 John St.; 596-1989.

Vittorio's Osteria

Removed from downtown Toronto, only those in search of noisy, boisterous meals will venture to this one-of-a-kind restaurant where the waiters are encouraged to be downright rude to the diners —as long as it's done with humor and flair. The daily assortment of veal, pastas and seafood are outlined in blackboards that are brought to the table. Go armed with plenty of one-liners, insults and clever rejoinders. $60-$70. AMEX, DC, enRoute, MC and V. Open Sunday through Wednesday for dinner only, Thursday through Saturday for lunch and dinner. 2637 Yonge St.; 483-3694.

Japanese

Honjin

A simple dining room with a wide range of intriguing dishes created by chef Masahiro Nakanishi. In addition to sushi, often flavored with sesame seeds, is barbecued eel, oyster hot pot and green tea flavored egg noodles in broth. $60. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. Located inside Village by the Grange, 71 McCaul St.; 977-6578.

Masa

Comfortable, reliable and good value. Many tried and true favorites are available as are other lesser known dishes prepared by Terry Nishijima, such as miso soups, shijimi jiru, which is soybean-based and swimming with sweet, tiny clams; vinegared octopus; and broiled squid. $40-$50. AMEX, DC, MC and V. Open Monday through Friday for lunch and dinner, Saturday and Sunday for dinner only. 195 Richmond St. W.; 977-9519.

Nami

The serenity of the dining room is hinted at by the simple neon wave outside. Chef Masaki Hashimoto has prepared a menu to please a variety of diners with his crisp and clean tempuras, varied seafood dishes, sushi and sashimi. The fish is grilled at the front-of-house robata counter. $50-$75. AMEX, DC, MC and V. Open Monday through Saturday for lunch and dinner, Sunday for dinner only. 55 Adelaide St. E.; 362-7373.

Latin

The Boulevard Cafe

With two floors and a large patio in warm weather months, diners can choose how they'd

Continued on next page

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1866

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Ferraro, Lewis to speak

Two notable political figures will be featured luncheon speakers during the RIMS conference in Toronto.

Former Democratic vice presidential candidate Geraldine Ferraro will speak at a luncheon on April 15, while Stephen Lewis, the Canadian permanent representative to the United Nations since October 1984, will express his views April 17. Both luncheons will be held in the Convention Centre Auditorium.

Ms. Ferraro

Ms. Ferraro, the first woman to run for the vice presidency of the United States on a major party ticket, also has taught school, earned a law degree and served as assistant district attorney in Queens County, N.Y. She was elected to the U.S. Congress from New York's 9th District in 1978.

Mr. Lewis became the youngest member to serve on the Ontario Legislature when he was elected in 1963. He was re-elected on four successive occasions, and in 1970, he became the provincial leader of the National Democratic Party. He stepped down from the leadership two years later and resigned his seat in November 1978.

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Toronto dining

Continued from previous page

like to take their Peruvian meals—as long as they arrive early for this cozy restaurant near the University of Toronto. The menu is small, but delectable, including carefully prepared fish ceviche, grills, salads and appetizers. $40-$45. AMEX, MC and V. Open Monday through Saturday for lunch and dinner. 161 Harbord St.; 961-7676.

Costa Basque

The dining room with its decidedly earthy atmostphere sets the folk mood for this Basque-style cuisine. Roberto Delgado maintains a nimble balance between refinement and simple preparation, which can be sampled in his salt cod and mediterranean fish soup. $50-$60. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 124 Avenue Road; 968-0908.

Asian

Bangkok Garden

Although Thai food is readily available throughout the city, this location is one of the more refined. Prakith Supsuri has taken much care to maintain the perfect balance in his complex dishes, such as marinated strips of lean beef tossed with mint; chili and lime juice; and Phad Thai, a combination of rice noodles, minced meats, shrimp and peanuts. $60-$70. AMEX, DC, enRoute, MC and V. 18 Elm St.; 977-6748.

Greek

Anesty's

The spacious, multitiered airy dining rooms easily put diners in mind of authentic Greecian venues. The menu includes octopus in virgin olive oil dressing, hot kefalotiri cheese spiced with lemon and herbs, along with a variety of meat and seafood main dishes. $55-$60. AMEX, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. 16 Church St.; 368-1881.

Penelopes

Chef Spiros Koulouris prepares Greek food of consistent quality. Charcoal broiled butterfly shrimp is served in a sharp lemon sauce while the lemon sauce for the pork tenderloin is accented with oregano. Appetizers include fried cheese and chewy squid. Muted decor and close to theater. $45-$50. AMEX, enRoute, MC and V. Open Monday through Friday for lunch and dinner, Saturday for dinner only. Front and Scott streets; 947-1159.

Seafood

Filet of Sole

A lively dining room just off the bright King Street West block spearheaded by the Royal Alexandra Theater. Not all dishes on the rather lengthy menu are available, just those whose prices are indicated. Clams, fresh lobster, grilled smoked salmon and moderately priced wines are topped only by its very convenient location. Chef is Kee Lee. $40-$50. AMEX, DC, enRoute, MC and V. Open Monday through Friday for lunch and dinner, Saturday and Sunday for dinner only. 11 Duncan St.; 598-3256.

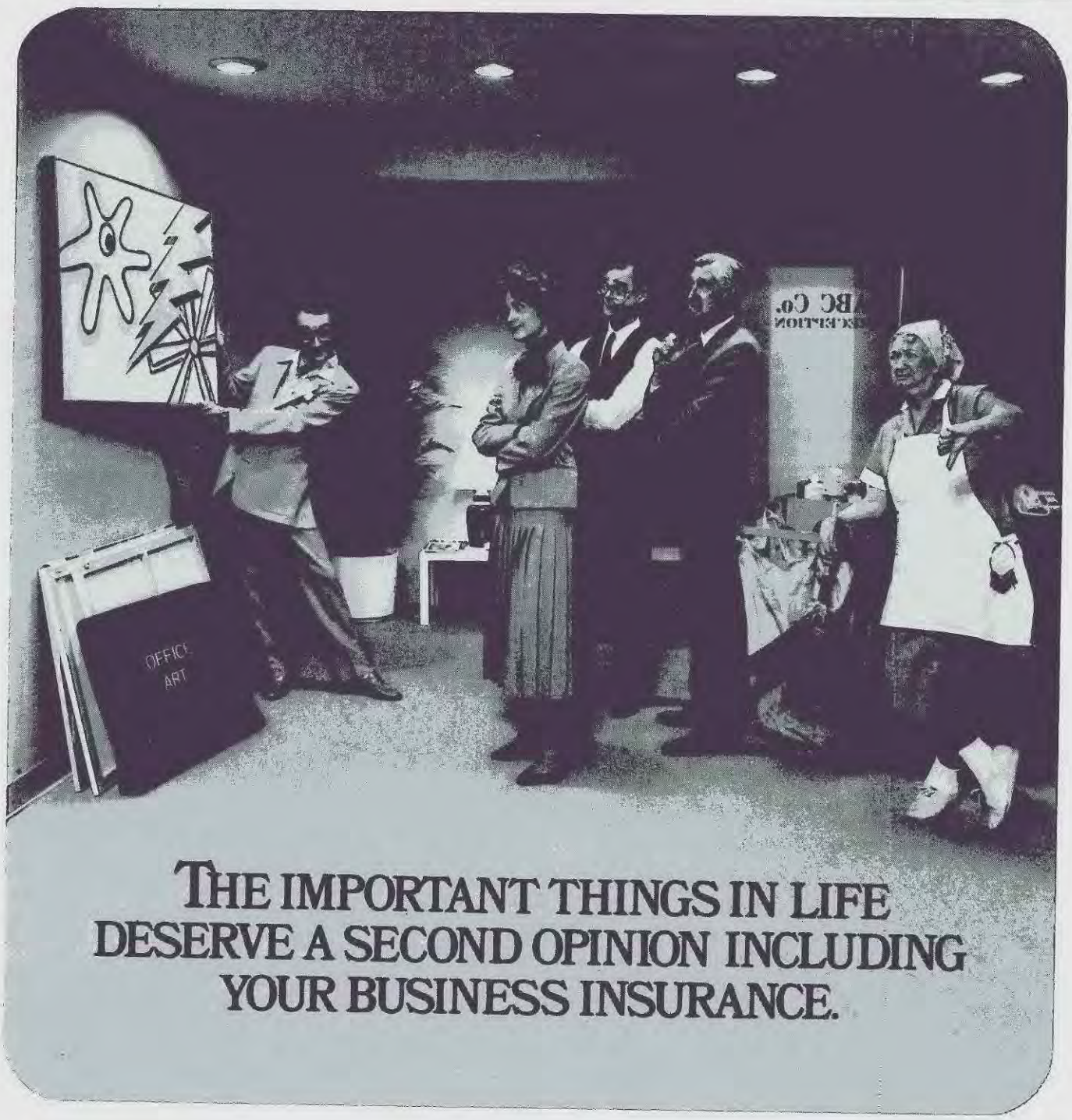
Mediterranean

Situated inside the upscale Market Square right across from the St. Lawrence Market. Charcoal broiling is chef Peter Lee's claim to fame. Another, more unusual, technique produces paper-wrapped salmon, and fettuccini garnished with asparagus and mustard. Mediterranean figs with nuts and spirits serve as an appropriate dessert. $50-$60. AMEX, CB, DC, MC and V. Open Monday through Saturday for lunch and dinner. Market Square, 80 Front St. E.; 865-1234.

Quenelles

Chef Stephen Bland has created a haven for Toronto's seafood lovers by treating his dishes with the precision and style witnessed in his salmon escalopes with cooked apples, creme fraiche and peppercorns. The atmosphere is sophisticated, yet relaxed, and the wine list boasts a surprising number of reds. $60-$80. AMEX, DC, enRoute, MC and V. Open Monday through Friday for lunch and dinner, Saturday and Sunday for dinner only. 636 Church St.; 967-1818. ■

Anne Langdon and William Lidstone are freelance writers who live in Toronto.



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BI Toronto Guide

Toronto is culture capital of Canada

By WILLIAM LIDSTONE

Toronto is the heart of Canada.

The capital of Ontario, the largest and richest province in the country, Toronto is the center of banking, the convention center and the headquarters for most of the nation's large corporations.

Best of all, it's the entertainment and cultural capital as well.

What follows is a summary of activities happening in and around Toronto during the 24th Annual Risk & Insurance Management Society conference, April 13-18.

Music/Theatre

● O'Keefe Centre: The Canadian Opera Co. performs two musical dramas at 1 Front St. E. Opera buffs can hear the company's rendition of Verdi's "Aida" on April 10, 13 (matinee), 16 and 19. Poulenc's "The Dialogue of the Carmelites" will be performed April 11, 15 and 17.

●St. Lawrence Centre: Twin theaters at this 27 Front St. E. location offer a variety of entertaining diversions. From April 14-19, Frank Wedekind's play, "Spring Awakening" will be performed. Other events during the week include: Pianist Antonin Kubalek's performance of "Sonatas by Mozart" on April 17; a performance by the Chamber Players of Toronto, featuring flutist Robert Aiken, of Hayden's "Symphony in D," Mozart's "Flute Concerto in G Major," Freidman's "Fantasy" and "Allegro for Strings" on April 18.

● Royal Alexandria Theatre: The Grande Dame of serious theater in Toronto, the "Royal Alex" offers the drama "Ross," based on the true story of Lawrence of Arabia. English thespian Simon Ward will star. 260 King St. W.; 416-593-4211.

● Elgin Theatre: Recently renovated and resurrected, the Elgin, at 198 Yonge St., has become the center-of-the-city home for the Toronto production of "CATS." Ticket information is available by calling 872-CATS.

● Toronto Truck Theatre: So far no one has invented a better one, so Toronto Truck Theatre's production of Agatha Christie's "The Mousetrap" is entering its eighth successful year at the theater's 94 Belmont St. location; 416-922-0084.

● Bayview Playhouse: "The Desert Song," by Otto Harbach, lyrics by Oscar Hammerstein and Frank Mandel, music by Sigmund Romberg, will be playing at this north-central theater, located in the heart of a popular restaurant area. "The Desert Song" is a romantic musical comedy; 416-481-6191.

● Roy Thomson Hall: This newest and most modern home for Canadian peforming arts is one of the finest new halls in the world with accoustics that must be experienced. The Dresden Chamber Orchestra will perform April 14; the Volunteers of the Hall will host "Sail into Spring," a fashion show, on April 15; the Toronto Symphony Orchestra under Andrew Davis will perform the works of Ravel and Franck April 16, 17 and 19; cellist Mstislav Rostroprovitch performs a recital April 18. Call 416-872-2233 for ticket information.

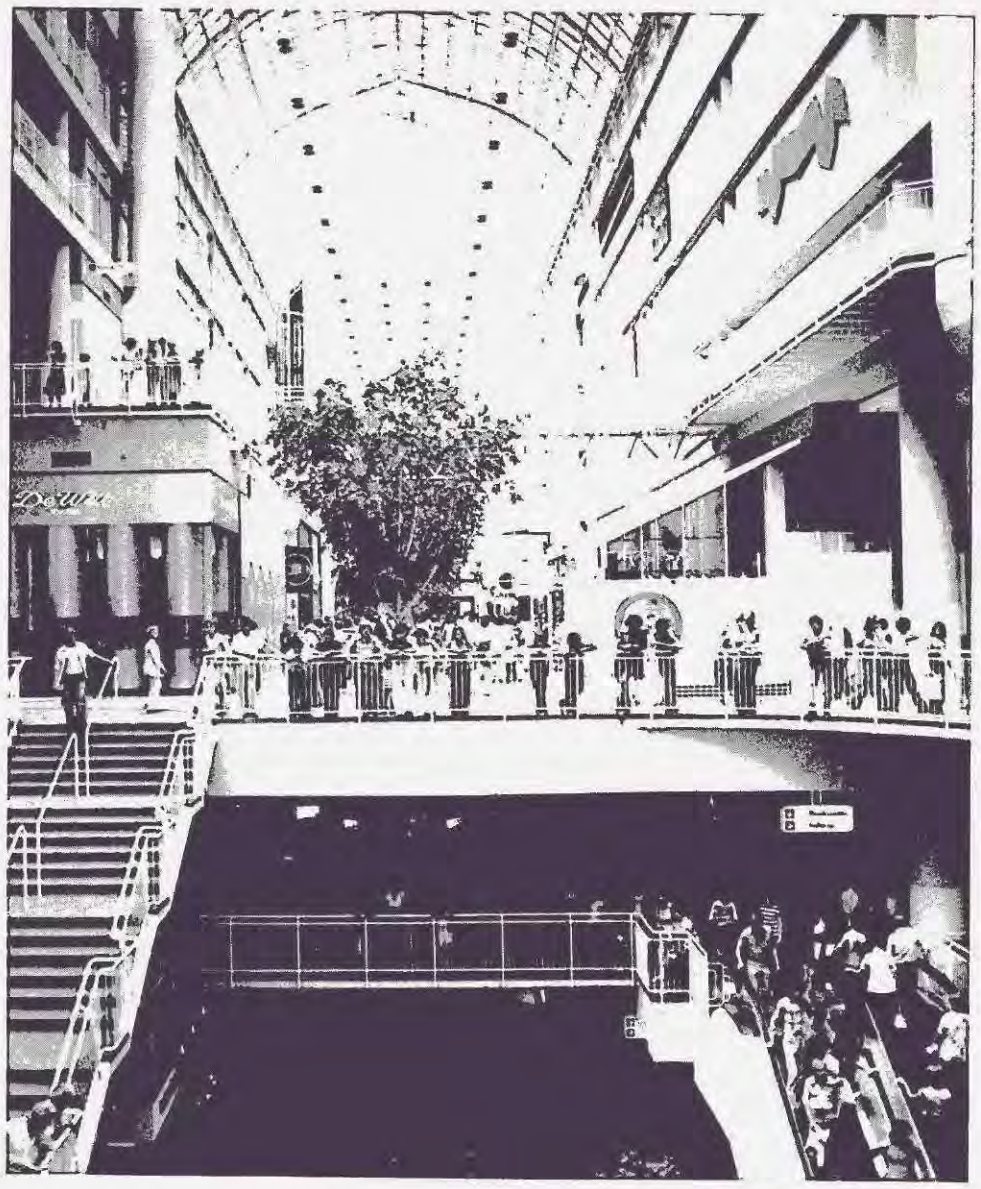


Photo: Ontario Ministry of Tourism and Recreation

The Eaton Centre, downtown Toronto's modern gallery of 300 shops and services.

● Theatre Passe Muraille: This troupe, renowned for novel and innovative Canadian productions, is located at 16 Ryerson Ave. (Queen and Bathurst). Theatre Passe Muraille will just be hitting its stride with its production of "Jessica," a play about a young woman faced with conflicts between her culture and her life in the 1980s. Playwright, director and star are combined in Linda Griffiths, known for her one-woman show "Maggie and Pierre," based on the life and times of former Prime Minister Pierre Trudeau; 416-363-8988.

● Tarragon Theatre: Whimsically named after the founder's favorite seasoning, the Tarragon Theatre specializes in Canadian premiere works. Starting April 8 is "The Wedding Script," a serious comedy about a marriage of convenience between an English rock star and a Toronto woman; 416-531-1827.

● Second City, Old Firehall Dinner Theatre: A good meal and a good laugh are available for patrons of this (the "other") Second City Revue Group. The company's latest production, "Andy Warhol, Your 15 Minutes Are Up," is performed Monday through Saturday at the theater's 110 Lombard location. Improv on Thursday nights. For information, call 416-863-1111.

Sports

● The Toronto Blue Jays, the 1985 American League Eastern Division champs, open their home season April 14 against the Baltimore Orioles. The two clubs also play April 16 and 17. The 1985 World Champion Kansas City Royals step up to the plate April 18 for the first of two games. For ticket information call 416-595-1362.

● On the hockey homefront, the ever-popular but struggling Toronto Maple Leafs could still be in the running at Maple Leaf Gardens if they hang on to their playoff spot that long; 416-977-1641.

Cultural Opportunities

● Harbourfront: a 92-acre park in the center of Toronto's harbor area, is located on Lake Ontario directly across from the Toronto Islands at 235 Queen's Quay West. Call 416-364-5665 for information.

Scheduled for mid-April are the Break Away Dance Theatre peforming jazz, ballet and modern dance numbers, April 16-19; Theatre Sports, an audience participation comedy program, April 17; the Celtic Festival, a display of painting and sculpture by Canadian artists of Celtic origin, also April 17.

The Antique Market is open every day except Monday until 6 p.m., while three levels of the best boutique shopping in Canada are open seven days a week until 9 p.m.

Craft studios and shops, film and art shows, restaurants and live theater also are scheduled throughout the RIMS conference week.

● Fort York, on Garrison Road off Fleet Street, near Lake Shore, is a restored fort of the War of 1812 era. Guards uniformed as the Grenadier Co. of the 8th (King's) Regiment demonstrate period military drills.

● Ontario Science Centre: Located north of the city at 770 Don Mills Road, North York, this is a provincially sponsored center that takes a "please touch" approach to science and learning. "Food" is the major theme in April; 416-429-4100.

● The Metro Zoo: One of the most comprehensive zoos in the world featuring the largest elephant herd in North America as well as innovative and intriguing displays that often have visitors seeming to walk through the cages. Highway 401 at Meadowvale; 416-284-8181.

● Royal Ontario Museum: Visitors are in for a treat at the Royal Ontario Museum (called the ROM) in April when a world class exhibit on the art and culture of the Maya is in full swing. Drawing on the resources of four different museums, the ROM program also highlights work done by the museum's own personnel in Belize, formerly known as British Honduras.

● The MacLaughlin Planetarium: Right next door to the ROM at 100 Queen's Park Circle, the planetarium hosts a popular series of star shows, including one highlighting the arrival of Halley's comet; 416-978-8550.

● The Art Gallery of Ontario: Home of the permanent display of works by well-known sculptor Sir Henry Moore, the AGO also has a series of themes and displays during April. Included are the "Prints of Edouard Monet," the "Work of Christopher Pratt," "Milton Avery and His Paintings of Canada" and a presentation called "History: What's It Got to Do With Art?" 217 Dundas St. W.; 416-977-0414.

Continued on next page

Shuttles, subway ensure visitors' mobility

It'll be easy for risk and benefit managers attending the 24th Annual Risk & Insurance Management Society conference to get around metro Toronto.

RIMS will provide shuttle bus service between participating hotels for conference attendees. Hours of operation are: Sunday, April 13, noon-midnight; Monday, April 14, through Thursday, April 17, 7 a.m.-midnight; Friday, April 18, 7 a.m.-noon.

Several routes are scheduled. Conference-goers are advised to check in their hotel lobbies for pickup points. Additional information on the specific routes will be included in the RIMS conference registration kits.

And for those who want to explore the city on their own, Toronto boasts a clean, efficient and safe public transportation system that combines subways, streetcars and buses that go just about everywhere.

The Toronto Transit Commission subway is shaped like a U with a line running across the middle of it. The Bloor/Danforth line runs east-west along Bloor Street from Kipling Avenue in the west to Kennedy Road in the east.

The Yonge/University/Spandia line runs north-south from Finch Avenue in the north to Union Station at its southernmost tip, and runs north again up University Avenue.

At both the St. George and Spadina stations, the University line connects with the Spadina line, and the Spadina subway runs north as far as Wilson Avenue in the northwest.

A single fare will take riders anywhere the subway stops. Buses or streetcars go where the subway doesn't, but riders must get transfers when they pay their fares.

Transit fares currently are $1 for adults; five tickets or tokens for $4. Student and senior citizen rates are only available to Toronto residents with appropriate identification cards. Exact fare is required on all surface vehicles.

Subway hours are Monday through Saturday, 6 to 1:30 a.m.; Sunday, 9 a.m. to 1:30 a.m.

The TTC also provides travel information by phone. Call 416-393-4636, and an operator will tell you the best way to get to your destination.

Taxis, rental cars and limousines also are available, although the taxis cruise mainly in the most crowded downtown areas, according to the Toronto Convention and Tourist Bureau.

Passengers will be charged an initial $1.30 for the first 274 meters (approximately one-sixth of a mile) plus 20 cents for every 274 meters after that, which calculates to an average of $1.17 per mile. A charge of 20 cents per 60 seconds of waiting time also is added to the fare. Major cab companies include: Diamond Taxicab Assn., 416-366-6868; and Metro Cab, 416-363-5611.

Convention attendees who drive should keep in mind that all road distance and speed limit signs are indicated in kilometers. Also, the use of seatbelts is mandatory in Ontario.

Metropolitan Toronto is laid out in a grid pattern of major north-south and east-west arteries. The Don Valley Parkway, the Gardiner Expressway and the Allen Expressway provide access to the city from the major highways.

Parking fees at the hotels at which conference attendees are scheduled to stay are: L'Hotel, $10 a day; Sheraton, $8 a day (no in/out); Royal York, $7 a day; Hilton Harbour Castle, $9 a day; Westin Hotel, $9 a day (in/out, valet additional price); Convention Centre, $5 a day.

Various types of transportation are available from Pearson International Airport to the downtown area., a distance of 17 miles.

The fare is approximately $23 from the airport to downtown Toronto by chauffeur-driven cars provided by either Airlift Limousine, 416-494-4155; or Airline Limousine 416-676-3220 or 416-675-7181.

An airport express bus, which leaves every 20 minutes from arrival levels in Terminals 1 and 2 from 6:50 a.m. until 12:10 a.m., costs $7 one-way. For information, call Gray Coach Lines, 416-979-3511. ■

Continued from previous page

- The CN Tower: Located at the west end of the Metro Toronto Convention Centre, the CN Tower is the world's tallest free-standing structure at 1,815 feet. The elevator ride alone is breath-taking, while the view puts all of Toronto at your feet; 416-362-5411.

Historic Houses

Toronto is home to some beautifully restored and historically significant homes from the last century. All are open for tours.

- Colborne Lodge: Set in the beauty of High Park, more than 400 acres of grasslands and forest in the west end of the city, Colborne Lodge is the faithfully maintained, 1836 home of architect John G. Howard. Nineteenth century crafts are demonstrated daily; 416-763-1534.
- Spadina House: A vision of Victorian opulence and a look at the colonial Golden Era of Upper Canada, Spadina House sits on six acres of landscaped grounds at the crest of Davenport Hill; 416-595-1567.
- MacKenzie House: The home of William Lyon MacKenzie, Canada's best known rebel, leader of the 1837 Rebellion and Toronto's first mayor, MacKenzie House is reputed to be haunted; 416-366-1371.
- Casa Loma: Just down the street from Spadina House, Casa Loma is a vision of a European castle built on an Ontario hillside. Constructed in the 1920s by Sir Henry Pellat to incorporate the features of numerous European castles, Casa Loma stands today as an intriguing stop for the curious; 416-923-1171.

Secret City

In mid-April Toronto awakens from a long winter's nap. Mild days and cool nights are the order of the season. Still, it isn't always that way, and to circumvent the inconveniences of a snow-filled winter, enterprising Toronto natives have developed an "underground city" that connects the downtown subway lines, businesses and shopping centers. It's quite possible to walk almost anywhere without going outside.

Many people wander the shop-lined malls and tunnels to the award-winning Eaton Centre, the Royal York Hotel, the Royal Bank Tower or any of the dozens of other centers that make up this urban metropolis under the streets. ■

Future RIMS

Next year's Risk & Insurance Management Society conference will be held in sunny Las Vegas, Nev., on March 29 through April 3.

Other future conference places, dates are:

- **1988**—Washington, D.C., April 17-22.
- **1989**—Atlanta, April 9-14.
- **1990**—Boston, April 28-May 4.
- **1991**—Chicago, April 14-19.

Crossing border no big problem

For most Americans, crossing the border into neighboring Canada is as easy as crossing a state line.

U.S. residents and citizens are not required to have a passport to enter the country, but visitors should carry papers showing their citizenship. Birth certificates or voter registration cards will suffice.

Naturalized U.S. citizens should carry a naturalization certificate or some other evidence of citizenship. Permanent residents who are not U.S. citizens need their alien registration receipts. Citizens of countries other than the United States must have valid passports.

When entering the country, visitors routinely are asked questions concerning place of residence, citizenship, reason for visiting and whether they're carrying any plants or excess liquor.

Those who decide to take domestic spirits home with them must shop at Liquor Control Board of Ontario stores, which sell wine, liquor, imported and some domestic beers. Call 416-963-1915 for locations.

Brewers' Retail stores sell Canadian beer and ale. See the white pages of the telephone directory under Brewers' Retail for store locations.

Purchases made in Canada are subject to certain restrictions set by U.S. Customs.

Every 31 days, U.S. residents are allowed to bring back duty-free $400 U.S. (retail value) worth of merchandise, provided they have been outside of the United States for at least 48 hours.

This amount can include one carton of cigarettes, 100 cigars (no Cuban), 1 pound of smoking tobacco and 32 ounces of liquor—if the buyer is at least 21 years old.

Those who stay fewer than 48 hours, may take back to the United States $25 worth of merchandise duty-free, including 4 ounces of alcohol but no tobacco.

Since the Canadian dollar currently is worth 72 cents U.S., a wise shopper can take advantage of that favorable exchange rate.

Handmade crafts and works of art are exempt from duty, but a purchase receipt may be required.

A provincial retail sales tax of 7% is levied on goods and services purchased for use or consumption within Ontario. Visitors may apply for a refund of this tax once they have accumulated $100 worth of receipts for non-disposable merchandise to be used outside of Ontario.

Sales tax refund forms can be obtained at places of purchase and stamped by the Customs agents at the border or airport. The forms and receipts for items purchased should be mailed from the country of residence, and a refund will arrive in about a week to 10 days.

For further information on Customs regulations, call 416-676-2606 in Toronto, or contact U.S. Customs at Terminal 1 or 2 at Pearson Internatinal Airport and request the booklet "Know Before You Go." ■

RISK MANAGERS:

You can pick up your free copy at our RIMS booth. Just fill out the coupon below & bring it by our booth. Barry

137 Questions to ask yourself before you next renew

Crawford & Company now offers a free booklet with questions and answers designed to help you improve the service portion of your risk management program.

All of a sudden insurance is a vital business issue. Discussions of liability exposures have shifted from the lunchroom to the boardroom or the courtroom.

The risk manager is hard pressed to know what to do in these turbulent times. And questions outnumber answers.

Crawford & Company has put together a booklet with a series of questions on a number of topics of special concern to risk managers. Various Crawford risk management specialists contributed answers to these troubling questions. And this booklet is available to you without charge or obligation.

We haven't answered all the support service questions you need to ask, but give you a good start. For instance,

RISK INFORMATION

Q. **Who owns the data in my RMIS? And in what form?**

A. You should ask for..., as part of your contract with your RMIS supplier, a statement indicating that you own not only all data (relating to your insurance program), residing in the RMIS, but also...magnetic tape copy of the data...

RISK CONTROL

Q. **Is there such a thing as too much risk control?**

A. ...the cost of control can easily exceed the cost of exposure...In order to deal with this, you should establish a budget for risk control and track or monitor results in accord with that budget.

Q. **How can I measure the effectiveness of risk control?**

A. ...there should be specific criteria established to measure the degree of effectiveness...These criteria must be measurable, quantifiable and relative to an exposure base.

CLAIMS ADMINISTRATION

Q. **If my ultimate workers compensation costs either under a self-insured or insured program are based on my loss experience, is there anything I can do to control that cost?**

A. The effective coordination of Claims, Vocational Rehabilitation, and Risk Control can achieve substantial reduction in loss experience and ultimately reduce your workers compensation cost.

Prompt investigation of claims and coordination of defense activities should result in the prompt payment of valid claims and effective compromise or defense of those which are questionable...

Crawford & Company believes that now, more than ever before, it is critical that businesses arrange the key service components of effective risk management – risk control, claims administration, vocational/medical rehabilitation, risk management information systems, and finance – into an integrated system supporting the risk management process.

At this pivotal spot, the risk manager stands remembering that "Crawford earns your confidence... one assignment at a time."

For the remainder of the 137 questions and their answers, **write for our free booklet:**

Name _____
Title _____
Company _____
Address _____
_____
Phone _____

Barry LaFleur
Vice President, Market Development
Crawford & Company
5620 Glenridge Drive, N.E.
P.O. Box 5047
Atlanta, GA 30302

Crawford
RISK MANAGEMENT SERVICES

Program update

Continued from page T1

Following is a summary of program changes:

• Industry Sessions

• Peter Cleyn of Alcan Aluminum Corp. will speak at the aluminum session.

• Bank of Montreal executives Rudy Henkel and Andrew Waller will co-chair the banking industry session.

• A representative of the Daughters of Charity Health Systems East will co-chair the hospitals/health care management session with James Holzer of the Risk Management Foundation of the Harvard Medical Institute.

• Mark S. Davis, manager-insurance and risk management, at the Champion Spark Plug Co. in Toledo, Ohio, will lead the leisure products session.

• Ross Collette of Bow Valley Industrial Ltd. and Tom Tetlack, corporate risk manager at Standard Oil of Ohio in Cleveland, will co-chair the oil industry session.

• A new session on the restaurant industry has been added, and Terrance A. Higgins, manager-safety at Saga Corp. in Melno Park, Calif., and William Scott of Ponderosa Inc. of Dayton, Ohio, are the chairmen.

• Raymond C. Essig, director-risk management at Allied Stores Corp. in New York, will chair the retailers industry session.

• Special Interest Groups

• Timothy Hoffman, vp-insurance services division of M.A. Hanna Co. in Cleveland, will chair the Thursday session on advanced captives.

James S. Waugh, vp-marketing at Flightsafety International Inc. in Flushing, N.Y., will assist Charles J. Armstrong Jr. of Xerox Corp. in Stamford, Conn., in chairing the aviation exposures group.

Judy Lindenmayer, director of risk management at Data General Corp. in Boston, will coordinate the employee benefits administrators group.

New chairmen for the joint owned/rental captives group are Frank R. Tierney, vp-risk management at Consolidated Natural Gas in Pittsburgh, and Angus Robinson, president of Trenwick America Reinsurance Corp. in Westport, Conn.

The pro-active management seminar will be chaired by Albert M. Dufault, vp, Constitution State Service Co. in Hartford, Conn.; H. Gordon Heile, risk manager, Asplundh Tree Expert Co. in Willow Grove, Pa.; and Peter J. King, assistant risk manager, Berwind Corp. in Philadelphia.

• Conference Seminars

The following changes or cancellations have occurred in the conference seminars planned:

• S33, "Importance of Communicating Post-retirement Benefits," at 9-11 a.m. on Tuesday has been canceled.

• S35, "Interactive Videodisc Technology and Employee Communications," at 9-11 a.m. on Tuesday, has been canceled.

• S42, "Wellness: A Roundtable Discussion," at 2:30 to 5 p.m. Tuesday and 8:30-11 a.m. Thrusday has been canceled.

• Tuesday's 9-11 a.m. session of S46, "Pre-paid Dental Care," has been canceled.

• Thursday's 8:30-11 a.m. session of S47, "Employee Assistance: A Risk Management Perspective," has been canceled. Tuesday's 2:30-5 p.m. session is still scheduled.

• Tuesday's 2:30-5 p.m. session of S48, "Practical Aspects of Welfare Benefit Plan Management During Acquisition and Divestiture Situations," has been canceled. The Monday 2:30-5 p.m. session is still scheduled.

• Both Thursday sessions of S65, "Global Risk for the Overseas Visitor," at 8:30-11 a.m. and 2:30-5 p.m., have been canceled.

• Thursday's 8:30-11 a.m. session of S81, "Handling a Contamination Loss: A Case Study," has been canceled. Wednesday's 2:30-5 p.m. session is still scheduled.

• Thursday's 2:30-5 p.m. session of S88, "Management Oversight and Risk Tree," has been canceled. Wednesday's 2:30-5 p.m. session is still scheduled.

• Thursday's 2:30-5 p.m. session of S95, "Coping with New Motor Truck Insurance Problems," has been canceled. The 8:30-11 a.m. session on Thursday is still scheduled.

• Friday's 10 a.m.-12:30 p.m. session of S98, "Whatever Happened to All the New Products," has been canceled. Thursday's 8:30-11 a.m. session is still scheduled.

• Both sessions of S103, "Intentional Tort/Employers' Liability," on Wednesday from 2:30 to 5 p.m. and Thursday from 8:30-11 a.m., have been canceled.

• Thursday's 8:30-11 a.m. session of S106, "Environmental Regulation: You'll Wonder Where Your Profits Went," has been canceled. The Friday 10 a.m.-12:30 p.m. session is still scheduled.

The following sessions also have been canceled:

• S110, "A Wage-Loss Approach to Workers Compensation," on Wednesday from 2:30-5 p.m. and Thursday from 2:30-5 p.m.

• S114, "How to Design and Negotiate Structured Settlements That Work," on Thursday from 8:30-11 a.m. and 2:30-5 p.m.

• S122, "Political Risks," on Wednesday from 2:30-5 p.m. and Thursday from 2:30-5 p.m.

New moderators or speakers have been named for the following conference seminars:

• S30, "Risk Management Involvement in Benefits: Yes or No?" will be moderated by Joseph Charles, director-employee benefits at Ryder System Inc. in Miami. New speakers are: Lawrence J. Babbitt, vp at Marsh & McLennan Inc.; Thomas Boudreau, principal at William M. Mercer/Meidinger Inc.; and Robert Haller, second vp at Travelers Insurance Co.

• Robert E. Loughran Jr., vp at Johnson & Higgins, will speak at S31, "Post-retirement Life and Medical Liabilities After Financial Accounting Standards Board Statement No. 81."

• William Vogel, chairman at Eastern Benefits Systems, will speak at S34, "Self-administering Medical and Dental Benefits."

• S38, "Group Health Ideas for the Company with 25-400 Lives," will be moderated by James M. Doumas, director-risk management at the Dyson Kissner Moran Corp. in New York. New speakers include: W. Brian Harrigan, vp and senior consultant at Johnson & Higgins; Charles (Ned) E. Vadakin II, vp at Portland, Maine-based Union Mutual Life Insurance Co.; and David Rahill, vp at Johnson & Higgins National Health Group.

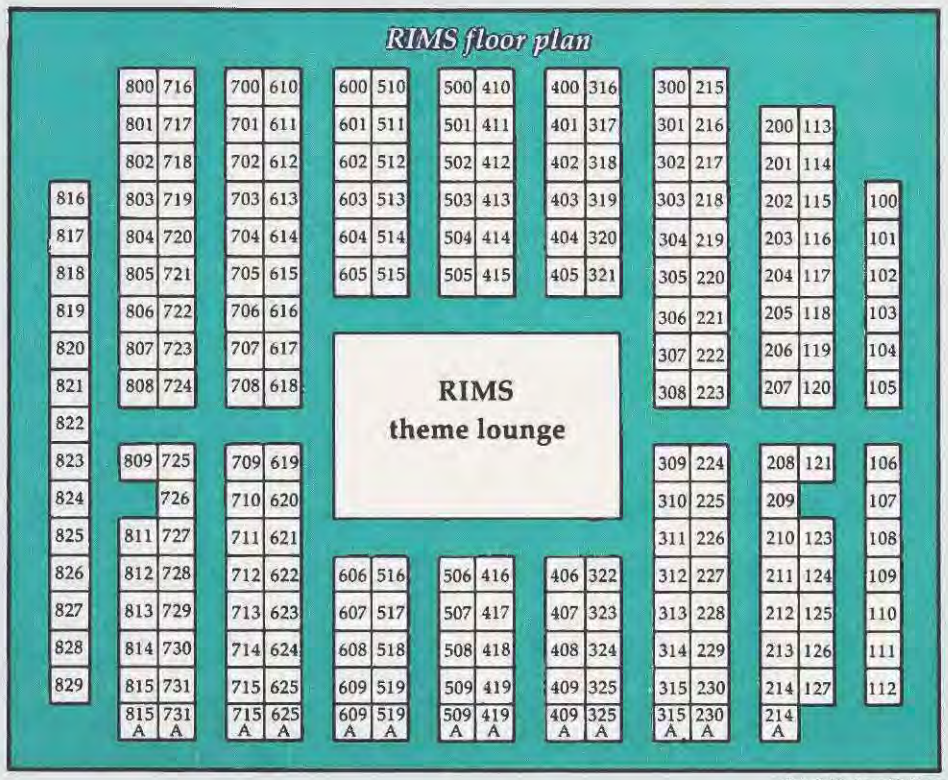
• Ted Young, risk manager, Cox Communications Inc. in Atlanta will moderate S41, "Wellness: An Introduction." Dr. Curtis Wilber, director of marketing-Live for Life at Johnson

Continued on next page

Floor plan for this year's RIMS exhibitors

The 1986 conference exhibition will be on the second floor of the Metro Toronto Convention Centre. Exhibits hours are noon-4:30 p.m. April 13; 8 a.m.-4:30 p.m. April 14-17; and 8 a.m.-10 p.m. April 18. Following is a list of exhibitors and their booth numbers:

Adjustco Inc. **224, 225**
ADT Security Systems **401**
Aetna Life & Casualty Co. **716, 717**
Aetna Financial Services Co. **518**
A.M. Best Co. **819**
American Appraisal Associates **125**
American Credit Indemnity **509**
Air Belt/Pneumedic Corp. **519**
American International Group **300, 301, 302, 303**
American Medical International **823**
Anistics **113, 114, 115**
Arkwright-Boston **807, 808**
Back Systems **419**
Bahamas Assn. for International Insurance **803**
M.F. Bank & Co.**405**
Benefacts Systems Inc. **105**
Blackmon Mooring Steamatic Catastrophe **703**
Bermuda Government **408, 409**
Brougher Insurance Group **818**
Blue Cross & Blue Shield Assns. **722, 723, 724**
Broker Service Corp. **322, 323**
Brownlee Dolan & Stein Associates **324**
Buck Consultants **111**
Business Insurance **610**
California Interactive Computing **106**
Caremark **119, 120, 206, 207**
Center for Corporate Health Promotion (Travelers) **414, 415, 504, 505**
Central Bank of Barbados **623**
C/G Data Corp. **325**
CIP Systems **625**
CIGNA Corp. **615, 616, 617, 618, 705, 706, 707, 708**
Cluett Security **822**
Continental Insurance Co. **200, 201, 202, 203**
Conway Computer Consultants **714**
Cook & Miller **709**
Coopers & Lybrand **720, 721**
Corroon & Black **604, 605**
CoMed **101**
Control Data Corp. **712, 713**
ConServco (Travelers) **503**
Corporate Health Care Management **814**
Corporate Systems **506, 507, 508, 416, 417, 418**
Crawford & Co. **309, 310, 311, 312, 313, 314**
Cybex Inc. **110**
Delta Dental Plan **624**



Graphic: Amy Palmer

Dempsey, Meyers & Hughes **821**
Dyer, Wells & Associates **104**
Eastern Benefit Systems **223**
Electronic Data Systems **806**
Employers Reinsurance Corp. **100**
Erisco **715, 715A**
Ernst & Whinney **727, 728**
Factory Mutual **500, 501**
Fitness Research Center **824**
Flight Safety International **710**
GAB Business Service **510, 511, 600, 601**
Galaher Settlements **227**
Arthur J. Gallagher **619, 620, 621**
Group & Investment Systems, a division of PMSC **229**
Great Western Life Insurance Co. **826**
Hanna Insurance **729, 730**
Hazard Information Systems **230A**
H.B. Group Insurance **109**
Health Care Compare **127**
Health Care Services **124**
Health Economics Corp. **214**
Health Examinetics **103**
Haztran **214A**
HCM Claim Management **102**
Helmsman Management Services **612, 613**
Home Insurance Co. **830, 831, 832**
Huver & Associates **812**
Impact Hearing **815A**
Industrial Appraisal Co. **402**
Industrial Risk Insurers **406, 407**
International Data Processing (IDP) **829**
International Foundation of Employee Benefit Plans **611**
International Technology Corp. **700, 701**
Input Output Computer Services Inc. **315, 315A**
INTRACORP **304, 305**
IPC Group of American Ltd. **607**
Island Peer Review Corp. **509A**
Thomas L. Jacobs **809**
Jardine Insurance Brokers **606**
Johnson & Higgins **306, 307, 308**
Johnson & Johnson **608, 609**
Joyce Institute **815**
Jury Verdict Research **404**
Kemper Group/NATLSCO **319, 320, 321**
Kenneth H. Wells & Associates **107**
Krames Communications **800, 801**
Liaison Inc. **112**
Liberty Mutual Insurance Co. **602, 603**
Lloyd Thomas/Coats & Burchard **805**
Medical Personnel Pool **811**
Medical Review Corp. **230**
Medco Group **116, 117**
Medi-Rx American **813**
Medstat **126**
Medview **804**
Metropolitan Life Insurance Co. **403**
Moisture Control Services **419A**
Morden & Helwig **622**
Mutual of Omaha Cos. **208, 209**
National Assn. of Independent Insurance Adjusters **121**
National Glass Service **513**
National Health Network **228**
National Underwriter **704**
Nationwide Insurance Co. **215, 216, 217, 218**
Owens Corning Fiberglas Corp. **123**
Pharmaceutical Card Systems **226**
Practical Risk Management **614**
Relectronic Service Corp. **825**
Resource Information System **210, 211**
Restoration Technology **827**
RIMS **400**
Riverfront Medical Service **711**
Royal Insurance Co. **219, 220**
Rollins Burdick Hunter Co. **221, 222**
Rollins Environmental Services **731A**
George M. Ruddy **512**
Schirmer Engineering Co. **718**
St. Paul Fire & Marine Insurance Co. **816, 817**
Seguros La Comercial S.A. **409A**
Self-Insurance Institute **609A**
Sensormatic Electronic Corp. **118**
Sill Adjustment **625A**
Spartan Systems **519A**
Standard Auto Glass **820**
Structured Settlements **719**
Structured Settlements Co. **213**
Softec Inc. **725, 726**
S.O.S. International **516, 517**
Syntonic **108**
Texas Employee Insurance Assn. **325A**
Tillinghast, Nelson & Warren Inc. **316, 317, 318**
Touche Ross **212**
Travelers Insurance Cos. **502, 410, 411, 412, 413**
Underwriters Adjusting Bureau **702**
Underwriters Adjusting Co. **204, 205**
U.S. Corporate Health Management **731**
Weyerhaeuser Information Systems **828**
John H. Wiggins **802**
Zurich-American Insurance Cos. **514, 515**

BI Toronto Guide

Continued from previous page

& Johnson in New Brunswick, N.J., will speak at the session.

- Jonathan Lewis, acting manager-employee benefits for the Workers' Compensation Board of Ontario, will moderate S43, "Effective Cost Containment: Selecting the Right Alternative."
- S47, "Employee Assistance: A Risk Management Perspective," will be moderated by John Van Vliet, corporate benefits manager at Miller Brewing Co. in Milwaukee. Speakers include: Richard L. Burtt, EAP manager at Miller; Richard C. Groepper, director-EAP Services, and James G. Sybert, vp-risk control, both at Atlanta-based Crawford & Co.
- Attorney Arthur J. Gajarsa will be an additional speaker at S48, "Practical Aspects of Welfare Benefit Plan Management During Acquisition and Divestiture Actions."
- S51, "Strategic Planning in Risk Management: A Critical Tool for Success," will include discussion by speakers William McGannon, risk manager at Nova Corp., and Wayne Wickham, director-risk management at National Semiconductor Corp. in Santa Clara, Calif.
- Richard G. Gerlach, corporate controller at Bergen Brunswig Corp. in Orange, Calif., will moderate S56, "The Outside Independent Risk Management Review." Anita Percaccio, risk manager at C.J. Segerstrom & Sons, has been named an additional speaker.
- Cristina D. Haley, director-risk and insurance management at Levi Strauss & Co. in San Francisco, will speak at S57, "Selecting and Evaluating Your Broker in a Hard Market."
- S58, "Thinking the Unthinkable," will be moderated by Michael W. Bryant, director-property/casualty insurance at Westinghouse Electric Corp. in Pittsburgh. Speakers include: Arthur Erickson, senior vp at Johnson & Higgins; Edward Guay, senior vp at CIGNA Corp.; and Dennis Kane, senior vp at INA Special Risk Facilities.
- S60, "International property/casualty programs," will be moderated by Thomas A. Caldwell Jr., director of risk management at American Cyanamid Co. in Wayne, N.J. Speakers include: Claude F. Gallello, president of AIU Global Division; Michael J. Linde, vp-international at Johnson & Higgins; and Philip Scott Schering, vp at New York-based Alexander & Alexander Services Inc.
- Rogert Formisano, associate professor of risk management at the University of Wisconsin-Madison, will speak at S61, "Quantitative Approach to Risk Management."
- S63, "The Risk and Insurance Manual: 'A Necessary Evil?'" will be moderated by Gilbert L. Carlson, risk administrator at Washington National Insurance Corp. in Evanston, Ill. Speakers include: John Roskopf, a consultant with Towers, Perrin, Forster & Crosby in New York; and R. David Turner, president of Rollins Burdick Hunter Management Inc. in Chicago.
- Juergen Herrman, corporate risk manager at Swedish Match Co., will moderate S66, "Global Update: Europe." New speakers are: Liliana Archibald, director of Fenchurch Special Risks Group Ltd.; Jerome Karter, vp and manager of the international department of Johnson & Higgins; and Christian Meyer, senior vp in the international division of Zurich Insurance Co. in Schaumburg, Ill.
- S67, "Global Update: Latin America," will be moderated by Peter Glogowski, risk manager at Suzano de Papel e Celulose. Fernando Ortega, director in the international department of Brockman y Schuh will speak during the session.
- S68, "Global Update: The Pacific Basin," will include discussion by speakers William P. Dunne, risk and insurance manager at Sydney Waterboard; and George Rainoff, senior vp at Johnson & Higgins.
- S69, "Global Update: Middle East and Africa," will be moderated by Gary K. Brucker, corporate adminstrator-risk management at Northrop Corp. in Los Angeles. Speakers include William H. Allman, vp at American International Underwriters Corp. in New York; Kenneth L. Gorelick, regional manager at New-York based Continental Insurance Cos.; and Douglas Smith, vp and manager in the international department of Johnson & Higgins.

William J. Warren, director-corporate risk & insurance at the Ber-

Continued on next page

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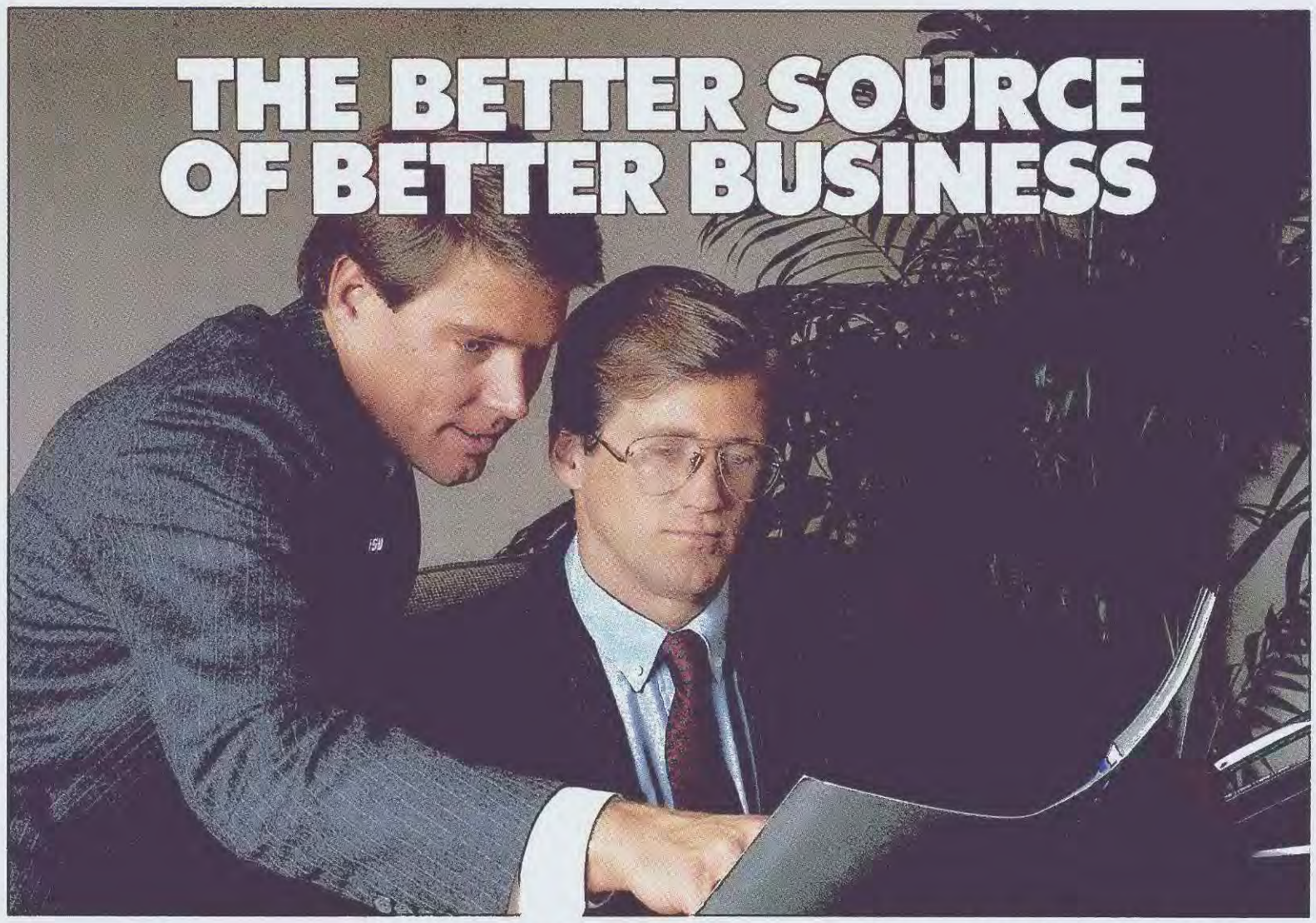

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Program update

Continued from previous page

wind Corp. in Philadelphia, will moderate S71, "How the Effective Use of Risk Management Tools Can Expand Primary and Excess Limits."

● S71.1, "Association Captives and Pooling," will be moderated by Thomas A. Duffield, vp-risk & insurance management at Archer-Daniels-Midland in Decatur, Ill. Speakers are: Duane E. Allen, principal at Applied Risk Funding Services in Laguna Hills, Calif.; William S. Mortimer, Risk Management Consultants Inc. in Laguna Beach, Calif.; and D. Hugh Rosenbaum, partner at Tillinghast, Nelson & Warren in Darien, Conn.

● Michael J. Ammean, vp at Corroon & Black Corp., and Michael Heitz, a partner at Coopers & Lybrand in New York, will speak at S72, "Insulating Retro Plans Against IRS Attack."

● Gary Toms, assistant treasurer-risk and insurance at Intel Corp. in Santa Clara, Calif., will speak at S73, "Cost Allocation."

● S75, "Utilization of Marine Markets for Excess Liability," will be moderated by Lois Fuchs, insurance manager, B.P. North America Inc. in New York. Charles R.C. Steers, vp at Johnson & Higgins will speak at the session.

● Ronald W. Stasch, corporate risk manager at Federal-Mogul Corp. in Detroit, will moderate S76, "Evaluating Insurance Plan Alternatives." New speakers include: George Betterley, vp and principal at Tillinghast, Nelson & Warren Inc. in Darien, Conn.; Lucien P. Laborde Jr., president and chief executive officer of Corroon & Black Research & Development; and Frank Neuhauser Jr., vp at AIG Risk Management Inc. in New York.

● S77, "Captives in Tight Market," will include discussion by Jerome Aparton, senior vp at Crump, Kindler & Lucci Insurance Brokers, and Douglas Hartman, director of risk management services at Coopers & Lybrand.

● Three speakers will be on the panel of S78, "Transferring/Financial EIL Exposures." They are: Robert S. Faron, and attorney with Barnett & Alagia, and William Mahoney and Chester S. Swalm, both vps at Marsh & McLennan Inc.

● S79, "ESFR Sprinkler Program," will include discussion by Frederick K. Malhaupt, administrator at the National Fire Protection Assn. Research Foundation; Chester W. Schirmer president of Schirmer Engineering Corp.; and Ed Ward, department manager-fire and extended coverage at F.M. Engineering Corp.

● Julie Bond, loss-control manager for Chubb & Son Inc. in Warren, N.J., will speak at S82, "Motivating Line Personnel in Loss-control Programs."

● Arthur C. Smith of Corporate Environmental Safety & Health will speak at S84, "Emergency Planning Against Fire, Chemical and Terrorist Exposures."

● S89, "Fleet Safety Program," will be moderated by Alex Milne, assistant risk and insurance manager at Canada Packers Inc. Speakers include: Sam Calder, president of Sam Calder & Associates Inc.; John Lefebure, consultant at J.L. Lefebure Transport Training Inc.; Peter Pagani, general manager of Truckit Transport Inc.; and Colin Venning, director-safety and security at the Ontario Trucking Assn.

● S94, "An Analysis of the New ISO CGL and Its Implications," will be moderated by David Coleman Jr., corporate risk manager at Control Data Corp. in Minneapolis. Speakers include: Earl A. Adams Jr., vp at Johnson & Higgins; Raymond Cox of Willis Faber & Dumas Ltd.; Robert Faron, partner at Barnett & Alagia; and Steven D. Siragusa, vp at Johnson & Higgins.

● S95, "Coping with New Motor Truck Insurance Problems," will include discussion by James H. Burns, director-corporate insurance at RLC Corp. in Wilmington, Del.; James C. Morrow, vp-commercial insurance at Nationwide Mutual Insurance Co. in Columbus, Ohio; and Donald Urbanciz, senior vp at Rollins Burdick Hunter Co.

● Ian A. Waite, chairman of the oil, gas and energy department of Alexander Howden Ltd., will speak during S99, "Negotiation Strategies in a Hard Market."

● Thomas M. Nosewicz, a partner in the law firm of Jones, Walker, Waechter, Poitevent, Carrere & DeNegre, and Richard M. Ornitz, vp and general counsel at Degussa Corp. in Teterboro, N.J., will speak at S103, "Intentional Tort/Employers' Liability."

● Charles Ruoff, senior vp at Fred S. James & Co., will speak at S104, "Impact of Income Tax Legislation and Other Developments on Risk Management."

● S106, "Environmental Regulation: You'll Wonder Where Your Profits Went," will be moderated by Stephen J. Deness, associate director-risk management and safety at University of California. New speakers are: attorneys Michael J. Brady, James L. Jaffee, Christian L'Orange and James H. Thompson Jr., all with the law firm of Ropers, Majeski, Kohn, Bentley, Wagner & Kane.

● S107, "Mock Trial: Product Liability Suit-United States," will include participation by Robert E. Skunk, senior executive vp at Frenkel & Co. Inc., and John M. Townsend, partner at Hughes, Hubbard & Reed.

● S111, "Managing the Catastrophic Injury Workers Compensation Claim," will include panel discussion by Dr. Mary Guidice of the University of Neurology Associates; Robert Haller, second vp, and Richard Keane, assistant director, both at Travelers Insurance Cos.; Charles Edward Mann, attorney with the firm of Lacey-Lones; Raymond Moylan, assistant director at Travelers Insurance Co.; and Laurey T. Stryker, vp at ConServco.

● Hubert McCommon, vp at Guardsmark Inc., will speak at S118, "Reducing Police and Security Personnel Liability Exposures."

● S119, "Risk Alternatives to Flood and Earthquake: 'A New Look,'" will include discussion by William M. Brown of the U.S. Geological Survey; Burr J. Mosher, senior vp-underwriting at Arkwright-Boston Insurance Co. in Waltham, Mass.; and Larry Spangler, vp-insurance operations at Electronic Data Systems Corp. in Dallas.

● S121, "Worker Right to Know," will be discussed by James P. Bonica, senior vp at Marsh & McLennan Inc.; Joseph P. Foran, director of regulatory policy at Envirologic Policy; and George B. Gibson, regional manager at NATLSCO.

● S122, "Political Risks," will be moderated by Wynne B. Romefelt, assistant vp at The First National Bank of Toms River, N.J. Speakers include Paul Garrigue, president of the Inter Credit Agency unit of Frank B. Hall & Co. Inc.; William B. Jasper, vp at Johnson & Higgins of California; Peter Rapuzzi, vp-U.S. trade finance department at Chase Manhattan Bank; John Salinger, president of AIG Political

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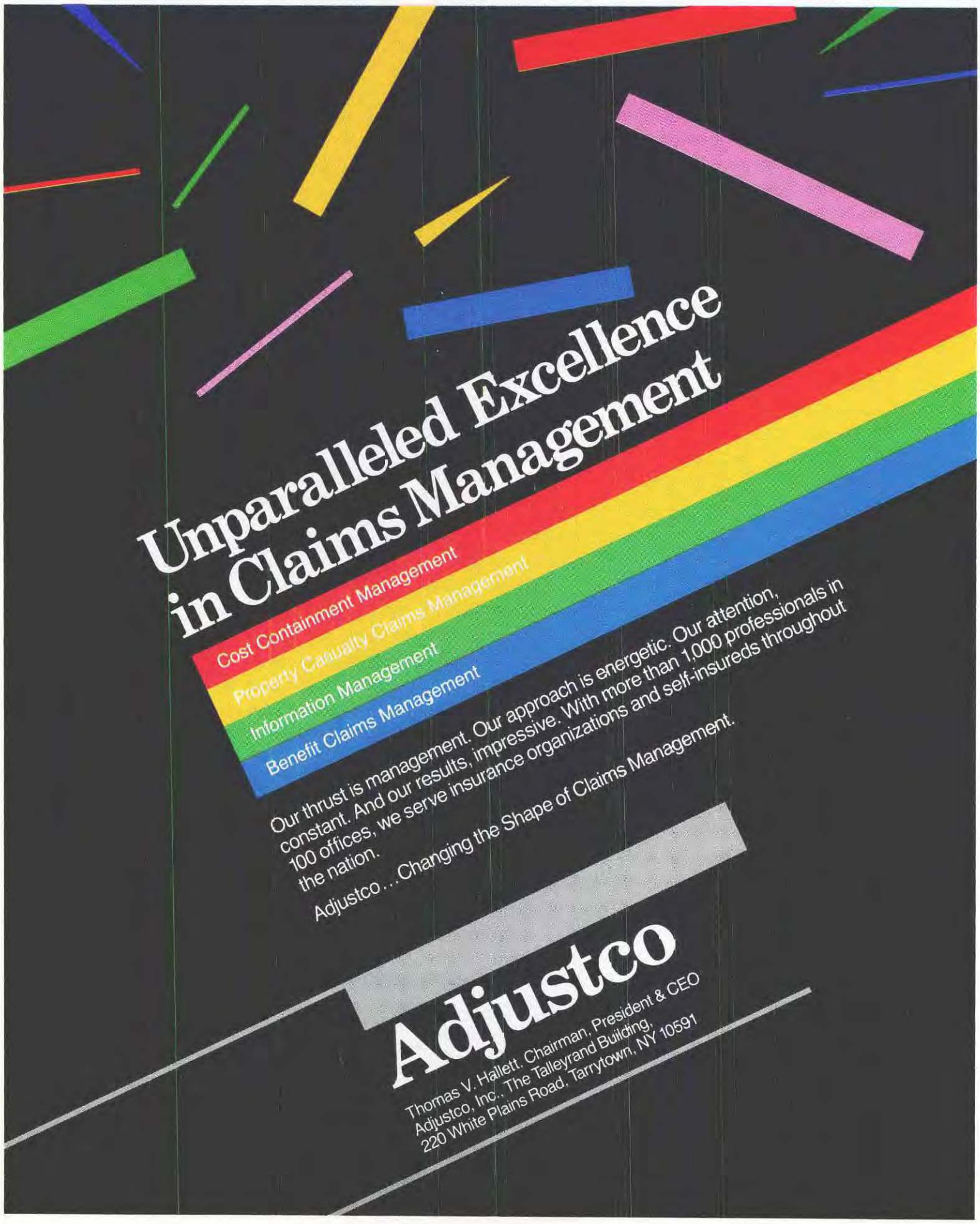

BI Toronto Guide

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Risk Division; Judith Everett Badgham, risk manager at Litton Industries in Beverly Hills, Calif.; and Jeffrey P. Brown, managing partner at Trans National Research Corp.

- S123, "Identifying Pollution Exposures: Both Incidental and Direct," will be moderated by Denis Julien, manager-corporate insurance at GenCorp. Speakers include Richard I. Betterley, president of D.A. Betterley-Risk Consultants Inc. in Worcester, Mass., and Anton Moehrke, principal at Wright & Moehrke.

• Track Programs

New moderators or speakers have been named for the following sessions:

- T1, "Determining Needs and Designing RMIS," will be moderated by Burns Smith, director-insurance and risk management at McDermott International Inc. in New Orleans.
- T2, "RMIS Decisions (PC vs. Mainframe, Etc.)," will be moderated by John Brough, corporate insurance manager at National Can Corp. in Chicago.
- T3, "Safety and Claims Management and RMIS," will be moderated by Cegic Hughes, manager-loss prevention at Hewlett Packard Corp. Jim Sybert, director of loss control at Crawford & Co., will speak.
- Dr. Sharon Graham, assistant professor of finance at the University of Central Florida, will speak at T5, "Spreadsheets, Allocations, Modeling, Management Reports."
- T9, "Introduction to Captives," will include discussion by Bruce L. Fowler, director of risk maagement at Figgie International Inc. in Richmond, Va.; C. Robert Lindahl, director-risk management at Scott Paper Co. in Philadelphia; and MacVicker Snow, senior vp at American Risk Management Inc.
- T12, "Risk Identification/Analysis," will be moderated by David Menn, associate risk manager at General Foods Corp. in White Plains, N.Y. Speakers include Kathryn Loggie, director-corporate risk management at Estee Lauder Inc. in New York, and William E. Markey Jr., risk management director at Reichhold Chemicals Inc. in White Plains, N.Y.
- T16, "Contingency Planning," will be moderated by Ingrid G. Center, director-project risk management at Ogden Corp. in New York. Speakers include Douglas G. Hoffman, vp at Tillinghast, Nelson & Warren, and Mary Jane Stofik, vp at F.J. Wilkes & Co. Inc.
- Speakers at T17, "What Risk Management Should Be: A Viewpoint," include George Hallmark, senior vp at Alexander & Alexander of Texas Inc.; Walter Luker, senior vp-loss control at Mead Loss Control Consultants; Keith C. Kakacek, president of Self Insurance Resource Inc.; Alexander H. Szabo, assistant secretary-corporate accounts division at Travelers Insurance Co.
- Thomas P. Meyers, director-risk management at TECO Energy in Tampa, Fla., will moderate T20, "Influence: Increasing Your Visibility." Speakers will include: Robert Hoyt, special accounts marketing at Travelers Insurance Co.; William Stouffer, executive vp and manager of Frank B. Hall of Pennsylvania; Francis Tierney, senior consultant at The Wyatt Co.; and Bertram L. Weber, insurance manager at Cabot Corp in Boston.
- Communications consultant Geoff Prysirr will speak at T23, "Successful Interviewer/Interviewee Techniques."

Marilyn Maffucci, assistant director of conferences, asks that registrants refrain from sending session selections to RIMS. Registrants are advised to check on space availability at the conference.

Registration fees for the full conference are $595 for RIMS members and $695 for non-members. For a partial week, the fees are $475 for RIMS members and $575 for non-members. The cost for one day is $195. ■

Message center

GAB Business Services is providing a message center for conference attendees. The center will be located in the Metro Toronto Convention Center. Messages can be left at: 416-585-8235.

Conference not all work and no play

After a full day of seminars, special interest groups and track programs, attendees at the Risk & Insurance Management Society conference can relax at the many hospitality functions.

RIMS and CIGNA Corp. will host a special "Evening of Entertainment" featuring Canadian-born singer Paul Anka at 9 p.m. on Wednesday, April 13, in the Main Ballroom of the Toronto Sheraton Centre.

All conference registrants are invited for a nostalgic evening with Mr. Anka, who as a songwriter has more than 400 compositions to his credit.

Admission is by paid registration badge only. Coffee and desserts will be served after the show in the lobby.

Also on Wednesday night, New York-based Seguros La Comercial invites all conference attendees to celebrate its 50th anniversary at a Mexican fiesta in the Dominion Room of the Sheraton Centre from 7:30-11:30 p.m.

An authentic Mexican mariachi band, whose members live in Toronto, will provide the entertainment for the evening event.

Seguros La Comercial also is hosting a hospitality suite on Monday, Tuesday and Thursday nights from 5:30-8:30 p.m.

The location of this and other hospitality suites will be listed on information boards in the registration area of the Metro Toronto Convention Centre or at the Westin, Sheraton, Harbor Castle and Royal York hotels.

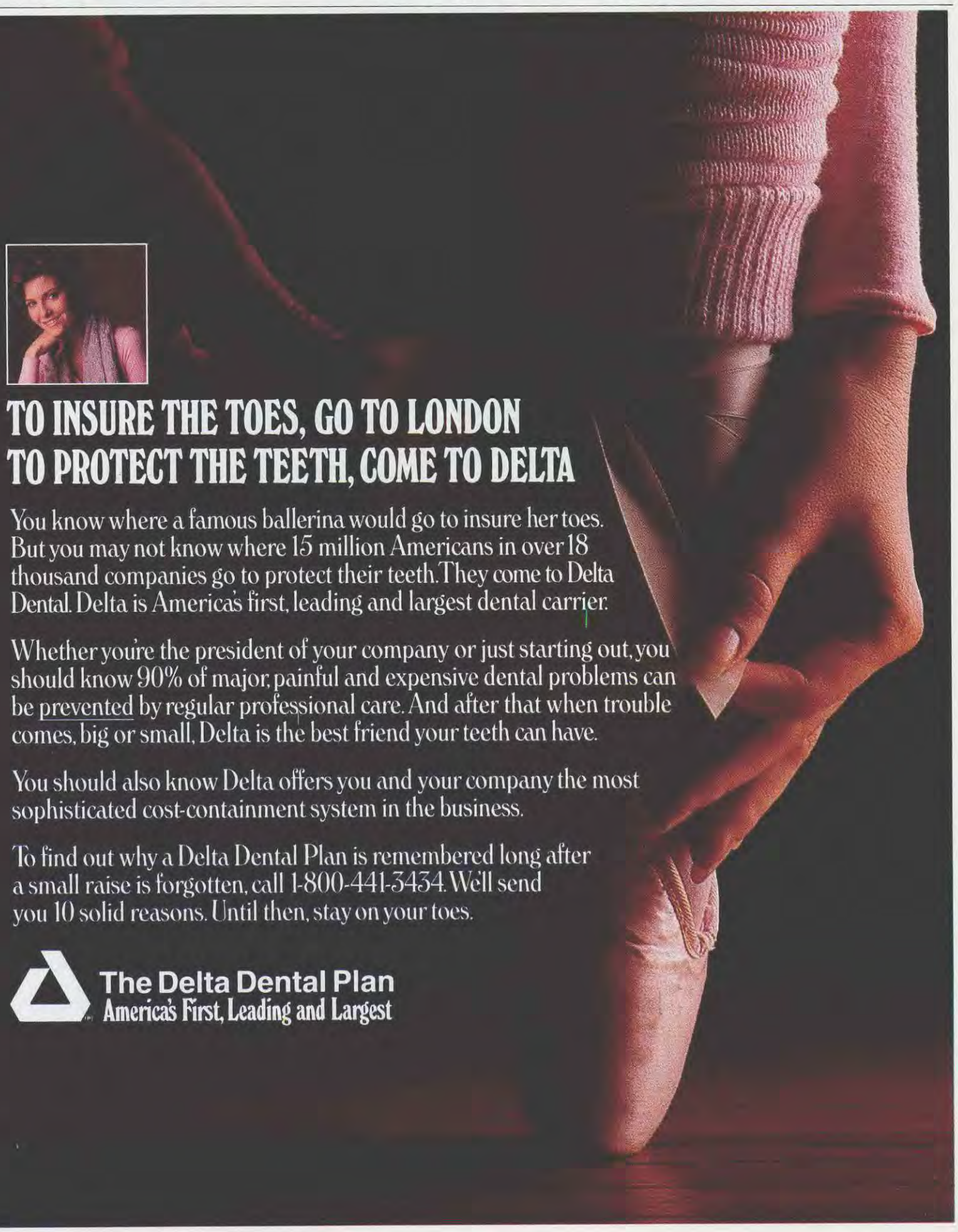
Also during the conference, San Francisco-based Jardine Insurance Brokers Inc. will sponsor an International Coffee House in the RIMS Theme Lounge.

Each morning, Jardine will provide a selection of coffees and teas from around the world.

All conference participants and exhibitors are welcome.

To preserve the ambience and educational reputation of the RIMS annual conference, the society imposes restrictions on hospitality function sponsors:

- All suites will be closed during conference hours: 9 a.m. to 5:30 p.m. Those not adhering to these rules will be excluded from next year's conference.
- An 11:30 p.m. curfew will be enforced.
- No alcoholic beverages will be served at breakfast functions.
- All hotels concerned have contractually agreed not to accept mass distribution by rooms or guest boxes to all RIMS conference attendees. ■



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Ms. Reiss pointed out that in the late 1970s and early 1980s, buying was generally the more attractive option because leasing costs were "skyrocketing."

Now, she explained, leasing costs are not escalating at such a rapid rate and leases are relatively more attractive than they were five years ago. "It's more of a renter's market today," she said.

Mr. Davies said that for the first two or three years in a new location it is best to rent because "you need to make sure that is the place where you should be."

In some instances, it may be possible for the agency to rent with the option to buy at a later date, he said.

However, Mr. Davies added, over the long term it is usually better for an agency to buy than to rent because it gains more control over its destiny.

"The biggest reason for leasing," according to Poe's Mr. Vaughan, "is the flexibility to expand or contract."

"It may turn out that you want to pull out of a particular area. If you own the building, you tend to make your business decisions based on real property as opposed to business factors," he explained.

Mr. Vaughan added that agents or brokers should make their business decisions based upon what is best for the agency and not on property ownership considerations.

Mr. Capurro said that after renting for a year to "get our feet wet," he and his partner became 20% owners of a new building in downtown Las Vegas "where our clientele was."

Part ownership helped the agency secure a more stable lease agreement, Mr. Capurro said, and also helped prove to the community that they were "not just carpet-bagging and that we had made a commitment to the city."

But Victoria L. Noonan, a member of the leasing group of Tishman Speyer Properties, a real estate firm in Chicago, said that leasing can be more advantageous because it is "for a set term and the landlord takes care of construction and installation."

If the agency or brokerage wants the branch to be located within the heart of the industrial community of a city, leasing is often the only option available to the business, Ms. Noonan added.

Ms. Reiss cautioned agents and brokers to keep in mind that in some cases the lowest rent is not necessarily the best deal. "You need to evaluate the total package," she explained.

Several factors can be built into the lease arrangement, Ms. Reiss and others explain.

The prominence of the office within an office building, how close it is to the elevator if it is on an upper floor, built-in lease options for future expansion, the length of the lease, options to buy if the building is sold and the finishing touches the building owner is willing to make to the office space are all factors that will influence the lease agreement.

Ms. Reiss explained that an agency or brokerage can allow for expansion in the lease agreement in two ways.

The branch can either option the space outright through a "guaranteed take-down, through which the business can probably get a quota price," or it can ask for "right of first refusal, if space becomes available, at the going market rate."

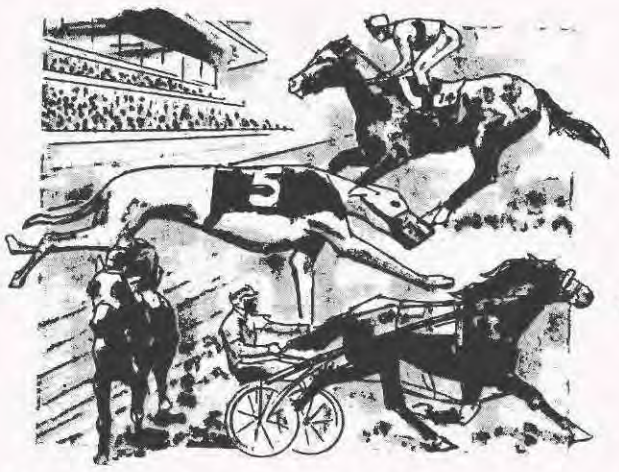
Mr. Carabba said that Alexander & Alexander places its emphasis on the cost of renting in combination with the ability to expand in the building with guaranteed options, so it is not necessary for the brokerage to relocate often to seek additional space.

"We look for the right to renew, the right to sublease space, and also place a major emphasis on costs such as (rent) escalations," Mr. Carabba explained.

'The biggest reason for leasing is the flexibility to expand or contract,' Mr. Vaughan says.

But Mr. Vaughan warned that it is hard to get defined expansion space, and that sometimes the space that becomes available through options or rights of first refusal might not be positioned conveniently to the rest of the office space.

"It is much easier to get a lease with some kind of an out clause so that the lease can be broken with only a small economic penalty. In that way the lease can remain flexible," Mr. Vaughan said. ■



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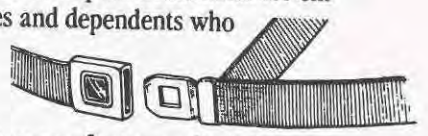

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Growing can be painful for many agents, brokers

By LINDA J. COLLINS

Many agencies and brokerages suffer from growing pains.

As agencies and brokerages prosper and expand, they often must move to a bigger office or consolidate far-flung operations into one building, even if they are satisfied with the current quarters.

"We owned our other building outright but couldn't expand," explained Edward J. O'Hara Jr., president of Flanigan O'Hara & Gentry Inc. in Spring House, Pa.

Mr. O'Hara

"We were satisfied with our location before, but we were out of space. That was our only consideration," Mr. O'Hara added.

Douglas K. Hudson, assistant vp of corporate communications for Tampa, Fla.-based Poe & Associates Inc., said Poe was operating from three different buildings in Tampa that were spread out over a mile area.

"We had to consolidate our operations under one roof," he explained.

"We were forced into a move because of constraints in our space," noted Richard S. Price, president of Mesirow/Chas. U. Victor Insurance Services and managing director of its parent company, Mesirow Financial Services Inc., both located in the same office building in Chicago.

Mr. Price

Arnold Pritsker, executive vp of Mesirow, said: "We had our financial services operations in one facility, and as a result of an acquisition we also had two separate insurance agency offices.

"The synergism between our insurance and other financial services operations is critical, and so our priority consideration was to house these operations together" in one facility, Mr. Pritsker explained.

Victoria L. Noonan, a member of the leasing group at Tishman Speyer Properties, a real estate firm in Chicago, said many insurance brokerages are "consolidating their operations, moving to centralized locations regionally and regrouping. Some operational costs are often duplicated in running two facilities and many times consolidation offers a cost savings," she explained.

Ms. Noonan

In addition, Ms. Noonan said that brokerages, as they move, are trying to create a more affluent or sophisticated image of themselves in the eyes of their clients and prospects.

"They are having to sell themselves to clients more today than in the past," she said.

Ms. Noonan explained that when they relocate their offices, brokerages leasing office space are frequently requesting structural upgrades in their conference rooms and major offices.

"They want the appearance of their office to show that they have stature," she said.

Mr. Price agreed that image was an important consideration for Mesirow. "We felt it was important to have a very upscale operation for our financial services clients.

"We are trying to get into a marketing niche that generates upscale client business. To do so, we have to have the type of office that our clients want to visit."

In addition to an office building's physical appearance, its location within the agency or brokerage's marketing area plays a major factor in the selection of where to move, sources agree. However, sites are selected for different reasons, depending on the situation.

Mr. Pritsker said that Mesirow

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Growing pains

Continued from previous page
wanted to remain within Chicago's downtown "Loop," where "most insurance companies still have offices, because we prefer eyeball-to-eyeball contact with the insurance company underwriters in this market."

Mesirow consolidated most of its financial services business, including its insurance agencies, into a single building six blocks away from the offices of a securities brokerage it also operates in downtown Chicago. Mr. Price said that eventually even that business may be housed in the same facility as the other financial services operations.

For Mr. O'Hara's brokerage, it was essential to find a site for a new office that was "central to clients and close to major highways." Because they found a building only 15 minutes away from their former office, they were able to retain their employees and reduce absenteeism, he explained.

Judith Dooling, secretary/treasurer with The Graham Co., a brokerage in Philadelphia, is currently implementing a move to a new office building because the company is running out of space in the building it now owns.

Ms. Dooling said the new office building, in which Graham is the first tenant, is close to the brokerage's current office in downtown Philadelphia.

In addition, the new building is in a "prestige" location, she explained, directly across from City Hall and "very convenient to the main transportation bank of the city."

Transportation was a very important consideration to Graham, Ms. Dooling explained. "We deal with clients in 15 states. If they need to come into our city to discuss business, they shouldn't have to worry about finding transportation to an office in the suburbs.

"If you have clientele that is far-flung, it's certainly advantageous to be in the center of a major metropolitan area," she added.

In addition, Ms. Dooling said Graham was able to get the developers who built the office building to name it the Graham Building because the brokerage was the first tenant to sign a lease.

"Having the building named after us—after going from a building we own that is heavily identified with us—helps us maintain our identity factor" with the public, she said.

Ms. Dooling said that if a developer wants to lease a new building badly enough, the anchor tenant can request some concessions—like naming the building after the tenant—that would never be entertained by the developer if the building was already partially occupied.

Graham, Ms. Dooling added, was in a favorable position because of the slow real estate market in Philadelphia when it negotiated the lease. She warned that agents or brokers should never wait until they are forced to move, because then they have no bargaining power with landlords and must take what is available to them at the time.

"Because we owned our current building, we were able to shop for a new office when it suited us and wait for a favorable real estate climate," Ms. Dooling said.

Ms. Dooling said that while Graham would have preferred to purchase rather than lease a new building, "owning a building in a major metropolitan area in the best location is a very expensive procedure."

She added that having the building named for the company gives Graham "all of the positive aspects, but none of the negatives, of ownership."

'If you have clientele that is far-flung, it's certainly advantageous to be in the center of a major metropolitan area,' says Judith Dooling, secretary/treasurer of The Graham Co., a brokerage in Philadelphia.

Poe's Mr. Hudson noted that although the brokerage came close to purchasing an office, he feels that leasing has its own advantages.

Through leasing "we don't have to worry about maintenance, cleaning crews, etc. We have the option of walking away from this building without worrying about selling it, and we don't have to worry about the tenants," Mr. Hudson explained.

Principals of both Flanigan O'Hara & Gentry and Mesirow Financial Services are part-owners in their new office buildings. The brokerages lease back space from the partnerships.

The decision to own instead of lease is "an investment opportunity, which may be desirable in some cases, but it's not a prime consideration in a move," said Mr. O'Hara.

"It does give you some control over your future to own however, because if an owner decides to sell a building, you could be forced to move."

Mesirow's Mr. Price said the company's principals "like the idea of participating as an owner because it's exciting to be in our own building in Chicago."

All four of the company's leases allow for expansion options.

Ms. Dooling said that Graham's lease includes "a 'put,' or guaranteed right to lease 20,000 additional square feet over the next four years."

"We also have space options for another 70,000 square feet of space, and the right of first refusal to purchase the building if it is sold," Ms. Dooling added.

Mr. Hudson pointed out that if a brokerage signs a long-term lease, it may be able to secure a better rate on its rent.

But one problem with a long-term lease is that unexpected growth can accelerate a brokerage's need to exercise options or expand into additional space before that space becomes available.

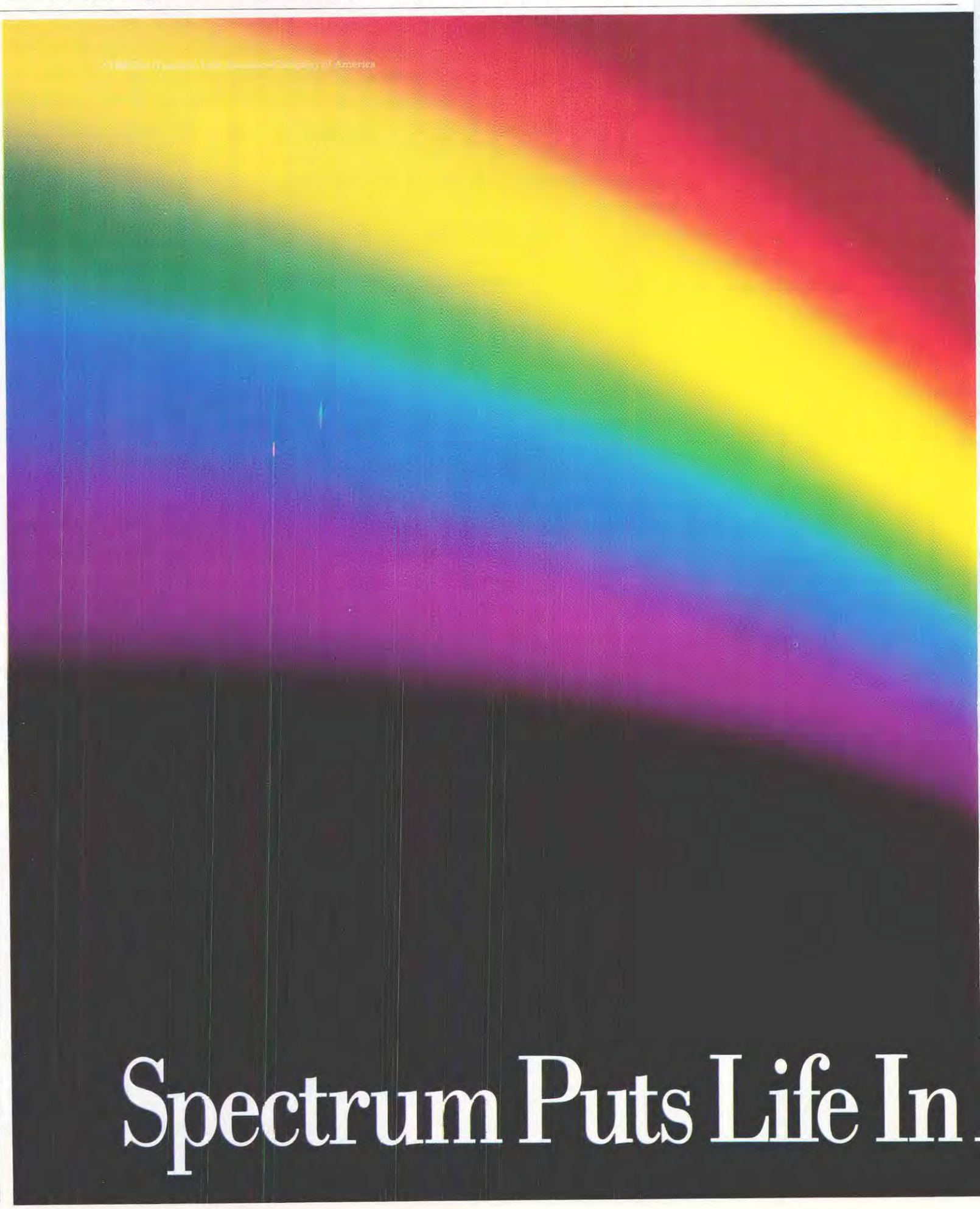
Mr. O'Hara said that although his brokerage projected its space needs for five years, "we had a lot more growth than expected," and 1½ years after moving to the new office, the company already is using the space it projected it would need in the fourth year of the plan.

To simplify the move to a new facility, Mr. O'Hara suggested that agencies and brokerages split the responsibilities associated with the move among different employees.

"We shared responsibilities," he said. "One person took the phone, one took supplies, one took office renovation, one took computer operations. If one person tried to take all the responsibilities, the results could be disastrous."

Mr. Price also warned agents and brokers that moving an ongoing operation is "very difficult and very disruptive for an organization."

Mr. O'Hara agrees. "I would caution agents or brokers to only move if you have to. It is a traumatic experience for everyone and involves a lot of down time." ■



Planning avoids wasted space in new office

A well-planned office layout can prevent an agency or brokerage from ending up with wasted space, undergoing costly repairs or creating disharmony and disorganization in a new office environment, experts say.

"The ideal situation is to go into a brand new facility and set up the layout to accommodate each department's needs to make sure everything will run smoothly," said agency consultant Roger H. Sitkins, president of Sitkins Group Inc.

Mr. Sitkins also stressed that the more standardization that can be achieved at customer service representatives' work stations, the easier it will be for other employees to fill in when someone is out of the office, and the simpler it will be to train new employees.

"Modular design is helpful for reducing noise," he added. "And studies have shown that you can get 33% more people into the same amount of space by using modular design," Mr. Sitkins explained.

Mr. Sitkins

Martin L. Vaughan III, executive vp-retail for Tampa, Fla.-based brokerage Poe & Associates Inc., suggests that when an agency or brokerage looks for new office space, it finds a floor plan with open spaces "square or as nearly square as you can get them for efficiency purposes..."

"We can design a much more efficient work area and get more economies out of that space than any other," he said.

Agents and brokers may want to opt for a specialized office design rather than use the standard design that comes with a building.

For example, The Graham Co., a Philadelphia brokerage that is relocating its home office in a new office building, did not have the building's developers finish the office's interior, explained Judith Dooling, secretary/treasurer for the brokerage.

Instead, Graham arranged to have "the dollar value of the tenant fit taken out of the lease and we have done our own improvements from scratch," Ms. Dooling explained.

However, Ms. Dooling emphasized that even though she did "a great deal" of the design of the office's interior finish, she still engaged the services of an architect to draw the floor plans.

Ms. Dooling

And, she and other agents urge that company officials contemplating a move hire professional space planners and/or interior designers to plan the new office interior.

Ms. Dooling, though, notes that agents should work closely with these design professionals to make sure that the office design is "functional and not just efficient."

Designers may know how to make the most use of space, she explained, but they do not understand the specific needs of agency or brokerage operations.

And, she warned, "Be certain to pick an architect or a space planner based on a not-to-exceed fee. If you pay them hourly, you can spend tons of money. Many would prefer to have a more open-ended situation, but it never works to the advantage of the client."

Some large brokerages have people on their home office staff who oversee the opening of their branch offices.

For example, Alexander & Alexander Services Inc. has an in-house architect that oversees the local architectural firm retained to prepare construction drawings for a new office.

According to Anthony Carabba, vp of corporate real estate for A&A, the in-house architect assists the local architect because he can provide him with all data up-front on the needs of the office.

But, "the local architect understands the particular building and can make the plans adaptable to that building," he explained.

A&A also has developed a set of guidelines on the design of a new office from the broker's past experience, Mr. Carabba said. "In this way, if a mistake is made or a new design concept does not work, we would know not to do it again somewhere else."

Mr. Carabba emphasized that these are "flexible" guidelines "so that we can practice economies of scale without being restrictive." The managing vps of the local offices have input into the design characteristics of their own offices, he stressed.

Richard S. Price, president of Mesirow/Chas. U. Victor Insurance Services and managing director of its parent, Mesirow Financial Services Inc. in Chicago, said that when the companies moved into a new home office, "We hired an interior design firm for space planning and a decorator. They worked together to create and design the office space."

Mr. Price suggested, however, that agents find one firm that can handle both space planning and decorating, rather than engaging the services of two firms.

"The space plan didn't always fit the interior design person's view of what was beautiful vs. what was practical. I spent a lot of time mediating between the two," he said.

Douglas K. Hudson, assistant vp of corporate communications for Poe & Associates Inc., who supervised the relocation of the brokerage into its current home office, said agents should keep in mind three important points when they plan a move into a new office:

- "Be very careful. Take time in selecting a space planning firm to make sure it's not just an interior design firm. Interior designers will make it pretty, but space planners will make it functional," he said.
- "In ordering furniture, make sure you pick a company that's going to be around in a few years if you need to order additional or replacement furniture," Mr. Hudson added. Otherwise you could be forced to purchase new furniture that does not match the furnishings in the rest of the office.
- "Wire the entire space for telephones, electical outlets and data processing equipment in the beginning, and not just when you intend to use it. That's one mistake we made. The cost factor is much higher in piece-mealing these projects, and it creates an inconvenience" to install them at a later date, Mr. Hudson stressed. ■

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The Guardian

Many prefer expansion through acquisition

Most agents and brokers say they would rather expand into a new area by acquiring an existing agency rather than starting a new office from scratch.

Unlike acquiring an agency with an existing book of business, agencies or brokerages that open a new branch office do not have a base of business from which to build.

Besides facing considerable start-up expenses, a new branch office usually will operate in the red for three to five years, agency experts say.

"Starting an office from scratch is stony ground to plow," said Frank J. Huffman Jr., assistant vp with The Crump Cos. Inc. in Memphis, Tenn.

"A few years of investment are required before you get above water. It's a slow process to develop a significant-sized office," Mr. Huffman added. "It would be very unusual for us to move people into a new place and start off cold."

Through an acquisition, on the other hand, the agent or broker can enter a new area with a seasoned book of business.

"We would prefer to acquire an agency, if we haven't developed a book of business in the area, so there is some income coming into the office at the start," said Charles A. Lunsford II, chairman of Frank B. Hall of Virginia Inc. in Roanoke.

Mr. Lunsford

"But," Mr. Lunsford added, "if we can't get there by acquisition and we want in the area bad enough, we'll do it by a scratch start."

"The advantage of buying rather than building is that you reach critical mass right away and usually start with a profit right away," said Joel C. Kornreich, assistant vp of corporate development for Frank B. Hall & Co. Inc. in Briarcliff Manor, N.Y.

"A seasoned book of business is always the best," said George Frazier, president of Anderson-Frazier Insurance, an agency in Hope, Ark., and a director with Market Planning Group, an agency consulting firm in Boston, Mass.

"There's no doubt in my mind that if I can acquire an agency in the area, it's much better and much more economical than starting an office from scratch," Mr. Frazier explained.

James H. Davies, president of Davies & Associates, an agency in Murray Hill, N.J., and president of the National Assn. of Professional Insurance Agents in Alexandria, Va., said that he would "much prefer" to acquire an agency than to start one from scratch, because an acquisition gives an agency an immediate base of business.

"Purchasing an agency is much more businesslike. It sets you up right off the bat and in most cases you make a profit right off the bat," Mr. Davies explained.

Another advantage of acquiring an agency is that a start-up operation usually does not initially generate sufficient revenues to justify a full staff.

If an agency or brokerage opening a branch office focuses its business efforts on providing risk management and consulting services to its commercial lines clients, it could find it difficult to provide a wide range of client services in a small start-up office employing a minimal number of employees, one broker pointed out.

According to Charles H. Gray III, Crump's vp and chief financial officer, "The economies are far greater to acquire an existing operation. . .we need a sufficient-sized staff to do all of the services Crump provides. A five- to six-person staff would not have sufficient people to provide these services."

But not all sources prefer acquisitions over starting operations.

Anthony Carabba, vp of corporate real estate at Alexander & Alexander Services Inc. in New York, said that while A&A has always been "very aggressive" in its expansion efforts, "it's a matter of the opportunity that presents itself whether we would start from scratch or acquire."

Mr. Carabba explained that previously the world's second-largest insurance brokerage selected locations for expansion based on the availability of a desirable acquisition candidate in the area.

"Now, because of our size, it is possible for us to go into new business areas without acquiring a firm," he said.

And although many sources view expansion through acquisition as a more attractive alternative to starting an agency from scratch one agent cautioned that acquisitions also can present some unexpected problems.

"An acquisition gives an agency a base of clientele and ready-made cash flow. Through an acquisition, you have everything going for you except your choice of clients," said William G. Bailey, president of the George B. Bailey Agency in Dryden, N.Y.

Mr. Bailey explained that if the acquired agency's previous owners were lax in collecting their account receivables, it might be difficult for the new owner to enforce strict collection procedures without alienating its new client base.

Mr. Bailey

"This can create collection problems" for the new owners, he cautioned.

"If you buy a good book of business that is run exceptionally well, you won't have that problem," Mr. Bailey said, but he added that many owners that are putting their agencies up for sale today are doing so because of market problems.

Unlike many of the agents and brokers contacted, Richard A. Nielsen, president of Johnson & Higgins of Delaware Inc., said Johnson & Higgins as a rule prefers to start an office from scratch.

"The one advantage is that then the office is staffed with Johnson & Higgins-trained people" who are transferred to the area from other J&H offices, he said.

Mr. Nielsen, however, stressed that J&H will not rule out expansion through acquisition if both parties think there would be a good fit, if the prospect is willing to sell and if the price is right.

John F. O'Sullivan, a managing director with New York-based Marsh & McLennan Inc., said that M&M generally will start an office

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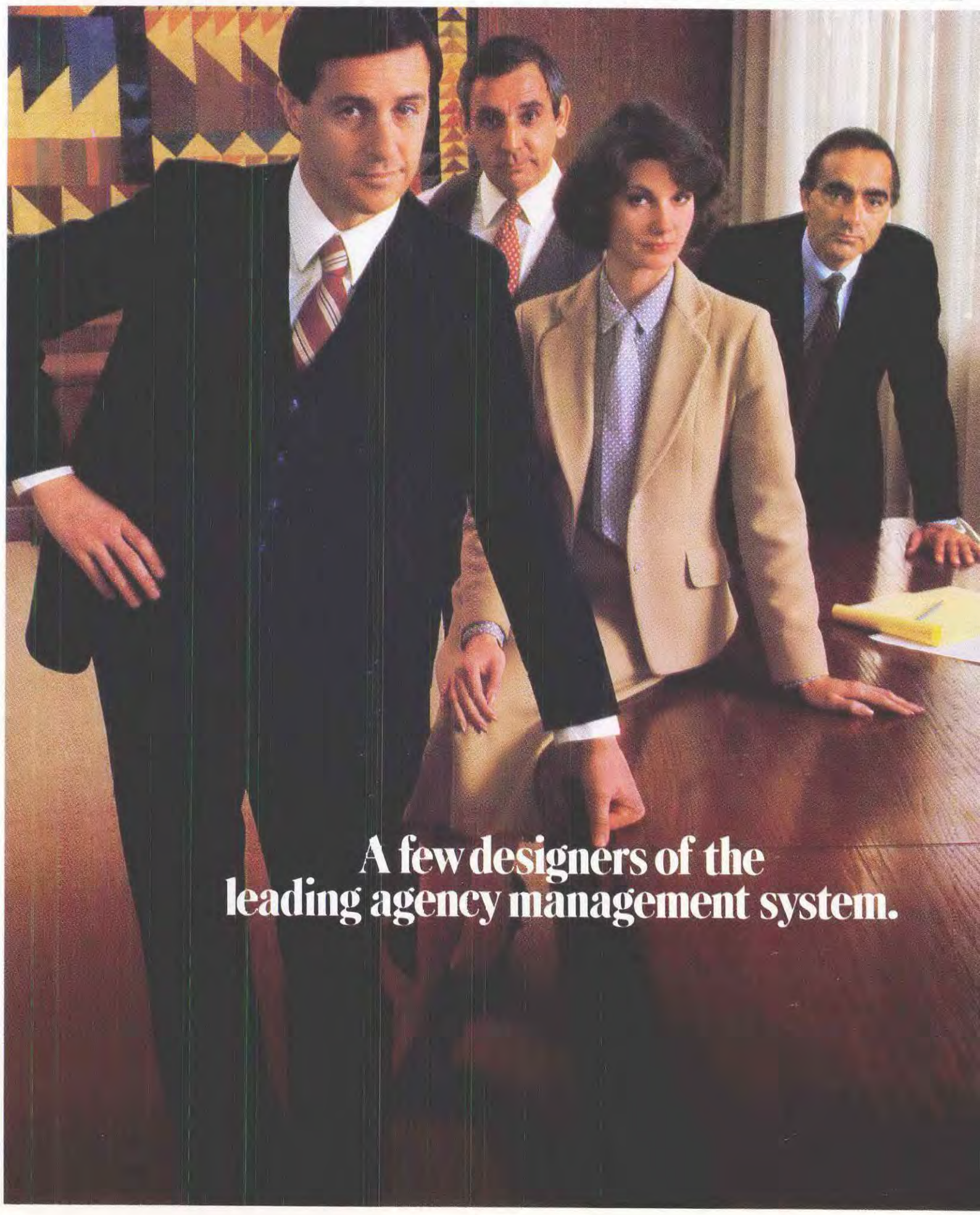

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from scratch and staff the new office with employees from other M&M offices "because they know how to access Marsh & McLennan's knowledge network."

But Mr. O'Sullivan added that if the community is an established community and "if the only way to really access the business community in that area is to acquire an established firm, we will do so."

He explained that when M&M purchases an agency, it is more interested in acquiring the talent of the people on the staff than it is in the book of business itself.

In fact, the employees an agency or brokerage receives through an acquisition can be the most valuable part of the acquisition, Mr. O'Sullivan and others agree. The agency or brokerage making the acquisition gains people who are known in their community and who understand the business climate and the clients and prospects with which they deal, they say.

'Starting an office from scratch is stony ground to plow,' says The Crump Cos.' Mr. Huffman.

"We try to make an acquisition because that is the easiest and most economical approach. That way you get employees who are familiar with the area and the people," explained Martin L. Vaughan III, executive vp-retail with Poe & Associates Inc. in Tampa, Fla.

Hall's Mr. Kornreich added that an acquisition is similar to buying real estate: "The location and the people are the keys." He said that Hall looks for an agency that has quality personnel and has a meaningful place in its community. ■

Craddock drops bank sales program

MEMPHIS, Tenn.—The controversial bank/agency arrangement in which Craddock Insurance Agency sold Aetna Life & Casualty Co. personal lines products to First Tennessee Bankcorp customers in the Memphis area has been discontinued by Aetna because it was not making money (*A/BT*, May 6, 1985).

When Craddock President William Craddock Jr. announced the agreement in July 1984, he was immediately ousted from the presidency of the Independent Insurance Agents of Memphis.

In addition, both of the large independent agents' trade associations—the Independent Insurance Agents of America and the National Assn. of Professional Insurance Agents—issued statements opposing the move and lobbied the Tennessee Insurance Department to stop the marketing arrangement.

Mr. Craddock also received several bomb threats from anonymous sources (*A/BT*, April 1, 1985).

According to Aetna, while more than 2,000 policies were sold through the bank arrangement the costs of generating the business outweighed the results. The insurer will continue to service business currently on the books.

a/bt briefs

No relief soon

NEW YORK—Major insurers that sell their products through independent agents do not expect the commercial insurance market to loosen until 1988, according to meetings between the insurers and officers of the Independent Insurance Agents of America.

The companies also warned agents against continuing availability problems in certain lines.

"While companies are embarking on a number of strategies to address the availability issue, most agree that these difficulties are not likely to be alleviated in the near future," said IIAA President Richard G. Taylor.

In meeting with the managements of more than 30 major agency system companies, IIAA officials say they learned:

- Most insurers expect only 10% to 15% of the commercial liability coverage they write will be on a claims-made form.
- The market for pollution liability, municipal liability and other high-risk lines will remain extremely limited unless reforms are made to the civil justice system.
- Although rate increases are aiding insurers, they are much more selective in how they will use their capacity. Three basic criteria used by insurers to open or broaden their markets are an agent's previous performance as measured by premium volume and loss experience; geographic location; and line of business.
- Insurers are worried about a serious deterioration in the workers compensation and automobile insurance markets. They also are concerned about the subsequent growth of the residual market for these two lines and its impact on the industry.
- Insurers also are concerned about mounting losses on personal lines, especially the impact that claims arising from homeowners liability exposures are beginning to exert on that line of business.
- While insurers say they recognize the long-term potential of automation and agent-company interface, they note that current activities in these areas have not yet resulted in cost savings.

Among the IIAA officials that have participated in the meetings with insurers are Mr. Taylor, President-elect Dwight L. Dillon, Senior Vp Thomas J. Baker Jr. and Executive Vp Jeffrey M. Yates.

Doctoral awards

MALVERN, Pa.—The Society of Chartered Property/Casualty Underwriters-Harry J. Loman Foundation will award a maximum of three $5,000 Doctoral Dissertation Awards in the fields of property and casualty risk or insurance.

In addition to providing $5,000 grants to doctoral candidates to assist them in the completion of their dissertations, the foundation also will make $1,500 available to the college or university where a recipient is working toward his or her doctorate if the funds are used to further education in the field of risk and insurance.

Applicants for the dissertation awards must have satisfactorily completed their course work and passed all examinations, including comprehensives, that are required for a Ph.D. or DBA by the institution, and must have submitted and gained approval of their proposal for the doctoral dissertation.

The foundation also will award three $2,500 Research Fellow Grants.

Applications for 1986 grants must be submitted by July 1, 1986.

For more information on the awards and grants, write CPCU-Harry J. Loman Foundation, Kahler Hall, 720 Providence Road, Malvern, Pa. 19355; 215-251-2728. ■

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Louisiana agents to help when a disaster strikes

By LINDA J. COLLINS

LAKE CHARLES, La.—When a disaster like a hurricane strikes Louisiana, local insurance agents must scramble to make sure their clients' needs are satisfied.

Now, Louisiana agents whose clients face catastrophic losses are receiving backup support from other agents in the state whose business is not affected by the disaster.

Through the Agency Catastrophe Assistance Program (A-CAP), Louisiana agents that must handle claims from catastrophic loss, like a hurricane, can now call the Professional Insurance Agents of Louisiana Inc. to request back-up assistance in dealing with clients and processing claims.

The program was conceived by W. Bryan Lumpkin, president of the Lumpkin Agency in Lake Charles, La., and secretary/treasurer of the Louisiana PIA.

Mr. Lumpkin explains that he was faced with a catastrophic loss situation in 1957 in which more than 900 clients filed claims. The agency was forced to work night and day until all clients with losses were paid.

'This is not just for coastal states,' Mr. Lumpkin says, adding, 'disasters happen everywhere.'

When three major storms threatened Lake Charles last year, Mr. Lumpkin recalled the 1957 catastrophe and decided that something needed to be done to provide Louisiana agents faced with potential catastrophes with immediate, skilled assistance.

Under the program, when a disaster occurs in any part of Louisiana, the PIA of Louisiana's executive director, Delano Clark, will visit the area as soon as possible to assess the extent of the damages. Mr. Clark then will phone in his estimate of the extent of assistance needed by program members in the area to the PIA's computer center in Baton Rouge.

After receiving Mr. Clark's estimate of the number of assistants needed, the PIA office will contact agents in areas of Louisiana that are not hit by the catastrophe to request their assistance.

Agencies participating in the A-CAP program must commit themselves to send at least one staff person for seven to 10 days and pay the employee's salary during the time. The agency needing assistance will furnish transportation, food and lodging costs.

Mr. Lumpkin said that so far about 160 agents have signed up for the program, which was first made available in January.

"We are in the process of determining the level of sophistication among the different agency participants" to best match up agencies and volunteers, he said.

Mr. Lumpkin explained that, for example, if an agency affected by a catastrophe is automated, it is best to locate a volunteer who is skilled in operating a similar system to speed up processing time.

Disasters handled by the program are not limited to hurricanes. Tornadoes, flooding and even hazardous chemical spills would qualify agencies for assistance under the program.

Mr. Lumpkin stresses that agents participating in the program are very excited about the A-CAP.

And, in addition to the interest the program has sparked in Louisiana, "the PIA of Texas is interested and a number of other states have expressed interest."

Mr. Lumpkin

"This is not just for coastal states," he noted, adding that "disasters happen everywhere."

For more information about the A-CAP program, contract Delano N. Clark, PIA of Louisiana Inc., 8130 Summa Drive, Suite C, Baton Rouge, La. 70809. ■

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Acquisitions have many benefits and risks

By CAROL A. HAMMES

ACQUIRING OTHER insurance agencies can be an excellent way to grow. It also can be the quickest route to bankruptcy.

Because of current market conditions, there are a number of agencies for sale and, in some areas, there are even more agencies wanting to buy. As a result, the law of supply and demand is driving agency prices up, and it's easy to pay too much.

And, what was once a healthy insurance agency can be seriously weakened by a commitment to heavy acquisition payments and/or by the disruption caused by trying to assimilate a troublesome book of business.

In most cases, business produced internally is more stable than purchased accounts. It certainly has fewer surprises. An agent should give serious consideration to bringing on new producers to accomplish growth, and the costs of doing this should be weighed against the cost of acquiring another agency to determine which is the best course of action for the agency.

The hidden cost of the agency owner's time should be noted. Many hours can be spent indentifying, structuring and negotiating deals that do not close. Could this time be better spent developing new accounts?

Before jumping into an acquisition, take another look at your agency's specific business and marketing plans. Is purchasing a book of business the best way to accomplish your goals, or is there something else that will produce the desired end results either faster or more economically.

There are definitely circumstances when an agency acquisition does make sense:

- If the agency can achieve a substantial increase in volume with one insurance company, thereby providing leverage in the agent's dealings with that company or perhaps helping to salvage an agency contract.
- If there are some good people that will come with the book and enhance the overall agency operation.
- If the business can be folded into the existing expense structure with few additional costs, particularly if there is already excess capacity.
- If the agency has several large accounts in a different marketing area and needs a branch office to service them.
- If an acquisition can help solve an ownership perpetuation problem.

Finding suitable acquisition candidates is not easy. Getting them to accept reasonable prices is even harder. Most agency owners have an inflated opinion of what their businesses are worth and it often takes a while to educate them.

Sometimes an unsophisticated buyer will agree to pay the asking price. It is important not to get into a bidding war with such a buyer. Decide what the agency is worth and walk away if someone else offers more. The ego may be bruised, but the pocket will be spared.

In evaluating the acquisition candidate, the prudent buyer will look for the elements of risk that will dictate the price to be paid.

Is the bulk of the business placed with an insurer that the buyer does not represent? What are the chances of obtaining a contract in this marketplace?

Or, if the agency has substantial premium volume with an insurer that is already represented by the acquiring agency, is the business spread among a number of accounts and lines of business? Or, is it concentrated in a limited number? Counting on the premium volume to satisfy agency contract obligations is fine, as long as the business has a reasonable chance of staying on the books.

Who controls the bulk of the accounts? Is that person going to come to your agency with the book of business? Is he or she under non-piracy or non-compete restrictions?

Was the business produced because of political, ethnic, kinship or religious connections with the current owners? If so, is this compatible with the orientation of the acquiring agency? What about the age of the personal lines policyholders or the decision-makers at the commercial clients? Will there be a problem fitting in with the new owner?

Look for differences in management and/or sales styles. Policyholders that are accustomed to heavy servicing from the producer or lax collection procedures may be uncomfortable with a less personalized way of doing business and the attrition rate could be greater than expected.

In addition, employees accustomed to a "laid back" atmosphere may have a difficult time adjusting to a fast-paced office and turnover could be a problem.

Are there potential errors and omissions claims or concerns about loss frequency at the agency? Sometimes it is difficult to tell whether underwriting and risk selection practices have been adequate simply from a review of company loss ratios. A random evaluation of account folders will give an indication of the amount of underwriting information obtained and the adequacy of documentation to communications with policyholders and insurance companies.

It also will reveal the extent to which accounts have been rounded out. If the purpose of the acquisition is to obtain a book with subtantial room for expansion, it does not make sense to buy one in which most of the coverages already have been written.

Is the public's image of the seller compatible with the image of the buyer? If the agencies have been competitors, how fierce has the rivalry been? Check with several insurance companies to find out about the seller's reputation at that level. It takes time to develop a good reputation with the underwriters and, in this market, it could be disastrous to have that destroyed overnight.

Carefully evaluate the seller's motivation, particularly if he or she seems to have a sense of urgency about completing the deal. The roof may be ready to fall in at any time. Even if the purchase price is structured on a retention basis, thereby protecting the buyer if the accounts do not stay, the effects of cleaning up a mess can be disruptive to the entire organization and may adversely impact the retention rate for the acquiring agency's existing book of business.

Sellers who are afraid of losing markets, tired of management duties, looking for a positive business opportunity or trying to solve a perpetuation problem are usually good candidates for an agent looking to acquire another agency. Those simply wanting to cash in on all their years of hard work and get as much for the agency as possible may not be worth wasting time on. They probably will not accept a reasonable price.

A thorough investigation of an acquisition candidate can take some time, but the results will be well worth it. The acquisition must fit with the purpose it was intended to serve. Management must know clearly how it wants the agency to grow and should evaluate candidates within the context of the growth plan. And, it must be constantly aware of potential costly mistakes that could be made throughout all stages of the acquisition process—from analyzing the candidate through pricing and structuring the transaction through the integration period.

The more planning and analysis that is done, the better the chances of having a positive experience that helps, rather than hurts, your agency's bottom line. ■

Carol A. Hammes is president of The Middleton Group, an insurance agency consultant in Naperville, Ill.

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AT&T benefits

Continued from page 2

"One is the cost of offering a 401(k), because you're bound to incur costs," he said.

Administrative costs associated with offering the plan could run anywhere from $700,000 to $3 million, said Robert Behrens, an assistant in AT&T's benefits department who helped implement the plan.

"Another is the continual unpredictability on the legislative side. But, we finally decided that will never become predictable and we just went ahead with it," Mr. Billings added.

Various tax proposals in Congress concerning maximum salary deferral amounts and non-discrimination tests for highly compensated employees could affect the tax-favorable status of 401(k) plans.

"We decided to add the 401(k) because we believe the pre-tax feature is an aspect of the savings plan that will appeal to our employees," he said.

Many of the regional telephone companies created by the Bell System breakup already have the 401(k) feature.

HealthCheck, the company's utilization review program, also went into effect April 1. It applies to the Medical Expense Plan for Management Employees and is administered by the Wayne, Pa.-based review firm of Intracorp, said Mr. Billings. This plan also covers the 115,000 salaried management employees nationwide.

"We decided on a review program for the obvious reason—rising health insurance costs," he said. He added that the company expects to reduce these costs by about 5%—or $10 million—in the first year of the program.

"We approached this problem looking at all of the options and decided this was the most readily acceptable to all of our employees," he added.

The Travelers Insurance Co. underwrites AT&T's major medical plan. Blue Cross/Blue Shield underwrites the company's hospitalization insurance, he said.

The plan is "basically a first-dollar coverage plan," said Mr. Billings. Under the plan, employees and covered dependents pay an annual deductible of $150, with a maximum deductible of $450 for a family.

The plan covers 95% of surgery charges, 80% of major medical charges and 100% of other charges, said Mr. Billings. The maximum out-of-pocket expense for each employee is $1,150, including the deductible, he said.

And, there are no annual or lifetime limits for active employees, but there is a $50,000 lifetime limit for retirees. If retirees reach the limit, they are covered up to $3,500 annually, said Mr. Billings.

The review program includes pre-admission certification, concurrent review, a mandatory second opinion program for certain procedures, discharge planning and an incentive program for procedures that can be safely performed on an outpatient basis.

Under the program, employees who do not get their admissions pre-certified—or who do not obtain a second opinion when required—will have to pay 20% of their surgery charges, up to a maximum of $400, said Mr. Billings.

In cases where an employee obtains a second or third opinion and still decides to go ahead with surgery, the plan will cover the surgery at 100%.

And, if employees have certain procedures performed on an outpatient basis, the plan will cover these at 100% instead of 95%, he said.

Also, employees who are admitted to the hospital in emergencies must notify Intracorp within 48 hours after the admission.

"Admissions do not have to be certified. We just want employees to notify Intracorp and to get the most information on the health care alternatives available. The decision on hospitalization is entirely up to the employee and his physician," said Mr. Billings.

"The last thing we want to do is project ourselves between the employee and his doctor," he added.

Mr. Billings said AT&T had considered implementing a flexible benefits plan, "but we decided to hold off for right now. We may go to a flex plan sometime in the future. We are certainly giving that serious consideration," he added. ■

'We decided on a review program for the obvious reason, rising costs,' says Mr. Billings.

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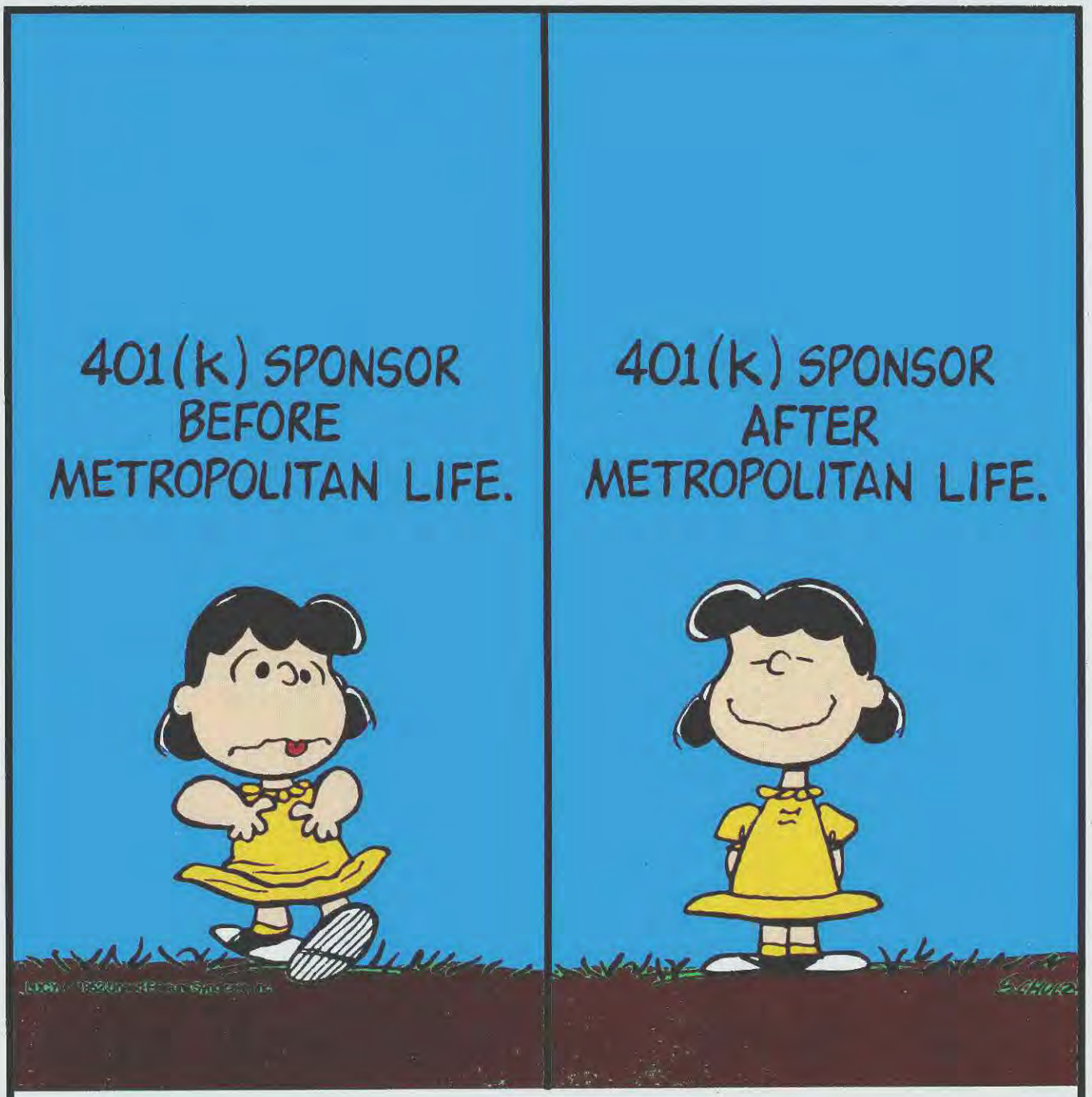

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Domestic partners

Continued from page 3

iate of Blue Cross/Blue Shield.

If it cannot find an excess insurer for the health insurance program, the city may opt to extend the coverage up to the city's $30,000 self-insurance limit, Mr. Benedict says.

"I don't want our city or any employer to become self-insured for the full $1 million risk. That scares the daylights out of me," he says.

And, he says, since the funds at risk in the dental program are nominal, he suggests the city may approve extending dental benefits.

Mr. Benedict says he knows of only two employees so far who would take advantage of the proposed benefit changes; one relationship is heterosexual and the other is homosexual.

If East Lansing extends the benefits, it will be one of only a handful of employers to extend or to consider extending benefits to the unmarried partners of their employees.

If more firms 'would adopt this, insurers would be more willing to consider it,' says Ms. Kamahele.

Madison, Wis., also is considering such a move. The Madison Equal Opportunities Commission has, for more than two years, been examining a controversial proposal that would require all employers in the city to offer employees in "alternative families" the same benefits they offer married employees.

The Madison ordinance would extend benefits to employees in either a heterosexual or a homosexual relationship, if the relationship meets certain criteria and is registered with the city clerk.

Issues being reviewed by the MEOC include the financial impact the mandate would have on the business community and how the ordinance might be affected by existing state or federal law, explains Cynthia Wick, executive assistant of MEOC.

The proposal, which was made by the community-based Madison Institute for Social Legislation, has received "mixed" reaction from the local business community, reports Ms. Wick.

MEOC expects to seek a member of Madison's City Council to introduce the ordinance.

Most employers that have decided to offer the coverage say their plans have been frustrated by resistance from insurance companies.

"Somebody could make a fortune doing this—there's a big market out there," says Roberta Achtenberg, directing attorney of the Lesbian Rights Project in San Francisco.

"If more (employers) would adopt this, insurers would be more willing to consider it," suggests Janyce Kamahele, who handles insurance in the West Hollywood, Calif., city manager's office. The cities of West Hollywood and Berkeley, Calif., offer domestic partnership benefits, as does the Berkeley Unified School District and the Village Voice newspaper in New York.

None offers the coverage through a commercial insurer, except the school district, which offers health insurance to domestic partners through Blue Cross of California.

In West Hollywood, employees who wish to extend health, dental or vision benefits to their domestic partners must find their own coverage, and are then reimbursed for their premium by the city.

The city will reimburse up to the dollar amount it would pay Blue Cross of California, the city's health insurer, to extend coverage to a married spouse, reports Ms. Kamahele. The city currently picks up 50% of the cost of spousal medical, dental or vision coverage, she says. The employee pays the other 50%.

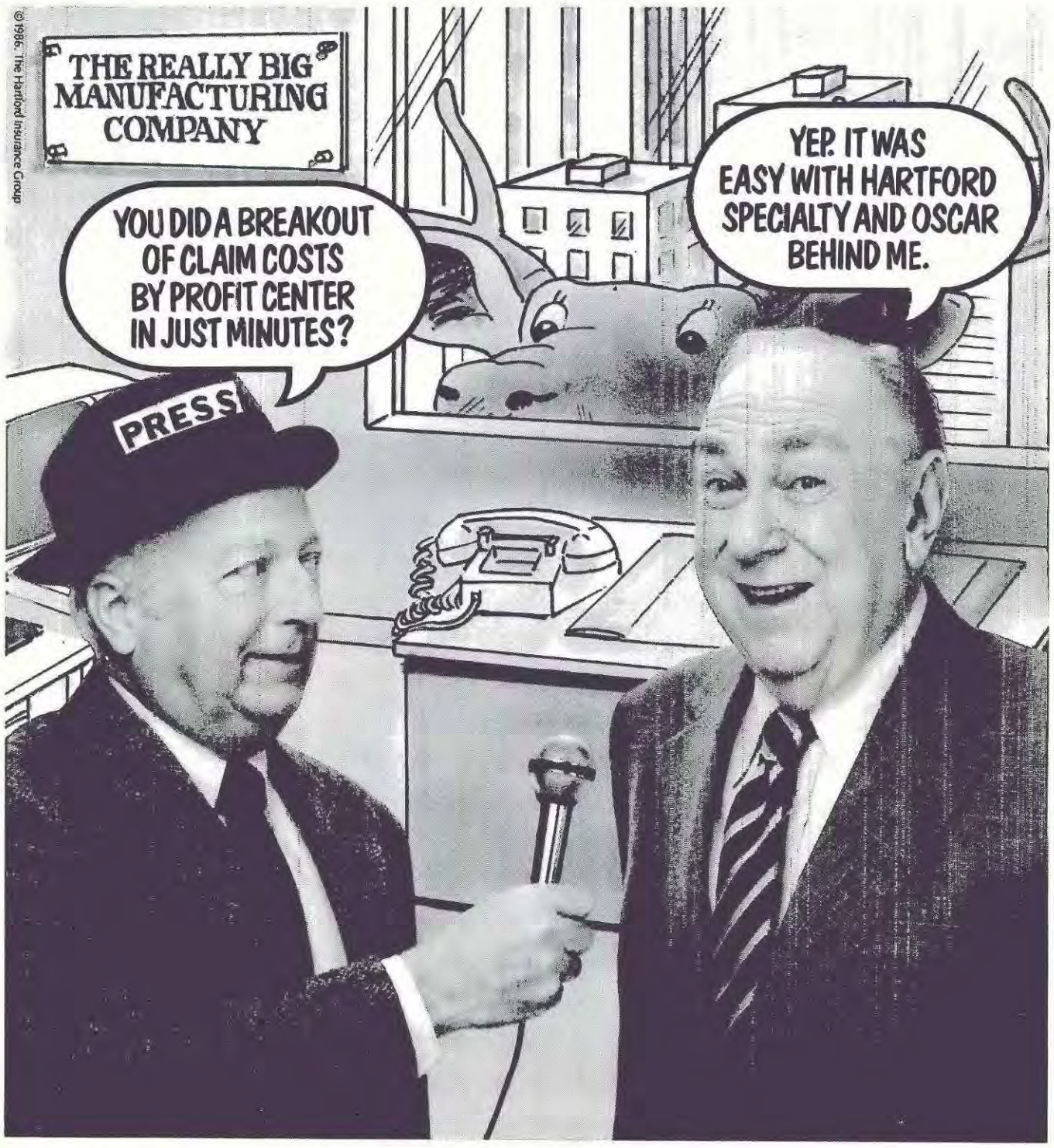
"Two or three" of West Hollywood's 54 full-time employees have taken advantage of the policy, Ms. Kamahele says.

The city of Berkeley now offers both medical and dental benefits to its employees' domestic partners.

Berkeley extended dental benefits to domestic partners a year ago (*BI*, Feb. 25, 1985; Sept. 24, 1984). Those who enroll in the dental plan, which is self-insured, receive up to $1,000 in benefits annually, and are not subject to a contribution or coinsurance provision.

Fifty-six of the city's 1,300 employees opted to enroll their domestic partners in the dental plan, reports Nancy Bellard, assistant to the city manager/risk manager. Of those, all but about three were het-

Continued on next page



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Commercial Union units

Continued from page 2
manner so that claims could be paid promptly.

The Insurance Department's main objective was never to shut down CU's operations in Florida, Mr. Yon said.

He added that the department is hopeful that management changes and procedural changes at Commercial Union will eliminate problems from the past.

After receiving the notification from the Insurance Department last summer, CU filed a petition with the 1st District Court of Appeals in Tallahassee in July asking the Department of Labor to retract its report accusing the four subsidiaries of failure to pay workers compensation benefits on time.

In a statement issued late last month, CU said that as part of the settlement, it waived any hearing or further proceedings and would move to dismiss pending legal action.

"In return, and as a result of the total review of the matter, the Department of Labor agreed to withdraw any pending recommendations that the companies' licenses be suspended or revoked and further agreed not to pursue further sanctions respecting pay lag periods ending 1984 and 1985," said the CU statement.

Although CU paid the $15,000 fine and agreed to implement voluntarily proposed remedial procedures to assure prompt and timely claim payments, agreement to the settlement "did not constitute an admission by the companies that they have violated any statutes, rules or regulations of the insurance commissioner or the Department of Labor," a CU spokeswoman said. ■

Domestic partners

Continued from previous page
erosexual couples, she says.

Last June, the city opened its self-funded health plan to domestic partners. Of the 250 employees in the plan, 10 chose to enroll their domestic partners, Ms. Bellard says. Of those, eight are heterosexual couples and two are homosexual couples.

The city self-insures its group health plan up to $75,000 per claim and purchases $225,000 per claim in excess coverage.

The city is still negotiating with various health maintenance organizations so it can offer domestic partnership benefits to HMO enrollees as well, she says.

The Berkeley Board of Education voted in August 1984 to extend benefits to domestic partners, regardless of sex (*BI*, Sept. 24, 1984).

The Village Voice, a weekly newspaper in Manhattan, has offered dental and medical benefits, including psychiatric coverage, to employees' "spousal equivalents" since 1982.

The benefits are available to the 130 Voice employees that belong to District 65 of the United Auto Workers union. Sixteen couples, 11 heterosexual and five homosexual, have taken advantage of the program, according to a Voice administrator who asked to remain anonymous.

The benefits, paid for by the Voice, are administered by the union's self-insured plan, she says.

At the Voice, "there is absolutely no difference between the wife of an employee and the homosexual lover of an employee," the administrator says.

At least one association-sponsored insurance program offers coverage to its members' "spouse equivalents." The American Psychological Assn. in Washington offers both health and life insurance to the "spouse equivalents" of its members.

Although the policy has been in effect since October 1984, none of the APA's 60,000 members has taken advantage of it, according to Cindy Rohrbaugh, APA Insurance Trust administrator. The policy was instituted at the behest of the APA Committee on Gay & Lesbian Concerns; coverage is underwritten by Liberty Mutual Insurance Co. in Boston. If any APA member were to take advantage of the benefit, the spouse equivalent would be eligible for the same level of benefits as a husband or wife, she explains.

One reason for the lack of participation, Ms. Rohrbaugh surmises, is that employees must wait a year after notifying the insurer of the relationship to get coverage. Liberty uses this requirement, which is "a sore point with the committee," to avoid adverse risk selection, presumably by making certain the relationship really exists, she says. ■

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More claims administrators, consultants

The following companies were inadvertently omitted from the directory of third-party claims administrators in the Jan. 27 issue and the directory of risk management consultants in the March 17 issue:

Claims administrators

Claims Management Services Inc. of Pennsylvania
P.O. Box 5194, Harrisburg, Pa. 17110; 717-236-8051

Year founded: 1984.
Services provided: 75% claims administration, 25% claims adjusting.
Region served: Pennsylvania.
Specialty: Property/casualty claims: 100% workers compensation.
Self-insured clients/claims: Administration: seven clients, $450,000 claims paid.
Client mix: Administration: four corporations, two public/government entities, one association plan.
Staff: Five total staff members, all of whom are assigned to serving self-insured client only.
Charges: Administration: per claim, $80-$115.
1985 gross revenues: $250,000 total, all from claims services.
Principal officers: Edward L. Gallagher Jr., president; Cynthia L. Gallagher, vp.

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Hospital Benefits Inc.
1771A Lelia Drive, Jackson, Miss. 39216; 601-981-5741

Services provided: 90% claims administration, 10% other services.
Region served: Mississippi and surrounding states.
Specialty: Employee benefits/group insurance: 100% health insurance.
Self-insured clients/claims: Administration: 43 clients, $3.3 million claims paid.
Client mix: Administration: 20 corporations, 23 public/government entities.
Staff: Nine total staff members, six of whom are assigned to serving self-insured clients only.
Charges: Administration: per employee, $3-$10.
1985 gross revenues: $452,000 total; $375,000 from claims services.
Principal officers: Ralph W. Brewster, Barbara Williams and Vernarde R. Boothe Jr.
Membership: Society of Professional Benefit Administrators.

Self-Funded Plans of the South
P.O. Box 7552, Mountain Brook, Ala. 35253; 205-991-2817

Year founded: 1969.
Services provided: 100% claims administration.
Region served: Southeast U.S.
Specialty: Both property/casualty and employee benefits/group insurance: 90% health insurance, 10% pensions.
Self-insured clients/claims: Administration: 35 clients, $25 million claims paid.
Client mix: Administration: 28 corporations, one public/government entities, one multiemployer plan, one Taft-Hartley plan, two union-sponsored, one association plan. Health plans: 5,000 employees covered, 20,000 dependents covered.
Staff: 17 total staff members, all of whom are assigned to serving self-insured clients only.
Charges: Administration: per employee per month, $5; plus $5,000 annual fee per employer.
1985 gross revenues: $998,000 total, all from claims services.
Principal officers: W. Hal Shepherd, president; Tom Luby, treasurer.
Membership: Society of Professional Benefit Administrators, Self-Insurance Institute of America.

Risk management consultants

Caronia Corp.
350 Jericho Turnpike, Jericho, N.Y. 11753; 516-433-1200

Year founded: 1969.
Independent.
Services provided: 5% continuous consulting; 15% risk management audits; 5% special projects, including frequent claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies; occasional insurance contract analysis, quantitative analysis and statistical forecasting; 75% other services, including claims management.
Specialty: Healthcare industry.
Locations: Houston and Dallas, Texas; Tampa and Fort Lauderdale, Fla.; Atlanta; Tustin, Calif.; Chicago; Bedford, N.H.; St. Louis; Alexandria, Va.
Staff: 110 total staff members, three staff members assigned to risk management consulting only.
Clients: 36 total clients; 56% with risk and insurance budgets less than $1 million, 11% $1 million-$5 million, 11% $5 million-$10 million, 17% $10 million-$25 million, 5% exceeding $25 million. No minimum size client.
Compensation: By the project.
1985 gross revenues: Not reported.
Principal officers: Charles Caronia, president; Earl Silverstein, Randall Brent, Carl Ferdenzi and Joseph Costantino, vps.

M.L. Kirk & Associates Inc.
8905 Lake Ave., Cleveland, Ohio 44102; 216-631-2004

Year founded: 1985.
Independent.
Services provided: 60% continuous consulting; 30% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.
Staff: Three total staff members, two staff members assigned to risk management consulting only. Professional designations held by staff include one CPCU, one ARM, one PE.
Clients: 15 total clients; 87.5% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 7.5% $5 million-$10 million. No minimum size client.
Compensation: Not reported.
Principal officers: Mary Lou Kirk, president.
Membership: Society of Risk Management Consultants. ■

March storms cause heavy damage

NEW YORK—Two mid-March storm systems caused an estimated $101.75 million in insured property damage, according to C.E. Hermanson. vp of the Property Claim Services division of American Insurance Group Inc.

In one storm, wind, hail and tornadoes caused an estimated $66.75 in insured damage in Indiana, Ohio and Kentucky.

The most extensive damage, an estimated $43.75 million, occurred in Kentucky. Insured losses were estimated at $13 million in Ohio and $10 million in Indiana (*BI*, March 17). The storm was assigned Catastrophe Number 90 by Property Claim Services.

In the other storm, wind, hail and tornadoes caused an estimated $35 million in damage March 11-13 in Texas, Arkansas, Mississippi, Alabama, Tennessee and Kentucky.

The worst damage, an estimated $12 million, occurred in Tennessee. Losses were estimated at $10 million in Texas, $5 million in Kentucky and $4 million in Arkansas.

The storm was assigned Catastrophe Number 91 by Property Claim Services. ■

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Bain Dawes' Lloyd's agencies sold to management group

By STACY SHAPIRO

LONDON—Lloyd's of London broker Bain Dawes P.L.C. is selling its two Lloyd's underwriting agencies to the agencies' management, including Bain Dawes Chairman Robin Warrender.

Mr. Warrender, who will be the majority shareholder of the agencies, is resigning as chairman of Bain Dawes because of the sale. He will be succeeded by Simon Arnold, Bain Dawes' current deputy chairman and former deputy chairman at Minet Holdings P.L.C.

Mr. Warrender will head London Wall Holdings P.L.C., which was formed to acquire the two Bain Dawes agencies, Gilliat Scotford & Hayworth Ltd. and Bain Dawes (Underwriting Agency) Ltd.

Sources say the sale price will be between 500,000 and 1 million pounds ($750,000 to $1.5 million).

The sale of the agencies to London Wall is expected to be completed in the summer. London Wall has leased office space in the same building as Bain Dawes and will continue to work closely with Bain Dawes. "As close as the Lloyd's Act 1982 allows," said Mr. Warrender.

London Wall has an initial capital of 2.5 million pounds ($3.75 million), but Mr. Warrender hopes that will reach 5 million pounds ($7.5 million). Capital is currently being raised privately from outside investors, but Mr. Warrender hopes London Wall can be included in the London Unlisted Securities Market to attract other investors.

London Wall will expand by further acquisitions of underwriting agencies. All Lloyd's brokers must divest their underwriting agencies by July 1987 under the terms of the Lloyd's Act of 1982.

Bain Dawes is a wholly owned subsidiary of Inchape Group P.L.C.

ILU facility opens

The Institute of London Underwriters has opened its marine underwriting facility in a building once occupied by Alexander Howden Group P.L.C.

Three floors of glass-enclosed individual offices house marine underwriters for major insurers that are ILU members. A broker can visit dozens of underwriters under one roof insead of going from building to building to complete a line slip.

Lloyd's building

Lloyd's of London will get more than it asked for when its new, 162 million-pound ($243 million) building opens for business May 26.

The blue cranes atop the modernistic building are a permanent feature. The cranes were not included in the original design of the building and have become a sore point around the market.

Lloyd's Chairman Peter Miller was "shocked and surprised" when he learned the cranes were part of the permanent structure, a Lloyd's spokesman said.

Environmental risks

Keeping environmental concerns in mind when beginning a new project can help boost profits, according to a new British book.

"Healthier Profits" is published by the Environmental Foundation, a charitable organization whose benefactors include insurance companies. Its chairman is Michael Martin, chairman of Clarkson Puckle Group P.L.C., which was a major broker of environmental impairment liability insurance before the London market for EIL coverage dried up in 1984.

"...Often the fatal error is not considering the environmental factor," says Stephen Robinson, the editor of the book. "This book cuts through the confusing jungle of moral-sounding arguments around environmental issues to show the practical reasons why it is in the decision maker's interest to consider the environmental factor."

Mr. Robinson contends that corporations that participate in industries that are environmentally safe —which he labels "symbiotic technology"—will profit in the future.

According to the book, Minnesota Mining & Manufacturing Co. has saved $235 million by implementing 1,528 projects under its "Pollution Prevention Pays" program since 1975. The savings comes from delaying or eliminating the need for add-on pollution control equipment and from products that might have later proven to be harmful to the environment.

The book costs 5.95 pounds ($8.93) and is available from the Conservation Foundation, 11A W. Halkin St., London SW1 8JL, England; 01-235-1743. ■

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Weavers' move

Continued from page 1

to find alternative offers in London."

Mr. Wilson said last week that Weavers, an underwriting agency owned by London United Investments P.L.C. that writes on behalf of seven insurers, decided March 27 to temporarily stop writing new North American casualty business. Weavers will continue to write new non-North American casualty business, new and renewal property business and all classes of renewal business for existing clients, Mr. Wilson pointed out.

The only reason Weavers is halting the underwriting of new North American liability business is because the agency wants to be able to service existing clients before dealing with new business, Mr. Wilson noted, explaining the new business is coming to London only because of the current crisis in the U.S. insurance market.

"We have seen so much business in London that cannot find a home in North America," Mr. Wilson said. "But when the market turns, this business will not stay in London.

"Our clients are normally the Fortune 500 risks, and these clients will continue to be renewed. But we have seen companies with revenues of $20 million coming to London now because there is no longer a viable market for umbrella business in the U.S.," he said.

"There is no way we can absorb all the risks in the U.S.," he added.

Weavers' offices have been packed for the past several months with brokers looking to place North American casualty risks. This new business includes general manfacturing and transportation excess liability risks, brokers say.

Brokers admit they have been counting on Weavers to write this business, especially because the Weavers claims-made excess liability policy form is less restrictive than the Lloyd's claims-made form that Mr. Jackson uses (*BI*, Nov. 15, 1985).

"I know the enormous pressure we have been putting" on Weavers, said Brian Hibbert, chairman of broker Bowring Non-Marine Ltd. "They have been shown absolutely everything—umbrella of every type of business."

But brokers say they realize Weavers' 140-person staff can only handle so much business efficiently and, thus, the brokers sympathize with the agency's moratorium.

"They were almost in a position that they could write every North American account," Mr. Hibbert said. "I am delighted that they can still handle renewals. . .we must make sure we do a good job on our renewals.

"Weavers doesn't expect to be the underwriters of the whole damn world," he remarked.

"I think the market was struggling anyway to keep up with the business," another Lloyd's casualty broker said. "From a broker's perspective, the withdrawal is bad news because Weavers was a big market for North American liability business. But from the underwriter's point of view, he will be able to digest the business he's already written and work on the existing business more thoroughly."

Brokers say they are not concerned that Weavers' withdrawal will hurt their commissions. "Nobody is short of income," said a Lloyd's broker.

While many brokers say they understand Weavers' reasoning, some have expressed concern that financial problems may have prompted the Weavers moratorium.

John J. Gardner, managing director of Insurance Solvency International Ltd., a London-based company that evaluates the security of insurers, said that "the big concern is if their reserves are adequate." He said ISI will carefully examine Weavers' 1985 results when they are published.

However, Mr. Wilson denies that Weavers has any financial problems. "We are 100% solvent. We have no problems. . .there are no concerns about our reserves." Mr. Wilson said the moratorium was caused solely by the glut of business it could not handle without damage to existing clients.

Weavers will probably reach its premium volume limits this year based on the collective capital and surplus of the insurers that participate on the Weavers slip, Mr. Wilson said, though he would not say what that limit would be.

Business Insurance estimates the total capital and surplus for the seven insurers is more than 82 million pounds ($120.5 million at current exchange rates). Mr. Wilson would not comment on the insurers' surplus.

In 1984, the last year for which figures are available, Weavers wrote 140 million pounds ($206 million) of gross premiums and 80 million pounds ($118 million) of net premiums.

The total surplus of the insurers' on the Weavers' slip was 80.3 million pounds ($118 million) at year-end 1984.

The seven insurers on the slip in 1985 and 1986 are:

- Walbrook Insurance Co. Ltd. in London, owned by London United Investments, which currently accepts 35.5% of each risk written by Weavers. Mr. Wilson says Walbrook's capital and surplus is 29 million pounds ($42.6 million), up from 20.1 million pounds ($29.5 million) at the end of 1984.

Walbrook's capital was increased by 10 million pounds in February, Mr. Wilson says, because "we anticipate the growth of our premium income."

- Dart & Kraft Insurance Co. in London, a subsidiary of Dart & Kraft Corp. The insurer, which is writing 20% of each risk this year., had capital and surplus of 11.4 million pounds ($16.8 million) at the end of 1984.
- El Paso Insurance Co. in London, a subsidiary of American Corporate Resources Inc. El Paso, which writes 15% of each risk, had capital and surplus of 11.6 million ($17 million) pounds at year-end 1984.
- Louisville Insurance Co. Ltd. in London, owned by Humana Corp. The insurer, which writes 8.75% of each risk, had capital and surplus of 5.6 million pounds ($8.2 million) in 1984.
- Ludgate Insurance Co. in London, a subsidiary of Multi-Hospital Mutual Insurance Ltd. in Bermuda, which is owned by Chicago Multi-Hospital Services. Ludgate, which writes 6.75% of each risk, had capital and surplus of 4.1 million pounds ($6 million) at year-end 1985, up from 2.7 million ($4 million) pounds at the end of 1984.

ISI's Mr. Gardner says he was concerned about Ludgate's solvency before last year's capital infusion.

"The only real question we have had about the insurers in Weavers is a major question mark over Ludgate," he said, asserting that it failed to meet the solvency margin required by the British Department of Trade and Industry at the end of 1984.

Mr. Wilson says such a charge is ludicrous. "There is nothing wrong with Ludgate," he said.

- The Mutual Reinsurance Co., owned by Mutual Insurance Co. of Bermuda, a captive formed by the American Newspaper Publishers Assn. Mutual Re, which writes 9% of each risk, had $12.1 million of capital and surplus at the end of 1984.
- Compagnie Europeene D'Assurances Industrielle in Belgium, a subsidiary of Petrofia of Italy. The insurer, which writes 5% of each risk, had $16.8 million of capital and surplus at the end of 1984.

While Weavers' moratorium on new U.S. liability business may add fuel to consumer advocate Ralph Nader's argument that London is "bankrupting and ransoming" the U.S. insurance market by refusing to write U.S. liability risks, London market observers disagree.

"Should London be the home of all business being kicked out of North America?" asks the Lloyd's casualty broker. "If Ralph Nader would like to pump an extra 20 million pounds into Weavers, then maybe Weavers can write the new business." ■

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Lloyd's underwriter says he's still writing

LONDON—Richard Hazell, senior Lloyd's of London underwriter for the F.R. White syndicate, says he is still writing both new and renewal business, though he is being selective about the risks the syndicate writes.

Rumors have circulated on both sides of the Atlantic during the past several weeks that Mr. Hazell's syndicate had stopped writing.

"That is not true," Mr. Hazell told *Business Insurance* last week.

"We are being inundated with business, but the business that is now coming back to London will leave again when the market changes. We are still writing, but we are being selective," Mr. Hazell added.

Mr. Hazell's syndicate 190 was the third-largest at Lloyd's in terms of stamp capacity at the end of 1984 (*BI*, Sept. 2, 1985). It specializes in property risks and property/casualty package policies.

Hall's losses

Continued from page 2

lion loss of revenue because of the reserve increase.

Mr. Addeo did not disclose the name of the subsidiary or the mutual insurer.

However, the Missouri Insurance Department acknowledged that Safety Mutual Casualty Corp., a St. Louis-based insurer for which Hall's Insurers Service Corp. unit acts as MGA, recently "established reserves to cover both known reinsurer insolvencies and future unknown insolvencies" after it was unable to collect reinsurance from four major reinsurers.

Louis R. Crist, Missouri's director of insurance, said that Safety Mutual "did suffer reinsurance losses and took the actions necessary to insure their continued growth and success." The losses involved commercial umbrella liability business.

According to Best's Insurance Reports, Insurers Service Corp. is paid as Safety Mutual's MGA with a stipulated fee plus a share of insurer profits. Safety Mutual officials refused to comment last week.

Mr. Addeo said if it were not for the lost revenue, Hall would have shown a fourth-quarter profit for continuing operations.

Hall did not exactly disclose how the $86 million loss on discontinued operations was split. Hall's discontinued operations include:

- Union Indemnity Insurance Co., which is being liquidated by the New York Insurance Department (*BI*, July 22, 1985).
- Jartran Inc., a Miami-based truck leasing subsidiary. Jartran emerged from Chapter 11 proceedings in January 1985 but refiled early last month, citing $37.1 million in assets and $114.3 million in liabilities (*BI*, March 10, 1986).
- Global Surplus, which was MGA for a discontinued insurance program written through Protective National Insurance Co. of Omaha (*BI*, Feb. 3).

Earlier this year, Protective voluntarily placed itself under the supervision of the Nebraska Insurance Department because of an inability to recover from some of its reinsurers on a book of business written by Global through the MGA agreement (*BI*, Jan. 27).

Protective has charged that Global did not honor its responsibilities as an MGA, which it says included notifying reinsurers of claims. Protective added that some reinsurers said they did not pay because they were never informed.

In its 1984 annual report, Hall noted that Global borrowed about $11.5 million from Protective to pay claims under the MGA program, which Hall said it guaranteed it would repay.

Touche Ross qualified Hall's financial statement while Protective and Hall are now negotiating the matter. "Should the negotiating not result in a settlement, it is likely that the ultimate outcome of the matter will be resolved through litigation," a Hall statement said.

"If the suit is lost, our liability may be greater than our reserves. We have reserved $64 million with respect to Global," Mr. Addeo said, noting that $44 million was added in the fourth quarter.

"Based on the actuarial estimates, the losses could approach $100 million. If an agreement is reached with Protective, we will make a press statement announcing the agreement and the auditors' report will be reissued unqualified," Mr. Addeo added.

But, Mr. Rosencrants warned that "if Hall's liability reaches $100 million, it will clearly require substantial additional equity capital from Reliance or some other source to meet its minimum tangible net worth requirements that keep Hall from defaulting on its bank borrowings."

"Another $36 million in write-offs would slice that much more away from Hall's net worth."

The latest transaction between Reliance and Hall, which Hall announced last week, would increase Reliance's ownership of Hall to as much as 48% from 20.5% if Reliance exercises all of its warrants.

Mr. Rosencrants said that it is necessary for Reliance to continue to be actively involved in Hall. "Hall has been in such acute financial difficulties that if Reliance had not participated, who knows where the company would be today. It would probably not be able to meet its debt obligations."

"Hall's shareholders can consider themselves very fortunate that Reliance has been there to provide badly needed capital infusions," Mr. Rosencrants added.

He noted that since this represents the third transaction that Hall has undertaken with Reliance without prior stockholder approval, "the odds are very high that (Hall's) stock will be delisted from the New York Stock Exchange." ■

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NATURAL DISASTERS

During the Past Few Years, Business and Industry Worldwide has suffered hundreds of millions of dollars of weather-related losses due to arctic freeze, floods, hurricanes, snow overload, tornadoes, windstorm. In addition, earthquakes have contributed their share of damage. For many years, much has been written about controlling man-made losses—arson, operator error, inadequate training—but how about natural disasters? Can anyone develop a program to manage natural emergencies, or is this just so much wishful thinking?

At Industrial Risk Insurers we feel our OVERVIEW management program for loss prevention and control can be used to minimize damage caused by a natural disaster. OVERVIEW may not be able to control the emergency itself (how can you really control a hurricane or tornado?), but the **before** and **after** situations can be anticipated, prepared for, and implemented as appropriate. For example:

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Snow Overload. When a snow or ice storm is on the way, the facility's emergency coordinator should begin monitoring storm advisories, decide when to activate the Emergency Control Center, and assign the tasks of plowing, shoveling, and installing snow fences and markers at hydrants and fire protection control valves. **During** and **after** a storm the coordinator should make sure that snow is continually removed from roofs and that ice is dislodged from roof drains. Otherwise, the roof might collapse.

Spring Floods. Although some of the most disastrous floods have occurred in July and August due to heavy rains or hurricanes, many people associate flooding with springtime. And for good reason, because thawing temperatures in the snow fields and April showers result in abnormal runoff. Rampaging waters are only part of the threat, however, since floods can spread flammable liquids, isolate facilities and disrupt fire protection measures. All too often, what floods leave behind is consumed by fire. Be sure to review the potential flood threat to properties located near bodies of water and plan ahead.

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Commercial Consumers

Administrative:

CEO's presidents and owners ... 2,983
Vice-presidents, general managers and other administrative personnel ... 2,758

Financial:

Chief financial officers and vice-presidents of finance ... 2,018
Secretaries, treasurers, controllers and other financial personnel ... 6,484

Risk/employee benefits:

Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/ labor relations ... 8,111

Sub-total ... 22,354

Associations ... 483
Government, unions and educational systems ... 1,252

Commercial Consumers

Sub-total ... 24,089

Insurance agents and brokers 10,285
Insurance companies ... 6,739
Financial institutions ... 748
Actuaries, attorneys, adjusters, appraisers and consultants ... 3,808
Others allied to the field ... 1,308

TOTAL ... 46,977

* Source Business/Occupational breakdown of qualified circulation, Nov. 25, 1985 issue, as submitted to BPA for December 1985 BPA Publisher's Statement.

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Constellation Re deficit

Continued from page 1
with a $52.1 million net loss for the year.

Constellation reported net written premiums of $59.4 million last year.

A March 17 letter sent to reinsurance intermediaries by Mr. Smith states that intermediaries within a few weeks will receive a copy of Constellation's 1985 convention statement "which, regrettably, reveals that we have a negative policyholders surplus."

The letter continues: "While we can appreciate that our apparent adverse financial position will cause you some immediate concern, we wish to point out that the reduction in our policyholders surplus has resulted primarily due to a total of $61,600,000 being added to our incurred-but-not-reported loss reserves during the past two years.

"In fact, as of Dec. 31, 1985, our cumulative incurred-but-not-reported loss reserves, including additional case reserves, exceed $104,000,000."

Mr. Smith states that because the bulk of Constellation's business has always been property reinsurance, the company is confident it will "be able to meet all of its existing liabilities, especially as our current cash and short-term securities total $17,000,000. In fact, the independent actuaries who established our IBNR loss reserves have undertaken exhaustive cash-flow projections through to the year 2010 which not only support this opinion but also show a positive policyholders' surplus at the close of 1986."

Mr. Smith adds, "We have also met with the New York Insurance Department to discuss our financial situation and were pleased with their favorable reaction to our proposal for speedy recovery."

Mr. Smith also notes in the letter that Constellation has reached an agreement to sell its Galaxy Reinsurance Co. subsidiary, but all in-force liabilities will continue to be handled by Constellation Reinsco Inc., a management company owned by Constellation. The letter does not identify Galaxy's prospective buyer.

A reinsurance intermediary who received the letter from Constellation says it implies the increases for IBNR reserves were redundant. The Insurance Department spokesman had no comment on these reserves.

The intermediary said that "from our standpoint," Constellation Re had not been active since the end of 1984.

Last June, Mr. Smith told *Business Insurance* the company had decided to forego a rating by A.M. Best Co. rather than accept a lower rating (*BI*, July 1). Mr. Smith said beginning July 1, 1985, Constellation would accept no new or renewal business.

Constellation had a B-plus Best's rating in 1984 and an A rating in 1983.

Constellation ranked as the 18th-largest U.S. reinsurer in 1984 based on $89.1 million in net premiums written, according to data gathered by the Reinsurance Association of America (*BI*, May 20, 1985). Net written premiums declined in 1985 to $59.4 million.

The company's biggest single line last year was commercial multi-peril, with $14.3 million in net premiums written. Other major reinsurance lines included homeowners multiperil, fire and allied lines.

In addition to the 1985 underwriting loss, the drain on Constellation's surplus also included a $6.9 million charge for unauthorized reinsurance.

The New York Insurance Department said that Schedule F of the company's 1985 annual statement, which lists its reinsurers, was not yet available.

In addition, the company reported a $1.6 million liability described in the statement as an allowance for uncollectible ceded loss reserves. The department spokesman would provide no additional information on this liability.

Including additional liabilities stemming from unrealized capital losses and non-admitted assets, the company's surplus declined $61.6 million in 1985, wiping out Constellation's $32.4 million surplus at year-end 1984 and leaving it with the $29.2 deficit on Dec. 31, 1985.

Constellation's underwriting losses exceeded its investment income in both 1984 and 1983, as well as 1985.

In 1984, it generated $20.5 million in underwriting losses and an $8.6 million investment gain, finishing the year with a $3.8 million net loss.

In 1983, the company reported a $10.8 million underwriting loss and investment income of $7.6 million, ending the year with net income of $725,000. Its policyholder surplus as of year-end 1983 was $38.4 million.

According to the convention statement, it finished both years with a surplus despite its underwriting results because of substantial tax credits.

David Delaney, president of Delaney Management Co. in New York, an underwriting manager, commenting on Constellation's financial condition, said: "I think you're going to find it's going to make people more suspect of buying reinsurance" from anyone but the "handful of giants in the industry."

Ceding companies, he said, will only be willing to deal with major reinsurers because they won't take the risk that a "bulletproof" company will go under.

Constellation's situation, he added, will intensify the "flight to security."

Referring to the increase in Constellation's IBNR reserves, Paul Ingrey, president of F&G Re, a reinsurance intermediary in Morristown, N.J., said the reinsurer is "probably a testimony to the fact that nobody I know of in the excess reinsurance business has been properly reserved." ■

Iowa group seeks to block comp rate hike

DES MOINES, Iowa—Seven Iowa business associations will go to court this week to seek a temporary injunction against an average 25.2% workers compensation rate increase approved last week.

Iowa Insurance Commissioner Bruce Foudree initially disapproved the rate filing Feb. 6, but at that time he said new rates would be approved if additional loss experience data and audit certification were filed by the National Council on Compensation Insurance (*BI*, Feb. 17). The NCCI filed the additional data last month and, according to the NCCI, the new rates are scheduled to take effect on new or renewal policies as of April 1.

"I think 25% is an extraordinary increase in one swoop," said a spokesman for the Iowa Assn. of Business & Industry, one of the employer groups that filed for the temporary injunction and an administrative review of the insurance commissioner's decision in Polk County District Court last week.

"I think it will be difficult for some employers to handle the increase in workers compensation rates, particularly when they have trouble getting or paying for other forms of liability insurance," the spokesman said.

In last week's order, Mr. Foudree said he is sympathetic to the problems faced by business. However, he noted, "There is substantial indication that the present rates are inadequate.

"The fact that businesses are suffering hardship due to current economic conditions does not relieve (me) of my statutory responsibility. . .to ensure that insurer premium income is adequate to cover losses," Mr. Foudree said.

Without the increased rates—expected to garner an additional $41.8 million in premium in 1986—the financial health of some insurers could be jeopardized, he added.

Mr. Foudree also noted that rates have been decreased several times in recent years, and that the newly approved rate is only an average 7.9% higher than the 1979 rate level. ■

update

Carbide appealing record fines

Continued from page 2
cal process safety, operating integrity or employee safety," he said.

The West Virginia accident followed a December 1984 gas leak at a Carbide plant in Bhopal, India, that killed more than 2,000 people.

Insurer works on infusion plan

WILMINGTON, Del.—Great Atlantic Insurance Co., which reported negative policyholders surplus of $6.9 million at the end of 1985, is working to complete a capital infusion plan.

Great Atlantic asked to be placed under supervision of the Delaware Insurance Department on Feb. 28.

The insurer is now seeking a cash infusion from two stockholders, Bradesco Seguros Group of Rio de Janeiro, Brazil, and New York-based Kramer Capital Consultants, says Richard Anstey, rehabilitation and liquidation manager for the Delaware department. "They are still in the process of trying to obtain that capital," he said.

Though Kramer acquired majority control of Great Atlantic in March 1985, most of the capital infusion will come from Bradesco, Mr. Anstey said. Bradesco has committed to a contribution subject to approval of Brazilian banking authorities, he said.

At year-end 1985, Great Atlantic reported earned premiums of $1.7 million, an underwriting loss of $12.4 million and a net operating loss of $11 million. Policyholders surplus dropped to negative $6.9 million from positive $4.2 million at the end of 1984.

Great Atlantic stopped writing new and renewal business in February 1985.

Texas blast under investigation

FORT WORTH, Texas—Authorities are investigating an explosion last month that caused at least $2.2 million in damage when it destroyed a building housing 58 new Cadillacs and injured 22 people, none of them seriously.

A building owned by Frank Kent Cadillac of Fort Worth was destroyed when natural gas was ignited. The gas escaped from a pipeline ruptured by a backhoe as a crew from L.D. Conatser Contractors in Fort Worth worked on a job for the city, investigators say. But, the point of ignition is still unknown, they say.

Frank Kent, the dealership's owner, could not estimate the value of the building, which was used as a warehouse. The cars were valued at more than $1.7 million, which was insured, he said.

At Water Gardens Place, a nearby office building, the explosion caused an estimated $500,000 in damage. A spokeswoman for Water Gardens said the building was insured with Industrial Risk Insurers in Houston, but she would not release the limits of coverage. She added IRI would seek to recover the funds through subrogation when liability is determined.

A spokesman for Fort Worth said the city had a hold-harmless clause in its contract with Conatser. The city is self-insured and has a self-insurance fund of $925,000, the spokesman said.

Conatser could not be reached for comment.

Robins told to recover money

RICHMOND, Va.—A U.S. District Court judge says A.H. Robins Co., which has filed for reorganization, must recover $6.8 million it spent without approval of the bankruptcy court.

The federal government recently charged that Robins, former manufacturer of the Dalkon Shield intrauterine device, made payments without court approval of $1.2 million in deferred compensation to executives, $600,000 for other expenses, and $5 million to settle contract debts for computer services and royalties on drug patents and trademarks (*BI*, March 24).

A hearing is set for April 28 on the government's request that a trustee be appointed to operate the company.

Also last week, a federal judge approved an extension until June 30 for Robins to file a reorganization plan and to Aug. 29 for obtaining approval of the plan. Robins filed for reorganization last year because of the large number of claims filed by women alleging injury because of use of the Dalkon Shield (*BI*, Aug. 26, 1985).

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* Identify facilities, conditions and/or situations conducive to potential loss.
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datebook

APRIL 21. Hedging With Financial Futures in the Insurance Industry program in Chicago, sponsored by Peat Marwick Mitchell & Co.; $400. Also **June 25** in New York. Registrar, Peat Marwick Mitchell & Co., Executive Education, 810 Seventh Ave., New York, N.Y. 10019; 800-762-3932.

APRIL 21-22. Health Care Cost Containment Workshop in Portland, Ore., sponsored by Health Research Institute; $495. Also **May 5-6** in Chicago; **May 12-13** in Washington; **June 2-3** in Houston; **June 23-24** in Atlanta; **July 14-15** in Denver; **July 21-22** in San Jose, Calif.; **Aug. 11-12** in Minneapolis; **Sept. 22-23** in New Orleans; **Oct. 6-7** in San Francisco; **Oct. 27-28** in Boston; **Nov. 10-11** in New York; **Nov. 17-18** in Dallas; **Dec. 8-9** in Chicago. Health Research Institute, 49 Quail Court, #200, Walnut Creek, Calif. 94596; 415-676-2320.

APRIL 21-22. Fifth Annual Principles of Petroleum Insurance conference in New York, sponsored by Professional Development Institute and Self-Insurance Resource Inc.; $450. Also **April 22-23** in Boston; **May 5-6** in Canton, Ohio; **May 7-8** in Southfield, Mich.; **May 19-20** in Evansville, Ind.; **May 21-22** in Wichita, Kan.; **June 3-4** in Pittsburgh. Mary Ann Crow, Professional Development Institute, P.O. Box 13288 NTSU, Denton, Texas 76203-3288; 800-433-5676; 817-565-3356 in Texas.

APRIL 21-23. Employee Benefit Plan Conference in New Orleans, sponsored by Charles D. Spencer & Associates; $385. Charles D. Spencer & Associates Inc., 222 W. Adams St., Chicago, Ill. 60606; 312-236-2615.

APRIL 21-25. Loss Control Management seminar in Atlanta, sponsored by the International Loss Control Institute; $695. Also **July 28-Aug. 1.** International Loss Control Institute, P.O. Box 345, Loganville, Ga. 30249,800-554-6001.

APRIL 22. The Claims-Made and New Occurrence Revolution seminar in New York, sponsored by the College of Insurance; $295 for first registrant from an organization; $265 each additional attendee. Risk Research Center of the College of Insurance, One Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111, Ext. 358.

APRIL 22. Risk Management of PCBs in Electrical Systems seminar in Cincinnati, sponsored by Electro-Test Inc.; $175; $30 discount for cash payments. Also **April 23** in Columbus, Ohio; **April 25** in Indianapolis; **April 29** in White Plains, N.Y.; **April 30** in Hartford, Conn.; **May 1** in Boston; **May 6** in Nashville, Tenn.; **May 7** in Columbia, S.C.; **May 8** in Raleigh, N.C.; **May 13** in Chicago; **May 14** in Des Moines, Iowa; **May 15** in Minneapolis; **May 20** in Long Island, N.Y.; **May 21** in Clifton, N.J.; **May 22** in Niagara Falls, N.Y.; **May 28** in Baltimore; **May 29** in Harrisburg, W.Va. Electro-Test Learning Center, P.O. Box 159, 3470 Fostoria Way, San Ramon, Calif. 94583; 415-866-8566.

APRIL 22. 1986 Claims Conference Series in Atlanta, sponsored by CMA Consulting Group; $195. Also **April 29** in Dallas. Beverly Loughlin, CMA Consulting Group, 170 E. Hanover Ave., Morristown, N.J. 07960; 201-267-7171.

APRIL 22. Chemical Safety seminar in Chicago, sponsored by the Illinois State Chamber of Commerce; $90 for members; $135 for non-members. Carol Jensen, Illinois State Chamber of Commerce, 20 N. Wacker Drive, Chicago, Ill. 60606; 312-372-7373.

APRIL 22. The New Insurance Services Office Commercial General Liability Policy Workshop in Philadelphia, sponsored by the Insurance Society of Philadelphia; $90 for members; $105 for non-members. The Insurance Society of Philadelphia Inc., 737 Public Ledger Building, Philadelphia, Pa. 19106; 215-627-5306.

APRIL 22. Insurance Tax Update 1986: The Past, the Present and the Future, symposium in Chicago, sponsored by Peat Marwick Mitchell & Co.; free. Also **April 29** in Dallas, **May 1** in New York, **May 6** in Atlanta, **May 8** in Los Angeles. Registrar, Peat Marwick Mitchell & Co., Executive Education Department, 810 Seventh Ave., New York, N.Y. 10019; 800-762-3932.

APRIL 22. ABCs of Self-Insurance conference in Chicago, sponsored by the Self-Insurance Institute of America; $95 for members; $195 for non-members. Also **May 13** in Atlanta and **June 3** in Los Angeles. Self-Insurance Institute of America, P.O. Box 15466, Santa Ana, Calif. 92705; 714-261-2553.

APRIL 23. Advanced Cost Containment workshop in Portland, Ore., sponsored by Health Research Institute; $250. Also **May 7** in Chicago; **May 14** in Washington; **June 4** in Houston; **June 25** in Atlanta; **July 16** in Denver; **July 23** in San Jose, Calif.; **Aug. 13** in Minneapolis; **Sept. 24** in New Orleans; **Oct. 8** in San Francisco; **Oct. 29** in Boston; **Nov. 12** in New York; **Nov. 19** in Dallas; **Dec. 10** in Chicago. Health Research Institute, 49 Quail Court, #200, Walnut Creek, Calif. 94596; 415-676-2320.

APRIL 23. Health Improvement/Wellness workshop in Portland, Ore., sponsored by Health Research Institute; $250. Also **May 7** in Chicago; **May 14** in Washington; **June 4** in Houston; **June 25** in Atlanta; **July 16** in Denver; **July 23** in San Jose, Calif.; **Aug. 13** in Minneapolis; **Sept. 24** in New Orleans; **Oct. 8** in San Francisco; **Oct. 29** in Boston; **Nov. 12** in New York; **Nov. 19** in Dallas; **Dec. 10** in Chicago. Health Research Institute, 49 Quail Court, #200, Walnut Creek, Calif. 94596; 415-676-2320.

APRIL 25. Claims Evaluation and Negotiation Workshop program in Philadelphia, sponsored by the Insurance Society of Philadelphia Inc.; $90 for members; $105 for non-members. Insurance Society of Philadelphia, 743 Public Ledger Building, Phildelphia, Pa. 19106.

APRIL 27-MAY 2. 1986 Fundamentals of Employee Benefits Management course in Brookfield, Wis., sponsored by the International Foundation of Employee Benefit Plans; $800. Also, **June 22-27, Oct. 5-10.** International Foundation of Employee Benefit Plans, Registration Department, 18700 W. Bluemound Rd., P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6700.

APRIL 28-29. Asset/Liability Management for Insurance Companies seminar in New York, sponsored by Peat Marwick Mitchell & Co.; $750. Also **June 23-24.** Registrar, Peat Marwick Mitchell & Co., Executive Education, New York N.Y. 810 Seventh Ave., New York, N.Y. 10019; 800-762-3932.

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Manville plan

Continued from page 1

depend on whether an agreement on a reorganization plan was reached or whether Manville is forced back into the tort system to litigate asbestos claims.

While one source said interest of about $195 million is provided for in the plan, the unsecured creditors committee says that there will be only "partial compensation" for post-bankruptcy petition interest, with the amount depending on the scenario that ultimately develops.

Moreover, the creditors' plan calls for the trust fund to receive 42% of Manville stock and potentially up to 60%—less than the Manville plan.

The plan does not call for a permanent injunction barring future personal injury claimants from suing Manville. Instead, it provides that Manville would be indemnified against such suits by the settlement fund.

The plan also requires that legal fees of personal injury lawyers be subjected to bankruptcy court review, something that plaintiffs' attorneys have vehemently objected to.

"It is expected that such review will result in greater recoveries by future asbestos health victims as well as present asbestos health victims who are represented by a committee of personal injury lawyers in Manville's bankruptcy proceedings," the creditors' committee statement said.

Attorneys for property damage claimants also say that the creditors' plan reduces the amount they would receive compared with the Manville plan and makes it more difficult for them to settle their claims with Manville.

Under both plans, a trust fund for property damage claimants will be funded with $125 million. However, provisions for future payments are not as great under the creditors' committee plan, attorneys say.

While the Manville plan would provide that any money left over from company contributions of 20% of net profits to the trust fund for asbestos health claimants would go to property damage claimants, the creditors' plan would not.

In addition, according to one attorney, it also reintroduces the notion of fault for resolving property damage claims not present in the Manville plan.

Other changes in the creditors' plan include an initial provision of $120 million in cash and receivables to the trust fund as opposed to $150 million in the Manville plan.

The creditors' plan also provides that Manville make payments of $65 million under the bond to the trust fund for the first seven years rather than $75 million.

"The aggregate amount is the same or greater (than the Manville plan) under their calculations," a source close to the bankruptcy said of the creditor's committee plan. "It's structured differently."

Last week, there were suggestions that Manville or other groups might contest the creditors' committee plan on the basis that Manville had the exclusive right to file a plan.

However, no court papers had been filed as of late last week.

"There is a serious question as to whether the plan was appropriately filed or not," one attorney said, adding that it was uncertain whether the issue would be litigated.

Elihu Inselbuch, attorney for the committee of asbestos victims with the New York firm of Gilbert, Seagall & Young, called the creditors' plan "an irrelevancy," because the Manville plan is on file and Manville had the exclusive right to file its plan.

"We're just ignoring it," Mr. Inselbuch said, adding his committee had no plans to challenge the plan. "Why should we spend money on irrelevancies?"

A spokesman for Manville would not comment on the creditors' committee plan beyond a statement the company released saying it was studying the proposal.

However, Manville Senior Vp G. Earl Parker pointed out in the statement that a "key portion" of the creditors' plan would eliminate the injunction barring lawsuits by asbestos victims.

"Manville's funding of the health claims at $2.5 billion depends upon the company's business operating independent of the claims settlement procedure or litigation," Mr. Parker said.

"We must protect those businesses for the company to satisfy all asbestos health claims as well as claims of other creditors," he explained.

An attorney for property damage claimants criticized the plan, saying that in terms of financing and settling claims there are "significant disadvantages" in the creditors' proposal.

"It's significantly inferior to the Manville plan and is disadvantageous to us," said Robert Somma, an attorney with the Boston firm of Goldstein & Manello, who represents the state government creditors' committee for property damage claims.

"I view it as a negotiating tactic," Mr. Somma said.

"I don't think it has any prospect of being confirmed from the state attorneys' general perspective," he said.

Mr. Somma added that there are ongoing negotiations on what the commercial creditors want.

"I am optimistic those negotiations will be successful," he commented.

Another attorney was very concerned about a provision that changes the way in which disputes over standards for settling asbestos claims would be resolved.

The Manville plan had an informal, non-precedential approach, while in the creditors' plan the approach is adjudicatory, the attorney said.

An attorney for the shareholders' committee said the committee has not fully studied or officially taken a position on the plan, but that it is an improvement over Manville's.

"The existing plan is so confiscatory that any alternative is at least (deserving) of consideration," said George Hahn, the attorney for the shareholder committee with the New York firm of Hahn & Hessen.

Mr. Hahn pointed out features of the plan that are appealing to stockholders. It provides more stock to preferred and common shareholders and a review of contingent fees that shareholders have sought, he said.

However, Mr. Hahn also pointed out that certain parts of the plan may not be satisfactory to the shareholders.

"The stockholders, preferred and common, seek a more favorable adjustment of their interests than the plan would provide for," Mr. Hahn added.

Manville has publicly acknowledged that without the support of the creditors' committee, the Manville plan is not confirmable. It also is uncertain if the Manville plan can be confirmed without shareholders' support.

The creditors' committee is less likely to support Manville's plan when it is invited to support a plan they believe is superior, said one attorney who asked not to be identified.

"To the extent it undercuts plan No. 1, it increases the leverage of the creditors' committee," the attorney said.

He added it would be naive to think that Manville did not intend to negotiate when it filed the plan.

"It's a complex game of negotiation and counternegotiation right up to the 11th hour," he added. ■

Manville reaches pacts with four more insurers

By STEPHEN TARNOFF

DENVER—Manville Corp. has reached agreements with four more of its liability insurers in the massive insurance litigation in San Francisco, bringing its insurance proceeds for asbestos claims to $475 million.

The agreements, which total about $16 million, were reached with INSCO Ltd., Prudential Reinsurance Co., Aetna Casualty & Surety Co. and Gibraltar Casualty Co. Under the settlements, INSCO will pay $387,000, Prudential Re will pay $7.9 million, and Gibraltar will pay $1.9 million.

These amounts will be paid on Jan. 2, 1989, or five business days following confirmation of a Manville plan of reorganization, whichever is later, the company said.

Aetna will pay Manville $5.8 million on Dec. 15, 1986, or five business days following confirmation of the reorganization plan, whichever is later.

Manville and Aetna had previously settled disputes over policies providing insurance coverage prior to 1978 for $14.3 million (*BI*, Dec. 2, 1985).

INSCO and Gibraltar provided insurance coverage to Manville from July 1, 1979 to July 1, 1980; Prudential Re wrote insurance from July 1, 1976 through July 1, 1979; and Aetna provided coverage from July 1, 1978 through July 1, 1980.

Manville and the insurers will immediately dismiss the claims and defenses in the San Francisco litigation, pending approval of the settlements by the U.S. Bankruptcy Court in New York.

Payment is in full satisfaction of all Manville's claims against the insurers, the company added.

In a prepared statement, Manville Corporate Counsel Richard B. Von Wald said the most recent settlements represent "further significant steps" in the company's efforts to resolve its dispute with its insurers.

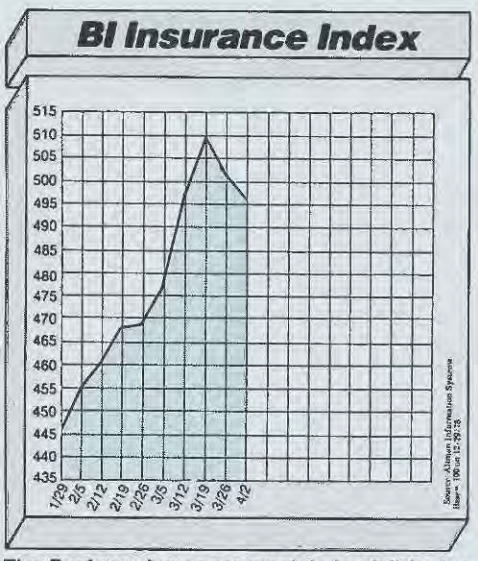
He said discussions with other insurers are continuing.

Manville and four other asbestos producers are locked in litigation with more than 50 insurers in state Superior Court in San Francisco over the scope of coverage for asbestos claims, with billions in coverage dollars and damages sought at stake. The trial in that case has been going on for a year.

Manville, which has now settled with 12 of the 27 insurers it originally sued, contends it is entitled to at least $615 million in liability insurance over the past several decades.

The money will go to victims of asbestos-related diseases as part of a reorganization plan currently being negotiated in bankruptcy court.

BI Insurance Index



The *Business Insurance* stock index fell for the second consecutive week, after months of sharp increases. The *BI* index of insurance industry stocks closed at 495.6 points on April 2, down 5.9 points from 501.5 points on March 26, and a drop of 13.4 points from the record high of 509 points set March 19. A total of 17 stocks were up, 35 were down and eight were unchanged during the most-recent trading period. The biggest gains were posted by Baldwin & Lyons Inc., up 8.4%; Marsh & McLennan Cos. Inc., up 7.2%; Business Men's Assurance Co. of America, up 3.7%; Fireman's Fund Corp., up 3.4%; and Monumental Corp., up 2.7%. The biggest losses were posted by Aneco Reinsurance Co. Ltd., down 15.8%; Tokio Marine & Fire Insurance Ltd., down 12.6%; Zenith National Insurance Corp., down 8.5%; CNA Financial Corp., down 7%; and Fremont General Corp., down 5.5%. The *BI* stock index fell an average of 1.2%, a steeper decline than that posted by the other major market indicators. The NYSE composite fell 0.5%, the Standard & Poor's 500 fell 0.7% and the Dow Jones 30 Industrials fell 0.9% during the same trading period.

British Issues

1 April Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Comml Union	303	N/M	16.9	5.5	305—303	
Genl Accident	903	44.0	31.4	3.4	903—890	
Gdn Royal Exch	850	73.9	40.7	4.7	865—850	
Royal	880	72.1	36.7	4.1	880—873	
Sun Alliance	687	68.7	23.6	3.4	696—687	
Brokers						
CE Heath	645	9.8	36.0	5.5	645—643	
Hogg Robinson	341	13.9	13.4	3.9	341—337	
JH Minet	266	12.7	10.7	4.0	266—259	
Sedg Grp	370	17.1	15.7	4.2	370—370	
Stew Wrightson	400	16.0	15.7	3.9	405—400	
Willis Faber	415	20.8	12.5	3.0	415—412	

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

Last year's fourth quarter no exception to the rule

By MYRON M. PICOULT

Special to Business Insurance

TRADITIONALLY, the fourth quarter has been the time when cautious managements become more cautious and not-so-cautious managements are encouraged to view the environment in a more realistic light.

Sometimes the realism is self-induced. At other times, it reflects exogenous pressures from certain parties—accountants, regulators or rating agencies.

Mr. Picoult

The 1985 fourth quarter was no exception. Companies atoning for past misdeeds included Chubb Corp., Orion Capital Corp., CIGNA Corp., Continental Corp., Transamerica Corp. and United States Fidelity & Guaranty Co.

In reviewing the preliminary year-end data published by A.M. Best Co. together with our industry screens, it becomes obvious that the "underwriting trough" for the stock segment of the industry in this cycle was 1985, not 1984.

Although the combined ratio for 1985 was about 2.5 points below the 120.5% recorded in 1984—with almost all of the differential tied to the expense ratio—the statutory underwriting loss was still approximately $1.9 billion worse.

On an adjusted basis, our models indicate am underwriting loss of about $17.6 billion, which is $1.1 billion more than the comparable year-earlier figure.

Our survey includes 20 of the major publicly held property/liability insurers and accounts for about 54% of the total premium volume of the stock segment of the industry.

The data is basically complete, except for results for USF&G, which announced several weeks ago that it was going to restate earnings for 1985 and for the past few years. The restatement apparently relates to earnings generated by questionable investment methodologies.

Myron M. Picoult is senior vp and senior insurance analyst with Oppenheimer & Co. in New York. He is the past president of the Assn. of Insurance & Financial Analysts and a member of the New York Society of Security Analysts.

For the three months that ended Dec. 31, our survey showed:

- Net written premiums, on average, rose 28.2%. All reporting companies showed positive increments. However, there was a very wide spread as the volume gains ranged frm 1.8% for Chubb to 86.4% for American International Group. Five companies were above the 28.2% average and 14 were below; the average for the companies below was 17.8%. The data indicate that the fourth-quarter premium gain was the strongest quarter in 1985.
- Likewise, earned premiums rose 20.6% in the fourth quarter, and this too was the best showing of the year, reflecting the growing impact from incremental written volume. Seven underwriters were above the average, and 12 were below. The numbers ranged from a negative 20.6% for Chubb to a plus 80% for AIG.
- Pretax net investment income increased 14%, with the range going from a negative 17.4% for Continental to a positive 34.6% for Aetna. Once again, the fourth-quarter gain was the best showing of the year. Aftertax gains were basically flat, reflecting rising tax rates and the continued emphasis on taxable instruments. Our screens showed that tax rates went from about 10% up to the 35%-plus area.

Cash-flow trends remained quite mixed, with some companies still in a negative position and others modestly positive. In general, however, fourth-quarter cash flows were not as good as the third-quarter numbers. Our definition of cash flow is a very simple candy-store approach: premiums written less paid claims and expenses.

The combined ratio, after policyholder dividends, equalled 119.7%, compared with 124.7% in the year-earlier period. These figures include the material reserve adjustments from CIGNA and Chubb.

Of the five-point swing in the ratio, approximately 2.9 points came from the expense ratio and 2.1 points came from the loss ratio. Seven companies were higher than the average, and 12 were lower.

Four underwriters—Chubb, Continental, GEICO and Kemper—were worse this year than last. Only Sears' Allstate unit was unchanged.

The lowest combined ratio was posted by Fireman's Fund at 94.6%, but this was the result of a fluke expense ratio. In the real world, only GEICO was below par. Chubb edged out CIGNA for the worst quarterly ratio.

Although our data base is incomplete, it appears that both the premium-to-surplus and reserve-to-surplus ratios improved relative to the 1985 third quarter and the 1984 fourth quarter, too.

This is not surprising, given the significant amount of financings that were affected and added to surplus.

At the end of the year, for our screen, the premium-to-surplus ratio approximated 2.5-to-1, while the reserve ratio hovered just below the 3-to-1 level.

Loss reserves, on average, rose 15%, and this, too, was the largest percentage gain of any of the four quarters in 1985. The gain reflects the material catch-up process of some insurers and the beginning of adjustments by many others. Paid claims expanded 3.9% for the quarter.

Finally, property/casualty earnings on balance improved. However, averages are misleading, as many insurers posted smaller losses on a quarter-to-quarter basis, while others posted profits vs. losses a year ago.

The aforementioned data and bottom-line earnings obviously point to a recovery mode for the industry. However, as we have stressed in the recent past, the industry is far from healthy.

The recovery is likely to be somewhat more labored that some industry observers perceive, due to the need to redress balance sheets that were thrown out of balance over the past few years.

Furthermore, the problem of reinsurance recoverables is probably the greatest risk facing the primary insurers today. It is more fact than theory and will manifest itself as 1986 evolves.

We hope to address this matter in upcoming columns. In the interim, it should be recognized that the primary industry probably is going to march to the drum beat of the reinsurance business over the next few years.

Sedgwick Group

Fred S. James & Co. Inc., which was acquired by Sedgwick Group P.L.C. last year, helped Sedgwick post improved results in 1985.

Sedgwick's operating profit, including James, grew 37.2% to 131.7 million pounds ($172.5 million) from 96 million pounds ($128.6 million) in 1984.

Sedgwick revenues grew 27% to 581.5 million pounds ($761.8 million) from 456 million pounds ($611 million) in 1984.

When broken down separately, James outperformed its parent. James' revenues grew 31% in 1985 to $384 million from $292.8 million in 1984.

In contrast, Sedgwick's revenues, not including James, rose only 17% to 288.4 million pounds ($377.8 million) in 1985 from 247.2 million pounds ($331.2 million).

"A significant aspect of the year's results was the excellent performance from James, confirming our expectations at the time of the merger," said Sedgwick Chairman Carel B. Mosselmans.

"James is ideally positioned to gain from hardening rates in the U.S. market and continues to strengthen its position in an intensely competitive market."

On the other hand, Sedgwick—which is known for its expertise in the oil and energy industry—was hurt by the collapse of the world oil market, he noted.

"It has not been possible to achieve a growth of profits in the Middle East and in our business specializing in servicing the oil industry in the U.S.A.," Sedgwick's Mr. Mosselmans said.

Marsh & McLennan

Marsh & McLennan Cos. Inc. has approved a 2-1 stock split, payable to shareholders of record April 7.

In addition, the M&M board has increased the quarterly dividend on currently outstanding stock to 75 cents per share (37.5 cents per share on the post-split stock) to shareholders of record April 7.

Both the stock distribution and the cash dividend are payable May 14. ■

BI Industry Stock Report

April 2, 1986 3/27/86 thru 4/2/86

Brokers		Price	% Chg.	P/E	$ Div.	% Yld.	High	Low	Vol.(000)
Alexander & Alexander Svcs	NYSE	34.50	-3.2	0.0	1.00	2.9	35.63	34.50	348.4
Baldwin & Lyons Inc	OTC	103.00	8.4	396.2	0.80	0.8	103.00*	95.00	8.7
Corroon & Black Corp	NYSE	62.00	-1.6	19.7	1.30	2.1	63.00	61.75	104.5
Crump E H Cos Inc	OTC	24.13	-0.5	23.0	0.25	1.0	24.25	24.00	37.5
Emett & Chandler Cos Inc	OTC	18.25	0.7	27.2	0.00	0.0	18.25	18.25	11.9
Gallagher Arthur J & Co	OTC	54.50	-1.8	24.8	0.40	0.7	55.00	54.50	2.4
Hall Frank B & Co Inc	NYSE	21.25	-5.0	0.0	0.00	0.0	22.63	21.25	442.5
Marsh & Mclennan Cos Inc	NYSE	108.50	7.2	24.3	3.00	2.8	108.50*	104.63	194.3
Poe & Assoc Inc	OTC	18.75	0.0	0.0	0.80	4.3	18.75	18.75	10.9
AGENTS/BROKERS	AVERAGE			159.5		1.7			
Conglomerates & Holding Cos.									
American Express(Fireman's Fd)	NYSE	67.75	-0.4	19.1	1.36	2.0	68.75	66.88	2,934.7
Anderson Clayton(Ranger/PanAm)	NYSE	52.00	-1.2	29.7	0.00	0.0	53.00	52.00*	155.5
Armco Inc	NYSE	11.00	0.0	0.0	0.00	0.0	11.13	10.88	452.2
Berkley W R Corp	OTC	53.25	2.4	56.3	0.36	0.7	54.25*	52.50	475.5
CIGNA Corp	NYSE	72.13	-2.9	0.0	2.60	3.6	73.00	71.25	934.8
CNA Finl Corp (CNA)	NYSE	68.50	-7.0	22.8	0.00	0.0	73.38	68.50	176.5
General Re Corp	NYSE	119.00	-2.1	85.9	1.76	1.5	123.00	119.00	377.0
ITT (Hartford Group)	NYSE	45.88	-2.9	24.3	1.00	2.2	47.38*	45.88	1,855.8
Sears Roebuck & Co. (Allstate)	NYSE	48.13	-1.3	13.6	1.76	3.7	50.13*	48.13	3,859.0
Teledyne Inc (Argonaut)	NYSE	342.25	0.1	7.3	0.00	0.0	343.38	341.00	111.2
Transamerica Corp (Occidental)	NYSE	36.38	0.7	16.9	1.68	4.6	36.63	36.25	773.0
CONGLOMERATES/HOLDING COS.	AVERAGE			17.9		1.1			
Insurers									
Aetna Life & Cas Co	NYSE	64.63	0.4	16.8	2.64	4.1	65.13	64.63	2,804.6
American General Corp	NYSE	41.00	0.0	12.7	1.12	2.7	42.38	41.00	1,269.1
Amern Heritage Life Invt Co	NYSE	42.13	-1.2	15.8	1.20	2.8	42.63	42.00	16.0
American Indty Finl Corp	OTC	22.00	-2.2	0.0	1.12	5.1	22.50	22.00	9.7
American Intl Group Inc	NYSE	131.25	-2.1	26.8	0.44	0.3	135.25	131.25	486.0
Aneco Reins Ltd	OTC	1.00	-15.8	0.0	0.00	0.0	1.13	1.00	13.3
Avemco Corp	NYSE	36.00	-1.0	14.2	0.60	1.7	36.38	35.75	32.9
Business Mens Assurn Co Amer	OTC	28.25	3.7	13.1	1.10	3.9	28.25	27.25	150.6
Chubb Corp	NYSE	70.50	-2.9	0.0	1.56	2.2	72.88	70.50	647.0
Combined Intl Corp	NYSE	62.63	1.0	12.9	2.24	3.6	62.75	62.63	132.0
Continental Corp	NYSE	50.00	-2.7	0.0	2.60	5.2	52.38	50.00	558.1
Crown Life Ins Co	OTC	270.00	0.0	16.3	0.00	0.0	270.00	270.00	0.8
Durham Corp	OTC	42.50	-2.9	11.7	1.36	3.2	43.75	42.50	27.0
Farmers Group Inc	OTC	84.75	-0.7	15.6	2.00	2.4	86.25	84.75	238.9
Fairmont Finl Inc	AMEX	23.25	0.0	19.4	0.00	0.0	23.63	23.25	31.8
Fireman Fd Corp	NYSE	41.50	3.4	0.0	0.30	0.7	42.63	41.50	579.8
Fremont Gen Corp	OTC	30.25	-5.5	0.0	0.48	1.6	32.00	30.25	124.0
Great West Life Assurn Co	OTC	500.00	0.0	5.0	18.00	3.6	500.00	500.00	0.0
Home Group Inc	AMEX	28.13	-4.3	0.0	0.00	0.0	29.25	28.13	503.7
Hanover Ins Co	OTC	65.75	1.9	64.5	0.56	0.9	65.75*	64.75	72.2
Hartford Steam Boiler Insptn	OTC	71.00	0.7	13.1	2.00	2.8	71.75	70.75	15.0
Kans City Life Ins	OTC	33.00	1.5	13.0	0.87	2.6	33.00	32.50	9.4
Kemper Corp	OTC	89.75	-5.5	19.4	1.80	2.0	93.00	89.75	521.8
Liberty Corp S C	NYSE	42.00	1.2	17.6	0.72	1.7	42.25	41.50	12.0
Lincoln Natl Corp Ind	NYSE	58.13	-2.9	13.5	2.00	3.4	59.63	57.75	308.8
Mission Ins Group Inc	PAC	4.13	-5.7	0.0	0.00	0.0	4.38	4.13	504.4
Monumental Corp	OTC	38.50	2.7	13.1	1.40	3.6	38.50*	37.25	17.4
Mac Re Corp	OTC	36.00	-0.7	0.0	0.00	0.0	36.75	35.75	27.2
Nobel Ins Ltd	OTC	16.00	-3.0	21.1	0.25	1.6	16.25	16.00	51.7
Northwestern Natl Life Ins	OTC	27.50	-0.5	13.6	0.80	2.9	28.00	27.50	469.9
Ohio Cas Corp	OTC	86.00	1.2	25.2	3.00	3.5	86.63	86.00	266.3
Old Rep Intl Corp	OTC	41.63	1.8	11.3	0.74	1.8	41.63	41.13	342.0
Orion Cap Corp	NYSE	37.38	-2.0	0.0	0.76	2.0	38.75	37.25	245.9
Protective Corp	OTC	20.75	-2.4	12.0	0.66	3.2	21.75	20.75	255.3
Provident Life & Acc Ins Co	OTC	30.38	1.7	10.5	0.84	2.8	31.00	30.38	141.4
St Paul Cos Inc	OTC	100.25	-0.7	44.4	3.00	3.0	102.50	100.25	540.6
SAFECO Corp	OTC	55.25	-1.8	16.8	1.60	2.9	(55.88	55.13	253.2
Sri Corp	OTC	22.25	0.0	0.0	0.80	3.6	23.00*	22.25	74.0
Seibels Bruce Group Inc	OTC	21.75	-2.2	12.1	0.80	3.7	22.25	21.75	23.9
Statesman Group Inc	OTC	7.25	-3.3	0.0	0.05	0.7	7.38	7.25	109.7
Tokio Marine & Fire Ins Co	OTC	339.50	-12.6	63.9	1.05	0.3	395.75*	339.50	2.9
Torchmark Corp	NYSE	33.00	-0.8	15.2	0.60	1.8	33.75	33.00	297.0
Travelers Corp	NYSE	55.63	-2.8	13.9	2.16	3.9	56.75	55.50	1,769.7
United Fire & Cas Co	OTC	23.00	0.0	766.7	0.80	3.5	23.00	23.00	1.6
United States Fid & Gty Co	NYSE	44.63	2.6	0.0	2.32	5.2	44.75	43.75	633.7
Uslife Corp	NYSE	46.13	-1.1	12.5	1.12	2.4	46.50	46.00	388.6
Washington Natl Corp	NYSE	32.63	-1.9	14.8	1.08	3.3	32.75	32.00	78.4
Zenith Natl Ins Corp	OTC	29.75	-10.5	0.0	0.80	2.7	31.50	29.75	160.9
INSURANCE COMPANIES	AVERAGE			16.8		2.3			

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