AUGUST 15, 1983

business insurance®

Reporting weekly for corporate risk, employee benefit and financial executives/$1.25 a copy; $45 a year Entire contents copyright 1983 by Crain Communications Inc. All rights reserved.

update

Business interruption claims expected from N.Y. blackout

NEW YORK—Millions of dollars in business-interruption claims are expected from last week's massive blackout in New York's garment center, insurance experts and affected policyholders say.

The blackout was triggered Aug. 10 when a 12-inch water main underneath Seventh Avenue burst, flooding a below-ground Consolidated Edison Co. substation and causing a fire that

Continued on next page

Senators oppose measure restricting cafeteria benefits

By JERRY GEISEL

WASHINGTON—Several members of the Senate Finance Committee don't agree with two congressmen who want to restrict the benefits that can be offered through cafeteria benefit plans.

Last month, Reps. Fortney (Pete) Stark, D-Calif., and Barber Conable, R-N.Y., introduced legislation, H.R. 3525, that would bar cafeteria plans from offering taxable benefits, like group term life insurance exceeding $50,000 (*BI*, Aug. 1).

Although that restriction would affect virtually all the cafeteria plans now offered by employers, it is not the main thrust of the bill. The bulk of the legislation proposes permanent rules on the taxation of employee benefits, like employer-provided parking—that aren't specifically covered by the tax code.

Three members of the Senate Finance Committee—Sens. Steve Symms, R-Idaho; Daniel Moynihan, D-N.Y.; and Spark Matsunaga, D-Hawaii—agree that the confusion over the taxation of these so-called non-statutory benefits should end. Earlier this month, they introduced a bill, S. 1817, that also proposes new rules for taxing non-statutory benefits.

However, the Senate bill would allow cafeteria plans to continue to offer taxable benefits along with cash and tax-free benefits, like group health insurance.

Sen. Symms says legislation clarifying the tax status of non-statutory benefits shouldn't be the vehicle for new rules spelling out the kinds of benefits cafeteria plans can provide.

If new cafeteria plan rules are needed, they should be discussed after the Finance Committee has had time to review the issue, he says.

If Sens. Symms, Moynihan and Matsunaga stick to their guns, their opposition could kill Reps. Stark and Conable's proposed cafeteria plan rules since the Senate

Continued on page 27

Paying for transplants

Health insurers start covering liver procedures

By CAROL CAIN

Major health insurers are scratching liver transplants off the list of medical procedures too experimental to insure and are adding coverage for this expensive surgery to group health policies.

Metropolitan Life Insurance Co. added this coverage within the last month, CIGNA Corp. added it earlier this year and both Aetna Life Insurance Co. and Prudential Insurance Co. of America are in the midst of research to decide if they too will insure liver transplants.

While attention now is centering on coverage for liver transplants, coverage for newer, more experimental transplants is expected to develop as medical technology and new drugs make these procedures less risky.

In fact, Blue Cross/Blue Shield of Rhode Island plans to introduce a policy rider next month that will cover all transplant procedures, including liver, heart and very experimental heart-lung and pancreas transplants (see related story).

In most cases, major group health insurers reimburse the cost of kidney, cornea and bone marrow transplants—procedures that have been performed thousands of times and have been common for more than 15 years.

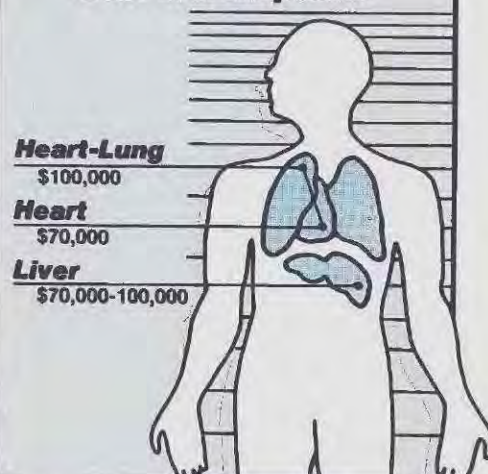
But their policies differ when it comes to procedures like liver, heart, heart-lung and pancreas transplants.

These transplants have been done much less frequently and are still considered "experimental" by some.

They are also very expensive.

Liver transplants can require up to six weeks of hospitalization, ringing up a $70,000 to $100,000 bill. Heart transplants have an average cost of $70,000

Continued on page 28



Graphic: Jim Bakasetas

Teamsters plan to offer broadest cover

PROVIDENCE, R.I.—Blue Cross/Blue Shield of Rhode Island is designing a special health care benefit for a Teamsters union local that will cover all costs of any organ transplant surgery.

The coverage, which will include reimbursement for heart and liver transplants and highly experimental heart-lung and pancreas transplants, will be the first of its kind in the country.

The coverage will be provided through a special rider to the Blues coverage purchased by the Teamsters Local 251 Health Services & Insurance Plan. The exact language of the rider and the cost are still being worked out, said Walter Pickford, a spokesman for Blue Cross/Blue Shield.

Although he would not estimate what the premium might be, others say the minimum would be at least $70,000 to $100,000—the cost of a liver, heart or heart-lung transplant.

The effective date for the new coverage is expected to be Oct. 1. The specifics of the benefit must be approved by the Insurance Division of Rhode Island's Department of Business Regulation and

Continued on page 30

Brokers hope new business will cure profit ills

First-half broker results (in millions)

	Gross revenues	% change	Net income	% change
Alexander & Alexander	$286.7	-2.0	$14.5	-53.8
Corroon & Black	83.9	-2.7	7.1	-13.5
E.H. Crump	26.6	5.8	1.7	-1.8
Emett & Chandler	15.6	5.3	*	-90.2
Frank B. Hall	185.3	-3.7	9.2	-46.5
Marsh & McLennan	496.0	2.6	67.3	1.3
Poe & Associates	11.9	-2.8	0.3	-66.5

* Emett & Chandler reported net income of $12,000 in the first half.

By LEN STRAZEWSKI

A resurgence in the construction and energy industries could provide the new business that will reverse commercial insurance brokers' current profit slide, brokerage executives say.

And, most of the brokers are hoping the new business comes quickly.

The publicly held brokers' first-half and second-quarter results were just plain bad, with all but one of seven reporting serious declines in profits. And, revenues shrank at four of the seven brokerages.

Although brokerage executives continue to point toward intense commerical insurance rate competition as the reason for their woes, many now admit that waiting for a turn in the market without actively cultivating new business, especially from reviving industries, is just slow suicide.

"There's simply no point even discussing a turn in the commercial insurance marketplace," John A. Bogardus Jr., chairman of Alexander & Alexander Services Inc., told *Business Insurance*. "No one knows when the market will turn and it's silly to try to guess."

A&A says it is counting on the economic recovery and resulting new business to turn its faltering finances around.

"The construction industry is picking up and the energy field is at least level," Mr. Bogardus notes. "We have a strong penetration in both of those markets and can expect our business to improve as those industries rebound."

In the first six months of 1983, however, A&A foundered. Gross revenues fell 2.0% to $286.7 million from $292.7 million during the corresponding period in 1982, and net income plunged 53.8% to about $14.5 million from $31.3 million. Earnings per share dropped to only 58 cents from $1.23.

Results for the second quarter alone were also disappointing but showed some signs of improvement, Mr. Bogardus adds. Gross rev-

Continued on page 31

NEWSPAPER

INSIDE:

Dallas corrals GOP convention risks Page 3

You can nominate Risk Manager of Year Page 3

update

Blackout claims expected

Continued from previous page

burned 40 feet below street level for about 15 hours.

A 12-square-block area of Midtown between 30th and 42nd streets was still without power late Aug. 11. A Con Ed spokeswoman declined to detail the utility's insurance program except to say that it was adequate to cover any claims. But she added that the utility did not believe it has any liability for customers' losses.

The disruption came in the middle of one of the apparel industry's four "market weeks," during which an estimated 10,000 buyers were to place their pre-spring orders.

The garment makers "could suffer a loss of up to 35% of their annual revenues," said Professor Irwin Kahn, chairman of the apparel production management department at the Fashion Institute of Technology, part of the New York state university system.

Garment makers typically carry business interruption coverage on their property policies, says Lawrence W. Schott, a senior vp with New York insurance broker Kornreich & Sons Inc. Mr. Schott said it was too early to tell how such policies would respond to consequential losses from a power failure.

Most apparel manufacturers carry business interruption coverage, agrees Paul Funk, a property underwriter for Chubb & Son Inc., a major writer of coverage for clothing makers. But he agrees there is some question over whether a blackout would trigger coverage.

Besides the garment makers, the affected blocks include both the Macy's and Gimbels department stores.

Insurers' auditors reprimanded

WASHINGTON—The Securities and Exchange Commission has imposed sanctions against two Coopers & Lybrand accountants it charged with failing to detect "false and misleading" financial practices by a now-defunct insurance company.

The accountants had audited the 1979 statements of Security Casualty Co. in preparation for a November 1980 sale of $16.5 million in common stock by its parent, Security America Corp. of Chicago.

After the stock sale, Coopers & Lybrand found "significant irregularities" in Security Casualty's 1980 statements and notified the SEC that it was withdrawing its "unqualified opinion," says Glenn Perry, chief accountant in the SEC's enforcement division.

Security Casualty, which showed a reserve deficiency of $30 million at the end of 1980, was liquidated by the Illinois Insurance Department in December 1981.

The SEC charged that George L. Simmon, a partner in the Chicago office of Coopers & Lybrand, and Jerome R. Horwitz, an audit manager in the office, failed to conduct their first audit of the company adequately and failed to exercise "due professional care."

In a settlement with SEC, in which neither man admitted to nor denied the charges, Mr. Simmon accepted a reprimand and Mr. Horwitz agreed to have his audits of public companies reviewed by a Coopers & Lybrand partner. Another partner, Robert C. Gray, who is to retire Sept. 30, has agreed not to participate in any more audits of public companies without SEC approval.

Several lawsuits brought against Coopers & Lybrand by Security America shareholders are now pending in federal court in Chicago.

Vesting changes proposed

WASHINGTON—Small "top-heavy" pension plans would get relief from the faster vesting requirements mandated by the 1982 Tax Equity and Fiscal Responsibility Act if Congress passes legislation introduced by Sen. Lloyd Bentsen, D-Texas.

Under the measure, S. 1760, the so-called 4-40 vesting schedule would be the fastest vesting schedule under a top-heavy plan. In a 4-40 plan, an employee must be 40% vested after four years.

By contrast, TEFRA requires top-heavy plans, in which 60% of benefits go to key employees, to adopt one of two rapid vesting schedules by Jan. 1. Employees will have to be 100% vested after three years or be offered a six-year graded plan in which an employee is 20% vested after two years and 100% vested after six years.

Sears seeks ex-employees

CHICAGO—An estimated 400,000 current and former employees of Sears, Roebuck & Co. who could share in a $15 million settlement of a class-action suit are being sought through advertisements in more than 200 newspapers nationwide.

They are part of an employee-notification campaign following a March 9 settlement between Sears and employees who contributed to company group life and health insurance plans between 1966 and 1975 (*BI*, March 21).

Sears engaged in a conflict of interest by hiring its own subsidiary, Allstate Insurance Co., as the insurer, according to the suit, and sought return of profits Sears and Allstate made on the coverage.

index

Benefit beat	4
Classifieds	28
Comings&goings: buyers	14
Comings&goings: industry	15
Datebook	21
Info	13
Insurance services guide	30
Legal briefs	20
Letters	8
Markets	12
Opinions	8
Perspectives	19
Products & services	10
Ticker	31
Washington	24

Vol. 17, No. 33—*Business Insurance* (ISSN 0007-6864) is published weekly at 740 Rush St., Chicago, Ill. 60611. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, circulation department, 740 Rush St., Chicago, Ill., 60611; 312-649-5221. Copyright 1983 by Crain Communications Inc.

Photo: Wide World

A portion of the collapsed roof blocked the escalators in the Jersey City subway station.

Port Authority fully insured

By DONNA GORDON

JERSEY CITY, N.J.—The owner of a Jersey City subway station is fully insured for both property and liability losses from last week's ceiling collapse, which killed two people.

Nine others were injured Aug. 8 when a 13,000-square-foot portion of ceiling collapsed at the Journal Square station on the Port Authority Trans Hudson (PATH) railroad line.

Officials of the Port Authority of New York and New Jersey, the owner of the station, said three workmen had begun repairs on the ceiling when it collapsed about 9 a.m., shortly after the morning commuter rush to Manhattan. Only 50 people were in the concourse at the time of the accident.

Port Authority officials said that a "sag" had been found in the ceiling in April, but they stressed that the condition of the roof was judged to be sound during that inspection.

Port Authority, a public entity separate from the state governments of New Jersey and New York, runs the Jersey City PATH station and other transit terminals in the New York area, as well as three major regional airports and the World Trade Center in Manhattan.

Corrado Vasquez, Port Authority's risk manager, said a construction wrap-up policy on the Journal Square station, first purchased in 1969, provides the first $10 million of general liability insurance that will apply in the ceiling collapse.

A wrap-up policy combines key units of construction coverage in a single package placed and financed by the project owner. Port Authority buys its wrap-up policy from American Home Assurance Co., a subsidiary of American International Group Inc.

The Port Authority has paid about $380,000 in premi-

Continued on page 26

Slick may cost $150 million

By STACY SHAPIRO

LONDON—A London protection and indemnity club and London reinsurers may have to pay out more than 100 million pounds (about $150 million) if the huge oil slick from the tanker Castillo de Bellver reaches the South African shore, insurance sources in London say.

But these sources say the loss may be considerably smaller if the 20-mile-long oil slick remains out to sea.

The Castillo de Bellver, owned by the Spanish government, exploded and sank Aug. 7, killing two of its 30 crewmembers. The vessel was carrying more than 250,000 gallons of crude oil to a Spanish port. The cause of the explosion is unknown.

Continued on page 25

Business Insurance to list reinsurance intermediaries

Business Insurance will publish another "first" in its Oct. 10 issue.

The issue will feature *BI's* first annual directory of reinsurance intermediaries. This directory will be part of a special report on the reinsurance industry, which will coincide with the annual meeting of the National Assn. of Independent Insurers.

"Judging from the numerous requests we receive for such a listing, this directory will be widely used by reinsurance buyers in search of an intermediary to assist them in purchasing reinsurance," explains Editor Kathryn J. McIntyre.

It will be the only directory of its kind.

The directory of reinsurance intermediaries will be similar to *BI's* other directories, like the annual agent/broker and wholesale broker directories. It will contain financial and management information on reinsurance intermediaries in the United States and Bermuda, and will appear annually in the special report on reinsurance.

Questionnaires have been mailed to 50 reinsurance intermediaries. If you haven't completed your questionnaire yet, please do so today.

If you are a reinsurance intermediary and haven't received a questionnaire, please call Editorial Assistant Diane Kastiel at 312-649-5398.

Completed questionnaires must be returned by Sept. 7.

New Hampshire tort reform overturned

By JERRY GEISEL

CONCORD, N.H.—Manufacturers in New Hampshire are again vulnerable to product liability suits involving products that are more than 12-years-old.

The New Hampshire Supreme Court last month struck down as unconstitutional a provision in the state's 1978 tort reform law that bars product liability suits 12 years after a product is manufactured.

The court, in a unanimous July 18 decision that involved several product liability suits, also overturned provisions in the law that required consumers to file suit within three years of the time of injury and protected manufacturers from liability if their products were altered or modified.

New Hampshire is the third state since 1982 where a court has overturned a tort reform statute; Alabama and Florida statutes setting strict time limits on filing product liability suits have also been found unconstitutional (*BI*, Feb. 1, 1982).

Similiar to New Hampshire's statute, Florida's 1978 law required product liability suits to be filed within 12 years after the date of delivery of the completed product to its original purchaser; Alabama's 1979 tort reform law barred suits 10 years after a product is first put to use.

Other state tort reform laws, enacted during the great product liability coverage "crisis" of the late 1970s, also may be vulnerable to legal challenges, observers say.

"Any time you deny rights. . .you can expect that states will get around to restoring them," said Thomas Bendorf, executive director of the Assn. of Trial Lawyers of America.

"You will see more challenges in other states," predicts David Owen, a professor at the University of South Carolina Law School in Columbia, S.C.

Manufacturers, though, have won some victories. In Illinois, for example, an appellate court in 1981 let

Continued on page 25

Tax hikes to bolster railroad pension plan

By JERRY GEISEL

WASHINGTON—The price of shoring up the financially depleted railroad retirement trust funds will be higher payroll taxes for railroads and their employees.

Congress has given final approval to legislation, H.R. 1646, that will sharply increase taxes next year for railroads covered by the huge Railroad Retirement System.

The Railroad Retirement System, which is funded by about 1,000 employers, is divided into two sections: Tier I and Tier II.

Tier I payroll taxes and benefits are equivalent to Social Security taxes and benefits. Tier II corresponds to the private pension programs most other employers offer their workers.

Under the legislation, which President Reagan is expected to sign this month, Tier I taxes will be increased to match the increases Congress approved last March for the Social Security program (*BI*, April 4).

For example, the Tier I payroll tax for employers and employees will rise on Jan. 1 to 7%. The payroll tax currently is 6.7% on the first $35,700 of wages. It is not known yet what the taxable wage base will be next year, but it will surely be higher.

On Jan. 1, 1985, the Tier I payroll tax rises to 7.05% and will increase to 7.15% one year later. Tier I taxes will continue to increase along with Social Security taxes until they hit 7.65% in 1990.

Under the Tier II program, the employer portion of the payroll tax will increase on Jan. 1 to 12.75% and will rise to 13.75% in 1985 and 14.75% in 1986.

Currently, the Tier II payroll tax for employers is 11.75% on the first $26,700 of wages. It isn't known yet what the taxable wage base for Tier II will be next year.

Tier II taxes for employees are now 2% of the first $26,700 of wages. Next year, employees will pay a Tier II payroll tax of 2.75%, while in 1985 the tax increases to 3.5%, and in 1986 the tax jumps to 4.25%.

Like Social Security, the Railroad Retirement System is a pay-as-you-go system: Payroll taxes paid by employers and employees are used to pay benefits to retirees.

Because of a sharp decrease in railroad employment caused by the recession, the amount of payroll taxes collected by the system decreased, triggering a financial crisis.

For example, between October 1981 and June 1983, the number of people employed by railroads dropped to about 400,000 from nearly 500,000. However, railroad employment has been increasing slightly during the last several months because of the improving economy.

The railroad program now pays benefits to about 1 million retirees. ▪

Robot manufacturer must pay $10 million to victim's family

By CAROL CAIN

DETROIT—A robotic system manufacturer must pay $10 million in compensatory damages to the family of a Ford Motor Co. employee who died in 1979 after being struck by a mechanical robot.

A Wayne County Circuit Court jury ruled Aug. 9 that Unit Handling Systems was negligent because it failed to build safeguards into its robotic system.

The jury awarded the family of Robert N. Williams $10 million, though Judge Charles Kaufman could still reduce the award.

Unit Handling, based in Florence, Ky., is a division of Litton Systems Inc., which is a subsidiary of Litton Industries Inc. of Beverly Hills, Calif. UHS designed, manufactured and supplied the automatic storage and retrieval system involved in the accident.

The system automatically moves stock or materials inside a warehouse without the use of humans, a UHS spokesman said.

"It's an automatic cart, like a pallet, that moves up and down the aisle and up and down vertically and moves storage," he said.

"We were shocked and dismayed at the judgment," the spokesman said. "There shouldn't have been a negligence judgment; our product was not defective. And $10 million is excessive—it's absurd."

Unit Handling had not received transcipts of the case late last week.

Continued on page 30

RISK MANAGER OF THE YEAR COMPETITION

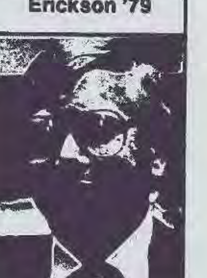
O'Connell '83

Russell '82

Allen '81

Hallett '80

Erickson '79


Weber '78

Do you know the 1984 *Business Insurance* Risk Manager of the Year?

Certainly you know someone who excels in managing risk for his or her employer. And that person could be the seventh winner of the annual *Business Insurance* Risk Manager of the Year Award—if you submit the person's name in nomination.

To nominate a candidate for the annual competition, all you need to do is request a nominating form from *Business Insurance* and supply the needed information. Then, selecting the winner is up to the panel of 10 independent judges who score the nominations based on 10 specific criteria (see box, page 27).

If your candidate scores the highest, he or she will be named the 1984 *Business Insurance* Risk Manager of the Year. Or, the judges could select your candidate for special recognition on the Risk Management Honor Roll if your candidate scores the highest among the nominees in similar employment categories that are not represented by the Risk Manager of the Year.

The winners will be announced in the April 2, 1984, issue of *Business Insurance*, which coincides with the annual Risk & Insurance Management Society conference.

Anyone knowledgeable about a risk manager's work can nominate a candidate: any employee or group of employees can nominate the organization's risk manager; a broker, consultant or other service supplier can nominate a client; a risk manager can nominate a colleague.

Anyone who is in charge of the risk management function for a corporation, government entity or not-for-profit institution is eligible for nomination. The candidate need not spend full-time handling risk management, but must be a full-time employee of the organization for which the candidate directs the risk management program.

The forms to nominate a candidate for the 1984 *Business Insurance* Risk Manager of the Year and Risk Management Honor Roll Competition are now available from *Business Insurance's* editorial office in Chicago.

The deadline for submitting nominations is Dec. 5.

The 1984 award will be the seventh *Business Insurance* has presented since creating the competition in 1977 on the magazine's 10th anniversary. The award was created to increase recognition of the risk management profession and to recognize outstanding performance in the practice of risk management.

The six winners of the Risk Manager of the Year Award have been:

- Howard T. Weber, director of insurance at 3M Co. in St. Paul, Minn., in 1978.
- Edward L. Erickson, director of insurance at American Broadcasting Cos. Inc. in New York in 1979.
- Thomas V. Hallett, then risk manager of General Motors Corp. in Detroit in 1980.
- Duane C. Allen, assistant treasurer of Hanna Mining Co. in Cleveland in 1981.
- Eckart Russell, then risk and insurance manager of Alcan Aluminium Ltd. in Montreal in 1982.
- John A. O'Connell, executive director/risk manager of Holy Cross Shared Services Inc. in Notre Dame, Ind. in 1983.

Mr. Hallett is now vp-director, risk management with broker Frank B. Hall & Co. Inc. in Briarcliff Manor, N.Y., and Mr. Russell is now manager of foreign exchange risks at Alcan.

In 1980, *Business Insurance* inaugurated the Risk Management Honor Roll as part of the Risk Manager of the Year competition. Rather than recognize only the highest-scoring candidate from a field of candidates facing varying types of challenges, the Honor Roll added an opportunity to recognize achievements in risk management in different types of employment settings. Starting with the 1981 competition, after the candidate with the highest cumulative score was named the Risk Manager of the Year, all the candidates were segregated by employment categories: corporations with annual sales exceeding $300 million; corporations with annual sales of less than $300 million; government entities; and not-for-profit institutions. Then in each of the three categories not represented by the Risk Manager of the Year, the highest-scoring candidate is named to the Risk Management Honor Roll.

The Risk Management Honor Roll in 1981 included: Robert Bieber, then risk manager of Westchester County, N.Y., representing government entities, and William Ryan, insurance and risk manager of the University of Michigan in Ann Arbor, representing not-for-profit institutions. Mr. Bieber is now manager-client services with Ebasco Risk Management Consultants Inc. in New York.

In 1982, the Risk Management Honor Roll was expanded to recognize a runner-up to the Risk Manager of the Year when the judges' scores are very close. Spencer J. Traver, assistant treasurer of BFGoodrich Co. in Akron, Ohio, was named runner-up. Other Honor Roll members were George N. Pierce, risk manager of Orange County, Fla., representing government entities; Paul B. Harvey, risk manager of Ponderosa Homes in Irvine, Calif., representing small companies; and Gene M. Marsh, then executive vp for risk management for the General Conference of Seventh-day Adventists

Continued on page 27

Dallas corrals '84 GOP convention risks

By MARGARET LeROUX

DALLAS—Insuring a political convention is hardly the same thing as insuring a victory at the polls, but the Republicans are already way ahead of the Democrats in managing the risks connected with nominating their 1984 presidential candidate.

The Republican National Committee has signed a contract with the city of Dallas, host of its August 1984 convention, that holds the city "absolutely liable for just about anything that could happen during the convention," says city Risk Manager Nancy L. Reppert.

On the other hand, the Democrats are still negotiating with the city of San Francisco, the site of their 1984 convention, over a number of issues, not the least of which is insurance coverage.

Although San Francisco actively campaigned to host the Democratic convention and city Risk Manager Keith Grant has sounded out underwriters about covering the event, an agreement with the Democratic National Committee is still being hammered out.

"We're still up in the air as to the limits and types of coverage the DNC wants," Mr. Grant said. "This is dragging on beyond what I'd hoped."

In Dallas, the challenge of finding coverage for the GOP convention was presented to Ms. Reppert even before she agreed to become the city's risk manager earlier this year.

Before she was hired, the city's insurance needs were handled by a placement board, "and I was told there was no market willing to write convention coverage for Dallas," Ms. Reppert recalls.

A veteran in the field of municipal risk management—she was formerly risk manager for the cities of Liberty, Mo., and Ames, Iowa,—Ms. Reppert says she "knew the coverage could be placed" and set about doing just that.

Graphic: Jim Bakasetas

Within two months after her arrival, a $100 million package policy was being negotiated through Hobbs Brook Agency, a Waltham, Mass., subsidiary of Arkwright-Boston Insurance Co., a member of the Factory Mutual System. Dallas officials worked closely with Gordon MacKenzie Sr., assistant vp and manager-property/casualty who is also a specialist in insuring political events.

The completely manuscripted coverage, whose primary layer is underwritten by Twin City Fire Insurance Co., an affiliate of the Hartford Insurance Group, includes a $300,000 deductible for a premium of only $50,000.

"We think it's pretty remarkable," said Ms. Reppert. "I was more than pleased with the response we received from the insurance market."

The city won't even have to pay for the policy or claims falling below the deductible. Those costs will be paid from a fund established entirely from private donations to finance the costs of hosting the convention.

Mr. MacKenzie notes that he "had his work cut out for him in designing the policy," because the city had already signed an 25-page agreement with the Republican National Committee that placed all liability for the convention squarely on Dallas.

The broker said he "compared the exposure facing Dallas with the best excess policies available, then began to negotiate."

Continued on page 26

Salaried workers share health costs with Ford

benefit beat

Ford Motor Co. of Dearborn, Mich., which now provides first-dollar hospitalization coverage for its salaried employees, is introducing health plan deductibles and co-payments for these employees.

The changes, which will go into effect Jan. 1, will affect 56,000 non-unionized, salaried workers in the United States, as well as 27,000 white-collar retirees and surviving spouses.

Under the new plan, Ford will pay 80% of reasonable and customary medical charges after deductibles of $200 for individual coverage and $250 for family protection. However, both plans will limit out-of-pocket medical expenses to $750 annually.

Despite the addition of hospitalization deductibles and copayments, the changes include some advantages for employees.

First, the former $100 deductible for physicians' office visits will be eliminated. Employees will only pay one deductible under the new medical plan.

Second, the hospitalization portion of the plan will no longer contain a maximum limit. Currently, Ford will only cover up to 365 days of hospitalization.

In addition, Ford will continue to pay the entire premium cost.

Ford's dental plan will also be affected by the changes. The new plan also reduces to 70% from 90% the company's contribution for certain restorative dental procedures, like fillings and crowns. Full coverage will continue to be provided for preventive work, like teeth cleanings.

The health and dental plan changes will be made to reduce the company's costs and allow Ford to become more competitive with other automakers, while also making employees more aware of health care expenses, a company spokesman said.

Although he said he could not specify the expected savings that will result from the changes, Ford calculates that its U.S. health care costs will increase 5% this year to about $800 million.

Medical coverage for Ford's salaried employees is provided by Blue Cross & Blue Shield of Michigan, while dental coverage is provided by John Hancock Mutual Life Insurance Co.

Salaried employees and retirees were notified of the benefits package changes in an Aug. 1 letter from Ford Chairman Philip Caldwell. Employees also received an explanatory bulletin on Aug. 5.

In another cost-reduction effort, both groups are being encouraged to enroll in one of 20 company-sponsored health maintenance organizations.

The new plan does not affect health care benefits for Ford's 106,000 active hourly workers, whose United Auto Workers contract expires in September 1984. However, the company spokesman said that health care costs will be a topic of consideration when negotiations with the UAW begin.

AT&T strike

American Telephone & Telegraph Co. has asked workers to pay a portion of their medical and dental costs, according to a spokesman for one of the three unions that struck the company Aug. 7.

The company provided full first-dollar protection for these coverages under the expired contract, said the spokesman for the Communications Workers of America, which represents the majority of the 675,000 striking Bell workers.

AT&T wants to institute a 25% coinsurance clause or unspecified deductibles on medical and dental insurance, the union spokesman said, adding that the unions want full coverage to be maintained.

AT&T says it needs the coverage changes to save money and improve corporate profits before a court-ordered divestiture Jan. 1, the spokesman said.

In another benefit issue, the unions want additional retirement benefits for workers who retire before the standard age of 65 at the company's request, the spokesman said. Employees who retire early, no matter what the reason, currently receive reduced retirement benefits.

AT&T has not made an offer to establish such a plan, he added.

An AT&T spokeswoman declined comment on contract negotiations until after the strike is settled. Negotiations between AT&T and the unions were continuing as of late last week.

Employee assistance

The Hatfield Packing Co. of Hatfield, Pa., has introduced an employee assistance program to provide mental health care to its workers.

The program, which began June 1, provides short-term counseling and crisis intervention for 675 employees and their families.

"We hope this program will let us nip these problems in the bud, saving employees time, trouble and money," said Philip A. Clemens, Hatfield's personnel director. "It helps us round out our benefits package."

Hatfield employees can tap the program for counseling on family and work-related problems, legal and financial difficulties, as well as alcohol or drug abuse. The identity of employees using the EAP's services is protected.

"This is a preventive program," Mr. Clemens said. "It should help reduce absenteeism and improve worker productivity."

The program provides information, diagnosis, counseling and referral to other health care professionals.

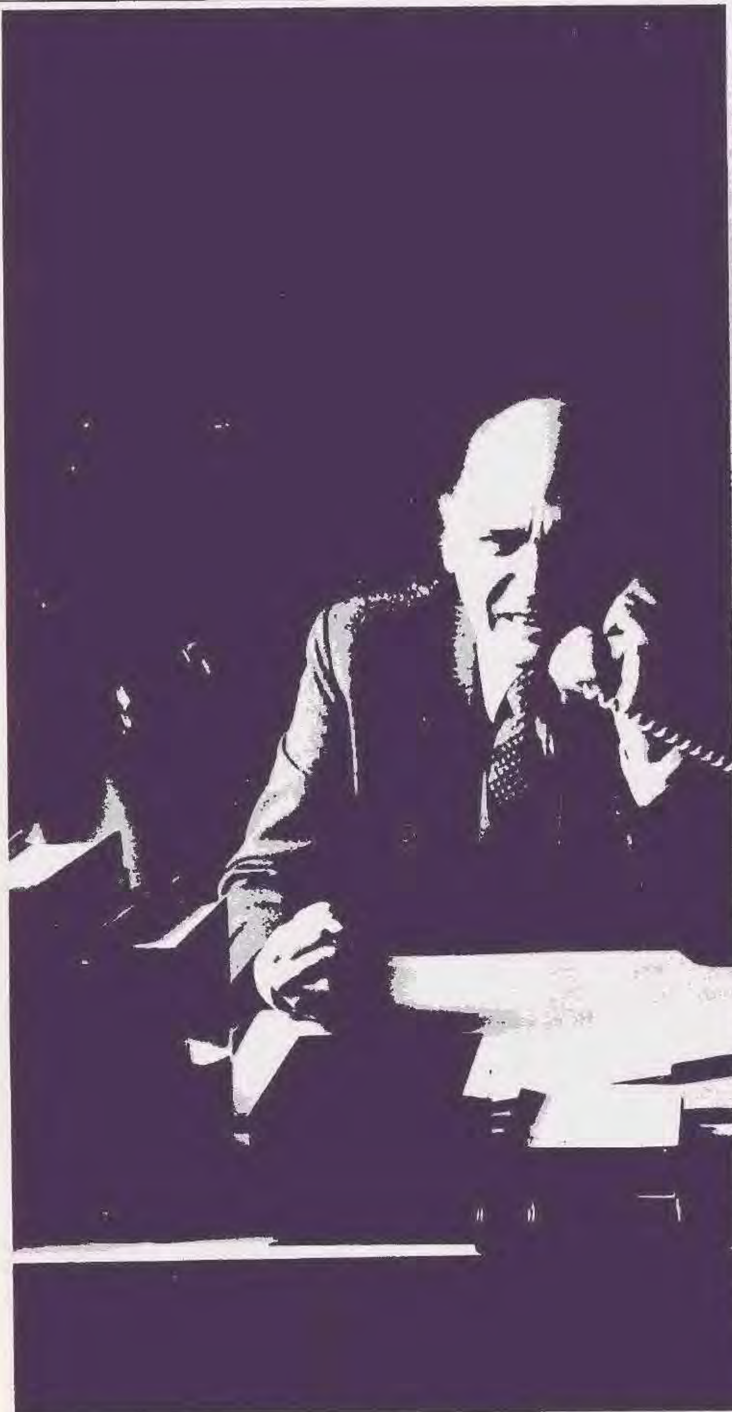
The program, which will be fully paid by the company, should cost less than $10,000 a year, Mr. Clemens said.

Hatfield's regular medical insurance will pay for further treatment that is recommended by counselors in the EAP program. The company's medical insurance is underwritten by Blue Cross of Philadelphia and Blue Shield of Pennsylvania. The company also self-insures portions of the plan.

The EAP is administered by the Penn Foundation for Mental Health in Sellersville, Pa., which serves 12,000 people with five companies in eastern Pennsylvania. The foundation was begun in August 1981, a foundation spokeswoman said.

•

Made any benefit changes? Write Claudette Dampier, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611; 312-649-5282.



H. BRANDON, V.P.

DO NOT DISTURB

HOWARD BRANDON IS DISTURBED.

Recognize Howard Brandon? Someone like him may be working in your organization. A person who can no longer get along with fellow employees. Who constantly complains about headaches, exhaustion and other physical problems. A person who must struggle to get through the simplest meeting. Who works harder and harder to get less and less done.

A person with the symptoms of mental illness. Symptoms that would cause many companies to fire Howard Brandon.

But fortunately, other companies have a better solution. They have included hospitalization for mental illness in their employee health benefits packages. And they can get Howard the help he desperately needs. So he can recover quickly and once again become a productive, valued employee.

With the high stress of today's business environment, disability due to mental illness is affecting a growing segment of key employees. That's why you need mental health protection.

For your sake, and for the sake of the employees like Howard Brandon in your company.

Find out why insurance coverage for mental illness is important for your employee's health and your company's productivity. *Write the National Association of Private Psychiatric Hospitals, P.O. Box 50726, 1319 F Street, N.W. Washington, D.C. 20004-0726 or call (202) 393-6700.*

Insurance coverage for mental illness. It's an employee benefit your company can't afford to be without.

Six reasons why 15 large corporations just switched to Northbrook National Accounts.

Northbrook National Accounts
3810 Golf Road
Rolling Meadows, IL 60008

H. Barton Cotter
Assistant Vice President
(312) 364-2727

What did these firms see in Northbrook?

1. Bold, aggressive pricing and flexible premium-payment plans* for high-quality risks.
2. Tailored protection to fit specific client needs; cooperatively designed by the producer and Northbrook.
3. Professional underwriters with authority and expertise.
4. National network of commercial claim specialists with advanced on-line computer systems.
5. Valuable loss-control services directed by Certified Safety Professionals with access to our state-of-the-art Environmental Science and Property Laboratories.
6. Financial stability with long-term commitment to the market.

This unique blend of price, protection, stability, and service is why so many producers and risk managers are choosing Northbrook National Accounts in today's competitive climate.

Next time you need a quote on a large account, check the Yellow Pages for the nearest Northbrook Property and Casualty branch office. Or call:

J. Don Johnson (Chicago) 312-364-2058
Chuck Gehrke (Atlanta) 404-435-2424
Cheri DeGeere (Los Angeles) 714-990-7403

*Subject to state laws and regulations.

H. Barton Cotter
H. Barton Cotter
Assistant Vice President

NORTH
BROOK

Northbrook National Accounts

A Division of Northbrook Property and Casualty Insurance Company
South Barrington, Illinois 60010

WHO WOULD EVER THINK THAT AN INSURANCE COMPANY COULD BE THIS PERSONAL.

Just as we provide specialized coverages for large corporations, we now offer specialized coverages for individuals like you because we know everyone's needs are a little different.

Introducing Very Personal Coverage For Very Important People

Our Gold Key® Line of personal coverage recognizes that some people have special needs. That's why we've created Mortgage Extra Expense Coverage, High Value Homeowner's Policies, Personal Excess Liability and Automobile Replacement Coverage. We even intend to provide coverage for your teenage drivers who have had bad track records. Just as we're achieving leadership through innovation in commercial coverage we're aiming to do the same with personal coverage.

The Strength Behind Our Personal Approach

The Home is a leading national property and casualty insurance company. Although we've just celebrated our 130th anniversary, we're a young, personal company committed to the future.

Our strengths include our distribution system of 6900 independent agents and brokers, an expanding range of products and services and a computer network—one terminal for every five of our 7000 employees. Plus we're part of City Investing Company, which ranks No. 3 in assets by *Fortune* magazine in its 1982 listing of diversified service companies. These strengths will keep us growing.

If you want to experience our brand of personal coverage, see a Home agent.

THE HOME OF INSURANCE

THE HOME INSURANCE COMPANY
A City Investing Company

59 Maiden Lane, New York, N.Y. 10038

PERSONAL LINES

This Ad Means Business

The advertisement on the left is appearing nationally in *The Wall Street Journal*. If you have not seen it, read it now. It's all about our aggressive approach to personal lines through our Gold Key® policies.

Like the ad says, The Home is leading the way in new forms of specialized coverage for individuals.

If you don't know all of the exciting things we're doing to make us the leader in personal lines, call The Home field office nearest you.

opinions

Expanding to fit the technology

Group health plans should expand coverage for organ transplants that are no longer experimental.

We realize that this coverage could increase group health plan costs, but we make this recommendation based on an analysis of peoples' needs.

Improved medical technology has moved heart and liver transplants out of the experimental stage into medically acceptable and practical (see story, page 1). Starting with the premise that group health care plans should protect employees from the cost of catastrophic health care bills, we believe these organ transplants ought to be covered by group health plans as are kidney, cornea and bone marrow transplants.

We've heard the argument that new technology is a contributing factor to the rising cost of health care, but we haven't heard a sound recommendation on what to do about the cost of new medical technology. Who is willing to say that the medical profession should stop trying find new ways to save lives because the procedures are too expensive? And if you are willing to make such an argument in the abstract, can you make this same argument if it is a loved one whose life depends upon new medical treatment?

We will concede that the very existence of insurance coverage for new organ transplants could result in unwarranted transplants. We suggest organ transplants be subject to mandatory second opinions and peer review. Does more than one doctor—preferably a group of doctors—concur that an organ transplant is needed?

To help defray the cost of adding this coverage, employers could amend their health plans to help control their cost of covering routine medical care. A higher deductible, more cost sharing up to a predetermined catastrophic limit, second opinions for routine elective surgery and coverage to encourage more outpatient treatment for appropriate procedures are some of the plan changes that could be made when adding coverage for organ transplants.

Even if you don't think this is an important issue, lawmakers do. Congress probably will extend such coverage to Medicare and Medicaid patients. On the state level, Massachusetts may mandate it for all health plans. It may just be a matter of time before employers are forced to expand organ transplant coverage.

letters

Asserting only the utmost good faith

To the editor: I read with interest your account of the MGM property insurance litigation in the Aug. 1 edition of Business Insurance.

I found it indeed unfortunate and extremely upsetting that you quoted me totally and completely out of context at the conclusion of the article. The quote appears as if it was in response to an interview question which, as you well know, it was not. In fact, the statement attributed to me was part of a very lengthy statement made during argument at a recent status hearing before U.S. Magistrate Pro in connection with the scheduling of discovery and trial in this litigation.

The point at issue at the time was whether or not the court should extend its previously established discovery deadline and vacate an Aug. 1, 1983, trial date in favor of an expanded discovery deadline, which would give all parties a full and complete opportunity to complete necessary discovery and prepare for trial. The statement attributed to me was made as part of a larger statement in which I was pointing out to the court that the sine qua non with respect to the establishment of a discovery deadline and trial date was not the debt obligations of MGM Grand Hotel, but rather the constitutional rights of all of the parties to due process, including full and complete discovery in a very complex litigation.

I went on to point out that I sympathized with MGM just as I would sympathize with any injured party in a lawsuit, but that the nature and extent of the injury does not dictate the necessary discovery nor the time within which it is to be completed.

If you look at the transcript of the hearing in question, you will find that Judge Pro was quick to point out that he was not going to be motivated solely by MGM's loan obligations in arriving at his determination with respect to discovery and a trial date. In fact, as you might already know, subsequent to the hearing and further filed statements regarding discovery, as well as in camera hearings with each party, Judge Pro reset the discovery deadline to the middle of January 1984 and reset the trial to April 1984.

It is indeed unfortunate that your out-of-context quotation might lead one to believe that either I or my client adopted a callous attitude toward our insured. Nothing could be farther from the truth. As you point out, MGM has never asserted anything other than the utmost good faith on the part of INA. The record will reveal very few, if any, disputes between INA and MGM which required judicial resolution during this litigation.

Moreover, as the record will reflect, MGM did not even determine to make a claim against INA's policy until several months after the hotel was totally reconstructed and open for business. For over a year after receipt of such notice, INA, with the cooperation of MGM, and at great expense, made a totally and completely independent evaluation of MGM's claims and concluded that the compensable losses under the policies of insurance in question sustained by MGM did not exceed the INA trigger point of $175 million. As a result, INA was duty bound to contest any liability to MGM.

This firm, this lawyer and our client have never taken a cavalier attitude toward the rights of our insured as almost all of our insureds, if questioned by you, could well attest. To imply otherwise in your out-of-context quote does a disservice to me, my firm and the fine insurance company whom we are honored to represent.

While I am certain that the error was unintentional, I would nevertheless ask that a correction be made public so that there will be no misunderstanding as to the context in which the statement in question was made or as to the attitude of our client toward this insured or any other insured.

Stephen A. Cozen
Cozen, Begier & O'Connor
Philadelphia

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. Send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

The 'tables' were turned on men

To the editor: Take heart, John Crane (*BI*, Aug. 1)! Completely ignored in the hoorah about unisex insurance and pension tables are contingent annuitant tables. If one accepts the premise that use of sex based tables is "discriminatory," it seems that everyone has ignored the fact that contingent annuitant tables "discriminate" against men.

At stake are the reduction factors used to modify pensions to spread a partial pension over a second life. The sex of the retiring employee has a substantial impact on the amount of his or her pension.

Using a 6% actuarial assumption, for example, a 50% joint and survivor benefit calculation for a 65-year-old male with a 65-year-old wife will produce a reduction factor of 13.43%. For a 65-year-old female employee with a 65-year-old husband, the reduction factor is only 6.54%. In dollars and cents, a male retiree, who in the absence of an option would receive $1,000 a month, is now being penalized $68.90 a month because he is a male.

Irrespective of the Supreme Court's Norris decision, in 1984 employers will be required to dispense with sex-based contingent annuitant tables. It will be a costly change for many employers. More importantly, a unisex approach will reduce benefits for working women, not just raise pensions for working men. And since their reduced pensions are spread over longer life expectancies, women will be taking a double hit.

I don't know what the total dollar impact on working women will be due to changes in insurance and pensions, but I would not be surprised to learn that, in the final analysis, it was men and not women who gained the most from the change.

Thor Edege-Nissen
Corporate Director
of Industrial Relations
Great Dane Trailers Inc.
Savannah, Ga.

Modern threats

To the editor: I share Ronald Gots' concern about excessive toxic tort litigation (*BI*, July 18) and awards for unwarranted claims. However, while Mr. Gots rightly says in his Perspective article that "the fields of human toxicology and environmental science applied to an individual are still in their infancy," he calls "fanciful" the "notion that environmental hazards and toxic materials are the major modern threats to physical and mental well-being." The two statements are incompatible.

Playing down the chance (which seems to be much more than slim) that environmental toxins are contributors to illness in late 20th-century society is similar to assuming a gun is not loaded until proven otherwise. What consolation would Mr. Gots offer those who become ill in the future if his prediction turns out to be wrong?

Business and industry should operate for the benefit and increased well-being of human beings, not vice versa. Perhaps if we were to safeguard against the worst, the incidence of toxic tort litigation would decrease as would the number and amount of settlement awards.

Ted Cogswell
Great Falls, Mont.

business insurance®
Reporting weekly for corporate risk, employee benefit and financial executives

Publisher: Alfred Malecki *(New York)*

Editor: Kathryn J. McIntyre, A.R.M. *(Chicago)*
Managing Editor: Lorrie Gawla *(Chicago)*
Assistant Managing Editor: James M. Burcke *(Chicago)*
Senior Editor: Len Strazewski *(Chicago)*
CHICAGO: Carol Cain *(Associate Editor)*
Stephen Tarnoff *(Associate Editor)*
Sallie J. Drury *(Staff Reporter)*
Pamela DeFiglio *(Agent/Broker Topics Associate Editor)*
Claudette Dampier *(Assistant Copy Editor)*
Merrill S. Saltzman *(Graphics Editor)*
Amy Palmer *(Graphic Artist)*
Jim Bakasetas *(Graphic Artist)*
Dorothy Parr Riesen *(Proofreader)*
Diane Kastiel *(Editorial Assistant)*
LONDON: Stacy Shapiro *(Associate Editor)*
LOS ANGELES: Rhonda L. Rundle *(Bureau Chief)*
Steve Taravella *(Staff Reporter)*
NEW YORK: Bill Densmore *(Bureau Chief)*
Douglas McLeod *(Associate Editor)*
WASHINGTON: Jerry Geisel *(Washington Editor)*
Corporate: Todd E. Fandell *(Corporate Editor)*
Joe Faraci *(Corporate Art Director)*

Advertising Director: Donald A. Walsh *(New York)*
Midwest Sales Manager: Robert L. Niesse *(Chicago)*
CHICAGO: Deborah D. Neale *(District Manager)*
Beverly J. Kluxdal *(District Manager)*
Fran Prybylo *(Production Manager)*
LOS ANGELES: Sue Eisenberg *(District Manager)*
NEW YORK: Charles A. Horvath *(District Manager)*
Jack Forrest *(District Manager)*
Marianne J. Dueweke *(Financial Advertising Manager)*

Director of Communications: Ronnie I. Drachman *(New York)*

EDITORIAL: Chicago: 312-649-5398
London: 01-831-9681
Los Angeles: 213-651-3710
New York: 212-210-0100
Washington: 202-638-5300
ADVERTISING: New York: 212-210-0133
Chicago: 312-649-5276
Los Angeles: 213-651-3710
COMMUNICATIONS: New York: 212-210-0132
CIRCULATION: Chicago: 312-649-5221

Published by Crain Communications Inc., Chicago
G.D. CRAIN JR.
Founder (1885-1973)
MRS. G.D. CRAIN
Chairman
KEITH E. CRAIN
Vice-chairman
S.R. BERNSTEIN
Chairman/executive committee
RANCE CRAIN
President
MARY KAY CRAIN
Treasurer
MERRILEE P. CRAIN
Secretary
JAMES M. FRANKLIN
Vp/finance

Published weekly at 740 Rush St., Chicago, Ill. 60611. Offices: 220 East 42nd St., New York, N.Y. 10017; Suite 515, National Press Building, Washington, D.C. 20045; 6404 Wilshire Blvd., Los Angeles, Calif. 90048; 20-22 Bedford Row, London WC1R 4EB, England. $1.25 a copy. $45 a year in U.S. Canada and all other foreign add $14 for surface mail. Europe and Middle East only add $41 for air delivery. First-class mail to U. S. and Canada only, add $50. Bermuda only, $90 per year expedited delivery. WILLIAM STRONG, *vp-circulation*. DOUGLAS A. RIEMER, *circulation manager*. ROGER DiGREGORIO, *fulfillment director*. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Dept., Business Insurance, 740 Rush St., Chicago, Ill. 60611 or phone 312-649-5221. Telex 25-4248; Cable CRAINCOM. Microfilm copies are available from University Microfilms, 300 Zeeb Rd., Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: ART MERTZ, The Crain Syndicate, 740 Rush St., Chicago, Ill. 60611, 312-649-5303. For reprints or reprint permission contact: Reprint Dept., Business Insurance, 220 E. 42nd St., New York, N.Y. 10017, 212-210-0229.

Member of Business Publications Audit of Circulation

Now you can reduce your workers' compensation payments in 48 hours or less. With accuMed.™

accuMed analyzes workers' compensation medical provider charges and ensures that what you pay is consistent with the state schedules.

And because we're as local as you are, we can reduce those excessive charges in 48 hours or less.

The accuMed difference: *local service.*

As a local service operating within selected fee *scheduled* states, accuMed gives you advantages that our competition can't provide.

We can answer your questions immediately. Our medical specialists are available to appear at hearings, if necessary. We also provide the services of local physician consultants who will clarify specific items for you as they relate to local practices. Our personalized local service, coupled with state-of-the-art computer technology, allows us to process your bills in 48 hours or less.

It's the accuMed difference that makes the difference in how your bills are reduced. With service that's timely. Professional. Accurate. Cost effective.

The accuMed difference: *easy-to-read analysis.*

Just send your medical provider charges to us. A member of our medical review staff will personally examine them. Then our computer will compare them to the state-set allowable fees and calculate how much they could be reduced.

You'll get the results in our *accuMed Analysis*©. It's a brief, concise, easy-to-read statement that doesn't take a computer expert to interpret. Which, of course, is another way accuMed differs from our competition.

The accuMed difference: *helping you manage better.*

We don't just send you a lot of individual reports. We also summarize all bills reviewed each month. To show you total reductions, number of bills processed, percentage reduction, and dollar savings.

It's far easier and more efficient than doing the work yourself.

The accuMed difference: *local service with national clout.*

accuMed is now available for you in California, Massachusetts, Florida and New York, and is coming soon to other scheduled states. (In New York, accuMed also reviews No-Fault provider bills.)

accuMed is provided by the Medex Services division of Intracorp – the nation's oldest, largest, and most experienced provider of health care cost containment and disability management services.

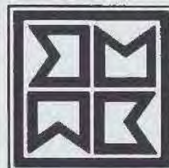
The accuMed difference: *pricing that beats the competition.*

Not only do you reduce your workers' compensation payments with accuMed, but you do it for less. Both our normal charges and our volume discount program meet or beat the competition. And as an extra incentive to try accuMed, we have a special introductory pricing offer for you.

accuMed service provides you an impressive return on investment.

For details about accuMed and our special introductory pricing offer, call Gordon Clemons, President, toll-free at 800-345-1075. In Alaska, Hawaii, and Pennsylvania, call collect 215-687-9450. Or send us the coupon.

Try *the accuMed difference* today.



medex services
An Intracorp Company

Send me more information about *the accuMed difference.*

NAME

TITLE

COMPANY

ADDRESS

CITY STATE ZIP PHONE

Mail to: Medex Services, 985 Old Eagle School Road, Wayne, PA 19087.

INSURANCE FOR BANK AUTO LEASING
We make sure you are covered by a high-quality carrier

Allied with major carriers, we have long experience with this difficult-to-place insurance. We make it easier for you with a quality program of insurance designed specifically for **Bank Auto Leasing**. We could provide broader coverages at substantial savings.

- Lessors Excess Liability
- Lessors Contingent Liability
- Lessors Contingent Physical Damage
- Interim Car Coverages

We invite your inquiry and your business. Call or write **RON RUANE**.

PAIGE-RUANE, INC. INSURANCE
The Irwin Building
460 N. Gulph Road
King of Prussia, PA 19406
(215) 265-4170

New England Mutual Life offers computer to explain 401(k) plan

products & services

New England Mutual Life Insurance Co.'s latest effort to market 401(k) salary-reduction plans to employers has taken a turn toward high technology.

The insurer has come up with a program that runs on an IBM-compatible portable, desk-top computer and can tell an employee the precise retirement value of an individual plan based upon the percentage of salary contributed.

The program displays in an easy-to-read format the difference between what an employee who saved aftertax dollars would have as compared with what would have been invested in a 401(k) account.

"The value of the computer is that it is seen as an objective source," says Donald I. Gregg, vp-group pension marketing services for New England Mutual Life.

The insurer is attempting to sell administration and investment services to 401(k) groups of 100 or more workers.

Under the new communications program unveiled July 1, the portable computer would be loaned to companies offering the 401(k) plan as a way of drumming up interest in the benefit. The insurer also offers paycheck stuffers, booklets and other enrollment tools.

The computer's memory contains tax information for all 50 states as well as federal income tax rates for various salary and withholding levels. The computer program then prompts the employee for age, marital status, exemptions claimed, tax status, salary and percentage of contribution to the proposed 401(k).

After a few seconds, the employee receives an instantaneous printout comparing the aftertax cost of accumulating non-deductible savings to the cost of a 401(k) account. The display also shows how the 401(k)'s non-taxed earnings compound compared with the taxable savings interest.

For more information, contact Mr. Gregg at New England Mutual Life Insurance Co., 8 New England Executive Park, Burlington, Mass. 01803; 617-578-5243.

ATM risks

The potential risks posed by automated teller machines—from threats to employee and client safety to the physical security of the equipment and cash—are explained in "ATM Security," a new manual from the Bank Administration Insutitute.

The manual covers topics like ATM crimes, site selection, physical security measures, electronic security systems, internal and external fraud control, surveillance systems, data protection and operating guidelines for security programs.

The 183-page guide was written by William M. Boyle in consultation with the Bank Administration Institute's nine-member security committee. Mr Boyle is director of marketing in the proprietary systems division of Diebold Inc., a manufacturer of ATMs and security systems.

"ATM Security" costs $45 for BAI members and $65 for nonmembers. For more information, contact Keith Marshall, Principal Research Manager, Security Programs, Bank Administration Institute, 60 Gould Center, Rolling Meadows, Ill. 60008; 312-228-6200.

Fire detector

Detector Electronics Corp. has developed a dual-mode fire detector designed for gas and chemical storage tanks, refineries, pipelines, pumps, engine rooms, ships' holds, generator and transformer rooms, wood-processing and pulp and paper plants.

The C7100 flame and smoke detector has an ultraviolet-sensitive tube that can detect smoke as well as flame.

The detector control panel can pinpoint the location of the fire or smoke alarms and indicate trouble signals. The system is self-monitoring, running a check on sensor tubes, lamps, wiring and electronic components. If a problem is found, the trouble signal is sent to the control panel.

Using a multiplex system, as many as 64 detectors can be installed over a single set of wires.

The cost of a C7100 detector is roughly $1,000 per point of detection. This point may be a room, a specific piece of machinery or an area that requires a single detection unit. The costs of wiring the detection system, a fire-suppression system and an alarm system are additional.

For further details, contact Ken Klapmeier, Director of Commercial Marketing, Detector Electronics, 6901 W. 110th St., Minneapolis, Minn. 55438; 612-941-5665. ■

The new Orion Group is more than the sum of its individual parts, Security Insurance Group, EBI Companies, EBI Services, and Orion Group's reinsurance management companies and general agencies. It is an integrated insurance organization with a new momentum of its own. And with the synergism of combined specialties in workers' comp, self-insurance administration, reinsurance, and business insurance.

Introduce the Orion Group companies to your agency. And start picking up momentum in your business.

Farmington, CT 06032

Two syndicates join New York exchange

markets

Two new underwriting syndicates and two new associate brokers have been approved for membership on the New York Insurance Exchange.

One of the new underwriting syndicates, U.S. Risk Inc., is expected to begin operations soon. U.S. Risk is a wholly owned subsidiary of Chesapeake Financial Corp. and will be managed by Chartex Re Inc.

The other new syndicate, Brougher Syndicate Inc., is scheduled to begin operations Oct. 1. The syndicate is a wholly owned subsidiary of Brougher International Inc., an insurance holding company with operations in both Britain and the United States.

Brougher Syndicate will be managed by North Atlantic Treaty Managers.

Both of the new NYIE underwriting members have been capitalized at $3.55 million and will specialize in property/casualty treaty reinsurance. With their approval, the number of underwriting syndicates has risen to 40.

The two new associate brokers are RGI Inc., a subsidiary of Corroon & Black Corp., and Ashford Reinsurance Intermediaries Corp., owned by Ashford Holding Corp.

The New York Insurance Exchange now has 62 broker members and 29 associate brokers.

Aviation underwriting

McAlear Associates Inc., an excess/surplus lines marketer based in Grand Rapids, Mich., has formed a new aviation underwriting facility, Motion Insurance Managers, to provide hull and liability insurance on small-business and pleasure aircraft.

Liability limits of up to $1 million are available and hull values of up to $150,000 can be covered through the new facility, which issues policies for Transit Casualty Co. Special programs are available to cover overage pilots and antique, experimental or home-built planes.

Motion Insurance Managers is located at P.O. Box 2645, Shawnee Mission, Kan. 66216; 913-432-3064. Telex: 43703.

Ocean marine office

St. Paul Fire & Marine Insurance Co. has opened a new Upper Midwest regional ocean marine underwriting office in its St. Paul headquarters. John Munro will manage the new office.

St. Paul will also expand its Seattle satellite office, which will now manage its own marine business as the Northwest Pacific Regional office. Other regional St. Paul ocean marine offices are located in New York, Cincinnati, Houston, San Francisco and Chicago.

New consultant

A new engineering consulting firm, Joseph S. Ward P.E., has been formed to specialize in the study of foundation and underground construction failures.

The firm was founded by Joseph S. Ward, former president and chief executive of Converse Consultants Inc., a nationwide geotechnical engineering company.

Mr. Ward's offices are located at 18 Lackawanna Plaza, P.O. Box 1234, Montclair, N.J. 07042; 201-744-4020.

Acquisitions

E.H. Crump Cos. Inc. has acquired **Hickman, Smith, Brett & Fendley Agency Inc.** of Baton Rouge, La., for 250,000 shares of Crump common stock. Crump's existing Baton Rouge office will be merged with the newly acquired firm.

ISU/Gold Insurance Agency Inc. has acquired two other agencies: **Vesper Insurance Agency** of Downey and San Leandro, Calif., which specializes in insurance programs for religious institutions, and **William H. Noon & Associates/California All Risk Insurance Agency** of San Diego.

New offices

General Reinsurance Corp. has moved its Toronto office to 2 First Canadian Place, Toronto, Ontario M5X 1J2; 416-869-0490.

Continental Risk Services Ltd. has moved to new offices at the Continental Insurance Building, Church Street and Cedar Avenue, Hamilton 5, Bermuda. Its mailing address remains P.O. Box 824, Hamilton and its telephone number is still 809-295-6015.

AFIA Worldwide Insurance has moved its San Francisco office to 101 California St., Suite 3300, San Francisco, Calif. 94111; 415-421-0444. Telex: 171459.

International Cargo Loss Prevention Inc. and **Marine Management Brokers** have moved to new offices at 610 Newport Center Drive, Suite 1065, Newport Beach, Calif. 92660; 714-759-1500.

The Alliance of American Insurers has relocated its headquarters to 1501 Woodfield Road, Schaumburg, Ill. 60195; 312-0490-8500.

Ancon Insurance Co. (U.K.) Ltd., a subsidiary of **Exxon Corp.**, has moved to new offices at 8 Lime St., Fourth Floor, London EC3M 7NA, England; 01-283-8241.

The **Employee Benefit Research Institute**, a benefits think tank, has moved to new headquarters at 2121 K St. N.W., Suite 860, Washington, D.C. 20037; 202-659-0670. ■

There's keeping insurance through

The state of

GAB is the one company that really combines man and machine to keep insurance costs down.

We have the ability to manage claims anywhere in the U.S. —and we can do it with remarkable speed and efficiency.

The key is our network of 3,400 highly trained adjusters and supervisors in 650 nationwide offices, plus 28 strategically located claims processing centers around the country.

This network can help you manage claims and losses more cost-effectively, whether you're insured by outside companies or self-insured. And whether you're administering casualty insurance, auto fleet, workers' compensation or employee benefits.

How do we help? With an on-line system that features the most up-to-date computer technology available for claims management. Input comes through the 28 centers and is directly

Allendale told to pay additional $3.2 million

SANTA FE, N.M.—Allendale Mutual Insurance Co. must pay an additional $3.2 million in legal fees and litigation costs to the operator of a uranium mill that sued the insurer over the denial of a claim, a state court judge has ruled.

That Aug. 5 award by Judge Art Encinias in Santa Fe comes on top of more than $54 million the court earlier ordered Allendale to pay policyholder United Nuclear Corp. (*BI*, June 6).

The case involves insurance claims United Nuclear, a subsidiary of UNC Resources Inc. of Falls Church, Va., filed following the collapse of a dam holding back uranium wastes in the western part of New Mexico.

In May, Judge Michael Francke, who has since retired, told Allendale to pay United Nuclear $24,640,724 to cover lost profits resulting from the July 17, 1979, collapse of the dam near United Nuclear's Churchrock uranium mill.

In addition, Judge Francke ordered Allendale—a Johnston, R.I., member of the Factory Mutual System—to pay United Nuclear $25 million in punitive damages.

The court last May also said United Nuclear was entitled to interest that accrued from March 21, 1980, the date that Allendale denied the claim. Computed at a rate of 6%, the interest amounts to about $4.7 million.

The Allendale business interruption and property policy, which had a $52 million limit, provided insurance for UNC's Churchrock uranium mill and related facilities, located 18 miles northeast of Gallup, N.M.

The court said the collapse of the dam was caused by a "differential settlement" that was not within Allendale policy language exclusions.

Allendale earlier said it will appeal the May ruling and believes its actions will be upheld.

However, in July, in the second round of the legal battle between Allendale and United Nuclear, Judge Encinias denied Allendale's request for a new trial.

"After considering the motions, the supporting evidence and the arguments of counsel, I am persuaded that this court should not disturb Judge Francke's decision in any way," Judge Encinias ruled. ■

info

• A **handbook on noise control**, published by Industrial Acoustics Co. Inc., is a 156-page, illustrated reference for industrial hygienists, audiologists and safety directors. Part I of the booklet contains information on acoustical engineering, acoustic fields, sound paths, rooms, enclosures and partitions, properties of silencers and noise-level criteria. Part II details IAC's products and services. Copies are $10 each. Write Industrial Acoustics Co., Communications Department, 1160 Commerce Ave., Bronx, N.Y. 10462.

• A 1983 edition to a **guidebook to pension planning** has been published by Commerce Clearing House. The guide is designed to assist banks, employers, union consultants, lawyers, insurance companies, business associations, accounting firms and others interested in pension planning. It includes up-to-date information on legislation affecting pensions and pension plans. The 416-page, paperbound book costs $10 per copy and can be ordered from CCH News Bureau, 4025 W. Peterson Ave., Chicago, Ill. 60646.

• The Legal-Legislative Reporter, distributed free to members of the International Foundation of Employee Benefit Plans, presents updates on **regulatory and legislative matters pertaining to employee benefits.** A sample copy for non-members can be obtained from the foundation by writing the Public Relations Department, IFEBP, P.O. Box 69, Brookfield, Wis. 53005.

• A book to prepare students for the **property and casualty insurance licensing exams** has been published by Longman Financial Services. "Essentials of Property and Casualty Insurance" is authored by Marshall W. Reavis, an associate professor of finance at De-Paul University in Chicago. He also has experience as a risk manager, claims representative, field representative, underwriter, technical writer and editor. The 167-page, paperbound book costs $19.95 including postage. To order, write Longman Financial Services Publishing, Department P, 500 N. Dearborn St., Chicago, Ill. 60610.

•

Business Insurance will describe material costing less than $20 as an editorial service. Send a short description of the material, along with the cost and a mailing address to Info for Buyers, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

an art to the cost of your claims from going the roof.

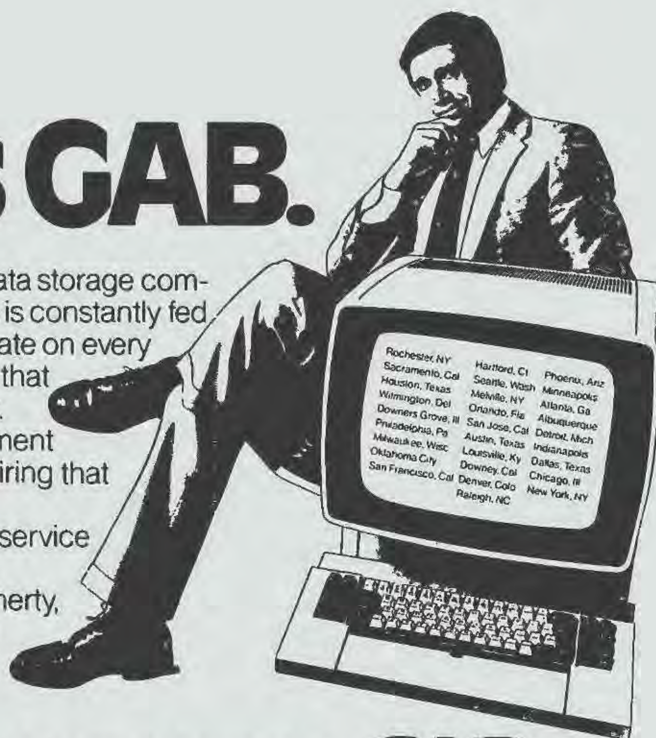
the art is GAB.

entered (no batch processing) into a central data storage computer. Data developed by GAB's field adjusters is constantly fed into our system to keep risk managers up-to-date on every claim. The reporting system generates reports that alert you to opportunities for cost containment.

Quite frankly, no other claims management company has the unique people-computer pairing that so effectively controls your costs.

Which is why our claims management service is the essence of state of the art.

For more information, write Paul Dougherty, Senior VP, Claims Management Division, GAB 123 William Street, New York, NY 10038. Or call him at (212) 306-8390.



The state of the art of claims management. GAB

How you may be able to save money on workers' compensation in Texas.

You may cut your workers' comp costs by placing the Texas portion of your program with Texas Employers'.

The state of Texas allows us to return savings we achieve to our policyholders in the form of premium discounts, dividends, and retrospective savings. Those savings totaled $79 million in 1982 alone.

Find out if we can save you money this year. Call our National Accounts Division at (214) 760-6435.

Texas Employers' Insurance Association
P. O. Box 2759
Dallas, Texas 75221

Employers Insurance of Texas:
Texas Employers' Insurance Assn.
Employers National Insurance Co
Employers Casualty Co.
Employers National Life Insurance Co

Coming Up!

Employee Benefits: Human Resources

Issue Date: September 5, 1983
Ad Closing: August 23, 1983

New York:
220 East 42nd Street, N.Y. 10017 (212) 210-0133
Chicago:
740 Rush Street, IL 60611 (312) 649-5275
Los Angeles:
6404 Wilshire Blvd., CA 90048 (213) 651-3710

Reporting weekly for corporate risk, employee benefit and financial executives.

comings & goings: buyers

Mueller joins Motorola as benefit manager

Bruce A. Mueller, 36, is director of benefit management at Motorola Inc. in Schaumburg, Ill. It is a new position. Mr. Mueller will manage the company's medical and dental, life, short-term and long-term disability insurance plans and its health maintenance program. Prior to joining the company, he was a senior vp at Emett & Chandler Illinois Inc. He has also held management posts in compensation, human resources and employee benefits at FCB Communications Inc., G.D. Searle & Co. and Blue Cross Assn., all in the Chicago area. Mr. Mueller received a bachelor's degree and a master of business administration degree from Loyola University in Chicago. He is also an adjunct professor of data processing at Harper College in Palatine, Ill. He reports to Julie A. Sackett, vp and director of compensation and benefits.

* * *

Thomas R. Wrobleski, 42, is the new risk manager of Joslyn Manufacturing & Supply Co. in Chicago. He replaces **P.B. Gehrke,** who retired. Mr. Wrobleski will handle property/casualty and workers compensation risks for the company. He joined Joslyn in 1964 in the finance and accounting departments, subsequently served as assistant to the treasurer and then as assistant risk manager. He received a bachelor of business administration degree from Western Michigan University in Kalamazoo. He is a deputy member of the Risk & Insurance Management Society and the Chicago Tax Club. Mr. Wrobleski reports to Vp/Treasurer Lawrence G. Wolski.

* * *

David L. Vance, 39, is the new occupational health/loss control coordinator in the risk management department of Revco D.S. Inc. in Twinsburg, Ohio. He replaces **Lloyd Goff,** who is pursuing private business interests. Mr. Vance is responsible for customer safety in the company's 1,661 retail drug stores as well as employee safety, disaster planning and product liability risk at the pharmaceutical manufacturing subsidiaries. He received the Chartered Property & Casualty Underwriter designation and the Associate in Risk Management designation. He is also an Associate Safety Professional and a member of the American Society of Safety Engineers and the Board of Certified Safety Professionals. He reports to Alton Schexnayder, director of loss prevention.

* * *

Patrick N. Perrin, 22, has been named insurance analyst at Tracor Inc. in Austin, Texas. It is a new position. Mr. Perrin will handle property/casualty insurance policies and concentrate on workers compensation claims. He is a recent graduate of the University of Texas in Austin, where he earned a bachelor of business administration degree in insurance and finance. He reports to J. David Baird, manager of financial services.

•

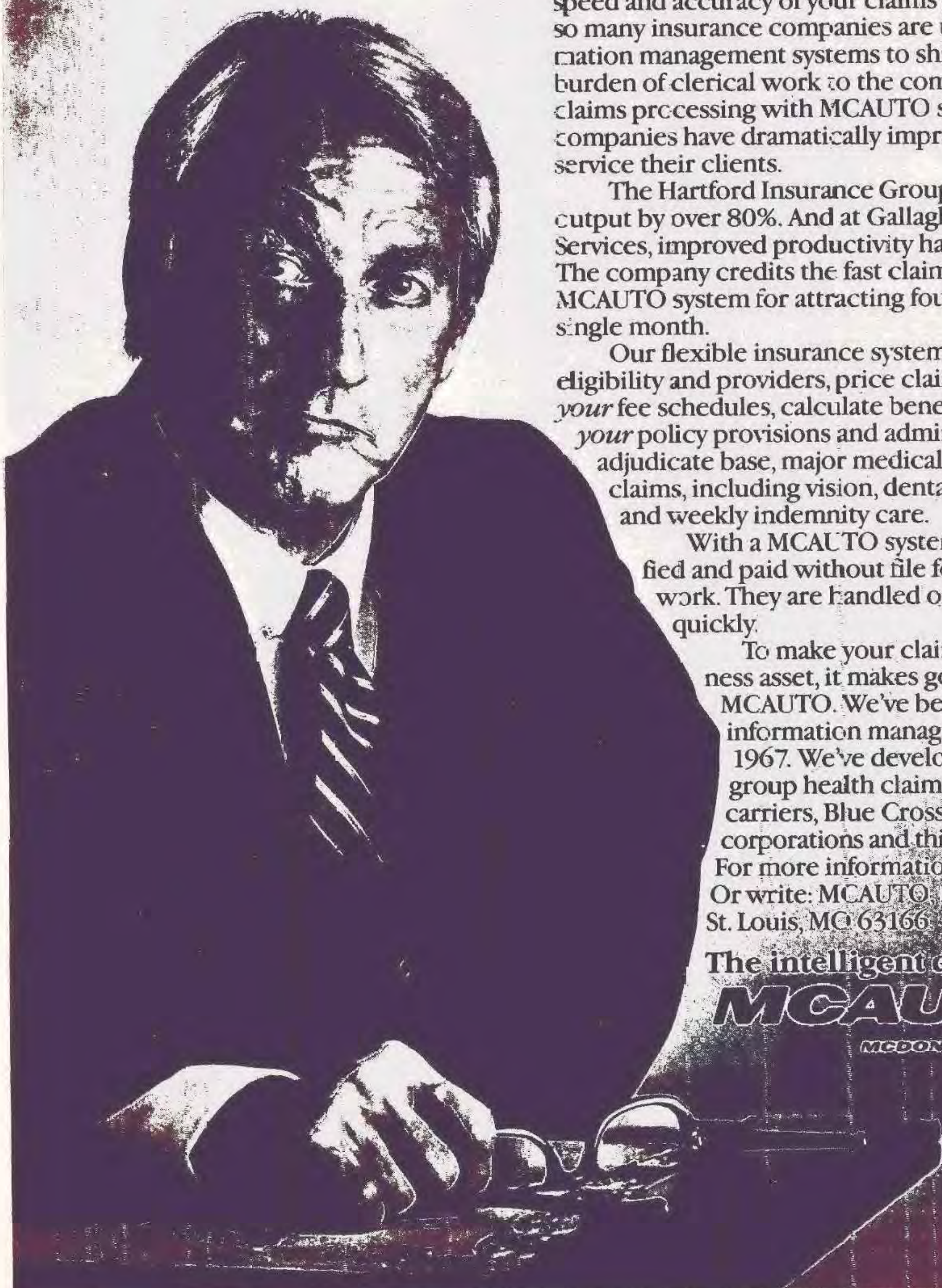
We'd like to report on staff changes in your company's risk management, safety or employee benefits department. Just drop a note to Sallie J. Drury, Staff Reporter, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611 or call 312-649-5352. We would also like to receive photographs.

Buck Forward rate remains at 11.7%

NEW YORK—The Buck Forward Interest Rate Index remained at 11.7% in July from June, compared with a 14.7% rate in July 1982, Buck Consultants Inc. announced.

The index reflects the timing of future benefit payments to a typical group of active and retired employees. It is intended to help financial officers select appropriate investment return assumptions to determine the actuarial value of accumulated pension benefits for comparison with the market value of plan assets.

The index is based on the forward interest rate inherent in the prices of risk-free U.S. government securities. ■



Marcell to head American Re's London unit

Philip M. Marcell named general manager and chief executive officer of American Re-Insurance Co. (U.K.) Ltd., American Re's London subsidiary. He will assume his new duties in December 1983. He joined American Re in April 1983. He previously was with Jardine Matheson Insurance Brokers. Mr. Marcell succeeds **F. Peter Pook**, who is retiring in December.

Mr. Marcell

Other reinsurer changes:

Gary Patrik joined North American Reinsurance Corp. in New York as vp-special markets/products department. He will assist in underwriting and marketing nontraditional reinsurance products for North American Re. Mr. Patrik was most recently with Prudential Reinsurance Co.

Mr. Patrik

Insurers

Enoch Sherman joined American Home Assurance Co. and National Union Fire Insurance Co. of Pittsburgh as senior vp. He will be responsible for managing property operations of American Home/National Union. Mr. Sherman had been with Hartford Specialty Co. before his move to the American International Group Inc. subsidiaries.

F. Philip Moskie was named president and chief operating officer of Hudson Insurance Co. in New York.

Harold W. Marston Jr. and **Albert J. Quirin** were elected vps at The Hartford Insurance Group in Hartford, Conn. Mr. Marston is director of group life and health insurance operations. He joined Hartford earlier this year after working at Metropolitan Life Insurance Co. Mr. Quirin is director of actuarial/research operations. He previously was assistant vp and director of actuarial/research operations.

Michael McMicken named vp of Employee Benefits Insurance Co. In addition, he has assumed claims responsibility for the company's California region. Employee Benefits Insurance is a workers compensation insurance subsidiary of Orion Group Inc.

Excess/surplus

Norman Zehner appointed vp-property of AVRECO Inc. in Chicago. Mr. Zehner had been an assistant vp-property at the surplus lines company.

Catherine J. Harlan appointed manager of Geo. F. Brown & Sons Inc.'s Kansas City, Mo., office. Ms. Harlan had been an executive broker at Geo. F. Brown in the Kansas City office.

Other suppliers

Joseph E. Boiseau named president of PAID Prescriptions Inc. in Paramus, N.J. He had been vp and general manager of PAID Prescriptions.

Floyd I. Koslan named vp and manager of the Southeastern region for Underwriters Adjusting Co., a claims service company, in New York. Mr. Koslan most recently was vp of the UAC's Buckeye region, which was merged with the company's Western region. As Southeastern region manager, Mr. Koslan will be based in UAC's Atlanta office.

comings & goings: industry

Roy S. Payne joined Human Resources Management International Consulting Group as an international employee benefits consultant. Mr. Payne will be located in Alexander & Alexander Inc.'s San Francisco office. He will head the international consulting group's West Coast operations.

Fred R. White elected executive vp of Robert Hughes Associates Inc., a Dallas risk management consulting firm. Mr. White had been a vp at Hughes, consulting on oil and gas, banking, trucking and other fields.

Roger P. Ingenthron joined Powers, Carpenter & Hall Inc. in St. Louis as vp and actuary. He will act as pension consultant. He had been chief actuary for Standard Oil Co. of California. Powers, Carpenter & Hall is a subsidiary of Corroon & Black Corp.

Sylvester J. Schieber joined the Washington office of The Wyatt Co., a risk management and benefit consulting firm, as director of its Research and Information Center. He had been research director at the Employee Benefit Research Institute, a Washington-based benefits think tank.

J. William Foran named president and chief operating officer of T.E. Brennan Co., a risk management consulting firm in Milwaukee. He was previously executive vp and replaces **John Hayes**, who is now chairman and chief executive officer. In addition, **Thomas E. Gold** promoted to executive vp. He had been a vp.

Gary R. Josephson appointed actuary in the Milwaukee office of Milliman & Robinson Inc. He had been an assistant actuary and commercial lines pricing officer for Sentry Insurance Cos. ■

Your first line of defense against risk.

Kemper offers you the fullest range of risk services you'll find anywhere in the field.

We'll make sure your low hazard properties and better than average risks get the premium savings they deserve.

Our HPR coverage helps assure you of low costs for insurance of superior class property. Our Special Risk Underwriting tailors your casualty insurance program for auto, general liability, Worker's Comp., product liability, etc. to provide you with a competitive net price.

We can also help you save money through our expertise in claim handling and loss-control consultation services. We're experienced, too, in supporting captive programs for companies desirous of risk retention.

Whatever your risk insurance needs, you can depend on the Kemper Cavalry to serve you fully, knowledgeably and economically.

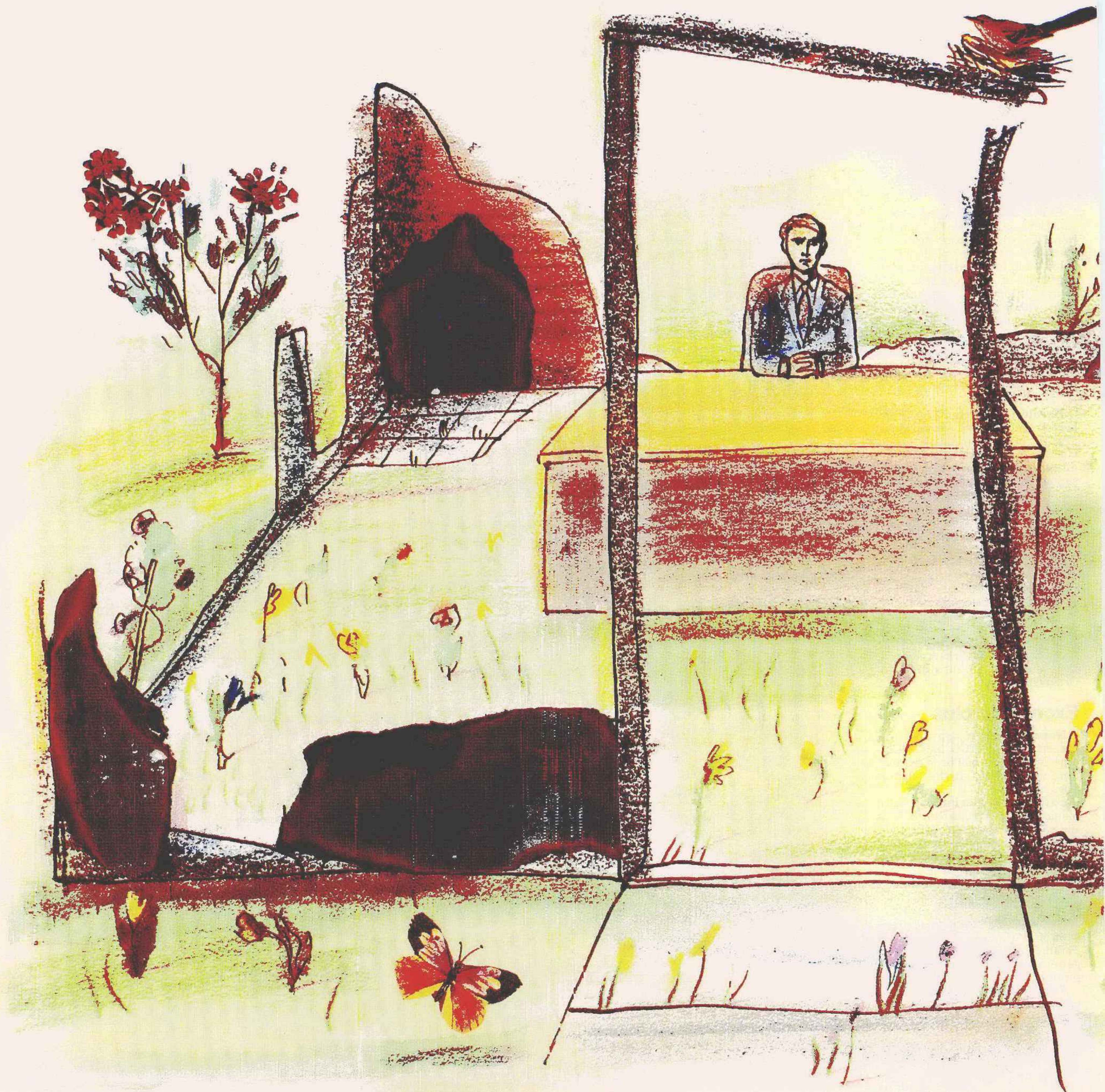
Compare us for yourself. Get a quote from an independent agent who represents Kemper.

Kemper GROUP

Once you compare Kemper, you'll ride with us.

©1981, Lumbermens Mutual Casualty Company.

Far too often, when it's time to try and collect on your insurance claim, you find out just how good that "good deal" you got really is.



Recently, the New York Times brought to light the fact that corporations are having difficulty getting their insurance companies to promptly and fairly settle and pay their claims.

As these corporations are discovering, the true cost of an insurance policy can entail a great deal more than just what your premiums add up to. The speed, efficiency, fairness and resourcefulness of your insurance company (or the lack thereof) when it comes to preventing and settling claims can also figure into your ultimate cost.

That's why at AFIA, we feel that settling a claim properly means more than just a fair settlement. It also means better than fair service. It means a commitment to use all our resources to help you settle your claim quickly and efficiently.

Since 1918, AFIA has built its reputation on integrity and dependability. In no area of insurance are those two qualities more important than claims service.

Our international network of claims experts allows us to be on the spot anywhere in the world, wherever and whenever you need us. But having worldwide resources and dependability is only half of what is needed to do the job properly. The other half is having the imagination, and the will, to do the extraordinary when necessary.

There isn't an insurance company anywhere that couldn't cite examples showing how good their claims service is. You know the type of examples we mean. The true test, however, is to ask a corporation or its insurance broker–the people who really live with the service–how they feel their insurance company performs.

So we would like to invite you to speak with our insureds or with your broker. Ask them the tough questions: find out how they really feel about AFIA's claim service. They'll tell you.

And you'll discover that no matter where in the world you are, and no matter what happens to your company, you'll want AFIA there to take care of it.

And that's not a claim, that's just how confident we are about what we can do for you.

AFIA

WORLDWIDE INSURANCE

Helping business
grow overseas since 1918.

AFIA, 110 William Street, New York, NY 10038, Atlanta, Boston, Chicago, Cleveland, Dallas, Houston, Los Angeles, Miami, Minneapolis, San Francisco, Seattle, Washington, D.C. and 230 other cities around the world.

"It's a powerful system."

George A. Chamberlain, 3d
Vice President and Treasurer
Digital Equipment Corporation

John Hancock®
International Group Program
Flexible · Competitive · Experienced

MISSING THE TARGET

Rep. Miller's bill still lacks a good method for compensating asbestos disease victims

By Lawrence P. Postol

A MODIFIED VERSION of the Occupational Disease Compensation Act, H.R. 3175, introduced by Rep. George Miller, D-Calif., (*BI*, Dec. 6, 1982) represents a substantial reworking of his original bill. While H.R. 3175 reflects some improvements over the old bill, the proposed legislation is still seriously defective in a number of critical areas and will fail to solve the problem of compensating occupational disease victims.

Congressman Miller in H.R. 3175 attempts to eliminate the much-criticized provision of his prior proposal that transferred the bulk of the asbestos liability from asbestos manufacturers to asbestos users. He provides a pool concept for the payment of compensation as opposed to the prior proposal, which had employers of asbestos users effectively paying more than 90% of diseased workers' compensation and the asbestos manufacturers paying less than 10% of the tab. H.R. 3175 creates a Toxic Substance Employee Compensation Insurance Pool that must pay the compensation benefits provided by the proposed legislation. It allocates the pool liability among employers and manufacturers based on a number of variables.

It requires the secretary of labor to go back over a "representative" time period and determine how much workers compensation employers paid and how much third-party civil liability the asbestos manufacturers, including distributors, paid. Based on this ratio, the secretary will allocate the pool liability among employers and manufacturers.

Among the individual employers, liability is assigned based on their individual asbestos use as reflected by asbestos product content, risk of disease, number of employees exposed, duration and intensity of exposure and workers compensation claims experience. Similarly, the division of liability among individual manufacturers is based on their market share, asbestos product content, risk of disease and litigation experience. The idea behind the allocation is apparently that the allocation will merely reflect past liability experiences and thus preserve the status quo in assigning liability.

While there is clearly no reason to change the present assignment/burden of liability, upon close examination, one can see that H.R. 3175 does not in fact preserve the status quo. To begin with, the bill reflects employers' past liability based on their past workers compensation payments. In point of fact, their past liability is their compensation payment less their lien recoveries in the third-party litigation (See 33 U.S.C., 933.).

Moreover, since workers compensation systems provide quick remedies and third-party litigation is notoriously slow (indeed, this difference in timing is the rationale for H.R. 3175), the employers are "ahead" of the manufacturers in paying out their liability. Thus, history simply does not represent what the future would bring under the status quo.

Moreover, the proposed statute utilizes information that is not practically available and fails to provide a formula for combining the designated factors in order to arrive at a percentage liability figure. The bill assigns liability based on asbestos product content, risk of disease, number of exposed employees and duration and intensity of asbestos exposure. This information is simply not available and even if it were, the task of accumulating the data would be burdensome.

Furthermore, there is no way to combine these factors so as to make a fair assignment of liability. We do not know how much emphasis is to be placed on these ill-defined and inconsistent factors of liability.

In addition, all the allocation provisions in the bill allow the secretary of labor to also consider "other appropriate factors." Not only is such an undefined delegation of power worrisome (there is no right to a hearing or a review procedure), it also is probably an unconstitutional delegation of legislative power to the executive branch, which the courts will reject.

H.R. 3175 does solve a number of the technical flaws in Rep. Miller's prior legislative proposal. The average weekly wage of injured workers is defined as either the national manufacturing or national construction average weekly wage at the time of the onset of the worker's disability. The use of such a fixed average weekly wage figure, as opposed to the worker's individualized earnings, reduces litigation over the issue of a worker's average weekly wage and thus certainly is supplied in calculating benefits and liability. However, high-income victims will obviously be undercompensated for their lost wages and, conversely, low-income workers will be overcompensated. Moreover, one must wonder why the construction industry and manufacturing industry were chosen as representative of the base pay rate (presently $434.98 and $346.10); whereas, the Longshoremen's Act presently utilizes the national average weekly wage, which is less than $300.

The new bill puts a "reasonable and necessary" limit on medical expenses that was missing from Rep. Miller's initial bill. Nevertheless, there is no provision to prevent "physician shopping."

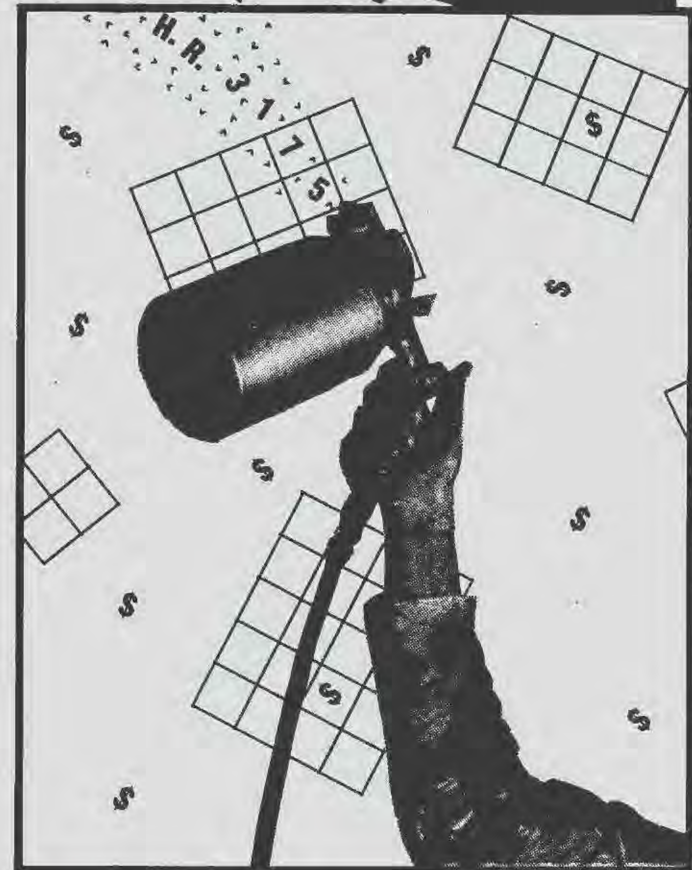
Similarly, H.R. 3175 corrects prior omissions by providing a credit for workers compensation payments paid for occupational injuries not covered by the bill, like back injuries. The new bill also supplies the previously missing definition for a partial disability and defines a partial disability for a working employee as the worker's actual loss of wages after the commencement of disability. The bill should require, however, proof that the loss of wages was due to the worker's occupational disease as opposed to other factors, such as a recission.

The new bill partially corrects two other flaws in Rep. Miller's initial attempt at occupational disease legislation.

It increases the time of exposure for invoking the irrefutable presumption of compensability for lung cancer from the ridiculously short period of two years to a more reasonable, albeit still unacceptable, 10 years. While this increase in the time period is a step in the right direction, the fact of the matter is that asbestos does not significantly contribute to the risk of cancer until a 20-year latency period has elapsed.

Moreover, many, if not most, physicians also require asbestosis (fibrosis) in the worker's lung before attributing a lung cancer to asbestos exposure. The bill does not have such a requirement and, indeed, it invokes an irrefutable presumption if the worker has either asbestosis or even just asbestostic changes in the pleura. Medical science, however, has not even proven an increased risk of cancer in workers who merely have pleural changes (the studies are divided), let alone that all cancers in such workers are due to asbestos exposure.

While H.R. 3175 still provides compensation to retired workers who develop their occupational diseases after their retirement (and thus had no wage loss due to the disease), the benefits are reduced in the new bill. Retired workers receive partial compensation under a provision that appears to base their co(pensation on the percentage of their medical impairment. H.R. 3175 provides total disability compensation benefits based on 80% of the national manufacturing or construction average weekly wage. Retroactive benefits can be awarded, but only for a period not to exceed five years. Death benefits are provided for in the form of a lump-sum payment equal to five years of compensation. The bill doesn't explicitly state what is done with this



Graphic: Jim Bakasetas

payment if there is no surviving spouse or children but presumably there is no payment in such a case. A cost-of-living increase is provided for with a 6% maximum. In an effort to protect workers, the secretary of labor must approve all settlements.

The coverage of the bill is mandatory and, except as noted below, it replaces all other remedies. Thus, the bill eliminates all pending third-party actions against asbestos manufacturers, eliminates the employers' lien and dispenses with rights of indemnification or contribution. The statute fails to eliminate pending direct actions against employers, but presumably this omission was an oversight.

The exclusivity of the bill, however, is removed in three situations. First, if the employer or manufacturer refuses to join the pool or violates the bill or the secretary's regulations, then the employer or manufacturer loses the protection of the section that eliminates third-party civil actions. Second, if there already has been a state or longshore worker's compensation award or denial of compensation, then the bill's coverage is not invoked. The bill, apparently inadvertently, would still remove the employers' lien in such non-coverage cases and that result obviously should be eliminated. Moreover, the bill should not allow the worker to elect state or longshore workers' compensation benefits after the passage of the bill. There should be only one standardized method of compensation. Third, when the administrative procedure for obtaining compensation takes more than 12 months (18 months in the first two years of the program), the worker can opt out of the system.

Rep. Miller's opt-out provision is obviously a product of his concern with the government's record of handling black lung, longshore and FECA claims. Despite the supposed simplicity of workers compensation systems, due to a lack of funding, the federal programs have experienced huge delays in processing claims. A year-long wait for a decision from an administrative law judge and two years for a decision from the Benefits Review Board is the average. H.R. 3175, however, instead of curing the problem by assuring adequate funding, provides an escape clause. A worker who does not receive compensation within one year can opt out of the bill's scheme and file or continue the third-party civil litigation.

The pool also can offer to pay interim benefits, but an employee who refuses the payments can still opt out of the program.

While this provision safeguards employees, it subjects manufacturers and employers to tremendous

Continued on next page

perspective

Natural hazards are not compensable when faced by both workers and public

legal briefs

INJURIES arising from exposure to a natural phenomenon do not arise out of employment unless a hazard imposed upon the employee by reason of employment was greater than that to which the public generally in the area of the hazard was subjected, the Supreme Court of Nebraska ruled.

James R. Renshaw was washing utensils outside his employer's building, a bakery. He felt a sudden pain at his nose, and although he did not see any, concluded that he had been bitten by some insect.

Following a complicated course of medical treatment, Mr. Renshaw claimed to suffer a 100% loss of vision in his left eye and a lung disability. He filed for total disability but was denied.

The appellate court noted that because of the various insect control measures in place on the bakery's premises, employees faced less risk of insect bites there than the public in general encountered. Consequently, the court concluded, the insect bite could not be said to have arisen out of his employment with the bakery. *Renshaw vs. Merrigol-Adler Bakery*, Supreme Court of Nebraska, Oct. 8, 1982 (BI/01/Jy.-$5).

Withdrawal from the market

An employee with physical restrictions voluntarily leaves an area where employment opportunities to suit his condition exist. Yet the area he moves to has few, if any, employment opportunities existing for him. Such a move is considered a withdrawal by the employee from the labor market, thereby precluding him from total disability compensation, according to the Supreme Court of Minnesota.

Jay C. Paine was employed as a delivery man for Beek's Pizza in metropolitan Minneapolis-St. Paul, Minn. He was injured in a motor vehicle accident arising from and in the course of his employment at Beek's.

He became temporarily totally disabled. He filed for and received disability payments. In 1976 the employer sought to have the payments discontinued on the grounds that he had terminated his retraining program and had moved from the Minneapolis-St. Paul region to an area of few or no employment opportunities.

The Compensation Court of Appeals not only sustained Paine's temporary total disability payments but determined that after expiration of those payments he was totally disabled.

On appeal, the employer argued that Mr. Paine should not receive total disability benefits because he voluntarily left gainful employment and moved to an area in which there were very few opportunities for employment. Although an employee has the right to choose where he will live, the court said that it does not follow that if an employee chooses to live in an area where employment opportunities for him are virtually non-existent, an employer/insurer must subsidize him by continued payment of total disability benefits. *Paine vs. Beek's Pizza*, Supreme Court of Minnesota, Aug. 31, 1982 (*BI/04/A.-$5*).

Damage to others' work

A completed operations exclusion in a contractor's comprehensive general liability insurance policy did not apply to damage caused to the property of others by the contractor's defective work, according to a New Jersey appellate court.

In 1967 the Newark Housing Authority contracted with Marson Construction Co. for the construction of nine apartment houses.

Nearly 10 years later, the authority sued the construction company and others for damages allegedly sustained as a result of Marson's defective workmanship in the apartments.

The damage claim included the cost of correcting Marson's defective work, the cost of temporarily relocating tenants and repairing and replacing 1,500 metal panels installed by a different contractor that were allegedly damaged because of Marson's defective work.

Marson was covered under a comprehensive general liability insurance policy issued by Hartford Casualty Insurance Co., which contained standard exclusions for completed operations and product hazard coverage. Marson requested Hartford to defend the suit but it refused. Hartford requested the court to ascertain what its obligation to defend was. The trial court ruled that Hartford had no duty to defend its policyholder.

The appellate court reversed. According to the court, the completed operations exclusion applied only in respect to claims for damage to Marson's own work arising out of its faulty workmanship, but not as to the damage done to the work of the other contractor.

Thus, even though part of the Newark Housing Authority's claim was, indeed, not covered by the policy, the court said Hartford had a duty to defend Marson in this suit. *Hartford Insurance Group vs. Marson Construction Corp.*, Superior Court of New Jersey, Appellate Division, Oct. 14, 1982 (*BI/02/Jy.-$5*). ■

These abstracts were prepared by Cases Unlimited Inc. A copy of an entire decision may be obtained by sending a check for $5 made out to Cases Unlimited to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. List the number for each opinion.

The Perspective section, which is a forum for readers' opinions, is compiled and edited by Assistant Copy Editor Claudette Dampier. She can be reached at 312-649-5282.

Missing the target on occupational disease

Continued from previous page

uncertainty. Some employees may purposefully drag their feet in the administrative process so as to reacquire their third-party action, possibly without the removal of the employer's lien (unless that loophole is closed).

Moreover, the government, as it so often does, may simply mismanage the program and cause delays that neither the worker nor the employer can prevent. Indeed, the statute even fails to provide who will represent the pool. Interestingly, Rep. Miller attempts to have the employers and manufacturers pay for the administrative costs of the program.

H.R. 3175 contains administrative procedures for its compensation program that leave much to be desired. The secretary of labor can require an independent medical examination of a claimant performed by a physician of undefined qualifications and that physician's determination is binding if supported by substantial evidence. The use of such "independents" under state workers compensation programs has shown that the physicians are often neither independent nor knowledgeable.

Moreover, if such a provision is to be utilized, it should require at least that the physician be board-certified and in an academic position. In addition, appeals to the Benefits Review Board are merely discretionary under H.R. 3175. The quality of trial judges (like trial counsel) varies enough from individual to individual that an appeal by right seems more appropriate.

H.R. 3175 continues a number of the same serious flaws contained in Congressman Miller's first proposal. The disease of asbestosis, which is presumed to be compensable, is not defined under the bill. There is no offset credit for Social Security payments or Medicare, despite the fact that the employers contributed to these programs. The two-year statute of limitations is tied to the date of disability, which is almost impossible to determine, as opposed to the easily defined date of diagnosis. Representative fees to non-attorneys continue to be permitted and, indeed, appear to be assessable against the pool even if the employee loses a claim. The bill's anti-discrimination provision appears to require an employer to continue to employ an asbestos-disease victim even if the work is medically contraindicated.

Cigarette manufacturers are not included in this statutory proposal. Nevertheless, we know that cigarette smoking greatly increases the risk of asbestosis and lung cancer as well as other lung diseases, like emphysema, that are often mixed with the asbestos-related diseases. Similarly, if Rep. Miller's compensation program is so comprehensive, then why isn't the United States (an employer of exposed workers) included under the bill? Like much of the legislation Congress passes, it is quick to saddle private industry with ridiculous burdens that the government would never dream of placing on itself.

In the same manner, insurance companies appear to be let off the hook, except possibly for an ambiguous reference in Section 11 that states that manufacturers may "call upon any insurance carrier" to the extent they can demonstrate coverage. Bankrupt companies, however, do appear to be included under the bill, although the mechanism of their participation is unclear.

H.R. 3175, for all its complexity, solves only part of the asbestos/occupational disease problem. The bill covers only workers; diseased family members and environmental-exposure victims (those living near a factory) are not included. Moreover, only asbestos is included as a toxic substance. While the secretary has the power to include any substance in the program that causes a 30% increase in the incidence of disease in workers, the use of this provision remains doubtful given the usual inertia of government.

Interestingly, other legislation has also been introduced to compensate toxic tort victims—H.R. 2482, S. 917, S. 946 and H.R. 2582. A number of specialty bills have similarly been introduced in Congress—S. 921 (radiation), S. 1155 (brown lung) and S. 44 (uniform federal product liability proposal). None of these proposals, however, appears to be in line for quick passage.

There is little doubt that appropriate federal legislation can help remedy the problem of compensating occupational disease victims. Those familiar with Washington know, however, that all too often a realistic and fair solution to a problem can simply not be obtained in the political, pressure-packed world of the United States Congress.

While there is always hope, Rep. Miller has tried twice and, in my opinion, has twice failed to provide what he described in his own words as a "fair, adequate and equitable" solution to the problem. ■

Lawrence P. Postol is an attorney with Jones, Day, Reavis & Pogue in Washington.

datebook

SEPT. 14. Environmental Laws and Regulations conference in Chicago, sponsored by the Illinois State Chamber of Commerce; $80 for members; $120 for non-members. Center for Business Management, 20 North Wacker Drive, Chicago, Ill. 60606; 312-372-7373.

SEPT. 14. Using the NIOSH Guide to Manual Lifting seminar in New York, sponsored by the International Safety Academy; $145. International Safety Academy, 1600 Arch St., P.O. Box 8527, Philadelphia, Pa. 19101; 215-241-3176.

SEPT. 15. What is Carpal Tunnel Syndrome? seminar in New York, sponsored by the International Safety Academy; $145. International Safety Academy, 1600 Arch St., P.O. Box 8527, Philadelphia, Pa. 19101; 215-241-3176.

SEPT. 15-16. Defense of Products Liability Litigation seminar in Las Vegas, sponsored by the Defense Research Institute; $310 for members; $330 for non-members. Defense Research Institute, Seminar Department, 733 N. Van Buren, Suite 650, Milwaukee, Wis. 53202; 414-272-5995.

SEPT. 18-21. Eighth Annual Canadian Risk Management conference in Montreal, sponsored by the Quebec Risk & Insurance Management Assn.; $225 before Aug. 26; $250 thereafter. George Balcer, Consolidated Bathurst Inc., 800 Dorchester Blvd. W., Montreal, Quebec H3C2R5; 514-875-2160.

SEPT. 18-21. Eleventh Annual Educational seminar in St. Louis, sponsored by the Midwest Pension Conference; $275 for members; $325 for non-members; discounts for subsequent registrants. Diane Coburn, Administrative Director, Midwest Pension Conference, 1080 Green Bay Road, Lake Bluff, Ill. 60044; 312-234-3400.

SEPT. 18-21. National Assn. of Insurance Commissioners fall quarterly meeting in Tampa, Fla.; $175. Miriam Hein, National Assn. of Insurance Commissioners, 1125 Grand Ave., Kansas City, Mo. 64106; 816-842-3600.

SEPT. 19. Data Workshop and National Statistical Data Base Briefings workshop in San Francisco, sponsored by the Health Research Institute; free. Also **Oct. 24** in Los Angeles; **Nov. 14** in New York; **Dec. 5** in Chicago. Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 19. 1983 Survey Participant's meeting in San Francisco, sponsored by the Health Research Institute; free. Also **Oct. 24** in Los Angeles; **Nov. 14** in New York; **Dec. 5** in Chicago. Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 19-21. Planning an EDP Disaster Recovery Program seminar in San Diego, sponsored by the Computer Security Institute; $495 for members; $525 for non-members; group discounts available. Also **Dec. 12-14** in Toronto. Computer Security Institute Educational Resource Center, Department ERC, 43 Boston Post Road, Northborough, Mass. 01532; 617-845-5050.

SEPT. 19-22. Inspector Training seminar in Houston, sponsored by the International Safety Academy; $490. International Safety Academy, P.O. Box 8527, 1600 Arch St., Philadelphia, Pa. 19101; 215-241-3176.

SEPT. 19-23. Practical Reinsurance course in Bermuda, sponsored by Risk Research Group; $1,095. Elspeth Jones, Risk Research Group, 181 Queen Victoria St., London EC4V 4DD, England; 01-236-2175.

SEPT. 20. Advanced "Post Graduate" workshop in San Francisco, sponsored by the Health Research Institute; $195. Also **Oct. 25** in Los Angeles; **Nov. 15** in New York; **Dec. 6** in Chicago. Health Research Institute, 29 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 20-21. The 1983 Banking and Insurance forum in New York, sponsored by Risk Planning Group Inc.; $600; discounts for subsequent registrants. Risk Planning Group Inc., 722 Post Road, Darien, Conn. 06820; 203-655-9791.

SEPT. 20-22. Fundamentals of Reinsurance seminar at the University of Dallas in Irving, sponsored by the university; $445. Bruce D. Evans, University of Dallas, Reinsurance Management Institute, International Center, University of Dallas Station, Irving, Texas 75061; 214-721-5360/5062.

SEPT. 21-22. Labor/Management workshop in San Francisco, sponsored by the Health Research Institute; $395. Also **Oct. 27-28** in Los Angeles; **Nov. 17-18** in New York; **Dec. 8-9** in Chicago. Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 21-23. Reinsurance Concepts conference in Chicago, sponsored by the Risk & Insurance Management Society; $445 for members; $545 for non-members. Editorial Department, RIMS, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

SEPT. 21-23. Risk Management Information Systems school in New York, sponsored by Risk & Insurance Management Society; $445 for RIMS members; $545 for non-members. Also **Nov. 9-11** in Chicago. RIMS, 205 E. 42nd St., New York, N.Y. 10017.

SEPT. 21-24. International Benefits seminar in San Francisco, sponsored by the International Foundation of Employee Benefit Plans; $470 for members; $545 for non-members. IFEBP, Box 69, 18700 W. Bluemound Road, Brookfield, Wis. 53005; 414-786-6700.

SEPT. 22. Health Care Facilities and Occupational Health Symposium in Garfield, N.J., sponsored by O.H. Consultants Inc.; $175; discounts available for additional registrations. Paula Evans, O.H. Consultants, Inc., 3363 Kennedy Blvd., Jersey City, N.J. 07307; 201-795-3773.

SEPT. 22-23. Introduction to Communications Security workshop in San Diego, sponsored by the Computer Security Institute; $495 for members; $525 for non-members; group discounts available. Computer Security Institute Educational Resource Center, Department ERC, 43 Boston Post Road, Northborough, Mass. 01532; 617-845-5050.

SEPT. 23. Health Improvement/Prevention workshop in San Francisco, sponsored by the Health Research Institute; $195. Also **Oct. 28** in Los Angeles; **Nov. 18** in New York; **Dec. 9** in Chicago. Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 23. Hospital Trustee Education workshop in San Francisco, sponsored by the Health Research Institute; $195. Also **Oct. 24** in Los Angeles; **Nov. 14** in New York; **Dec. 5** in Chicago. Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, California 94596; 415-676-2320.

SEPT. 25-28. International Assn. of Industrial Accident Boards & Commissions 69th annual convention in Atlanta; $160 for members; $220 for non-members. James C. Pullin, IAIABC Convention-83, C/o Georgia Workers Compensation Building, 100 S. Omni International, Atlanta, Ga. 30335; 404-656-2048.

SEPT. 25-29. National Assn. of Life Underwriters annual convention in Chicago, sponsored by the association; $125. NALU Convention Registration, 1922 F St. N.W., Washington, D.C. 20006; 517-372-5148.

SEPT. 26-28. Principles and Practices of Insurance Buying seminar in Chicago, sponsored by the American Management Assns.; $695 for AMA members; $800 for non-members. Also **Nov. 21-23** in New York and **Dec. 19-21** in Los Angeles. American Management Assns., 135 W. 50th St., New York, N.Y. 10020; 518-891-0065.

SEPT. 26-28. Valuation seminar in Long Grove, Ill., sponsored by the Kemper Group; $300. W.P. Thomas Jr., NID (HPR) A-1; Long Grove, Ill. 60049; 312-540-3380.

SEPT. 26-29. Independent Insurance Agents of America 87th annual convention in San Francisco; $150. Emmy N. Snyder, 100 Church St., New York, N.Y. 10007; 212-285-4276.

SEPT. 26-30. Basic Safety Management seminar in St. Louis, sponsored by the International Safety Academy; $570. International Safety Academy, P.O Box 8527, 1600 Arch St., Philadelphia, Pa. 19101; 215-241-3176.

SEPT. 26-30. Safety Evaluation for Single Location Personnel conference in Buffalo, N.Y., sponsored by the International Loss Control Institute; $625. Also **Nov. 7-11** in Atlanta. International Loss Control Institute, P.O. Box 345, Loganville. Ga. 30249; 800-544-6001 or 404-466-2208.

SEPT. 27-OCT. 1. Safety Management Techniques course in Chicago, sponsored by the National Safety Council; $545 for members; $680 for non-members. National Safety Council, 444 N. Michigan Ave., Chicago, Ill. 60611; 312-527-4800, ext. 283.

SEPT. 28-30. International Society of Preretirement Planners eighth annual conference in New York City; $210 for members; $250 for non-members. International Society of Preretirement Planners, El Monte Plaza, Box 196, 3500 Clayton Road, Suite B, Concord, Calif. 94519; 415-676-0397.

SEPT. 29-30. Management of Mass Tort Litigation seminar in New York, sponsored by the Practising Law Institute; $350. Also **Oct. 27-28** in Chicago. Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

SEPT. 29-OCT. 1. Self-Insurance Institute of America national conference in San Diego; $325 for members; $395 for non-members. W. Marvin Draper, SIIA, P.O. Box 15466, Santa Ana, Calif. 92705; 714-979-6318.

SEPT. 29-OCT. 1. 16th Annual Canadian Conference in Lake Tahoe, Nev., sponsored by the International Foundation of Employee Benefit Plans; $390 for members; $465 for non-members; optional preconference programs offered at an additional charge. IFEBP, 18700 W. Bluemound Road, Box 69, Brookfield, Wis. 53005; 414-786-6700.

SEPT. 30. Society of Chartered Property & Casualty Underwriters' 22nd All Industry Day at Illinois State University in Normal, sponsored by the Illinois Chapter of the Society of CPCU; $11. John A. Chambers, 1 State Farm Plaza, Bloomington, Ill. 61701; 309-766-2887.

SEPT. 30-OCT. 1. Aircraft Crash Litigation seminar in New York, sponsored by the Practising Law Institute; $350. Also **Oct. 14-15** in Chicago. Practising Law Institute, Department FXC, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

SEPT. 30-OCT. 1. Bower and Kramer on Medical Malpractice seminar in San Francisco, sponsored by the Practising Law Institute; $350. Also **Oct. 14-15** in New York. Practising Law Institute, Department FXC, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

OCT. 2-5. National Assn. of Casualty & Surety Executives annual meeting in West Sulphur Springs, W.Va.; free. Lawrence M. Zippin, National Association of Casualty & Surety Executives, 86 John St., New York, N.Y. 10038; 212-669-0444.

OCT. 3-5. American Assn. of Insurance Services 1983 fall conference in Rosemont, Ill.; $125. Debbie Teschke, American Assn. of Insurance Services, 1035 S. York Road, Bensenville, Ill. 60106; 312-595-3225.

OCT. 3-5. Techniques of Loss Control conference in Chicago, sponsored by the Risk & Insurance Management Society; $345 for members; $445 for non-members. Editorial Department, RIMS, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

OCT. 3-7. Property Conservation course for property owners in Long Grove, Ill., sponsored by Kemper Group; $400. Also **Nov. 7-11** in Long Grove, Ill. W.P. Thomas Jr., (HPR), A-1, Long Grove, Ill. 60049; 312-540-3380.

OCT. 3-7. Total Loss Control Management seminar in Houston, sponsored by the International Safety Academy; $585. ISA, 1600 Arch St., P.O. Box 8527, Philadelphia, Pa. 19101; 215-241-3176.

OCT. 4-6. Petroleum/Chemical Fire School in Marinette, Wis., sponsored by Ansul Fire Protection; $650. Also **Oct. 26-28** in Marinette. Jill Davis, Ansul Fire Protection, Marinette, Wis. 54143; 715-735-7411.

NOV. 1-2. Communicating Employee Benefits conference in Chicago, sponsored by *Business Insurance*; $495; 10% discount for additional participants from the same company. Ann Vazquez, *Business Insurance*, 220 E. 42nd St., New York, N.Y. 10017; 212-210-0137. ■

Business Insurance is available in Microform

University Microfilms International

300 North Zeeb Road, Dept. P.R., Ann Arbor, Mi. 48106

Florida department revamped

TALLAHASSEE, Fla.—Insurance Commissioner Bill Gunter has filled several key positions in the Florida Insurance Department.

Don Hartsfield, who has been assistant director of the Division of Rehabilitation and Liquidation, has been named director of the Division of Insurance Company Regulation.

Mr. Hartsfield, 48, joined the department in 1970 and has served in a variety of positions since then.

Jerry Service will become director of the Division of Rehabilitation and Liquidation. He had been the division's chief attorney.

Mr. Service, 44, joined the division's legal staff in 1978 after practicing law in Pompano Beach, Fla.

Dale Hazlett was named chief of the Bureau of Rates in the Department of Insurance Rating. He had been an economic analyst in the department and replaces Roger Hahn, who will replace Mr. Hartsfield as assistant director of the Division of Rehabilitation and Liquidation.

Mr. Hazlett, 37, joined the department last year after serving as a legislative analyst for the Florida House Insurance Committee. Mr. Hahn, 40, also joined the department last year. He served as an official of the Illinois Insurance Department for 10 years.

Clyde Galloway Jr., 29, was named chief of the Bureau of Allied Lines in the Division of Insurance Company Regulation. He had been an examiner in the bureau and had joined the department in 1980. ■

When EPA Compliance Just Isn't Enough Insurance

Your PCB-contaminated transformer was in the EPA specified 50-500 ppm range. Are you aware of the potentially disastrous consequences of a leak, spill, or fire?

- Reluctance to repair faulted units over 50 ppm
- Burial of faulted units over 500 ppm
- Legal threats resulting from PCB leaks or spills near waterways or sensitive areas.

Consider the increasing focus on PCB by-products - DIOXINS AND FURANS. As toxic "suspicions" today, tomorrow's standards may define them as expected or foreseeable liabilities. EPA compliance will not free you from unexpected risk - perhaps At Your Expense if under a deductible.

Sunohio's PCBX can RECLASSIFY YOUR TRANSFORMERS TO BELOW 50 PPM, decreasing your exposure to toxic damage claims, leaving usable oil and the transformers safe for repair.

Contact Sunohio - the high voltage expert in electric power systems.

1700 GATEWAY BLVD., S.E. / CANTON, OHIO 44707
(216) 767-3411 OR (216) 452-0837

Take Charge of Your Career in Employee Benefits

become a Certified Employee Benefit Specialist

In today's highly competitive job market, the successful candidate is one who sets himself apart from the rest of the field. In employee benefits, the best way to distinguish yourself is through attainment of the Certified Employee Benefit Specialist (CEBS) designation. More and more employers with openings in benefits are looking for individuals with CEBS credentials. Why? Because it says a lot about a candidate's knowledge, professionalism and commitment to excellence.

For more information contact:
CEBS Department
International Foundation of Employee Benefit Plans
P.O. Box 69
Brookfield, WI 53005
(414) 786-6700

Please send me the CEBS Catalog of Information.
Name ____
Company ____
Address ____
City/State/Zip ____

BI-8/83

The CEBS program is cosponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

YOUR COMPU
SUBTRACT, MU
AND STEAL.

MONTHLY ACCOUNT ACTIVITY AUGUST 31, 1983

DATE	CHECK NO.	BANK ACCT.	PAYEE	AMOUNT	Y-T-D
8-09-83	01325	21309886	BRONSTEIN	1,298.00	5,626,285.00
8-11-83	01326	21309886	MCCOURT	3,950.00	5,631,235.00
8-11-83	01327	21309886	FRASER	12,798.00	5,644,033.00
8-12-83	01341	21309886	CROFT	12,150.00	5,656,183.00
8-13-83	01345	21309886	MCKEON	7,258.00	5,663,441.00
8-14-83	01358	21309886	SEERMAN	14,987.00	5,678,428.00
8-16-83	01459	21309886	FOLEY	5,734.00	5,684,162.00
8-16-83	01463	21309886	PEEBLES	1,512.00	5,685,674.00
8-17-83	01512	21309886	DEIBERT	9,356.00	5,695,030.00
8-18-83	01568	21309886	MARCUS	8,245.00	5,703,275.00
8-20-83	01679	21309886	LANCASTER	16,325.00	5,719,600.00
8-21-83	01786	21309886	BRIONES	9,344.00	5,728,944.00
8-22-83	01799	21309886	CANTOR	11,322.00	5,740,266.00
8-24-83	01833	21309886	LEINWOHL	12,975.00	5,753,241.00

TER CAN ADD, LTIPLY, DIVIDE,

In New York City a group of bright school boys use their classroom computer to break into the mainframe of a Canadian corporation. They are only doing their homework, but they actually gain access to rare, classified information.

In San Francisco a computer technician working in a major bank secretly arranges for over $11,000,000 to be transferred into illegal accounts in his name. The fraud goes undetected until the thief carelessly boasts of his success.

Two isolated cases? Not at all. In fact, conservative estimates put the annual cost of computer crime as high as three billion dollars.

How do you protect yourself against criminals so sophisticated they can rob you from outside the country? Against machines that can be programmed to cover all traces of illegal tampering?

For more than 60 years AIG has been on the cutting edge of every major technological breakthrough. The High Tech revolution is only the most recent. As one of the world's leading insurance organizations, it has always been a major objective of ours to provide whatever protection business requires to move steadily into the future.

At National Union, one of the member companies of AIG, our engineers and underwriters are among the industry's most experienced in evaluating the newest and most complex technological challenges industry can offer.

We know the crimes that can be committed with the use of a computer are as great a concern as the miracles computers can perform. It is our business to provide the protection required to insure that progress continues.

To find out more about Computer Crime coverages, contact the National Union Crime Division at (212) 770-6502, or Banking Division at (212) 770-6516, or use the coupon.

Please send me more information about National Union's Computer Crime coverages.

Name________ Title________

Company________

Address________

City________ State________ Zip________

Telephone________

American International Group, Inc.
National Union Banking/Crime Divisions
Dept. A, 70 Pine Street
New York, New York 10270 BI 8-15-83

ONCE AGAIN THE ANSWER IS AIG.

Panel to vote on tort reform next month

By JERRY GEISEL

washington

WASHINGTON—Legislation that would establish a uniform federal product liability law will receive its first major congressional test next month.

The Senate Commerce Committee is expected to vote during mid-September on the federal tort reform legislation, S. 44, proposed by Sen. Robert Kasten, R-Wis.

The measure earlier received a major boost when the Reagan administration urged the Commerce Committee to "proceed with consideration of this important piece of legislation as expeditiously as possible."

Most observers believe that the Commerce Committee will approve the bill by a wide margin. The legislation is backed by a large number of insurance trade groups and manufacturers.

The bill also stands a good chance of winning approval by the full Senate since it has attracted 21 cosponsors.

However, approval in the House will be much tougher, most observers agree. Some key members of the House Energy and Commerce Committee, which has jurisdiction over the bill, have refused to hold hearings on whether there should be a federal product liability law until the Senate votes on the Kasten bill.

The Kasten bill is supported by business and insurance groups because, among other things, it would place time limits on some product liability suits, make it more difficult to sue a manufacturer if the design of a product led to consumer injuries and give judges—not juries—the right to set punitive damage awards.

Trial lawyers oppose the bill because they believe it would take away consumer rights in product liability suits.

Legal groups also say that courts and state legislatures, not Congress, should set product liability law standards.

Political risk coverage

Sen. Christopher Dodd, D-Conn., wants the U.S. Commerce Department to provide political risk insurance to protect exporters if their export licenses are canceled or their products embargoed.

However, a representative of a major insurer says the proposed facility isn't needed.

Sen. Dodd says The Political Risk Insurance Act of 1983, S. 1568, which would establish the Commerce Department political risk insurance facility, should be enacted by Congress because the imposition of export controls has hit exporters with unrecoverable out-of-pocket costs.

But Robert Svensk, president of AIG Politcal Risk Inc., a subsidiary of New York-based American International Group Inc., says commercial export license cancellation/embargo insurance is already available through the U.S. Export-Import Bank and its underwriting agency, the Foreign Credit Insurance Assn.

In addition, the private insurance market supplies coverages, Mr. Svensk says.

"Today there are five U.S. underwriters of political risk insurance, as well as various syndicates at Lloyd's of London which are ready, willing and able to underwrite export license cancellation/embargo insurance within the limits of acceptable risk assumption," Mr. Svensk told the Senate Banking Committee last month.

Mr. Svensk said the collective capacity of the private political risk insurance market exceeds $100 million per risk, "a capacity which is more than adequate to meet the needs of the market."

Coal mine safety

The nation's coal mines are improving their safety record, the federal Mine Safety and Health Administration says.

During the first three months of 1983, 10 coal miners died in accidents, down sharply from the 43 mine fatalities during the same period in 1982.

In addition, the number of coal-mine injuries decreased to 2,792, compared with 4,854 injuries during the first quarter of 1982.

Health benefits

More employers are increasing the maximum benefits paid by their group health insurance plans, according to the Bureau of Labor Statistics.

The BLS, which surveyed 166 employer health insurance plans, found that the average plan in 1981 offered a maximum lifetime benefit of $250,000, up from $50,000 in 1974.

The BLS also found that most plans limited an employee's annual out-of-pocket expenses to between $1,000 and $1,500.

Most employer health care plans contain $100 deductibles, with the plans frequently paying 80% of expenses above the deductible, the BLS said.

Trucking coverage

Truckers have more time before they must purchase higher liability insurance limits.

The Department of Transportation has issued a final rule that delays for one year the higher insurance limits for motor carriers. The new limits will now go into effect July 1, 1984, instead of the beginning of last month.

The 12-month reprieve delays the second stage of insurance requirements in the Motor Carrier Act of 1980.

Under that federal law, which deregulated the trucking industry, motor carriers that haul non-hazardous cargo, like furniture, and hazardous cargo, like oil products, had to have $500,000 of liability insurance by July 1, 1981.

Carriers of very hazardous cargo, like liquified compressed gas, had to have $1 million in insurance by that date.

Then, by July 1 of this year, carriers of non-hazardous cargo were to have $750,000 in coverage, carriers of hazardous substances were to buy $1 million and carriers of very hazardous substances were to have $5 million.

Last year, however, Congress gave the Transportation Department authority to delay the higher limits until Jan. 1, 1985 (*BI*, Jan. 3).

However, the department said it didn't have time to analyze whether an 18-month delay in the higher limits until Jan. 1, 1985, was necessary, so it only delayed the rules for 12 months.

PBGC advisers

President Reagan will appoint four members to the Pension Benefit Guaranty Corp.'s advisory committee.

The members will be:

- Joseph Geronimo, vp and Western regional manager of the employee benefit group of Bankers Trust Co. in New York.
- Murray P. Hayutin, president of Reichart-Silversmith Inc., an insurance agency in Denver.
- John Hotchkis, a general partner and co-founder of Hotchkis & Wiley, a investment firm in Los Angeles.
- Ralph J. Wood Jr., a founder of Gerwood Inc., an insurance agency in Flossmoor, Ill.

The PBGC advisory committee counsels the federal agency that guarantees workers and retirees' vested pension benefits on policies and procedures.

Bank acquisition

Four insurance trade associations and five insurance agents' groups have filed a petition with the Federal Reserve Board to block Citicorp.'s acquisition of a South Dakota bank.

Citicorp, the New York-based bank holding company, intends to use American State Bank of Rapid City, S.D., for a wide range of insurance activities. State-chartered banks in South Dakota can act as insurance underwriters and brokers under a recent law (*BI*, Feb. 21, March 7).

"Citicorp's application is a deliberate effort to circumvent federal law," said Tom Wilson, counsel for the agents' groups. A federal law passed last year generally bars national bank holding companies from engaging in insurance activities.

The petition was signed by the Alliance of American Insurers, the American Insurance Assn., the National Assn. of Independent Insurers and the American Council of Life Insurance.

Agents' groups signing the petition include the National Assn. of Independent Agents, the National Assn. of Professional Insurance Agents, the National Assn. of Surety Bond Producers, the National Assn. of Casualty & Surety Agents and the National Assn. of Life Underwriters. ■

The Wetzel Company, Inc. Specializes in Providing Quality Reinsurance for Insurance Companies Owned by Industry Trade Groups or Professional Associations.

Many opportunities exist for difficult to place liability risks by structuring your own insurance company and having the world reinsurance market open up to you.

The Wetzel Company, Inc.
3003 West Alabama
Mailing Address: P.O. Box 66452
Houston, Texas 77006
Telephone: 713/523-3003
Telex: 76-2053

The Monarch

Specialists in
ASSUMED TREATY REINSURANCE
Including Pools and Associations

The Monarch Insurance Company of Ohio
Incorporated 1864
A Wholly-Owned Subsidiary of Pearl Assurance p.l.c., London
19 Rector Street, New York, N.Y. 10006
Telephone: 212-422-1850 Telex: 12-6899

Insurer award reinstated

CHICAGO—A federal appellate court has reinstated a $10.7 million arbitration award to Merit Insurance Co. nine months after it was overturned by a lower court.

The 7th U.S. Circuit Court of Appeals upheld the award against Leatherby Insurance Co. of Santa Ana, Calif., which is now called Western Employers Insurance Co. The lower court had overturned the award because one of the arbitrators was a fellow employee of the president of Merit during the early 1960s.

The dispute originated in 1972 and involved Merit's assumption of automobile insurance business that had been written by Leatherby. Merit, a Chicago-based multiline insurer, charged that Leatherby illegally witheld reserves and failed to disclose important information concerning the business.

Western Employers denies the charges and will appeal. ■

Court overturns New Hampshire tort reform

Continued from page 2

stand a 1978 law that bars suits filed on the basis of strict liability in cases where a product is more than 10 years old. Under strict liability, a plaintiff only has to prove that a product was defective, not that the manufacturer was negligent.

But if the tide continues to run against manufacturers, they could lose some important legal protections from product liability suits that they earlier convinced their state legislators to pass.

For example, since 1977, 25 states—including New Hampshire, Florida and Alabama—have passed tort reform laws. Most of these statutes, designed to give more certainty to the legal system, bar product liability suits after a certain number of years.

These statutes are vulnerable to challenge because of the speed at which they were drafted and because of the severity of the provisions.

For example, in the rush to enact tort reform legislation, the supporters, usually business groups, sometimes didn't check if provisions in their bills clashed with state constitutions.

Provisions in some state tort reform laws are harsh. For example, New Hampshire's 12-year statute of repose does not make any exception for products, like asbestos, where injuries may not manifest themselves until after many years of cumulative exposure.

By contrast, the statute of repose in federal product liability legislation, S. 44, proposed by Sen. Robert Kasten, R-Wis., is more than twice as long as any state tort reform law and is far less restrictive, notes Victor Schwartz, an attorney with the firm of Crowell & Moring in Washington.

The Kasten legislation sets a 25-year statute of repose, and that time limitation only applies to major capital goods, like a printing

'You will see more challenges in other states,' predicts law professor David Owen.

press. No time limitations apply to products, like the controversial anti-miscarriage drug DES, where injuries may be latent for many years after exposure or ingestion.

The New Hampshire Supreme Court stressed that the 12-year statute of repose could bar a cause of action before a consumer was aware that he was injured by a defective product.

"The 12-year limit is unreasonable because the mere purchase of pills produced by a drug manufacturer in California, or of a defective automobile made in Michigan, does not place the consumer on notice to a hidden defect injurious to his health or safety," the court said.

"When product defects lead to injury, our law has long provided for recovery without regard to when the substance or object was made. . .this is particularly important in cases where the injuries may not clearly manifest themselves until years later," such as the vaginal cancer that developed in daughters two decades after their mothers ingested DES, the court said.

The court also questioned whether the 12-year statute of repose served any legitimate legislative objective. The nationwide crisis in the product liability insurance market—the justification for passing the legislation—had abated independent of the passage of the New Hampshire tort reform law, the high court pointed out.

The court also struck down as unconstitutional a statute of limitations requiring product liability suits to be filed within three years of time of injury.

That statute of limitations was unconstitutional because it clashed with a state law that requires personal injury suits to be filed within six years.

While the Legislature could pass a statute of limitations of three years for all personal injury suits, "it may not constitutionally discriminate against one class" by having a separate statute for plaintiffs filing product liability suits, the court said.

Finally, the court overturned a provision in the 1978 law that protected manufacturers in product liability suits if unauthorized product alterations or modifications caused the accident.

The alteration-of-product defense, found in 16 other state tort reform laws, is arbitrary and inequitable, the court said.

For example, the provision would bar recovery by a plaintiff who was injured when using a modified tool simply because the modification contributed to the injury.

On the other hand, if the same plaintiff had received the identical injury as a result of actually misusing an unmodified wrench, he still would be entitled to sue the manufacturer. ■

P&I clubs cover oil spill damage

Continued from page 2

About 12,000 gallons of the 76,000 gallons of crude oil aboard the ship spilled into the ocean.

At midweek, the oil slick was still well out to sea and heading away from shore, but South African officials feared it could still taint the nation's beaches if the wind shifted.

Last week, three anti-pollution vessels had arrived off the coast of South Africa to battle the slick.

Under Spanish law, the hull and the cargo are insured through Spanish underwriters and reinsured overseas, largely in the Lloyd's and London markets.

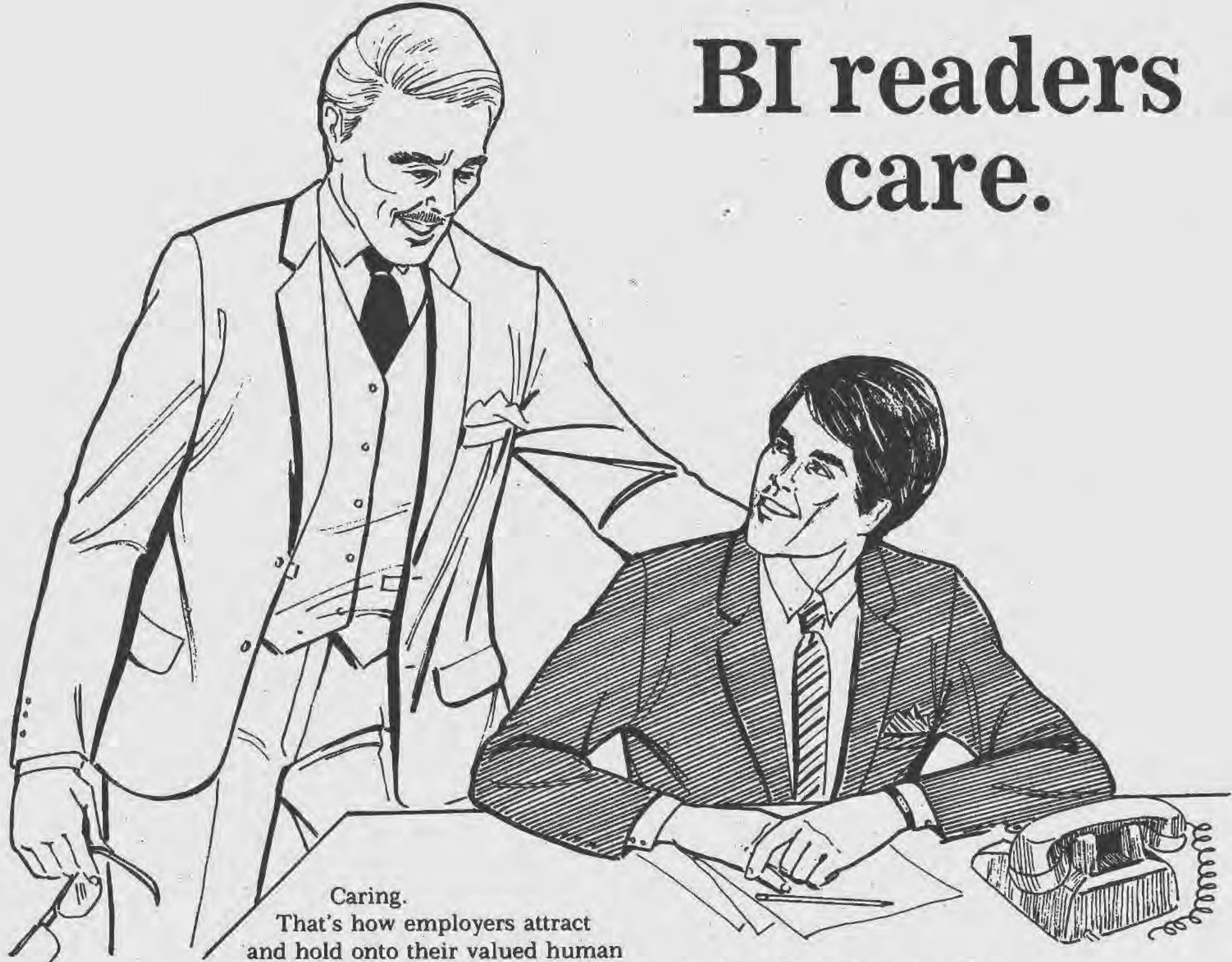
The $300 million in liability insurance available for the oil spill cleanup is insured through the Britannia Protection & Indemnity Club in London. Britannia retains the first $1 million of the risk and reinsures the rest with other London P&I clubs.

Eric Ellen, director of the International Maritime Bureau, says he does not suspect foul play in the sinking of the tanker so close to South Africa.

In 1978, the crew of another tanker, the Salem, which was carrying more than $50 million of oil, stole its cargo and sold it to South Africa. The crew later scuttled the ship (*BI*, Feb. 28).

Mr. Ellen does not believe this is a repeat of that incident.

"I doubt it," he said. "No Spanish national vessel has been reported going into South African ports lately." ■



Caring.
That's how employers attract and hold onto their valued human resources. And one way they show they care is through employee benefits.

That's why, on September 5, buyers of employee benefit plans and related services will be reading BI's feature issue -- "Employee Benefits: Human Resources."

These BI readers *really* care about your products and services. They have to. It's part of their jobs. In a recent survey of BI "buyer" readers, 71% of the respondents said they are responsible for purchasing employee benefits.*

Your ad in this special issue of BI will reach more than 117,000 influentials who know that -- even in these hi-tech times -- living, breathing human beings keep the dynamic business world in motion.

When you're deciding where to spend your employee benefits advertising dollars, your logical choice is Business Insurance. You'll reach the right kind of audience that can specify and buy your products and services.

Make your reservations *now* by calling one of the sales offices listed below. Let BI bring your advertising message to the people who *care* about what you have to say ... and have the power to buy what you have to sell.

AD CLOSING: AUGUST 23.

*An Audience Profile of the B.I. 'Buyer' Reader. 1982

New York: 220 East 42nd St., NY 10017 (212)210-0133
Chicago: 740 Rush St., IL 60611 (312)649-5275
Los Angeles: 6404 Wilshire Blvd., CA 90048 (213)651-3710

business insurance
a publication of Crain Communications Inc.

Dallas corrals GOP convention risks

Continued from page 3

"The decision was made to keep the convention coverage separate from the city's own liability policy because the convention is a one-shot deal," Mr. MacKenzie said. "We didn't want any possible claims from it to affect the city's experience."

On Jan. 1, 1984, the effective date of the package, the city will have $25 million in coverage for convention-related liability risks. GOP officials are expected to begin working in Dallas in January to prepare for the convention.

As the number of GOP officials and convention-related events in the city increase, so will the coverage limit until it reaches a maximum of $100 million during the convention.

The amount of coverage will gradually diminish as GOP officials leave the city and as specially constructed facilities for the convention are disassembled. The policy will officially terminate either on Dec. 31, 1984 or when the last GOP official finishes work in Dallas, whichever is later.

The policy covers the many liability exposures facing the city, including work done by independent contractors to prepare the convention hall for the Republicans as well as the medical malpractice exposures generated by doctors and nurses staffing first-aid stations.

The city is also covered for burglary or robbery of delegates' possessions and for host and liquour liability.

"We're even covered in the event delegates would get food poisoning from eating in any of the city's restaurants," Ms. Reppert said, explaining a delegate could sue the city as well as the restaurant if food is tainted.

A rider to the liability package will cover a special exhibit of sculpture that will be on display outside the convention hall in a triangular plaza that links the center to City Hall and the municipal library building.

Between 35 and 50 pieces of sculpture will be shown from June 1, 1984, until Oct. 20, 1984, which includes the dates of the convention.

Coverage for the artwork will be added onto the convention coverage rather than included in the package "to get a better policy and a better price," Ms. Reppert explains, adding that limits and premiums for the rider have not been set.

Protecting the sculpture, however, means additional security risks to the already demanding requirements of protecting President Reagan, other top GOP leaders and many convention delegates and guests.

"We decided it might be prudent to fence in the entire plaza with a chain-link fence to deter intruders," Ms. Reppert said, "but we didn't want to overwhelm people with security."

Dallas officials say they met with representatives of cities that hosted previous political conventions in the past and learned that the fences erected around the Republican convention facilities in Detroit three years ago created "negative feedback."

So the Dallas fence will be camouflaged with plants and flowers. The beauty of the plaza will be preserved and Ms. Reppert says that "people won't even know the fence is there."

The job of protecting the president and others attending the convention will be a cooperative effort between the Dallas police force and the Secret Service. Additional security personnel will probably be added to existing staffs, Ms. Reppert observed, although security plans are still being made.

"We're trying to foresee any potential problems so we won't have to be doing crisis management during the convention," she says.

Rescue efforts that would be called into play should a disaster, like a a high-rise hotel fire, strike during the convention were tested during an operation last October. "It went beautifully," Ms. Reppert said. "There were no glitches in the procedures."

A city government emergency preparedness unit stages drills in disaster situations like floods, fires and toxic spills.

"Even something like a smoke bomb will cause panic if set off during a large gathering like the convention," Ms. Reppert explains. "Consequently, our staff members are trained to handle such an emergency."

Because the city of Dallas is self-insured for property losses, there are no property insurance policies arranged specifically for the convention. However, the city will not be responsible for any property owned by the Republican National Committee.

One reason the Republicans and Dallas could be way ahead of the Democrats and San Francisco in preparing for convention exposures is that the Republicans decided last August to meet in Dallas in 1984.

"It's my understanding the city was informed the president wanted to hold the convention here," Ms. Reppert says.

The Democrats considered several cities before deciding earlier this year to hold their 1984 convention in San Francisco.

Although coverage for the Democratic convention is still up in the air, Ms. Reppert says that San Francisco may have an easier time than she had because Texas insurance laws place severe restrictions on risk managers.

For instance, mutual companies aren't allowed to write property/casualty risks in Texas, she says. In addition, package all-risk coverage is not available in Texas, so risk managers must manuscript complete policies, as Ms. Reppert did. ■

Crain Books means business!

We publish books on advertising, management, marketing, media planning, sales promotion, finance, and insurance. For a copy of our catalog, return the coupon to: Crain Books, 740 Rush Street, Chicago, IL 60611.

Fill out and return to: Crain Books, 740 Rush Street, Chicago, IL 60611

Yes, you publish books about my business. Please send me a copy of your catalog.

Name ____
Title ____
Company ____
Address ____
City ____
State/Zip ____
Telephone ( ) ____

B18153

CRAIN BOOKS
740 Rush Street Chicago, IL 60611 (312) 649-5250

Port Authority, station fully insured

Continued from page 2

ums for the wrap-up to date, Mr. Vasquez said, adding that all previous claims made on the coverage have been very small.

Although no active construction is in progress at the station, the construction has never been formally certified by Port Authority and the wrap-up coverage is still in effect, Mr. Vasquez says.

If the wrap-up policy is exhausted by claims for the accident, Port Authority's $150 million in general liability coverage would take over, he said.

The liability policy is led by Transit Casualty Co. and Royal Indemnity Co., a subsidiary of Royal Insurance Group, he said.

Other insurers participating in the liability coverage include: New England Reinsurance Co., California Union Insurance Co., Employers Insurance of Wausau, First State Insurance Co., Insurance Co. of North America, Continental Insurance Co., Allianz Insurance Co., Granite State Insurance Co., Fireman's Fund Insurance Cos., Home Insurance Co., Integrity Insurance Co., Pacific Employers Insurance Co., North River Insurance Co. and Hartford Accident & Indemnity Co.

It's not known what portion of the risk each insurer has.

Although the liability coverage has a $2 million self-insured retention, the retention would not apply if claims for the accident pierce the wrap-up policy, Mr. Vasquez said, because the retention only applies if the claim is submitted directly to the general liability insurers.

Port Authority pays $780 000 anually for the $150 million in liability coverage, Mr. Vasquez said, adding that no claims have ever pierced the $2 million retention.

In addition, Port Authority has $200 million in property insurance coverage. Mr. Vasquez said last week that he does not expect claims to exceed the $10 million primary layer.

That layer, which contains no deductible or annual aggregate, is underwritten by four insurers: California Union Insurance Co., Twin City Fire Insurance Co., Birmingham Fire Insurance Co. and Columbia Casualty Co.

The second layer, written by five insurance companies, covers Port Authority for $40 million in excess of $10 million.

The insurers for the second layer include Covenant Mutual Insurance Co.; Mutual Fire, Marine & Inland Insurance Co.; United Fire & Casualty Co.; underwriters at Lloyd's of London and Insurance Co. of North America.

A third layer, shared by Lloyd's of London, provides coverage of $150 million in excess of $50 million.

The Port Authority pays about $1.4 million a year in premiums to cover all of its properties, Mr. Vasquez said.

On top of both the property and liability coverages, Port Authority also has $300 million in super excess coverage, mostly through Lloyd's. The premium for this type of coverage is $416,000 a year, he said.

The Port Authority's insurance coverage is brokered through Emett & Chandler Cos. Inc., Johnson & Higgins and Hamond & Regine of Lake Success, N.Y.

Following the collapse, PATH transportation through the Journal Square station was suspended and commuters were rerouted through other trains and on buses, according to a Port Authority spokeswoman. ■

Business Insurance puts more into it so you'll get more out of it.

Use this form, or the card in this issue, to enter your subscription to Business Insurance. Or call (312) 649-5221.

Business Insurance
Circulation Dept. 740 Rush Street Chicago, IL 60611

Business Insurance gives you total news coverage of loss prevention, risk financing and benefit management. Every week. Annual subscription (52 issues) in U.S. dollars.

(Check here.)	Surface Mail.	By Air.
USA	☐ $45	
Canada	☐ $59	☐ $95
Bermuda (Air only)		☐ $90
Europe/Middle East (Air only)		☐ $86
All other foreign	☐ $59	Rates on request.

☐ new subscription. ☐ renewal. ☐ payment enclosed.
☐ bill me. ☐ bill company.

name (please print) ____
title ____
company ____
nature of business ____
☐ business or ☐ home address ____
city state/country zip/postal code ____

☐ Please send information on your special 25%-off group rate for five or more subscriptions.

☐ I prefer not to receive information or advertising by mail from companies not affiliated with Crain Communications.

Mail to: Business Insurance
Circulation Dept. 740 Rush Street Chicago, IL 60611

Thompson named RAA chair

WASHINGTON—The Reinsurance Assn. of America has elected N. David Thompson, president of North American Reinsurance Corp., chairman of the board for 1984.

George S. Nimmo, president and chief executive officer of Prudential Reinsurance Co., was elected vice chairman at the association's annual meeting, held earlier this summer. Frank W. Munson, president of General Reinsurance Corp., was elected secretary/treasurer.

Other members of the RAA's Washington staff, Franklin W. Nutter, president; James M. Shamberger, senior vp; Richard J. Brooks and Mindy Pollack, counsel, were re-elected to their posts.

At the same meeting, Mr. Thompson announced that Metropolitan Reinsurance Co. in New York had been elected a member of the RAA.

The RAA is an organization of U.S. companies principally involved in reinsurance. In 1982, member companies wrote more than $5 billion in gross premiums on reinsurance.

The association also represents its members in legislative, executive, judicial and administrative forums and various insurance industry committees, especially those connected with the National Assn. of Insurance Commisioners.

Periodically, the association publishes statistical reports and analyses of the industry.

Recently the RAA published "Reinsurance Underwriting Review, 1982 Premiums and Losses," which detailed results in the United States for the past year. ■

Nominate a risk manager for *BI's* annual award

Continued from page 3

in Takoma Park, Md., representing a not-for-profit entity. Mr. Marsh is now president of California Hospital Assn. Insurance Services Inc.

In 1983, Mr. O'Connell of Holy Cross Shared Services Inc. was the first risk manager of a not-for-profit institution to receive the top award. Holy Cross Shared Services Inc. is the management arm of the 950-member Congregation of the Sisters of the Holy Cross, which sponsors primarily health care and educational activities.

The Risk Management Honor Roll in 1983 included Jerri Nelson MacMillian, risk manager of Aetna Life & Casualty Co. in Hartford, Conn., representing large corporations, and Robert L. Sinclair, then risk manager of the Metropolitan Government of Nashville and Davidson County, Tenn., representing a government entity. Mr. Sinclair is now director of risk and insurance management for Vanderbilt University in Nashville.

The winners of each year's competition are chosen by a panel of independent judges who are professionals in the field of risk management and commercial insurance. The judges include former winners of the competition, top executives of insurance companies and insurance brokerage firms, a consultant, and a risk management academician.

The names of the judges who will select the 1984 winners will be announced next month.

All nominations must be submitted to the judges in a specially prepared folder with preprinted forms provided for supplying the information needed to score each candidate.

In addition to the nominating form and supporting material, each nomination must include a sponsor's letter nominating the candidate and a letter of endorsement of the candidate by an executive at his or her organization. The endorsement can come from the candidate's superior or a higher officer, but it must certify the accuracy of the information submitted in the nomination.

The information contained in the nominations will be held in the strictest confidence by the judges and *Business Insurance* and will not be released without the winning candidates' permission. Only the names of winning candidates will be announced.

To request a nominating form, write *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611; Attn.: Risk Manager of the Year Competition.

Judges use 10 criteria

The 10 independent judges who will score the nominations for the 1984 Risk Manager of the Year Award and Risk Management Honor Roll will use 10 criteria. They will score each candidate on how well he or she:

- Established and implements an effective risk management program within the organization.
- Tackled and solved one or more major problems for his or her organization.
- Innovatively applies the diverse tools of risk management and insurance.
- Creatively and effectively uses the insurance markets to structure an insurance program that serves the needs of the organization.
- Established a workable intelligence system inside and outside the organization, culminating in access to a flow of information about events and activities that affect the organization's risk management and insurance.
- Skillfully performs the functions of management in the overall organization and within the risk management/insurance department.
- Achieves the most effective program at the optimum cost over the long term.
- Developed technical expertise in any or all of the broad categories included within risk management leading to a better managerial grasp of the operations aspects of the job.
- Exhibits an attitude and performs activities fostering the advancement of the risk management profession.
- Is developing in his or her career.

Twin Cities' utilization falls

MINNEAPOLIS—Hospital use in the Minneapolis-St. Paul metropolitan area decreased in 1982, according to a recently issued report by a local hospital organization.

This decrease in admissions, average length of stay and patient days continues a trend begun in 1981.

The Council of Community Hospitals reports that admissions declined 2.1% in 1982 from the year before, while the number of inpatient days declined 5.6% and the average length of stay was 3.5% shorter.

The report notes that several factors may be responsible for the drop in average length of stay to 7.23 days, from a five-year peak of 7.81 days in 1979.

Among them are a reduction in the severity of hospital cases and improved patient-care methods and technology.

Breaking down hospital admissions by age group, the report finds that utilization declined for all age groups younger than 75. The 75-to-84 age group showed a 1.9% increase, while the 85 and older group showed a 3.6% increase.

This pattern "seems to correspond to changes evident in national and regional data," the report notes. Decreases in hospital use by the under-65 population "may reflect the impact of the economic recession and unemployment," it says.

Hospital utilization in the area has declined during each of the past five years except 1980, the report finds. It also reports that nonresidents accounted for a substantial amount of the 1980 increase—26% of that for admissions and 60% of the rise in hospital days.

The post-1980 utilization reduction is primarily due to lower hospital use by residents of the Twin Cities area, the report notes. ■

Senators oppose cafeteria plan limits

Continued from page 1

Finance Committee must approve any changes affecting benefit taxation.

Meanwhile, the Reagan administration seems confused over whether it's time for Congress to create permanent tax rules for non-statutory benefits.

The New York Times reported last week that a Treasury Department official, who was not named, had been told by the White House not to support the House bill.

"We're going to shuffle and waffle on this one," the official was quoted as saying. "The people who get these fringe benefits are our constituents, the middle class."

But Treasury Department officials told *Business Insurance* that they have not received any order from the White House not to support the Stark-Conable bill. The department says it hasn't yet taken a position on the bill and doesn't expect to for several more weeks until it has thoroughly reviewed it.

And, the Office of Management and Budget, which coordinates administration policy, says White House opposition to the House bill "is news to us," says Edwin Dale, the OMB's chief spokesman.

Sources say the Stark-Conable bill is now being reviewed by the administration's Cabinet Council on Economic Affairs.

The issue of how non-statutory benefits should be taxed dates back almost a decade. Since the mid-1970s, the Treasury Department has wanted to propose tax rules on these benefits, which include parking spaces, employee discounts on goods sold by the employer and free travel for airline employees.

But, since 1978, Congress has passed a series of moratoriums barring the department from issuing new benefit tax regulations until it considered its own.

The latest moratorium will expire Dec. 31. Rather than extend the moratorium, a number of legislators say it is time to pass permanent rules. However, representatives and senators can't agree on what the rules should be.

Under the Stark-Conable bill, for instance, the fair market value of free or reduced-cost parking would be included as part of an employee's taxable income unless the parking were available on a non-discriminatory basis.

For example, if a medical center offered free parking spaces to doctors, but not nurses, the market value of those spaces would be considered taxable for the doctors.

By contrast, the Symms bill would not tax the value of parking spaces regardless of the basis on which they were offered.

Taxing the value of parking spaces is a "dumb" idea, said an aide to Sen. Symms. First, such a tax probably would be impossible to enforce. In addition, deciding who is entitled to free parking spaces is something that should be decided by employers and employees, not Congress, the aide said.

Other differences between the Senate bill and the Stark-Conable measure affect the benefits:

- Recreational facilities. Under the Senate bill, the value of free, on-premises employer-provided facilities would not be counted as taxable income to the employee.

By contrast, under the Stark-Conable bill, employers could not deduct depreciation and operating expenses of on-premises recreational facilities unless the employees paid fees or the value of the benefit were included as taxable income to the employee.

- Airline travel. Free travel passes that airlines offer to employees of other airlines under so-called reciprocity agreements would be taxable income under the Stark-Conable bill; the value of those passes would continue to be non-taxable under the Senate bill. ■

"Must reading for anyone involved in any way today with financial services."
—John A. Miller, CLU
Chairman of the Board and President
Provident Mutual Life Insurance Co.

"The changes now underway across the financial services industry are so fundamental and far-reaching as to stun and confuse almost everyone, including most financial executives. Only a keen seasoned analyst with diversified experience in banking, investments, and other financial markets in the U.S. and abroad could possibly bring a useful, constructive perspective and new sense of direction to the field. That is precisely what Alan Gart has accomplished in his excellent volume." —Walter E. Hoadley
Former Executive Vice President, Bank of America

208 pages

At your bookstore, or use this coupon

McGraw-Hill Book Company
P.O. Box 400
Hightstown, NJ 08520

Please send me Alan Gart's **THE INSIDER'S GUIDE TO THE FINANCIAL SERVICES REVOLUTION** (022891-4) – hailed as "informative, readable, and comprehensive" by Dan M. McGill, Chairman of the Insurance Dept., Wharton School – to examine FREE for 15 days. At the end of that time, I will either pay $24.95 plus postage, handling, and local tax, or return the book postpaid with no further obligation.

Name________
Address/Apt.________
City/State/Zip________

Offer good only in U.S. Order subject to acceptance by McGraw-Hill. 23-E214-4477-3

Managing General Agent — The North-West Insurance Company

INSURING

S.I.R. Casualty Programs
Guaranteed Cost Programs
Property To Include
SMP and Inland Marine

MEMBER
NATL. ASSOC. PROFESSIONAL SURPLUS LINES OFFICES

MID-CONTINENT UNDERWRITERS Inc.

MEMBER
AMERICAN ASSOCIATION OF MANAGING GENERAL AGENTS

Suite 700 Whitney Bldg., New Orleans, La. 70130 Tel: (504) 581-5597

Health insurers covering liver transplants

Continued from page 1

and a combination heart-lung transplant can cost $100,000. In some cases, depending on complications, the cost of these procedures have run as high as $300,000.

And, if group health insurers cover these expenses, employers eventually will pay higher premiums when loss experiences skyrocket.

Of all the transplants being done today, liver transplants dominate the news because they're being done more often and because various groups in Washington and in state capitals are trying to determine ways to help recipients pay for them.

"Liver transplants have been considered experimental until recently," said John Festa, supervisor of the guidelines unit for Metropolitan Life in New York, which added coverage for liver transplants this month.

"Our policies say, 'Hey, if you're treated by a doctor or in the hospital for something that was caused by sickness or injury, then we'll pay reasonable and customary charges,'" Mr. Festa said, adding that the cost of a liver transplant would not be reimbursed if there is a specific exclusion in an employer's policy.

Even before Metropolitan decided to include coverage for liver transplants, it paid for one earlier this year.

In that instance, the policyholder said it wanted the ban on experimental procedures waived. "They wanted it paid for this employee," Mr. Festa said.

Other insurers have done the same thing, but consultants note that once one employee's transplant is reimbursed, similar procedures for other employees must be covered.

CIGNA just added liver transplants to its list of acceptable procedures this year and already has paid a claim for one.

The insurer also will cover the donor's costs, a spokesman said, but some insurers do not (see story, on facing page).

> 'The liver has been in the news a lot. It's a fast-changing field that up to now has been experimental, but if we had a claim at this time, we would review it,' said Gerhard Schade, an Aetna assistant vp.

Prudential of Newark, N.J., is in the midst of adopting a formal policy on coverage for liver transplants.

"It's under assessment right now, along with pancreas, heart and heart-lung," a spokeswoman said. Claims for liver transplants are being treated on an individual basis right now, but a formal policy is due soon.

Aetna also is reviewing its position on liver transplants.

"The liver has been in the news a lot. It's a fast-changing field that up to now has been experimental, but if we had a claim at this time, we would review it," said Gerhard Schade, assistant vp with Aetna.

Aetna monitors new transplant procedures through its own medical department, by reading medical journals and by watching positions taken by medical groups like the American Medical Assn. It also is keeping track of decisions coming out of Washington, Mr. Schade said.

John Hancock Mutual Life Insurance Co. in Boston says it will pay for any procedure that is "medically necessary," including liver transplants, said Eileen Forde, senior consultant in the group insurance claims division.

Although it hasn't had a claim for a liver transplant, Hancock would pay if it did, she said.

Blue Cross & Blue Shield Assns., based in Chicago, has a national association position against coverage for liver transplants. "We consider them investigative and, therefore, not covered," said David DeCoriolis, a medical policy analyst.

But, each individual Blue Cross or Blue Shield plan can develop its own policy and include coverage.

Benefit experts believe that more insurers will begin to cover the cost of liver transplants when the federal government approves Medicare and Medicaid coverage for the surgery.

This month, insurers are watching the federal Office of Technology Assessment, which is drafting what insiders say will be a favorable report on the safety and effectiveness of liver transplants.

That report, due within a month, will be sent to the Health Care Financing Administration, the federal agency that decides coverage available to Medicare and Medicaid recipients.

"HCFA's decision will have a major effect on third-party payers," said a spokesman from the National Institutes on Health, which is the federal government's primary health research agency.

If Medicare and Medicaid pay for a procedure, then third-party payers generally follow suit, he said.

The HCFA also will look at a report on liver transplants being prepared by the National Institutes of Health. A draft copy of that report recommends the use of liver transplants for end-stage liver disease in many cases.

In 1980, the HCFA decided that liver transplants were experimental and not to be covered by Medicare and Medicaid, but with the development of new drugs that help fight the body's rejection of a foreign organ, it decided to take another look at the status of liver transplants.

Meanwhile, legislation has been introduced in both the House and Senate that will require the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) to pay for liver transplants. The program pays health benefits for U.S. military personnel and their dependents.

The Senate version would limit the procedure to persons younger than 18, but the House version would provide the coverage for all military dependents considered "appropriate" for the procedure.

The National Institutes of Health's favorable report on liver transplants sparked the introduction of the CHAMPUS liver transplant legislation, which was introduced as amendments to defense budget authorization bills, said a Washington source.

A House-Senate conference on the bills is still to be scheduled.

On the state level, a bill has been introduced in the Massachusetts Senate that will mandate commercial insurers and Medicaid to pay for liver transplants, though the specifics for payment are not spelled out.

The bill, S. 578, is one of several "mandated benefits" bills. It received a favorable vote in the Legislature's Joint Health Care Committee and has been pending for four months in the Senate Ways and Means Committee.

Blue Cross/Blue Shield and health insurers in Massachusetts oppose the bill because of the serious financial burden it will place on subscribers and the experimental status of the liver transplant procedure, a BC/BS spokeswoman said.

The bill also fails to address several points, including how candidates will be chosen, who will pay for subsequent operations, which hospitals will do the transplants, where donors will be found and how livers will be transported and maintained, she said.

Insurance coverage for heart transplants is more common than coverage for liver transplants.

The Hancock, Metropolitan and Aetna all cover the costs of heart transplants and CIGNA just started reimbursing for heart transplants on a case-by-case basis, a spokesman said. Prudential is considering it.

Blue Cross/Blue Shield Assns., however, does not sanction coverage for heart transplants, but again individual plans can develop their own policies.

None of the major insurers surveyed by *Business Insurance* cover combination heart-lung transplants or pancreas transplants because they are still considered too experimental.

The Travelers Insurance Cos. in Hartford, Conn., another major group health insurer, could not be specific about its coverage for transplants.

"Right now, Travelers has more than 50,000 group contracts. These policies are basically written in a custom-made format. (Transplant coverage) may be in some and not in others," said Peter Burns, director of group claims.

Large companies probably will be able to absorb the increase in health insurance premiums these transplants will bring or the cost of self-insuring them, but the medium-sized companies of 1,000 employees may be hurt by the costs, predicts Larry Tucker, a consultant with the Newport Beach, Calif., office of benefit consultant Hewitt Associates.

"I don't think there's much concern about it (group coverage for transplants), and it will cost a lot," he added.

"Employers probably have not thought about it, because the insurance carriers usually handle these things," he said.

"Obviously, if it's a large company, it won't hurt too much...but if you have a couple of them it's gonna hurt," agrees Metropolitan's Mr. Festa.

"The big question that I think will come up is should we be putting a dollar cap on such procedures," Mr. Festa said.

Continued on facing page

classified advertising

RATES AND CLOSING TIME:

Rates: Display classified is $60.00 per column inch, minimum of one inch. Straight classified is $5.50 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional $11.00 charge for blind box ads. Responses to blind box ads must fit into business size envelope. Responses are forwarded daily.

Closing: Published every Monday. Copy must be in written form by noon Tuesday, 6 days preceding publishing date. No verbal phone copy accepted. Prepayment required. Mail ads to Beverly Kluxdal, Classified Advertising, 740 N. Rush St., Chicago, IL 60611. For more information call 312-649-5340.

Business Insurance Circulation Breakdown*

Commercial Consumers

Category	Count
Administrative Management: owners, presidents, vps, etc.	5,861
Financial Management: chief financial officers, vps of finance, secretaries, treasurers, etc.	10,426
Insurance Management: vps, directors, managers of insurance, risk, benefits, compensation, safety, security, etc.	5,865
Government, Associations, Unions, Educational Institutions	1,024
Commercial Consumers Sub-total	**23,176**
Insurance Agents & Brokers	9,639
Insurance Cos.	5,384
Financial Institutions	385
Actuaries, Attorneys, Adjusters, Appraisers & Consultants	2,779
Others allied to the field	1,020
TOTAL	**42,383**

*Source: Business/Occupational breakdown of qualified circulation, May 2, 1983 issue, as submitted to BPA for June 1983, BPA Publisher's Statement.

POSITION DESIRED

Enthusiastic 23 yr. old with ARM, MBA in Risk Mgmt., BS in Insurance, and excellent communication skills desires a challenging position in Risk Mgmt. dept. or services group. Opportunity is primarily important. Mark Nickerson—3755 Sulphur Sprgs., Ottawa Hills, Ohio 43606

Assure yourself top quality employees— Advertise your openings in the Business Insurance Classifieds.

DALLAS office of national agency is seeking person with commercial sales experience in Fortune 500 and/or other NATIONAL ACCOUNTS operations. Also need key account executives in Houston, New Orleans, Boston and Alaska. Tired of mergers and acquisitions? Not sure if you're still outstanding or if you're "standing *out*"? Contact Insurance Recruiters, Inc. 3707 Rawlins, #416, Dallas, Tx. 75219. 214-528-0090.

SUNBELT OPPORTUNITIES

We specialize in recruiting commercial producers for our clients in all major southern cities. Salary ranges 40K-60K + comm.

Contact Brad Goldsmith
14180 Dallas Parkway
Suite 400
Dallas, Texas 75240
(214) 392-0057

BI Classifieds assure top quality results!

SITUATION WANTED

Chemical Engineer. Over 10 years international insurance (company/broker) experience. PE Fire Protection, Safety, Auditing, Risk/Loss Control Management consultant. Presently located Benelux area. Willing to travel, willing to relocate. Preferably coordinating activity Risk Management/Loss Control with multinational industrial or insurer organization.

Box 817, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

ATTENTION HEALTH CLAIM ADMINISTRATORS!

We are evaluating Health Claim Administrators for several large clients. If you would like your firm to be considered please contact us at:

Alexander & Alexander
ATTN: Doug Preston
6655 First Park Ten
San Antonio, Texas 78213
and we will send you a copy of the specifications.

Continued from facing page

Murray Hulse, a benefit consultant with Buck Consultants Inc. in New York, says that coverage for liver, heart and heart-lung transplants may be hard to add to benefit plans because of the current emphasis on health care cost containment.

The payment of transplants may become a matter of interpretation in large companies and part of contract language in others, Mr. Hulse said.

But, insurers' and employers' concern over paying for these transplants may be a moot point if the government takes over the primary responsibility of paying for them.

Sen. Edward Kennedy, D-Mass., announced Aug. 2 that he will introduce legislation with Sen. Mark Andrews, R-North Dakota, to establish a national task force on organ procurement and transplant reimbursement. Committee hearings on the legislation are expected next month.

Sen. Kennedy's proposal will direct the secretary of health and human services to bring together leading experts in an effort to coordinate donor exchanges to build a nationwide network for identifying and matching potential donors with needy patients.

The national task force also would examine the difficult questions of public and private reimbursement to cover the high costs of these procedures.

The 12-member task force would include six persons from the insurance, medical, religious or public safety communities, three persons from the general public with experience in organ procurement and three from federal agencies and departments.

The group would be expected to report its findings and conclusions in six months, Sen. Kennedy said.

An early reaction to Sen. Kennedy's proposal came from Donald W. Denny, director of organ procurement for the University of Pittsburgh School of Medicine, which runs one of the most-used and widely known organ transplant programs in the country.

"I think there's a need for improvement in the current system, but I don't think interference from the federal government is necessary," he said. Instead, Mr. Denny said the problem lies in the lack of commitment from doctors and nurses to identify potential donors.

"There is no shortage of money or procurement programs today," Mr. Denny added. The procurement programs currently in operation are linked to each other and are private, not-for-profit groups. ■

Nation's health improving: ACLI

Americans' health has improved during the last several decades, although patterns of disease have changed, a report by the American Council of Life Insurance finds.

The report, "The Public's Health," explains that death rates for cancer have increased, but those for cardiovascular diseases have decreased.

While new diseases, like toxic shock syndrome and acquired immune deficiency syndrome (AIDS) have appeared, diseases such as polio and measles have been virtually eliminated.

There are noticeable differences between the sexes in the prevalence of certain diseases and chronic health conditions, the report notes.

For example, women are about twice as likely to have arthritis, and have a greater prevalence of migraine headaches and chronic hypertension. ■

Insurers differ on coverage for organ acquisition charges

A transplant patient is usually billed for the cost of securing the new organ from a donor, but insurers' policies on paying these costs are not clear-cut.

Each organ procurement program in the United States establishes standard acquisition charges that become part of the patient's bill, said Brian Broznick, organ procurement coordinator for the University of Pittsburgh School of Medicine.

The school is the largest transplant surgery center in the United States.

The physician's fee to secure the organ and transportation costs to transport that organ to the center where the transplant will be done are among costs that have been compiled and averaged to obtain acquisition charges, Mr. Broznick said.

"We assemble all those charges and bill the hospital, which then bills the patient," he said.

The University of Pittsburgh's acquisition charge for liver transplants and heart transplants is $5,000.

"If we cover the recipient and the donor has no coverage and if there are any benefits left, then we'll fall back and pay," said Gerhard Schade, assistant vp with Aetna Life Insurance Co. in Hartford, Conn.

Also in cases were the transplant donor is not a fatality, Aetna will pay the donor's medical costs.

"If we insure the donor, and I'm talking about a living donor, we will cover the operation as a legitimate medical expense, even if we don't cover the recipient," explained Mr. Schade.

Paying donor charges has been recommended by the health insurance industry, he added.

The Travelers Insurance Co. only pays donor charges if the donor is insured by Travelers, said Peter Burns, director of group claims.

John Hancock Mutual Life Insurance Co. does pay transplant donors' medical costs, but is very specific about the transportation costs it will pay.

It pays ambulance charges if that is necessary for the recipient, said Eileen Forde, senior consultant in John Hancock's group insurance claims division. But it does not pay transportation costs to have the recipient flown on a commercial airliner to a medical facility for a transplant.

A few insurers were unsure if donor costs and transportation costs would be covered because so few transplant claims have been presented.

"I asked and got different answers," one insurer said.

When Medicare picks up the costs of kidney tranplants when a recipient has no private insurance, it pays 100% of all kidney acquisition costs, including donor costs, a spokeswoman said. *—By Carol Cain*

When you need to identify the influentials, turn to the BI Directory.

The brand new **BUSINESS INSURANCE DIRECTORY OF CORPORATE BUYERS OF INSURANCE, BENEFIT PLANS AND RISK MANAGEMENT SERVICES** gives you the most comprehensive compilation of vital contacts, company facts and figures. Nowhere else will you find all this valuable information in a single volume!

You'll find alphabetical listings on 1,200 of the largest U.S. corporations ... listings that include sales volume, employee population, company address and phone number.

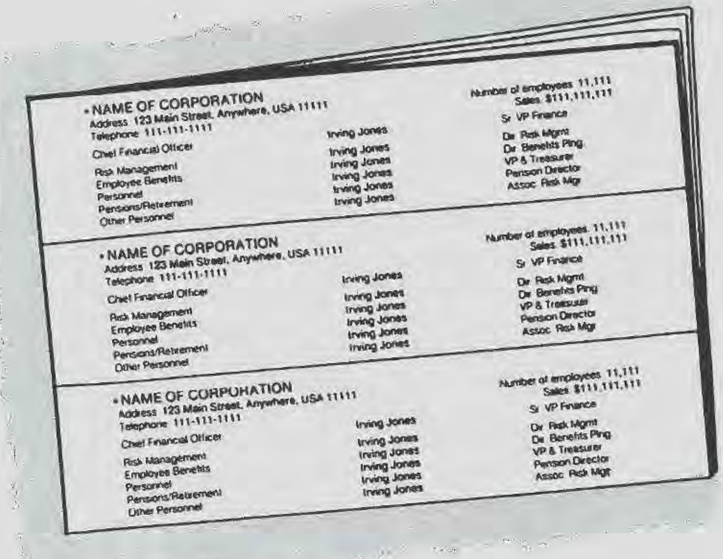
And you'll find the names and titles of the chief financial officers and the executives in charge of risk management, employee benefits, personnel and pension/retirement plans.

To further help you pinpoint the information you need, a special index will list corporations by size, based on number of employees.

Whether you're on the buying or selling end of this exciting business, the BI Directory will make your job easier.

As a "buyer," you'll use this reference tool to identify your professiona counterparts -- to compare notes on how to handle the responsibilities that come with your position.

As a "seller," you'll find the BI Directory to be the most convenient way to find out who the buyers are and how to reach them.



This easy-to-use 8½" x 11" volume sells for just $40, with a reduced price of $35 per copy for quantities of ten or more.

Fill out the coupon now, and send for the *new BI DIRECTORY ... a truly unique and indispensable source book.*

business insurance

BI Directory, Single Copy Sales
740 Rush St., Chicago, IL 60611
(312) 649-5415

Business Insurance Directory
Single Copy Sales
740 Rush Street
Chicago, IL 60611

BI 8/15

Please send me ______ copies of the BUSINESS INSURANCE DIRECTORY OF CORPORATE BUYERS OF INSURANCE, BENEFIT PLANS AND RISK MANAGEMENT SERVICES
@ $40 each; $35 each for quantity of 10 or more.
Foreign postage is additional.

☐ Bill Me ☐ Bill Company ☐ Payment Enclosed
☐ Visa ☐ Mastercard

Account # ______________ Exp. Date: ______
Signature ______________
Name ______________ Title ______
Company ______________
Address ______________
City ______ State ______ Zip ______
Phone ______________

Benefit managers looking to insurers for advice

By CAROL CAIN

A long groan was the response of one benefit manager when asked about group health coverage for liver transplants.

Most benefit managers surveyed by *Business Insurance* have not had to deal with inquiries or claims yet for heart and liver transplants, which are moving out of the area of experimental and into the medically acceptable arena.

Many said if they were faced with a request for such coverage they probably would go along with recommendations of their health insurers or claims administrators.

"We haven't had one yet," Paul Olsen, manager of group benefits for Holiday Inns Inc., said of liver transplant procedures that can cost $50,000 to $300,000.

"We'd probably follow Prudential's guidelines on transplant surgery," Mr. Olsen said.

The Memphis, Tenn.,-based hotel chain self-insures its group health care plan, and Prudential Insurance Co. of America administers it.

Mr. Olsen believes Holiday Inns may have had a few kidney transplant claims in the past, but it has not had any any heart or liver transplant claims.

"Now this liver transplant is another kettle of fish. You're talkin' big bucks. With no complications: $100,000," Mr. Olsen said.

Benefit managers surveyed generally were unaware of insurers' new willingness to include the cost of liver transplants in group health coverage (see story, page 1).

Several benefit managers, however, did note that if a procedure were not experimental, it probably would be covered under the major medical portion of their benefit plans.

Organ transplants that are acceptable to the medical profession are generally covered in group plans, said Duane Nystrom, manager of employee benefits administration at Aluminum Co. of America in Pittsburgh.

Alcoa, which self-insures its group health plan, just paid for a liver transplant a few months ago because its doctors and the doctors at Metropolitan Life Insurance Co. and Prudential, which provide administrative services for Alcoa, said the success rate for this procedure has improved, said Mr. Nystrom.

"But, this obviously will be a very high-cost item," pointed out Mr. Nystrom.

American Telephone & Telegraph Co. does not include coverage for any "experimental" transplants in its benefit plans, said Jack F. Orr, the district manager of benefit planning and analysis.

To decide if a procedure is experimental, AT&T relies on the criteria established by the insurer that administers its minimum premium plan for more than 1 million union and salaried employees and 300,000 retirees.

At Burlington Northern Inc. in Seattle, transplant claims would be covered under major medical benefits, said Jim Dagnon, assistant vp of compensation and benefits.

Burlington's self-insured plan has a $250,000 maximum limit with an 80-20 coinsurance clause. After the employee has spent $500, the plan begins paying 100% of all charges.

Caterpillar Tractor Co. in Peoria, Ill., insures its health plan for 53,000 U.S. employees with Metropolitan Life Insurance Co., which will cover both heart and liver transplants.

"Our plan is basically designed to cover most any necessary surgery," said Richard Wright, Caterpillar group insurance manager. "One of the criteria we follow is that it's acceptable or non-experimental surgery. The artificial heart transplant is still experimental; the kidney is not," he said.

A benefit manager for a food conglomerate that self-insured $50 million in claims last year said his company would cover a claim that is medically necessary.

However, since the corporation is made up of many small companies and divisions, the cost would be charged back to the unit that incurred it.

A couple of $100,000 claims wouldn't hurt the overall budget of the company, but it could be devastating to many of the smaller divisions, he said.

Container Corp. of America, which insures health care benefits with Travelers Insurance Co., would cover transplants in most cases but would not cover peripheral charges like transportation costs, said Geri Fosnaugh, a benefit analyst.

Container's major medical coverage pays 100% of hospital costs for 365 days with a $500,000 maximum. Employees' out-of-pocket costs are capped at $1,000.

insurance services guide

ATWOOD & CO.
Consulting Actuaries
Claim Reviews
Reinsurance and Reserve Analysis
for Captives and Self Insurers
5000 Ambrose Ave.
Los Angeles, CA 90027
(213) 661-9260

GYORY ASSOCIATES, INC.
PROFESSIONAL RISK MANAGERS
Risk Financing
Insurance-Risk Consulting
Latent Disease Product Liability Management
172 Franklin Avenue, Ridgewood,
N.J. 07450 (201) 445-8350

For advertising information in the INSURANCE SERVICES GUIDE
Contact: Beverly Kluxdal, 740 Rush Street, Chicago, Illinois 60611.
Telephone (312) 649-5340

Teamsters to offer broadest cover

Continued from page 1

the health plan's trustees.

"We are concerned that the absence of this new technology in our Gold Card (unlimited) coverages could represent a catastrophic risk to the members and families enrolled in our health services plan," said Teamster plan trustee Alexander J. Hylek in a letter to the Blues.

The health plan currently offers almost unlimited coverage for its 4,500 members and 5,500 dependents, but does not specify coverage for transplants (*BI*, March 14).

"You, perhaps more than anyone, know how the trustees feel about the comprehensive and innovative coverages provided through our plan, and the sudden awareness of the absence of this high-risk coverage is of great concern and thus needs to be addressed immediately," the letter read.

None of the Teamsters' members has filed a claim for an organ transplant, Mr. Pickford said.

"They just don't want to test their luck. Given the size of their membership and the technology, there is a likelihood that within the next year a Teamsters' member may be a candidate for a transplant," he said.

The Blues did consider capping the extent of coverage for transplants, but the Teamsters wanted the benefits to be unlimited.

The Teamsters' request came while the Rhode Island Blues were considering whether it would be prudent and economical to broaden coverage for organ transplants. Most plans already cover kidney, cornea and bone marrow transplants, but not liver, heart, heart-lung and pancreas transplants.

Since receiving the Teamsters' request, BC/BS has been approached by employers seeking similar coverage. However, these requests will not be considered until the Teamsters' rider is developed and operational.

In the long run, this delay will benefit other employers because they will be offered a tested product, Mr. Pickford said.

In April, the Massachusetts BC/BS plans offered a rider for transplant surgery, but no one wanted it and it was dropped, said John Larkin Thompson, president of Blue Shield of Massachusetts

"The few accounts that we talked to said they didn't want it because it was too expensive," he said.

The media recently reported that the Massachusetts plans were developing a rider or a separate contract to cover heart, liver and heart-lung transplants, but Mr. Thompson said he was just giving a "generic" response to a question from a reporter.

"We are currently working on a broad-base solution on providing coverage for experimental transplant procedures," Mr. Thompson said, but there are no products to announce at this time. ■

Robot maker told to pay $10 million

Continued from page 3

When it does, the company will decide its next step, the spokesman said.

"Right now we don't know what action we will take," the spokesman explained.

Unit Handling partially self-insures its liability exposures, the spokesman said, though company officials refused to divulge any other details about its coverage.

According to court records, Mr. Williams, 25, worked as a core fitter in the Michigan Castings Center in Flat Rock, Mich., a Ford facility that was closed in 1981. On Jan. 26, 1979, Mr. Williams apparently entered the third level of the high-density storage area to investigate a malfunction in the robotic system.

Sometime after he entered the area, he was "struck from behind with great force and violence by the transfer vehicle operating on level three of the storage area and was pushed into and crushed against a structural member," court records say. He died at the scene.

Ford Motor Co., which had no comment on the judgment, had considerable input into the installation of the system, supplying its own electrical systems, specifications and components, court records show, adding that Unit Handling had to comply with those specifications.

According to a Ford safety report that was part of the court records, Ford held an extensive education program on the use of the equipment.

Before working in the area equipped with the robots, a kill switch should be activated, which interrupts the power to the automatic carts, the report says.

Mr. Williams apparently did not utilize this power lockout, the Ford report noted. He was missing for about an hour before being found by another worker, who also did not use the lockout system before entering the area, court records show.

Apparently, Mr. Williams, who was taking inventory, was standing in an aisle and was struck by a passing transfer cart. It was estimated that he was hit with a force of 2,420 pounds behind his right jaw, according to court records.

There were no audible alarms on the carts since carts were running on all four storage levels and sounding an alarm would have been confusing, court records show.

A Unit Handling spokesman could not confirm reports that audible warning systems have now been installed on this type of equipment and that a mechanism also has been installed that automatically turns off the machinery when someone enters the storage area.

"These systems have been in use for years. . .in broad use," the spokesman said. "The man ignored the safety instructions. He was not supposed to go into the area without shutting the system off first."

The suit against Unit Handling was brought by Mr. Williams' widow, three children, mother and four sisters. ■

Most to switch from TRASOPs to PAYSOPs

LINCOLNSHIRE, Ill.—Most employers that had offered stock ownership plans that produced tax credits based on capital investments will offer stock plans with payroll-based credits, a recent study reveals.

Payroll-Based Employee Stock Ownership Plans—PAYSOPs—were created by the Economic Recovery Tax Act of 1981 and became available to employers this year. They replace Tax Reduction Act Stock Ownership Plans—TRASOPs—which were the forerunners to PAYSOPs and provided tax credits based on a company's capital investments.

Among the 146 companies with TRASOPs that were surveyed in early 1983 by Hewitt Associates, an independent firm of consultants and actuaries in Lincolnshire, Ill., 82% said they will convert their plans to PAYSOPs. Ten percent said they did not plan to institute PAYSOPs and 8% said they were undecided.

In contrast, only 36% of the 167 companies without TRASOPs said they plan to institute PAYSOPs, while 50% said they did not plan to. The remaining 14% said they were undecided.

In all, 58% of 313 employers said they plan to provide company stock ownership to employees through a PAYSOP. Another 11% are undecided, while 31% have decided not to offer them.

Basically, a PAYSOP allows an employer to take a tax credit for amounts of company stock contributed to a trust on behalf of employees. This year and next, the tax credit equals 0.5% of payroll; it is scheduled to rise to 0.75% from 1985 through 1987.

Thus, PAYSOPs are attractive to most employers, especially those with large payrolls, while TRASOPs favored capital-intensive companies.

PAYSOP acceptance also varies by industry, the survey reports. The highest utilization rates are expected by oil companies (79%), food companies (77%) and utilities (76%), according to the survey. The lowest rates are expected from office equipment and computer companies (34%), industrial and farm equipment companies (36%) and banks and other financial institutions (39%).

Larger companies are more likely to institute a PAYSOP, the survey finds. Among companies with sales of more than $5 billion, 63% said they plan to establish PAYSOPs. Sixty percent of those with annual revenues from $1 billion to $5 billion said they will be establish a PAYSOP, while 54% of those with annual sales of from $200 million to $1 billion said they will.

Copies of the "Survey of PAYSOP Prevalence" are available for free from Greg Martin, Hewitt Associates, 100 Half Day Road, Lincolnshire, Ill. 60015; 312-295-5000.

Bermuda institute elects officers

HAMILTON, Bermuda—The Bermuda Insurance Institute, an organization set up to encourage insurance education and training on the island, has elected a new set of officers.

The institute's newly elected leaders are: Quentin Jackson, president; A.W. Hunt, vp; Alan Thomson, secretary; O.B. Hutchison, treasurer; and R.A. Baker, immediate past president.

Other members of the institute's council, which manages the organization, are Alan E. Chilvers, Clayton P. Cormier, Leslie R. Dew, John Loscombe and Keith White.

The Bermuda Insurance Institute administers the Bermuda Insurance Diploma program as well as courses of study prescribed by the Chartered Insurance Institute, the American Institute of Property & Liability Underwriters and the Insurance Institute of America.

The organization has 138 full and associate members. ■

Public brokers' profits continue to slide

Continued from page 1

enues increased by about 1% to $143.7 million from $142.3 million for the same period in 1982. Net income was off 44.2% from last year's pace, totaling about $7 million compared with $12.5 million in 1982. Second-quarter earnings per share dropped to 28 cents from 50 cents last year.

"However, we are holding to our prediction that the second half of the year will show a substantial improvement," Mr. Bogardus says. "Most of our expense-control efforts did not even begin to take effect until June, so we should begin seeing their impact in the third quarter. After that, we want to see a consistent quarter-by-quarter improvement."

A&A's operating expenses declined 1.1% in the second quarter and increased only 1.4% for the half, Mr. Bogardus notes, and new business is also showing some positive changes.

So far this year, A&A's new business has increased 6.6% to $28 million from $27 million for the same period in 1982.

Frank B. Hall & Co. Inc., which ranks behind A&A according to size, also ranked just behind A&A in the severity of first-half income declines. Hall, though, posted the worst second-quarter results of any of the public brokers.

Hall's revenues for the first six months fell 3.7% to $185.3 million from $192.5 million last year, and net income fell 46.5% to $9.2 million from $17.2 million. Earnings per share dropped to 69 cents from $1.49.

In the second quarter, Hall's revenues were off 4.7%, falling to $92.2 million from $96.7 million. Net income for the second three months plunged 71.8% to about $2.1 million from $7.7 million, and per-share earnings dropped correspondingly to 18 cents from 66 cents in 1982.

Corroon & Black Corp., the sixth-largest U.S. broker, also saw declines in revenues and income in the first half. C&B revenues fell 2.7% in the first six months to $83.9 million from $86.3 million, and its net income shrank 13.5% to $7.1 million from $8.2 million. Earnings per share dropped to 88 cents from $1.03.

In the second quarter, gross revenues slipped 1.3% to $41.9 million from about $42 million. Net income grew 14.4% to $3.8 million from $3.4 million for the same period last year, but almost one-third of the gain was provided by securities transactions.

As a result, Corroon & Black second-quarter earnings per share increased to 48 cents from 42 cents in 1982.

"Continued softness in renewal premiums and lower interest rates in the first half of 1983 have produced a disappointing comparison with the relatively strong prior-year periods," C&B Chairman Robert Corroon remarked.

"However, although the soft market continues, we are beginning to see signs that the economic recovery will help bring about an improvement."

Like A&A, C&B also looks to the construction business, among other areas, for this turnaround, adds Chief Financial Officer Stephen A. Crane.

"We are spotting some signs of the recovery in construction, and many of our offices are big in that market. Moreover, we are also beginning to see contributions from two new reinsurance offices in Minneapolis and Atlanta, both of which had been a drain on profits for the last nine months."

E.H. Crump Cos. Inc. of Memphis, Tenn., the nation's ninth-largest brokerage, also hopes to take advantage of an improving economy for two reasons.

"The current economic recovery should have a beneficial effect on our customers in the months ahead," says Crump President Sidney A. Stewart, "but a side effect of the improving economy and lower interest rates is that Crump is seeing more activity in our program to dispose of real estate investments. Real estate sales contributed modestly to second-quarter earnings."

Crump's gross revenues for the first half of 1983 grew 5.8% to $26.6 million from $25.1 million in 1982, while net income slipped only 1.8% to about $1.7 million. Earnings per share declined to 45 cents from 46 cents in 1982.

Second-quarter results showed significant improvements with gross revenues increasing 7.2% to $13.5 million from $12.6 million for the same period in 1982, and net income growing 2% to $779,000 from $764,000. Second-quarter earnings per share held steady at 21 cents.

Even Marsh & McLennan Cos. Inc., whose more diversified insurance and consulting structure makes it more resistant to serious income fluctuations, could not manage significant increases in both the first half and second quarter.

However, M&M posted the best overall results of the public brokers.

M&M's operating revenues for the first six months of 1983 grew 2.6% to $496 million from $483.6 million in 1982. Net income grew only 1.3%, to $67.3 million from $66.4 million. Earnings per share grew to $1.90 from $1.81 in the first half of 1982.

In the second quarter, revenues grew only 2.4% to $238.3 million from $232.5 million in 1982, while net income shrank 2.7% to about $31 million from $31.6 million. Earnings per share held steady at 87 cents.

Two smaller publicly held brokers also continued to feel competitive pressures, reporting disappointing results and changes in their top management.

Poe & Associates Inc. of Tampa, Fla., the 13th-largest U.S. broker, reported gross revenues declined 2.8% for the first half to $11.9 million from $12.5 million. Net income from its continuing brokerage operations shrank 67.3% to $285,000 from $851,000 last year, and earnings per share dropped to 10 cents from 30 cents.

Poe, which is attempting to spin off Whiting National Insurance Cos. into a separate company, also reported a first-half net loss of $341,000 from discontinued operations, compared with a $172,000 loss last year. Combined net income from the continuing and discontinued operations would produce a net loss of $56,000.

In the second quarter alone, Poe's brokerage revenues grew slightly to $6.2 million. Net income, however, fell 71.8%, to $93,000 from $329,000. Earnings per share fell to 3 cents from 11 cents last year.

Discontinued operations produced a net loss for the second quarter of $392,000 compared with net income of $70,000 last year. Combined net income for continuing and discontinued operations would have produced a net loss of $299,000, compared with a $399,000 profit in 1982.

Poe, whose directors voted to omit a second-quarter dividend, also announced that Joseph Brown, its president for the past nine years, will resign effective Oct. 1 to become a lay business executive with the Roman Catholic Diocese of St. Petersburg, Fla. His resignation was not related to the financial reports, a Poe spokesman says.

Emett & Chandler Cos. Inc. of Los Angeles, the 12th-largest U.S. broker, also announced a change in management concurrent with its first-half financial report. Richard Archer, vice chairman, was promoted to president and chief operating officer, replacing Charles Smith, who resigned.

Emett & Chandler reported that gross revenues rose 5.3% in the first half of 1983 to $15.6 million from $14.8 million. Net income, however, fell by about 90% to $12,000 from $123,000 in 1982. Earnings per share dropped to 1 cent from 7 cents last year.

For the second quarter alone, E&C revenues grew 15.6% to $8 million from $6.9 million and net income increased to $542,000 from a net loss of $114,000 in the second quarter of 1982. Earnings per share increased to 29 cents from a 6-cent loss last year. ■

Financial briefs

St. Paul

The St. Paul Cos. Inc. has declared a regular quarterly dividend of 70 cents per share of common stock, payable Oct. 17 to shareholders of record Sept. 30.

St. Regis Insurance

St. Regis Insurance Group, the financial services subsidiary of St. Regis Corp., reported a 9% increase in net income for the first half of 1983 to $10.5 million from $9.6 million. Revenues for the first six months totaled $156.5 million, and the group's combined ratio was 92.5%.

For the second quarter, net income increased 5.5% to $5.2 million from $4.9 million. Revenues increased 15.2% to $83.8 million, while the second-quarter combined ratio stood at 94.1%.

St. Regis Insurance Group specialized in workers compensation and credit insurance. Member companies include Central National Insurance Group of Omaha, Neb.; Angelina Casualty Co. of Lufkin, Texas; and Pinetree Insurance Cos. of Hamilton, Bermuda. ■

The *Business Insurance* stock index continued its downward slide during the five-day trading period ending Aug. 9, falling 5.6 points to 260.2 from 265.8. Thirty-nine issues closed down, 17 were unchanged and eight stocks gained. The leading losses were reported by Employers Casualty Co., 10.4%; SRI Corp., 9.9%; Aneco Reinsurance Co. Ltd., 9.4%; Integrated Resources Inc., 8.5%; and American National Insurance Co., 8.2%. The largest gains were posted by Combined International Corp., 3.8%; Fremont General Corp., 3.2%; Crawford & Co., 2.9%; Equifax Inc., 1.6%; and Continental Corp., 1.3%. The *BI* insurance industry index reported a 2.1% decline, while the Dow Jones 30 industrial average declined 1.7% during the same period. During the previous period, the *BI* index dropped 9.4 points.

BI Industry Stock Report

AUG. 9, 1983 — 8/3/83 THRU 8/9/83

Insurance Cos.		Price	% Chg.	P/E	$ Div.	% Yld.	High	Low	Vol. (000)
Aetna Life & Cas Co	NYSE	34.13	-6.2	6.1	2.64	7.7	35.38	34.13	1,838.9
American Bankers Ins Group	OTC	14.88	-1.7	11.7	0.50	3.4	15.13	14.88	25.2
American Gen Ins Co	NYSE	21.63	-0.6	7.4	0.80	3.7	21.63	21.38	167.0
American Indty Finl Corp	OTC	19.00	-3.8	13.1	1.12	5.9	19.75	19.00	3.1
American Intl Group Inc	OTC	63.25	-2.3	10.6	0.44	0.7	64.75	63.00	914.5
American Natl Ins Co	OTC	18.13	-8.2	7.6	0.84	4.6	19.50	18.13	92.6
American Sts Life Ins Co	OTC	30.00	0.0	8.2	0.88	2.9	30.00	30.00	0.1
Aneco Reins Ltd	OTC	3.63	-9.4	120.8	0.00	0.0	4.00	3.63	7.4
Avemco Corp	AMEX	20.50	0.0	11.0	0.58	2.8	20.75	20.50	8.7
Banks Iowa Inc	OTC	47.00	0.0	12.4	1.52	3.2	47.00	47.00	1.7
Bitco Corp	OTC	19.50	0.0	8.4	1.33	6.8	19.75	19.00	33.4
Carolina Cas Ins Co	OTC	9.25	-2.6	27.8	0.32	3.5	9.50	9.25	5.5
Chubb Corp	OTC	60.25	0.2	7.5	3.12	5.2	61.13	60.13	160.1
Combined Intl Corp	NYSE	30.50	3.8	10.2	2.00	6.6	30.50	29.00	209.0
Continental Corp	NYSE	29.25	1.3	17.9	2.60	8.9	29.50	28.88	165.1
Crawford & Co	OTC	17.50	2.9	13.1	0.60	3.4	17.50	17.25	14.9
Crown Life Ins Co	OTC	110.00	0.0	7.2	3.10	2.8	110.00	110.00	0.0
Employers Cas Co	OTC	32.25	-10.4	6.6	1.20	3.7	34.25	31.75	9.1
Equifax Inc	NYSE	32.75	1.6	13.8	1.40	4.3	32.75	31.75	14.3
Excelsior Ins Co	OTC	15.00	0.0	9.6	0.70	4.7	15.00	15.00	0.2
Farmers Group Inc	OTC	33.63	-4.3	8.8	1.36	4.0	35.25	33.63	463.0
Foremost Corp Amer	OTC	47.00	-4.1	14.5	1.24	2.6	49.00	46.75	69.7
Fremont Gen Corp	OTC	24.00	3.2	800.0	0.48	2.0	24.75	24.00	444.4
Great West Life Assurn Co	OTC	225.00	0.0	10.9	11.00	4.9	225.00	225.00	0.0
Hanover Ins Co	OTC	54.50	-4.0	6.8	0.88	1.6	55.25	54.50	19.8
Hartford Steam Boiler Insptn	OTC	53.50	-0.9	8.4	3.00	5.6	54.00	53.50	10.6
Jefferson Natl Life Ins Co	OTC	47.50	-1.0	14.8	0.76	1.6	48.00	47.50	1.2
Kemper Corp	OTC	41.25	-6.5	7.7	1.80	4.4	43.63	41.25	43.2
Lincoln Natl Corp Ind	NYSE	50.25	-2.9	8.0	3.00	6.0	54.38	50.25	240.2
Mission Ins Group Inc	NYSE	32.13	-5.9	8.9	1.00	3.1	34.00	32.13	53.2
Nationwide Corp Ohio	OTC	41.75	0.0	15.3	0.70	1.7	0.00	DID NOT TRADE	
Northwestern Natl Life Ins	OTC	32.75	-0.8	21.7	1.50	4.6	32.88	32.63	34.4
Ohio Cas Corp	OTC	44.75	-3.5	8.2	2.52	5.6	45.75	44.75	52.7
Old Rep Intl Corp	OTC	29.50	0.0	6.8	0.90	3.1	29.63	29.50	79.8
Orion Cap Corp	NYSE	26.75	-3.6	13.5	0.66	2.5	28.00	26.75	170.4
Preferred Risk Life Ins Co	OTC	30.50	0.0	8.2	1.00	3.3	30.50	30.50	0.8
Provident Life & Acc Ins Co	OTC	57.00	0.9	7.2	2.60	4.6	57.00	54.00	69.6
St Paul Cos Inc	OTC	56.00	-2.6	6.4	2.80	5.0	56.00	55.00	226.0
Safeco Corp	OTC	47.25	-0.8	9.7	2.40	5.1	47.25	46.88	187.8
Sri Corp	OTC	38.75	-9.9	7.2	1.12	2.9	43.00	38.75	20.8
Seibels Bruce Group Inc	OTC	25.13	-7.8	14.9	0.80	3.2	27.00	25.13	9.6
Statesman Group Inc	OTC	9.75	0.0	7.2	0.15	1.5	9.75	9.75	99.6
Tokio Marine & Fire Ins Co	OTC	95.00	-2.2	15.2	0.92	1.0	97.00	94.63	48.2
Travelers Corp	NYSE	28.00	-6.3	7.2	1.80	6.4	29.25	27.63	742.8
United Fire & Cas Co	OTC	33.50	0.0	9.9	0.88	2.6	33.50	33.50	0.5
United States Fid & Gty Co	NYSE	49.88	-1.2	9.9	3.84	7.7	51.25	49.88	526.9
United Svcs Life Ins Co	OTC	21.50	-6.5	6.2	1.00	4.7	22.88	21.50	32.5
Uslife Corp	NYSE	23.00	-3.7	6.4	0.88	3.8	23.50	22.88	229.0
Washington Natl Corp	NYSE	26.50	-1.9	11.7	1.08	4.1	26.88	26.13	91.5
Zenith Natl Ins Corp	OTC	15.50	-1.6	11.1	0.53	3.4	15.50	14.75	117.2
				=====		=====			
INSURANCE COMPANIES	AVERAGE			9.4		4.0			
Agents/Brokers									
Alexander & Alexander Svcs	NYSE	23.25	-3.1	0.0	1.00	4.3	24.00	22.75	237.3
Baldwin & Lyons Inc	OTC	41.00	0.0	13.2	0.80	2.0	41.00	41.00	0.0
Corroon & Black Corp	NYSE	22.63	-3.2	11.7	1.80	8.0	23.00	22.63	14.4
Crump E H Cos Inc	OTC	10.50	-1.2	15.2	0.40	3.8	10.63	10.50	15.5
Emett & Chandler Cos Inc	OTC	10.75	0.0	0.0	0.00	0.0	10.75	10.75	2.5
Hall Frank B & Co Inc	NYSE	28.00	0.9	21.9	1.70	6.1	28.13	27.25*	141.4
Integrated Res Inc	AMEX	33.50	-8.5	13.1	0.00	0.0	36.75	33.50	115.2
Marsh & Mclennan Cos Inc	NYSE	41.75	-1.8	12.1	2.20	5.3	43.38	41.75	114.0
Poe & Assoc Inc	OTC	6.75	0.0	0.0	0.40	5.9	6.75	6.75	13.3
Reed Stenhouse Cos Ltd	OTC	13.75	-1.8	13.7	0.60	4.4	14.00	13.75	5.6
				=====		=====			
AGENTS/BROKERS	AVERAGE			19.3		3.8			
Conglomerates/Holding Cos.									
American Express(Fireman's Fd)	NYSE	64.38	2.4	12.5	1.92	3.0	64.50	62.88	1,407.1
Anderson Clayton(Ranger/PanAm)	NYSE	29.00	2.7	19.3	1.32	4.6	29.25	28.75	24.6
Armco Inc	NYSE	18.00	1.4	0.0	0.40	2.2	18.75	18.00	530.2
City Investing Co. (Home Ins.)	NYSE	33.13	-4.7	7.9	1.80	5.4	34.25	33.13	483.1
CNA Finl Corp (CNA)	NYSE	20.25	0.0	7.0	0.00	0.0	20.50	20.25	170.6
Control Data (Comml. Credit)	NYSE	52.00	-2.8	12.7	0.60	1.2	53.13	51.50	1,155.1
General Re Corp	NYSE	53.75	-5.7	11.2	1.28	2.4	56.88	53.75	368.9
Gulf Utd Corp	NYSE	26.63	-0.5	8.1	1.32	5.0	26.88	26.50	127.1
Cigna Corp	NYSE	39.88	-4.2	5.7	2.48	6.2	41.50	39.75	1,699.8
ITT (Hartford Group)	NYSE	43.13	-3.9	9.2	2.76	6.4	43.38	42.63	2,787.1
Optimum Hldg Corp	OTC	7.13	0.0	11.7	0.00	0.0	7.13	7.13	0.0
Sears Roebuck & Co. (Allstate)	NYSE	38.38	-8.1	12.3	1.52	4.0	41.63	38.38	3,022.5
Baldwin Utd Corp	NYSE	6.88	-3.5	3.3	0.00	0.0	7.25	6.88	345.5
Teledyne Inc (Argonaut)	NYSE	153.25	-2.3	13.6	0.00	0.0	155.75	153.00	457.0
Transamerica Corp (Occidental & Fred S. James)	NYSE	26.00	-1.9	8.9	1.50	5.8	27.38	26.00	342.0
				=====		=====			
CONGLOMERATES/HOLDING COS.	AVERAGE			12.6		2.8			

*Record high/low since Jan. 1, 1983

System design: Altman Information Systems

British Issues

9 Aug Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence pence
Comml Union	165	165.0	16.86	10.2	165— 159
Eagle Star	410	15.4	24.29	5.9	418— 406
Genl Accident	430	11.2	24.29	5.6	431— 423
Gdn Royal Exch	472	12.1	27.26	5.9	475— 466
Phoenix	320	15.2	25.00	7.8	320— 312
Royal	500	13.2	37.86	7.6	508— 495
Sun Alliance	1163	12.9	68.57	5.9	1175—1150
Brokers					
CE Heath	295	7.4	21.07	7.1	298— 295
Hogg Robinson	111	8.5	8.57	7.7	111— 108
JH Minet	110	9.2	6.50	5.9	112— 109
Sedg Grp	198	10.2	10.00	5.1	201— 198
Stenhouse Hldg	102	9.3	7.86	7.7	102— 100
Stew Wrightson	235	7.6	20.43	8.7	235— 225
Willis Faber	523	12.3	25.00	4.8	523— 520

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

How The Hartford helps reduce insurance costs.

"Our Claims know-how kept a $170,000 loss from turning into a million-dollar loss."

Claude Glaser, Senior Vice President, Claims Department, explains how The Hartford's fast, expert Claims service can minimize the size of a loss and cut insurance costs.

Q. How can The Hartford's Claims capability help reduce a company's insurance costs?

A. The lower a company's losses, the lower its insurance premiums. And at The Hartford, we have an impressive track record for minimizing losses. One example involved an explosion at a California oil refinery. A corrosive substance spewed into the air and covered some 2,000 automobiles. If it wasn't removed quickly, all 2,000 cars would have needed repainting at a cost of $500 each–a potential million-dollar loss.

Our Claims people responded quickly and decisively. They had the substance analyzed and authorized its immediate removal with a special cleaning process. The cost? Just $85 per car for a total of $170,000–less than one-fifth the loss that would have resulted from routine claims handling. That minimized the impact of the loss on the refiner's premiums.

Q. Why is The Hartford able to respond to a claim more quickly and effectively than other insurers?

A. Unlike many insurance companies, we handle about 99% of our claims with our own staff. We have over 200 fully automated Claims offices and some 4,200 Claims personnel–including experts in a wide range of specialized loss areas, and a countrywide staff of registered nurses who work full-time for the medical, social, psychological and vocational rehabilitation of claimants. So we have the people in place, ready to respond. And there's no add-on charge for outside claims service.

Q. How can effective rehabilitation cut insurance costs?

A. It can speed up the return of injured employees to productive work. In a recent case, a heavy-equipment operator suffered a severe back injury which prevented him from returning to his job. We arranged for his medical treatment and also coordinated and helped finance his retraining as a meatcutter. We even advanced him funds to open his own retail butcher shop. He became productive and self-sufficient once again. And our insured was spared the negative impact that some $300,000 in anticipated disability payments would have had on its premiums.

Q. Can I use The Hartford's Claims expertise even if I self-insure?

A. Sure. Through our subsidiary, Hartford Specialty, we're currently providing "unbundled" claims service to some of the country's largest corporations. You can get any level of claims service you need, independently of insurance coverages. You can also get OSCAR℠, the revolutionary up-to-the-day, on-line claim reporting system that lets you break out claims on the spot using criteria you select on the spot.

Q. How can I put The Hartford's Claims capability to work for my company's benefit?

A. Just contact a broker or an independent agent who represents The Hartford.

Don't make a decision on any business insurance without a quote from The Hartford.

BUSINESS
HOME
AUTO
LIFE

Let us protect your world. THE HARTFORD

The Hartford Insurance Group, Hartford, Connecticut 06115.