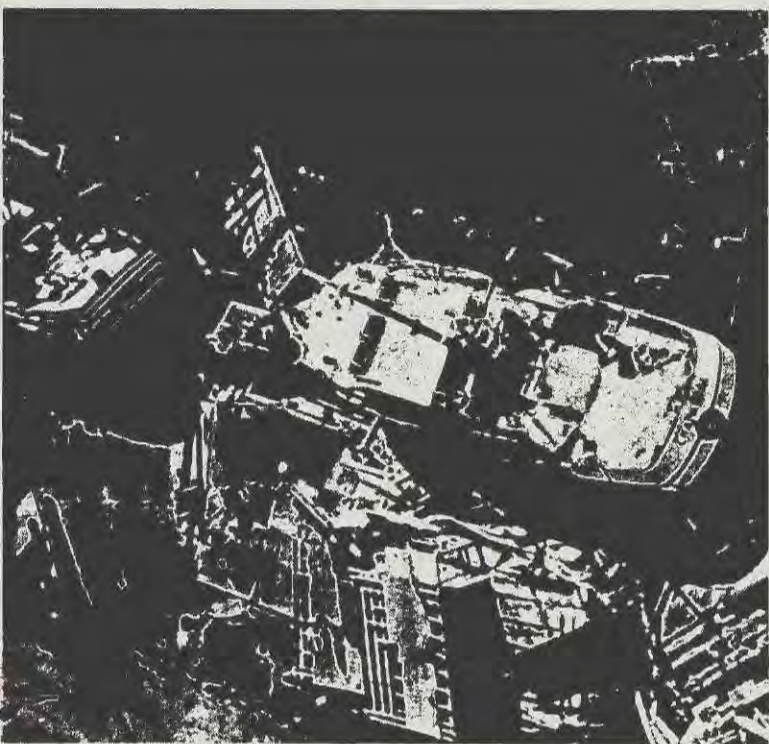


business insurance

for buyers of employe, property and liability protection/pension investments/financial services



At Port Aransas, Tex., Hurricane Celia wrecked boats and tossed them into dock installations. —Wide World photo

Air captive will write primary cover; excess not needed now

By STEVE GILKENSON

NEW YORK—Air Transport Insurance SA, the industry-supported consortium due to begin writing business Jan. 1, will go ahead with a primary coverage company, Air Transport Insurance Ltd., it was confirmed last week. However, in the most recent development in a drama that has taken four years to unfold, the excess company, Air Transport Guarantee Ltd., will not be set up immediately as planned.

In a formal announcement last week the companies, which were incorporated in Bermuda July 28, in effect admitted that moves by the world insurance market were responsible for the decision not to go ahead with the excess company at this time.

In a reference to last month's move by Prudential to get into the airline third-party liability field on a reinsurance basis (*Business Insurance*, July 20), the captive's officials noted that "sudden availability of adequately high limits of liability from the existing insurance markets assisted by life companies . . . makes the activation of Air Transport Guarantee Ltd. unnecessary for the time being."

HOWEVER, ATG has been formally incorporated in Bermuda and could write business at some

future date.

J.D. Cameron, an official of Air Transport Insurance (ATI), told *Business Insurance* that primary insurance agreements between ATI and participating airlines will go into effect Jan. 1 as scheduled. According to the official, applications are still being received by ATI despite the fact the captive had requested all be returned by July 31.

There was speculation in both the insurance and airline industries last week that the reason for the most recent revision in the captive's plans was simply because not enough interest was shown in excess coverage by airlines keen on participating in such a pool since excess layers of

coverage—or "sleep layers" as they are called by airline insurance managers who spend restless nights without them—now appear to be available in the world market for a price all can live with.

Reaction to the revision by risk managers last week was largely unchanged. Of those queried, however, all seemed to agree on one point. That is, the captive has served one useful purpose in its long and tentative career: It has opened up the insurance markets almost to the point that such an industry-backed pool is no longer necessary.

"IT'S OBVIOUS," said one airline risk manager, "that we're
Continued on page 26

Late news

Denenberg asks: 'Back mass marketing'

PHILADELPHIA—Corporate risk managers and employe benefits administrators have been urged to block unreasonable state legislative and administrative restraints on group auto insurance. Dr. Herbert S. Denenberg, Wharton School professor of insurance and co-author of a Department of Transportation report on mass marketing, told *Business Insurance* that employe group auto and homeowner insurance plans are in the interest of greater insurance capacity. "The National Assn. of Insurance Commissioners hasn't provided leadership in this area," Dr. Denenberg said, "and the leadership needed in the public interest ought to be provided by corporate risk managers and employe benefits administrators."

Industry eludes Celia

CORPUS CHRISTI, Tex.—Hurricane Celia was kind to commercial and industrial risks here—compared with the toll she took on private property. Total damages to the area are expected to reach \$500 million and insured commercial and industrial property losses account for only \$62.5 million.

The American Insurance Assn. said preliminary estimates from insurance adjusters on the scene indicate an insured loss of \$233 million. A breakdown of the figure reveals a damage distribution of: 55,000 dwellings and contents, \$150 million; 40,000 automobiles and 200 mobile homes, \$20.5 million.

Continued on page 26

UAW-GM talks forge new patterns in benefits

By RICHARD BJORKLUND

DETROIT—New patterns in employe benefits for the coming decade are being shaped as negotiators for the United Auto Workers and General Motors Corp. bargain to reach a new agreement before their present contract expires Sept. 14.

Benefits, in fact, were the central theme of lengthy statements issued by both sides when negotiations opened last month. UAW's demands include benefit extensions and improvements in such areas as supplemental unemployment benefits, stock purchase plans, tuition refunds, year-end cash bonuses, health benefits, group life and sickness and accident benefits, holidays and employe discounts on GM products.

Special attention is focused on the UAW-GM negotiations because of the recent death of the late Walter Reuther, who was expected to make the 1970 contracts the capstone of his long career as UAW president. Leonard Woodcock, Mr. Reuther's successor, has entered the negotiations determined to achieve Mr. Reuther's goals for the security and economic well-being of UAW members.

IN ITS OPENING statement, the management of General Motors recognized the importance of the union in shaping labor-management agreements. "The UAW," the corporation said, "has become an important and respected institution on the frontier of social progress in American society. The average General Motors hourly employe is in the top third earnings

group in the nation and enjoys the security provided by broad coverage of comprehensive employe benefit plans. Both the UAW and General Motors justly can be proud of the many creative and diverse solutions to employe problems reached in more than 30 years of collective bargaining."

A look at the benefits demands contained in the UAW statement to GM reveals that the union proposes this year to advance "the frontier of social progress" in a number of critical areas. Here are some key UAW benefits proposals:

Health program: In addition to general improvements in an already broad health benefit program, UAW is asking for dental care coverage, coverage for physicians' services out of hospital a rehabilitation demonstration program and eye care coverage, including eye examinations and eyeglasses.

"We propose to negotiate," UAW says, "a dental care benefit that will include the full range of prevention, diagnostic, treatment and restoration services for employes and their eligible dependents."

THE STATEMENT also asks "a benefit to cover physicians' services out of hospitals, which will be integrated with and supplement the benefits for physicians' services provided under the current plan. The new benefit will extend the pattern of service benefits for professional services and should not require a patient deductible or coinsurance." The union supports this demand by asserting that coverage of physicians'

out-of-hospital services will "no doubt" drastically reduce the utilization of the much more expensive in-hospital services.

General Motors, in its statements, did not take direct issue with UAW's benefits demands, but concerning health care benefits, it said:

"The increases in the cost of providing health care benefits under the insurance agreement have accelerated alarmingly during the course of the 1967 agreement between the UAW and General Motors. Both hospital and medical costs have increased substantially." One cause for the increase cited by GM was the shift from paying doctors fixed fees to paying, through Blue Shield, the "usual and customary fee" without regard to the income of the patient.

"Preliminary information," GM went on, "indicates that for the 12-month period commencing Oct. 1, 1970, the increased cost nationwide for unchanged GM hospital-surgical-medical and drug expense coverages will be about \$67 million, a 25% increase over current level costs."

Benefit plans representation: Stating that its membership "has become aware that a denial of a benefit by an insurance carrier is not necessarily a correct denial and is subject to reversal," the UAW asks that benefits plans representation procedures be liberalized and local union representatives be accepted by local management as full partners in administering the programs.

Continued on page 2

UAW . . .

Continued from page 1

Group life insurance and sickness and accident benefits: A wide range of improvements in current programs of group life insurance and weekly sickness and accident benefits are asked by UAW including higher sickness and accident benefits equal to 66.33% of the amount of the midpoint of each wage bracket; increased transition and bridge benefits for survivors; greater layoff disability benefits and extended disability benefits; continuation provisions under group insurance programs for workers who are laid off.

Supplemental unemployment benefit program: SUB, a program of growing importance to auto workers in a time of widespread layoffs, is the subject of a major UAW statement to General Motors. "Actual experience," the statement says, "has shown that the (SUB) plans are grossly underfunded."

UAW says that the SUB trust fund and SUB contributions are charged for all types of benefits not provided under the original SUB plan, and the union wants these charges eliminated. "SUB

contributions and the SUB trust fund would then carry only the liability for regular benefits, which was the only liability they originally were designed to bear." The statement says, "We propose therefore that a new and powerful stabilization incentive (for management) be introduced into the plan by creating a pay-as-you-go liability against which benefits would be charged before trust fund monies proper could be drawn upon benefit payments."

Stock purchase plan: UAW, which won the SUB plan as a substitute for a guaranteed annual wage in 1955, now "feels that our contract with General Motors Corp. has laid the foundation of income security which permits the union now to examine anew the stock purchase plan idea." UAW's statement notes that a former stock purchase plan for GM's hourly employees was in effect from 1919 until the end of 1940.

Training and education fund: UAW requests that a jointly-administered trust fund be established with 50% of its annual expenditures going to training and education expenses at the UAW family education center to upgrade the work skills of employees and the balance on schol-



Irving Bluestone, left, co-director of United Auto Workers General Motors department, begins discussions on a new contract with GM's head negotiator, Earl Bramblett, far right. Also at the bargaining table are UAW president Leonard Woodcock and Earnie Moran, Mr. Woodcock's administrative assistant.

—Wide World photo

arships and other education.

Year-end cash bonus: In justifying its demand for a year-end cash bonus, the UAW says, "We believe that what is fitting for executives is fitting for the workers. We propose that we negotiate with the corporation a formula to provide a year-end cash bonus for the workers, related to the profit position of the corporation, as representing the workers' fair share in the profitability of the firm."

Tuition refund: A tuition refund plan already in effect for GM workers should be amended to consider payments in the calendar year in which the individual completes his course and not when he actually receives payment from the corporation. Present amounts provided for tuition must be increased to meet present-day needs and actual tuition costs, the union says.

Discount for employees: UAW chided GM in its statement by saying that some union members "must buy products of other companies because they can do so at discount prices," a practice which it called "poor advertising" for GM. UAW proposes "that arrangements be worked out to provide that all GM employees and retirees be permitted to purchase the products of the corporation at reduced prices."

Health, safety and environmental control: UAW breaks new ground in its statement to General Motors by asking to negotiate a broad set of health, safety and environmental standards, including noise control and union representation at meetings with Federal, state and local officials relating to pollution and safety. "In the final analysis," the UAW statement went on, "the worker, through his union, must have access to a procedure negotiated between the parties, which will ensure the adequate and proper application of rules and regulations relating to issues of safety

and environment control and their continuous enforcement, including the 'red tagging' of unsafe equipment."

Retirement: UAW asks that GM employees be allowed to retire after 30 years of work with a pension of \$500 a month, or 70% of gross straight-time pay. The union dubs this its "30 and out" plan that would not require workers to remain on the job until they are 65 years old.

General Motors (and Ford Motor Co. in a similar statement) avoids taking direct issue with the UAW demands. Instead, GM says, "There are certain features of the General Motors pension, insurance and SUB plans that need to be changed in these negotiations in order to prevent duplication of benefits, improve their administration and prevent their use for purposes other than those for which they were intended. The need exists also to work out a feasible method of limiting the liability for increases in the cost of hospital, surgical, medical and drug expense benefits."

The statement said, "Gener-

ally, the employe benefit programs agreed upon by General Motors and the UAW have worked out well. The parties have worked cooperatively in their mutual concern for the employes to assure proper and effective implementation of the provisions. Problems brought to management's attention by the union have for the most part been worked out to the satisfaction of both parties. However, there are some problems to which solution must be developed." GM cited these:

- Duplication of benefits under which employes receive both GM pension benefits and workmen's compensation benefits after retirement.
- The need for sound administration of sickness and accident benefit provisions, which allow loopholes that some workers take advantage of.
- Need to control costs of hospital-surgical-medical-drug expense coverage, the cost of which is borne solely by GM.
- Ambiguities in the language of plans and agreements and the forms and procedures established for their administration.



How much downtime can a small fire generate?

A fire—even a small one—that halts electric power can be disastrous in terms of lost production. That's why modern industry calls upon Cardox so often for unique fire protection engineering. Power companies themselves know the value of Cardox CO₂ fire protection. At present, 21 of America's nuclear power plants have specified Cardox systems.

Find out how Cardox can protect your power generating and transmission facilities—switchgear, cable, generators, gas turbines and control equipment. Our experience in developing unique engineering solutions includes fire protection systems utilizing CO₂, Halon 1301, and foam. Call, or write the Cardox Division of Chemetron Corporation, 840 North Michigan Avenue, Chicago, Illinois 60611.

CARDOX®
CHEMETRON CORPORATION
CARDOX DIVISION

CHEMETRON

TRADEMARK

©1970, Chemetron Corporation

GUIDE TO FEATURES

Washington Watch	4
Info for Buyers	8-9
Following the Funds	10
Compensation Trends	11
Editorials	12
Giles on the Law	15
Perspective	21-22

Vol. 4, No. 17—Business Insurance is published every other Monday at 740 Rush St., Chicago, Ill. 60611. Controlled circulation postage paid at Chicago, Ill. Copyright 1970 by Crain Communications Inc.

PERCENT OF WHAT?

OF THE PRESENT DAY INSURABLE VALUES OF YOUR PHYSICAL ASSETS . . .

THAT'S WHAT!!!!!!!

Whether you choose Replacement Cost or Sound Value as a basis for Fire Insurance placement, you will need provable values on which to insure.

PRUDENT RISK MANAGERS ARE WELL ADVISED TO CONSULT WITH PROFESSIONALS ON ALL VALUATION PROBLEMS



INDUSTRIAL APPRAISAL CO.
222 Boulevard of the Allies
Pittsburgh, Pennsylvania - 15222
412-471-2566
NATIONWIDE SERVICE

BI Idea Workshop enrollees are enthusiastic

CHICAGO—Executives ranging from presidents to secretary-treasurers, employe benefits managers and insurance analysts have enrolled for the first annual *Business Insurance Management Idea Workshop*, to be held from Oct. 11 through Oct. 14 at the Regency Hyatt House, Atlanta.

Along with others who register between now and the workshop date, they will be exposed to three-and-one-half days of concentrated analysis of the latest strategies and techniques for corporate risk and personnel management practiced by leading companies. There will be more than 30 idea-packed sessions altogether.

One early registrant, James A. Meyer, treasurer of Buffalo Electric Co., Buffalo, N.Y., said that after reviewing the workshop program he concluded there were "several fellows I'd like to listen to. You've put together a helluva lot of coverage and a lot of interesting topics."

ANOTHER registrant, Philip A. Workman, personnel manager of Sugardale Foods, Canton, O., said he expects the *Business Insurance Workshop* to help "broaden my scope and understanding" of both new coverages and insurances he might have overlooked.

Because Sugardale executives "wear many hats," Mr. Workman is responsible for such areas as plant security, safety, benefits and compensation. "All you can do on a normal day-to-day basis is to skim the surface" of any of these areas, he said. "But your workshop will give me a chance to think about one or two items a day instead of the usual seven or eight."

He said he was especially looking forward to a session titled, "How electronic wizardry guards your company's security," to be presented by two executives of Mosler Safe Co., and a session on a union man's views of benefits in the 1970s, to be given by William W. Winpisinger, general vp, International Assn. of Machinists & Aerospace Workers, Washington, D.C.

Mr. Winpisinger and the Mosler men will be among 35 faculty "experts" supervising the workshop sessions—all of which will steer clear of academic "theory" and, instead, concentrate on down-to-earth ideas which management can use to protect their company's assets and its people.

THUS THE WORKSHOP is not a "convention" or usual "seminar." Rather, it is an audience-participation-type, shirt-sleeve analysis of the most current and crucial problems in areas of corporate risk and personnel management and—more importantly—new thinking which participants may apply directly within their own organizations.

Here are some of the other sessions:

• A debate on the pros and cons of directors and officers liability insurance, by John P. Ol-

sen, assistant company counsel, Ingersoll-Rand, N.Y., who charges that insurance companies and brokers use "scare" tactics to sell this type of coverage; and Vincent Stahl, vp of Marsh & McLennan, N.Y., who stoutly defends d&o insurance.

• "How pension investments can help your company's profits," by Anson H. Blaker, assistant treasurer, Boeing Co., Seattle; Frank Brunetta, investment department officer, Pepsico Inc., New York; William H. Lowe, vp and treasurer, Inland Steel Co.,

Chicago; and Richard B. Zoller, manager of investments, Armour & Co., Chicago.

• "How Xerox builds loyalty among its minority workers," by Charles S. Adoff, manager of compensation, Xerox Data Systems, El Segundo, Cal.

• "How to get uniformity in international insurance," by Gordon Dolbee, assistant personnel manager, Upjohn International, Kalamazoo, Mich.

• "Captive insurance operations as a profit center," by Louis E. Dolan, vice chairman, Gamble

Alden Life Co., Minneapolis.

• "High insurance rates: roadblock to containerization?" by Eugene R. Birchler, exec vp, Container Transport International, New York.

• "Early retirement: bane or boon?" by Clyde K. Farris, assistant treasurer, Coca-Cola Co., Atlanta.

• "A Nader's Raider looks at your new corporate liabilities," by Reuben H. Robertson, Center for the Study of Responsive Law, Washington, D.C.

Continued on page 30

Attention everybody in the Fortune 500 set, we want your insurance business.



We know, we know. You're probably a multinational corporation who's used to doing business with the Number One broker. But look at it this way: "What's Number One got that R. B. Jones hasn't?" After all, we're just as professional, skilled, experienced, dedicated, resourceful, profit oriented (have we left out any trade cliches?) as Number One.

Only smaller. Which many of our clients consider a big advantage. Some say they used to feel like they had to take a number and stand in line to get attention. But they feel like they're always No. 1 with us. Others are enchanted with our provincial mannerisms — would you believe we get binders out on time and our invoices are right the first time? And we try to hang on to this rustic simplicity even though we have offices in cosmopolitan places like New York, Chicago, and St. Louis.

We are determined that success shall not spoil R. B. Jones. But what's success without someone to share it? Nothing! That's why we're out to get better acquainted in the multinational realm of the Fortune 500 set. Whatever your rank, 11 or 1100, we want your risk business.

And we'll be calling on you soon to ask for it. You see, we still remember who's supposed to call whom!

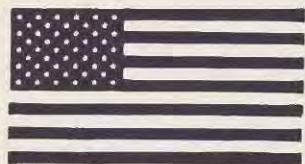


Bad checks cost \$7,000 in libel suit

FAIRFAX, Va.—The "Thief's Corner," an area in a Falls Church auto parts store where bad checks are displayed, has cost the store's owner \$7,000 in libel damages.

The check in question was written by Joseph V. Sottosanti, an insurance company employe, nine years ago. When it bounced Mr. Sottosanti immediately made it good.

In August, 1967, six years after he wrote the check, Mr. Sottosanti learned from a fellow employe that it was being prominently and publicly displayed with other bad checks in Charles Stolze's store. Mr. Sottosanti filed suit for \$15,000 punitive and \$5,000 compensatory damages. A Fairfax County circuit court jury awarded him \$5,000 punitive and \$2,000 compensatory damages.



washington watch

Business, labor lock horns over work safety bill approved by House unit

WASHINGTON—The battle in Congress over whether the nation needs an occupational health and safety bill is over—with the pros defeating the cons. But, the war over what provisions such a bill should contain rages on with each side imaginatively mustering new and dramatic arguments on their behalf.

The latest lobbying attack by the U. S. Chamber of Commerce is a charge that the strong occupational health and safety bill re-

ported out of Rep. Dominick Daniels' (D., N. J.) House labor committee would allow employees to strike and still get paid if they were not given the proper safety equipment or enough information about "potential toxic substances." According to chamber interpretation of the bill, no violation of a safety standard need be involved; no public hearings are provided for determining what constitutes a potentially toxic substance; no method is fixed for determining

what is proper safety equipment; no limit is set for how long employees can strike at the employer's expense; and no way is provided for deciding whether the strike was right or wrong.

The problem would be further compounded, the chamber warns, by the requirement that "authorized employee representatives" accompany government inspectors as they search the plant for safety violations.

FURTHERMORE the chamber

points out, before any hearing is held to determine guilt, a citation issued by an inspector charging the employer must be posted in the plant, and once a citation is posted workers could walk off the job with impunity even under a contract with a no-strike clause.

Proponents of the Daniels bill are countering the chamber attack with new charges about the extent of unsafe and unhealthy working conditions in the U. S. The principal foundation for their charges is a just-released study that claims that 25 million industrial injuries occur each year instead of the 2.5 million reported by the Bureau of Labor Statistics.

The report was prepared by "occupational health and safety expert" Jerome Gordon under a \$58,000 contract authorized in June, 1969, by David Swankin, then a Democratic holdover director of the Bureau of Labor Stand-

ards.

After submitting the report to the Labor Department, Mr. Gordon called a press conference with the support of the United Auto Workers to tell the public of its contents. He reportedly said he was afraid his study would not see the light of day if he himself didn't publicize it.

THE THRUST behind the study is that 25 million serious injuries and deaths go uncounted in the nation's workplaces each year due to improperly run and underfunded programs operated by the Federal government and the National Safety Council. Further, it continues, these conditions are perpetuated by industry dominance of private safety standards organizations that literally allow most firms to compose their own records on industrial accidents and hide thousands of serious hazards on the job.

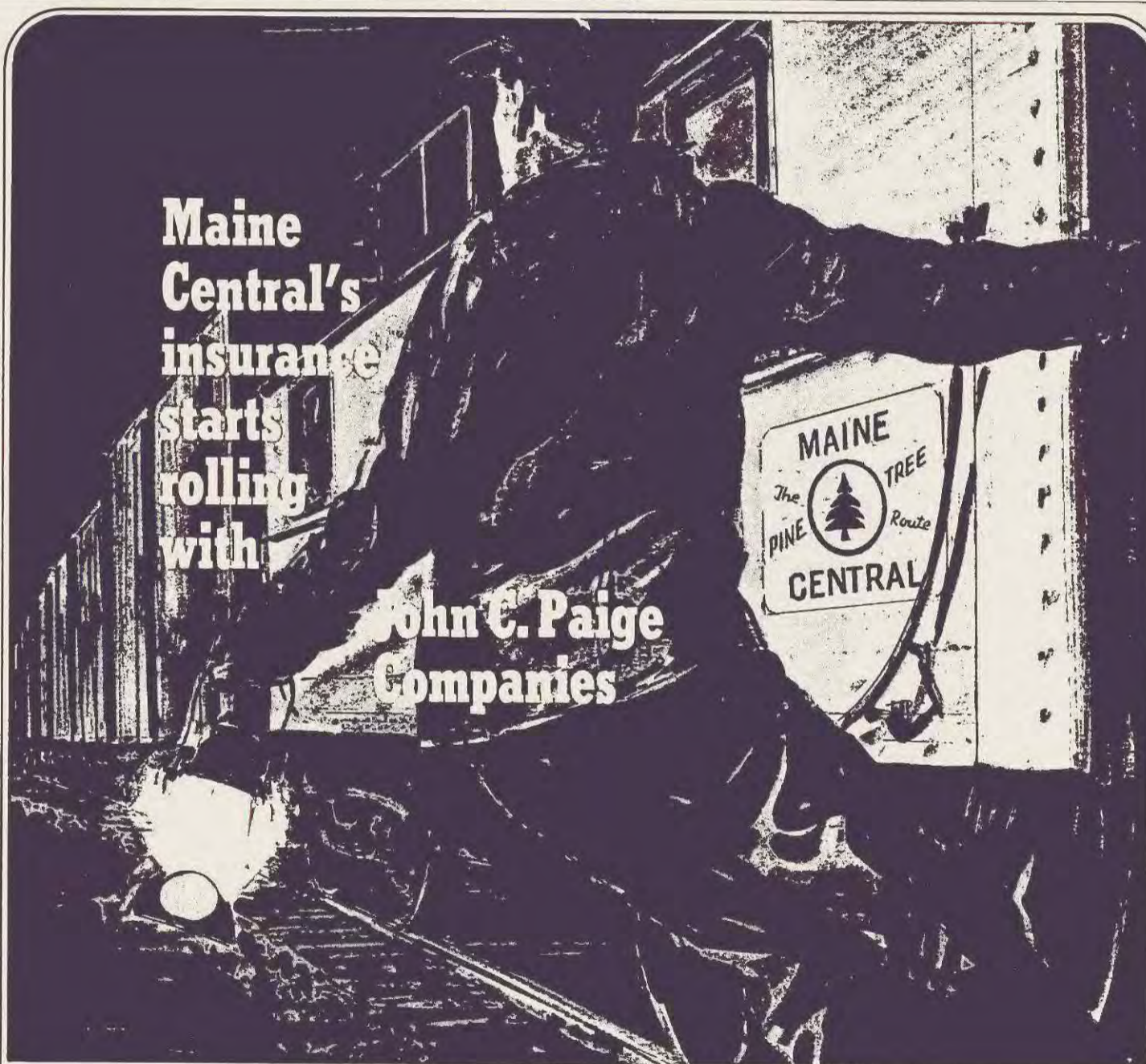
The study was supported by a survey of job injury reporting practices of California manufacturers. Among other things, the survey revealed that more than 36% of the firms examined actually had injuries, while reporting no injuries to the Federal government; 7% admitted having a range of error of between 2% and 100% of all injuries reported to the government; and nearly 60% had no formal or informal training in the recording and reporting of work injury information. Nearly 80% of the firms could not properly classify injury data, the report states.

Even more distressing than the slipshod reporting practices of the firms in the survey was the record of most of the firms in informing their employees about job hazards, according to the study. Any employee entering the companies examined in the study would have slightly greater than one chance in ten of receiving any safety training within the first few days in his job on how work safety and health violations and injuries were reported, it claims.

One of the suggestions of the study is that a "serious injury index" concept be adopted to replace the Bureau of Labor Statistics' index of "disabling injuries." The new index would group non-disabling injuries with disabling ones. A disabling injury is one involving one day of lost time from the job beyond the date of injury.

Information compiled from surveyed firms used the new index revealed a ratio of ten serious injuries for every disabling one reported, according to the study.

The American Telephone and Telegraph Co. reported a more than 300% increase in its internal and company work injury experience when AT&T adopted the new index, the study holds. ■



Maine Central's insurance starts rolling with

John C. Paige Companies

With rising revenues from freight ton miles, and the setting of record highs for average tons per car, the track looks clear ahead for Maine Central Railroad Company to engineer even greater growth. Going full throttle on a fast business track like this calls for the experience and versatility of insurance by . . .

John C. Paige Companies

BOSTON • NEW YORK • PORTLAND • LOS ANGELES
ATLANTA • HARTFORD • MANCHESTER • SAN FRANCISCO

Maid's heart injury costs \$152,044

SALEM, Ore.—The Oregon supreme court this week reversed a decision by Multnomah County Circuit Judge, Charles W. Redding and awarded \$152,044 damages to Warnesia Anderson, a Portland hotel maid, for injuries she suffered while using a cleaning product made by the Klix Chemical Co. of Oregon.

She contended she was cleaning a bathroom six years ago at the Marco Polo Motel with the Klix cleaner and received a skin disease that resulted in congestive heart problems.

Miss Anderson initially sued for \$225,000.

Touchy Question #21

Why should I recommend directors' and officers' liability insurance to our company president, when I haven't heard of any payoffs under that coverage?

Because what you haven't heard can hurt you.

The reason premium is still running far ahead of paid losses under Directors' and Officers' insurance is that a vast preponderance of the premium is still *new*. Our own book of business under this line is about 200 times as big as it was four years ago, and we have no reason to suppose that the all-industry picture differs from ours.

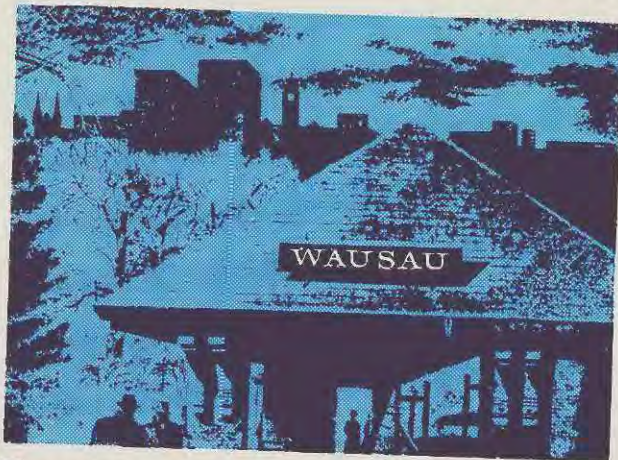
Another point is that this is a low-frequency, high-severity exposure. It does not produce a volume of small claims, or of cases of clear liability and readily measurable loss. Demands are seldom negotiable. Almost every action is huge, complex, and prospectively a subject for years of litigation, with appeals from lower court decisions taken as a matter of course. Many suits have been remanded by courts of last resort and may have to climb the whole ladder again. And when settlements are made along the way, the amounts are seldom disclosed.

Paid-closed files are therefore much slower to accumulate than under other lines. A carrier entering the D & O

field for the first time may reasonably expect to go for several years with a zero loss ratio—indeed, it probably counts on it, knowing that the first claim to come along is likely to consume all of the premium previously accrued.

But the London underwriters who reinsure most or all Directors' and Officers' policies sold in the United States are very unhappy with their experience to date. They are alarmed by skyrocketing "advised losses" (British for reserves). They are shocked by pyramiding legal costs. Last May's rate boost already appears to have been inadequate. Some of them are tinkering with revisions that would narrow the coverage, or reduce available limits, or incorporate substantial deductibles with no decrease of premium.

We don't know how badly, or even whether, your company needs the protection of Directors' and Officers' liability insurance. But we are quite sure that you won't be able to buy it more advantageously within the foreseeable future than you can right now.



Employers Insurance of Wausau

**We think insurance
ought to work for
a living.**

Commercial Union's Orbell says captives weaken insurance market

LONDON—Creation of insurance captives was attacked by Eric Orbell, general manager of the big Commercial Union insurance group, when he addressed more than 300 insurance managers from leading British business corporations at a London conference on risk management.

He advised them at a meeting called by the Assn. of Insurance Managers in Industry and Commerce: "It is no use setting up captive companies to cream off the best of the business, and then looking to the regular insurance companies to take the sticky part of the business that is left."

Dealing in detail with the attitude that he felt business insurers ought to take toward captives

in the light of present industrial needs, he said:

"AT PRESENT the total percentage of captives in the insurance market is negligible. It is not for me to ascribe motives for establishing a captive, since these will vary from company to company. But if they are governed by imaginary savings on the usual insurer's profit and sales expenses, this must be balanced against loss of commission and discount from the direct insurer.

"A captive's working costs must tend to be higher than a large direct insurer if only from the fact that it will operate on an essentially smaller scale. A captive will re-

quire a trained staff of the highest calibre if it is to operate efficiently, and this is not cheap to get these days."

Outlining other objections to captives, he declared:

"Insurance is not for amateurs, and the company that attempts a form of do-it-yourself operation through a captive will lose out in many ways.

"It will lose out on the benefit of the established insurer's advice, service and handling.

"It will lose out on guidance on loss prevention, claims handling, and risk placing.

"It will be setting up a captive that must begin with little or no statistical data available, with a

limited volume of business, a high cost of placing reinsurance, and a grave imbalance in the spread of business it receives."

THEN HE GAVE these tips to insurance managers who might be asked for their views on captives:

"I deplore anything that weakens the market as a whole. Any swing in the direction of captives can only produce a weakened market in both insurance and reinsurance.

"It may be that the enthusiasm for the captive concept is bred by frustration in placing your particular risk on the market. The answer to that lies in choosing an insurer whose insurance outlet is properly geared to handle the needs of your industry."

Discussing the value of loss prevention in many fields, Mr. Orbell said that real influence in this direction could come from the insured. ■

Forego pay raise, but get benefits

NAUGATUCK, Conn.—Employees at a Uniroyal plant here, which the company had contemplated shutting down for economic reasons, have agreed to forego a wage increase for three years in exchange for Uniroyal's assurance it will keep the plant open four more years. However, the workers will get fringe benefits equal to increases of over 50¢ an hour.

According to William Kohnke, manager of insured employee benefits, the Uniroyal employees in Naugatuck will get the same benefit package ratified recently by 18,000 rubber workers at 19 other Uniroyal plants. That master contract is essentially the same as one negotiated industry-wide. United Rubber Workers at Goodyear, for example, have gotten the same fringe improvements (*Business Insurance*, June 22).

The 4,000 employees at Uniroyal's Naugatuck plant are mostly long-service workers. Uniroyal announced last January a "tentative" decision to close the canvas and rubber footwear operation, citing the fact that the \$4.50 an hour in pay and fringes made the plant's output uncompetitive with other domestic producers of similar products. Also cited was the growth of imports of low-priced shoes from the Far East.

Fringe benefit improvements (as reported in the earlier story) include an increase in term life insurance from \$7,500 to \$8,500, an occupational accidental death and dismemberment coverage increase from \$3,750 to \$8,500, an increase in the pension formula from \$5.50 per month for each year of service to \$7.75 a month per year, an early retirement improvement, a survivors benefit, improved diagnostic, laboratory and medical benefits and a new prescription drug plan to go into effect July 1 next year. ■

Transport dental plan now in effect

NEW YORK—A dental plan covering some 40,000 members of the Transport Workers Union here, has gone into effect. Highlighting the new plan, largest of its kind in New York, is the absence of any eligibility time requirements.

TWU members (subway and bus employes in New York, Westchester, Nassau and Suffolk counties) as of July could go to their dentist and have their bill taken care of by their dental coverage. Beginning on Oct. 1, the dental plan will be extended to cover 63,000 TWU dependents as well.

The plan incorporates a \$10 deductible for the first two members of a family who apply for claims under the plan, with a maximum deductible of \$25 per family.

Written for the TWU by Group Health Insurance Inc., the plan covers routine examinations, X-rays and other preventive treatment, extractions, fillings, root canal work, bridge work, dentures and their repair, as well as oral surgery.

Premiums for the plan will run approximately \$29 per person covered. ■

GROUP HEALTH RATES AT NEW ENGLAND LIFE WILL STAY THE SAME FOR 36 MONTHS. WE GUARANTEE IT.

At New England Life, group health plans now come with a three-year rate guarantee.

Which means that a group (from 10 to 100 people) can protect its future for a full three years, at today's prices.

A real bargain when you consider the dramatic inflation in medical care costs.

Our health insurance plans are flexible because we don't sell them on a package basis. Instead, we leave lots of room so that the individual employer will wind up with a plan shaped to his individual needs.

And we make sure that our coverages are in tune with today's needs, like convalescent care, Doctor's office and home visits, X-ray and laboratory expenses. And major medical maximums up to \$50,000.

So now employers can stop losing sleep over rising group health insurance rates.

Because New England Life has a plan that will help stabilize the cost of doing business. We guarantee it.

**New
England
Life**

New England Mutual Life Insurance Company, 501 Boylston Street, Boston, Massachusetts 02117



1955. That's when Ansul first started evaluating halogenated hydrocarbons. Of all those tested only two met our standards. Ansul 1211 and Ansul 1301. Now, Ansul introduces modular total flooding systems engineered to your requirements.

Ansul's clean agent systems provide the best environmental protection where agent damage or clean-up are intolerable.

Ansul's clean agent systems. From the best in the business. The Ansul Company. Marinette, Wisconsin 54143.

The Ansul System





EST. 1899

DAVIS, DORLAND & CO. INSURANCE BROKERS

99 CHURCH ST., N.Y., N.Y. 10007

TEL: (212) 964-2500

Corporate Insurance PERSONNEL CONSULTANTS

327 SOUTH LA SALLE STREET • AREA CODE 312: 939-6217

CHICAGO, ILLINOIS 60604

GEORGE P. HALM, JR.—DIRECTOR

THINK! PERSONNEL . . . THINK! CORPORATE INSURANCE PERSONNEL CONSULTANTS

In a two year period, BUSINESS INSURANCE has become the forum for the Corporate Insurance field. The success of this publication is largely attributable to journalistic flair and the satisfying of a previous communications void in the insurance trade paper field.

We at CORPORATE INSURANCE PERSONNEL CONSULTANTS sincerely believe that our facilities will provide another professional medium for the Corporate field—a confidential service that will afford a source of experienced insurance personnel, and an effective vehicle for qualified men interested in Risk Management.

As may be expected, CORPORATE INSURANCE PERSONNEL CONSULTANTS is a division of BELSON, HEMINGWAY AND ASSOCIATES, INC., the foremost national employment service devoted exclusively to the insurance personnel field whose success is evidenced by an impressive roster of leading insurance companies, brokerage houses, and astute insurance men successfully utilizing its facilities.

CORPORATE INSURANCE PERSONNEL CONSULTANTS is not a high cost recruiting or search organization! We work only with employer requisitions and registered candidates.

Corporate Insurance Personnel Consultants
327 South La Salle Street—Suite #1400
Chicago, Illinois 60604

Gentlemen:

As a prospective employer (check one)
employee

I would like to receive additional information regarding your services

NAME _____

ORGANIZATION _____
(employers only)

ADDRESS _____
(employee applicants, please use home address)

CITY-STATE _____ zip code _____

A DIVISION OF **Belson, Hemingway**... AND ASSOCIATES INC.
Nationwide Insurance Personnel Consultants

info for buyers

Info for Buyers offers material that *Business Insurance* believes will be of value to its readers. The complete name and address of each supplier of information is listed so that readers can write directly to the publisher, simply saying that they saw the item in *Business Insurance*.

Readers are invited to submit items for inclusion in this column. A sample of the literature should be sent to: Info for Buyers, *Business Insurance*, 740 Rush Street, Chicago 60611.

• The legal liability of manufacturers of aircraft and aircraft components is a summary of law presented by the United States Aircraft Insurance Group. The booklet covers the following: increasing scope of liability; sources of liability; aircraft design, fabrication and testing; armed services; components; aircraft repair; the importance of defense; the influence of non-aviation cases; the negligent claimant; second hand aircraft; safety features; liability limitation; uniform commercial code; warranties, strict liability; damages; and USAIG claim services. The booklet may be ordered, free of charge, from the Public Relations Department, United States Aviation Underwriters, Inc., 110 William St., N.Y., N.Y. 10038.

• The National Fire Protection Assn., 60 Batterymarch St., Boston, Mass. 02110, has released **Recommendations for evaluating fire protection at a new facility** (NFPA NO. 5A-T). The 1970 edition is designed to alert management to the fire protection factors that should be considered when acquiring or renovating an existing facility and when planning a new one. The pamphlet may be ordered for \$1 from the association.

• A publication describing the services of its firm has been released by Marshall and Stevens Inc., national appraisal consultants. Among the services described are: acquisitions; condemnation; eminent domain proceedings; estate and inheritance tax; financial feasibility studies; housing market forecasts; insurance placement; mergers; liquidation (of assets); revision service; taxation; and utility assets. For more information or a copy of the booklet, write the firm at 1645 Beverly Boulevard, Los Angeles, Cal. 90026.

• The U. S. Department of Labor has released **Rigging cargo gear**. The bulletin is part of the safety in industry series offered by the government. The publication contains suggested safe practices in rigging and using cargo handling gear accompanied by diagrams. The revised 1969 edition may be obtained for 25¢ per copy by writing to the attention of the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402.

• **Early Warning** is a free brochure offered by Mosler Electronic Systems, 9 South Street, Danbury, Conn. 06810. It is concerned with integrated monitoring systems, their advantages, typical functions with photos of various systems offered by the company. For a copy of the brochure write the company.

• The 1970 Safety Training Institute Courses is a 10-page booklet giving brief summaries of the various institutes sponsored by the National Safety Council. The booklet is free and can be ordered by writing the firm at 425 N. Michigan Avenue, Chicago, Illinois. 60611.

• **Accident Cost Control** is an occupational safety aid compiled by the U. S. Department of Labor Safety Training Programs. The pamphlet covers the direct and indirect costs of injured employees, the elements of production concept, and an accident-cost program procedure. The pamphlet may be obtained for 15¢ by writing to the attention of the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402.

• Thomas F. Sheehan, JD, CPCU, has written **The Liabilities of Directors and Officers: With Practical Solutions For Their Discharge**. The book contains 28 rules of conduct to prevent suits against directors & officers, a table of cases, safeguards to avoid liability, and explains how insurance relates to and overlaps other kinds of insurance. The book also covers examples of common limit and retention under d & o, and actions to limit responsibility of directors. The book may be ordered for \$4 from Directors' Press, 5356 E. 72nd St., Indianapolis, Ind. or from Mr. T. F. Sheehan, c/o Excess Underwriters, 175 W. Jackson, Chicago, Ill.

• **Loss Prevention Program** is a booklet outlining authoritative recommendations that will help effectively safeguard business against embezzlement, forgery, burglary and robbery. Plans for internal controls are provided covering audit reports and other similar material. Single copies are free. Address requests to the Public Relations Department, Fireman's Fund American Insurance Cos., P. O. Box 3395, San Francisco, Cal. 94120.

• The Kemper Insurance group has published a revised **Management Guide on Alcoholism and Other Behavioral Problems** to provide all levels of management with help in handling these problems. The booklet provides a policy and a program, procedures, benefit plans and treatment services for employees and their families. An initial order of up to 50 copies is free, additional orders are 5¢ per copy. Orders should be directed to the Public Relations Department, Kemper Insurance Group, 4750 Sheridan Road, Chicago, Ill. 60640.

• The William J. Burns International Detective Agency, Inc. has published a booklet **Protect Your Profits with modern security techniques**. The booklet contains information about the security services of the firm and a list of its clients. Send requests to Jack Shannon, Marketing Director, 320 Old Briarcliff Rd., Briarcliff Manor, N. Y. 10510.

• **The Honeywell Building Security Catalog** gives general descriptions of the various systems and components the firm provides for such security. The booklet also provides a building security checklist. For a free copy of the catalog write Honeywell Automation, Tom Probst, 2701 Fourth Ave. South, Minneapolis, Minn. 55408.

• Normda Industries, Inc., 6330 Riverdale St., San Diego, Cal., 92120, has published a brochure discussing the principle of ultrasonics, the difference between ultrasonics and microwaves and other frequency radio systems, placement and procedural notes. **Ultrasonic For Security** may be ordered from the firm to the attention of C. H. Peterson.

• Computer programs of pensions and profit sharing materials are available to corporate employers, insurance companies, mutual funds and banks from the Babb Computer Systems, Inc. 850 Ridge Avenue, Pittsburgh, Pa. 15212. The information is available so that the reports can be produced on company computers or can be obtained on a service basis. For additional information containing the firms' clientele and describing its computer program and exchange library and the systems presently in the library and cost, write the company.

• **Basic Planning for Pilferage Control** is a booklet furnished by Wells Fargo Security Guard Services, 1775 East Center St., Suite 202, Anaheim, Cal. 92806. The object of the booklet is to provide methods and procedures for the protection of industry's assets through security measures. For a free copy write the firm.

• Belson, Hemingway and Associates, Inc., nationwide insurance personnel consultants, released a 20-page booklet entitled **Decision and Approach** to provide guidelines for the individual seeking new opportunities in the insurance field. The authors, Harold M. Belson and Willard G. Hemingway, deal extensively with individuals reaching goals, qualifications, motivation and the importance of objectivity. The booklet is available by writing the firm at 327 South LaSalle St., Chicago, Ill. 60604.

• A standardized control console has been designed to fill the need of large building complexes for central monitoring and control of fire and security systems by Honeywell Automation. **Honeywell System 4 Control Center**, is a fold-out provided free of charge by the firm describing its control console. For a copy write the firm to the attention of Tom Probst, 2701 Fourth Ave. South, Minneapolis, Minn. 55408.

• **Effective Low-Cost Employee Benefit Communications** provides a personalized benefits summary statement for each employe. Paydata, Inc., outlines, via computer, an employe's stake in his company, highlighting the overall contribution made by the company. This service is aimed at the mass market of smaller corporations and averages \$5.00 yearly total cost per employe. Paydata provides an effective and economical avenue for conveying to each employe the full value of his benefit program. This valuable management tool is available through agents and brokers. For more information write to Paydata, Inc., 20 Evergreen Place, East Orange, N. J. 07018.

• Pension plan administrators and attorneys faced with the need to revise plans having excess or step-rate benefit formulas, so as to maintain qualified status under Revenue Ruling 69-4, may obtain the A. S. Hansen, Inc. 69-4 Slide Rule, free. The instructions with the Slide Rule will show how to determine combinations of benefit rates and integration levels. The Slide Rule may be obtained from the firm at 200 Park Avenue, N. Y.,

Thalidomide victims to get \$15 million

LONDON—The end of the line is in sight for the British thalidomide litigation that followed the use of the German-devised drug Contergan by pregnant mothers ten years ago.

Damages that are feared likely to reach \$15 million will be paid in the next few months for the benefit of more than 300 children who now suffer from limb deformities for life as a result of the drug. But insurers are still waiting to see how much they will have to pay out towards this vast compensation settlement, for there is a vital lawsuit in the pipeline to decide the pattern of such payment.

Court awards of \$2.5 million have already been met fully by Distillers Co. (Biochemicals),

which marketed the drug in England under license from its German makers.

IT HAS PAID them on the complete understanding that any allegations of negligence against it are withdrawn.

Now a special trust fund for the families of the other 250 deformed children, calling for a potential further \$12.5 million, is being drafted for court approval. But as it has taken nearly five years to end the lawsuits by parents, it will be 1971 or longer before the subsequent insurance lawsuit ends.

It rests on the meaning of a clause in the contract that is believed to provide for maximum liability of \$600,000 for any one

accident, or series of accidents, arising out of any one event each year. This was normal in the insurance world at the time the contract was drawn up.

Until recent years this would have been enough to meet any products liability claims, but the thalidomide tragedy has shocked the world and hiked damages to new peaks.

THE INSURANCE suit between Distillers Co. and the Lloyd's syndicate that wrote its products liability from 1958 to 1962 will now enable a ruling to be given by British courts on how widely this type of clause is to be interpreted.

At the least, Distillers Co. naturally hopes to get nearly \$2 million from Lloyd's to reimburse

them for the money they have paid out, as the key effects of the drug covered a three-year period before its dangers were realized, about 1962, and this would cover a little more than the \$600,000 a year.

But obviously they would like to recover as much more of their projected \$15 million payout as the court trying the insurance lawsuit will permit, even though it will be a staggering bill for the Lloyd's men involved. It could lead, and in some cases has led, to a big shake-up in the wording of products liability policies, so as to make them completely widespread. Some insurers and manufacturing companies are already thought to be wording new policies

Continued on page 18



Would you enter a tournament with an unknown ball?

To risk the outcome of a tournament on the random selection of a ball is unthinkable to the 'pro'—or to any player who takes his game seriously. Far too much would be riding on an unknown quantity—the make, the quality, the tested performance of the ball. And—speaking of risks—our performance in writing all types of personal and business insurance has been tested for over eighty years and has earned the favor of the 'pros'. Ask your pro, your independent broker or agent about our services and worldwide facilities.



CHUBB & SON INC. UNDERWRITERS
Subsidiary of The Chubb Corporation, 90 John Street, New York, N.Y. 10038

MANAGER Federal Insurance Company • Vigilant Insurance Company • Great Northern Insurance Company • The Sea Insurance Company Limited • The London Assurance • Alliance Assurance Company Limited • Sun Insurance Office Limited • Affiliated with Pacific Indemnity Group through The Chubb Corporation • Life, Personal Health, Group Insurance, Pension and Profit Sharing Plans through The Colonial Life Insurance Company of America • Aviation Insurance through Associated Aviation Underwriters.

following the funds

Mutual funds rely on life insurance to bolster image in a bear market

NEW YORK—Revising their marketing approach, mutual funds are relying on their newly-formed relationships with the new "glamor investment vehicle," life insurance, to bolster their slightly-faded image in a bear market. The new combination, being pushed as a payroll deduction item, offers the employe a portion of the best of both worlds—protection in a down market and an opportunity for growth when the economy takes a more bullish turn.

Oppenheimer & Co., which manages a couple of the few

not-too-unhealthy funds (Oppenheimer AIM—\$20 million and the Oppenheimer—\$300 million), is now letting it be known that it is increasing its interest in this new marketing relationship. And, indeed, will be seeking more of them.

Currently Oppenheimer Fund shares are being marketed with term life insurance under a CNA program called "Diversified Dollars." Billed as a balanced investment opportunity, the CNA marketing plan incorporates some 68 different mutual funds being

managed by Oppenheimer, Dreyfus, Winfield, Enterprise, Harbor, KeyStone, Putnam, Colonial as well as CNA's own captive investment management company, Tsai Management.

SINCE LIFE insurance products have perhaps fewer competitive aspects, the appeal to the employer considering such a plan for his employes must lie primarily in the mutual fund portion of the package. "Generally, it is the employer who mentions the name of a fund he has heard of," a

CNA spokesman told *Business Insurance*. "The level of sophistication among the business executives we approach is pretty high overall concerning mutual funds," he said.

Since the funds are the major competitive factor in these plans, they are under great pressure to produce. Such services on the performance of mutual funds as the Arthur Lipper Service, Fundscope and Fundicator among others, broadcast the effects of each management move of the funds, be they wise or foolish.

Therefore, the funds' new cash flow largely stands or falls with the competence of their investment strategy. While much could be said about the competence of mutual fund managers both pro and con, theirs is the only segment of the investment community that freely publishes all of its performance results.

Oppenheimer Fund tends to compete well, even under the

rather naked disclosure practices, according to its vp, Donald W. Spiro. "We have the best ten-year record in the business," he told *Business Insurance*. "And we're compensated with a combination of a basic fee and a performance factor that results in a bonus if we out-perform the Standard & Poor's 500, and in a penalty when we don't. For example, last year the S&P 500 outdid us by 4%. As a result we returned 52% of our management fees to our stockholders."

THE MUTUAL FUND industry has been taking a proverbial "beating" during the last year. Some experts attribute this to the loss of "glamor" (an elusive quality held to have something in common with high growth and earnings) of the bevy of stocks that helped to buoy up the mutuals' reputations in 1967 and 1968.

"We were able to switch from our glamor stocks to the more stable utilities and blue chip securities," Mr. Spiro pointed out. "During the last three months, while the S&P 500 has been down about 13%, the Oppenheimer Fund has been down only 8%," he said, indicating a certain pleasant upturn in what are rather bleak times.

Mutual fund investment for the shareholder, however, is essentially long-term in nature. And Oppenheimer's long distance record stands in a respectable position. At least that's what one of this year's buyers thinks.

Joshua B. Powers Inc., a 65-employe publishing company located here in New York, installed a CNA/Oppenheimer Fund just after the first of the year. "We feel the new program is going pretty well here," William Redway, vp and treasurer of the company, said. He explained that his company's program had a minimum participation level of \$25 per biweekly pay check.

A SPOKESMAN for CNA explained that there were two administrative charges deducted from the \$25 contribution, split roughly \$15 for mutual funds and \$10 for life insurance. "There's an 8% sales charge on the mutual fund side plus a 35¢ charge for splitting the monthly payroll deduction check from the employer between the insurance company and the mutual fund management company," he explained.

"The average contribution per paycheck is running about \$75 for the executives of the company, while the clerical employes participating in the program are staying at about the minimum level of contribution," Mr. Redway explained. He agreed that the mutual fund was the most important part of the deal as far as he was concerned. "If I had my choice, I wouldn't buy the insurance," he pointed out, indicating that his other insurance programs were ample in his opinion.

Mr. Redway placed the participation in the program at about one third of the employes of his company. "First we circulated literature about the program and then we held group meetings of the employes to explain how it would work to all of them at once. Those interested met privately with representatives from our consultants, who designed and are servicing our plan, Payroll Equity Plans Inc.," he explained.

Mr. Redway indicated that those employes who were contributing to the six-month-old payroll deduction investment program seemed pleased with it. He predicted that more of his employes would join it before this year is out.

How to cushion the money crunch:

Let AFCO help you pay insurance premiums by installments.

Credit has never been so tight in the history of this country. (As if you didn't know.) But there's no tightness at AFCO.

AFCO's extra line of credit will help you free up working capital. AFCO will pay those heavyweight insurance premiums.

Then you repay AFCO in installments monthly. That's much easier to bear. So are our low interest rates.

Ask your insurance agent or broker for the simple details. You and your company will breathe more easily.



NEW YORK: 108 JOHN STREET, NEW YORK 10038
ATLANTA BALTIMORE BOSTON CHICAGO
EAST ORANGE KANSAS CITY LOS ANGELES
MIAMI NEW YORK SAN FRANCISCO SEATTLE

compensation trends

Management has varied ways to build wealth among executives

By JOSEPH S. ROBINSON
Staff attorney,
Practising Law Institute

NEW YORK—Annual reports and proxy statements often reveal a good deal about how management goes about building executive wealth. Nowhere is this better demonstrated than in the areas of executive compensation, stock options and pensions.

Here we chronicle some of the exotic incentive plans offered the top brass by a cross section of corporate giants.

Executive compensation

General Motors reports it paid a record total of almost \$18 million in salaries and supplemental compensation to its officers and directors in 1968—an increase of more than 18% from the previous year.

Highest paid was GM board chairman James M. Roche, who received, in addition to salary and cash bonuses, contingent credits worth more than \$400,000. These credits represent payments in stock, which may be taken in installments over five years. In all, almost \$3 million was paid to various executives in contingent credits for the year.

Ford Motor Company paid Seimon Knudsen approximately \$750,000 to leave GM and work for them, before he was fired in a "personality" dispute. He also received \$400,000 in supplemental pay.

RCA president Robert Sarnoff had an annual salary of \$225,000 plus a bonus of \$200,000.

NBC board chairman—Walter D. Scott received \$160,000 as base pay and picked up \$140,000 in additional bonus in 1968.

New incentive arrangements

It is interesting to note that the proxy statements of a number of companies now contain new bonus plans or amendments to current plans in which a fixed cash dividend must be paid shareholders before any payments are made under the management incentive plan. Other companies have provided for resubmission and review of plans periodically.

Pension for executives

Executive pensions have long been a source of retirement wealth—particularly when there is no dollar ceiling written into the plan. Typical of such plans are those that provide, say, 40% of the average of the five highest of the last ten years of employment, less 50% of Social Security benefits.

General Public Utilities has such a plan in which a large part of the pension fund is invested in GPU stock and the balance in other common stocks. Of course, share earning and market appreciation affect a participant's retirement benefits. For instance, when chairman F. F. Tegen resigned in 1969, he elected to have his interest in the fund distributed to

him in a lump sum. This distribution was roughly \$1 million, of which approximately \$360,000 is from company contributions over a 13-year period, about \$70,000 from his own contributions and some \$570,000 from the earnings of the trust fund including its market appreciation.

ITT's last proxy statement indicates that an executive with a \$300,000 average final compensation could receive as much as \$150,000 as an estimated annual pension.

AT&T pays F. R. Kappel, for-

mer board chairman, in excess of \$100,000 a year in non-contributory pension benefits.

Grand Union has some sort of plan on its retirement benefits. The maximum annual retirement benefit for any person whose five-year average annual compensation is less than \$40,000, is \$20,000 and, for any employee whose average annual pay exceeds \$40,000, it is \$20,000 plus 20% of such excess.

Stock options

The argument in favor of op-

tions runs as follows: Allow executives a generous incentive and you will retain and attract top-flight talent, with an ownership position, that in turn will result in larger earnings. The fallacy is that sometimes stock option plans neither succeed in retaining executives nor do they guarantee success. Nevertheless, once option plans are adopted management becomes addicted to them with the result that they grow like Topsy.

Seilen Inn., for example, amended its key employees stock option plan to permit an option grant to one participant of up to 35,000 shares of the company's stock. This proposal was intended to replace the 16,000 share limitation in existence prior to the proposed enlarged limitation.

Iroquois Industries disclosed a similar pattern in its 1969 proxy statement. It revealed a recommendation to increase the number of shares of stock subject to the

qualified stock option plan from 15,000 to 65,000.

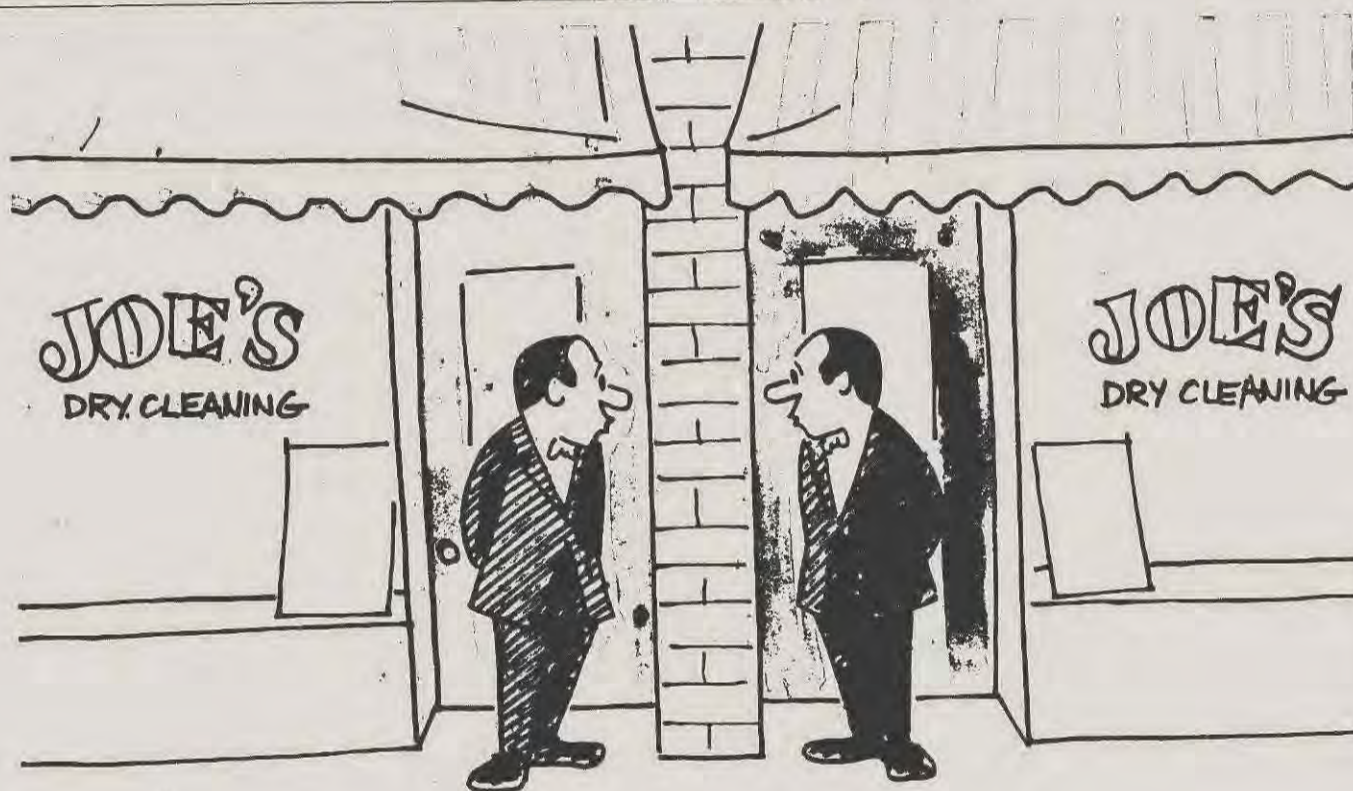
Since many other companies have similar proposals, independent shareholders are urging protective measures along the following lines:

- That shares to be optioned will be offered in yearly installments as nearly equal as possible and that the right to purchase such shares will not be cumulative; they will expire to the extent not exercised during the applicable installment period.

- That the aggregate purchase price of the shares covered by an option may not exceed 150% of an individual's annual cash compensation.

- No option will be granted in any year to executives who are within 18 months of their automatic retirement date.

- If any optionee sells optioned stock to pay off a loan in order to pick up new options, this practice shall be looked upon unfavorably.



At Aetna, we know every Joe is different.

That goes for people. It also goes for businesses. Even for businesses that have a lot in common.

Aetna Agents could take the easy way out by ignoring the differences. But they don't. Instead, they specialize in finding out how big that difference is.

Whether you're a cleaner or a contractor, the Aetna Agent has two finely honed analytical tools called 1) "Aetna Plan" and 2) "Plandex" to find out how your operations (and the exposures that come with them) differ from your competitors'.

That's why an Aetna Agent will never write the same insurance program for you as for someone else in the same business. Yours will be custom-tailored to your individual needs.

If today's conditions have you thinking about a review of your insurance, talk to an Aetna Agent. His analysis of operational differences often lets him suggest a more efficient insurance program.

Aetna professionals don't think you should have to carry any unnecessary insurance just because the other Joe does.

Named bonding vp

Andrew Newell has been named vp in the bond department, National Preferred Risks Inc., Great Neck, N. Y. Mr. Newell was formerly owner of the Andrew Newell Agency, which was acquired recently by Nation-

OUR CONCERN IS PEOPLE

LIFE & CASUALTY

opinions

Joe B. Hunt wins again

NEWS RELEASES from the office of Joe B. Hunt, Oklahoma's insurance commissioner, usually set us to thinking because Mr. Hunt, by his own preference, is a highly controversial man—except among Oklahoma voters. Recently we got a "memo" from Joe B. that informed us he won his fifth four-year term as commissioner without opposition.

We suppose that most everyone, especially Oklahomans, should be gratified that Mr. Hunt is safely in office for another term. After all, the insurance commissioner recently turned over \$14,062,193.20 to his state's general revenue fund. And, as we have sadly noted in the past, Mr. Hunt views his office as a profit center.

But we also believe that Commissioner Hunt's re-election points up a concern held by many knowledgeable political scientists about the wisdom of electing persons to minor state offices, such as insurance commissioner. Those who oppose electing minor officials point out that most voters are unable to inform themselves properly on the qualifications of candidates for such positions. They point out, too, that making such offices appointive would make them more responsive to the public will and, in some cases, eliminate the practice of soliciting campaign funds from the insurance industry.

Will Rogers, whose name is on the office building occupied by Commissioner Hunt's department, once said: "On account of us being a democracy and run by the people, we are the only nation in the world that has to keep a government for four years, no matter what it does." We think that Will Rogers was right as his comment applies to insurance commissioners. We believe that the ten states that cling to electing their insurance commissioners should make those offices appointive and hold their governors responsible for the efficient and honest operation of the insurance departments.

There are too many instances—like those in Oklahoma and Kansas—where an entrenched elected insurance commissioner has held office for decades while the insurance industry has undergone dramatic changes. We believe that appointing insurance commissioners would assure greater responsiveness to the public's needs.

We wish Joe B. Hunt a prosperous new term, one that he deserves for again proving his slogan, "Nobody loves him but the people." Nevertheless those concerned about the health of state insurance regulation ought to take steps in ten states to make insurance commissioners appointive rather than elective.

Useful statistic

THE AUGUST 3 issue of *Business Insurance* reported on employee compensation increases between 1966 and 1968 based on statistics from employer questionnaires sent out by the Bureau of Labor Statistics' department of compensation studies. The questionnaires ask for a

business insurance

for buyers of employe, property and liability protection,
pension investments, financial services

G. D. CRAIN, JR., Chairman S. R. BERNSTEIN, President
ALFRED MALECKI, Publisher RANCE CRAIN, Editorial Director

RICHARD C. BJORKLUND, Editor STEPHEN D. GILKENS, Eastern Editor
Associates: New York—SUSAN TRAUSSCH, GEORGE R. LANGWORTH, Chicago—
TERESA NORTON, Washington—STANLEY E. COHEN, San Francisco—KENNETH
R. MACDONALD, Hartford—ALLEN M. WIDEM, Minneapolis—ROBIN MENZ
SUHRBIER, Editorial Assistant: Chicago—MICHELE MADDOCK, Correspondents in
all principal cities: JOE FARACI, Art Director.

Contributing Editors: DONALD BERRY, vice president, C. B. Lilly Inc., East Orange, N. J. JOHN W. GILES, attorney-at-law, Washington, D.C. CHARLES LEVINSON, insurance manager, Port of New York Authority. ELLIOT BEIER, manager of pension and profit-sharing services, Nuveen Corp., New York. J. E. BENOIT, J. E. Benoit & Assoc., St. Leonard, Quebec. CARL J. VOGT, supervisor of workmen's compensation, General Tire & Rubber Co., Akron, HOWARD L. PECK, partner, Hewitt Associates, Libertyville, Ill. BION H. FRANCIS, manager of benefits planning, Colt Industries, New York. J. P. OLSEN, assistant counsel, Ingersoll-Rand Co. New York. NED MILLER, partner, Romm, Miller & Lazarus, New York. JAMES J. ANDERSON, insurance manager, Squibb Beech-Nut Inc., New York. HAROLD A. CLARK, manager-planning, employe benefits, Sperry Rand Corp., New York. JOSEPH GULLO, vice president of insurance, D. H. Overmyer Co., New York. PAUL C. JOHNSON, insurance manager, Sea-Land Service Inc., Elizabeth N. J. M. REX PEARSON, insurance manager, Signal Cos., Los Angeles. ROBERT ABRAHAMSON, insurance manager, Control Data Corp., Minneapolis. WILLIAM J. JONES III, assistant to the treasurer, overseas chemical division, W. R. Grace & Co., New York.

Advertising
District managers: New York—CHARLES A. HORVATH, THOMAS J. O'MARA
Chicago—ROBERT L. NIESSE
Los Angeles—DENNIS KOCH
Southern representative—WILLIAM B. CARR,
2500 N. E. 48 Lane, Fort Lauderdale, Fla. 33308
Assistants: BERNICE STELTER, RITA D. SIEGAL

Published by Crain Communications Inc., Chicago, publisher of Advertising Age, Industrial Marketing, Advertising & Sales Promotion, Marketing Insights, M. A. HARTENFELD, executive vice-president; RANCE CRAIN, KEITH CRAIN, J. J. GRAHAM, J. V. O'GARA, S. E. COHEN, D. J. CLEARY, JR., LOUIS F. DEMARCO, ALFRED MALECKI, WILLIAM STRONG, vice-presidents, G. R. CRAIN, secretary and treasurer, J. H. TERRY, assistant secretary and assistant treasurer. Cable address: CRAINCOM

Published at 740 Rush St., Chicago 60611 (337-5200). Offices at 630 Third Ave., New York 10017 (YU 6-5050); National Press Bldg., Washington, D.C. 20004 (RE 7-7659); 1018 Fisher Bldg., Detroit 48202 (TR 2-7211); 6404 Wilshire Blvd., Los Angeles 90048 (OLIVE 1-3710); San Francisco (GR 4-8532); Fort Lauderdale (771-8242) 45 cents a copy, \$10 a year in U.S., Canada and Pan America. Elsewhere \$4 a year extra. WILLIAM STRONG, circulation director. ROGER DIGREGORIO, subscription manager. Four weeks' notice required for change of address. Address all subscription correspondence to subscription manager, Business Insurance, 740 Rush Street, Chicago, Illinois 60611.

A DECADE OF HURRICANES

Hurricane	Date	Estimated Insurance Loss Payments
Donna	Sept. 9, 1960	\$ 91 million
Carla	Sept. 9, 1961	100 "
Cleo	Aug. 26, 1964	67.2 "
Dora	Sept. 9, 1964	12 "
Hilda	Oct. 3, 1964	23.3 "
Betsy	Sept. 7, 1965	715 "
Beulah	Sept. 19, 1967	34 "
Gladys	Oct. 18, 1968	2.6 "
Camille	Aug. 17, 1969	225 "
Celia	Aug. 3, 1970	?

In the past ten years insurers have paid out \$1,270.1 billion to private citizens and businesses in the Eastern and Gulf coastal states suffering damage in ten major hurricanes. The losses from Celia, Nature's latest temper tantrum, have yet to be tallied.

Source: Insurance Information Institute

breakdown as to just how the compensation dollar is being spent by industry today.

While gross figures for premium wages, all insurance, retirement program expenditures and a few other broad categories of employee benefits are available, the employers' opportunity to differentiate between employees' life and employees' health insurance costs, for example, is severely limited.

A quick check with Alvin Bauman, who heads the BLS department of compensation studies, revealed the problem. "It's quite similar to the situation faced by the Welfare and Pension Disclosure Act. Employers are required to provide detailed information on their retirement programs for their employees. While the original intent of the legislation was to make sure the employee had a chance to scrutinize the management of his retirement benefits, the chief use of this information has been for competitive purpose by firms catering to retirement programs," he said.

"In order to counteract this" Mr. Bauman explained, "companies servicing a retirement program for an employer will urge more consolidation of the information to hide the specific details of just how they were competing. Similarly, there is no trouble in determining the gross premium for accident or health insurance as against the life insurance, for example. However, now that most employee benefit insurance programs are sold as a combined package, the insurance companies provide only a combined dividend, thereby masking the actual cost of the individual components of the employer's insurance package. The employer would like to help us, but he can't. He just doesn't have the information."

Such disclosure of information is nonetheless important to the consumer. By determining the cost of each kind of coverage individually, the insurance buyer could be better able to find out just what he is getting for his money. Perhaps insurance carriers instead of grouping these figures should be expected to make them more available. Far from hurting competition, the differentiated costs of these items would increase the insurance consumer's chances of getting the lowest rates as well as the best service available.

Time for action

THE SHIPPING industry has come under heavy attack by the Waterfront Commission of New York harbor in a report on cargo security. The report refers to the shippers' security system as being "deplorably inadequate."

The commission blames the shippers for the tremendous losses of cargo on New York and New Jersey piers due to petty pilferage and large-scale, organized larceny. The commission's report pulls no punches when it accuses the shippers of, among other things, being overly concerned with the cost of cargo protection, failing to report losses accurately, failing to sign criminal complaints against thieves and failing to stand behind its own port watchmen when they actually do perform their duties.

In the past, the Waterfront Commission has accused the insurance industry of contributing to the problem by not being concerned enough about losses. The new security report shifts the onus to the shipping industry, but not entirely. Insurers are still not interested, according to the commission.

Members of the shipping industry agree that something has to be done but they don't think the Waterfront Commission has the right to impose regulations over them. They have responded to the report with statements like, "The commission has to blame somebody."

There is a vicious circle here. Insurers and shippers are blamed by the Waterfront Commission, the commission is blamed by security men, security men are blamed by the shippers and all the while the thievery goes on.

There is little doubt that there is something rotten on the docks of New York harbor. Importers and exporters are afraid to speak out for fear of reprisals against their goods on the piers. Many of them no longer allow their goods to come through New York. To make up for losses they take the only road open to them; they raise prices and all of us, as consumers, suffer.

Isn't it about time for all the diverse elements—shippers, insurance companies, the commission, importers and exporters, security men—to get together and try to rectify an ugly situation? Conditions can only worsen, losses can only go higher until everyone involved learns to talk to each other, rather than at each other.

letters

General average fair

To the Editor: Mr. Moore certainly pointed out the administrative difficulty of a general average situation. Unfortunately, he seemed to believe that the administrative problems of a general average could be solved by some changes in insurance.

As the editor noted, general average is the sacrifice of cargo, hull, or expenditure of money to minimize a loss or complete a voyage. Insurance is only concerned insofar as paying the cost of the general average. Most ship owners and cargo shippers carry hull or cargo insurance, as applicable, which does indemnify them for amounts they become legally liable for in the declaration of a general average.

General average is the oldest and most equitable means of apportioning cost when disaster befalls an ocean voyage. The concept of general average goes back more than 1,000 years and its precepts are well grounded in equity. To fully appreciate general average, one must have a working knowledge of the situations that can arise in ocean transport when, in the rare instance a ship is imperiled, certain actions may be necessary to preserve the interests of all parties to the voyage. Deck cargo may be jettisoned, a cargo hold may be flooded, or a ship's gear and tackle sacrificed to preserve all cargo.

Certainly it is in the interest of all parties to the voyage that the master of a ship make any decision on his course of action upon what is of benefit to all concerned, not just the ship owner. Changing the rules of general average certainly would change the impact of loss from one of equitable distribution to one of self interest.

I propose that the concept of general average, in spite of its shortcomings, is in the best interest of all who ply the seas.

W. R. Obritz

Assistant Insurance Manager,
Pacific Car and Foundry Co.,
Bellevue, Wash.

'There's no panacea'

To the Editor: Your publication invariably ends up on my desk each month, and I find its content both interesting and informative, and often quite educational.

In your July 20, 1970, issue there is an article by E. V. Anderson of Johnson & Higgins, titled "Self-insurance of workmen's compensation is not a panacea." As I read the article, I could find some things with which I could agree—some with which I could not agree. But the last paragraph, though it hedges a bit, carries an implication that, in my humble judgment, is incorrect.

True, self-insurance of workmen's compensation is not for everyone, as even those who are self-insured, would agree. But all that "frosting" about cost-responsive plans underwritten through professional representatives smacks of a bit of bias, and what Mr. Anderson says doesn't measure up to what we have found to be the advantages of self-insurance in this area after living in it, or on its perimeter, for 20 years. Retrospective rating plans, dividend return plans? We have looked at a lot of these, and we will take self-insurance every time. Admittedly, you must be large enough, tough skinned enough and knowledgeable enough, to go the self-insurance route, but

Continued on page 18



The following sales message may be somewhat unpleasant, but please take it anyhow. It's good for you.

*Business insurance is like castor oil.
It isn't too bad if you get it over with fast.*

If you're like most businessmen, insurance details bug you. Or bore you. Or both. That's why The St. Paul invented the MULTICOVER plan.

Now, you can simply call *one* agent, and get *one* MULTICOVER plan that fits you and your business. You can write just *one* check every month, and you call the same agent to settle all claims.

MULTICOVER can include auto insurance, insurance against property damage, fire, burglary, forgery, accidents, death and about thirty-five other catastrophes that are just too

unpleasant to mention in a classy magazine like this.

You save time, obviously. You get fast, fast, incredibly fast relief from petty details. You may save some money, too: 15%, maybe more.

(In all honesty, we must admit that other insurance companies offer policies similar to MULTICOVER, so you're not confined to the venerable, solvent St. Paul. But we may offer a few benefits not available elsewhere, all of which will be explained, if you wish, by an independent agent listed under our name in the yellow pages.)

We realize that, for most businessmen, insurance still has all the sales appeal of castor oil. But at least now you can take it like a man.

THE ST. PAUL
INSURANCE COMPANIES



Serving you around the world... around the clock
St. Paul, Minnesota 55102

Pamphlet asks Federal standards for state work comp performance

SAN FRANCISCO—A new pamphlet, *Workmen's Compensation in Crisis*, has been completed by Clarence G. Johnson, senior vp of Industrial Indemnity, and is being distributed throughout California's insurance industry. It includes a recommendation by Mr. Johnson calling for establishment of Federal standards for state performance in workmen's compensation insurance as "the only way some states will improve."

"There is temptation," he wrote, "to call for pressure on legislators to hold the line. But this is self-defeating. A more constructive method is to demonstrate that each state can put its house in order and thus obviate the need for Federal interven-

tion.

"The Federal government," Mr. Johnson asserts, "has a legitimate interest in the welfare of the American workers. Employers and the insurance industry must show the Federal government that employe welfare is adequately provided for within the framework of the state workmen's compensation system."

"EMPLOYERS," he added, "must take a look at themselves with a view to instituting improvement before such measures are imposed from without."

To strengthen existing systems, he urged the provision within workmen's compensation programs of unlimited medical care

as well as "constant review and upgrading" of cash benefits to keep abreast of the cost of living.

"We must also have within the various states benefit administrations that attempt to motivate a return to gainful employment, with permanent disability ratings compatible with the concept of rehabilitation."

"Along with this," Mr. Johnson added, "must be an affective administration process that reduces the need for litigation and that has incentives for meeting cost and performance standards and one that is not immersed in reports and statistics."

Distribution of the pamphlet began when R. A. Young, president of the California State Fund

as well as the American Assn. of State Funds, returned from a series of meetings in Washington, D. C., on workmen's compensation problems. He reported adoption by the AFL-CIO of a "labor plan in favor of the Federalization of workmen's compensation." This was done, according to Mr. Young, because "some of the states continue to fail in any effort to come up to acceptable standards."

"I can only conclude, after some time in Washington, D. C.," he said, "that the Social Security people are hoping to be able to take over a substantial portion of the compensation business."

Brokerage merges

The insurance brokerage firms of Kendrick Vaughan & Co., San Francisco, Cal., and Vaughn & Blaken Inc., also of San Francisco, have merged and will operate under the name of Vaughn & Blake Inc.

N.J. court rules family suits okay

TRENTON, N. J.—The New Jersey supreme court has ruled that members of families have the right to sue each other in automobile accident cases.

In two 4-to-3 decisions, the majority pointed out that since almost all motorists have automobile insurance, such suits would more often be between a family member and an insurance company rather than between two actual members of the family.

In one case, a suit filed by the female passenger in a car involved in an accident against the male driver of the car was ordered to trial. Since the accident, the couple have been married. In the second case, the court rejected the notion that parental care and family harmony would be disrupted if minor children sued their parents.

JUSTICE PROCTOR, writing for the majority, noted that reasons for barring such suits were no longer valid today. In the past, the main reason such suits were not allowed was the preservation of family harmony.

He pointed out that "where one's conduct is such that his spouse elects to sue him, if there is no insurance the damage already has been done. A person would not sue his spouse if there were perfect harmony and it is unlikely that adjudication of the rights involved will worsen the relationship."

The vigorous dissent, written by Justice Francis, charged that the decision "is conducive to and provides encouragement for collusion, perjury and fraud, and it puts the pursuit of dollars above morality."

The minority felt that insurance companies would be the victims of easy collusion between members of a family. The dissent also disagreed with the contention that courts and juries would be able to determine for themselves if such collusion actually existed.

Do your sprinkler system requirements call for

Hydraulic Calculation?

"Automatic" wrote the book on it.

"Automatic" Sprinkler has more than forty years experience in hydraulic calculation. We wrote "Hydraulic Data for Fire Protection Systems", the industry bible.

"Automatic" Sprinkler has teams of installation experts capable of upgrading existing sprinkler systems to conform to new, modern underwriters' standards. In minimum time with minimum interruption to production schedules. As well as the design and installation of hydraulically calculated systems in new construction.

"Automatic" Sprinkler uses its own computer to help solve the design complexities inherent in hydraulic calculations. It's an integral part of our engineering department.

"Automatic" is your single source for all of your hydraulic calculation requirements: design and installation; economy and efficiency; existing and new installations.

For all the facts, write Mr. R. L. Pardee, Manager of Marketing Services, Dept. H-B, "Automatic" Sprinkler Corporation of America, Box 180, Cleveland, Ohio 44117. Or, look under "Sprinklers-Automatic-Fire" in the Yellow Pages.



Left keys in car; liable for accident

PHILADELPHIA—Ask William Burley if he will leave the keys in his car again and he will probably give you 21,500 reasons why he won't.

Mr. Burley, business agent of Local 57, Hod Carriers Laborers' Union, has been held liable in a \$21,500 damage suit on the grounds that he invited the theft of his automobile by leaving the keys in it. The car was indeed stolen and figured in an accident.

After eight days of trial a jury decided that Mr. Burley had left the keys in his car in a neighborhood in which it was reasonable for him to expect the car to be stolen.

The suit was filed by a couple and their two children. The family had been injured when the stolen car struck their vehicle eight years ago.

Mr. Burley, the two men who stole the automobile and the union were all held liable by the jury and ordered to share in payment of the damages. The union was found liable because Mr. Burley was conducting union business when his car was stolen.

Giles on the law

Hula skirt that went up in flames cost Hawaii shop owner \$126,256

By JOHN W. GILES
Attorney at law

WASHINGTON—If you sell a grass hula skirt during the policy period—and it catches fire at a costume party after the policy has expired, it may cost you \$126,256.

The owners of a shop purchased a liability policy, which provided that it applied to accidents only during the policy period. A grass hula skirt sold at the store during the policy period caught fire at a costume party after the policy had expired—and the lady who was wearing it was burned on 75% of her body. The lady sued and won a verdict of \$126,256. The store owners then sued the insurance company that refused to pay.

The lower court held that the insurer was estopped to deny the coverage because its agent had told the storekeeper that she would be protected for this type of accident. The insurer argued that estoppel could not be found where there was a clear and unequivocal clause in the contract. The court said the general rule of estoppel will not suffice to bring risks within the coverage of the insurance policy if the risks are not covered by the terms of the policy or are expressly excluded. There was insufficient evidence here to establish an estoppel. In Hawaii estoppel must be established by clear and convincing evidence. Estoppel presupposes misrepresentation, which was not present in this case. Thus the insurer was not estopped to deny coverage. (*Brown v. First Insurance Co. of Hawaii Ltd.* U.S. Court of Appeals, 9th Circuit, 3/31/70)

* * *

DOES THE "GOING and coming" rule bar widow's recovery in California of workmen's compensation benefits for the death of her husband, who was a policeman?

This officer was subject to 24-hour duty call, and was armed and in a police uniform when he was killed by an automobile while driving home from his job at a small town stationhouse on his own motorcycle. The evidence showed that there was no place at the police station for the officer to change his uniform before going off duty. The chief of police permitted officers to wear their uniforms and carry their pistols in going and coming from their homes to work. The only way this policeman could get to work was to walk, drive his own vehicle, or hire a taxi. The court noted that the "going and coming" rule precludes recovery when an injury occurs while an employe is driving to or from work, but that this rule is subject to many exceptions.

The labor code of California requires that this rule be liberally construed. In the present case, while the city did not require that the policeman furnish a vehicle of transportation for his job, it is clear that as a practical matter he was required to wear his uniform to and from work and that, at least when so clothed, carrying his pistol and traveling conspicuously on the public streets on a motorcycle he was expected to render assistance to members of the public in the field of law enforcement if needed.

In this situation, said the court, it held that the policeman was engaged in conduct reasonably directed toward the fulfillment of

his employer's requirements, performed for the benefit and advantage of the employer. As the result, the "going and coming" rule is inapplicable. Judgment was for the widow.

* * *

MUST A VEHICLE actually run into your property, in order for you to collect for damages to the property from the vehicle?

An owner of property was insured for loss caused by vehicles. The insured contracted to remove some boilers from the building. In the process of dragging a boiler tank by attaching a 100-foot cable to a truck, a barrel that

supported a beam was dislodged, causing the roof to sag about eight inches to ten inches.

The insured alleged that the damages were sustained as the result of the negligent operation of a motor vehicle. However, the insurer asserted that its liability under the policy extended only to direct loss resulting from actual physical contact of a vehicle with the property. Summary judgment was granted in favor of the insurer. The court pointed out that when the terms of a contract are clear and unambiguous, they are to be taken in their plain and ordinary sense.

Judgment affirmed. (*Backer v. Newark Ins. Co.-N. Y.* Supreme Court-App. Div. Third Dept.-12/18/69.)

* * *

IF YOU CLAIM that your accountants were negligent in changing the method of tax accounting for your business from cash receipts and disbursements to the accrual method without first obtaining permission from the Commissioner of Internal Revenue, when does your cause of action accrue to you?

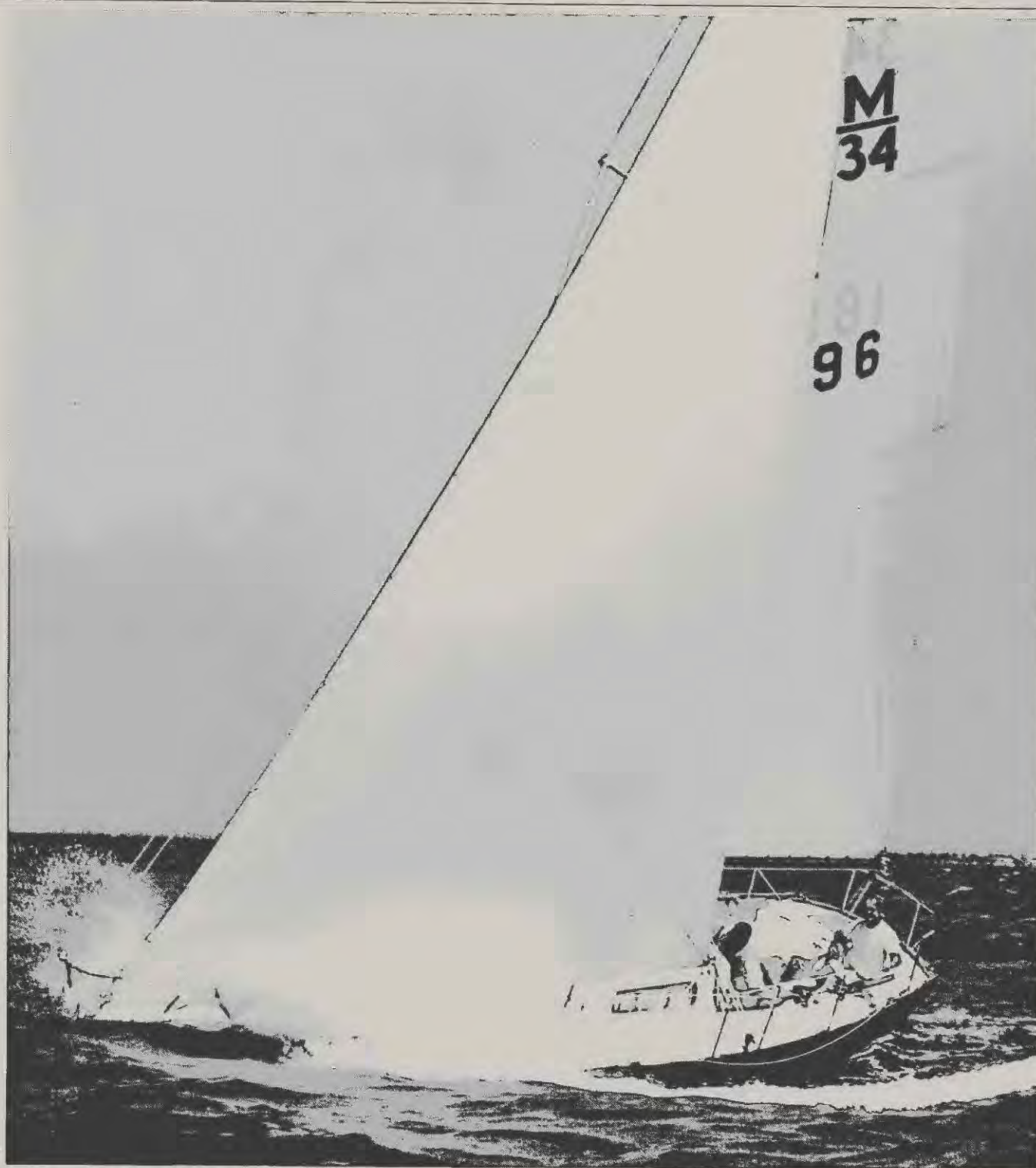
In such a case the plaintiff sought to recover for the accountant's alleged negligence, which resulted in a tax deficiency assessment against the plaintiff when he was required to retain the cash-accounting method for a certain year.

The action was instituted within two years of the date of the tax deficiency assessment, but

more than two years from the date of the alleged negligence by the accountant. The trial court granted the defendant's motion for summary judgment on the ground that the plaintiff's cause of action was barred by the two-year statute of limitations, applicable to certain tort actions.

On appeal, the Texas supreme court held that the two-year statute of limitations did not begin to run until the tax deficiency was assessed, since only at that time did plaintiff's cause of action arise and was the alleged tort completed, assessment being the factor essential to consummate the wrong, and that the action was not barred when commenced within two years from the date of the tax deficiency. This was notwithstanding that all of the alleged negligent acts of the defendant occurred more than two years before the

Continued on page 18



The difficulty in selling our EBP plans is finding ways to occupy your extra time.

With most individual policy pension or profit-sharing plans, an agent really has to work for his money. Before and after the sale.

But with our EBP marketing program, you can leave the details to us.

The program contains the approach, the presentation, contracts, underwriting and services specially designed to meet your client's needs. Our highly trained staff at the home office is alert to all current developments and is readily available to answer all your questions. Our staff tailors each plan and takes over

much of the detail work after the sale is closed, including employee communications and IRS reports.

In short, Mutual Benefit's expert assistance is at your disposal before, during and after the sale.

All of which should give you more time for other business. Or for pursuing your outside interests.

For more complete information, contact your nearest Mutual Benefit General Agent.

MUTUAL BENEFIT LIFE
THE MUTUAL BENEFIT LIFE INSURANCE COMPANY/NEWARK, N.J./SINCE 1845

Two more unions get mass auto.

DAYTON, O.—A "group" automobile insurance plan involving some 15% to 20% reductions in premium has been started by two International Union of Electrical Workers' locals at the General Motors-Delco and Chrysler-Airtemp installations here.

Affecting between 15,000 and 17,000 union members, the plan will also be made available to salaried employes of both companies. The new plan is being written for the union by the Hartford Insurance Co.

The estimated 20% premium savings resulted from the reduction in acquisition and administrative costs of the insurance company caused by its reversion to mass-merchandising.

UNLIKE TRUE group insurance programs like group life or health coverage, the mass-merchandised auto coverage plan calls for an individual underwriting process for each individual to be covered. The 15% to 20% savings will then be deducted from his premium.

If either the husband or wife is eligible, the other spouse automatically becomes eligible. Children who drive will also be covered if the car is registered to a participating parent.

The risk of cancellation will be sharply reduced or ended, according to Graham Rogers, a local representative of Hartford Insurance Co. Even if an insured has an accident he will retain eligibility for continued coverage.

Those individuals covered under the mass-merchandised auto coverage plan will be able to pay their premiums on a payroll deduction plan. ■

Auto dealer must pay \$8,025

SPRINGFIELD, Mass.—An auto accident resulting from the blow-out of a retread tire has cost the Chicopee, Mass., auto dealer who sold it as a new tire, \$8,025.

Mr. and Mrs. Victor H. Bernson of Springfield and their two children brought the Hampden County superior court suit against Cook Motor Sales, Inc.

The Bernsons bought a 1963 Chevrolet from Cook in May, 1965. All four tires of the car were sold as new and unused.

ON SEPT. 7 of that same year, while Mrs. Bernson was driving their son, Steven, to college, a tire blew out on the Massachusetts Turnpike, near Sturbridge, causing her to lose control of the car.

As a result of the accident, Mrs. Bernson broke her back and was hospitalized for 24 days.

Steven received only outpatient treatment at the same hospital and Nancy, also a passenger, required four days of hospitalization.

During the trial, the plaintiffs' attorney, Morton J. Sweeney, introduced evidence indicating that the tire was defective at the time of purchase.

Defense attorney, Thomas J. Donoghue, pointed out that the family drove the car for four months prior to the accident. He asked the jury to consider if the use of the car had exceeded the implied warranty. ■

If you're happy with it's time to go with And vic

Different companies? Yes.
But different companies, no.
Because we've joined hands to make a
fist of total-insurance protection for you.
In every line.
And the same satisfaction you feel with

your Utica Mutual casualty and property insurance is also yours with Security Mutual's life, health and accident insurance.

And the other way around. With your Security Mutual man flipping the coin of coverage to the Utica Mutual side.



th Utica Mutual Security Mutual. e-versa.

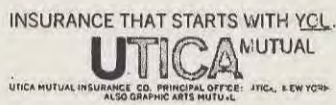
Giving you a combined coverage that meets *all* your needs. Personally and in your business.

So if you like the deal you got with Utica Mutual, try the Security Mutual brand of insurance in their specialty areas.

And—you guessed it—vice versa.
When you've got a good thing going—keep going.



SECURITY MUTUAL LIFE
INSURANCE COMPANY OF NEW YORK



INSURANCE THAT STARTS WITH YCL.
UTICA MUTUAL INSURANCE CO. PRINCIPAL OFFICE: UTICA, N. Y.
ALSO GRAPHIC ARTS MUTUAL.

Chavez gets more benefits for farmers

DELANO, Cal.—A 12¢-an-hour health and welfare benefit payment by grape growers is part of a package that brought victory this week to Cesar Chavez in his five-year campaign to organize farm workers into a union. The victory also marks the partial end of a nationwide boycott of grapes that began in 1968.

Mr. Chavez signed a labor contract with John Guimarra, world's largest grape grower, to give the AFL-CIO United Farm Workers contracts granting 10,000 workers minimum pay of \$1.80 an hour, plus 20¢ for each box of grapes picked this year.

This compares with the \$1.10 an hour paid before the strike and \$1.65 most recently. The basic wage will go up to \$1.95 next year and to \$2.05 in 1972.

JOBS WILL BE assigned through the union's hiring hall. Joint union-grower committees will regulate use of pesticides. A formal grievance procedure will be established and strikes will be prohibited during the three-year life of the agreement.

Contracts have been negotiated with the 26 major growers whose vineyards produce half the state's grapes. Mr. Chavez said the nationwide boycott will continue against grapes of the 25% of the California grape growers who have not yet signed with his unions. The holdouts, however, are expected to sign soon.

The Chavez union filed suit in Monterey County superior court at Salinas against the Teamsters Union, which signed a contract with the Council of California Growers covering 5,000 field workers in the Salinas Valley. The suit contends the Teamsters' agreement "interfered" with the workers' right to choose their own union.

Details of the Teamsters' contract on health and welfare programs and unemployment insurance will be worked out in supplemental contracts for the various crops involved. ■

Consumer protection law adopted

SACRAMENTO—A wide-ranging consumer warranty protection law, the first in California history, has been adopted 24 to 5 by the state senate here, in spite of claims it would "impose a fantastic burden on manufacturers."

The Song Consumer Warranty Protection Act would require all consumer goods sold in California to be protected by an implied warranty or else that the sale be specified as "with faults."

Monterey Park's Democrat Senator Alfred Song, author of the legislation, described it as "a first step in the right direction toward protecting consumers against the practice of making sale warranties little more than sales gimmicks." The legislation would require all consumer goods manufacturers, including auto makers, also to maintain repair facilities within the state in order to maintain goods sold in California.

It was the repair provision that brought opposition from San Jose Republican Senator Clark L. Bradley who said it would "place a fantastic degree of burden on manufacturers, especially those out of state." ■



letters

Continued from page 12

if you have the necessary elements to put it across, self insurance is a dollar saver—and a good one. There is no "panacea" in Mr. Anderson's apparent choice either. It takes blood, sweat and tears no matter what route you follow. We will take the self-insurance route every time—we have tried the other routes and some of the schemes insurance companies don't "sell" the customer—they

sell him out with a mess of soft soap instead of realism.

We end as we started. Self-insurance is not a panacea—there just "ain't no such animal," but to those who can handle it, self-insurance is a dollar saver in workmen's compensation and liability areas. We can't buy the evident Anderson bias against it where it fits.

George E. Wiard

Admiral Merchants/Cole-Dixie,
St. Paul, Minn.

'Service' personnel

To the Editor: I read with interest in the Opinions column in your July 6, 1970, issue "Who's in charge here?"

Whoever wrote this particular column apparently lacked some knowledge of the purposes of the makeup of such industry committees in relation to the operations of the National Assn. of Insurance Commissioners meetings.

No doubt you will hear directly from James Baylor, Illinois insurance director, and perhaps others, but I for one, want to indicate that, while we call upon industry people to serve on certain committees, they are in no way, shape or form "taking charge" of the NAIC operations. Such meetings are conducted by and through the membership of the NAIC itself through its executive committee, it's national officers and its staff. All agenda items are scheduled by the members and the staff of the central office oversees the operations of the entire meeting structure.

Industry people are called upon because of their availability to participate in such committees as finance, reservations, registration and the like in lieu of department personnel being available in such cities as are hosting these particular meetings.

This would be especially true in states with divisions no larger than my own, and I am proudly hosting a meeting of the NAIC in December, 1973, and there is the

Charge union ignores safety

WASHINGTON—The United Mine Workers union has joined with the Federal government, the states and the coal industry in fostering coal production at the expense of miners' health and safety, says a new study of coal mining conditions in West Virginia.

The study concludes that UMW chief W. A. (Tony) Boyle and his lieutenants "did not work vigorously for the Federal Coal Mine Health and Safety Act (passed last year) and more importantly are not working for its enforcement in the mines today."

possibility of another one in 1977 or 1978. We previously hosted such a meeting in 1964 and depended largely upon our very limited domestic insurance industry for furnishing personnel from agencies, brokers, adjusters and company offices for "service duty" in relation to such a meeting.

We should be grateful to them for furnishing of such "service" personnel, at great cost to them, for which the NAIC is not budgeted. If we were to pay for clerks and secretaries, it would take a considerable amount of money to handle such costs. Surely you know that our respective legislative bodies will not give up any part of those funds derived through the various insurance departments for such meetings. As a matter of fact, I have one heck of a time even getting the small amount necessary to travel to and from NAIC meetings through our legislative body, and I certainly deem them most important to the operations for which I am responsible for the benefit of the citizens of this state.

Perhaps a little more research on the part of the writer of said column will bring about a better understanding as to what part industry really takes in the conducting of such meetings.

Louis T. Mastos

Commissioner of Insurance, Carson City, Nev.

Giles . . .

Continued from page 15
suit was commenced. (*Atkins v. Crosland*- 417 S. W. 2nd 150.)

* * *

IT SEEMS TO US that you have to be pretty naive to sit in the front row at a wrestling match and not expect to find a wrestler in your lap at one time or another.

But the supreme judicial court in Massachusetts disagrees. They say if you are injured in this fashion, the owner of the arena should have warned you or set the chairs further back.

This plaintiff also sued the match-maker but the court held that wrestlers are independent contractors and are not under the control of match-makers.

The court held that the plaintiff was not guilty of contributory negligence by sitting at the ring-side. (*Silvia v. Woodhouse*, Mass. Supreme Judicial Court—6/3/69.)

* * *

WHAT DOES an architect's certificate of errors and omissions insurance cover? A California case answers some of these questions.

The California court held that since a certificate of errors and omissions policy was a contract of indemnity, insureds were entitled to recovery upon becoming liable, which was when their liability to the owner for breach of professional duty was established by a judgment entered on an arbitration award. Interest accrued up to the date of judgment was part of the claim that insurer undertook to indemnify insureds.

The policy provision that the measure of loss shall be "such amounts as may be assessed against the assured" was construed as including costs of expenses "incurred in connection with arbitration proceedings." Since the policy did not specifically state the measure of insurer's liability on an award in arbitration proceedings conducted at insurer's expense after an offer to settle within policy limits was rejected, insurer was not entitled to credit for its expense in investigating the owner's claim and in

\$3.5 million pill suit in Maryland

SALISBURY, Md.—In one of the most recent birth control pill suits, Corarain Johnson, 25, has filed a \$2 million compensatory damage claim and a \$1.5 million punitive damage claim in Maryland supreme court against Syntex Laboratories, makers of Norinyl.

The unmarried factory worker said she began taking the pill in February, 1967, and now has total permanent loss of vision in her right eye, due to an artery occlusion.

She has charged the New Jersey pharmaceutical firm with "negligence, and carelessly producing, manufacturing and promoting the sale of the drug, and with failing to sufficiently test the drug for resale and consumption."

defending the arbitration proceedings. However, insurer's expense in defending on their own behalf the claim against insureds in the arbitration proceedings was recovered with interest from the date of judgment.

Hertzka & Knowles v. Salter et al. California Court of Appeals, First Dist. Div. 1, 4/3/70.)

Victims . . .

Continued from page 9

so as to face the possibility of catastrophic claims from drug-dangers and other hazards in the light of the thalidomide affair.

Risk managers for big corporations have been advised to think of minimum products liability cover in the region of \$2.5 million a year, because damage awards are rising steeply.

THE DAMAGES awarded by British courts for the thalidomide sufferers have ranged from \$60,000 for a boy born without arms, and with leg deformities and spinal troubles, down to \$12,500 for a boy with one shortened arm and hip trouble.

Charity workers who have set up a special trust fund to give extra voluntary aid to the deformed children under the supervision of Lady Hoare, wife of a former Lord Mayor of London, are still calling urgently for funds as they believe the awards are too low. They point out that auto-crash victims sometimes get as much as \$70,000 or \$80,000 from commercial insurance companies in court awards.

It is accepted that this fund will still have a vital role to play in caring for the lives of the children for many years to come.

It is pointed out that when Distillers Co. agreed to pay damages, it did so on the basis that it had not been proved negligent in distributing the drug in England. So it was voluntarily prepared to quicken the proceedings and to meet claims up to 40% of what the courts might have awarded after long, and perhaps fruitless, lawsuits.

In Germany, where the drug was sold as Contergan, the Chemie-Grumenthal firm has arranged an out-of-court settlement of \$28 million for 2,000 West German children affected. The West German government is likely to add \$13 million to this fund, which will provide cash awards of up to \$11,000 plus monthly payments of about \$1,000 for life for each child.

SARASOHN AND COMPANY PUBLIC ADJUSTERS



CONVENIENT OFFICES

East Orange, New Jersey (Home Office)
85 S. Harrison Street (201) 675-1400

New York, New York
347 5th Avenue (212) WH 4-3337

Bridgeport, Conn.
(Tri State Adjustment Service Co.)
27 Post Office Arcade (203) 333-5555

Newburgh, New York
231 Liberty Street (914) 562-9420

San Juan, Puerto Rico
1700 Ashford Avenue 722-5977

No. Miami, Fla.
16924 N.E. 19th Ave. (305) 945-6338

Memphis, Tenn.
(Roddy and Sarasohn, Inc.)
651 South Cooper St. (901) 274-2305

Scranton, Pa.
129 N. Washington Ave. (717) 342-8230

Kansas City, Mo.
10th & Walnut Streets (816) 421-7070

The Nation's No. 1 General Aviation Underwriting Organization



AVIATION OFFICE OF AMERICA
INCORPORATED

JACK G. FOLMAR

Chairman of the Board and Chief Executive Officer

JAMES B. KELLY

President

ideas*

EBASCO RISK MANAGEMENT specialists can give you another view... an independent and competent evaluation of your idea or problem—an analysis by people who are experienced, unbiased, respected.

EBASCO experts also have ideas for improving your corporate insurance and risk management programs... ideas which involve methods and approaches not experienced by your staff... ideas which are too involved or too time consuming for your technical staff to undertake.

EBASCO services—available at offices across the country—are specifically designed to provide professional outside assistance in all areas of corporate risk management programs.

* EBASCO Specialists Provide Services. No Insurance Sold.

EBASCO SERVICES INCORPORATED

NEW YORK
100 Church Street
New York, New York 10007
(212) 344-4400

CHICAGO
100 South Wacker Drive
Chicago, Illinois 60606
(312) 346-3438

SAN FRANCISCO
44 Montgomery Street
San Francisco, Cal. 94104
(415) 433-2930

WASHINGTON
1625 Eye Street, N.W.
Washington, D.C. 20006
(202) 737-3240

CANADA
250 Bloor Street East
Toronto 5, Ontario
(416) 923-0931

BERMUDA
P.O. Box 1617
Hamilton, Bermuda
Telephone: 1-3973

HEW plans to fight byssinosis, industrial noise

WASHINGTON—Two safety areas that will receive increased emphasis from the Department of Health, Education & Welfare in fiscal 1971 are byssinosis and industrial noise. C. C. Johnson, administrator of HEW's environmental health service told the House appropriations subcommittee last April in testimony just released to the public.

Mr. Johnson said his department plans to spend an additional \$200,000 and hire four more persons in fiscal 1971 to initiate and develop an effective program to define and control byssinosis in the cotton textile industry.

Byssinosis, called brown lung by some and white lung by others, is a respiratory illness similar to the black lung suffered by coal miners. Consumer crusader Ralph Nader has been a key figure in pressing for Federal action against the conditions in the mills that cause the disease.

Mr. Johnson said he expects that a sampling method can be developed in 1971 to permit use of an interim standard for control of byssinosis by the Labor Department and other appropriate regulatory agencies, and that a refined standard will be forthcoming by 1973.

FISCAL 1970 saw the completion of a phase of a research grant which demonstrated for the first time the existence of byssinosis in several American cotton textile mills, Mr. Johnson said, adding that the carding and spinning operations had the greatest prevalence of the disease. The projected number of affected workers in these operations is 17,000, he said.

Mr. Johnson described noise-induced hearing loss as a major hazard in both American industry and in its communities.

Efforts so far to deal with the noise problem have been directed toward collection of data from hearing tests and noise level measurements in several industries, he said, adding that his

department plans to conduct noise surveys in 15 major industrial operations as well as to initiate studies on nonauditory problems associated with urban and community problems.

Noise and hearing loss surveys will be completed in June in four industries involving 1,000 workers in power generation, furniture manufacturing, electric switch manufacturing and steel manufacturing, he said.

THIS IS THE second year of a five-year study, which will total 25,000 workers in 100 plants and is designed to provide baseline data necessary to refine noise standards in the industry, he told the subcommittee.

Environmental noise criteria will be developed in 1971 for protection from noise-induced

hearing loss and from health disorders of an extra-auditory nature, Mr. Johnson said. He said his department's noise program will be expanded by \$200,000 in fiscal 1971.

Another area of emphasis in 1971, Mr. Johnson said, will be the initiation of a national surveillance and monitoring system which will eventually provide information on the nature, magnitude and extent of occupational health hazards and serve as an early warning system.

A pilot operation of this network for the working environment was voluntarily established in Pennsylvania, he added.

REGARDING HIS department's activities in fiscal 1970, Mr. Johnson told about the research that is being conducted on the causa-

tion and characterization of coal workers' pneumoconiosis (black lung) at the Appalachian Center for Environmental Health.

In an ongoing study there, he said, 1,700 of 2,400 miners have been medically examined and their respiratory disease histories obtained. This study will aid in the assessment of pulmonary impairment and establishment of disability criteria as well as in judging the adequacy of the interim standard for coal dust, he said.

He also told the subcommittee that in fiscal 1970 eight environmental resurveys were conducted in asbestos textile plants. Approximately 600 asbestos workers were medically examined and given pulmonary function tests, he said, which helped the depart-

ment compile criteria necessary for establishing an asbestos standard.

Such a standard should be forthcoming in the next few months, he said.

Mr. Johnson told the subcommittee that the study asked for by the Federal Radiation Council regarding the updating of the exposure history by five years and the mortality data by one year for a group of 3,500 uranium miners will be completed in May.

The statistical analysis of the data should be finished by September, he said, in time for the FRC review.

In summary, Mr. Johnson said, the total funds requested for occupational health in 1971 are \$8.3 million, an increase of \$680,000 over fiscal 1970.

THE BUSINESS RISK THAT'S TOO BIG TO TAKE

We're talking about the risk of business-shattering lawsuits and catastrophic losses. We're talking about the kind of liability that stretches above and beyond the limits of your primary insurance. We're talking about The Home policy that one out of four of America's top companies hold.

Companies such as RCA and Chrysler and Nabisco and Seagram and more. The policy is called Commercial Excess Liability and it's another good reason why we're called The Home of Insurance. Get full details from your broker. Or phone your Home agent—he's listed in the Yellow Pages.



THE HOME INSURANCE COMPANY

59 Maiden Lane, New York, N.Y. 10008
Affiliates: The Home Indemnity Company
Federal Life and Casualty Company
Peoples-Home Life Insurance Company of Indiana

City covers are up 28%

MEMPHIS—This Tennessee city has felt what is becoming a common insurance industry backlash after civil disturbances in recent months. Its insurance premiums on city buildings have shot up 28%, from \$345,000 to \$454,000 for a three-year policy. In addition, the city has also had to assume a \$100,000 deductible on fire, vandalism and storm losses. Its deductible had been \$10,000. Total exposure is \$222 million.

Memphis' insured properties are covered by Great American Insurance Co.

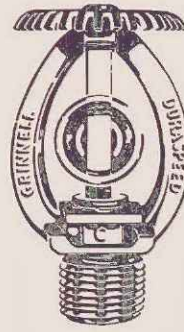
According to Gordon Bingham, city and county insurance director, the city has collected on its building covers only twice during the last 14 years. Both of those losses occurred in school fires within the past year, when Great American paid a total of \$360,000.

The new coverage became effective April 1. Great American had notified the city it was canceling coverage as of July 1, but the higher rates and deductibles were negotiated in the meantime.

"No other company would come close" to the \$100,000 deductible offered by Great American, Mr. Bingham said, noting that most other carriers quoting on the business wanted a \$250,000 deductible.



It's 70 billion dollars faster.



Our Duraspeed. The split second it reaches its trigger temperature, it bursts open.

Plain and simple it's the fastest reacting solder joint sprinkler in the world. That's the reason why Duraspeed currently protects over 70 billion dollars in property throughout North America.

And because its instantaneous action arrests the fire quicker, the area of fire damage is reduced and fewer sprinklers are activated.

If you have doubts about your present method of fire protection or want the most efficient and certain form of fire protection in your new building, call us. One of our 68 offices is as near as your phone.

It won't be a waste of your time. If anybody knows the value of a few seconds, we do.



GRINNELL®

business insurance/perspective

Insurance problems in mergers and acquisitions

by Harry C. Anderson,
president,
Corporate Policyholders Counsel Inc.,
Chicago, Ill.



Harry C. Anderson

(Mr. Anderson recently presented these observations to a seminar sponsored by the continuing legal education committee of the Chicago Bar Assn.)

'Insurance can be vitally important in some cases and could even be the deciding factor sometimes.'

MANY a young couple has rushed into marriage on the strength of very little more than stardust, moonlight and soft music. Unfortunately, these are not very substantial grounds for entering into a permanent relationship. Certainly responsible businessmen should not enter into a merger or acquisition without finding out every possible bit of information about their prospective marriage partners.

In our role as insurance consultants, we find that insurance tends to be neglected in many cases and absolutely overlooked in others. Insurance can be vitally important in some cases and could even be the deciding factor sometimes. There are traps for the unwary which can cause serious problems for the surviving company even to the point where its executives

might wish that they had never gone through with the transaction.

Both in connection with the courting period between the corporations contemplating merger and also in the period following the merger, there are many things requiring careful attention that involve insurance. Yet someone must cover this ground.

BECAUSE OF the secrecy under which attorneys and management are working, the person or persons responsible for insurance may not have any idea of what is in prospect. Either these people must be informed of the possible merger or acquisition and asked for their opinions and suggestions, or it is vital that you as the attorney see that no irreversible steps are

taken unless you determine independently that there are no insurance problems involved that cannot easily be handled. Whenever possible, the insurance department of your client should be consulted before the deal is finalized. The insurance broker can also be of considerable help. Use of a reputable independent insurance consulting firm should also be considered in any merger or acquisition of any size at all since the problems can be most complex.

Now what are some of the things that you should be on the lookout for? Let's first consider some actual cases:

A few years ago a company purchased some of the assets of another company. Buildings and equipment involved were worth about \$20 million. This was only a small percentage of the total value of the buildings owned by the seller but represented about a 100% increase in the property values of the buyer. No one responsible for insurance knew of the transaction until the insurance manager was suddenly told to arrange insurance coverage on the new buildings by 12:01 a.m. the next morning.

This turned out to be a nightmare because the buildings were unacceptable to the fire insurance company of the buyer. They were also undesirable from the standpoint of the fire insurance company of the seller, but the seller had so many millions of dollars of excellent properties that their insurance company was obliged to accept the poorer properties to write the desirable values. After a great deal of maneuvering, the case had a happy ending, but it could have been very serious and the buyer could have ended up with

Continued on following page

America's crisis in craftsmanship

by James D. Hodgson,
Secretary of Labor,
Washington, D.C.

This is an excerpt from a speech given in July before the Contractors and Suppliers Assn. of Michigan by Secretary of Labor James D. Hodgson, formerly corporate vp of industrial relations of Lockheed Aircraft Corp. Businessmen concerned with mounting product liability claims and unsafe work habits will be interested in Mr. Hodgson's comments on craftsmanship.

I WANT TO TALK about a subject that I can't help but believe constitutes one of the nation's greatest needs. The President referred to it in his March message on construction. He said, "We need to restore pride in a craft and to promote the dignity of skilled labor. Construction skills are important to the nation, and they are a source of pride to their possessors. We must stress that such skills are not only well rewarded financially, but that they are a highly regarded and prized national resource—one deserving of the highest respect."

This is a subject that deserves elaboration.

In a literate society, certain words come into fashion and have their day in the sun. At present, an accumulation of problems in a particular sphere is often referred to as "a crisis." If such usage is indeed apt, we have in America today what can only be described as a "crisis in

would like to discuss with you.

A few months ago Time magazine featured a fascinating cover story. It was entitled, "Why don't things work any more?" You will recall the story. It recounted the dissatisfactions and frustrations of our nation with faulty products and sloppy services. Cars that come off the assembly line with multiple defects; appliances that look good in stores but won't work when you get them home. Cutters that won't cut; shavers that don't

'... in this pell-mell rush to enter high education an appreciation of craftsmanship was forgotten.'

shave; heaters that don't heat—the list runs on.

But sometimes these devices actually do work, for a while. The real trauma strikes when they break down. Then who will fix them? The sad saga of the inept tv repairman, the blundering garage mechanic, the tool-short plumber—these are legion in our time. Today consumer complaints are of a range and crescendo never before experienced in this nation. We are at once outraged and puzzled. What has happened?

This condition has sneaked up on us gradually, but inexorably. Pundits take turns in examining why. Some causes are direct, some less easily discerned. We do know, for instance, of the end of migra-

more ago, or a noble breed, the old world craftsman. These classic specialists—the Swedish carpenter, the Italian tile setter, the German tool and die maker—these traditional artisans no longer find their careers in America. The nation depended on this source of skill for more than a century. But the well has now run dry.

NOT ONLY ARE old sources dry, the motivation for new craftsmen has withered. There is a story here. In the first half of

he is doing, who can do things and can do them well.

A few weeks ago, I sat with President Nixon as he met with the presidents of the building trades unions in the cabinet room of the White House. The President spoke eloquently of his understanding of this need. He pointed out that his own father was a skilled craftsman, who indeed, had built the modest family home in which the President was reared in Whittier, California.

I sense a gradually changing attitude on the part of the public that will ease our problem in responding to our new needs for craft skills. Through collective bargaining and otherwise the nation is increasingly placing a high value on these skills. In short, the jobs pay well. There is, as you know, a brand of humor around these days that centers on the high pay rates of skilled craftsmen. For instance, at a gathering recently, Congressman Ayres of Ohio was introduced. In his introduction the speaker observed that the Congressman had formerly been a plumber. And at that moment, a raucous voice from the back of the room shouted, "If he's a plumber, how can he afford to be a Congressman?"

So, as I see it, three things are now coming together that will provide a great impetus for craftsmanship in America. First, a widespread recognition of need. Second, high pay scales for craft skills that reflect that recognition. And finally, a gradually changing attitude on the part of the public that will mean enhanced

this century, it became the ambition of American parents to send their promising offspring to college. The college education and the white collar job somehow became symbols of success and status. These symbols, false as symbols often are, became beacons lighting the career aspiration of many young people who aspired to excellence. And in this pell-mell rush by so many to enter higher education and work in offices, an appreciation of the worth of craftsmanship was too often forgotten. Only as it slowly dawned on us that the needed craftsmanship was no longer there did the nation pause to reassess and reconstruct its sense of values. And as it does so, it realizes that no citizen of the nation is more worthy of respect than the

Mergers

Continued from preceding page
uninsured properties or insurance which would have cost him drastically more than he had anticipated.

THIS PROBLEM could readily have been avoided if some one knowledgeable on insurance matters had had an opportunity to make some inspections. This is not to say that the deal might not have gone through if the buyer had known of this problem, but some adjustment might have been made in the purchase price. Considerably greater lead time should also have been allowed to place the coverage. Especially in today's difficult market situation one cannot assume that an insurance company will automatically cover any and all risks which may be offered to them. A piece of business which may be perfectly acceptable to the seller's insurance company may not be acceptable to the buyer's.

There was also the case of a manufacturer whose principal products were component parts of larger products made by other companies. The possibility of a products claim was very remote and as a consequence their products liability rates were very low. Without giving it a thought, they acquired a company manufacturing rotary lawn mowers. Now a lawn mower blade which is sharp enough to cut grass will also cut toes or fingers or anything else that comes into contact with it plus throwing stones and other hard objects indiscriminately around the neighborhood. In fact, the loss experience of the seller had been so bad that one insurance company had cancelled their account only a short time before the sale. By the time the buyer was through, the products rate under his policy to cover these lawn-mowers was sharply increased. Thousands of dollars of additional premium were incurred for which no provision had been made.

What about the situation where the buyer assumes responsibility for all liabilities including previously manufactured products? Even if there is no problem of coverage, the insurance company may adjust rates upwards. Another problem, however, is what impact these prior sales may have on the ultimate cost of the insurance. For any large company, premiums will be geared to losses. When liability for previously manufactured products is assumed, a careful analysis must be made of the past loss history of the seller and an evaluation made of the potential losses which might be anticipated for the future. The effect on insurance premium in subsequent years can then be estimated, and a price put on this assumption of liability which can be assessed along with all the other items when deciding whether the merger or acquisition is worthwhile.

Premium and loss history on all lines is most revealing and serves to highlight problem areas. It is also most helpful in predicting what impact the merger will have on the combined insurance costs. Since premiums are usually based on experience over a several year period the premiums payable under current year policies may not be a reliable basis for predicting costs in the future. Premiums and losses over a five-year period will disclose a trend which is not apparent where you have only one year's premiums and losses to work with.

COPIES OF INSURANCE manuals help to indicate corporate philosophy on insurance. Where corporate philosophies are quite different, it is harder to blend the insurance programs. A paternalistic corporation which goes out of its way to do things for its employees and one which does only that which is absolutely necessary may be difficult to merge. A company which is self-insurance oriented may be hard to blend with one which insures on a first-dollar basis. Where insurance policies are available, much can be learned from them about the other company. Restrictive endorsements, debited rates and unusual arrangements of coverage and insurance companies all tell a

story to those who can interpret signs.

If possible, you should attempt to freeze the insurance of the company being acquired before word gets to the insurance companies or brokers of the seller. Otherwise, you may well find after the merger or acquisition has been completed that most of the insurance will have been cancelled and rewritten under three-year or longer terms which may make it much more difficult and expensive to terminate. If practical, permit no cancellations and rewriting or any long-term renewals prior to the merger without approval by the buyer.

There are certain businesses which can be bad news as far as insurance is concerned. For example, those that produce drugs, chemicals or explosives. These and such activities as the manufacture of products for atomic reactor plants, aircraft, aerospace and other defense projects pose serious problems from an insurance standpoint. A very substantial premium may be involved, assuming insurance can be obtained at all, or it may not be available for

'A good merger or acquisition . . . is often a way of making two and two make five. This can work in the insurance area . . .'

the kind of limits necessary to provide real protection from the kinds of losses that these exposures can develop.

So far we have only touched on a few of the traps which may be found in the property and liability insurance fields. Many more can be found in the employe benefit and pension areas. Consider, for example, the situation where the surviving corporation finds out after the deal is completed that the schedule of benefits of the company acquired is quite a bit richer than their own. Perhaps, for example, they have dental coverage which is very expensive. Taxes almost never go down, and it is similarly next to impossible to reduce any employe's benefits or pension payments. It is also about as impossible to have two plans in effect with a disparity of benefits. In the cases coming to our attention, the result has been that the surviving company is compelled to upgrade all its own benefits whether it wants to or not. This can result in extremely large outlays of money. This is but one of the basic things that is often overlooked.

ARE UNIONS involved and must benefits be negotiated with them? What effect will this have on benefit levels and cost? If these points are not cleared up before the merger, they can cause endless and costly problems afterwards.

It is a coincidence if the company to be acquired has its employe benefit plan in the same insurance company as that of the buyer. The buyer will almost invariably want to terminate the seller's plan and merge it with his own. Have you ever

tried to cancel an employe benefit plan that was in a company other than that of your client? I can only say that you do so at your peril until you or someone gets the answer to a few questions.

Employe benefits insurance for the larger company is really a cost-plus arrangement. The insurance company merely uses the company's funds to pay claims and charges a fee for its service plus a small premium to cover the remote catastrophe exposure. It often holds large sums of money in reserve to pay claims which are still open. Reserves are generally substantially in excess of the amounts needed to close out the cases. The question is what happens to these sums when the plan is terminated. Most insurance companies will contend that his money belongs to them. We disagree very strongly. The point is, however, that there is usually no policy language requiring them to return the money.

The reverse situation may also cause trouble. What about the case where the seller is operating in a deficit position? Is your client going to have to accept radical

rate increases to keep the insurance in effect either with the present insurance company or his own insurance company?

DO THE PLANS provide for paid-up life insurance, waiver of premiums or extended death benefits, and what benefits are payable to retired employes? As an employe gets older, the premium for his life insurance increases. We have seen the cost to continue life insurance on retired employes as much as 50% of the total cost of the benefits to all other employes. If the work force is stable and getting older each year, the premium can become a tremendous burden. If the surviving company does not treat their own retired employes as liberally as the company being acquired, they may be forced to make a decision to continue the two plans in effect—which can lead to serious personnel problems—or amend their own plan which can be very costly.

In the area of pensions, you are also dealing with very substantial sums of money—whether assets or liabilities. Studies are vital as to the financial status of the plan, and such study should be made well in advance of closing date. A plan which is underfunded may require a lot of money to place it on a proper footing and could easily be the deciding factor as to whether to accept or reject the deal.

You can have the same kind of problems in the pension areas as you do in the group life, accident, hospital and other related benefits. If the benefit levels are not the same, what effect will this have on the merger? And what voice do labor

unions have in any revision of benefits? What effect is such voice likely to have? These are only a few of the questions to ask. This is an area requiring especially careful attention by someone with a lot of insurance experience.

So far we have talked only about problems to be aware of. A good merger or acquisition has a synergistic effect in many areas. It is often a way of making two and two make five. This can work in the insurance area also. Wholesale purchasing is usually more economical than retail, and this should prove to be the case in insurance as well as anything else. However, it takes some study and experience to know when these elements are present. There is nothing automatic about it. You can end up with substantial savings and better coverage for both companies, or you can end up with headaches. It is no different in insurance than in any other aspect of a merger or acquisition.

ONCE THE DEAL is completed, be sure to advise your client to proceed with deliberate speed. In other words, take advantage as soon as possible of all the benefits normally to be derived from developing a new insurance program for the combined companies or consolidating the insurance program into the parent's program, but be absolutely certain of the implications each time a change is made. Unwarranted delays will make integration harder, and possible savings will be postponed. On the other hand too much haste can also be bad. For example, will a cancellation of one line of insurance of the merged company trigger a cancellation or create an increase in cost of another line?

What will happen where the merged company is operating on a credit from manual rate and the parent is on a debit? Does the merged company have broader coverage in some cases than the parent? And what are the politics of the situation? These are but a few of the questions which must first be resolved. Don't let your client cancel any insurance written subject to retrospective adjustment—where final cost is dependent on actual losses—without knowing exactly what the effect of such cancellation will be. The penalties in most cases for mid-term cancellation under these circumstances can be most severe.

You might say that insurance for mergers or acquisition is a lot like going down a strange road in a foreign country. If you go slow and watch all the signs, you will get where you want to go without any trouble. Just be sure that someone in the car knows how to read the signs. ■

Harry C. Anderson is an attorney and president of Corporate Policyholders Counsel Inc., an independent insurance consulting firm in Chicago. A graduate of Northwestern University and its law school, Mr. Anderson is a member of the American Bar Assn. and is former chairman of the insurance law committee of the Chicago Bar Assn.

Dear Gerry

Risk manager needs guts

by Gerald W. Wilson,
analyst of corporate insurance,
New York, N.Y.

DEAR GERRY: What elements make up a good risk manager?

ANSWER: I can think of a number of essential items that would not appear on a job profile. Some would be:

- Guts—enough to stand up and fight through ideas and concepts that are essential in the situations wherein his company may find itself. In other words, willingness to put his job on the line when it is important to do so. Courage enough to stand alone when he is right.

- Sensitivity—to the basic elements of any situation including the personalities

involved, enough to formulate a timely plan of action, even though all the facts are not in.

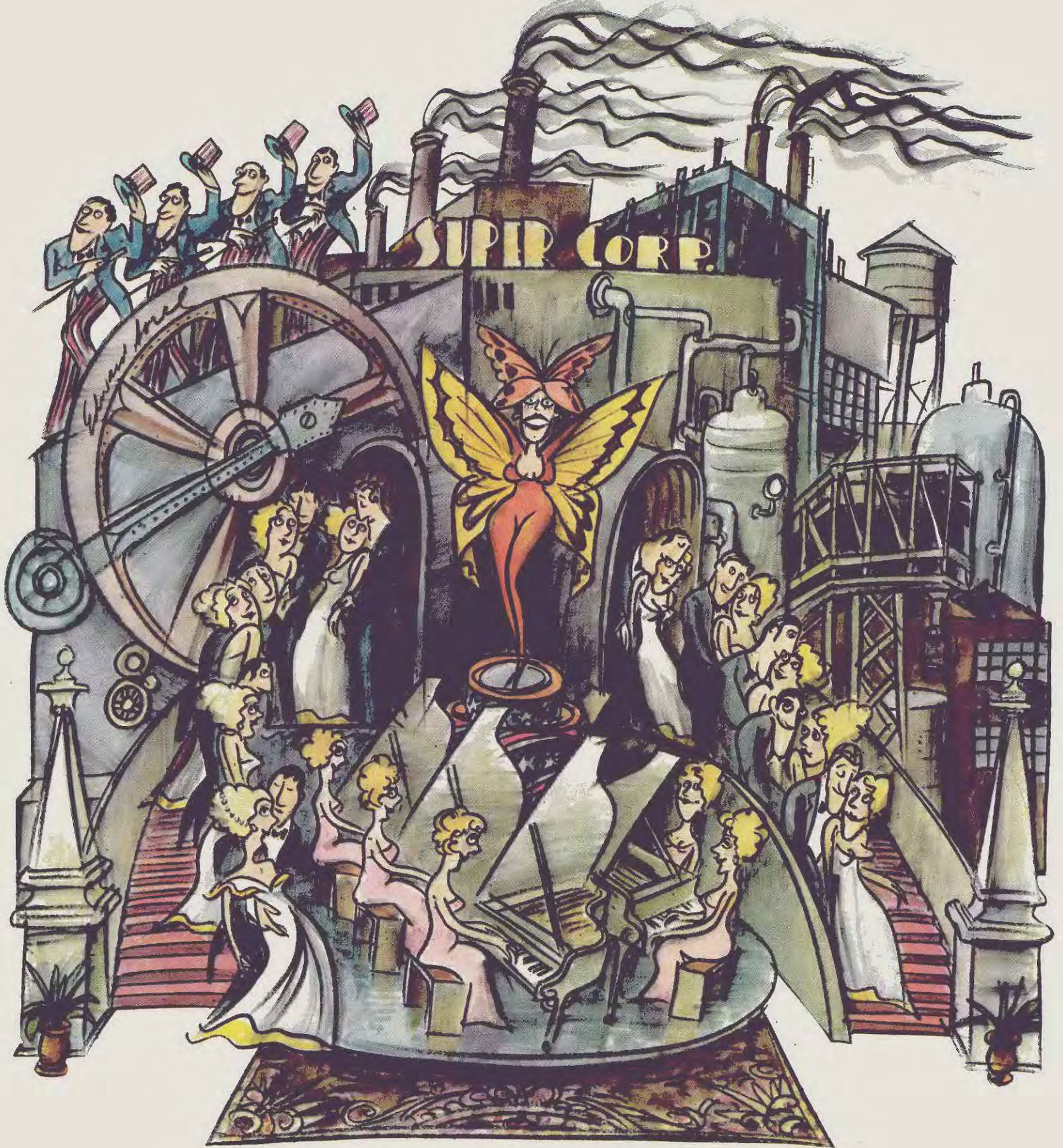
- Knowledgeability—of the limits to which those with whom he deals can go. That is, an adaptability and recognition of what others cannot do and the ability to enlist their cooperation in those areas in which they can perform.

- Timing—ability to act and set in motion those things that will accomplish the goals and purposes desired.

DEAR GERRY: What do you mean by claims consciousness?

ANSWER: Some people think there is something romantic in hauling someone else into court whenever they find what they believe is an opportunity—like finding a lost credit card—they are off to the

wars psychologically armed to lie, cheat, blackmail and squeeze out of the other party what they can. Usually armed by indignation over legal procedures they want to lash the other party with the full justice of the law. I have seen people go to see the lawyer before they saw the doctor. I have seen drivers deliberately jam on their brakes on a highway in hopes of getting rear ended, and this includes truck drivers of major corporations. I have seen lawyers so busy swinging in and out of court they never had the time to make even a perfunctory study of their client's case. These are all indications of claims consciousness on the part of the public. Another example is the doctor who won't stop at the scene of an automobile accident because of the risk he would run by being a good Samaritan. ■



Announcing fringe benefits that make a company look good.

In 1939 it didn't take much talent to make a corporation look good to employees.

A dull name on a dull check was attractive.

But this is 1970. When American corporations' most attractive features are hidden incomes: the fringes.

And making employee benefit fringes attractive takes talent.

Paid holidays, paid vacations, Group Hospital Insurance and Group Life Insurance don't dazzle anyone today. They're expected.

If a corporation wants its hidden incomes to dazzle, they had better look more like this:

24-hour Accidental Death; Long Term Disability; Non-Contributory Group Life. Policies that have been standards with us for years.

We're CNA. And we're constantly working on new fringes for companies. Fringes that an employer contributes to only if he chooses.

Payroll Deductible Fringes.

Attractive employee benefits that cost your corporation little or nothing.

CNA has even developed programs like

Auto and Homeowners for your employees. And we'll continue to develop more. Lots more. Contact your agent. Or write to us. Talk to us about your hidden incomes. For practically nothing, we'll help make you attractive to your most important asset. Your people.

Have it your way.
CNA/insurance

BART gets largest work comp refund ever

SAN FRANCISCO—A \$1,358,483 refund on its workmen's compensation insurance premiums has been presented to the Bay Area Rapid Transit District here as "a tangible bit of evidence" of its technical accomplishments in building the nation's most modern urban transit system with one of the best safety records in the heavy construction industry.

Fireman's Fund American Cos. and Argonaut Insurance Co. comprise the joint carriers for BART's insurance program. Richard C. Carniglia, vp of Fireman's Fund, presented the refund check to BART directors along with R. B. Englund, resident vp for Argonaut.

"This dividend," Mr. Carniglia said, "is just one measure of BART's life saving and humanitarian achievements in construction safety. In terms of disabling injuries and job-connected deaths; the safety performance of BART contractors and workmen is a new standard for the heavy construction industry."

THE LOST-TIME injury rate of 29.13 per million man hours on all projects covered by BART's insurance program was nearly 50% below normal experience for heavy construction work. There were 766 disabling injuries for the 26,295,000 man hours worked.

"Even more spectacular," Mr. Carniglia reported, "is the low fatality rate. Normally we anticipate one workman will be killed for each million man hours on a project as complex as this one. For BART there have been only four deaths for the 26 million man hours we insured."

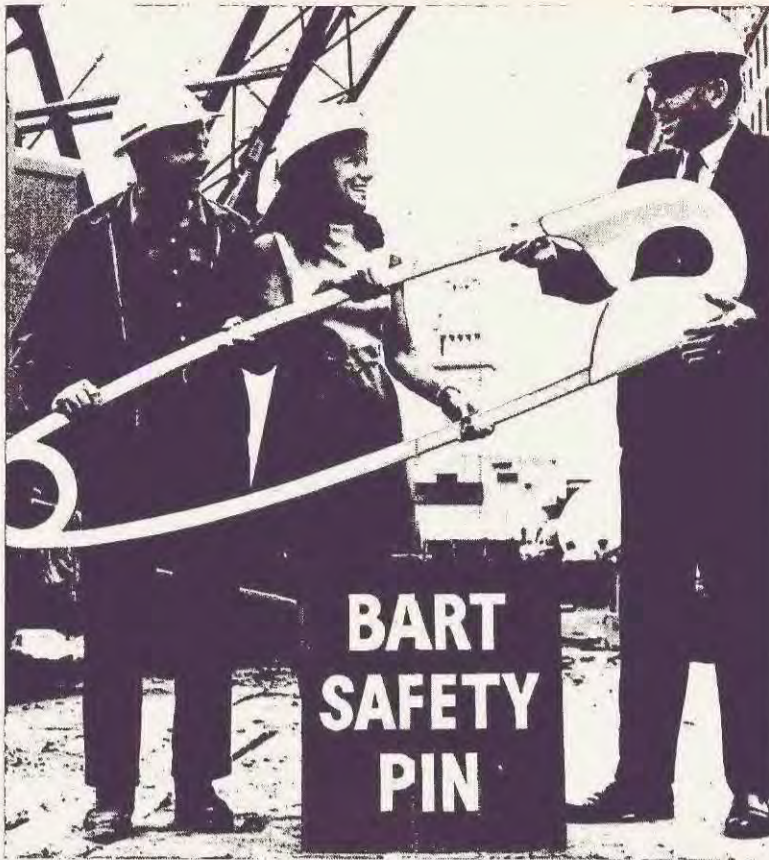
"Much credit for this outstanding record must go to BART management," he said, "for its foresight in giving accident prevention highest priority. The workmen themselves practice the safety messages we preach."

The two insurance companies have three loss control specialists assigned full-time to BART projects under project safety director Robert E. Vergie, special accounts consultant for Fireman's Fund. Transit Insurance Administrators, insurance managers for BART, also has a full-time safety coordinator.

The compensation dividend just paid BART is the largest ever paid in California, topping the \$1,304,420 refunded to BART last year. The district has now received \$3,297,594 in dividends since construction began in 1965.

Dahlberg named

Eric S. Dahlberg has been named controller in San Francisco for Frank B. Hall & Co., insurance brokers.



A safety pin symbolizing the outstanding construction safety record compiled by the Bay Area Rapid Transit District is presented to BART president William M. Reedy (right) by Robert Vergie and Lynn Broucuret of Fireman's Fund American Insurance Co. BART's low accident and injury record, nearly 50% below normal for heavy construction work, earned the district a \$1,358,483 refund on workmen's compensation insurance premiums from Fireman's Fund and Argonaut Insurance Co.

Does the boss count?

SAN FRANCISCO—If one does not count the boss as among "workers," the safety record of the Bay Area Rapid Transit district probably will not have been marred.

Just after Fireman's Fund American Cos. and Argonaut Insurance Co. had presented BART with a whopping \$1,358,483 refund on its workmen's compensation insurance premiums, the 767th accident (per 26,295,000 man hours worked) took place.

The "boss" Marcus Lummus, president of M. Lummus Railroad Construction Co., subcontractor for installation of Municipal Railway rail on the BART project, fell into a 30-foot shaft. He was treated at Children's Hospital for a possible fracture of the right leg and a fractured left ankle.

Sues school guard who killed student

DAYTON, C.—A negligence action in the amount of \$1 million has been filed here against Wittenberg University at Springfield and Chester Phillips, the ex-campus security guard who shot and killed 21-year-old John C. Lobach last year.

Mr. Lobach was shot in the back on May 10, 1969, when he bolted from the guard's custody. Apprehended by Mr. Phillips and another officer on the second floor ledge of a girl's dormitory, Mr. Lobach broke away and ran. Mr. Phillips later testified that a warning shot was fired and when the student refused to stop another shot was fired at his legs.

In the Federal suit, the administrator of the student's estate alleges "negligence, carelessness, wilfulness and wantonness" on the part of the school and Mr. Phillips. Previously, Clark County prosecuting attorney James A. Berry chose not to press charges against Mr. Phillips.

Oregon AGC picks carrier

PORTLAND, ORE.—Oregon Automobile Insurance Co. here has been named workmen's compensation group insurance carrier for the Oregon state chapter of the Associated General Contractors of America Inc.

Company president Louis V. Wilson said, "Formation of the new plan will provide members the lowest net cost for workmen's compensation among all of Oregon's private insurance firms." Mr. Wilson added that members may receive dividends based both on individual loss basis and group participation, with each member receiving his own policy and premium discount.

"Members will retain their individual experience rating," he explained, "and will assign their individual dividend to the AGC to obtain the advantage of the group dividend."

THE NEW contract becomes the sixth workmen's compensation group plan to be carried by a private company in Oregon, where most such plans are underwritten by the Oregon Accident Insurance Fund. The state Fund controls 53% of all workmen's compensation premiums and 68% of all contracts while the private insurance companies in competition carry 35%. The remaining 12% use self-insurance.

NOW YOUR PLANT LABOR RESTORES ROOFS WITH NEW SPRAY SYSTEM!



Forget costly contractors with their hazardous hot tar kettles, mops and gravel. Let us show you the modern, safe, money saving Ranco Roof Spray System. Three of your own plant laborers can expertly restore up to 35,000 sq. ft. in one day. Simply patch damaged spots with glass fabric, then spray coat the entire roof. The technical know-how is engineered into the Roof Spray Equipment. A plastic waterproof sealant is sprayed from drums on the ground to a uniform thickness on the roof. No heating, no buckets, no mopping. One application resaturates old weather-worn felts and provides a tough, flexible top coating which resists the elements for years. A Ranco Roofing Engineer provides on-the-job instructions for use of the equipment and follows the progress of your job. You are assured of quality results with the Ranco Roof Spray System. Request a free consultation with a Ranco Roofing Engineer and an opportunity to view our 3-minute color movie, "Spray Process Saves Old Roofs."

- Please send 48-page Ranco Roofing and Maintenance Catalog.
- Please call for an appointment to show us your 3-Min. Color Roofing Movie entitled, "Spray Process Saves Old Roofs."

NAME _____
 TITLE _____
 COMPANY _____
 ADDRESS _____
 CITY _____
 STATE _____ ZIP _____

RANCO INDUSTRIAL PRODUCTS CORP.
 13271 Union Ave./Cleveland, O. 44120

MARKS OF SERVICE

Value of the German Mark

In the fall of 1923, the mark—the unit of currency in Germany—had declined so far in value because of inflation that four trillion marks were worth only one dollar.

Today, the deutsche mark, West Germany's currency unit, is valued at approximately 25 cents, or four deutsche marks to a dollar.

In times of inflation—or deflation or normalcy—businessmen need to know the value of their assets. A professional appraisal provides the marks and guidelines for a sound program.



BOSTON 185 Devonshire Street
CHICAGO 120 S. Riverside Plaza
DALLAS 312 Stemmons Tower East

DETROIT 17500 West Eight Mile Road
LOS ANGELES 1645 Beverly Boulevard
MINNEAPOLIS 930 Plymouth Building

NEW YORK 25 Broadway
PHILADELPHIA 1845 Walnut Street
ST. LOUIS 314 North Broadway
SAN FRANCISCO 918 Fox Plaza

M S MARSHALL and STEVENS incorporated/appraisals
 The Mark of Service in professional appraisals.

A Unionamerica Company

Insurers show mixed results in 1st half

NEW YORK—A *Business Insurance* survey of the first half earnings of property-liability and life insurance companies has revealed that insurers aren't affected by today's down market. The tally showed these mixed financial results:

"Although we are continuing to experience the effects of inflation, some of the corrective actions taken by **CNA Financial Corp.** have resulted in improved operating income in the second quarter of 1970, and a breakeven for the first six months," Howard C. Reeder, chairman and president of CNA Financial Corp., told *Business Insurance*. Net income for the first six months of 1970 was \$25.3 million, compared with \$27.7 million for the same period in 1969. Net income from operations for the first six months of this year increased to \$19.9 million compared with \$19.8 million for the same period last year. Realized gain on the sale of investments showed a decline for the first six months of 1970, to \$5.4 million from \$7.9 million for the first half of 1969.

Fireman's Fund American Insurance Co.: American Express, parent company of Fireman's Fund Insurance Co. of San Francisco, announced that owing to "improvement in loss and expense ratios and premium rate structures," net income from insurance operations increased 26.2% over the first six months of 1969 to \$16.9 million from \$13.3 million.

The **St. Paul Cos. Inc.** reported consolidated net income of \$13.4 million for the first six months on 1970, compared with \$12.9 for the same period in 1969. A 23% rise in property-liability insurance net income (\$12.3 million, compared with \$10 million in 1969) was the principal factor in increased corporate earnings for the first half of 1970. Written premiums from property-liability operations rose 19.8%, to \$203.9 million, and earned premiums were up 18.6%, to \$188 million, for the first half of 1970. An adjusted underwriting profit of \$1.5 million was earned in 1970, compared with \$1.3 million in 1969. Net income from life insurance operations for the first six months of 1970 was down to \$890,000 from \$1.3 million for 1969. New life insurance business was up more than 60% for the period, however, as new marketing programs began to take effect.

For the first six months of 1970 **The Continental Corp.** had \$26.7 million in net operating income after taxes and payment of preferred dividends (\$1.25 a share). Last year's figures for the first six months were \$30.4 million net operating income (\$1.43 a share). Continental's property-liability insurance affiliates report that premium writings for the first half were \$604.5 million, an increase of 6.4% over last year.

Consolidated net income of **Lincoln National Corp.** for the six months ended June 30, 1970, was \$25.5 million, down from \$26.4 million for the same period in 1969. Life insurance operations of companies affiliated with the corporation accounted for \$20.5 million, down from \$21.2 million for the first half of 1969. Sales of new life insurance increased 5%, amounting to \$1.7 billion for the first half. Property-liability operations contributed \$3.2 million in the first six months of 1970, up from \$2.4 million for the same period in 1969. Written premiums for property-liability business for

the first half were \$65.9 million, up from \$53.5 million in 1969.

Adjusted operating earnings at **Aetna Life & Casualty** for the first half of 1970 were \$32.2 million (\$1.21 per share) as compared with \$12.4 million (46¢ per share) for the same period of 1969. Premium income of Aetna Life & Casualty rose 10% in the first half of 1970 to \$1.6 billion. Premium income from Aetna's property-liability business was up 12% while the number of policies in force remained about the same as a year ago. The company pointed out that this gain in premiums reflects the rates Aetna is now permitted to charge in many states on personal insurance coverage and the "more realistic levels" the company has put into effect on commercial coverages.

Total operating income at **INA**

Corp. before investment gain was \$22.5 million compared with \$23.7 million for the first six months of 1969. Overall revenues resulting solely from INA Corp.'s insurance operation during the first six months of 1970 totaled \$519 million representing a 15% increase over the same period of 1969. The net adjusted operating income from property-liability insurance operations for the first six months amounted to \$19 million as compared to \$23.5 million in 1969, reflecting the reduction of investment income resulting from the payment of substantial dividends from Insurance Co. of North America to INA Corp. late last year.

Connecticut General Insurance Corp.'s subsidiary, Aetna Insurance Co., reported a six-month

statutory net income of \$2.96 million compared with \$5.8 million for the comparable period in 1969. Aetna's written premiums were \$206 million, up 13.1%, while earned premiums totaled \$194.1 million, a 13.8% increase. Connecticut General Life Insurance Co. does not report earnings on a quarterly basis. Group sales rose 64% to \$2.45 billion. Life insurance in force was \$36.3 billion, up 16%.

Metropolitan Life Insurance Co. issued \$839.9 million in group insurance during the first six months of 1970, an increase of 11.6% over the first six months of last year. Overall, Metropolitan Life issued \$5.79 billion in life insurance during 1970's first half, a 5.9% increase over the figure for January through June of 1969. ■



If you don't know...

ASK McGEE

SPECIALISTS IN

OCEAN

INLAND

M.O.P.

LOSS PREVENTION

Wm. H. McGee & Co., Inc.

MARINE UNDERWRITERS

111 John St., New York, N.Y. 10038

Baltimore • Boston • Chicago • Columbus, O. • Dallas
Detroit • Houston • Los Angeles • New Orleans
Philadelphia • San Francisco • Seattle • Montreal
Toronto

If you've got 10-99 employees, we've got flexible group insurance with a new major medical feature that pays the benefit you select — up to 100% of the hospital room and board charges.

At a fixed premium that won't go up for the next 3 years.

Mass Mutual.

"Finally.
A group plan
that's good for
my employees.
And for me."



Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts 01101



Money Tight?

you've got thousands right under your nose

SELF INSURANCE generates cash flow. No advance premium payment required for primary losses. This cash is used only when necessary. Robert F. Coleman, Inc. will outline a self insurance plan that will make your money work for you—for a change!

For consultation and complete service have your Insurance Broker or Insurance Manager contact

ROBERT F. COLEMAN, INC.

- Workmen's Compensation • Public Liability
- Accident Control Specialists since 1923

Send for our informative brochure outlining this timely and vital insurance plan.
120 East 23rd St. • New York, N.Y. 10010 • Telephone: 777-4210

Celia ...

Continued from page 1

lion. An estimated \$1 million damage was done to boats according to the Insurance Information Institute.

The AIA figure does not include boats, crops, offshore drilling equipment and oil storage tanks. Sources concerned said that this estimate also did not include railroad freight cars that were seen to have blown over during the hurricane or tank cars on the highway when Celia struck.

FRED A. GORHAM, general manager of the Oil Insurance Assn., told *Business Insurance*, "Most all of our risks in the immediate Corpus Christi area suffered damage ranging from slight to severe. Preliminary investigation indicates a large involvement of OIA and, while the full damage amount is not known, it will probably exceed \$15 million."

Damage to the fixed properties of the marina on Padre Island was estimated at under \$1 million and was termed "light." The

marina is important because, together with a marina on Mustang Island, also in the Corpus Christi area, it houses some 10,000 boats.

To process claims, the General Adjustment Bureau opened five storm offices and brought in nearly 200 adjusters.

An example of hurricane costs is the \$5 million in cleanup contracts for disaster dump centers and debris removal awarded by the Army Corps of Engineers. Their damage survey teams and storm area and boat survey teams have found numerous pleasure and shrimp boats sunk in harbor areas.

An oil company official told *Business Insurance* petroleum production facilities came through the storm with relatively little damage.

HUMBLE OIL & Refining Co. said Wilson Tower, where its south Texas production division is headquartered, suffered extensive damage. The company also had a fire at a crude oil storage tank at its Ingleside terminal. The fire burned one tank; eight others were dented but are considered usable.

Precise damage costs to the Humble facilities were not available but the firm, which is self-insured for this type of damage, said most of the damage was to marketing facilities. Damage to 20 service stations ranged from minor to a need for a complete rebuilding. "Not one Enco modular sign was left standing," a spokesman said.

Humble's hurricane precautions included filling all service station tanks with the product to meet the great need that always follows a disaster. The price of a gallon of gasoline at some service stations reached \$1.50, although Humble said this was not the case at their facilities. "You must completely shut down your operations when one of these ladies comes your way," is how a Humble representative termed its pre-Celia planning.

Sun Oil Co. said its offices in the Sun-Texaco Bldg. were badly damaged and it appeared they would be closed for several weeks.

THERE WAS minor damage at Coast States Gas Producing Co.'s Corpus Christi refinery, a 130,000-barrel-a-day unit.

Southwestern Bell Telephone Co. estimated its hurricane damage as in excess of \$8 million. The firm, self-insured for this type loss, said its pre-hurricane policy is "to be poised and ready to move people and equipment."

Insurance industry representatives said settlements are expected with a minimum, if any, of controversy or dispute, because Celia's fierce (161 mph) winds, not tidal waves or floods, caused an overwhelming majority of the property damage. Tom Lee, manager of the Texas Insurance Advisory Assn., issued a statement indicating the industry is liable to pay damages on most property damage. "Most all downtown buildings had windows blown out and subsequent water damage from rain was the result," said Mr. Lee. There was "very little flooding, however."

Hurricane Carla, which struck the Texas coast in 1961, caused \$500 million in property loss and damage. Carla's flood waters caused considerable damage, along with the high winds. And a number of insurance firms, contending flood waters, not winds, caused the damage, rejected claims.

SEVERAL adjusters were beaten and kicked by policyholders left homeless and penniless after the claims were refused.

Flood insurance, which has never been offered independently by any licensed insurance firm in Texas because of prohibitive costs, recently became available through the Federal government subsidized flood insurance program. Home Insurance Co. in Houston serves as the office for the flood insurance program in the stricken area.

Don Cline, manager, said Corpus Christi and Nueces County were approved for such insurance about two months ago. There were about 295 policyholders in the Corpus Christi area and some 5,000 in the south Texas area.

Big benefits plan for NFL

NEW YORK—National Football League owners have allotted \$19.1 million for players in a recent four-year benefits package settlement which includes \$4.5 million a year for increased pensions, and \$250,000 for improvements and additions to a disability plan, dental payments, and widow and maternity benefits.

The Players Assn. had originally asked for \$25 million over four years and had been negotiating with the 26 NFL owners for five months (*Business Insurance*, Aug. 3).

"The exact amount of money for each area of the package has not been decided yet," said Sig Hyman of Pension Planners Inc., the company that is setting up the program. "We'll be settling that in the next six weeks."

The money will be given to the NFL retirement board, made up of two Players Assn. representatives, two owner representatives, and Football Commissioner Pete Rozelle, which will determine how the money will be allocated.

Under the old contract, players received a Lincoln Mutual major medical policy with a \$100 deductible, \$25,000 in group life, also with Lincoln Mutual, permanent disability coverage, but no dental or optical benefits.

Air captive ...

Continued from page 1

confronted with much more excess coverage now, with the appearance of the life carriers on the scene. A year ago, the airline insurance guy was scraping around for \$100 million. Now we have no problem. But," he added, "I doubt this would have come about without the move toward the excess captive."

Under the revisions announced last week, Air Transport Insurance will write 20% of the hull insurance of participating airlines and 20% of the liability coverage up to a maximum of \$20 million per aircraft. Air Transport Guarantee, on the other hand, was to have been the vehicle for providing liability insurance above the \$20 million limit and up to a \$175 million limit on the same 20% basis.

Capitalization of the primary company (ATI) under the set up requires the airlines to deposit a \$6 million cash reserve fund, plus \$30 million in bank guarantees. Had ATG gone into operation at the same time the airlines would have had to deposit another \$7 million in cash reserves and \$80.5 million in guarantees. "By deferring activation of ATG until such time as it may be necessary," officials noted, "the amounts required from the airlines are dramatically eased."



Trust no one!

Embezzlement means more than simply employees stealing cash. It's stolen material and merchandise, too. From office to shipping platform, and every place in between, your business is vulnerable to theft from this perfidious source.

Guard against a crippling loss by protecting your business with economical, effective Honesty Insurance. Ask your insurance agent or broker for information on this vital coverage ... and learn how it can help safeguard your business.



FIDELITY AND DEPOSIT COMPANY

Baltimore, Maryland 21203
Honesty Insurance Specialists





“Hands off, you fink. Or I’ll tell my second cousin, the attorney.”

She was 14½ going on 30. The kind of little girl that spells big trouble — even to an insurance company as savvy as Consolidated.

She claimed she was just an innocent bystander, man-handled by a brute of a theater usher.

He claimed she was a freaked-out teenybopper, who’d yanked out a hefty chunk of an English rock star’s shoulder-length coiffure.

We, the theater’s insurance company, cost-estimated the perils of dealing with this little Pauline, reached for our favorite headache remedy and turned the case over to our most ingenious investigator.

Even he was amazed at his own brilliance. For he arrived at the truth within a matter of hours simply by arranging an impromptu family council. Caught unawares in the presence of her parents, our now not-so-militant teenybopper admitted, in tears,

that maybe her eager little fingers did get entwined, by accident, in her idol’s curly locks.

That finished the claim. But not the case history. For our claims man volunteered to get our young fan that treasured lock of hair. Provided she could wait until the star’s next hair appointment, of course.

Which just goes to show you don’t always need a policy to keep a claimant out of your hair.

What you need is a company — with good connections.



Consolidated Insurance Companies

345 Adams Street, Brooklyn, New York

When you need a company. Not just a policy.

Look who will be reading your help wanted ad...

Insurance Manager
Corporate Insurance Manager
Director, Corporate Insurance
Insurance Analyst
Insurance Administrator
Corporate Risk Manager
Superintendent
Safety Director
Division Insurance Representative
Insurance & Security Manager
Trust Insurance Officer
Manager, Insurance & Real Estate
Manager, Property & Casualty
Safety Engineer
Manager, Insurance & Safety
Insurance & Safety Administrator
V.P. & Director of Risk & Insurance
Insurance Supervisor
Manager, Tax & Insurance
Manager, Insurance Department
Corp. Director of Insurance & Safety
Legal & Insurance Director
Supervisor of Claims
Claims Attorney
Secretary & Insurance Manager
Loss Prevention Manager
Director—Safety, Training Personnel
Asst. to Insurance Manager
Claims Administrator
Supervisor, Banking & Insurance
Claims & Insurance Manager
Manager, Security Services
Insurance Clerk
Insurance
Director of Security
Claims Supervisor
General Manager, Insurance
Claims Manager
Director of Safety & Security
Director of Safety & Insurance
Assistant Manager, Insurance Dept.

Insurance Manager & Director
Manager, Claims Dept.
System Manager of Insurance
Insurance & Safety Supervisor
Director, Banking & Insurance
Insurance Accountant
Supervisor, Property & Casualty
Manager, Insurance & Properties
Insurance Coordinator
Vice President, Safety
Vice President, Corporate Personnel
Assistant Personnel Director
Director of Personnel
Director, Employee Relations
Manager of Employee Benefits
Personnel Manager
Personnel Supervisor
Personnel, Labor Relations & Safety
Personnel Services Supervisor
Industrial Relations Manager
Vice President, Salary & Benefits
Manager of Employment
Personnel Secretary
Manager, Benefits & Compensation
Manager, Pensions & Insurance
Group Insurance Manager
Manager, Personnel Administration
Vice President, Industrial Relations
Trustee of Retirement Trust
Administrator, Benefit Services
Personnel & Safety Director
Manager, Benefits & Manpower Dev.
Department Chief, Pension Fund
Manager, Employee Insurance
Employee Benefits Department
Manager of Personnel Relations
Director of Employee Benefit Plans
Insurance & Employee Benefits Mgr.
Director of Industrial Relations
Personnel Assistant
Salary & Insurance Administrator

The above titles are typical of Business Insurance readers who replied to a recent survey.

If your personnel requirements include executives like these now serving in responsible positions in the 13,000 leading United States corporations, you should place your Help Wanted ads in the Career Opportunities columns of Business Insurance. BI is the only national newsmagazine that's exclusively devoted to their special job interests.

Your Help Wanted ad in Business Insurance is the easy, low-cost way to find the right man for your job opening.

business insurance

740 Rush Street, Chicago 60611

... reaching 35,000-plus specialists, including in-depth penetration in the 13,000 most important United States corporations.

State's educators ask self-insurance before Arkansas school rates rise

LITTLE ROCK, Ark.—Insurance companies are in trouble with their school insurance programs for Arkansas schools and colleges. Educators are pushing for a state self-insuring program because insurance companies want to raise rates.

In 1967-68, the state suffered heavy damage from tornadoes but the damage was the only dramatic loss in ten years.

The state education department said to the general assembly: "This recommendation (self-insurance) would save more money than all the other recommendations combined if it were properly implemented. Major savings could be accomplished. We recognize, however, that such a proposal would be highly controversial."

THE STATE'S first Republican governor in modern times, Winthrop Rockefeller, talked about offering a self-insurance program for the state in 1969. It was never introduced to the legislature. Before that, several self-insurance programs made their way into the general assembly only to die in committee through pressure from the insurance industry.

"It might be a good time to consider self-insurance for colleges and universities as well as public schools because the companies say they are losing money and they ought to be glad to get

rid of the business," says Arkansas Education Commissioner Arch W. Ford.

The trend might spread to other agencies of the Arkansas state government, the education department said. And insurance companies are saying that riots are one of the reasons insurance premiums are increasing. Arkansas hasn't suffered from a riot in its school systems.

Rudolph A. Bryant, supervisor of school safety for the Arkansas education department, said insurance companies had realized a direct profit averaging about \$1 million for the last seven years but that insurance premiums continued to rise. He said the annual premiums paid by public schools for fire insurance are approaching \$1.75 million.

MR. BRYANT recommends that Arkansas follow the lead of seven other states that already have self-

insurance programs. The seven states are Wisconsin, Indiana, North Carolina, Georgia, Alabama, South Carolina and North Dakota. He said that Wisconsin had had a self-insurance program since 1903 and included its schools on an optional basis since 1910.

Wisconsin's premium rates now are 50% lower than commercial rates, and that state's law provides that when the insurance reserve reaches \$5 million, premiums from state agencies stop, Mr. Bryant said.

He also said that the state insurance fund had paid Wisconsin's general fund \$8.5 million since 1955.

The association basically ignored the appeal of Grainger Williams, who represented the Arkansas Assn. of Insurance Agents. He said that Arkansas' rates were based on the experiences in a 20-state area that included Arkansas.

classified advertising

RATES AND CLOSING TIME: \$2.00 per line, minimum charge \$8.00. Cash with order. Figure all cap lines (maximum—two) 30 letters and spaces per line; upper & lower case 40 per line. Add two lines for box number. Replies are forwarded daily. Closing deadline: Copy in written form in Chicago office not later than noon, Monday 7 days preceding publication date. Published every other Monday. Display classified takes card rate of \$18.00 per column inch, and card discounts on size and frequency.

HELP WANTED

INSURANCE CONSULTANT
Excellent opening with leading consulting firm. Should have background as an insurance manager, underwriter or representative on major accounts. College and CPCU desirable. Chicago area. Salary depends on experience. Please send resume to:
Box 137, BUSINESS INSURANCE
740 Rush St. Chicago, Ill. 60611

GET
RESULTS
HERE

INSURANCE MANAGER

Excellent opportunity for aggressive young man to create and head an insurance department for a rapidly growing mid-south truck leasing company. Some travel. Responsible for all insurance including employee benefits. Should have 3-5 years experience in insurance brokerage or underwriting. Please send resume and salary history in complete confidence to:

Box 136, BUSINESS INS.
630 Third Ave., New York, N. Y. 10017

INSURANCE MANAGER

Kimberly-Clark, a diversified international manufacturer of paper products with sales in excess of \$800 million, has an immediate need for an experienced Insurance Management Executive.

Responsibilities include developing, recommending and administering corporation-wide risk management and loss prevention programs in order to attain maximum protection at the most economical rates. Experience in negotiating with insurance companies with respect to coverages and costs as well as in the adjustment of claims is essential.

Position will report to Corporate Director of Insurance who is within two years of retirement and applicant's background must clearly indicate an ability to assume the directorship.

BS/BA required, prefer in one of following majors: Insurance, Business Administration, Engineering, Law. Prefer ten years of corporate insurance experience, either as manager for small company or as assistant to manager for larger concern.

Salary commensurate with background and experience. Excellent fringe benefits, relocation expenses, stock purchase plan.

Based in Corporate Headquarters, located in Neenah, Wisconsin, part of a metropolitan complex of 250,000 people located in northeastern Wisconsin. Send resumes, including salary requirements to:

C. L. O'Meara
Manager, Professional Employment
Kimberly-Clark Corporation
Neenah, Wisconsin 54956

An Equal Opportunity Employer

Drug scene invades business

CHICAGO—Employers are becoming increasingly worried about drug use, according to Lloyd Norris, director of the public safety division for the Chicago Association of Commerce and Industry.

According to a doctor for the commerce association, when drug addiction is discovered "most companies try to deal with it as a medical problem."

A medical director of a large manufacturing firm in Chicago estimates 10% of its 14,000 employees are habitual drug users. He added that the "use of drugs is especially prevalent in companies where there are night shifts," because many of the workers are moonlighting for extra money and often need something to help them make it through the night.

SECURITY officers of a well known New York City bank have discovered evidence of hard narcotics in such quantity while making the rounds that the firm has contacted the bureau of narcotics and dangerous drugs of the Justice Department.

Leo Perlis, director of the AFL-CIO department of community services, told a drug symposium in Philadelphia that he favors the expansion of health insurance programs to include complete medical and hospital coverage that included the drug addict. Even though he considered the narcotic problem "minimal" among union members now, he felt it would be "shortsighted not to plan for its prevention and treatment."

A joint effort by unions and management to establish treatment centers and rehabilitation programs should be promoted either in or out of the collective bargaining agreement according to Mr. Perlis.

Welfare pay prolongs costly British dock strike

LONDON—Social security benefits are blamed for prolonging Britain's nationwide dock strike, which hit American shippers and cost millions of dollars before settlement was reached after three weeks. Businessmen are now attacking the long-standing system that allows strikers to get large sums from public funds to support them when they lay down tools.

Government welfare officers will pay out more than \$2 million this year to aid workers who are crippling the country's economy by coming out on strike.

The system in Britain works this way: Strikers lose all their pay from the moment they end work. But they promptly get cash from at least four different sources, which enables them to live quite adequately for weeks on end.

IT IS CLAIMED in some circles that this public aid ought to end, and the strikers made to depend only on money from their union locals, or from their own resources, such as holiday savings. Other critics of the public-welfare system urge that strikers ought to be forced to repay any state aid when they return to work.

Besides union strike pay they get government-funded allowances for their wives and children, substantial rebates of income tax payments normally levied in advance under the British

tax system, and extra benefits from public welfare offices to pay their rent, hire-purchase commitments, and food for their families.

In the end, while they are on strike, they may be getting close to fifty per cent of their regular income even though for many weeks they are idle on union instructions.

The Financial Times commented: "The reasoning behind this whole extraordinary system is commendable enough. It is that families, and especially children, should not go hungry during a strike. But it can be seen that the working-out of the scheme, especially high income tax rebates, is such that the total payments contribute towards supporting the strikers themselves. As a result,

strikes are getting longer every time."

WHILE THE DOCK strike was on Lloyd's underwriters advised both home and foreign shippers that they feared liability claims for goods that had to be stored under exposed security conditions because dockers refused to handle them. It was feared that the use of unskilled labor to move perishable goods might result in damaged cargo, claims for which would normally, however, be met if they were valid.

Shippers were affected by the strike in two ways: Some cargo was diverted to non-British ports, and some cargo was stored at British ports awaiting outward shipment.

Lloyd's underwriters pointed out: "Because some cargoes, such

as timber and canned goods, might incur specific expenses to include the use of other transport in the event of deviation, importers often insure against this risk. Known as strike expenses cover, this form of insurance is normally placed for twelve months at a premium against the risk of certain expenses being incurred as a result of a dock strike.

"If such a stoppage occurs, underwriters are liable for the cost of shipping diverted cargoes back to their original destination. Such an insurance cannot be placed after a dock strike has started, or even when there is threat of one."

The underwriters warned that most goods-in-transit policies required haulers to ensure certain security arrangements, especially

for "hot goods" such as liquor, cigarettes, and canned goods.

The strike was estimated to have cost the British shipping industry \$5 million dollars a week while it went on.

ACCOUNT EXECUTIVES

Large, progressive NY insurance brokerage company is seeking knowledgeable account executives, particularly resourceful in marketing Commercial Lines. Opportunity unlimited. Salary open. Reply to:

Box 134, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

The insurance squeeze: it can also pinch your profits.

Current corporate expansion is putting the insurance industry's underwriting capacity under the most severe strain since World War II. Add to this supertankers ten times the size of the largest tanker then; and now jumbo jets twice as large as any before.

Because insurance companies are being asked to cover such an unprecedented volume at a time of heavy losses and limited new capitalization, businesses are finding it harder and harder to get adequate insurance protection. Inadequate coverage endangers your profits.

In this kind of market, the J&H approach is the best way to protect your profitability. We help in a number of ways.

We help you reduce losses (which helps reduce premiums) by providing you the services of our staff of experts on safety, property loss control and containerization, to name just a few of the regular services included in the J&H approach.

We also offer our knowledge of world insurance markets. If the coverage you need is available, we'll find it for you.

We steer you clear of overinsurance, or even more costly underinsurance.

Our approach as insurance brokers and employee benefit consultants has one aim—protecting your profits.

Johnson & Higgins

In major cities in the United States, Canada, around the world, and at 95 Wall Street, New York.

Dental plan covers union workers, kin

EL SEGUNDO, Cal.—Approximately 16,000 North American Rockwell Aerospace and Systems Operations employees represented by the United Automobile Aerospace and Agricultural Implement Workers are now eligible for a company-paid family dental care program.

Coverage under the program is provided by the Delta Dental Plans Assn., the national coordinating body for dental society sponsored service plans.

E. W. Altstaetter, corporate director of insurance for North American Rockwell, said that only bargaining-unit employees are covered by this plan. Non-bargaining-unit employees have a dental plan with Aetna Life and Casualty.

THE FAMILY DENTAL care program is a direct result of collective bargaining with the covered group. Mr. Altstaetter stated that the plan is not expected to be extended to other bargaining employees of NAR unless other unions request the coverage as their contracts expire.

Benefits under the dental program are: diagnostic, preventive and restorative services; oral surgery; endodontics (root canal therapy); periodontics (treatment of gum diseases); prosthodontics (dentures); and prophylaxis (cleaning). The services are subject to deductible and copayment factors and standard limitations and exclusions in some instances.

The program pays 75% of the dentist's charges for the above services excluding prosthodontics, for which it pays 50%. Basic services are subject to a \$25 deductible per family per year.

California Dental Service will serve as control plan for the NAR program. According to James Bonk, director of communications and professional relations for Delta Dental in Chicago, control plan is the name of the function of the service group that handles the plan.

Hughes gets letter of credit in lieu of bond

NEW YORK—The capacity problems that most insurance buyers experience are hardly as devastating as those raised recently in a court decision involving Hughes Tool Co., chief holding of Howard Hughes.

Trans World Airlines, in which Mr. Hughes' tool company was once heavily invested, brought a

suit against his firm in 1961. Judge Charles M. Metzner of the Federal court here had awarded treble damages to TWA. Under the rules of the court it became necessary for the defendant to post a bond worth 111% of the award that must be held in escrow until an appeal to the supreme court is heard.

Though the defendant firm protested that it shouldn't have to post a bond during an appeal, the court refused to defer its original ruling.

FINDING an insurance company that would underwrite a \$161.4 million bond isn't so easy, so Hughes had to turn to the banking community.

Under an agreement reached between TWA, Hughes Tool Co. and the court, the Bank of America will extend a \$75 million letter of credit to cover a portion of the bond. The other \$86.4 million was negotiated through a stipulation between TWA and Hughes Tool Co. whose major limitation was that the net worth of Hughes Tool will have to stay in excess of \$335 million. The tool company will provide certain financial data to TWA, presumably to demonstrate the availability of the remainder of the bond.

Judge Metzner, on hearing of the agreement, promptly approved it and issued a court order to bind it. It is expected that the Supreme Court will not rule upon Hughes' appeal of the decision for at least two years. ■

Workshop . . .

Continued from page 3

• "Cracking down on the high cost of medical care," by John G. Veneman, undersecretary, Department of Health, Education & Welfare, Washington, D.C.

• "How to get the most out of your insurance broker," by Joseph Gullo, vp of insurance D. H. Overmyer Co., New York.

OTHER WORKSHOP sessions are slated to cover the problems of alcohol addiction; loss prevention, safety security and business interruption aspects of a computer-centered operation; how to spot insurance buying frauds; and how to use Madison Avenue techniques to motivate employees.

Registrations for the workshop may be made either of two ways: by using the accompanying coupon, or by dialing 800-523-5550 toll-free from anywhere in the U.S. (Iowa registrants should phone 319-242-1867 collect.) The phone enrollments are being handled for *Business Insurance* by Telematic, a service of the A. C. Nielsen Co.

The fee for the entire Management Idea Workshop is \$225, but if payment is received by September 11, 1970, the fee is reduced to \$250—a saving of \$35 per registrant. A full refund of the fee will be made if cancellation notice is received on or before September 21.

Included in the fee are all three-and-one-half days of sessions; five meals (three lunches and two dinners); plus a workbook covering the speakers' presentations, biographical summaries and roster of those in attendance. Accommodations at the Regency Hyatt House in Atlanta are not included in the fee, and should be arranged for directly with the hotel. ■

State ASIM officers

The Minnesota chapter of the American Society of Insurance Management, Inc. elected as its president, Gary Munson, 3M Co. Other officers of the society for 1970-71 are Frank Butterworth, Employers Overload Co., vp; David Haight, Gould-National Batteries, Inc., secretary-treasurer; and Harold Groh, Honeywell Products, director.

business insurance

WORKSHOP ENROLLMENT FORM

Please enroll me for the Business Insurance Management Idea Workshop, to be held October 11-14, 1970, at the Regency Hyatt House, Atlanta. The \$285 fee (reduced to \$250 if you receive payment by September 11) covers my registration for all sessions; three lunches and two dinners; and a Management Idea Workbook including all speakers' presentations, biographical summaries and roster of those in attendance.

(I understand you'll refund my fee in full if you receive notice of cancellation by September 21. For cancellations through October 8, a \$40 service charge will be applied.)

I'm enclosing _____ registrations at \$250, for a total of \$_____.

Bill me. Bill my company.

Name _____

Title _____

Company _____

Street _____

City _____ State _____ Zip _____

Please make checks payable to Business Insurance Workshop. Mail today to Business Insurance Workshop, 740 Rush St., Chicago, Ill. 60611.

817

Does Texas Workmen's Compensation

Soundlike GREEK?

Let us interpret this sometimes difficult subject for you. You'll find placing Texas Workmen's Compensation insurance coverage separate from national programs usually has important implications for your company. May we relay the whole message to you?



TEXAS EMPLOYERS' INSURANCE ASSOCIATION
P. O. Box 2759 Dallas, Texas 75221
EMPLOYERS INSURANCE OF TEXAS • TEXAS EMPLOYERS' INSURANCE ASSOCIATION
EMPLOYERS NATIONAL INSURANCE COMPANY • EMPLOYERS CASUALTY COMPANY
EMPLOYERS NATIONAL LIFE INSURANCE COMPANY

new ideas

The fuel that has kept Adams & Porter charging since 1907. We've developed new, aggressive approaches to business insurance placement. And we've developed a Claims Department with expertise unparalleled in the industry. About the only innovation in business insurance that Adams & Porter hasn't made is changing the personal professional way we service your day-to-day needs.

Adams & Porter

Houston: Cotton Exchange Bldg. (713) 227-5181
New York: 30 Church St. (212) 349-5900



In many environments (computer rooms are just one example), water damage from fighting fire can be as costly as fire itself. That's why we developed FIRECYCLE—the world's only sprinkle system that turns itself off when the fire is out. If water-sensitive environments are a problem for you, send today for details.



THE VIKING CORPORATION
HASTINGS, MICHIGAN, U.S.A. 49058

U.S. & CANADIAN ASSOCIATES—ALABAMA: Birmingham; ARIZONA: Phoenix; ARKANSAS: Ft. Smith; BRITISH COLUMBIA: Vancouver; CALIFORNIA: Colton, La Mesa, Los Angeles, Newport Beach, Sacramento, San Francisco; COLORADO: Denver; FLORIDA: Miami, Jacksonville, Tampa; GEORGIA: Atlanta; ILLINOIS: Chicago; INDIANA: Indianapolis; IOWA: Cedar Rapids; KANSAS: Kansas City; KENTUCKY: Louisville; LOUISIANA: Monroe, New Orleans; MARYLAND: Baltimore; MASSACHUSETTS: Braintree (Boston); MICHIGAN: Grand Rapids, Troy (Detroit); MINNESOTA: St. Paul; MISSOURI: Des Moines; MONTANA: Helena; NEBRASKA: Omaha; NEVADA: Las Vegas; NEW BRUNSWICK: Morristown; NEW JERSEY: Hoboken; NEW MEXICO: Albuquerque; NEW YORK: Buffalo, New York City, Syracuse; NORTH CAROLINA: High Point; OHIO: Akron, Cincinnati, Cleveland, Dayton, Toledo; ONTARIO: Ottawa, Toronto; OREGON: Portland; PENNSYLVANIA: Glenside (Philadelphia), Pittsburgh, Wilkes-Barre; QUEBEC: Montreal, Quebec; TENNESSEE: Greenville, Memphis, Nashville; TEXAS: Dallas, Houston, San Antonio; VIRGINIA: Richmond; WASHINGTON: Seattle; WEST VIRGINIA: Huntington; WISCONSIN: Butler (Milwaukee), Wausau; INTERNATIONAL ASSOCIATES—AUSTRALIA: Uxley (Adelaide), Mt. Viewly (Melbourne), Lane Grove (Sydney), Osborne Park (Perth), Salisbury North (Brisbane), Launceston (Tasmania); DENMARK: Odense (Copenhagen); FRANCE: Paris; GERMANY: Dusseldorf, Hannover; GREAT BRITAIN: Bristol, Canterbury, Glasgow, London, Manchester; ITALY: Milan; JAPAN: Tokyo; NETHERLANDS: Eindhoven; NORWAY: Oslo; SOUTH AFRICA: Cape Town, Durban, Johannesburg; SPAIN: Madrid; SWEDEN: Stockholm.

Products liability suit asks \$10.3 million from GE

TROY, N.Y.—A furniture store here has filed a \$10.3 million products liability suit against General Electric Co., charging that "gross negligence" on the part of GE caused a fire that completely destroyed the company's three-story store and warehouse.

The suit alleges that "certain (General Electric) television set or sets self-ignited and/or exploded" resulting in the fire May 26, 1967. Filed in Rensselaer County supreme court, it asks \$301,000 in compensatory damages and \$10 million in punitive damages against GE.

According to Harry Feathers, president of Feathers Furniture Co., the 1967 fire was insured under a policy written by Employers Mutual Fire Insurance Co. "They paid off on the policy, but its limits were nowhere near what we thought the building and contents were worth," Mr. Feathers told *Business Insurance*.

ACCORDING TO the Feathers' suit, GE showed "gross negligence . . . in manufacturing, selling and placing upon the market for sale and to be used by the public an article which it well knew was inherently dangerous and unsafe."

The suit mentions certain GE color television sets and says that the company "knew (their) contents were highly combustible, inflammable and of explosive tendencies and that no warning was given."

"Ironically," Mr. Feathers said while elaborating on the suit, "a man came in last week looking for a new television set. He said the one he had bought from me a few years ago, about the time of our fire, had blown up and caught fire. I asked him to save the thing for me," he added, saying that he, as well, had had a GE set of the same model catch fire in his own home shortly after the furniture store burned down.

"The company (GE) has admitted that they had a problem with this particular model. Apparently they increased the voltage in it to get a better picture. You got a better picture, but it was dangerous."

Mr. Feathers, who has since built a new store, says he still sells GE sets. "I have no animosity toward GE. They had a problem and they corrected it. I just want to get paid what it (the fire) cost me."

Mr. Feathers said the insurance company was not joining him in the suit. "Of course," he added, "they have subrogation rights." ■

1. Add up your own, personal "fringe" benefits

- Life Insurance \$ _____
 - Hospitalization Insurance \$ _____
 - Major Medical Insurance \$ _____
 - Accident Insurance \$ _____
 - Disability Insurance \$ _____
 - Group Auto Insurance \$ _____
 - Group Homeowners Insurance \$ _____
 - Pension Plan \$ _____
 - Profit-Sharing \$ _____
 - Mutual Fund Investment Plan \$ _____
 - (Other) \$ _____
- Yearly Total \$ _____

2. Multiply by 30,000,000

30 Million American Employees' Yearly Total: \$ _____

3. Now you can appreciate the B.I.G. Board's buying power in Employee Benefit Programs!

As key executives of America's 13,000 leading corporations, the B.I.G. Board is responsible for evaluating, recommending, negotiating and approving these programs, for more than 30 million employees! (That's tens of \$billions, right?)

If you sell, administer or consult on Employee Benefit Programs of any type, you can reach these influentials with a bold, consistent advertising program in Business Insurance, the B.I.G. Board's own newsmagazine.

See and experience our publication's power first-hand. **No other medium** delivers the selling message to the heart of the market so directly, so efficiently. The time for you to start is now!

*The B.I.G. Board: The Business Insurance Group, our name for the extraordinary executive circulation of our publication.

business insurance
for buyers of employe, property and liability protection/
pension investments/financial services

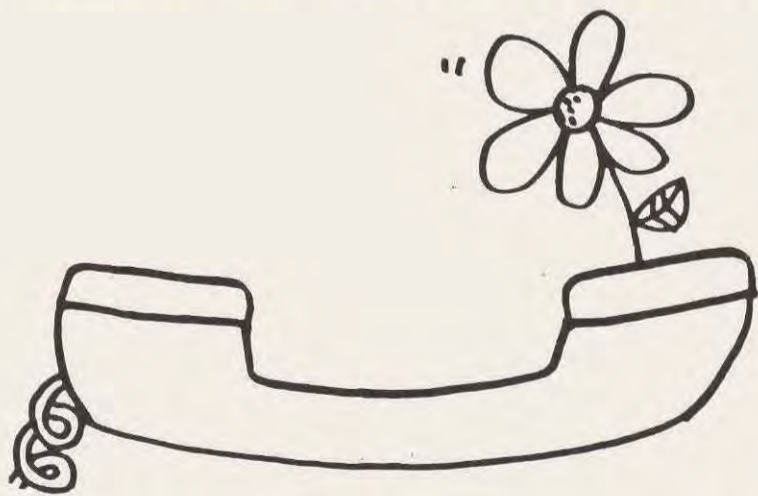
New York—630 Third Ave.
(212) 986-5050


Chicago—740 Rush St.
(312) 337-5200

Los Angeles—6404 Wilshire Blvd.
(213) 651-3710

How long since you heard a fresh idea in business insurance?

Call Allstate.



 Business insurance that was right for last year and the year before may be dead wrong for the '70s. There's a costly difference between a groove and a rut.

Allstate can focus fresh eyes and fresh brains on your particular business insurance needs—however big. Our men are hand-picked. Experienced. Specialists. Experts at analyzing needs and improving protection. And if you're like most, you'll save money.

This helps explain Allstate's fast growth in the business of business insurance.

So next time you need a quote, call Allstate.

Allstate[®]

BUSINESS INSURANCE