

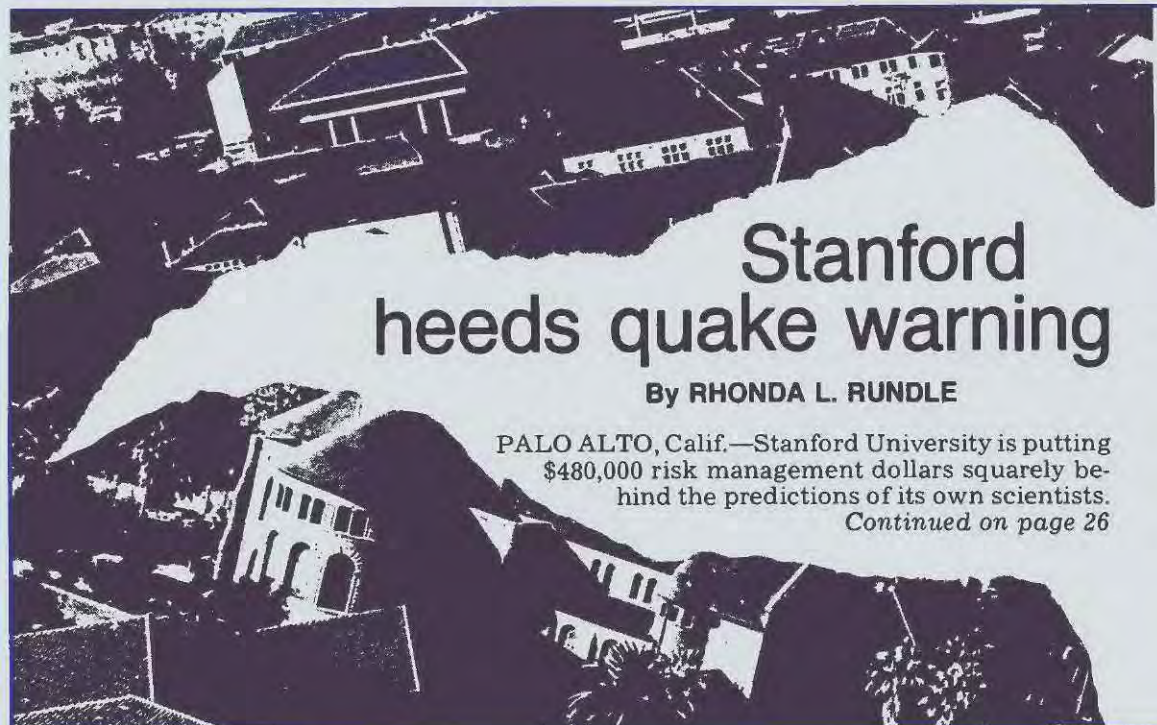
business insurance

update:
London broker forges U.S. link

CLEVELAND—London broker Hogg Robinson and Republic Steel Corp. have entered into a partnership through which the London group will attempt to acquire brokerages in North America.

Hogg Robinson chairman Morris Abbott said the broker has been looking
Continued on next page

the national newsweekly of loss prevention, risk financing & benefit management/\$1 a copy; \$25 a year Entire contents copyright 1980 by Crain Communications Inc. All rights reserved



Stanford heeds quake warning

By RHONDA L. RUNDLE

PALO ALTO, Calif.—Stanford University is putting \$480,000 risk management dollars squarely behind the predictions of its own scientists.
Continued on page 26

Market trembles at forced cover for earthquakes

By JOHN SCHNEIDAWIND

LOS ANGELES—If the federal government wants to force property owners to buy earthquake insurance, it will have to shake loose some money to help insurers meet demand, insurers say.

Insurers can provide earthquake insurance to all who want it now they say, but they don't have enough capacity to sell it to everyone in California.

Buyers could also resist the mandate. Many risk managers aren't buying earthquake coverage now because the price is too high.

With Mother Nature on the rampage unleashing a volcano, a drought and then a hurricane on North America, an earthquake on the West Coast seems like the only natural disaster left to strike.

But even before natural disasters started hitting the United States, the federal government began to study whether property
Continued on page 26

Softening nature's blow

Allen claims hit \$42.5 million

By SHARON WATSON

HOUSTON—The largest wind damage underwriting pool in the country, U.S. property insurers and London marine underwriters, will be paying the claims from Hurricane Allen.

It was the costliest storm in Texas history, causing an estimated \$600 million in property damage. About \$400 million is cotton crop damage.

But businesses and insurers here are thanking the forces of nature for sparing the heavily industrialized areas of Texas and the offshore drilling business from the once-feared brutal strength of Allen.

Damage from winds, water and high seas "will be in the millions rather than the billions," said Clint Dare, manager of the Insurance Information Institute in Austin.

The American Insurance Assn.'s preliminary estimate of insured damage is \$42.5 million. In 1970 when Celia hit, damage was \$500 million, but \$310 million was insured.

The time and know-how to prepare and Hurricane Allen's surprise drop in force and shift in direction spared Texas and Louisiana businesses on the coast and at

sea from huge losses.

Along the coast, every available piece of plywood was bought to board up businesses and dwellings. An estimated 200,000 people were evacuated.

When Allen turned south and west toward Brownsville, it spared

the populated, heavily industrialized portions of the Texas Gulf Coast. Had Allen moved east toward Corpus Christi and Houston-Galveston, it would have played havoc with billions of dollars in property that is about 80%
Continued on page 26

Lessons curb costs

By DAVID SPERLING

PASCAGOULA, Miss.—Looking into the eye of a hurricane, no one breathes easily. But for businessmen along the vulnerable Gulf Coast, the breathing was not as labored this time.

They had learned lessons from Hurricanes Betsy in 1965, Camille in 1969 and Frederick last year and were better prepared as Allen neared.

"Once you get a hurricane, you never forget," said John Rednour, production manager at Mississippi Chemical Corp. here, explaining how past storms helped the company prepare for future ones.

When Frederick hit, for instance, insurance coverage purchased by the company to compensate for wind and water damage and to

cover business interruption put the business back in operation in three weeks.

A disaster plan that called for a task force of about 40 employees to assess damage and begin repair work helped speed the company's recovery.

When Camille whipped through the area in 1969, Mr. Rednour recalled, many businesses were caught by surprise. Some of them made a lot of mistakes, like trying to keep their businesses running, often with disastrous results, he said.

To help businesses get back on their feet as soon as possible, some insurers provide loss-prevention services and assistance in restoring security. They also often advance funds to businesses to
Continued on page 26



Residents and businesses along the Texas Gulf Coast boarded windows with plywood, and an estimated 200,000 people were evacuated. Disaster plans also cut losses.

Photo: Wide World

NEWSPAPER

INSIDE:

Cancer screening begins in woodshops
 Page 3



Benefit Board backs new regulation
 Page 3

update:

London broker forges U.S. link

Continued from previous page

for an opportunity to establish itself in the U.S. and believes an association with Republic, with whom it has had a 40-year business relationship, is the best way.

Hogg Robinson hopes to buy retail brokerage houses here. Mr. Abbott said he hopes the acquired houses will produce business for Lloyd's of London.

The new venture will be called Republic Hogg Robinson.

Nuclear plant cleanup costs

HARRISBURG, Pa.—Insurance will cover only about a third of the cost of getting Three Mile Island nuclear plant back in working order.

General Public Utilities estimates it will take \$855 million to decontaminate and restore the damaged reactor, a 76% increase over an earlier estimate of \$485 million. The cleanup also will take at least five years to complete.

Company spokesmen acknowledged GPU might have trouble paying for the cleanup because insurance provided by American Nuclear Insurers only totals \$300 million.

Coverage to be canceled

NEW YORK—Cosmopolitan Mutual Insurance Co. clients outside New York will have coverage canceled Sept. 4. The move is part of a rehabilitation plan for the financially troubled company.

Cosmopolitan Mutual, which was found in a recent audit to be insolvent by \$32.8 million, was placed in rehabilitation Aug. 5 by state supreme court justice Thomas J. Hughes.

The company, which writes general liability, workers compensation and disability insurance, was licensed in New York, New Jersey and Florida.

Mercer protests Canadian rule

TORONTO—William M. Mercer Ltd. of Canada has filed a formal protest to a recent ruling by Revenue Canada that will increase the tax burden on Canadian workers covered by group health insurance plans.

The ruling states workers must pay taxes on premiums paid by their employers for term life insurance coverage exceeding \$25,000. It also shifts to the life insurance category all accidental death and dismemberment coverage or any other coverage where a benefit is paid because of death.

Mercer, in a letter to the Canadian minister of national revenue, says that ruling could result in cancellation of accidental death and dismemberment and travel and accident policies or a shift to all employee-paid premiums.

Mercer calls attention to case law stating that death benefits under an accidental death and dismemberment policy do not constitute life insurance.

Westinghouse settles suit

WASHINGTON—Westinghouse Electric Corp. has agreed to provide \$305,000 in back pay and change certain maternity-related practices in settling a 1974 suit filed by women employees and the Equal Employment Opportunity Commission.

Westinghouse will ensure that women who take maternity leave have their old jobs or similar positions when they return to work. The firm also agreed to stop firing women with less than nine months of service who seek maternity leave.

Broker sues for \$288,000

CHICAGO—McManus & Pellouchoud, a Chicago insurance brokerage, has filed a suit in circuit court here to recover about \$288,000 in unpaid insurance premiums owed by Santucci Construction Co. of Chicago.

The brokerage contends Santucci owes the money on 16 insurance policies placed between January 1977 and July 1979.

The largest debt is a \$213,773 unpaid premium for comprehensive general liability and builders risk insured by Bituminous Casualty Co. The firm also owes \$21,000 each on equipment coverage with Aetna Insurance Co. and excess umbrella liability coverage with Continental Casualty Co. and \$16,000 for fire insurance with Centennial Insurance Co., according to the suit.

San tucchi also owes \$8,700 on a fire and multiperil policy insured by Bituminous, along with other premiums, the suit charges.

index

Action line.....	21
Around the states.....	10
Benefit beat.....	4
Benefit tax slants.....	18
BI ticker.....	27
Books & ideas.....	17
Classifieds.....	24
Comings & goings: buyers.....	25
Comings & goings: industry.....	19
Datebook.....	23
Editorial opinions.....	6
Employe benefit board.....	3
Info.....	23
Letters.....	6
London line.....	12
Markets.....	21
Perspectives.....	17

Products & services.....	21
Security matters.....	18
Someone you should know.....	19
Washington.....	8
Worldwide.....	12

Vol. 14, No. 33—*Business Insurance* (ISSN 0007-6864) is published weekly at 740 Rush St., Chicago, Ill. 60611. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, circulation department, 740 Rush St., Chicago, Ill., 60611. Copyright 1980 by Crain Communications Inc.



Textile workers in North Carolina file more claims for brown lung than in all other states combined. Workers in this yarn plant are susceptible to the disease if they are exposed to raw cotton dust.

Firm contests liability for total comp claim

By JILL KAPLAN

RALEIGH, N.C.—Burlington Industries is going to the state supreme court this fall to fight footing the whole compensation bill for a disability only partially caused by an occupational disease.

At stake for the company and the employe is what percent of partial disability or total disability benefits should be paid.

Employers have had to pay the full total disability benefit even if

occupational disease only partly contributed to a worker's inability to work.

"We're pushing for the concept that the employer is only responsible for that which he caused," said George Dennis, an attorney for Burlington.

This is the first such case in North Carolina, where more claims for the occupational brown lung disease are filed than in all other states combined.

Employers in other states will

watch the decision closely, said William Stephenson, North Carolina's industrial commissioner. Although the decision will be binding only in North Carolina, it could be cited as a precedent in other states.

A state commissioner in 1978 ordered Burlington Industries of Greensboro, N.C., to pay for the total disability of a woman who has brown lung disease, or byssinosis, which is caused by cotton dust.

Continued on page 25

Lewis supports opening NYIE to out-of-state risks

By ELLIS SIMON

NEW YORK—New York insurance superintendent Albert B. Lewis happily will usher commercial insurance buyers from around the country to the New York Insurance Exchange.

All it takes to open the doors to non-New York commercial risks is the request of the New York Insurance Exchange board of governors to change the rules and the approval of other state insurance directors, he says.

The rules could be changed by regulation or statute, Mr. Lewis said.

"It's always been my intention to let the exchange expand to write direct business in sister states," Mr. Lewis told *Business Insurance*.

But current rules restrict direct access to the exchange, especially for out-of-state buyers.

Opening the exchange to out-of-state risks would give buyers access to an additional innovative market for commercial insurance.

Mr. Lewis has no timetable for implementing changes. He will act if the exchange governors ask him to, he says.

Under current rules, all direct domestic risks must be rejected by the Free Trade Zone before they can be submitted to the exchange. Free Trade Zone insurers must write out-of-state risks according to the rate and form requirements of the buyer's home state. This limits the business being shown to the Free Trade Zone and the exchange because other states more strictly regulate underwriting of commercial risks.

The exchange governors are considering the need for reform to enable them to expand their writing of domestic risks. A recent state senate report, charging direct business is easier to place in the nonadmitted market than in the

exchange, prodded the board of governors to look at this issue.

That report came under criticism at an Aug. 13 insurance department hearing on regulatory changes that would restrict the ac-

Continued on page 22

Fla. bridge premium may rise \$220,000

By BOB BARNES

TALLAHASSEE—Florida's premium for bridge and turnpike insurance apparently will increase by more than \$220,000. The state is replacing property and loss of revenues coverage canceled after last May's Sunshine Skyway Bridge tragedy (BI, May 19).

Hunter Jackson & Associates of Orlando will be recommended to replace the current insurance when the Florida cabinet meets Aug. 26, said Mary Lawhon, insurance contract specialist in the state's department of general services.

The recommended bid is \$649,757. The state currently pays a \$428,000 premium, but National American Insurance Co. of Omaha canceled its coverage effective Sept. 1.

The highest bid was more than \$1.1 million to insure property and loss of revenues on the Florida turnpike and 133 toll and drawbridges.

Besides Hunter Jackson, brokers submitting bids were Arthur J. Gallagher & Co. of Miami, Poe & Associates Inc. of Tampa and

Walton Insurance Services Inc. of West Palm Beach.

The May 9 disaster at the Sunshine Skyway Bridge, which spans Tampa Bay, was the main reason for the increase in premium, Ms. Lawhon said. The bridge was struck by a Liberian freighter during a thunderstorm, and 35 persons were killed when a quarter-mile section of the structure collapsed.

The state also is increasing its insurance coverage, including a \$10 million liability policy for the turnpike and \$50 million in property damage coverage.

errors & omissions

• John F. Robinson, former executive vp of Reliance Insurance Cos., has been named president and chief operating officer of Reliance. An Aug. 4 Comings and Goings: Industry item said new Reliance chairman William A. Pollard retained his position as president.

Woodshop cancer tests begin

By JOHN MAES

WARREN, Mich.—General Motors Corp. this week begins cancer screening of woodshop employees at its technical services center here.

About 4,000 woodshop workers across the nation and in Canada will be tested for exposure to cancer-inducing materials in their workplaces.

The company hopes eventually to offer the test to thousands of retired and former GM woodshop workers, said Dr. Robert G. Wiencek, GM's health services director.

"We may not reach them all, but we'll sure try," he said.

The total cost of the program is difficult to determine because no one knows how many retired workers will be tested. But the tests will cost GM about \$300 each, Dr. Wiencek says.

GM, the world's largest manufacturer, is conducting the screening because the National Institute of Occupational Safety and Health said it suspects wood model shop employees are subjected to cancerous elements (BI, March 17).

These employees of the Big Three auto manufacturers make full-scale wooden mock-ups of vehicles for design and engineering. Their workplace has heavy concentrations of wood dust.

The six-stage Can-Screen test is being given first to 2,250 woodworkers from GM's Fisher Body division, the GM technical center and Chevrolet engineering, all in

the Detroit area.

During the past two weeks, the company conducted seminars for the woodworkers discussing types of cancer and describing the tests. They were devised by the Preventive Medicine Institute of the Sloan-Kettering Foundation.

There will be no cost to the employee and any treatment or hospitalization will be covered under the company's health insurance.

The exam, which takes almost two hours, screens each worker for cancer of the skin, mouth, throat, larynx, lung, kidney, bladder, colon, rectum and prostate and for leukemia.

Employees are first asked to fill out a 136-item medical history questionnaire. That is followed by a limited physical exam, chest X-ray, blood test and other tests of the intestines and colon, Dr. Wiencek said. Workers will be informed of the results immediately and follow-up treatment, if necessary, will be recommended, he said. Employees without a family doctor will be referred to physicians.

Once the program is fine-tuned in Detroit, GM medical supervisors will go to 49 locations across the U.S. and Canada to assist local GM medical workers in administering the tests. GM employs 116 full-time and 55 part-time physicians, all of whom will be involved in the testing.

In locations that have only a few woodshop workers, employees will be sent to nearby clinics and medical centers for the tests.



Photos: Portes Cancer Prevention Center

Cancer tests such as these include checking a patient's throat and mouth for abnormalities. GM woodshop workers are being tested this week to discover if they have a high rate of cancer.

Although GM says the program is the biggest ever in industry, health screening tests are nothing new to the firm. GM already offers cancer tests for current and retired asbestos workers who are notified yearly, Dr. Wiencek said. The program was set up in 1974 in accordance with OSHA regulations.

Data from the woodworkers' medical history questionnaires will be fed into GM computers and analyzed to see if any cancer

trends develop among certain ethnic groups or persons with certain dietary habits. Other information will be passed on to the Cancer Research Institute in Chevy Chase, Md., which is conducting a nationwide cancer study.

The Pattern & Model Makers Assn., the woodshop employees' union, is interested in setting up its own program for about 10,000 woodshop employees in other industries, Dr. Wiencek said.

Spokesmen for Ford Motor Co. and Chrysler Corp. said they are talking with the pattern makers and the United Auto Workers about screening woodworkers.

The cancer controversy began late last year when the Detroit News reported in a series of articles that 40 cancer deaths and at least 25 other cancer cases have occurred among woodshop workers at the auto companies and at 29 independent job sites.

Ma Bell serves employees larger helping of benefits

By JERRY GEISEL

WASHINGTON—Telephone workers will be fed a third more in benefits by Ma Bell over the next three years.

A new vision plan and significant improvements in dental, retirement and life insurance benefits highlight the new three-year contract between American Telephone & Telegraph Co. and its three big unions.

The \$6 billion contract for 705,000 workers will boost AT&T's benefit costs 33.9% while wages will jump 34.3%, according to the Communications Workers of America.

Currently, benefits account for \$4.25 of the \$12.96 in compensation received by an AT&T employee. By the end of the contract, benefits will be \$5.66 out of \$17.36 in compensation, according to the CWA.

Key benefit improvements in-

clude:

- Beginning in January 1983, AT&T will cover 50% of customary and reasonable expenses for vision care.

- Next January, the maximum dental benefit will be boosted to \$750 from \$500; the maximum orthodontic benefit will be in-

Continued on page 22

Janitors group keeps CNA as underwriter

By STUART EMMRICH

McLEAN, Va.—One of the largest mass-marketed insurance programs in the country is staying with its present underwriter, despite a lot of shopping around.

But no one will discuss why the Building Service Contractors Assn. International looked so hard before renewing policies with CNA.

"We've gone through too much

hell on this," said broker Frank Patterson of Patterson & Associates in Bethesda, Md. "I don't want to stir things up again" before the renewal is official Jan. 1.

The remarketing of the program this year for the 900-member trade association for maintenance workers started with more than 25 interested underwriters. Firm bids were received from about five insurers by the May 1 deadline.

Continued on page 22



AT&T's employee benefit costs will climb 33.9% with benefit improvements granted three different unions of telephone company workers.

Panel urges public pension controls

By STACY SHAPIRO

employee benefit board

CHICAGO—Public pension plans are grossly underfunded and need federal regulation, employee benefit managers say.

Political mismanagement of public pension funds is hurting the taxpayer and public employee, say all but one of 65 members of the Business Insurance Employee Benefit Board.

The only solution is to federally regulate public pension plans as private plans are regulated under ERISA, 92% of the respondents to a survey said.

"Although I hate to advocate additional federal regulations for

anybody, I don't believe that politicians should be able to increase benefits and defer the costs of these increases indefinitely," said one concerned benefit manager.

Even the 6% who oppose federal regulation say a change in funding is needed.

"I think local public plans and authorities should recognize their funding responsibilities," one board member said. "But I think the federal government has no constitutional authority to regulate this field."

A federal law governing the public funds, however, would allow taxpayers access to accounting records and ward off unnecessary spending without proper funding, benefit managers say. Taxpayers would know what their municipality is spending and officeholders would have to be more careful spending constituents' money.

The Public Employees Retirement Income Security Act, which would provide federal regulation, is not expected to make it out of the House Education and Labor

Committee this session.

"Citizens must assume a more active role in local government," one board member said. "They must insist that tax revenues be spent more efficiently and enforce this stand by voting out politicians who continue to waste tax revenue."

A federal law governing public funds would allow the taxpayer to see what he or she is paying for. "The major reason an ERISA-type regulation is needed is to force disclosure of the true value/cost of public plans, most of which are more generous than private plans," one board member said.

If the private sector must be reg-

ulated, so should the public pension plan, several benefit managers said.

"It's about time the government straightened itself out instead of worrying about private plans, which for the most part are adequately funded," one benefit manager said.

"The pension benefits payable are much too lenient in comparison to private pension plans," said another.

The majority of the Employee Benefit Board members are concerned about inadequate funding that they say leads to excess spending and possible employee

Continued on page 22

Teamsters win drive for fully paid plan

STARTING SEPT. 1, the Detroit Free Press will pay the full premium on an expanded Blue Cross/Blue Shield health insurance package for 1,800 members of Teamster Union Local 372. It includes eyeglasses, prescription drugs and dental care.

The improved benefits are included in a new three-year contract approved by the Teamsters and the Free Press. The agreement ended an 11-day walkout.

The Free Press will pay \$182 a month per employee for the expanded health insurance coverage.

"Previously, the employee paid \$20.35 a month toward that plan," explained Norm Rogers, employee services manager.

The publisher also has added \$1,500 in life insurance coverage for employees retiring after July 1,

benefit beat

1980. Employee life insurance paid by the Free Press includes \$5,000 of coverage from Imperial Life of Canada. Employees may opt for an additional \$5,000 in group coverage through The Travelers.

Blue Cross/Blue Shield will cover 100% of dental examinations, cleanings and X-rays and 80% of other dental expenses for employees and their families.

Blue Cross will pay up to \$35 for a pair of contact lenses. If they are medically necessary—in the case of a cataract patient, for instance—the cost will be fully covered, Mr. Rogers said.

The employee pays the first \$5 for each eye examination—one every

two years—and \$7.50 for a pair of glasses.

Major Medical coverage remains at 80% with a \$100 deductible.

New employees now will become eligible for sick leave benefits after 12 months. The waiting period had been six months.

Public hearing

A public hearing by the New York insurance department will be held Aug. 21 on a request by Blue Cross & Blue Shield of Greater New York to increase subscriber rates and expand benefits for some of its community-rated contracts. The hearing will begin at 2 p.m.

in Hearing Room A on the 82nd floor of Two World Trade Center in New York City.

The proposed changes, to become effective Nov. 1, include:

- An average 21% increase for basic hospital coverage, of which 2.3% would go to cover inpatient psychiatric care. Home care benefits would be extended to cover 200 visits a year, up from 100.

- A 0.5% increase in all surgical-medical contracts to cover a pediatric checkup for newborn infants.

- A 5.3% increase in the \$7,000/\$8,000 surgical-medical contract.

- A 10.3% increase in the Executive Indemnity I contract. A \$20 deductible for X-ray and laboratory services will be eliminated.

- A 28.9% increase for both Parts A and B Medicare supplement.

- A 19% increase in major medical package programs.

The contracts cover about nine million persons in Bronx, Columbia, Delaware, Dutchess, Greene Kings, Nassau, New York, Orange Putnam, Queens, Richmond Rockland, Suffolk, Sullivan, Ulster and Westchester counties.

Dental care

The Canadian Paperworker Union and Abitibi-Price Inc. have agreed on a two-year contract that increases dental and health care coverage and pensions.

The settlement ended a month-long strike against the world's largest newsprint producer employing 6,500 workers.

Basic dental maintenance costs for employees and dependents will be covered completely by the company's two insurers, Excelsior Life and Confederation Life.

"The more exotic procedures, orthodontist care and false teeth, are paid at 50%," said Gary Luker, coordinator of employee benefits and safety.

The dental insurance deductible will be \$10 for each single employee and \$20 per family.

Abitibi-Price will contribute to the premium what it paid in 1978; employees will pick up the increase that has resulted from inflation and the increased coverage.

The company will pay a little more than \$5 for a single employee and \$19 for a married employee.

Pensions were increased 32% from those accrued during 1978 and 1979, said Alex Shisko, group benefits supervisor. Employees will pay 4% of earnings less an adjustment of \$79.20 a year.

The company will contribute 8% of payroll to the pension plan. Employees also contribute 1.8% of salary to the Canadian Pension Plan.

The cost of the new contract was not available.

Life coverage

Municipal blue-collar workers in Cleveland were granted an increase in life insurance benefits to \$10,000 from \$3,000.

The tentative agreement was delayed since January when Mayor George V. Voinovich refused the union's request for increased life insurance, written by The Equitable Life Assurance Society.

The life insurance increase granted to 9,500 members of the Municipal Foremen and Laborers Union will cost the city \$150,000, city officials estimate.

Flexible comp

At least six Midwest companies have studied or are studying the feasibility of adopting flexible compensation programs, according to a survey by Towers, Perrin, Forster & Crosby.

The survey was conducted at a recent TPF&C-sponsored executive briefing on flexible compensation.

Ten percent of the 63 businesses responding said their companies have conducted or are now conducting formal studies. Fifty-nine percent said it is a "fair possibility" their companies will adopt a flexible compensation plan.

Forty-six percent said they thought a program would be adopted within the next five years; 11% said one would be adopted within the next two years. Another 6% said they thought adopting such a program within the next 10 years was a "sure thing."

Made any benefit changes? Write Valerie Berg, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611 or call 312-649-5430.

YOUR PLACE or OURS ?

Yesterday's costs using tomorrow's technology...Today.

ClaimFacts is an advanced on-line health claims administration system which may be used by insurance companies, or employers and associations with self-funded or underwritten plans.

ClaimFacts provides total automation for the processing of all types of health benefits plans, including basic and Major Medical, dental, vision, prescription drugs, and disability. The system has the capability for on-line inquiry, eligibility verification, adjudication, coordination of benefits, and letter generation.

ClaimFacts can be installed at your office for use by your staff using your hardware or ours. It is available on a service, lease or purchase basis for HP or IBM systems.

ClaimFacts joins IMPLEFACTS, the deferred recordkeeping specialists, as a member of the Thomas National Group.

ClaimFacts satisfies the unique requirements of insurance companies and third party administrators.

Please call Send information about: ClaimFacts
 ImpleFacts

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone _____

Erisco Inc. 1700 Broadway
 New York, N.Y. 10019
 (212) 247-2444

Call or write Wayne J. Ferrentino,
 V.P./Marketing, for more
 information.

TN
A Thomas National Group Subsidiary



HARTFORD STEAM BOILER & INSPECTION INSURANCE

When one of your major equipment systems goes down, usually the bottom line does, too.

Which is why more companies keep turning to us. We think insurance should be founded on the principle that accident prevention protects better than loss indemnification.

And today we continue to implement that idea through an inspection force that's been broadening the boundaries of accident prevention technology for over a century.

We also offer a brand of value and claim service that's helped make us the number one boiler and machinery carrier-vention that's backed by insurance protection, write for our latest annual report to: Mr. Gordon Kreh, Director of Marketing, 56 Prospect Street, Hartford, CT 06102. And you'll see how we help keep the pressure off.



LET HARTFORD STEAM BOILER HELP TAKE THE PRESSURE OFF YOUR BOTTOM LINE.

editorial opinions

Wage-loss aground

WE'D HATE TO see Florida's thus-far successful voyage through the uncharted waters of wage-loss compensation for workplace injuries run aground on the definition of vision.

If the Duval County court sides with the plaintiff in the first legal attack on the law, it could happen.

Under the year-old wage-loss system in Florida, workers with partial permanent disabilities from a workplace injury must return to work to earn benefits. They are only compensated if they earn less than 85% of their pre-injury wages and then for only 95% of the lost wages.

The wage-loss law encourages employees to work rather than sit home collecting disability checks. First-year statistics on the claims in Florida are proving it works.

The only three exceptions to the wage-loss theory the Florida law makes are compensation payments for amputation, loss of 80% of vision and serious head and facial disfigurement.

But a worker who lost an eye at work and is now earning the same wages he did before the accident wants compensation. He is asking the court to decide if the definition of vision is sight in one eye or both. He also argues that even if vision refers to

sight in one eye, the \$1,200 he would receive in compensation is too little.

Under Florida's old system, the plaintiff would have received \$22,750 for his injury.

We hope the court narrowly interprets the wage-loss law and finds vision refers to total vision. We sympathize with the injury of this worker, but the wage-loss principle is at stake in this case. If the court starts extending benefits for partial disabilities where there is no wage loss, it will drive the wage-loss law off the course.

We understand how difficult it is to appear insensitive to the pain and suffering a permanent partial disability creates, but the merits of the wage-loss theory outweigh the insensitivity. A productive person back at work—instead of one wallowing in self-pity made affordable by payments for suffering—is the far better result of a workers compensation system. The reduced cost of workers compensation in a state nearly strangled by the rising cost of the old system has to be appreciated.

We want to see further experience in Florida with the wage-loss theory. The state can chart a course for an affordable yet fair workers compensation system for all states, if the court doesn't take the wind out of its sails.

Limit PBGC liability

THE FIRST ACTION of Congress when it reconvenes this week should be to pass the bill limiting the Pension Benefit Guaranty Corp.'s liability for the vested benefits of participants in multiemployer pension plans.

The bill has been kicked around Congress too long, and now by sheer inaction the PBGC is liable for those benefits.

The pension benefits of eight million workers covered by 2,000 multiemployer plans are in jeopardy.

If over the next few weeks one of a half-dozen financially troubled multiemployer plans dumps its unfunded liabilities on the PBGC, the federal agency will be forced to charge higher premiums to cover the vested benefits. This additional premium burden could drive more multiemployer plans into financial trouble and eventually into bankruptcy. The same disaster could be created if employers that

now want out of multiemployer plans see the easy escape created by congressional failure to amend the insurance rules.

As it stands now, an employer is only liable to 30% of its net worth for the unfunded liabilities of a multiemployer plan that folds. And that liability exists only if the employer is in the plan when it folds or withdrew within the last five years.

If an employer withdraws from a plan today and it folds after five years, the employer escapes all liability for unfunded vested benefits.

This system only encourages employers to pull out of multiemployer plans.

But the reform sidetracked by the Senate would make an employer in a multiemployer plan liable for 100% of its share of the unfunded vested liabilities.

The bill also limits the benefit amount guaranteed by the PBGC and raises premiums for multiemployer plans.

letters

Business Insurance welcomes letters from its readers. Please keep your comments as brief as possible and we reserve the right to edit or shorten letters for clarity or space. Please send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

Insurer duty to defend

To the editor: We were shocked by the comments of Richard Kayaian about the effect of Signal vs. Harbor on the insurance industry and insurance buyers ("Ruling on defense costs hurts buyers, lawyer says," *BI*, Aug. 4).

Mr. Kayaian claims that as a result of this case, "insureds are guaranteed of a poor defense... it's common sense to suspect that in this situation, a carrier might try to economize on defense costs."

Our firm has adjusted hundreds of claims and numerous times we represented an insurer whose interests may be adverse to that of the insured. We have found most defense counsels retained by the insurance company to defend the insured have been not only reluctant, but adamant in their refusal to get involved in coverage disputes between their client and the insurance company, even though the defense attorney is being paid by the insurance company. The attorneys do not wish to commit acts of malpractice or violate their duties and obligations to their client.

Even though there may be a potential coverage problem or conflict of interest between the insurer and policyholder, the insurers we represent have found they are still obligated to provide a full and complete defense and that the attorney's primary obligation is to the policyholder and not to the insurer.

If a defense attorney works in collusion with an insurance company to provide something less than a proper or full defense because of coverage problems or because policy limits have been extinguished with the insurer still having to pay defense costs, it might constitute bad faith, conspiracy to commit bad faith and a breach of professional ethics. This could spur a malpractice action.

California appellate courts have already ruled on two situations. In *American Mutual Liability Insurance Co. vs. Superior Court*, 38 Cal App 3d 579, it was held that when an attorney represents two clients with divergent interests, the attorney must disclose all facts necessary to permit the client to make informed decisions about the case and that the attorney owes a fiduciary obligation to the client even though paid by the client's insurance carrier.

Under *Executive Aviation vs. National Insurance Underwriters*, 16 Cal App 3d 799, the court stated where the insurer's interests are adverse to those of the policyholder, the insurer's desire for exclusive control of the defense must

yield to its obligation to defend the insured. The insured has the right to retain its own counsel at the insurance company's expense.

When an insurance company issues a reservation of rights because of alleged intentional acts or other coverage defenses, it is often faced with the allegation of Executive Aviation on behalf of the insured's private attorney. We explicitly indicate to the insured's private attorney that a full and complete defense will be provided by the insurer irrespective of coverage and that there will be no attempt to, as Mr. Kayaian put it, give a poor defense or economize on defense costs because of the coverage problem.

Frederick J. Fisher

Vp
Miller & Gilbert Inc
Culver City, Calif.

Sweetheart note

To the editor: The terrific article "Sweetheart deal wins worker discount" (*BI*, May 19) was, beyond a doubt, the most comprehensive piece to date that's been done on our "Tycoon" program.

As a result of the article's appearance, we've received numerous inquiries requesting information on the program.

Paula J. Faria

Employee communications
specialist
Sweetheart Plastics Inc.
Wilmington, Mass.

Another fund

To the editor: Your article "Competitive state fund offers option: Official" (*BI*, Aug. 4) concerning a speech made by commissioner Dave Gillogly of the Oklahoma state insurance fund stated that an increasing number of states are seriously considering the option of state workers compensation funds, including Illinois, New York, etc.

New York has had a state insurance fund to underwrite workers compensation since 1914. Presently, the fund writes over \$450 million of workers compensation premiums and has approximately 30% of the New York market.

Arnold Kideckel
Executive Director
The State Insurance Fund
New York, N.Y.

■ The article should have specified that it has been proposed the New York fund become the exclusive underwriter for workers compensation in the state of New York.

business insurance

the national newsweekly of loss prevention, risk financing and employee benefit management

MRS. G. D. CRAIN JR.
chairman of the board
KEITH E. CRAIN
secretary-treasurer

G.D. CRAIN JR. founder (1885-1973)

S. R. BERNSTEIN
chairman, executive committee
DAVID J. CLEARY JR.
executive vp-general manager

RANCE CRAIN
president and editorial director
ALFRED MALECKI
vp-publisher (New York)

KATHRYN J. McINTYRE, editor (312-649-5286)

LORRIE GAWLA, managing editor (312-649-5278) LEN STRAZEWSKI, senior editor/features & special reports.
JERRY GEISEL, Washington editor. RHONDA RUNDLE, West Coast editor. STUART EMMRICH, New York Bureau Chief. VALERIE J. BERG, copy editor. JOHN MAES, assistant features editor. Associates: New York—ELLIS SIMON, MARY ANN MATLOCK (staff reporter). Chicago—DAVE GALANTI; JILL KAPLAN (staff reporter); JOANNE WOJCIK O'HARE, STACY L. SHAPIRO (asst.). MERRILL S. SALTZMAN, graphics editor/production manager. JOE FARACI, Corporate art director. Correspondents: Dallas—SHARON WATSON (214-234-6496). London—JOHN MILLER (01) 946-4215. Seattle—WILLIAM CUSHING (206-624-7755). Southeast—MARGARET LeROUX. Editorial production assistant: WILLIAM BIKE. Proofreader: DOROTHY PARR SNOWDEN. Editorial typist: CLAUDETTE EISENZIMMER.

DONALD A. WALSH,
Advertising Director—New York
(212-988-5050, Ext. 15)

Advertising district managers: New York—CHARLES A. HORVATH, JACK FORREST, KEITH T. GALLAGHER. Chicago—DON MAHLMEISTER, Assistant to Advertising Director; Los Angeles—LORI WEINSTEIN. New York—CONNIE MELE. Production manager: Chicago—FRAN PRYBYLO. Promotion manager: New York—RONNIE I. DRACHMAN. Assistant to the publisher: Chicago—CELIA MALOUHOS; New York—JOYCE BAIDA. Classified sales—BARBARA TOSHEFF.

Published by Crain Communications Inc., Chicago, HERBERT ZELTNER, group vp; ALFRED MALECKI, J.J. GRAHAM, S.E. COHEN, LOUIS F. DE MARCO, WILLIAM STRONG, ROBERT W. KRAFT, STEPHEN D. GILKINSON, ARTHUR E. MERTZ, vice presidents; JAMES M. FRANKLIN, vp-finance and administration; MERRILEE P. CRAIN, assistant secretary.

Published weekly at 740 Rush St., Chicago, Ill. 60611 (312-649-5200). Offices: 708 Third Ave., New York, N.Y. 10017 (212-986-5050); Suite 1253 National Press Building, Washington, D.C. 20004 (202-638-5300); 6404 Wilshire Blvd., Los Angeles, Ca. 90048 (213-651-3710). \$1.00 a copy, \$25.00 a year in U.S. Canada and all other foreign add \$10 for surface mail. Europe & Middle East only add \$32 for air delivery. First-class mail to Canada only, add \$36. WILLIAM STRONG, vp-circulation. PAMELA JANOUSEK, circulation manager; ROGER DiGREGORIO, fulfillment director. Circulation Dept.—Chicago. (312-649-5227). Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 740 Rush St., Chicago, Ill. 60611 or phone 312-649-5221. Telex 25-4248; Cable CRAINCOM. Microfilm copies are available from University Microfilms, 300 Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, Ohio 44691.

BPA

Member of Business Publications Audit of Circulation

ABP

AIG INTRODUCES THE ONLY GLOBAL INSURANCE FOR DIRECTORS AND OFFICERS.

In the past, American corporations could protect their overseas directors and officers from litigation arising under U.S. laws.

But they never could be absolutely sure whether they were directly insured for claims filed against them in foreign countries.

Not any more.

Now, for the first time, the AIG companies can give you one all-inclusive global policy that covers all your directors and officers in virtually every country in the world.

Nobody else in the world is doing this.

Probably because nobody else has our facilities in over 130 countries and jurisdictions around the world.

So if you're a multinational corporation, get in touch with us soon.

That way, even if your directors and officers are Down Under, they have a chance of coming out on top.

THE AIG COMPANIES.

Let us take the risks.

Police Professional Liability.

- Occurrence Form
- No Deductible
- Federal Law 1983
- Prior Acts
- Punitive Damages
- No Aggregate



International Association of Chiefs of Police

c/o Bayly, Martin & Fay/San Antonio

P.O. Box 17800 • San Antonio, Texas 78217
1-800-531-7205 • 1-800-292-5721 (Texas)

Labor committee to hold hearings on longshore act

By JERRY GEISEL

washington

WASHINGTON—The controversial federal longshore and harbor workers law will be scrutinized next month when a Senate panel begins oversight hearings on it.

Representatives of the insurance industry, business trade groups and labor unions are expected to testify at the Sept. 16 hearing sponsored by the Labor and Human Resources Committee. It will begin at 10 a.m. in Room 4232 of the Dirksen Senate Office

Building.

Shipping and stevedoring companies say the benefits of the act are so generous that injured workers lack incentive to return to work. They say the cost of mandated benefits is driving some maritime employers out of business.

Labor unions, on the other hand, say the federal law ensures that injured harbor and dockside workers are adequately compensated. The unions oppose any benefit cutbacks.

A Labor Department contractor's report warned earlier this year that exaggerated claims, expensive benefits and uncertainty over jurisdiction threaten to torpedo the federal act covering more than a million workers (BI, Jan. 21).

NLRB judge

Don A. Zimmerman, a member of the Senate Labor and Human Resources Committee and a veteran aide to Sen. Jacob Javits (R-N.Y.), has been confirmed by the Senate as a National Labor Relations Board judge.

Mr. Zimmerman played a key role in drafting the 1978 federal Pregnancy Discrimination Act and as Sen. Javits' and Sen. Harrison A. Williams's (D-N.J.) more recent proposal (S. 420) to set federal minimum standards for state workers compensation programs.

Mr. Zimmerman's nomination was held up briefly by conservative Republicans who wanted someone with more conservative party credentials. Sen. Javits, Mr. Zimmerman's sponsor, describes him as an independent Republican.

IRA expansion

Rep. Sam Gibbons (D-Fla.) has submitted a draft proposal to expand Individual Retirement Accounts to the House Ways and Means Committee.

Under the proposal, the \$1,500 annual limitation on IRA contributions would be boosted to \$3,000.

The \$7,500 annual limit on contributions to Simplified Employee Plans also would be increased to \$10,000.

Plan statements

The Labor Department is offering employers participating in multiemployer pension plans a new, less costly way of supplying individual benefit statements to employees.

Instead of supplying benefit statements upon request, an employer can furnish the statements annually.

The benefit statement, which is required under pension law, must reveal the total benefits a participant has accrued, the amount of those benefits that are vested and the date a nonvested participant's benefits will become vested.

Employers who want to comment on the proposed rules, which were published in the Aug. 8 Federal Register, should send their remarks to: U.S. Department of Labor, Pension and Welfare Benefit Programs, Room N-4508, Washington, D.C. 20216, Attention: Multiple Employer Individual Benefit Reporting and Recordkeeping Regulations. The deadline for comments is Oct. 8.



What's in it for you is up to you.

Because when it comes to cutting insurance costs, it's your good performance that counts.

With the help of Argonaut and your insurance agent, you can make your operation a safer place to work. Our expertise—and your management's commitment to on-the-job safety—can help you lower your losses and increase your savings.

You can also share in the security of the Argonaut name. Thirty years ago we started building our reputation for specialty Workers' Compensation and Hospital Liability coverage;

for flexible, responsive service; for financial strength; for the loss control programs that really save.

If you think you deserve an insurance break, think about Argonaut. Where good performance pays.



Argonaut.
Where people take your business seriously.

National Specialists in Workers' Compensation and Hospital Liability.
250 Middlefield Rd., Menlo Park, CA 94025 (415) 326-0900

Airlines may face takeoff in deductible

By JOHN H. MILLER

LONDON—The high number of small claims lodged by international airlines may force higher deductibles on aviation insurance, a leading U.K. aviation underwriter says.

Deductibles have risen so little in the last decade that it now pays for airlines to claim incidental losses that they formerly would have borne themselves.

As much as 25% of some airlines' premium flow is going to pay minor liability claims—for mislaid baggage, for example, says John H. Hine of the British Aviation Insurance Co. and former president of the International Union of Aviation Insurers.

Up to 30% of premium income may be going to pay small mechanical claims that previously were regarded as ordinary wear and tear.

"The problem is right across the board, with both large and small airlines now making these trivial claims, which taken all together are costing a lot of money," Mr.

london line

Hine told *Business Insurance*.

He told international insurers recently, "The current situation might well not be in the best interests of policyholders, and we are likely to see moves to eradicate or diminish this undesirable practice." These moves include an increase in deductibles.

Accident blame

Gulf and Total oil companies are to blame for the loss of the 121,000-ton tanker *Betelgeuse* Jan. 6, 1979, at Bantry Bay, Ireland, the Irish government says in a newly issued report.

Marine insurers expect to face heavy claims for the disaster, which took 50 lives.

The tanker was owned by Total, the French oil group. Its 42 crew members killed in the blast were French. The other eight victims were workers at the oil terminal jetty owned by Gulf.

The Irish government says Total failed to give the *Betelgeuse* proper maintenance, allowing it to become corroded, and that Gulf employees took inadequate safety measures at the oil terminal.

Total disputes the findings and Gulf will not comment on them until it studies the report.

The Total group is a member of the West of England protection and indemnity club, which expects the disaster to be the most serious ever covered by a P&I club. The club is reinsured by Lloyd's for claims of more than \$6 million. The tanker had an insured value of \$12.6 million, with cargo worth \$3.8 million.

Gulf Oil is believed to be insured in the United States.

Some Irish sources say liability claims may reach \$250 million, but lawyers for next-of-kin are only beginning to file claims. Some claims may be filed in the United States or France.

Meanwhile, the Smit Group of Holland, a salvage operation, has raised the stern section of the tanker at an estimated cost of \$20 million.

Patent policy

U.K. employers can now purchase a policy covering a section of the U.K. Patents Act that enables employees to claim special compensation if they discover a new product or manufacturing process.

Employers' Protection Insurance Services provides the policy, which is written through an insurance company and Lloyd's of London consortium.

Late payments

Lloyd's will take steps to deal with complaints of slow payment of claims (*BI*, Jan. 7).

"There is no doubt that Lloyd's is coming under criticism over the way it handles some of its insurance business," chairman Peter Green told a private meeting of Lloyd's members.

"I receive frequent complaints from all parts of the world about delays in the assureds getting the proceeds of their claims, and there are also delays in the collection and payment of premiums," Mr. Green said.

"There is often a combination of faults by various parties such as brokers and underwriters; the blame often lies fairly and square here in London.

"The Committee of Lloyd's intends to look at this problem closely and I have ordered that all complaints of late payments of claims should be shown to me," he said.

Fewer joiners

Lloyd's expects to see a big decline in the ranks of its new members next year and a smaller increase in its capacity.

Only 800 members are expected to join syndicates, bringing the total to 19,300. In 1978 and 1979, more than 3,000 persons joined annually, said Lloyd's chairman Peter Green.

Canadian workers can be held liable for damage

worldwide

OTTAWA—The Canadian Supreme Court, in a landmark decision, has ruled that employees can be held personally liable for damages they caused their employers during the course of the employees' work.

The case in question involved two employees of Neil J. Buchanan Ltd., a tire store operator, who were found negligent in the course of their work when a fire started in the store in May 1976. The blaze destroyed most of the surrounding shopping center.

A lower court found that owners of the shopping center could recover only a limited amount from Buchanan because Mr. Buchanan and his employees were protected under the lease from liability for fire damage.

The Supreme Court, however, overturned that decision, ruling that the shopping center owners could seek damages against the Buchanan employees.

Ford strike

MEXICO CITY—A dispute over benefits and wages has keyed a strike by about 5,400 employees of Ford Motor Co.'s three main assembly plants here.

The plants closed Aug. 1 after Ford and union negotiators failed to reach agreement on a new contract. Ford workers are seeking a benefit and wage package similar to those won by General Motors Corp. and Chrysler Corp. workers in Mexico earlier this year.

Profits increase

STOCKHOLM—Profits of the five largest insurers in Sweden rose 45% last year, making the insurance industry, along with finance companies, the nation's profit leaders, according to the *Sweden Business Report*.

Among the leading companies was Folksam, whose profits rose 67% to \$113 million last year. Skandia recorded the highest earnings of \$139 million, a 24% increase.

Arab contract

LOS ANGELES—National Medical Enterprises and an Italian contracting firm have reached agreement on a \$362.6 million sub-

contract for a billion-dollar expansion project at the Al-Hadi Hospital and rehabilitation complex in Taif, Saudi Arabia.

The Italian firm Fonderia Elettrica Alluminio e Eleghe will provide engineering, architectural and construction services for the project, expected to be completed in mid-1982. The project calls for expansion of Al-Hadi's medical,

surgical and outpatient facilities along with new recreational and housing facilities for personnel.

The pact is part of a \$1 billion medical management contract awarded to NME last March by the Arabian government.

NME, an international health care system development firm, is overseeing development, management and design of the project. ■

AVRECO's Cosmetic Manufacturers and Distributors Insurance Program



AVRECO announces an exclusive new insurance program specially designed for the cosmetic industry, both manufacturers and distributors.

Limits are available to \$5,000,000 on a broad form comprehensive basis at competitive terms. Coverage is written on an occurrence form with a claims made "buy-back" option. Various deductible or self-insured retention programs are available.

For application and information contact:
GEORGE TANTY

Avreco INC.

PROFESSIONALS IN SPECIAL RISK MARKETING

200 West Monroe Street • Chicago, Illinois 60606
312/663-1500 • Telex 25-3553



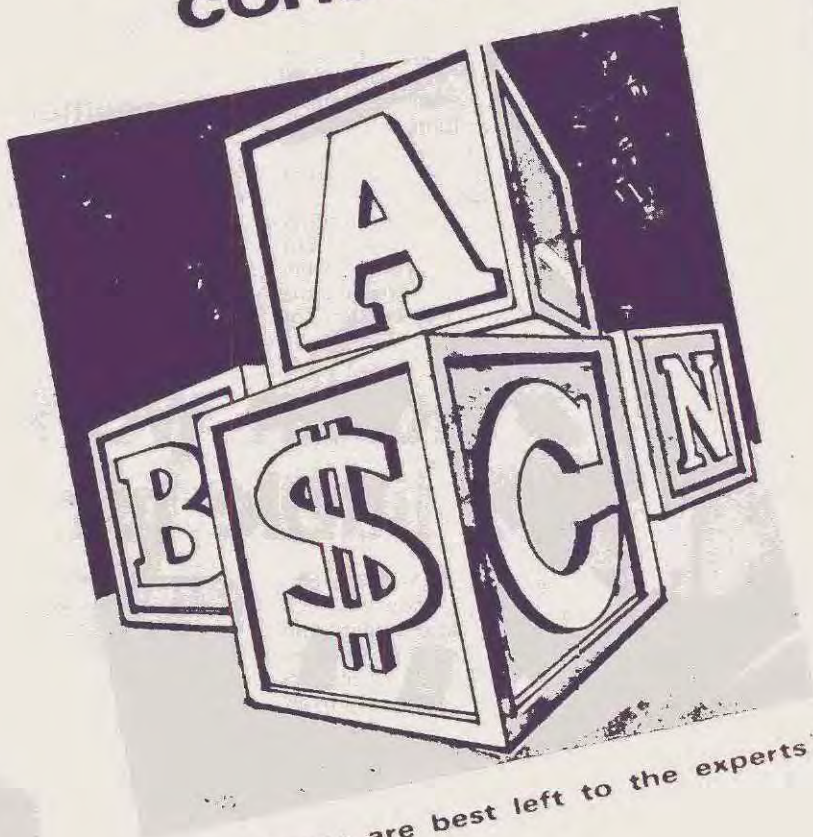
YOUR
BMF
PROFESSIONAL

FINDING BETTER
SOLUTIONS TO RISK
EXPOSURES OF INDUSTRY
FOR MORE THAN
FIFTY YEARS.



Bayly, Martin & Fay International, Inc.
International Insurance Brokers & Risk Management Consultants
Corporate Headquarters • 3200 Wilshire Boulevard • Los Angeles, California 90010 • (213) 736-9600
Copyright 1980 ©

The ABC's of
selecting and working
with claims
management
consultants



Some things are best left to the experts™

 **NATLSCO**
National Loss Control Service Corporation

**READ
ALL
ABOUT
IT!**

(you might save
valuable time
and big money)

Here are some pointers for selecting and working with claims management consultants. Facts that should make your job easier if you're thinking about self-insurance and protecting investment capital. Just fill in the coupon or send us your business card.

CALL ELAINE — TOLL FREE

800-323-9585

...in Illinois: (312) 540-2400

**MAIL THIS
COUPON**

 **NATLSCO**

National Loss Control
Service Corporation
G-3 Dept.D
Long Grove, IL 60049

YES, I'd like a copy of the ABC's!

Name _____

Title _____

Company _____

Address _____

City _____

State _____

Zip _____

... a leader in claims management since 1968

Coming Up!

INTERNATIONAL INSURANCE

Issue Date: September 22, 1980
 Ad Closing: September 9, 1980

New York:
 708 Third Avenue, N.Y. 10017 (212) 986-5050
 Chicago:
 740 Rush Street, IL 60611 (312) 649-5275
 Los Angeles:
 6404 Wilshire Blvd., CA 90048 (213) 651-3710

Business Insurance, the national newsweekly of loss prevention, risk financing and employe benefit management.



'79 audit shows Ohio fund deficit of \$300 million

COLUMBUS—The Ohio workers compensation fund shows a deficit of \$300 million needed to pay claims incurred through 1979, a preliminary actuarial audit shows.

The deficit grew by \$100 million last year, up from a \$200 million deficit incurred through 1978.

Accounting adjustments, higher insurance reserves and premium rate relief to employers in 1979 increased the deficit reserve requirements about \$200 million, while rate credits to employers cost the fund an additional \$100 million.

around the states

But these increases were offset by improved administrative and risk management steps taken by the workers compensation bureau and industrial commission, as well as a higher-than-anticipated investment return. These measures saved the fund about \$200 million the audit shows.

The audit also said that the premium rate structure, revised during the past two years, is more equitable to employers and that annual premium income is expected to continue to meet the incurred cost of all workers compensation claims for that period.

An Arthur Andersen & Co. audit released earlier this year showed the workers compensation fund's records understated the deficit by about \$540 million through 1978 (BI, July 21).

Regulator resigns

BOISE—Idaho insurance department director Monroe G. Gollaher has resigned, citing an impasse over his department's investigation of Sierra Life Insurance Co.

Mr. Gollaher, director since 1973, said his resignation will be effective when a replacement is appointed by Gov. John Evans.

The insurance department and Sierra Life have been tangled in litigation since March 1978.

Suit upheld

LANSING—A former Ford Motor Co. employe who spent more than 20 years in a Russian prison camp can sue Ford despite a six-year statute of limitations, the Michigan supreme court has ruled.

Victor Herman sued Ford for \$10 million, charging the company had sent 300 workers to Russia in 1931 to work in the Gorsky Ford plant, then left them there. Mr. Herman was arrested on political charges in 1937 and was sent to a Siberian prison camp.

He was allowed to return to the U.S. in 1976.

The high court reversed two lower court decisions, ruling the statute of limitations did not begin to run until Mr. Herman had access to a U.S. court in 1976.

Rehab required

HONOLULU—A revision in Hawaii's workers compensation law will require employers and insurers to provide rehabilitation services.

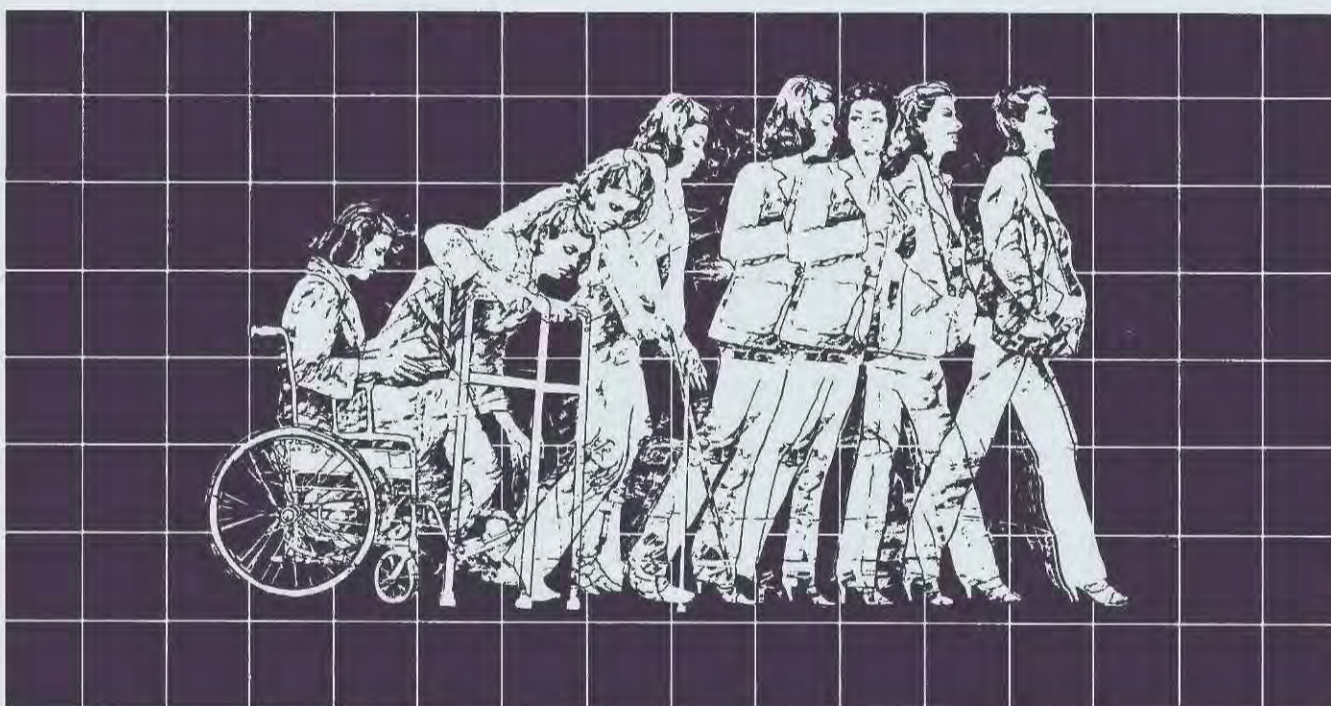
Effective Jan. 1, 1981, the amendment also will:

- Establish a special unit in the department of labor and industrial relations to identify injured workers early and refer them to rehabilitation programs.
- Require payment of certain living expenses for workers while in rehabilitation.
- Require the department to certify rehabilitation agencies and approve programs.

Another amendment that took effect this June requires employers and insurers to make a one-time adjustment to bring benefits up to current levels for longtime permanently and totally disabled workers.

HOW IRA SAVES YOU CLAIMS DOLLARS:

FINDING NEW JOBS FOR DISABLED WORKERS.



SIX SHORT WEEKS

The case of Roberta B., a former machine operator, typifies IRA's success in saving claims dollars by finding prompt and practical solutions to a disabled worker's employment difficulties.

IRA was brought into the picture more than a year after Roberta sustained a serious injury on the job. Although she had received medical clearance to return to work, psychological problems stemming from the accident made it impossible for Roberta to resume her original job.

With the approval of the insurance company's Claims Supervisor, an IRA Rehabilitation Specialist began to plan a viable return-to-work program. Under IRA's guidance, Roberta B. was able to assume a new, permanent job as a full-time hospital telephone switchboard operator within six weeks.

store the worker to productive employment.

In the vital area of job placement, we always try to return workers to their original jobs. When

that is not possible, an IRA job analysis can reveal ways in which job conditions may be altered to suit the injured worker. In still other cases, we can help find a new job that makes full use of what an injured worker can do.

Now in its tenth year of operation, IRA has been providing rehabilitation services to self-insureds — as well as to insurers — longer than any other company; and with 50 offices across the country, we are able to offer rehabilitation services nationwide.

For more information, write: George Welch, President, International Rehabilitation Associates, 985 Old Eagle School Road, Wayne, PA 19087. Tel: (215) 687-9450.



international rehabilitation associates, inc.
 In Canada: rehabilitation services of canada

At International Rehabilitation Associates (IRA), we've learned from our experience with over 700 companies that injured workers usually want to return to work. It's our task to make that road to recovery as smooth as possible for the worker, the worker's family and the employer.

IRA statistics show that for every dollar spent on effective rehabilitation, a ten-fold savings in claims can be realized. IRA's "whole person" approach to worker rehabilitation has been employed successfully in over 60,000 cases to date. As a consequence, the potential impact of disability payments over the long term has been reduced or eliminated for the companies involved.

IRA's "whole person" approach involves the consideration not only of medical requirements, but motivational, vocational and financial needs as well. The goal is to take every practical step in helping re-

NOW YOU CAN BUY A FAMOUS TRAVELERS PRODUCT WITHOUT BUYING EVERYTHING THE TRAVELERS IS FAMOUS FOR.

For nearly a century, The Travelers has been a leader in packaging comprehensive commercial insurance programs. It's something for which we've become famous.

Along the way, The Travelers also developed some very sophisticated business insurance services, too. Claims handling. Loss Prevention Services. Loss Information Systems. These services have played their part in keeping us at the forefront of the Commercial Risk market. But until recently, we only sold these services in a complete insurance package.

Not anymore. Now, The Travelers, through its subsidiary, Constitution State Service Company, is making available, separately, the varied business services we offer.

If you or your client only need the sophistication of our country-wide claims service or our special engineering expertise, that's exactly what you can buy. Simple. Fast. Direct.

If you are self-insured or considering it, remember The Travelers. Buy a piece of our expertise. For more information about The Travelers business insurance services, contact Lyndsay de Manbey at (203) 277-4452.



THE TRAVELERS

City pools seek up to 40% drop in comp premium

By MARY ANN MATLOCK

NEW YORK—Municipalities in Connecticut and Virginia hope to cool the cost of workers compensation insurance by as much as 40% with new risk-sharing pools started this summer.

Nineteen cities and towns participating in the Connecticut Interlocal Risk Management Agency in New Haven are paying 15% less than the standard premiums for workers compensation insurance. They expect year-end rebates on their \$4.5 million in premiums to bring the savings to 40%, said Joel Cogen, executive director and general counsel of the Connecticut Conference of Municipalities, which formed the pool.

Ten government entities in Virginia are paying standard rates up front to Virginia National Underwriters Inc., but expect rebates to cut their workers compensation costs 20% to 30%, said Bradley

firefighters and police. The Virginia pool plans to take on auto, general liability and property risks for its members.

Among the participants in the Connecticut pool are Groton, Southington, Middletown, Westport, West Haven and Windsor.

Virginia pool members are: Martinsville, Martinsville Public Schools, Prince George County, Prince George County Schools, Vienna, Kerbridge, Keysville, Alexandria City Public Schools, Chesapeake Public Schools and Shenandoah County.

Lower premiums based on good experience are the goal of pools.

Harmes, deputy director of the Virginia Municipal League, which formed that state pool. First-year premiums total \$730,000.

The two new state pools, which began July 1, buy claims administration services from Frank B. Hall & Co. They follow a growing nationwide trend in which municipalities too small to self-fund pool their risks with other municipalities. Lower premiums based on good experience are the goal.

"The pool was formed to provide better coverage at lower costs," said Mr. Cogen in Connecticut.

"There has not been a real unavailability problem with workers compensation, but there is always concern over the rates," said Mr. Harmes in Richmond. "We anticipate substantial savings. Local government risks are very good."

Premiums paid to the Virginia pool for the first year are probably equal to or greater than those charged in traditional markets, Mr. Harmes noted. State regulations required that non-stock company premium discounts be less than those offered by commercial insurers, he explained.

Premium rebates at year-end are also subject to state approval, Mr. Harmes said.

The Connecticut pool had to be approved by the state insurance department, as did the Virginia pool, but the Connecticut pool rates and rebates aren't regulated by the state.

Both pools bought excess insurance to cover catastrophic losses.

Connecticut's pool pays the first \$500,000 of a loss. Excess insurance of \$10.5 million is underwritten by General Reinsurance Co.

Virginia's pool pays the first \$175,000 of each loss. Excess insurance up to \$1 million is underwritten by INA.

Both pools have visions of expanding to cover other risks if they are successful at pooling workers compensation risks. The Connecticut pool is considering coverage next year for liability risks and heat-hypertension risks among

YOU CAN COUNT ON IT.

Your personal subscription to *Business Insurance* is a fast, easy way to make sure you have full, factual and unbiased news and information on the constantly changing world of loss prevention, risk financing and employe benefit management every week.

SUBSCRIBE TODAY

52 Issues . . . A Full Year Is Only \$25. Just 48¢ a Copy. Use the handy subscription card in this issue or the coupon. Or phone 312-649-5221 if you're in a hurry.

Business Insurance
740 Rush Street Chicago, IL 60611

Fill in and mail to:

BUSINESS INSURANCE
740 Rush St., Chicago, IL 60611

Please: enter, renew, extend my subscription to Business Insurance for:

1 year \$25. 2 years \$48. 3 years \$70.

Canada, Pan American and all other subscribers outside the U.S. add \$10 per year for surface postage. Europe and Middle East only add \$32 year for air delivery.

Payment enclosed. Bill me. Bill company.

Charge to: Visa.

MasterCard Interbank # _____.

Acct. # _____ Exp Date _____

Signature _____

Name _____ (please print)

Title _____

Company _____

Nature of Business _____

Home or Business Address _____

City _____ State _____ Zip _____

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

What makes John Hancock's International Group Program the best in the world? Ask Derek Chilvers.

Derek Chilvers, Vice President International Group Department, is one of the key people responsible for the formation and development of IGP.

WHAT SETS IGP APART FROM THE COMPETITION?

The first thing you'll notice is our staff organization. For example, in the Sales and Service Division, we use an approach that's quite unique in the business. Our staff of account executives, research and support personnel is organized into teams. This offers the clients served by each team more resources to draw from as well as continuity of service.

This arrangement also allows us to rotate travel schedules so there's always a team member in the field to help clients deal with local problems.

YOU MENTION PROBLEMS. HOW INVOLVED DO YOU GET WITH YOUR CLIENTS' PROBLEMS?

We feel that one of our primary responsibilities is to help our clients and their advisers work together with our Associate Insurers to maintain an effective program. Although problems don't arise often, when they do we get as involved as necessary to bring about a quick and satisfactory solution.

Which brings me to another point that separates us from the rest: *flexibility*. If a client asks for something, our people know that they're to do everything possible to get

it done. Even if it's never been done before. And if it's a problem on the local level, we go as far up the ladder as necessary with our Associate Insurer to work it out. It's understood. We do it automatically, every day, no question.

So, as far as our clients are concerned, they'd say what really sets us apart is our people and how they work.

BESIDES THIS FLEXIBILITY, IS YOUR STAFF REALLY ANY DIFFERENT?

Definitely. First, we have more people than anyone else, which translates into better, more comprehensive service. But more important, there isn't another international network that compares with our staff in experience and overall competence.

WHERE DO YOU GET PEOPLE WITH THIS KIND OF EXPERIENCE?

Through our own training program. It allows future account executives to spend two or three years working with one of our teams before they assume responsibility for a client. It's been a very successful program.

Particularly in the field of international networks we feel experience is important. Because while our clients are very sophisticated people, the international concept is still relatively young. So they depend on

experienced account executives to guide them through the intricacies of this new business. Not just to service them.

HOW CAN YOU RUN AN ORGANIZATION LIKE THIS AT A COMPETITIVE COST?

Well, we're not always the cheapest, if that's what you mean. But at year end, when you add up all the money you save by eliminating the hidden costs inherent in a less efficient program, we feel we've got everyone beat. Most of the biggest multinationals—and many smaller ones—agree. If they didn't, we wouldn't be handling their business.

Actually, it's the classic difference between getting the lowest price and getting the most for your money.

HOW WOULD YOU SUMMARIZE THE ADVANTAGES OF IGP?

In two words: our people. Their experience. Their flexibility. And their ability to develop and maintain competitive effective programs. But to see how true this really is, you should talk to them. Just call (617) 421-2548. Then you'll see what makes IGP the best in the world.

John Hancock Mutual Life Insurance Company
Boston, Massachusetts



"We have 37 people with a lot of experience, the largest staff in the international employee benefits field. Naturally, we can offer better and more comprehensive services. We play a whole different kind of ball game."



"Unfortunately, many multinationals just consider up front costs. They don't see the hidden costs of a less efficient program. In the end, they could spend as much or more. And get much less."



"People perceive insurance companies, and I think rightfully so in many cases, as a bunch of people who simply go by the book. If I say 'X'Z', you say 'XYZ'. We don't operate that way at all."

Test them.

If you are interested in global insurance, send this page to any other insurance organization.

To: _____ Address _____
City _____ State _____ Zip _____

Please answer the following questions about your ability to write a global policy.

After you answer the questions, please do just one more thing. Prove it.

Yes No

- Did you underwrite more than \$1 billion worth of direct premiums for overseas risks last year?
- Do you have your own insurance facilities in over 130 countries and jurisdictions, giving you central control over both the domestic and overseas portions of an account?
- Have you been writing direct insurance on overseas risks for more than 60 years?
- Can you boast that you have over 11,000 employees overseas and that they have firsthand knowledge of local conditions, laws and regulations?
- Can you offer a complete line of Property, Casualty, Life, Accident and Health, Group Benefits, Marine, Political Risk, D & O and K & R coverages to the multinational account, for both domestic and overseas exposures?
- Do you offer a full range of risk management services including captive management, policy issuance, reinsurance, and administrative services programs?
- Do you provide worldwide engineering service that can respond to the needs of both domestic and overseas exposures?
- Can you provide premium collection overseas in local currency and can claims be paid in local currency?
- Can your staff provide claims service overseas without depending on independent or agency relationships?
- Do you have your own loss adjustment facilities in the U.S.A.?

Test us.

To save some time, we've already answered the questions.

Just call or write Bruce Ebert, Vice-President Marketing, AIG, 70 Pine Street, New York, N.Y. 10270. (212) 770-7830. And we'll be happy to prove it.

Yes No

- Did you underwrite more than \$1 billion worth of direct premiums for overseas risks last year?
- Do you have your own insurance facilities in over 130 countries and jurisdictions, giving you central control over both the domestic and overseas portions of an account?
- Have you been writing direct insurance on overseas risks for more than 60 years?
- Can you boast that you have over 11,000 employees overseas and that they have firsthand knowledge of local conditions, laws and regulations?
- Can you offer a complete line of Property, Casualty, Life, Accident and Health, Group Benefits, Marine, Political Risk, D & O and K & R coverages to the multinational account, for both domestic and overseas exposures?
- Do you offer a full range of risk management services including captive management, policy issuance, reinsurance, and administrative services programs?
- Do you provide worldwide engineering service that can respond to the needs of both domestic and overseas exposures?
- Can you provide premium collection overseas in local currency and can claims be paid in local currency?
- Can your staff provide claims service overseas without depending on independent or agency relationships?
- Do you have your own loss adjustment facilities in the U.S.A.?

The AIG Companies.

Let us take the risks.

perspective

Anchoring longshore

Federal, state jurisdiction overlaps

By Lawrence P. Postol
and Junius C. McElveen

THE U.S. Supreme Court in two recent decisions outlined the interaction between state workers compensation statutes and the Longshoremen's and Harbor Workers' Compensation Act.

In *Sun Ship Inc. vs. Pennsylvania*, a unanimous court held that the longshore act supplements rather than supplants state workers compensation laws, and therefore concurrent jurisdiction exists for land-based maritime injuries. Workers can recover benefits for such injuries under either state law or the longshore act.

In *Thomas vs. Washington Gas Light Co.*, the Supreme Court, in a plurality decision, determined that a compensation award under state law does not prevent a worker from filing a second claim under another compensation law such as the longshore act and vice versa, provided proper credit is given for the first award.

Thus, not only can workers file under either state law or the longshore act for certain injuries, but it does not matter under which provision they file first, provided the statute of limitations under the other compensation scheme has not run out.

Lawrence P. Postol and Junius C. McElveen are attorneys in the Washington, D.C., law firm of Seyfarth, Shaw, Fairweather & Geraldson.

In *Sun Ship Inc. vs. Pennsylvania*, the Supreme Court was confronted with the question of what effect the 1972 amendments to the longshore act had in extending the act's jurisdiction landward. The court had no trouble rejecting the petitioner's argument that the federal jurisdiction had to be exclusive in order that awards be uniform.

The court noted that before the 1972 amendments, maritime jurisdiction was divided into three areas. Nonlocal maritime injuries fell exclusively under the longshore act. Injuries suffered landward of navigable waters were compensable only under state law. And in the "twilight zone," local maritime injuries fell under the concurrent jurisdiction of the longshore act and state law.

The Supreme Court determined that the 1972 amendments, which extended the act's jurisdiction inward, merely extended the twilight zone's concurrent jurisdiction. The court reached this conclusion based on Congress's intent to avoid the "jurisdictional dilemma" caused by exclusive jurisdiction when workers need to determine exactly which compensation law is applicable.

Moreover, the court's review of the legislative history of the amendments convinced the justices that Congress, in passing the amendments, was concerned with inferior state awards and that uniformity and the elimination of superior state awards were not goals of



Not only can longshoremen file under either federal or state law, but it does not matter under which they file first.

Congress. The court refused to adopt exclusive jurisdiction in the name of uniformity.

In *Thomas vs. Washington Gas Light Co.*, the Supreme Court demonstrated the extremes to which it will go to help injured workers. The court was confronted with the question of whether a worker can seek compensation under one law when he has already received an award under another provision (of course, a credit for the prior award must be given).

Such cases occur frequently because workers often file under a state com-

penetration statute only to learn later that more generous awards are provided by the longshore act. The Supreme Court in *Thomas* strained normal judicial doctrines in order to accommodate such workers.

The Supreme Court twice before had considered this issue of whether a compensation award must be given "full faith and credit," thus precluding a second award. The Constitution and an implementing federal statute provide that a decision of any U.S. court must be given full faith and credit by other U.S. courts.

Practice makes polished communication

By Z'ev Kronish

Communicating at the Top

By George DeMare

John Wiley & Sons

605 Third Ave., New York, N.Y. 10016
270 pp., \$15.95

IMAGINE A world without sight, hearing, speech—in other words, without the means of normal human interaction. Communication within the corporation is obviously not in such an extreme state, but has its major shortcomings.

George DeMare observes that along with planning and control, "the establishment and maintenance of communications lie at the heart of the executive function." Whatever helps you state your position helps you attain your goal.

Executives tend to be inept with words, but their difficulty can be remedied by experience and practice, Mr. DeMare writes. Approach communi-

Z'ev Kronish is in the claims department at National Health & Welfare Mutual Life Insurance Assn. His reviews of management books appear regularly in BI.

books & ideas

cating as you would swimming: Plunge in. Do it without further ado. The polish will come later.

Communications is a two-way process: sending and receiving. Sitting in the comfort of your office is not the way to keep on top of things. At times, news and views have to be ferreted out from employees.

"As a man rises in his career," the author writes, "his administrative demands tend to seal him off from vital information which either cannot be carried through formal channels or is overlooked by them."

Success in "receiving" requires an understanding of the work language and backgrounds of associates. Adaptation skills help the risk/benefit/safety administrator acquire this understanding.

The author offers some helpful suggestions for handling correspondence:

- Answer important mail promptly.
- Be brief but friendly.
- Prepare standard phrases that can be used repeatedly.

The title and opening paragraph of a good report or memorandum should

reflect its value, Mr. DeMare writes. Subheads using verbs can be used to highlight contents.

As administrators strive for brevity, they often wind up reiterating their points, which is irritating, the author warns. He notes that some repetition is appropriate, but advises varying the language to maintain balance.

The author stresses the importance of readability. His formula: "Short sentences, few syllables per hundred words and frequent personal references per hundred words." One test of your writing effectiveness is whether the reader will be able to skim through it.

Company newsletters, one to keep all employees informed and another just for managers, are sensible suggestions. The general newsletter can go a long way to satisfy "information hunger" and reduce rumors.

The managers publication sounds like an excellent avenue of passing along ideas on risk, benefits and safety. It's easy enough to start and is a concrete way to maintain a regular flow of

information. It is also useful if you need to conduct a constant campaign for cooperation.

Development and training programs are another communications tool. The process of planning and execution brings managers together for an advantageous exchange of views.

Communication involves moving others and allowing ourselves to be moved. Horizons expand and our knowledge increases when our minds are open to new experiences.

Giving and receiving with others includes participation in conventions and conferences. Mr. DeMare calls them "gold mines of information, contacts and knowledge."

Communication demands consistency, the author writes. The theme should be similar whether directed at top management or plant supervisors—one voice but different pitches.

Communication partly spells "public relations," Mr. DeMare observes. Good communication not only allows information to flow freely, but also gives the firm's image a lift.

A muffled atmosphere can't create a climate conducive to good communications. A major requirement is top management's support.

security matters

Data processing disaster

Protect records vital to firm's survival

By Belden Menkus

SECURITY DIRECTORS, internal auditors and others have long looked to the records manager for guidance in selecting records that should be considered vital to the organization's ability to survive a fire or other disaster.

Records managers have made uncritical use of special lists of vital records in giving this guidance. These lists assumed unreasonably that corporate information needs were simpler and more stable than in recent years. These lists have proven to be less than useful in the dynamic and maturing data processing environment.

A more general approach has proven valuable in identifying the organization's vital records. The rule has been: Protect all of the data, and of course processing programs, needed to expedite business resumption and to maintain the organization's legal rights and obligations. This rule can be translated into a list of less than a dozen broadly defined information categories that have been used in disaster planning. Yet that approach seems too vague for some.

A method for selecting specific vital data processing records may be derived. The information-handling activity has three segments: information—data base content in standard computer jargon—without regard to its size, frequency of use or internal structure; processing activity, and the end result.

The result normally will be something like entering and processing a customer order; that is, controlling and

Belden Menkus is a Middleville, N.J., security consultant specializing in data processing, personnel and records.

replenishing inventory and accounting for the location and use of a piece of machinery or other asset or accumulating and disbursing various classes of funds.

The vital records protection paradox is that although the end result of this information-handling process is the object of risk management, the activity itself and the records/data base that it works with must also be protected.

The elements are unified. Survival of the records in a complete, current and correct form is the key to the protection of the other two. The needed information must survive to ensure the survival of the vital end result. The media or the physical entities in which the information is stored are protected to ensure it survives.

The value of the result of the information-handling process normally is expressed as a contribution to maintaining or increasing corporate profits or avoiding injury, default on a contract or some other liability.

The value at risk must be determined by senior management. The data processing staff, risk manager, security director and others may aid in defining the results. But only those corporate officials responsible for preventing a negative event can place a value on a risk exposure.

Often, this end value cannot be derived with absolute certainty and must be qualified as an estimate of financial loss or liability.

However derived, this end result value determines the ultimate worth to the corporation. And the established value determines the ultimate worth of the information.

Record value in data processing is a function of the overall plan a company must make for reconstruction of the data base after a disaster. The base line

value for the entire information handling process will usually be the worst negative cash flow that can be expected by the corporation's inability to perpetuate the end result.

The decision process in this situation is simple. The end results are determined to be either vital or nonvital to post-disaster corporate survival. Records and handling processes that create and perpetuate end results are protected as much as is economically feasible. Sometimes a comparable investment may be made in the security of some nonvital records and processes simply as prudent management.

Vital records protection costs have two elements. Security is the continuing outlay for protection. In a sense, it is a periodic risk-reducing surcharge to the cost of operating the data processing facility. Recovery is the one-time cost of reconstruction. The extent of each outlay will be determined by the events.

Use of probability theory to project frequency or extent of computer risks

does not appear feasible at present. A number of risk estimation models have been developed. But unfortunately, they appear more useful than they really are.

Quite simply, there is not enough risk experience in the computer area to permit the use of such models with total confidence. And analysis of that experience indicates it is woefully inadequate and too often incorrectly reported and recorded.

Consequently, the underwriting base for most casualty insurance coverage offered in the data processing area is very weak.



Photo: RMS



Photo: Rivick Communications

Record value in data processing is a function of the plan a company must make for reconstruction of its data base.

Firing could cost more than plan payout

By Joseph S. Robinson
Attorney-at-law

WHILE IT may not be fair play to discharge a long-time employe shortly before vesting of pension benefits, companies have been known to do just that.

What's more, some firms freely admit to this practice solely to prevent workers from nailing down their benefits. But when this occurs, the company could be hit with a claim for heavy damages.

Here's a recent case in point:

Mr. Savodnik, a 53-year-old employe, had worked for Korvettes Inc. for more than 13 years when he was fired. He brought a class-action suit against his employer on behalf of himself and all other employes who had participated in Korvettes' pension plan and had 10 or more years of service when fired. They were deemed by Korvettes to have forfeited their benefits accrued

benefit tax slants

from employer contributions.

The court upheld Mr. Savodnik's right to sue and discussed in detail the theory that a "wrongful firing" could give rise to a lawsuit even though there is no written employment contract.

Consequently, employers should consider carefully the consequences of discharging an employe covered under a company-sponsored pension plan. Because damages on a tort action are not limited to contractual liability, the company may find that a wrongful firing is much more expensive than retirement benefit payments (see *Savodnik vs. Korvettes Inc.*, Fed. Ct. Eastern Dist. N.Y. 4/23/80).

Stock options

We pointed out in a previous issue (*BI*, May 26) that the drawback of non-qualified stock options is that a tax is

due when the executive exercises his option. And the gain is taxed as earned income, not a capital gain.

Nevertheless, these options have been steadily growing in popularity. Because the gain from nonqualified options is considered compensation, the company can claim a deduction.

The latest development in nonqualified options involves a tax-free exchange of common stock.

Take the case of an executive who already owns 1,000 shares of company stock with a current market value of \$30 a share, or \$30,000. The executive originally bought the stock at \$10 a share, or \$10,000, so he gains \$20,000.

Now assume the executive has an option for 1,500 more shares at an option price of \$20 a share, or \$30,000. He transfers to his company the 1,000 shares of stock he already owns as pay-

ment for the 1,500 option share. Had he sold his 1,000 shares on the market, the executive would have been taxed for a gain of \$20,000.

But the executive is spared that expense as a result of a 1979 ruling.

The IRS said the transaction consisted of two parts. One involved the transfer of 1,000 shares of previously issued shares for 1,000 new shares, and hence qualified as a tax-free exchange of common stock. The additional 500 shares of \$30 stock were considered compensation worth \$15,000 and were subject to the 50% maximum tax.

Thus, the executive is spared a tax on his \$20,000 profit. He would have had to pay the \$7,500 tax, or 50% of the \$15,000, in any case.

The IRS issued the private letter ruling last year in response to a request from Citicorp. Technically, such rulings cannot be cited as precedent. But the decision now serves as a model for similar arrangements.

someone you should know



Former risk manager Bob Dorgan believes insurers should reach out to buyers to involve them in decisions.

Direct contact provides better understanding

By DAVID SPERLING

NEW YORK—During his nine years as a risk manager, Bob Dorgan was sometimes frustrated that contact with an underwriter was often restricted to a bill in the mail.

"It used to be that brokers were jealous of any direct relationship between the carrier and the client," Mr. Dorgan said. The insurer "had to talk to the broker, who then would talk to the client."

As a risk manager for U.S. Industries and then Studebaker-Worthington, Mr. Dorgan maneuvered to have direct contact with the insurers. "It provided a better understanding," he said.

Now vp in charge of Continental Insurance Co.'s Special Risk Underwriters, Mr. Dorgan, 39, is on the other side of the underwriting fence. And part of his job, as he sees it, is to reach out to risk managers to involve them more directly in the decisions affecting their insurance coverages.

Continental has no plans to do any direct writing, Mr. Dorgan emphasizes, but the company sees the advantages of a three-way partnership among the risk manager, the broker and the insurer, he says.

"There are still some pockets of resistance," Mr. Dorgan said of this growing trend.

The three-way relationship is especially beneficial to risk managers of large corporations, which are the prime targets of Continental's special risks division, Mr. Dorgan says. The division is limited to the insurance needs of clients with more than \$200,000 in annual casualty premiums.

"We decided to concentrate, rather than bite off too much at one time," said Mr. Dorgan, who joined Continental in 1978 and took over the new special risks department in 1979.

"The larger accounts are becoming so complex that you need specialists to handle them," he said.

Competition for this special business has become particularly heated the past couple years. Continental often is bumping heads with Liberty Mutual, The Home, The Hartford, Commercial Union and Aetna Life & Casualty in the scramble for clients, Mr. Dorgan says.

The fledgling operation apparently is holding its own. Continental has retained 83% of its accounts that have come up for renewal. Net premiums last year totaled \$76 million, with \$100 million projected for 1980, Mr. Dorgan says.

Mr. Dorgan's department specializes in "bread and butter" policies, such as workers compensation, auto and general liability and excess liability lines. However, Mr. Dorgan says he may add property lines.

One of the division's main functions is to coordinate Continental's risk management support services.

For example, a domestic insurance subsidiary of a major equipment manufacturer recently approached the division to develop a total program for its dealers. The special risks division insured workers compensation and then tapped other Continental branches for claims service, underwriting inspections and loss-control engineering.

For multinational clients, it writes domestic insurance while Continental International provides global coverage.

Accounts are handled through the home office in New York and Chicago, Dallas and San Francisco zone offices. They have local underwriting authority with oversight from New York. A satellite office in Atlanta deals primarily in sales and service.

Mr. Dorgan says the special risks market has been "very soft" since early 1979. But he predicts it will tighten by the middle of 1981.

In the meantime, he says business has been hurting because many companies are underpricing and there's "lots of shopping around."

"We're trying to price risks so we don't have to react violently when the cycle turns," Mr. Dorgan said, recalling the reaction in the mid-'70s when rates surged as much as 500%.

Hall's Bermuda branch taps Spencer-Arscott

BRIARCLIFF MANOR, N.Y.—Robin Spencer-Arscott will become executive vp of Frank B. Hall (Bermuda) Ltd., in a reorganization of Frank B. Hall's Bermuda facilities.

The operation will now have three divisions: Parker & Co.-Interocean Ltd., administrative services for Hall's captive clients; Frank B. Hall Underwriting Managers Ltd., underwriting facilities for both direct and reinsurance business, and Frank B. Hall Re of Bermuda Ltd., a reinsurance broker.

Mr. Spencer-Arscott was vp and general manager of the Blades Group in Bermuda.

Other agent/broker changes:

John T. Webb named senior vp and manager of the facultative department of Thomas A. Greene & Co., reinsurance brokerage subsidiary of Alexander & Alexander.

Joseph O. Estes elected senior vp and director of Corroon & Black Corp.'s Southern region.

Norman M. France named warehouse account executive of the Chicago office of Bayly, Martin & Fay.

Robert Blaser named vp of Kelter-Thorner Inc., an agency headquartered in Southfield, Mich.

William A. Thompson named managing vp of the Baltimore office of Alexander & Alexander.

Warren C. Daspit appointed managing vp of the Honolulu of-



Estes

comings & goings: industry

office of Alexander & Alexander.

Richard A. Conforti named vp of commercial insurance accounts for Borges-Patton-Ogden Co., the Milwaukee subsidiary of Alexander & Alexander.

John J. Hundhausen promoted to vp of Rollins Burdick Hunter of Missouri.

Insurer changes

Raymond D. Watts appointed claim and loss manager in the St. Louis office of Royal Insurance; **Don W. Wisdom** appointed manager in the New York liability claim department; **John A. Costa** appointed specialty lines underwriter in bond, boiler and machinery in the New York State territorial office in Syracuse.

Hans P. Hover promoted to vp-group insurance for The United States Life Insurance Co.; **Steven**

C. Kleinman promoted to assistant vp-advanced underwriting.

Ronald J. Markham named underwriting manager in the Fullerton, Calif., branch office of Western Employers Insurance; **Gerald Wilmot** named manager of the Los Angeles branch office.

Ralph W. Durham Jr. named commercial producer with Powell & Co. Insurance of Decatur, Ga.; **Robert D. Reid III** named senior account executive.

Roger F. Murphy elected resident vp of Reliance Insurance Cos.; **Charles G. Parry** elected secretary and manager of the New York City branch.

Gary Corbett named senior vp of SAFECO Corp., responsible for all life and health insurance operations.

Robert Sear named vp-claims for The National Reinsurance Corp. in New York.

AUTO FIRE MARINE

SUBROGATION

BENNETT & BENNETT
Attorneys

Serving over 150 insurance companies. We offer quick, efficient computerized processing and adjustment of your subrogation Claims. Current status reports—Reasonable contingent fees.

Send for FREE Brochure
Home Office: 769 Northfield Avenue

West Orange, New Jersey 07052

New Jersey
(201) 325-0033

New York
(212) 926-2824

Florida
(305) 371-8234

Pennsylvania
(215) 563-2168

Announcing a New Facility—P.E.A.R.

Program for Excess Aggregate Retention

- for Liability and Workers' Compensation
- available as Direct or Reinsurance Cover
- \$2,000,000. limit plus additional facultative support

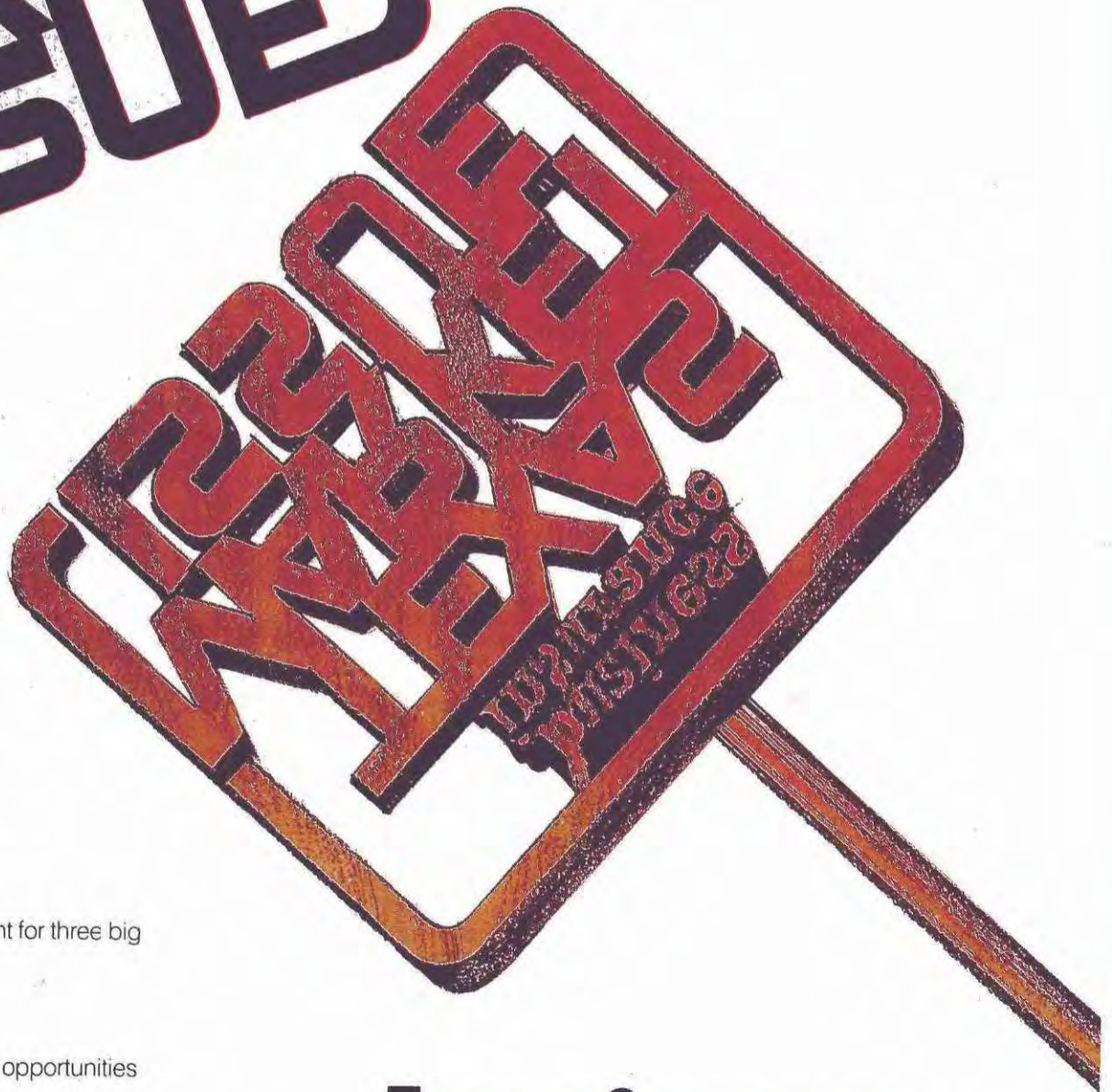


Ivanhoe International Limited
Managers of

Northumberland General Insurance Company
Southampton Insurance Company Limited

Phone: 809-29-24800 Telex: 0500-2903495+
Barclays International Building, Church St., P.O. Box 1641, Hamilton 5, Bermuda

Make a deep impression on the Texas Market.



A special section in the October 13 issue of Business Insurance.

Liquid gold brought a lot more than boom and rapid expansion to Texas businesses.

It meant complex risks for the insured and new opportunities for brokers and insurers in the oil-rich and highly industrialized South West.

Business Insurance will take a comprehensive look at how the high-powered, super-energized industrial economy of the region copes with insurance problems and competition as the old west stampedes into the 21st century.

Texas presents an unusual marketing challenge – and opportunity.

The editors will provide an exciting package of information that will include:

- Brokerage market reports on Dallas and Houston;
- Profiles of both risk management and employee benefit management for three big Texas industries: Cattle ranching, oil and electronics;
- A report on the biggest Texas insurers and brokers;
- Information on the top ten underwriters;
- A discussion with risk and benefit managers about challenges and opportunities in the Texas market.

This special section in the October 13 issue represents an outstanding opportunity for the buyer to meet the seller. Your dominant advertising message will reach the largest and most influential audience affecting the insurance marketplace in every state, and Texas in particular.

Closing date for advertising in this special Texas Market Report Section is September 22.* For more information contact Don Walsh, Advertising Sales Director. 212/986-5050 or write to one of our sales offices listed below.

*ROP advertising closing date: October 1.

business insurance

a publication of Crain Communications Inc.

action line

Annual reports should explain total risk costs

Your June 30 Editorial opinion entitled "Prove your worth" refers to an annual report to top management highlighting activity of the insurance/risk department over the last year and goals for next year.

If possible, would you please send me a sample copy of the types of reports that should be presented to top management?

Charles E. Webster
Assistant to insurance manager
U.S. Borax
Los Angeles, Calif.

"It's fair to say that the styles of reports are as varied as the authors and the management," says George Betterley of George Betterley Consulting Group. This is the consensus of the people *Business Insurance* contacted to track down a sample risk management report to top executives.

Unfortunately, a standard report form does not exist. Each risk manager has his own type of report, and none is available to the public.

Forms of reports vary from brief graphs in financial officers' reports to multipage reports from risk management, Mr. Betterley says. Some risk managers use oral or audiovisual presentations.

"Your report should be brief and concise, highlighting any significant change in total risk costs," Mr. Betterley says.

A good risk management report includes:

- Unusual or significantly large losses or claims over the past year

and changes in loss experience.

- Improvements in insurance protection, such as the purchase of \$50 million in umbrella coverage.

- Major goals accomplished over the year and future goals.

- Shifts in risk assumption, like trends in self-insuring.

"What is management interested in?" Mr. Betterley asks. "They are interested in protection, loss experience and total cost." That's what should be emphasized in your report to them.

That's what Hal Johnson, corporate insurance manager for State Farm Insurance Cos., emphasizes in his written report to top management. He sends his regional managers annual reports with a supplement to corporate executives. These reports include:

- Actual losses in each regional division, as well as a list of total loss experience by location.

- Areas of emphasis for each division.

- Changes in insurance coverage for each division.

- Charts on injury rates per 100 employees, etc.

- Safety programs that have been or will be implemented.

- An overall risk management loss chart including everything from physical damage to workers compensation.

Action line will answer readers' requests for information. Have a question regarding insurance or your profession? Write Action line, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611.

WHY IT'S GOOD BUSINESS TO HAVE RANGER'S SPECIALIZED PROTECTION

Our kind of specialization means a more knowledgeable handling of our customers' insurance needs.

The dictionary says that to specialize is "to concentrate one's efforts in a special activity or field..." That's just what we have been doing for many years — providing specialized products and services to our customers on the best possible basis at all times.



Anderson Clayton

Atlanta • 404-457-7211 (P.O. Box 105028) 30348
Denver • 303-779-8383 (P.O. Box 3195) 80111
Houston • 713-622-6500 (P.O. Box 2807) 77001
Kansas City • 913-649-5500 (P.O. Box 8650) 64114

THE SPECIALISTS

Bellefonte group, unit change their names

THE BELLEFONTE GROUP has a new name.

The group is now called the Armco Insurance Group. Its headquarters and organization, made up of the Bellefonte Financial Corp. and its subsidiaries, will remain the same.

The new name will tie together the group's various domestic and foreign insurance and service companies that do not carry the Bellefonte name, said Howard T. Cohn, group vp of Armco Inc.

The Bellefonte Insurance Co., meanwhile, has changed its name to Bellefonte Re Insurance Co. Armco Re Insurance Co. has been formed as a new subsidiary of Bellefonte Re and will function as Armco Insurance Group's ceding company.

Armco Re will enable the insurance group to simplify and combine the reinsurance programs of its operating divisions and offer larger, more attractive reinsurance

markets

treaties, the company says.

Reinsurer entry

Transatlantic Reinsurance Co. is entering the open reinsurance market after two years as a reinsurer solely for the American International Group.

TransReCo intends to establish itself as a facultative reinsurer and has opened branch offices in Atlanta, Boston, Chicago, Houston, New York, Philadelphia and Toronto. The company is also seeking approval to operate in other countries and intends to develop an international service capacity.

Acquisitions

The Ryan Insurance Group Inc. of Chicago has acquired for \$4.3

million the Chicago-based firm of Self Insurers Inc., administrators of employe benefit plans and self-insured workers compensation plans. Together Ryan and Self Insurers Inc. will administer \$60 million of employe benefit plans, said Ryan agency group chairman John C. Brogan.

New offices

Texas Interocean Inc. reinsurance intermediary has relocated to North Dallas Bank Tower, 12900 Preston Road, Lock Box B, Dallas, Tex. 75230; 214-386-5233.

H&W Insurance Services has opened a new office to serve agents and brokers in Orange and San Diego counties. The office is at 19752 MacArthur Blvd., Suite 150, Irvine, Calif. 92715; 714-851-9125. ■

Occidental encourages medical expense savings

products & services

TO ALERT GROUP policyholders to the importance of health care cost control, Occidental Life Insurance Co. of California in Los Angeles has introduced a program that encourages employees to adopt medical cost-saving practices.

The program reminds employees that "many minor surgical procedures can be performed in the doctor's office, rather than in the hospital, thus substantially reducing medical expense," said Meno T. Lake, president and chief executive officer of Occidental.

Participating group policyholders will receive order forms for posters, payroll stuffers, booklets or other items, such as family record books and vital records brochures. The cost depends on the number and type of items.

All-risk EDP

Commercial Union Assurance Co. has introduced a new "all-risk" electronic data processing policy. It is to help minimize the cost of replacing data lost because of mechanical breakdown, faulty construction, short circuit, blow-out or other damage.

The \$5,000-deductible policy covers owned or leased equipment, data and media, extra expense and business interruption.

Coverage can be automatically extended to newly acquired equipment, relocated equipment, duplicate and back-up data and media stored at a separate location, as well as the costs of debris removal and refilling or recharging fire protection devices.

Losses resulting from a power interruption or surge, blackout or brownout occurring within 100 feet of the insured premises are covered, subject to the minimum \$5,000 deductible.

The policyholder can choose either actual cash value or replacement cost. With data and media, the valuation clause provides for reproduction costs.

For more information, contact Henry Stimpson, Commercial Union Assurance Cos., 1 Beacon St., Boston, Mass. 02108.

'Ouchless' bandage

The Direct Safety Co. has intro-

duced its own "ouchless" bandage. Cohesive gauze Saf-Tape is self-adhering and can be used on workers' fingers, hands or wrists to protect injury-sensitive skin against burns, cuts or scratches.

Because of its special adhesive properties, Saf-Tape sticks only to itself, not to skin, so fingers retain full sensitivity while the tape is

worn.

The tape also can be used as a protective measure for workers handling sharp or rough objects. It is available in regular or special oil-resistant gauze in 30-yard rolls, ¾ inch or 1 inch wide.

For further information, contact Direct Safety Co., P.O. Box 2994, Shawnee Mission, Kan. 66201. ■

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

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



The Wetzel Company, Inc.

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

Bell benefits climb

Continued from page 3

creased to \$1,000 from \$500. The dental plan will be expanded the next year to cover orthodontic work for each dependent child under 23 instead of 19.

• Starting next January, enrolled employees will be able to purchase life insurance policies for spouses and children with values of \$5,000 and \$1,500, respectively, for \$1.80 a month regardless of the number of persons.

In the pension area, AT&T agreed to boost benefits 16.5% for former employees who retired before Dec. 1, 1979. A 9% increase will be effective next July; the remaining 7.5% will begin Jan. 1, 1983.

A worker with 30 years of service now can receive a full pension. Previously, an employee had to be at least 55 years old and have worked 20 years or more.

The maximum monthly supplemental pension, which provides benefits to workers laid off because of technological changes, was boosted to \$375 from \$250. The total supplemental pension limit was hiked to \$18,000 from \$12,000.

Employees will be allowed to contribute up to \$30 a week to a savings-stock plan, matched 50% by Bell with AT&T stock. The former limit was \$20 a week.

Starting in January 1982, employees will be reimbursed for 95% of surgical expenses, up from 90%.

Benefits are provided by different insurers in each AT&T division.

Janitors keep CNA as plan underwriter

Continued from page 3

The decision this summer to stay another year with CNA for workers compensation and excess liability coverage continues a decade-long arrangement.

Walter Cook, executive director of the Virginia-based trade group, said members had premiums reduced at each renewal during the last decade. The long-standing relationship played a heavy role in the decision to keep the \$20 million CNA program, he said.

CNA submitted the "lowest bid by far" among the large number of insurers approached by the group, Mr. Patterson said. He estimated member groups will save 10% to 20% over last year's prices, depending on individual experiences.

He would not discuss the final premium because he is concerned that bypassed insurers would try

to break up the program.

"Anyone can come in, look at this program and say they will write it for 10% less than our price just to get the premium volume," Mr. Patterson said.

"But there is no way that they could match on a direct basis what we have put together here."

Those involved in the program said the penetration level—86% of the members—is unusually high. It accounts for the continued premium savings, they said.

Patterson Associate's fees depend partly on the number of trade group members that stay in the program, Mr. Patterson said.

"We don't want to create any competition for ourselves," Mr. Patterson said.

Neither the trade association, a consultant hired for the remarketing nor CNA would discuss the program. ■

Brokers protest rules

Continued from page 2

tivities of the nonadmitted New York market.

Joseph P. Decaminada, senior vp and general counsel of The Atlantic Cos., disagreed with the report's findings that brokers could find the needed five rejections to use the nonadmitted market after they had a risk accepted by an admitted insurer.

"According to the law, it is more difficult to go to the nonadmitted market than the New York Insurance Exchange because you need five rejections for the nonadmitted market and in most instances only three rejections for the exchange," he pointed out.

"The problem is that many individuals either do not know the law or are conveniently forgetting the law and the insurance department has not been enforcing it."

Mr. Decaminada was the only speaker during the hearing's morning session who defended the insurance department's proposal to more tightly regulate the nonadmitted market and excess/surplus lines brokers. He called on nonadmitted insurers opposed to stricter regulation to become licensed in New York and urged the insurance-buying public to get on the "buy American" bandwagon:

"It is ironical that many American corporations are urging the purchase of American goods while at the same time their risk managers are strongly contending that there should be no restriction on their ability to purchase insurance

in the nonadmitted market.

"One can only conclude that an inconsistency exists and that perhaps the risk managers are not in step with the rest of their corporate management."

Broker and insurer representatives took issue with most other provisions of the proposed regulation, except one calling upon alien nonadmitted insurers to increase their trust deposits for U.S. policyholders to \$1.5 million from \$100,000.

Gerard Nolan and Walter Groden, the incumbent president and president-elect of the New York Excess & Surplus Lines Assn., called for a one-year delay in that provision so policyholders of companies unable to meet the requirement wouldn't suddenly be uninsured.

Another requirement that surplus lines insurers maintain a separate \$750,000 trust fund for New York policyholders could lead to retaliation by other states, Mr. Nolan warned.

"The \$750,000 figure in New York could well generate over \$30 million if carried to its logical end throughout the country," he said.

The provision could particularly hurt the New York Insurance Exchange if other states took retaliatory action, pointed out Donald Greene of LeBouef, Lamb, Leiby & MacRae, U.S. general counsel for Lloyd's of London.

He urged New York to establish minimum capital and surplus requirements for the nonadmitted insurers, instead.

Mr. Nolan of the New York association suggested the state help set up a guarantee fund for nonadmitted insurers in New York.

Brokers complained about proposed requirements that they purchase a \$15,000 financial guaranty bond and \$500,000 of errors and omissions insurance from the admitted markets. The coverage is not readily available from licensed companies and the requirement is discriminatory, they charged.

"While all prudent professionals will carry errors and omissions insurance, how could the New York insurance department make it regulation when it is not so for doctors dealing in life-and-death situations every day and attorneys involved in millions of dollars worth of litigation?" Mr. Groden asked.

David M. Gross, counsel for the American Insurance Assn., questioned if the department had the statutory authority to impose such a regulation. Mr. Gross also objected to a provision requiring admitted insurers to keep logs of rejections so the insurance department could cross-check affidavits filed by excess/surplus brokers.

"It's unfair to impose on the admitted markets the cost of policing the nonadmitted markets," he said.

Many insurers currently record their rejections for business purposes, Mr. Lewis said. Mr. Decaminada conceded they do, but opposed providing the department with the information. ■

Pension controls urged

Continued from page 3

strife.

"If public pensions are not controlled by law, more public employees may strike over the condition of their plans," one board member said.

It's time for politicians to divest themselves of the responsibility for public pension programs and leave the outlining of them to federal law. A federal standard for public pension programs could be established even though politicians go in and out of office.

"Local government politicians seem to be totally unconcerned about funding. They have no good reason to be concerned as they'll be gone by the time the questions of bankruptcy come up," a board member said.

Uniform public pension legislation also would relieve the politics of collective bargaining between union workers and municipalities.

"There have been totally unrealistic pension settlements with government unionized employees, which would not have been made had real consideration been given to funding the benefits," one board member said.

To improve public pension plans and cut the cost to the taxpayer, benefit managers say it's time to legislate and prune government expenses. Legislation such as PERISA would require governments to publicize what they are spending on public pension plans. Pruning benefits to match those of the private sector would cut costs.

"Benefits should be reduced by appropriate legislation," thus recognizing the lower standards of living necessarily imposed by the shrinking capital base of the U.S.," said one board member.

"Government bodies are going to have to 'bite the bullet'—fund realistically, calculate liabilities realistically and reduce benefits to coincide with private plans," said

another board member.

"They are going to have to reduce spending in other areas to pay for pensions. They'll have a fight from taxpayers if they try to increase taxes, particularly with knowledge about their lush provisions."

Other benefit managers say it's time to freeze public benefits and mandate Social Security for all municipal systems. Governments, one member says, should "freeze benefits at the present level and in-

tegrate with Social Security to develop a funding mechanism to decrease plan liabilities."

Other benefit managers on the BI board believe all good business is done with money in the pocket and not with continuing taxation to get the money needed to proceed.

One benefit manager says governments should not "make improvements unless the money is provided for them at the same time." ■

AMR International announces a new 2-day conference:

FEASIBILITY ANALYSIS FOR CAPTIVE INSURANCE FORMATION



SEPTEMBER 22-23 AT THE NEW YORK HILTON

For information: Call Andrew Salad (212) 974-0800

Earn a Professional Designation in Employee Benefits

through the Certified Employee Benefit Specialist program



CEBS is a ten-course national examination program co-sponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

- | | | |
|--------------------------------|-------------------------|---------------------------|
| Subject Matter of the Courses— | • Law | • Accounting |
| | • Pension Plans | • Asset Management |
| | • Social Security | • Labor Relations |
| | • Management Principles | • Economics |
| | • Group Benefits | • Benefits Administration |

For more information contact:

CEBS Department International Foundation of Employee Benefit Plans P.O. Box 69 Brookfield, WI 53005

(414) 786-6700

Please send me the CEBS Catalog of Information.

Name _____
 Company _____
 Address _____
 City/State/Zip _____

datebook

SEPT. 16-17. Managing Government Risks Seminar in Raleigh, N.C., sponsored by the North Carolina League of Municipalities; \$155. James C. French, North Carolina League of Municipalities, Local Government Center, West Lane and North Dawson Sts., Raleigh, N.C. 27602; 919-834-1311.

SEPT. 20-OCT. 1. National Conference on Risk and Insurance Management in Phoenix, sponsored by the American Management Assns.; \$285 for members, \$325 for nonmembers. AMA, 135 W. 50th St., New York, N.Y. 10020; 212-246-0800.

SEPT. 22-24. International Intermodal Cargo Liability Conference in New York, also **Oct. 27-29** in San Francisco, sponsored by Fordham University School of

Law and Golden Gate University; \$325 for members, \$350 for nonmembers. Shippers National Freight Claim Council Inc., 120 Main St., P.O. Box Z, Huntington, N.Y. 11743; 516-549-8984.

SEPT. 22-25. American Society for Industrial Security Annual Seminar in Miami Beach; \$160 for members, \$215 for nonmembers; \$65 per day for members, \$95 per day for nonmembers. ASIS, 26th annual seminar and exhibits, 2000 K St. N.W., Suite 651, Washington, D.C. 20008; 202-331-7887.

SEPT. 23. Earthquake Seminar in Atlanta, Ga., sponsored by Skandia Group, Skandia Corp., 47 Perimeter Center East N.E., Atlanta, Ga. 30346; 404-393-4300.

SEPT. 24. Professional Liability

for Architects and Engineers Seminar in New York, sponsored by the Office for Professional Liability Research. OPLR, Victor O. Schinnerer & Co. Inc., 5028 Wisconsin Ave. N.W., Washington, D.C. 20016.

SEPT. 24-25. Risk Management Accounting Seminar in Houston, sponsored by Corporate Systems; \$345. Connie Oak, Corporate Systems, P.O. Box 31780, Amarillo, Tex. 79120; 806-376-4223.

SEPT. 25-26. Evaluation and Settlement of Personal Injury Cases Seminar in New York, sponsored by the Practising Law Institute; \$250. Also **Oct. 23-24** in Los Angeles. PLI, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

SEPT. 28-30. Illinois Self-Insurers Assn. Annual Meeting in Bloomington, Ill.; \$60 for members, \$75 for nonmembers. Tim

Elder, 100 N.E. Adams St., Peoria, Ill. 61629; 309-675-5814.

SEPT. 28-OCT. 1. Benefits Processing Institute in St. Charles, Ill., sponsored by the International Foundation of Employee Benefit Plans; \$300 for members, \$375 for nonmembers. IFEBP, P.O. Box 69, Brookfield, Wis. 53005; 414-786-6700.

SEPT. 29-30. Noise Control in the Metals Industry Seminar in Chicago, sponsored by the Southeast Acoustics Institute; \$440. Southeast Acoustics Institute, Noise Seminar, P.O. Box 14227, Atlanta, Ga. 30324; 404-447-5314.

OCT. 1. One-day seminar and workshop on Blocking and Bracing of Cargo in Containers in New York, sponsored by Intermodal Transportation Services Inc. and the Roosevelt Institute of Maritime Studies; \$165. Elizabeth Norberg, registrar, Roosevelt Insti-

tute, 15 State St., New York, N.Y. 10004.

OCT. 1, 4-8. Annual Canadian Employe Benefits Conference in Vancouver, B.C., sponsored by the International Foundation of Employee Benefit Plans; \$300 for members, \$375 for nonmembers. IFEBP, P.O. Box 69, 18700 W. Bluemound Rd., Brookfield, Wis. 53005; 414-786-6700.

OCT. 1-3. Educational Conference in Myrtle Beach, S.C., sponsored by Piedmont and Carolina's Chapters of Risk Insurance Management Society Inc.; \$30. Lois B. Winslow, Cone Mills Corp., 1201 Maple St., Greensboro, N.C. 27405; 919-379-6431.

OCT. 26-29. Communicating Employe Benefits Conference in Chicago, sponsored by *Business Insurance*; \$385. Crain Educational Division, 740 N. Rush St., Chicago, Ill. 60611; 312-649-5242.

info

Improving company health standards is the goal of **Healthier Life**. The new bi-monthly newsletter is available to companies with 250 or more employees. Each company's masthead is printed on the newsletter, which contains three pages on a life-threatening disease or lifestyle and a page of information specified by the individual company. For free copies, write Healthier Life, 4182 Gann Store Road, Hixson, Tenn. 37343.

Ninety years with **Industrial Risk Insurers** is the subject of a special 16-page publication covering the past, present and future of IRI, as well as underwriting and engineering advances. For a free copy, contact R.F. Quagliaroli, communications department, Industrial Risk Insurers, 85 Woodland St., Hartford, Conn. 06102.

Insurance Decisions: Rising Government Liabilities is the title of a new 12-page booklet available from INA. The booklet reviews new approaches to insurance and risk management for government entities faced with inadequate revenues and lack of sovereign immunity to liability lawsuits. For a free copy, write INA, SuperService 1600 Arch St., Philadelphia, Pa. 19101.

Factors that will most influence the continued growth of **self-insurance** are examined in a new 12-page brochure. For a copy, write the National Loss Control Service Corp., Long Grove, Ill. 60049.

A brochure that outlines the **laboratory and research facilities provided to self-insuring clients** is available from St. Paul Risk Services Inc. For a copy, contact the marketing department, St. Paul Risk Services, 408 St. Peter St., St. Paul, Minn. 55102; 612-221-7990.

Proposals for the development of a **bibliography of research on health care programs** are now being accepted by the Employee Benefit Research Institute. Researchers, policymakers and employee benefit professionals are expected to use the publication. For further information or a copy of the "request for proposals," contact EBRI, education and research fund, 1800 M St. N.W., Suite 275 North, Washington, D.C. 20036.

• **Ohio Comparative Negligence: An Overview** discusses applicable law and various liability issues under the provisions of the Ohio motor vehicle code. Copies are \$4 and can be obtained from E. Gregory Tierno, 2131 Birch Trace Drive, Austintown, Ohio 44515. ■

52 great issues coming up!

ISSUE NUMBER

ISSUE DATE

AD CLOSING

38. INTERNATIONAL INSURANCE

SEP
22

SEP
9

more to come :

ISSUE DATE

AD CLOSING

35.	SEP 1	Aug 20
36.	SEP 8	Aug 26
37.	SEP 15	Sep 3
38. INTERNATIONAL INSURANCE	SEP 22	Sep 9
39. IIAA Convention	SEP 29	Sep 17
40.	OCT 6	Sep 24
41. Market Report: Texas	OCT 13	Oct 1
42.	OCT 20	Oct 8
43. GROUP LIFE & HEALTH INSURANCE: THE YEAR AHEAD	OCT 27	Oct 14
44.	NOV 3	Oct 22
45. Spotlight Report: Reinsurance	NOV 10	Oct 29
46.	NOV 17	Nov 5
47.	NOV 24	Nov 12

You can now reach the decision makers in the insurance marketplace 52 times a year in the industry's communications leader... *Business Insurance*. Listed above are upcoming issues, advertising closing dates and special editorial information for the next few months. Be where the action is this week and every week. For a full schedule of 1980 issues write or call us.

business insurance

a publication of Crain Communications Inc.

classified advertising

RATES AND CLOSING TIME:

\$3.50 per line, minimum charge \$17.50. Cash with order. Figure all cap lines (maximum-two) 26 letters and spaces per line; upper and lower case 34 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 pre-

ceding publication date. Published every Monday. Display classified takes care rate of \$41.00 per column inch, and card discounts on size and frequency. Mail ad. to Barbara Tosheff, Business Insurance, classified advertising dept., 740 N. Rush St., Chicago, Illinois 60611. Call (312) 649-5340 for more information. No verbal phone copy accepted.

RISK MANAGEMENT PERSONNEL CONSULTANTS

Representing Select Corporations & Candidates Nationally

• INSURANCE • SAFETY • EMPLOYEE BENEFITS

Managers & Assistants

CORPORATE CAREER ENTRY CAPTIVE TECHNICIANS

Call Collect: (212) 599-2662

Marty Hodes, ARM Meg Sloman

METRIC

11 East 44th Street
New York, N.Y. 10017

ENROLLED ACTUARY

Medium sized California employee benefits consulting and administration firm has an immediate need for an enrolled actuary. Will work primarily with small prototype and individually designed pension plans, consulting on new plans and with existing clients. Superior communication skills required. Send resume and salary requirements to:
BOX 366, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

Consulting/Executive Search To the Insurance Industry

Paul E. Runkle
Associates, Inc.

One Chase Road
Scarsdale, New York 10583
(914) 725-0773

RISK MANAGER

Proprietary health care chain located in the suburbs of Philadelphia, Pa. (Montgomery County) is seeking a corporate risk manager to assume responsibility for property, casualty, workers compensation and employee benefits. This is a newly created position and offers challenging opportunities for the creative individual. Candidates should have a minimum of five years experience in insurance administration with knowledge of W/C self-insurance programs. Please forward resume including salary history and requirements to AMERICAN MEDICAL AFFILIATES, INC., Personnel Department, Foxcroft Square Apartments, Jenkintown, Pa. 19406.

Equal opportunity employer M/F

MISCELLANEOUS

FLORIDA—Countersigning & surplus lines filings available for all Florida business—Direct all inquiries to UNDERWRITER: 611 N. University Dr.; Plantation, Fla. 33324.

INSURANCE RECRUITERS, INC.

3707 Rawlins, #416, Dallas, 800-527-5428
650 S. Cherry, #510, Denver, 303-320-5347
1800 Century Blvd. NE, #1230, Atlanta, 404-633-1973

BROKERAGE OPPORTUNITIES

LOUISIANA ACCOUNT EXECUTIVE
So. Louisiana agency seeks candidate who has at least three years of commercial casualty underwriting experience. Will be responsible for placement (marketing) of \$50,000+ accounts. Contact Jim Gilbert in Dallas for additional info.

COLORADO OIL & GAS

Our client continues to expand his oil and gas division and has asked our assistance in bringing qualified account executives with related energy experience. They have interest in two AEs now. One requires the servicing and development of new accounts with the emphasis on servicing. The 2nd opening requires technically oriented candidate who will come from the primary of agency underwriting ranks. Salary negotiable but in the bracket of \$40K to \$50K DOE. Contact Linda Mayer in Denver.

HOUSTON AGENCY

seeks solid technical skills which will benefit the casualty marketing department of this growth oriented firm. Ideal candidates will have a minimum of four years casualty underwriting background and will have at least started some professional insurance studies. Degree preferred.

ATLANTA BROKERAGE

seeks 3rd quarter addition to a commercial sales department having a dynamic growth year. Ideally, you will have agency experience either in an underwriting capacity or in the servicing/production of commercial accounts. Excellent relocation policy. Salary package to mid-\$30s. Please contact Evelyn Barnett in Atlanta.

ALL FEES EMPLOYER PAID

RISK MANAGER To \$35,000/annum Houston, Texas

Risk Manager desiring challenge. Work for the nation's largest homebuilding firm. Report to Director of Risk Management. Responsibilities include identification and analysis of risks, developing techniques for control of risks, risk transfer, and analysis of loss exposure.

Requires minimum of five years risk management experience. Experience with captives preferred. ARM or CPCU helpful. Background in construction oriented industry a plus.

Complete company paid benefits including five year vested Profit Sharing Plan. Special Annual Cash Bonus Program; performance reviews every 6 months.

Mail resume INCLUDING COMPLETE SALARY HISTORY to:

Personnel Director — Corporate
Box 2863

Houston, Texas 77001

All replies held strictly confidential.

US·HOME

an equal opportunity
employer m/f

LISTED ON THE NEW YORK STOCK EXCHANGE

CORPORATE RISK MANAGER

The Howard Johnson Company is seeking an experienced professional to head up its Corporate Risk Management Department in suburban Boston, Massachusetts.

Applicants must have a Bachelor's Degree and at least five years experience in Risk Management with a major corporation, preferably in a multi-state retail business. RM and/or CPCU designation desirable.

Successful candidate will handle casualty, property, and employee benefit programs of over 10 million dollars. Specific responsibilities will include risk identification and analysis, development and coordination of loss prevention activity, management of self-insurance programs, negotiation of insurance and employee benefit coverages, and claims administration.

Please send resume with current compensation, in strict confidence, to:

J.S. Yarman
Director of Personnel
Howard Johnson's
220 Forbes Road
Braintree, MA 02184

**HOWARD
Johnson's**

Equal Opportunity Employer M/F

NATIONAL ACCOUNTS

Sales and Underwriting

Join the exciting world of special risks. CNA, an industry leader in large lines, invites qualified persons to apply for the following positions:

ACCOUNT EXECUTIVES

Sales—Openings in Chicago and Pittsburgh for self-motivated candidates accustomed to calling on national brokers. Requires a minimum of 5 years commercial casualty experience with sophisticated cash flow techniques.

ACCOUNT MANAGERS

Underwriting—Openings in Chicago and Orlando for Senior Casualty Underwriters with solid experience in loss-sensitive pricing. Some familiarity with alternative funding techniques highly desirable. Must feel comfortable in complex risk environment working under deadlines.

Write or call COLLECT:

(312) 822-7477

E. J. Giangrasse

INSURANCE FROM

CNA

CNA Plaza
Chicago, IL 60685

An Equal Opportunity Employer M/F

RISK MANAGER

Challenging position as a Risk Manager at a Fortune 500 corporation headquartered in Chicago's Western suburbs. Responsible for the continued development, implementation and administration of the corporate risk management function.

Must be knowledgeable in all phases of risk management, including property and casualty, worker's compensation, claims management and loss control. Experience with offshore captive desirable. Applicant should be heavily financially oriented. Good communications and analytical skills required, since manager will work closely with management and corporation's subsidiaries and divisions, domestic and international. MBA or equivalent preferred. Please send resume, including salary history to:

Box 368, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

an equal opportunity employer m/f

RISK MANAGEMENT CASUALTY SPECIALIST

Dayton-Hudson Corp. seeks a qualified and motivated individual to assist primarily in the administration of our casualty insurance program.

To qualify for this new position, you should have at least 4 years experience with General Liability and Worker's Compensation Insurance from within a corporate or brokerage firm. A working knowledge of retro plans and how self-insured programs operate would be desirable. Familiarity with property insurance would be a plus. Must be able to work independently and have the ability to communicate effectively with all levels of management.

Qualified candidates should submit their resume and salary history in confidence to:

Jim Sisson
DAYTON-HUDSON CORP.
777 Nicollet Mall
Minneapolis, MN 55402
An Equal Opportunity Employer

comings & goings: buyers

Disability ruling sought

Steinberg takes job at Emett & Chandler

STEVEN B. STEINBERG, 40, formerly director of risk management at J. Weingarten Inc. for eight years, is now a vp at Emett & Chandler of Texas Inc. in Houston. He has account servicing and production duties in his new position. Mr. Steinberg, who was a member of the executive committee of the Risk Insurance Management Society, was chairman of the RIMS conference in Atlanta this year and was elected vp-research. He is also a past president of the Houston chapters of RIMS and CPCU. Weingarten, a subsidiary of Grand Union, will not fill the position. Risk management for Weingarten will be handled by Al Friday, risk manager for Grand Union.

Lockheed California Co. in Burbank, Calif., has hired Michael Hayward and Linda Gitlin as insurance administrators in workers compensation. Mr. Hayward, who previously was employed by Commercial Insurance Adjusting Co. in Burbank, is replacing Bill Thompson, who left the company. He has

a bachelor of arts degree in political science from Cal State in Los Angeles. Ms. Gitlin is filling a position created to meet the increasing workload generated by the firm's self-insured workers compensation program. She previously worked in the state insurance department. She is working toward her law degree at People's College of Law in Los Angeles. Both employees report to workers compensation administrator George Stata.

George F. Harlan, former vp of First Pennsylvania Bank and First Pennsylvania Corp. in Philadelphia, died July 17 after a long illness. Mr. Harlan had formed the company's insurance department. **Edward McPherrin** will assume the insurance department duties.

Continued from page 2

But Elsie Morrison, a cotton spinner at the plant for 27 years, also has been treated for diabetes, phlebitis, bronchitis, cancer and heart trouble.

One physician estimated that not more than 20% of Ms. Morrison's disability resulted from work; another found that 50% to 60% of the disability was related

The full state industrial commission, on appeal by Burlington, modified the original award for total disability. It ruled Ms. Morrison should be paid only 55% of the weekly compensation benefit for partial permanent disability.

The commission found that only 55% of Ms. Morrison's loss of wage-earning capacity resulted from an occupational disease; the other 45% resulted from physical infirmities not related to or aggravated by her occupational disease.

But the commission's decision was reversed by the North Carolina court of appeals, which ruled Burlington must pay the full award for total disability. If a worker can't work and a work-related injury is involved, the court said, the full total disability benefit must be paid.

"There are hundreds and hundreds of these cases," said attorney Mr. Dennis. "Most of these people are heavy smokers, and the great majority of cases are found compensable."

About 409 of the 600 byssinosis cases filed in North Carolina since the early 1970s have been found compensable, Mr. Stephenson said. Total payments have been \$5.9 million.

The key question in Ms. Morrison's case is whether she is entitled to compensation for partial disability or total disability.

If the incapacity to work totally results from the injury or occupational disease, the law says the employer must pay compensation benefits for total incapacity, Mr. Dennis said. But if the incapacity results partially from the injury, the employer pays compensation benefits for partial disability.

"Since the evidence is clear only part of the disability is related to

employment, the employer should only be responsible for partial disability," Mr. Dennis said.

The industrial commission, however, went a step further and awarded Ms. Morrison only 55% of the partial benefit, or \$43.92 of the weekly \$79.85 benefit.

The benefit level in North Carolina is two-thirds of the employee's average weekly wage at the time of disability, up to a maximum of \$194. Ms. Morrison was earning \$119.77 when disabled.

Under the partial disability statute, Ms. Morrison would receive 300 weeks of benefit payments at either \$79.85, or at the industrial commission's 55% figure of \$43.92. She would receive either about \$24,000 or \$13,200.

"I would personally be delighted to pay lifetime benefits under the total disability statute for only that percentage the employer caused," Mr. Dennis said.

"But the law doesn't say that." The total disability statute, which was changed in 1975 after

Ms. Morrison was disabled, would allow her 400 weeks of compensation at \$79.85, or nearly \$32,000.

Under the new law, employees totally disabled after Oct. 1, 1975 receive benefit payments for the rest of their lives.

Liberty Mutual was the workers compensation insurer for Burlington on Ms. Morrison's case. Kemper is the company's present workers compensation insurer. ■

CLAIM MANAGEMENT SERVICES

RISK MANAGERS/CAPTIVES/REINSURORS
casualty reserves • major case • audit/review • program analysis • contract adjusting analysis • self-insured • aggregate covers • experienced in Fortune 500 claim programs

John J. O'Connor
B.A., L.L.B., I.I.A.
Consultant
11 Patrick Lane
Wilton, Connecticut 06897
Phone: (203) 762-9564

COIN DEALERS

LIVESTOCK

COMMERCIAL AUTO PHYSICAL DAMAGE

We have an excellent market!

Isip of America
INSURANCE BROKERS, INC.



409 N. ROBERTSON BOULEVARD
LOS ANGELES, CALIFORNIA 90048

(213) 274-7071
TELEX: 194206 ISIPLSA

Member of the ISIP Group, Switzerland
SERVING THE ENTIRE UNITED STATES

Delta Lloyds Insurance Company can give you competitive quotes on coverages for your low risk clients. Since we're a Lloyds company we're free of rate control and can offer exceptionally low rates for property and inland marine insurance in Texas. Call Avrohm Wisenberg at (713) 621-8650. And let us show you why you'll prefer Delta for your preferred risks.

WHY YOU'LL PREFER DELTA FOR PREFERRED TEXAS RISKS.

DELTA LLOYDS INSURANCE COMPANY



P. O. Box 2045 Houston, Texas 77001
A Lloyds Company. Best rating "A".

classified advertising

CALL
(312) 649-5340
for more
CLASSIFIED
Information

SENIOR UNDERWRITING SPECIALIST PROPERTY & CASUALTY

Orlando, Florida regional office has position available for an individual with five - years experience. Bilingual Spanish/English a must. Orlando location including Caribbean travel. Salary open. Send resume to:
Box 354, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

INSURANCE AND RISK ADMINISTRATOR

The Contra Costa County Risk Management Authority is seeking a Risk Manager to administer a cost effective self insurance program for the 14 cities who have legally bonded together to pool insurance risks. Currently the Authority self insures for Workmen's Compensation, Liability, and Property. The Administrator coordinates excess policies, claims management, actuarial services for distribution of costs and generation of revenues, and assets member agencies in identification of risks, development of safety committees, loss prevention, audits, and safety consultant services.

A 4 year degree is required preferably in Public or Business Administration and a Masters is preferred. A minimum of 3 years experience in insurance or financial administration is required as well as a working knowledge of the provisions of the insurance code and the principles of insurance and risk management.

Forward resume and salary history to:
Contra Costa County Risk Management Authority
City of Pleasant Hill
Assistant to the City Manager
3300 North Main Street
Pleasant Hill, CA 94523
by September 1, 1980

Salary is negotiable. Excellent benefits provided, including car allowance.

The CCC Risk Management Authority is an equal opportunity/affirmative action employer.

RISK MANAGER

Multi-unit health care corporation seeks a Risk Management Professional to join our corporate staff in this newly developed position.

The successful candidate will have the opportunity to evaluate the current Risk Management Program, and make recommendations; and to plan, develop, and implement changes which will result in minimization of Risk losses.

Ideal candidate will be degreed in either Risk Management, Business Administration, Law, or Hospital Administration, and will have five years experience in the area of Insurance Administration. Hospital experience is a plus.

We offer an excellent salary, a full benefit package and an attractive career opportunity. For consideration send resume and salary history to:

DIRECTOR OF PERSONNEL
Peoples Community Hospital Authority
33101 Annapolis Avenue
Wayne, MI 48184



An Equal Opportunity Employer M/F

"O'Keefe International Adjustment Companies, Inc.
P.O. Box 16168,
Phoenix, AZ 85011,
(602) 264-3439,
cable address "LOKADCO"
"We Will Handle Your Claim Anyplace in the Free World".

PROF. POSITIONS AVAIL.

Risk & ben mgr., midwest 40M
Asst RM, NJ, P&C 22M
Claims asst, maj. corp. 22M
Safety engrs, NYC/CT 25-40M

JOHN HUTTNER
(212) 732-3110
david j. hollinger assoc., inc.
150 Broadway, New York, NY 10038

Business Opportunity
Possibilities for multinational industrial or service oriented organizations, including brokerage and insurance:

Combined expertise available on retainer basis. Presently located in Europe. Extensive international experience in insurance, captive insurance, risk management, loss control management, & fire loss control. Multi-lingual.

Please inquire:
Box 367, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

CORPORATE INSURANCE DIRECTOR

Large Midwest Food Distribution Co. seeking experienced Risk Manager to direct entire corp. insurance/risk mgmt/loss prevention program. Newly created position. Excellent salary/bonus pkg. Fee paid by company. Reply in confidence to:
CELLA ASSOCIATES
3150 Des Plaines Ave.
Des Plaines, IL 60018
312/296-0475
Executive Search Firm
Offices "Coast to Coast"

SEATTLE ACCOUNT EXECUTIVE

The professional who is experienced in producing and servicing large accounts requiring sophisticated innovations in cash flow and retention programs will find this a challenging position. Experience in either food processing, or forest products a plus, but general manufacturing experience will qualify. Discuss with confidential intermediary:
• Rich Shoemaker, Insurance Resources Executive Search, 7844 Madison Avenue, Suite 106, Fair Oaks, California 95628.
• Telephone: (916) 965-5511.

Market trembling at forced coverage

Continued from page 1

owners in high-risk areas should be forced to buy earthquake insurance.

A study by J.H. Wiggins Co. in Redondo Beach, Calif., was commissioned last month by the Federal Emergency Management Agency, the lead agency for the National Earthquake Hazards Reduction Program.

Besides examining the marketplace for earthquake insurance, the study will try to explain the apparent lack of consumer interest in the coverage and whether there is a need to mandate the purchase of earthquake insurance.

Risk managers say the cost of earthquake insurance is so astronomical it puts the coverage out of the reach of most buyers.

One general agent specializing in property insurance quoted for *Business Insurance* a \$25,000 premium under Insurance Services Office rates to underwrite earthquake insurance on a multistory frame building.

Because of competition among insurers, the price could be lower. But the same class A property would cost only about \$6,000 to insure against fire loss, he noted.

Illustrating how underwriters are reducing ISO rates, the agent noted class D commercial property such as an apartment complex would cost \$30,000 to insure against earthquake damage under ISO rates. But recent quotes in such property have ranged from \$18,000 to \$25,000, he said.

Earthquake coverage is one line that is still very expensive in an otherwise soft market, said Leonard P. Lawrence, president of

Emett & Chandler in Los Angeles. "Capacity is extremely limited, so insurers can price it high," he said.

The high price is squelching demand, he said, although "there may be somewhat more interest in earthquake coverage today, especially since the eruption of Mount St. Helens."

Recent tremors and predictions of a major quake within the next decade may be provoking some increase in demand, insurers agree. But interest in the coverage typically peaks after a period of quake activity, then drops off as soon as the earth movement subsides.

"If there's been an increase in demand, it's been because of a very competitive market," said Sam Alcorn, senior vp at Bayly, Martin & Fay in Los Angeles. But the price still isn't cheap.

The requirement of some Eastern lenders for earthquake insurance on the full value of new, completed construction is contributing to a slight increase in demand. Mortgage brokers, insurers and other real estate experts point out, however, that Eastern money is not a big factor in the California mortgage market.

At Cal Fed Insurance, a subsidiary of California Federal Savings & Loan, a spokesman says there has been a marked increase in the number of inquiries about commercial/industrial earthquake coverage, but not in actual purchase of policies.

It's clear price is scaring the buyers away. To make insurance available at a reasonable cost, a handful of industry executives favors a limited role for the federal

government as a reinsurer.

One such proponent is Ronald Shelp, vp-international relations at American International Group. He favors formation of a reinsurance pool financed by the government but entirely run by private insurers.

"This would give the reinsurer buyers an additional place to turn," Mr. Shelp said.

Greater capacity could be

created, Mr. Shelp says, by forming a "federal insurance corp." that would sell excess catastrophe reinsurance. Underwriters would price the risk and the program would have to be prefunded.

Some industry sources say such a pool would initially increase rates for the purchaser of any earthquake policy. But in time, Mr. Shelp points out, capacity would

be expanded by such a pool and rates would drop under the pressure of increased supply.

Such a pool hasn't been set up yet because insurers would face enormous, prohibitive taxes on premiums collected to establish such a pool, say Mr. Shelp and others. Reserves for such an unpredictable loss would mount and be treated as profits by the Internal Revenue Service, they explain. ■

Stanford backs forecast

Continued from page 1

Based on their forecast for a major earthquake in California in the next decade, the university is spending \$480,000 for a \$60 million earthquake insurance policy.

The earthquake coverage begins after a \$3 million deductible and includes excess fire protection over a \$1 million self-insured retention, says Bob Beth, Stanford risk manager.

Insured values at Stanford, including the medical center and a university-owned shopping center, are about \$600 million in buildings and \$250 million in contents, Mr. Beth says.

Extra expense insurance to enable the university to carry on operations following a destructive quake "turned out to be too much to bite off for now," added Mr. Beth, who recommended inclusion of the coverage.

Eight insurers, including Lloyd's of London and some domestic insurers, are underwriting the earthquake risk for 14 months through September 1981, Mr. Beth said. Marsh & McLennan in San Francisco is the university's broker.

Asked if Stanford's decision to buy now was influenced by the current soft insurance market, Mr. Beth admitted, "It helped." The campus carried earthquake insurance from 1923-70, but dropped it because of skyrocketing cost and coverage restrictions.

Losses from a devastating quake would not be limited to physical property, Mr. Beth emphasizes. Employees and others might be injured or killed by toppling buildings, generating heavy workers compensation, long-term disability, life insurance and liability claims.

University operations would be brought to a standstill, its source of tuition income would be severed and payment of unemployment compensation would be required.

Stanford is self-insured for all these exposures, Mr. Beth noted. But he increased limits on an excess workers compensation policy to \$10 million.

The 1906 earthquake, believed to have been about 8.3 in intensity on the Richter scale, destroyed about 22% of the Stanford campus. Converted to 1980 dollars, that would be \$55 million, Mr. Beth notes.

Because of improved construction, however, university officials believe Stanford facilities would fare better in the next quake. Scientists at the university's earthquake engineering center predict it would hit about 7.5 on the Richter scale.

The San Andreas fault, considered a likely site of extensive damage in a serious quake, runs through the foothills just 3 miles behind the Stanford University campus. Since 1906, earth movement along the fault has averaged about 2 inches a year.

Insured losses may hit \$42.5 million

Continued from page 1

insured by commercial insurers.

About 20% of the wind damage insurance in Texas is written by the Texas Catastrophe Pool Insurance Assn., the largest pool for wind damage insurance in the country with \$1.8 billion of coverage in force.

Established by the state legislature in 1971, the pool includes participation by all the property underwriters in Texas based on the percentage of their market share.

But the hurricane appears to have caused more water than wind damage, according to reports from area residents returning to their property. About 85,000 to 100,000 policies underwritten by the National Flood Insurance Program

are in force in the afflicted area, representing up to 50% of the \$14 billion of flood insurance in force in Texas.

Allen's rains have caused an estimated \$400 million in crop damage in the cotton fields of southern Texas. That will be the most serious damage, said Texas Gov. Bill Clements.

Among the early recorded individual losses are those at the Holiday Inn, Guaranty National Bank & Trust and City Center in Corpus Christi. The names of their insurers were not available last week.

In the gulf, the oil business prepared, too.

Evacuating more than 4,500 offshore personnel, moving mobile equipment to shallower water and

battering down the permanent platforms the week before the Aug. 9-10 storm spared more extensive damage.

Early reports last week indicated only four to six of the 300 multimillion-dollar drilling rigs and platforms sustained damage in the 170 mph winds and 40-foot waves. "It's just too early to give an estimate, much less a final tally," said James Moore. He is an adjuster for Matthews-Daniel Co., oil rig surveying and claims adjusting company.

"Damage is fairly light," observed Bob Daniels, oil manager for J. H. Blades & Co. Inc., specialist in major oil and marine excess insurance.

The London market underwrote property damage insurance on the rigs and platforms reported dam-

aged.

Few of the oil drillers, however, are insured for the loss of earnings from physical damage to the rigs, Mr. Daniels said. The premium would be 2% to 2.5% of value for the protection, on top of 1% to 2% of value for the physical damage insurance.

The evacuation, however, cost the lives of 12 people being transported by a helicopter owned by Ocean Transportation. Marsh & McLennan brokered the insurance for Ocean Transportation.

Among the losses was a \$6 million jack-up rig 63 miles off Corpus Christi on North Padre Block 957. The Dixilyn-Field's Rig 81 that was under contract to Atlantic-Richfield Co. disappeared in the storm.

The rig probably is under 105 feet of water. It was insured by Dixilyn-Field in the London market through J.H. Blades & Co. Inc. Adams & Porter was the U.S. agent.

Circle Bar Drilling Co. of New Orleans was trying to salvage its Rig 8, a posted-barge drilling rig on East Cameron (La.) Block 6, which capsized in 20-foot waves.

"There is no telling what it will cost to put it into shape," said Don Dilley, Circle Bar insurance administrator. "Damage could be nominal. Salvage operations will take two to three months."

The rig, which was put into operation in October 1979, was insured in the London market through Bila-Rigg Co. of Houston.

One platform rig, the Harvey Ward on Block 151 of the Main Pass Area east of Galveston and off Louisiana, was overturned and presumed sunken in 60 feet of water. Half the rig was found and salvage operations continued last week.

The rig was located well east of the main storm area and the cause of the sinking is not known.

Owned by Reeding & Bates Drilling Co. of Tulsa, the rig was christened in April at an estimated construction cost of \$30 million. It was also insured in London.

At the time of the storm it was under a one-week temporary contract with Texoma Productions.

There are 97 mobile and 145 platform rigs off Louisiana and 58 mobile and 36 platforms off Texas, according to Offshore Data Services of Houston. Most of the rigs were built before the mid-'70s and cost \$6 million to \$15 million.

Replacement at today's cost would be more than \$30 million apiece and up. ■

Precautions prevent larger losses

Continued from page 1

help them prevent further losses and quickly resume production.

Last year's Hurricane Frederick, which was the nation's worst insurance catastrophe, resulted in total insured losses of \$753 million. It exceeded the \$715 million wreckage left by Hurricane Betsy in 1965. (The 1965 figure is not adjusted for inflation.)

In 1969, Hurricane Camille lashed the same area, leaving 256 dead and causing damages of \$1.4 billion. Only \$165 million of that total was insured.

After years of hard experience, most large companies have learned not only the importance of adequate insurance, but also the need for well-conceived and well-rehearsed disaster plans.

Like many other large compa-

nies on the Gulf Coast, Lykes Bros. Steamship Co. in New Orleans now distributes a hurricane readiness manual to all its employees.

"We have a very, very exact and precise plan that we put into effect as a storm approaches," said safety director Owen Darnell.

"We nail everything down, shut everything off and then get out. Once a hurricane hits, there's not much you can do."

Industrial Risk Insurers, which reportedly lost \$22 million from Frederick last year, provides wind-storm coverage through its standard highly protected risk policy. Commercial properties in the Caribbean and Gulf Coast states are subject to a 15% premium increase to compensate for hurricane exposure.

"Large businesses on the Gulf Coast have experience in pre-

paring for a hurricane," said G. Wayne Crawford, vp of IRI. But some businesses could have avoided serious storm damage in the past if they had followed a well-conceived and well-rehearsed disaster plan, he added.

To help its clients prepare for hurricanes, IRI recommends a twofold plan.

The first step involves preparation for wind damage. Plant owners are urged to make any necessary repairs before the hurricane season. Supplies of boards, tools, batteries, tarpaulin or polyethylene sheets and nonperishable foods should be kept.

Owners should make sure portable generators and sump pumps are available and stock sandbag materials if the plant is subject to flooding.

The second phase begins after a hurricane watch has been issued by the National Weather Service. A watch means hurricane conditions are a possibility but the storm may not be imminent.

If a storm is approaching, IRI advises plant owners to:

- Keep power plant and fire pump houses in service as long as possible.

- Remove all portable fire protection equipment from areas subject to flooding and regroup for firefighting.

- Inspect grounds for loose equipment that might be carried away by high winds.

- Review with personnel the location and use of all process and fuel control valves.

- Make sure all management personnel have a copy of an updated disaster plan. ■

Aneco awaits disaster to tighten reinsurance

By ELLIS SIMON

FRANCIS J. Mulderig is one of few people in Bermuda waiting for a hurricane.

A major storm or other catastrophe could turn around the cutthroat competition in the international reinsurance industry, says Mr. Mulderig, chairman of the board and president of Aneco Reinsurance Co. Ltd. in Bermuda.

The reinsurance industry eventually will tighten up, Mr. Mulderig says, but "a disaster would speed things up."

Two-year-old Aneco lets others scrap for reinsurance premiums at rock-bottom rates. It is waiting for its rivals to go home to lick their wounds.

"They've decided in a competitive reinsurance market not to be competitive," said Ira Zuckerman, a securities analyst at John Muir & Co., Aneco's selling agent.

A research report on Aneco published by Ray Dirks and John Peterson of the Muir firm praised Aneco's management for its "restraint and resolve" in turning down 19 of every 20 proposals submitted.

"The temptation is to be trigger-happy," Mr. Mulderig admitted. "But we decided from the beginning to take the conservative position not to write business for less than what our professionals say to write it for."

"If this weren't our strategy, we'd be very much hurt in the long run."

Meanwhile, Aneco is hurting in the short run.

Its first-quarter report for 1980 showed a net loss of \$182,960 on gross premium of \$680,109. This compares with a \$136,748 profit on gross premium of \$313,847 the year before.

Mr. Mulderig attributes the first-quarter results to high overhead—in underwriting Aneco's current business and in starting new operations.

Within the past year, the company started four new ventures:

- Aneco Insurance Co. of America, an excess/surplus insurer incorporated in Delaware and approved in 12 states that has not issued its first policy.

BI ticker

- Aneco Insurance Agency Inc. of Boston, which since April has brokered more than \$1 million in excess/surplus lines premium and will serve as underwriting manager for Aneco Insurance Co.

- Aneco Syndicate Inc., one of 13 original members of the New York Insurance Exchange, which is handicapped by the slow volume in that market.

- Aneco Marketing Co., a risk management company that has channeled \$3.2 million into the Insurance Profit Center, a rent-a-captive risk-financing mechanism. It has generated fee income of about 3% or \$100,000 for the parent firm.

Also in the works is a deferred variable annuity product that would offer the offshore benefit of not having capital gains taxed during the deferral period.

Aneco currently manages six Bermuda captives and is negotiating with three others.

Even if the reinsurance market were never to turn around, Aneco's future could be rosy, Mr. Mulderig says. Its current treaty reinsurance volume, Insurance Profit Center and other service fee revenues, investment income and a cut in unnecessary personnel could produce a 10% return on investment for common stock trading at \$6 per share, Mr. Mulderig says.

Aneco did well on the investment side, he contends. Although most of its placements were in short-term securities, it ventured into longer-term holdings just when interest rates peaked, Mr. Mulderig says.

Mr. Mulderig would not predict when the market will tighten, but he believes it will be felt first in the excess/surplus lines markets, then the New York Insurance Exchange and treaty reinsurance market.

The excess/surplus market will be affected when admitted insurers reach the limits of their capacity or begin rejecting business because of inadequate rates, says

Ed Malozzi, president of Atrain Ltd., Aneco's reinsurance underwriting consulting subsidiary.

The exchange should follow, as the demand for facultative reinsurance picks up, followed in turn by treaty reinsurance written by the parent company. That should happen a year later because of the accounting lag on treaty business, he says.

"With \$10 million in capital and a 50% quota share treaty behind us, we could write \$60 million gross premium (assuming a 3-to-1 premium-to-surplus ratio). If we become a complete success, we'd look for more capital," Mr. Mulderig said.

Financial briefs

Travelers

Operating and net income declined slightly during the first half of the year for The Travelers Corp., as investment income continued to offset underwriting losses.

For the first six months of 1980, operating income dropped 2% to \$173.6 million, while net income also declined 2% to \$177.7 million. The results were a little better for the year's second quarter, with operating income increasing 1% to \$87.8 million and net income improving 5% to \$93.4 million.

Operating income in the property/casualty division decreased 5% to \$82.8 million for the first six months, but stayed constant at \$38.3 million for the second quarter.

"Underwriting results continued under pressure from unprecedented levels of inflation and from catastrophic losses, which were the second highest in recent history, both for the industry and Travelers," said chairman Morrison Beach.

From Mount St. Helens alone, losses to date total \$1 million.

Group life, health and pensions showed premium increases of 20%, with dental programs recording the most gains, Mr. Beach said.

Including surety losses, the company's combined ratio for commercial property/casualty operations climbed to 108.1% from last year's six-month figure of 101.7%. Property/casualty premium income totaled more than \$700 million for the second quarter, a rise of \$60 million, and increased \$100 million to \$1.5 billion in the half.

AIG

American International Group recorded a 22% gain on its net operating income for the first six months of 1980, to \$130.5 million from \$106.9 million. For the second quarter, income rose 25% to \$63.1 million.

The company's general insurance operations showed an underwriting gain of \$21.3 million for the quarter, equal to last year's total for the same period. Net premiums increased 15% to \$490 million for the quarter and 13% to \$962 million for the first half.

The combined ratios for the quarter and the half were 95.11% and 94.47%, respectively, compared with 93.88% and 93.38% for the second quarter and first half last year.

Crum & Forster

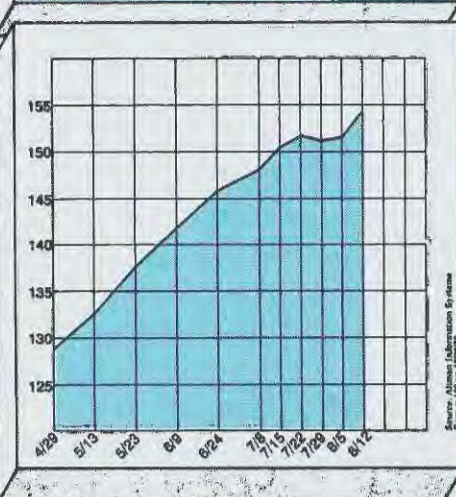
Six-month operating income increased 13% to \$81.9 million for Crum & Forster, while net income climbed 7% to \$81.3 million. Investment income showed the biggest jump, 31% to \$90.9 million.

For the company's second quarter, operating income increased 13% to \$43.4 million, but net income declined 2% to \$39.3 million.

The increase in net written premiums for the company's property/liability insurance operations slowed to 10% during the first quarter and 12% for the half, compared with a 14% increase during the first quarter.

Crum & Forster's combined ratio for the first six months was 101.36% after policyholders' dividends, compared with the 99.97% recorded in the first half of 1979. ■

BI Insurance Index



Insurance industry stocks continued their resurgent climb last week, rising 2.29 points to 154.6 from 152.3 the previous week. The base of 100 was at year-end 1978. Forty-two stocks increased, 16 declined and 14 remained the same. Among the leaders were: SRI Corp., up 11.6%; Hanover Insurance Co., up 11.4%; Crawford & Co., up 7.8%; Integon Corp., up 7.6%, and Zenith National Insurance Corp., up 7.1%. Appalachian National Corp., down 6.2%, and Ohio Casualty Corp., down 5.1%, registered the biggest declines. Drops of less than 5% were reported by the three other largest declining firms. Despite overall gains, the BI index fell below the major indicators, which rose 2.4 to 2.5 points.

British Issues

8/12 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High-Low	
					pence	pence
Commi Union	14	7.3	14.00	9.6	146—140	
Eagle Star	215	7.2	12.86	6.0	221—213	
Genl Accident	302	7.4	17.14	5.7	308—298	
Gdn Royal Exch	304	8.0	19.28	6.3	310—304	
Phoenix	256	7.1	19.00	7.4	256—252	
Royal	386	7.7	30.71	8.0	386—378	
Sun Alliance	714	9.1	40.00	5.6	716—712	
Brokers						
CE Heath	208	9.2	13.80	6.6	210—207	
Hogg Robinson	122	9.0	8.14	6.7	122—117	
Alex Howden	103	7.5	10.00	9.7	103—101	
JH Minet	104	11.9	6.38	6.1	104—101	
Sedg Grp	125	10.5	7.14	5.7	125—123	
Stenhouse Hldg	88	8.1	6.46	7.3	89—86	
Stew Wrightson	216	8.6	17.14	7.9	217—215	
Willis Faber	250	13.3	15.71	6.3	250—245	

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kiteat & Aitken Stockbrokers, London

BI Industry Stock Report

AUGUST 12, 1980 8/6/80 THRU 8/12/80

Insurance Cos.	Price	% Chg	P.E.	\$ Div.	% Yld.	High	Low	Vol (000)
Aetna Life & Cas Co	NYSE 35.88	3.2	5.1	2.12	5.9	36.25	35.00	684.6
American Bankers Ins Co Fla	OTC 7.12	-1.7	4.8	0.44	6.2	7.38	7.13	49.0
American Fintl Corp Ohio	OTC 21.25	-4.5	5.8	0.50	2.4	22.25	21.25	13.8
American Gen Ins Co	NYSE 35.25	-0.4	5.5	1.00	2.8	36.13	34.75	92.2
American Indty, Fintl Corp	OTC 15.00	-1.6	4.5	1.12	7.5	15.25	15.00	14.3
American Intl Group Inc	OTC 70.25	1.8	10.4	0.50	0.7	70.25*	69.25	226.0
American Natl Ins Co	OTC 15.88	3.3	6.3	0.62	3.9	15.88	15.75	109.3
American Sta Life Ins Co	OTC 19.00	0.0	7.9	0.64	3.4	19.00	19.00	0.5
Aneco Reins Ltd	OTC 5.37	4.9	*****	0.00	0.0	6.00	5.38	147.9
Appalachian Natl Corp	OTC 1.87	-6.2	5.4	0.05	2.7	2.00	1.88	0.1
Avenco Corp	AMEX 12.00	4.3	8.6	0.50	4.2	12.00	11.63	56.2
Banks Iowa Inc	OTC 25.00	2.0	4.8	1.32	5.3	25.00	24.50	18.9
Bitco Corp	OTC 29.00	5.5	4.4	1.68	5.8	29.00	27.50	16.5
Carolina Cas Ins Co	OTC 7.50	-4.8	4.4	0.32	4.3	7.75	7.50	1.3
Central Natl Fintl Corp	OTC 9.75	0.0	4.0	0.50	5.1	9.75	9.75	0.1
Chubb Corp	OTC 38.87	0.6	5.1	2.40	6.2	39.00	38.88	195.1
Combined Intl Corp	NYSE 19.75	0.6	5.7	1.40	7.1	19.88	19.50	109.7
Connecticut Gen Ins Corp	NYSE 41.50	2.8	6.2	1.52	3.7	41.88*	40.50	139.8
Continental Corp	NYSE 28.38	3.2	5.5	2.20	7.8	28.63*	27.38	115.2
Crawford & Co	OTC 17.25	7.8	14.5	0.54	3.1	17.25	16.00	10.3
Crom Life Ins Co	OTC 78.00	4.0	56.5	2.40	3.1	78.00*	75.00	1.1
Crum & Forster	NYSE 27.88	-2.2	4.9	1.44	5.2	28.75	27.75	100.5
Employers Cas Co	OTC 34.00	0.0	5.6	1.20	3.5	34.00	34.00	1.6
Erc Corp	OTC 94.75	0.3	10.7	1.40	1.5	95.00	94.75	3.6
Equifax Inc	NYSE 23.00	-1.1	7.9	2.40	10.4	23.25	23.00	4.4
Farmers Group Inc	OTC 31.25	2.0	10.0	1.00	3.2	31.63*	30.63	188.6
First Colony Life Ins Co	OTC 34.00	3.8	11.7	0.76	2.2	34.00*	33.00	5.7
Foremost Corp Amer	OTC 19.75	0.6	7.5	0.60	3.0	19.75	19.63	22.0
General Reins Corp Del	OTC 56.75	6.1	8.6	1.40	2.5	56.75*	54.25	410.1
Globe Life & Acc Ins Co	OTC 34.50	0.0	12.3	0.40	1.2	0.00	*****	0.0
Great West Life Assurn Co	OTC 165.00	0.0	8.2	8.00	4.8	165.00	165.00	0.0
Hanover Ins Co	OTC 41.50	11.4	3.9	0.72	1.7	42.75*	37.25	35.5
Hartford Steam Boiler Insprtn	OTC 30.50	0.0	6.5	2.20	7.2	30.50	30.50	8.1
Integon Corp	NYSE 26.37	7.7	9.6	4.08	1.8	27.00	24.50	130.9
Jefferson Natl Life Ins Co	OTC 46.00	-2.6	13.7	0.64	1.4	46.75	45.50	9.6
Kemper Corp	NYSE 29.00	5.0	4.1	1.40	4.8	29.00	27.75	111.4
Lincoln Natl Corp Ind	NYSE 44.25	-0.8	5.1	2.80	6.3	45.50	43.75	71.5
Mic Inv Corp	NYSE 26.50	1.4	7.6	1.12	4.2	26.75	25.88	318.7
Mission Ins Group Inc	NYSE 37.38	2.4	3.0	0.80	2.1	37.38	36.75	28.7
Nationwide Corp Ohio	OTC 19.75	0.0	5.2	0.66	3.3	19.75	19.75	0.4
Nn Corp	OTC 46.00	4.8	10.5	2.00	4.3	46.00*	45.13	140.4
Northwestern Natl Life Ins	OTC 33.87	1.1	6.7	1.25	3.7	33.88*	33.25	53.4
Ohio Cas Corp	OTC 34.37	-5.2	5.3	1.76	5.1	36.25	34.38	80.3
Old Rep Intl Corp	OTC 17.75	0.0	4.3	0.92	5.2	17.75	17.50	120.4
Pinehurst Corp	OTC 6.37	2.0	7.6	0.00	0.0	6.75	6.25	37.4
Preferred Risk Life Ins Co	OTC 18.50	0.7	6.4	0.64	3.5	18.50	18.38	0.8
Provident Life & Acc Ins Co	OTC 45.50	5.8	5.7	1.88	4.1	45.50	43.50	78.4
Republic Natl Life Ins Co	OTC 19.25	4.1	1.9	0.70	3.6	19.88	19.25	389.3
Ryan Ins Group Inc	OTC 17.75	-1.4	5.6	0.12	0.7	18.00	17.75	2.4
St Paul Cos Inc	OTC 35.63	-1.7	4.9	2.00	5.6	35.88	35.63	144.6

AUGUST 12, 1980 8/6/80 THRU 8/12/80

	Price	% Chg	P.E.	\$ Div.	% Yld.	High	Low	Vol (000)
Safeco Corp	OTC 38.75	3.3	5.6	1.80	4.6	38.75	37.50	45.0
Sri Corp	OTC 24.00	11.6	4.7	1.00	4.2	24.00	21.50	34.7
Selbela Bruce Group Inc	OTC 19.12	6.2	7.8	0.80	4.2	20.25*	19.13	70.8
Statesman Group Inc	OTC 5.87	-2.1	4.6	0.15	2.6	6.00	5.88	12.1
Tokio Marine & Fire Ins Co	OTC 136.00	3.6	14.4	0.00	0.0	136.00	131.50	2.1
Travelers Corp	NYSE 40.12	3.2	4.4	2.48	6.2	40.63	39.13	497.4
United Fire & Cas Co	OTC 27.50	0.0	7.5	0.90	3.3	27.50	27.50	1.6
United States Fid & Gty Co	NYSE 42.37	1.2	5.0	2.80	6.6	42.38	41.75	191.9
United Svcs Life Ins Co	OTC 16.13	1.6	5.8	0.96	6.0	16.13	15.88	87.2
Unilife Corp	NYSE 23.62	2.2	5.9	0.70	3.0	24.13*	23.25	144.8
Washington Natl Corp	NYSE 28.00	0.0	5.7	1.50	5.4	28.50	28.00	20.0
Zenith Natl Ins Corp	OTC 15.00	7.1	8.5	0.50	3.3	15.25	15.00	19.1
INSURANCE COMPANIES	AVERAGE		7.1		3.7			
Agents/Brokers								
Alexander & Alexander Svcs	OTC 34.75	6.1	11.4	1.64	4.7	35.00*	32.75	108.7
Baldwin & Lyons Inc	OTC 28.00	0.0	5.1	0.80	2.9	28.00	28.00	5.3
Corroon & Black Corp	NYSE 24.25	3.7	9.8	1.72	7.1	24.25	23.38	26.4
Crum & Forster	OTC 11.00	-1.1	9.8	0.36	3.3	11.13	10.88	12.2
Hall Frank B & Co Inc	NYSE 25.50	-2.9	8.4	1.44	5.6	26.38	25.50	87.6
Integrated Res Inc	AMEX 14.50	0.9						

A bottom line view of loss control



Oil rigs, like this in the Gulf of Mexico, typify high-hazard operations.

Every business has special perils needing special insurance broker solutions. How Alexander & Alexander looks at off-shore drilling, one of the riskiest, will help explain how we will look at your business. In this case, we study rig safety through a contractor's eyes. Scrutinizing the workers and the working environment. Probing the whys of injuries and the hows of accident prevention. Viewing down-time as dollars.

Client-tailored safety programming

Only by working from a client's point of view can we be sure a company gets the most comprehensive, cost-efficient programs possible.

This insider's vantage point enables our loss control consultants to be sticklers on safety for any corporation. Ferreting out

hot spots from loss data banks. Casing the carrier's services. Creating safety programs that work. And staying on top of them, alert to changing conditions, new hazards, new operations, new technology.

Each industry has different needs. For insurance, for risk management, for human resource management, for financial services. And each of our 120 offices here and overseas has the facilities, expertise and strength to fulfill the requirements of any company, large or small, in any industry.

We think a big reason A&A has become one of the largest and most trusted insurance brokers worldwide is that we work the same way with every client. From the client's point of view.

Alexander & Alexander

From the client's point of view.