

Jobless demand severance law

page 12

Eyeing structural collapse perils

page 21

Battle rages over flood settlement

page 27

Entire contents copyright 1972 by Crain Communications Inc.

45¢ a copy; \$10 a year

August 28, 1972

business insurance

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



Rescue workers stumble through the wreckage of the East German airliner that crashed after takeoff from East Berlin. The effect on the insurance market is expected to be small. —Wide World photo

Air crash impact minor

LONDON—Insurance circles in London are waiting for fuller information about the catastrophic East German air crash in which a Soviet-built Ilyushin jet crashed with 156 people on board on its way to a Bulgarian tourist center.

It is generally believed, however, that the effect on the insurance market will be small as Interflug, the East German state airline, is reliably thought to carry its own insurance as a government-controlled organization.

The hull value of the aircraft is about \$9 million, and there is no indication so far of the full extent of passenger liability. Reinsurance circles in London are unaware of any major reinsurance cover being carried in Western European countries.

There is believed to be a certain amount of passenger liability reinsurance at Lloyd's, but though

it is the second-heaviest air crash on record it is accepted that the effect in the reinsurance sense is comparatively small enough that the aviation market in the U.K. is not unduly perturbed.

Only scanty information has reached London from East Berlin, but this is understandable if the Interflug airline carries no direct insurance in commercial circles.

As far as Eastern bloc countries are concerned, there is periodic placing of reinsurance business in Britain and other Western European countries by the Russian State Reinsurance Co. But whether this company was involved in the airline insurance of its East German satellite, perhaps in effecting passenger liability excess cover, remains to be seen. There is certainly no major anxiety in the U.K. about possible claims. ■

Insurer sues Swift for antitrust

By LESLIE MURRAY

CHICAGO—Security Mutual Casualty Co. has filed suit for treble damages of more than \$357 million in U.S. district court here against Swift & Co., claiming that Swift manipulated the mutual in violation of federal antitrust laws.

The suit alleges that the board of directors and management of Security Mutual, from its founding in 1913 to December, 1969, were dominated by directors, officers and employes of Swift who severely limited the scope of the insurance company's operations and investment practices to its decided detriment and Swift's advantage. Among the corporate practices cited as violations of

the Sherman Act were:

- Requiring Security Mutual to turn down possible workmen's compensation and other commercial and personal liability accounts.

- Restricting the insurance company's workmen's compensation and liability sales to Swift and its subsidiaries and related interests, or other Swift-approved insureds.

- Allowing the mutual to sell personal coverages solely to Swift or Swift subsidiary employes and their families.

- Forcing the mutual to issue policies under terms favorable to Swift but unfavorable to Security Mutual.

- Requiring cancellations and other divestments of existing pri-

mary insurance business.

ACCORDING TO the suit, Swift gained its predominance as early as January, 1920, by revising the mutual's bylaws to give policyholders of \$100 premium or more an extra vote for each \$100 in premium. (The figure was later reduced to \$50.) As the largest policyholder in terms of premium dollars, Swift dominated the board until March, 1970, when it disclaimed control of the mutual "all for the purpose of avoiding compliance with the laws of various states requiring disclosure of information regarding control of insurance companies," the plaintiff has alleged.

Swift, the suit contends, was
Continued on page 2

Recommend added tax for near-bankrupt rail fund

WASHINGTON—President Nixon and Congress have been told that the nation's 37-year-old railroad retirement system is going bankrupt, it was disclosed last week.

A high-level commission, appointed by Congress in August, 1970, to study the retirement system, has recommended some major changes in the pension system—including a 2% tax on both the employer and the employe to keep the system solvent.

In essence, the report the commission submitted says that there are not enough active rail employes to support those now retired. At present, about 600,000 employes contribute to the plan, while more than one million retirees draw benefits.

"THE PRESENT reserve is not big enough to pay off the benefits of the current beneficiaries" let alone those of future retirees, said the report.

Enacted in 1935, the railroad retirement system is the only government-managed retirement system for a single industry. In recent years, moreover, Congress has tended to enact higher benefits without increasing the tax on employers and employes to pay for those benefits.

The commission that submitted the report was headed by Theodore O. Yntema, a former Ford Motor Co. executive. While one member of the commission—

George E. Leighty, a former railroad union official—dissented from the report, the document makes clear that the basic difficulty of the system is that employment in the railroad industry has steadily decreased while the number of retired beneficiaries of the fund has grown, a reality well established by the fact that there are now 600,000 active rail employes supporting more than one million retirees.

The typical retired rail worker receives pension benefits that are about twice Social Security benefits. However, he and his employer have, through the years, paid about twice as much in taxes to support the system. Under the Social Security system, however, the situation has been reversed, with the number of employes consistently rising faster than the number of beneficiaries.

Under the rail retirement system, the employer and employe

presently pay 9.35% on the first \$9,000 of annual wages. (This compares to 5.2% on Social Security.)

THE COMMISSION has advised that the rail retirement tax be increased immediately by about 2% on both the employer and employe. This, it said, would be needed just to keep the system solvent.

Congress, however, is soon expected to increase the benefit for retired rail employes by 20% to match the recently enacted Social Security increase. This would thus require a 2.5% increase in the employer-employe payroll tax. If this happens, the total tax for the rail retirement system would exceed 21% of payroll.

"Hard decisions have to be made. From the standpoint of the United States government and the general tax-paying public,

Continued on page 2

GOP takes a broad position on pensions

MIAMI BEACH—Nixon Administration proposals for pension improvement are given preferential treatment in the Republican party platform, but the document is broad enough on pensions to accommodate Republican backers of the Williams-Javits reform bill.

As drafted and approved by the GOP resolutions committee, the platform commits the Republicans to "strengthen private pension plans through tax deductions to encourage their expansion." This is in line with pending House legislation backed by the Administration.

The platform also states that the GOP "will continue to press for improved pension vesting and other statutory protections."

SIGNIFICANTLY, in the view of Senate staffers who are looking for GOP help in their attempts to gain passage of the Williams-Javits bill, the platform makes no "anti" statements regarding the bipartisan Senate measure or provisions such as voluntary portability or strict funding standards.

Regarding pending health insurance legislation, the platform does take an opposition stance. Referring to the Kennedy-Griffiths national health insurance bill, which is backed by the Democrats' platform, the GOP document says, "We oppose nationalized compulsory health insurance. This approach would at least triple in taxes the amount the average citizen now pays for health and would deny families the right to choose the kind of care they prefer."

Except for a Democratic platform statement calling specifically for portability and reinsurance for pension plans, the general campaign positions of both parties on pension reform are not far apart. It's expected, however, that sharp differences will emerge as specifics are debated. (See story on page 4.)

Ask huge rate hike on malpractice cover for Philadelphia physicians *Insurer...*

PHILADELPHIA—The Insurance Services Office has asked permission of the state insurance department to raise medical malpractice insurance rates for doctors here by 250% and in the rest of the state by 20%.

Insurance Commissioner Herbert S. Denenberg, who will take no action on the request pending further information from the ISO, attributed the mammoth proportions of the rate increase to the growing popularity of malpractice suits. He also noted the trend toward larger settlements and judgments and the liberal definition of malpractice being adopted by courts as other factors.

He said that the Philadelphia area's 2,000 doctors would be the hardest hit by the proposed increase with, for example, the premium for \$1 million worth of

malpractice coverage for a Philadelphia neurosurgeon shooting from \$1,697 to \$5,928. A neurosurgeon outside the Philadelphia area would pay \$2,042.

THE HIGHEST premiums, according to Mr. Denenberg, are paid by neurosurgeons, plastic surgeons, anesthesiologists and several other specialists while general practitioners pay the lowest amount for the coverage.

Mr. Denenberg, who estimated that the increase would cost Pennsylvania's doctors an extra \$325,000 a year, said the rate hike was "just one more symptom of a sick health delivery system. The malpractice mess brings together the worst aspects of our health delivery system and our legal system. It takes the doctor's mistakes and then runs them

through our inefficient and expensive lawsuit system.

"Malpractice premiums are sky-high and they help make the cost of medical care prohibitively expensive. But malpractice insurance is so inefficient that only 20% of the premium dollar goes to compensate the victim of malpractice. The present system of malpractice insurance even makes our auto insurance system look good, but only by comparison," he concluded.

A study conducted by the American College of Surgeons has predicted that one of every three U.S. surgeons will face a malpractice suit in the next five years. The survey said that more than 40% of responding surgeons were charged with malpractice at least once in the 1960s. ■

Recommend...

Continued from page 1

the willingness of the railway labor and management organizations to adopt jointly a firm long-range plan in the near future to finance the system on a reasonably sound and fully self-supporting basis for at least the next 30 years, can be regarded as a decisive test of whether a staff pension system for the railroad industry under its present aegis can survive," the report stated.

The commission, in its report, has recommended that tax in-

creases henceforth occur almost automatically to match future benefit increases, unless Congress specifically disapproved. The Railroad Retirement Board would set the size of the increase.

At present, the rail retirement system has a reserve of \$5 billion. The entire amount is invested in government securities. Last year the fund had a "negative cash flow"—paying out more than it received for the first time in history. According to the report, and assuming that similar conditions continue, the commission estimated that total bankruptcy would occur sometime in the 1980s. ■

Refunds for Agnes losses

HARRISBURG, PA.—The state revenue department has launched an accelerated program of tax refunds for Pennsylvania corporate businesses damaged by Hurricane Agnes in June.

"All corporate taxpayers may now elect to file amended 1971 tax returns to reflect in that year disaster casualty losses as a result of the flood," ruled Robert P. Kane, revenue secretary.

The ruling affects payments on the state corporation income tax and the state corporate net income tax. The U.S. Internal Revenue Service recently announced a similar ruling for federal taxes.

"The department of revenue is cognizant that many flood-ravaged corporations are running short of immediate cash for payrolls, expenses and rehabilitation needs," Mr. Kane said. ■

Continued from page 1

paid "huge sums" by Security Mutual which were nominally dividends but actually "wrongful rebates and diversions of the earnings and profits" of the insurer. In addition, Swift allegedly received large amounts of money from the mutual to cover its medical department plus legal and other expenses.

Another practice outlined in the complaint involves Swift employees being transferred to the insurance company whenever the need arose, thus insuring that a "substantial portion" of Security Mutual was run by former Swift employees. Related to this is the allegation that the mutual's employee pension plan was devised to give Security Mutual longevity credit to employees formerly employed by the company's insureds, namely Swift or members of the Swift group.

Consequently, the plaintiff states, Security Mutual was "required to and did appropriate and pay to the pension plan substantial sums to fund the past service credits of such employees for the period of their employment with Swift or Swift group companies," and, it continues, "inclusion of the prior service with Swift increased the current annual contributions required to be made by Security Mutual Casualty Co. for each such employee previously employed by Swift."

THE SUIT ALSO alleges that, under Swift control, Security Mutual reserves were "inadequate and insufficient" for purposes of inflating the company's surplus and earnings. Furthermore, the plaintiff states, Swift assimilated the insurer's earnings and surplus into its own financial statement in order to foster the illusion that Swift "owned" Security Mutual and to "create the appearance of greater earnings than Swift, in fact, had."

Swift's management, Security Mutual has claimed, invested that company's funds in unmar-

ketable securities of Swift subsidiaries, loaned more than one-third of Security Mutual's assets to Swift or Swift's group of companies and traded in the insurance company's equity portfolio "for the purpose of inflating the earnings of Security Mutual Casualty Co. presented in Swift's own financial statement."

Besides filing for antitrust damages, the complaint asks in excess of \$3.6 million plus interest for violation of the Securities Exchange Act of 1934 plus more than \$295 million in compensatory damages and \$25 million punitive damages, including \$60 million in lost profits and earnings, for breach of fiduciary duty.

A spokesman for Swift & Co. told *Business Insurance*, "We still haven't had time to thoroughly study the complaint. However, we know enough of the tenor of the allegations to enable us to state that the suit is without merit and will be vigorously defended." ■

Fire losses up in U.K.

Fire losses have risen in Britain to \$350 million in the past 12 months, compared with \$285 million in the previous period up to mid-1971. Substantial damage in northern Ireland bombings accounts for part of this.

GUIDE TO FEATURES

| | |
|---------------------------|-------|
| Washington Watch | 4 |
| Info for Buyers | 8-9 |
| Following the Funds | 11 |
| For the Record | 14 |
| Opinions | 16 |
| Perspective | 21-22 |
| Dates for Buyers | 24 |
| London Line | 26 |

Vol. 6, No. 18—Business Insurance is published every other Monday at 740 Rush St., Chicago, Ill. 60611. Controlled circulation postage paid at Chicago, Ill. Copyright 1972 by Crain Communications Inc.



like finding a needle in a haystack

Finding a needle in the insurance "haystack" is INRECO's specialty. Difficult-to-insure risks requiring special handling are INRECO's "hay". INRECO develops custom-designed insurance programs; formulates and creates tailored forms and contracts best suited to the specific risk and seeks connections with the most efficient underwriters.

INRECO with two offices to serve you better!

INRECO

111 East Wacker Drive - Suite 1425 Chicago, Illinois 60601
Phone 312/329-1406 TELEX: 25-5211 CABLE: INRECOCGO
1340 Wilshire Boulevard - Suite 1002 Los Angeles, California 90010
Phone 213/380-0670 TELEX: 67-3160 CABLE: INRECO.A



a Post Corporation company

THOMAS F. SHEEHAN, C.P.C.U. President

With the recent criticism leveled against Insurance Producers for failure to solicit Flood Insurance, we believe it is important that proper recognition be given producers of Excess Underwriters who did provide Flood Insurance to businessmen who were flood victims of Agnes' devastation.

Maryland
Gaithersburg
Halethorpe

Pennsylvania
Tremont
Shickshinny
Watsontown
Allentown
Canton

Pennsylvania (continued)
Hummelstown
Mansfield
Mifflintown
Mifflinburg
Troy

New York
Salamanca
Addison

Also, at the other end of the continent, Ex-Und's producer paid policy limits losses at Scottsdale, Arizona, for a flash flood.

This isn't the first time that Ex-Und's producers have responded to flood losses; further, when the February, 1971, Earthquake struck Southern California, Ex-Und's producers responded again to put businessmen back on their feet.

Over 1,000 Insurance Agents and Brokers are doing business the Ex-Und Way, which is to provide adequate insurance protection to their clients, not only for the usual or everyday loss situation, but most importantly for the infrequent but catastrophic loss. For more information about doing business the Ex-Und Way, please write or call.

EXCESS UNDERWRITERS, INC.

150 South Wacker Drive / Chicago 60606 / (312) 641-0033

Plans cover more than one million in California

Union members have fully paid health care plan

SAN FRANCISCO—More than a million California union workers now are covered by 421 major plans which help pay hospital, surgical and other medical costs for the worker and his family, with the employer bearing the entire cost of the plan.

The California department of industrial relations reports approximately 30% of the state's non-farm wage and salary workers were union members in 1970, last year for which records are now complete.

An estimated 98% of these workers, or 1,070,790, were covered by the negotiated health and welfare plans.

A substantial majority of the workers also enjoyed employer paid major medical coverage supplementing the basic plan, as well as life insurance and coverage for accidental death and dismemberment.

OF THE 421 plans involved in 307 collective bargaining agreements, 197 restricted 671,770 workers, or 63%, to the benefits of a single plan, while 212 gave 351,900 workers, or 33% a choice of two plans.

Only 4% of the workers, or 47,120, enjoyed plans which gave them the choice of three sources of medical or hospital care. At least 95% of the workers, or 1,019,810 enjoyed plans which provided similar care for their dependents.

Only 17,150 workers were members of eight plans which provided medical-hospital care only for the worker while 33,830 had plans which provided benefits only for their dependents.

The seven plans covering dependents only were either in the maritime industry, where members of off-shore unions receive free medical care at Public Health Service hospitals, or in the railroad industry, where some workers receive health care through hospital association programs.

Most of the 33,830 workers under the eight plans providing benefits for workers only were in industries with a comparatively high proportion of women and comparatively low average earnings, such as canning and preserving, laundering and eating and drinking places.

EMPLOYERS PAID the full cost of coverage provided by 371 of the 414 health plans with benefits for employees. These plans accounted for 88% of the workers with such coverage.

The 43 remaining plans required employees to pay part of the expense of their own coverage.

Dependents' benefits were fully paid for by the employer under 329 of the 413 plans, accounting for 79% of the workers. Another 76 plans, accounting for 19% of the workers, required sharing of the cost.

Under the eight remaining plans, covering 2% of the workers, the employees could purchase dependents' coverage at their own expense.

WILLIAM C. HERN, director of the industrial relations department, pointed to one significant change in employer-employee cost sharing since the last similar analysis was completed in 1965.

The percentage of workers under plans with dependents' coverage, required to pay all or part of the cost, declined during the period from 28% to 21%.

"This means, of course," Mr. Hern explained, "that the number of workers for whom the employer pays the full cost of dependents' coverage has risen correspondingly."

For half of the workers covered, all benefits were provided on an indemnity basis through a contract with an insurance company. Another 24% were covered by plans written by either Blue Cross and California Physicians' Service or by Blue Cross and CPS jointly. The third largest group, 15% of the workers, had service benefits provided through the Kaiser Foundation Health Plan which contracts with Kaiser Foundation Hospitals and

the Permanente Medical Groups for hospital and physicians' services.

KAISER FOUNDATION pre-pays physicians the equivalent of a per capita amount for all covered services, whereas Blue Cross and CPS pay a fee for each service rendered.

A comparatively small number of the plans, only 15, covering 7% of the workers, were self-insured for all basic worker benefits. Most of the 15 provided for direct payment to vendors.

Among these, however, three covering 2,400 butchers, food clerks and factory workers in southern California, provide

medical and surgical care through closed panel group practice arrangements with some degree of union participation in management.

Only seven plans, accounting for 3% of the workers, combined Blue Cross hospital benefits with commercially insured or self-insured medical and surgical benefits.

THE DISTRIBUTION by carrier of all workers under plans providing dependents' coverage was almost identical with that for workers under plans with employe coverage.

Insurance companies accounted for 51% of the workers; Blue

Cross, CPS or both, for 24%; Kaiser Foundation Health Plan for 14%; and self-insured plans for 7%.

Construction laborers in northern California and retail food clerks in southern California comprised the bulk of the workers whose health care benefits coverage shifted to a self-insured status in the last five years.

These increases, according to Mr. Hern, were offset by declines in the Blue Cross and insurance company shares of workers under major plans with employe coverage.

HOSPITAL benefits for ill or
Continued on page 33

How to get pension plan problems out of your system

Use ours

By ours we mean APPS (Administration & Proposal Pension System), Fidelity's uniquely automated pension and profit sharing system which will give your clients what they need. And give you what

you must have: a complete, problem-free service that will work for you while you're working on other things, and make money for you for years to come instead of draining it off after those first year commissions are gone.

There isn't nearly enough room here to list all the facts about APPS. Facts like (a) APPS is a continuing service that efficiently reduces your overhead and practically eliminates your work-load, (b) APPS plans may be integrated with Social Security, the Railroad Retirement Act, or any other plan of deferred compensation—including correlation with collective bargaining plans, (c) APPS creates and annually



maintains an individual corporate Master Record containing all pertinent Trust, Plan and Employee Information.

If you want to know all there is to know about APPS, every last word is in an interesting, informative Fidelity kit. Write to us for one. Or, if you would prefer an APPS proposal send the usual corporate data to APPS, P.O. Box 2368, Richmond, Virginia 23218. This may very well be the end of your pension plan problems.

 **Fidelity Bankers Life**
A Division of Fidelity Corporation / Richmond, Va.



washington watch

Private pension reform supporters must play political waiting game

By JOHN REVETT
Washington editor

WASHINGTON—Backers of private pension reform legislation are wondering about Republican campaign policy while waiting for the word from Senate Democrats.

Reportedly, the Senate majority whip, Sen. Robert Byrd (D.-W.Va.), had the Williams-Javits pension bill high on his list of legislation to be brought to the

floor before the November election. With the co-sponsorship of 15 of the 17 Senate labor committee members behind it, the measure, combining fairly strict funding and vesting requirements with a voluntary portability provision, would have good credentials on arrival for a vote.

But, as seen in the roll call that sent federal no-fault auto insurance standards back to committee for further study, the Democratic majority is seldom

rallied to a man, even when the party's Presidential platform calls for it.

SO, DEMOCRATIC Senators who want the Williams-Javits bill passed will be seeking help from the Republicans, those not already committed to the legislation. Sen. Javits has worked long to develop. They are hopeful of enough bipartisan support to push the bill through, but there are doubts.

One problem pension reform backers have to contend with is that while many GOP senators lean toward the Williams-Javits bill, they are expected to be much more dependable in the coming two months on votes that involve party policy. And the Nixon Administration has been backing milder pension reform than that of Sens. Williams and Javits.

Sen. Javits pressed hard during GOP platform sessions in Miami to have a broad position on pension reform adopted. It was understood that a main objective of the Javits effort was to head off attempts to include in the platform wording that would specify Administration-backed proposals such as the "rule of 50" (age plus service) on vesting. Such specifications, according to Javits staffers, would signal a fairly hard line by the White House and might cause Senate colleagues otherwise favorable to

Williams-Javits to back off in a showdown vote.

Javits staff sources say that on the other hand a platform statement along the lines of "an aim of the Republican party should be to ensure retirement income security" would indicate a softer position and might serve as a green light to GOP senators on the fence.

WILLIAMS-JAVITS supporters would also be happier with no GOP pension statement at all rather than one that might work against their bill. Part of their hope for a broad statement reflecting a go-easy Administration policy stems from a feeling that the White House can afford Senate passage of the stricter legislation since the more conservative House would be likely to force compromises on some provisions anyway.

The GOP platform makers were also under pressure to come out strongly against strict pension rules. The U.S. Chamber of Commerce, for instance, called on the platform committee to "encourage individual and corporate efforts toward providing retirees with adequate income" and to avoid "government restrictions that would hamper (pension plan) growth." The chamber's document submitted to the committee said employers and employees "should remain free to work out retirement plans that are best suited to their own needs." It also stressed, as Administration-backed legislation does, "income tax deferral for employees who defer income for their retirement." Whether the money is put toward retirement privately or through contributions to a company plan.

Most Senate sources agree, however, that what the Republican platform says or doesn't say about pensions won't be quite as important as last-minute lobbying among individual senators and pressure groups if the Williams-Javits bill does come up for a sooner-than-expected vote.

If it doesn't, the bill will be in somewhat the same position as the Hart-Magnuson no-fault insurance measure. That's the feeling of many in government who have been following the progress of both. They see a number of similarities in the legislative situations and the forces working for and against both measures: Each is believed by its backers to have enough support, though hardly proven in the case of Hart-Magnuson, for Senate passage; each faces Administration alternatives that have substantial backing; each will probably be re-shaped to some extent if sent on from the Senate to the House.

BOTH BILLS have also been the subject of more emotional debate and have resulted in more deep differences among lobbyists, government staff people and elected officials than lobbyists, government staff people and elected officials than any insurance- or work-related legislation that has reached the Congressional vote stage recently.

One prominent Senate staffer, super-strong on no-fault, reportedly was urged to vacation, and did, while the Hart-Magnuson bill moved into the Senate for a vote. As it was, staffers who usually lobby and take losses calmly protested long and loud at what they felt was desertion by Democrats to sidetrack the bill. If there is one main difference between the legislative possibilities where the two bills are concerned it's that not many observers here can quite imagine the Williams-Javits bill being voted down by the Senate. But that doesn't mean it won't happen.

Here comes PEG.



Presenting Bill White, your competition-bred ParComp professional.

Customizing participating workmen's compensation programs to meet specific risk needs is one of Bill White's major and most important contributions to PEG's producers and customers. He's an underwriter's underwriter.

Producers and risk managers alike are impressed with his high level of underwriting competence. His keen insight and flexible attitude help position brokers and

agents for participating workmen's compensation market competition.

Bill's marketing-oriented Underwriting Department is another important facet of the proud PEG team of claims specialists, professional auditors, loss control specialists and dividend program experts.

When it comes to comp, we make it happen.



Kathy Keay, 1972 PEG Girl—symbol of super service for risk managers and producers.



**Pacific Employers
Insurance Company**
An INA Corporation Company

Our business is to help you take the gamble out of your business.

The Wausau Story.

If you run a business, you know there are plenty of risks to contend with. You don't need any extra ones.

At Employers Insurance of Wausau, we've got ways of helping you control your own destiny.

Take workmen's compensation insurance. Our computers hold information on 369,000 injuries and 350 million dollars in injury costs covering 200 different kinds of businesses.

What's more, we know which particular types of accidents in each industry represent the greatest threat to life and limb. If you're a Wausau policyholder, we *share* this information with you so you can take steps to protect your employees from accidents in the most efficient way.

By doing so, you're not only saving human suffering, but you're doing something that shows up on

the company ledgers. Because when you can exercise control over accidents, you can reduce your workmen's compensation costs. And it's always been true—money saved is just as good as money earned.

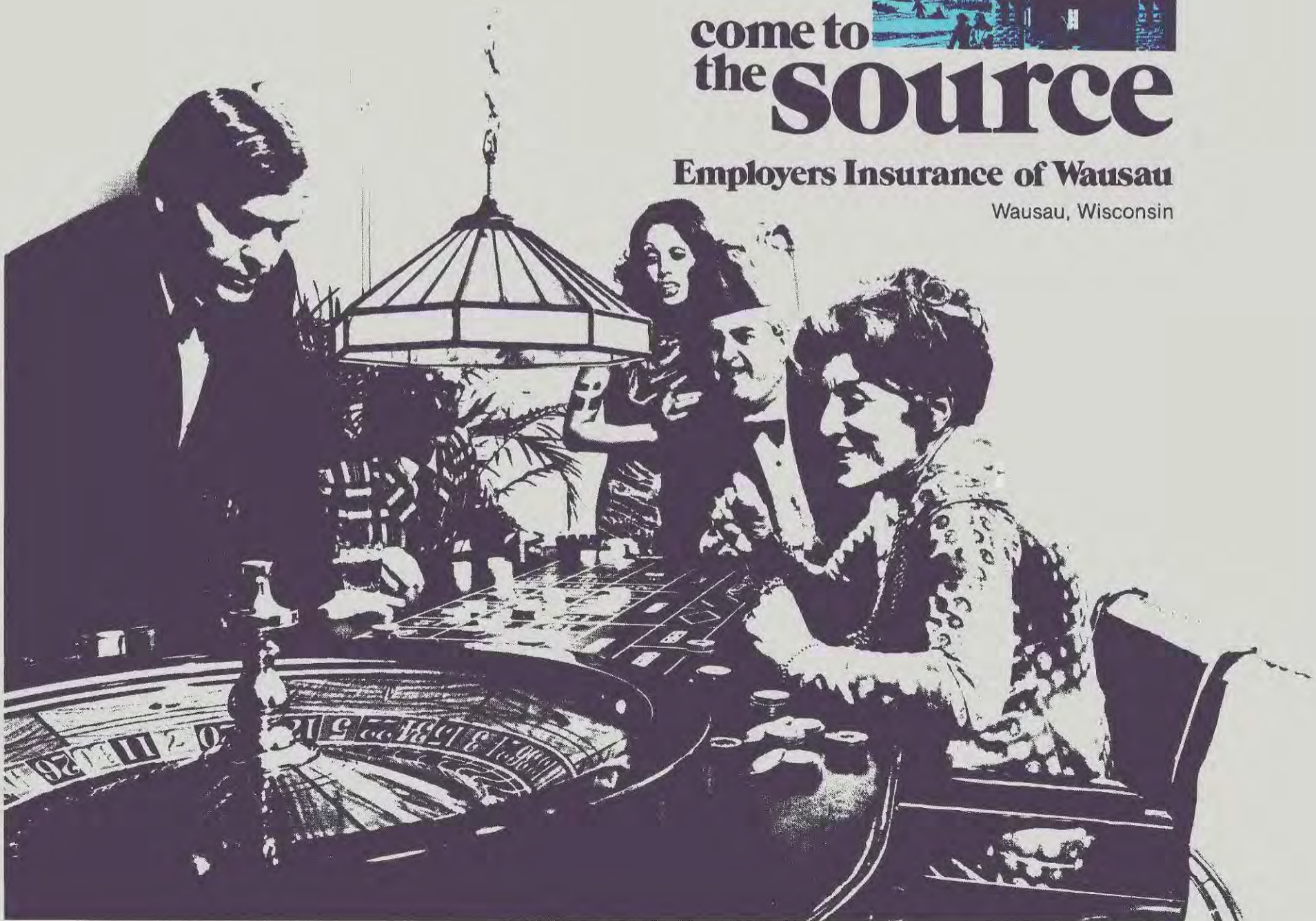
It's our way to help you reduce a risk that all businesses face. All things considered, the insurance company with the best "book" on that risk is your best bet, isn't it?



come to
the **Source**

Employers Insurance of Wausau

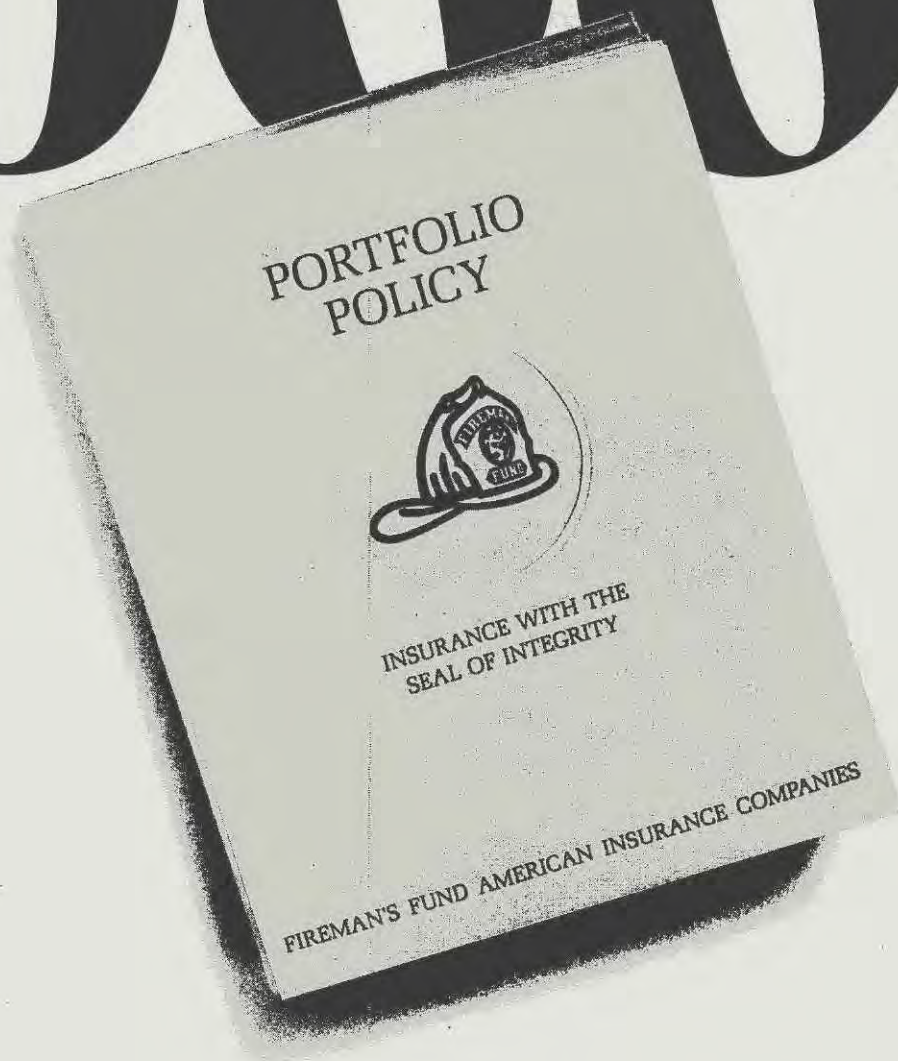
Wausau, Wisconsin



Savings



s book.



If you asked us, we could write a book.
Called The Portfolio Policy.

Which takes most all your separate business policies and turns them into just one policy. Property, liability, casualty—the whole works. All in one policy—to help eliminate risky gaps and overlaps in protection!

Result: you save time. You save paperwork.

And, in most states, you save as much as 25% in premiums.

So ask us—by calling the independent agent who represents Fireman's Fund.

When it comes to being helpful, he wrote the book.

Checking package policies? Always check the hat!



info for buyers

• **Executive Equity** is a pamphlet describing a new program of retirement benefits designed by Compensation Planning Corp. for key executives already receiving group insurance in excess of \$50,000. For your free copy write Ned A. Miller, exec vp., Compensation Planning Corp.,

666 Fifth Ave., New York, N. Y. 10019.

• **Property Insurance . . . Need for Appraisal Service**, is a brochure released by American Appraisal which discusses insurance and value, value requisites for proof of loss, how to keep value

current and appraisal service for insurance. For a free copy write E. J. Francione Jr. at the company, 525 E. Michigan St., Milwaukee, Wi. 53201.

• General Adjustment Bureau has made available **Nature' Destructive Forces**, a 47-page, illustrated booklet describing in layman's terms: thunderstorms, hailstorms, tornadoes, hurricanes and how to protect yourself in the event of one. The booklet is illustrated with photographs,

maps and charts and available without charge from GAB, management services, 123 William St., New York, N. Y. 10038.

• **The Process of Recovery: Patterns in Industrial Back Injury**, an initial report of a research project conducted by Teknekron Inc. and published in *Industrial Medicine & Surgery* journal is now available as a reprint for \$2.50. The four-part booklet contains information on costs and other quantitative measures, predicting outcomes from early case data and mapping the health care process. To obtain the reprint write to Medical Publications For Industry Inc., reprint division, P. O. Box 7151, Ft. Lauderdale, Fl. 33304.

• Huggins & Co. Inc. has released its November, 1971, bulletin containing a summary and discussion of revenue ruling 71-446 stating the new tax qualification rules for integration of retirement plans with Social Security. In addition to describing the ruling in some detail, it also focuses on areas where existing plans may require change. For a copy write the company at 1401 Walnut St., Philadelphia, Pa. 19102.

• The United States Aircraft Insurance Group has made available the **Legal Liability of Manufacturers of Aircraft and Aircraft Components**. The pamphlet dis-

titled the **BPQ (Benefit Plan Quotient) Analysis** which explains a method to measure and compare—on a quantitative basis—the survivor, disability, medical and retirement benefits of a company. Comparisons can readily be made with other company's plans. For a free copy write M. P. Dickenson Jr., president, Miller, Mason & Dickenson Inc., 21 E. School House Ln., Philadelphia, Pa. 19144.

• **More Effective Employee Benefits Communications** is a brochure released by Halltech Associates describing how their reports are vital to the success of an employee benefits program. The brochure outlines their role in helping employees to understand and to be aware of their benefits program and its specific meaning to them. Copies are available by writing Edward McCaffrey, Halltech Associates, 200 E. 42nd St., New York, N. Y. 10017.

• The Equity Funding Corporation of America offers four brochures describing its new series of business insurance packages incorporating the company's leverage concept which enables individuals to purchase insurance and mutual funds in a coordinated program. The pamphlets cover Equity's close corporation, deferred compensation, key man and partnership programs. Copies may be obtained by writing Mr.

COMPLETE Ocean AND Inland Marine

FACILITIES AVAILABLE
TO AGENTS & BROKERS OF MEMBER COMPANIES

MUTUAL MARINE OFFICE, INC.

55 JOHN STREET, NEW YORK, N.Y. 10038 • 212-233-7880

—Marine Managers—

ARKWRIGHT-BOSTON MANUFACTURERS MUTUAL
INS. CO.
EMCASCO INSURANCE CO.
EMPLOYERS MUTUAL CASUALTY COMPANY
GRAPHIC ARTS MUTUAL INSURANCE COMPANY
LUMBER MUTUAL FIRE INS. CO. OF BOSTON, MASS.

MERCHANTS MUTUAL INSURANCE CO.
MUTUAL BOILER & MACHINERY INS. CO.
MUTUAL FIRE, MARINE & INLAND INS. CO.
UNION MUTUAL INS. CO. OF PROVIDENCE
UTICA MUTUAL INSURANCE CO.



IRM

individual risk underwriting

Sprinklered or Non-Sprinklered Properties • We write qualified commercial risks on an individual basis, whether sprinklered or non-sprinklered, protected or unprotected, combustible or non-combustible.

Commercial Inland Marine • You don't have to be a specialist to take advantage of IRM's excellent facilities on big inland marine lines from \$50,000 to \$1,000,000 and more.

Excess Coverage • Depend on IRM experience, service and individual underwriting when you need capacity beyond the limits of primary insurance.

Large and Small Capacity • Underwriting facilities cover properties from \$150,000—with capacity in the millions available.

IMPROVED RISK MUTUALS

15 NORTH BROADWAY • WHITE PLAINS, N.Y. 10601

Branch Offices: Atlanta • Chicago • Detroit • Los Angeles • San Francisco

CONTACT A MEMBER COMPANY: American Manufacturers • Central Mutual • Consolidated Mutual • Employers Mutual Casualty • Grain Dealers • Indiana Lumbermens • Iowa Kemper • Iowa National • Lumbermens Mutual Casualty • The Lumbermens Mutual • Merchants Mutual • Michigan Millers • Michigan Mutual Liability • The Millers Mutual • Pennsylvania Lumbermens • Pennsylvania Millers • Unigard Mutual • Utica Mutual

To receive literature listed in Info for Buyers write directly to the name and address accompanying each item, mentioning that you saw the offering in *Business Insurance*. Readers are welcome to submit items for possible inclusion in the column. A sample of your literature should be sent to Info for Buyers, *Business Insurance*, 740 Rush St., Chicago, Il. 60611.

cusses the increasing scope of liability, sources of liability, aircraft design, fabrication and testing, components, aircraft repair, and safety features. Copies may be obtained by contacting USAIG, 110 William St., New York, N. Y. 10038.

• **The Problems of Total Remuneration in the European Economic Community and United Kingdom** is a revised brochure on wages, salaries, benefits and other forms of employee remuneration in the Common Market countries and U.K. Available from Towers, Perrin, Forster & Crosby, you can order your free copy by contacting Joseph A. Banik at TPF/C, Three Penn Center, Philadelphia, Pa. 19102.

• **International Group Life and Pension Services** is a detailed source book from the Swiss Life Insurance and Pension Co. The brochure discusses experience rating in multinational plans and unallocated funding as well as offering more specific information on the company, its methods of handling the two topics mentioned, the scope of its international network and services provided. To order your free copy write the company, General Guisan Quai 40, 8022 Zurich, Switzerland.

• The Swiss Life Insurance and Pension Co. has produced a pamphlet, **Risk Premium**, describing the nature and incidence of risk in relation to employee benefit plans and the actuarial determination of risk premiums. To receive a copy without charge write the company's international department, General Guisan Quai 40, 8022 Zurich, Switzerland.

• Miller, Mason & Dickenson Inc. has prepared a pamphlet en-

Henry Gold, Equity Funding Corporation of America, 1900 Avenue of the Stars, Los Angeles, Cal. 90067.

• The Insurors Press has released its 1972/1973 catalogue of educational products, listing books and devices in the areas of audio-manual and audio-visual, continuing manuals and licensing, professional education and topical books. A 50¢ handling charge may be applied to a buyer's first catalogue purchase. Write Insurors Press, catalogue sales department, P. O. Box 1430, Santa Monica, Cal. 90406.

• Johnson & Higgins has produced a special two-page bulletin on automated multiphasic health screening entitled **Multiphasic Screening: A Step in Preventive Health Care**. The bulletin deals with examination procedure, costs and the effect of test results, and details six points an employer considering multiphasic screening should consider. Copies are available free by writing Donald R. Marcy, Consultant, Johnson & Higgins, 95 Wall St., New York, N. Y. 10005.

• **The Research Institute of America has De-Coded the Federal Tax Law** is an explanation of the use of the tax coordinator program which analyzes relevant source material on tax questions in laymen's language. Made available free from the Research Institute of America Inc., copies may be obtained by writing Milton Margolin, Research Institute of America Inc., 21 Clark St., Randolph, Ma. 02368.

• **Contractors All Risk Insurance**, presented by American International Underwriters, explains in detail all the coverages AIU can provide a contractor or

builder doing business overseas, as well as the special engineering and claims facilities the company has to offer. To order write American International Underwriters, Dept. A-14, 102 Maiden Ln., New York, N. Y. 10005.

• The Marine Office—Appleton & Cox Corp. has made available a reprint of **Marine Insurance Today—and Tomorrow** by John B. Ricker Jr., chairman of MOAC. The article deals with most major aspects of marine insurance in relation to the changing world situation. For copies contact MOAC, 123 William St., New York, N. Y. 10038.

• The American Society for Industrial Security has published a **Directory of Technical Services and Consultants**, a handbook containing a state-by-state listing of those offering scientific law enforcement and investigative services. Copies are free to members, \$1 for additional copies and for non-members, by writing ASIS, 2000 K St., N.W., Suite 651, Washington, D. C. 20006.

• Homemakers Home and Health Care Services Inc. has prepared a package of information that describes how insurance companies, industries and self-insurers can reduce the costs of many workmen's compensation, accident and health claims. Homemakers provides paraprofessional and other services in the home which may allow a claimant to be discharged from the hospital sooner. For a free copy write to R. E. Rosenberg, national insurance program director, Homemakers Home and Health Care Services Inc., Kalamazoo, Mi. 49001.

• **Recommended Safety Requirements for Shoring Concrete Formwork**, prepared by the Scaffolding & Shoring Institute, includes definitions and general safety requirements for shoring. Copies of the booklet may be obtained from the institute, 2130 Keith Bldg., Cleveland, Oh. 44115.

• **Brief Bank Index Supplement 1971** has been produced by the Defense Research Institute Inc. Available to institute members, the index is an up-dated listing of briefs available through the institute's brief bank service. Single copies are available to DRI members for a handling fee of \$1 each, prepaid. Write DRI, 1000 W. Wells St., Milwaukee, Wi. 53233.

• **What Every Businessman Should Know about Pension and Profit-Sharing Plans** has been released by the Provident Mutual Life Insurance Co. The booklet discusses the factors which induce an employer to install a pension or profit-sharing plan, the factors which help the employer decide between a pension or profit-sharing plan and the various methods of funding the selected plan. For your copy contact the advertising and public relations department, Provident Mutual, 4601 Market St., Philadelphia, Pa. 19101.

• **Considering Dental Care Benefits for Your Group** has been made available to *Business Insurance* readers by Delta Dental Plans Assn., 211 E. Chicago Ave., Chicago, Il. 60611. The pamphlet discusses prepaid dental care as an employe benefit, how to evaluate dental care programs, questions to ask dental plan carriers and program costs. Single copies may be obtained on a complimentary basis by writing James Bonk, director of enrollment and plan services at the association.

GAO report blasts mine bureau's fine collections

WASHINGTON—The United States Bureau of Mines has been accused in a report by the General Accounting Office of failure to earnestly levy and collect fines for safety violations against mine operators.

The accounting office's report pointed out, as the mine bureau consistently does, that the bureau had assessed \$12.5 million in safety penalties against mine operators since the inception of the Federal Coal Mine Health and Safety Act of 1969. That figure is used by the bureau itself to show critics how tough it has been in enforcing the act's safety inspection provisions.

However, according to the report, only \$1.4 million had ac-

tually been collected by the bureau while \$2.7 million had either been forgiven or refused. The remaining \$8.4 million had simply not been collected.

Hearing officers have no guidelines under which to weigh appeals, the report indicated, and, for this reason, there had been little substantiation for the frequent reduction of initial penalties during appeals.

FOR EXAMPLE, one case study told of a mine operator who, while protesting 54 separate safety violation assessments, actually denied only four specific violations. But, for reasons not entirely clear, the hearing officer reduced the fines for those four

violations, as well as 33 others. Of those reductions, 31 of them cut more than half of the original amount from the penalty.

The man who requested the General Accounting Office study, Rep. Henry S. Reuss (D.-Wi.), chairman of the House government operations subcommittee on conservation and natural resources, also asked that a special study be done of the appeals of the Pittston Co. It was a Pittston subsidiary, Buffalo Mining Co., whose slag-heap dam near Man, W.V., burst in December, causing a flood that killed 119 persons.

That study showed that of 37 appeals by Pittston, 16 assessments were upheld and 15 were reduced by a total of \$129,000. The study found "little documentation to support such reductions."

Rep. Reuss, although the report mentioned no names, laid the blame for the apparent laxity on the part of the bureau on its

former chief assessment officer, Edward D. Failor.

He said that Mr. Failor, who is now a member of President Nixon's campaign staff, had actually "violated the law" by not sticking to the time limit under which mine operators can protest safety violation assessments. He pointed out that Mr. Failor had ordered an appeal period of 30 days even though the bureau rules stipulated 20 days.

Other case studies in the report showed that two mine operators had their protests received by the bureau 33 and 38 days late, respectively, but the bureau "did not consider the delays to be a basis for finalizing the proposed assessment order or to be a waiver of the mine operators' right to protest."

Mr. Failor would not comment on the matter but it was pointed out that he was given an outstanding efficiency rating when he left his position.

Is there a new solution to the old problem of loss prevention?

Now there is! Not long ago Marsh & McLennan gave it's top loss prevention analysts a tough assignment: develop the most comprehensive program ever devised to protect lives and safeguard property in business and industry.

We created a new name, too: M&M Protection Consultants. And they came through, in spades! They developed a loss control concept that goes far beyond the scope and skills of the average insurance broker.

This concept includes: an exceptionally comprehensive survey of your loss prevention procedures. Analyses of past accidents and specific suggestions for remedies. Extensive analyses of business interruption loss potential. A detailed guide for complying with the complex Occupational Safety and Health Act. Analyses of pollution problems, with specific solutions. More efficient methods of coping with employee theft, industrial espionage, product liability loss. And much more.

Find out how our total loss control program can serve your company, help you make money by saving you money. Ask for our brochure, "M&M Protection Consultants". Write: A. C. Rand, vice-president, Marsh & McLennan, 1221 Avenue of the Americas, New York 10020.

We can do more for you.

MARSH & McLENNAN

World's leading insurance brokers

WORKSHOP REGISTRATION

Mail to: Workshops
c/o Business Insurance
740 Rush Street
Chicago, Il. 60611

Please enter my early registration for:

- BOTH the Product Liability Workshop and Benefits Communication Workshop.
- Product Liability Workshop (October 23-24)
- Benefits Communication Workshop (October 24-25).

Enclosed is my registration fee totaling \$ _____
 Please bill me.

Tuition rates: \$115 per workshop or \$200 for both workshops if payment is received by Sept. 29, 1972. After that, tuition is \$140 per workshop or \$250 for both.

Name _____ Title _____
Company _____
Address _____
City _____ State _____ ZIP _____

Top attorney booked for upcoming product liability workshop in Chicago

CHICAGO—Nationally known experts on product liability and employe benefits communication have joined the faculties of the *Business Insurance* Product Liability Workshop and Benefits Communication Workshop to be held Oct. 23-25 at the Hyatt Regency O'Hare.

Product liability, a billion-dollar headache for corporate managers, will be examined in sessions beginning at 6 p.m. on Monday, Oct. 23, and continuing through 4:30 p.m. on Tuesday, Oct. 24.

The Benefits Communication Workshop will open with an awards banquet on Tuesday, Oct. 24, and conclude on the evening of Wednesday, Oct. 25.

Among faculty members for the Product Liability Workshop are:

- Leonard M. Ring, noted Chicago trial lawyer, who

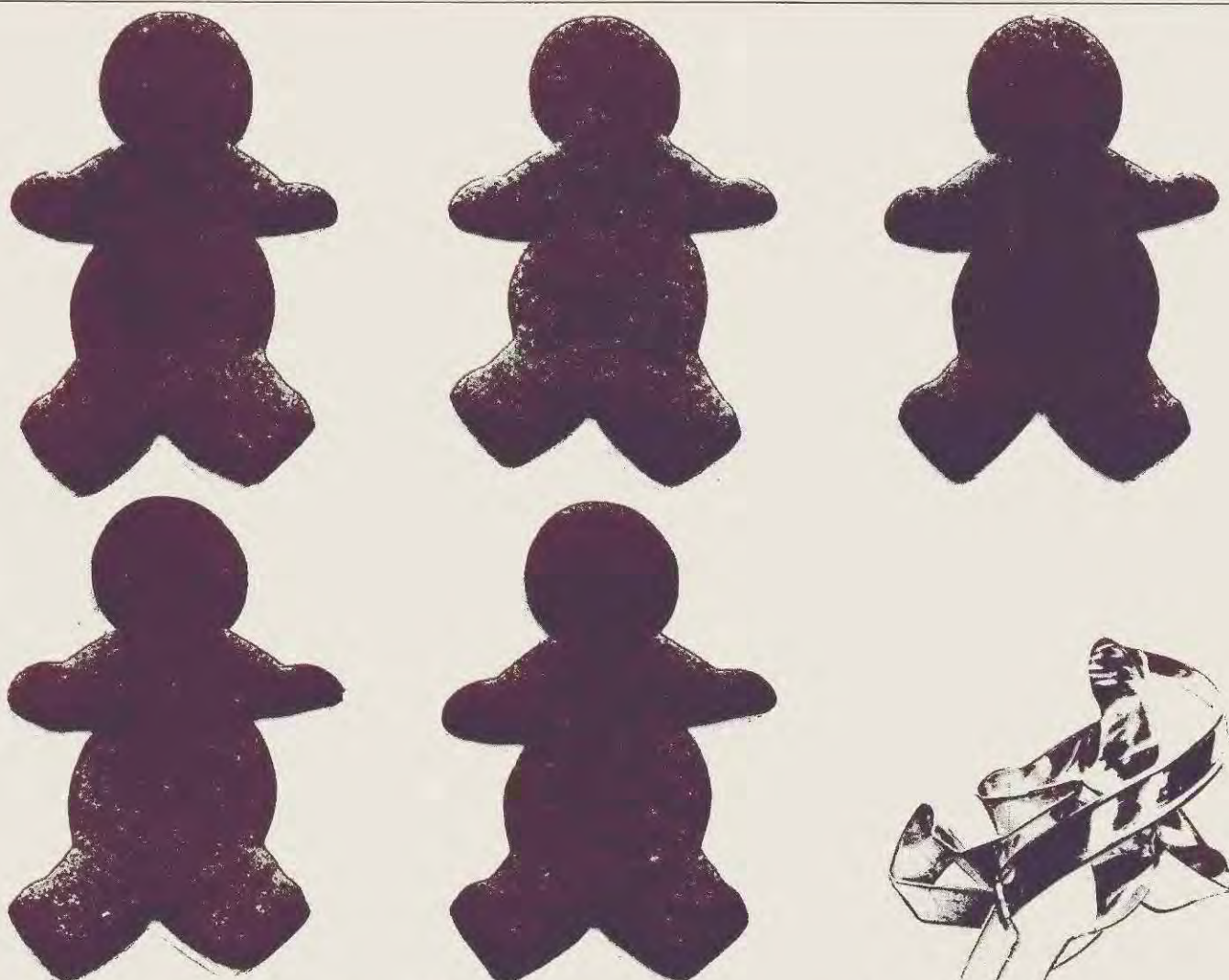
brought the suit that voided the Illinois no-fault auto insurance law. Mr. Ring has wide experience in product liability litigation and will describe the problem

Register by telephone

CHICAGO—Listfax telephone numbers have been established for *Business Insurance's* Product Liability and Employe Benefits Communications Workshops. Those who call in may have their reservations confirmed immediately at early registration prices stated on this page.

To register toll-free, call 800-243-6000. Connecticut registrants have their own number: 1-800-882-6500.

An operator will confirm your registration in either or both workshops.



Gallagher breaks the self insurance mold.

If you have thought of self insurance as being essentially restricted to workmen's compensation, then you'll be pleased to know that we go far beyond that. Gallagher offers coverage for all additional exposures: property, automobile, general liability, products liability, and dishonesty.

Further, our services are provided with simplicity because we've cut through the morass of insurance company red tape and bureaucracy. Our innovative reporting systems are quick and efficient, and all details are taken care of for you.

Our clients, corporate and institutional self insurers, are profiting every day by keeping their premiums in their own working capital. During 1971, our 44th year, our Gallagher-Bassett Division handled more than 19,000 losses and claims, and administered funds exceeding \$9,000,000 in behalf of these clients. In addition, our complete nationwide professional on-the-spot services can give you enormous savings at no risk. We will be glad to provide a detailed competitive comparison of your present program at no cost or obligation. Simply contact us.



ARTHUR J. GALLAGHER & CO.

1 E. Wacker Drive, Chicago, Illinois 60601 • Phone 312/321-1700

- A Nationwide Organization Providing Excess Coverages and All Related Services for Self Insurers
- Brokers for Commercial, Industrial, and Institutional Insurance Programs

from the point of view of plaintiffs' lawyers.

- Robert Schaible, product manager-liability of Employers Insurance of Wausau, a veteran insurance executive with experience in the claims and underwriting aspects of product liability insurance. Mr. Schaible will review product liability from the insurers' point of view and discuss product liability coverage with workshop participants.

- "Product Liability—Loss Prevention and Control," an animated cartoon film produced by Kaiser Aluminum & Chemical Corp. to instruct its managers and employes in the development of product liability law and its application to present-day claims prevention.

- Risk Managers and Product Claims, a panel discussion of the risk manager's responsibilities in preventing and handling product liability claim. Panelists include Edward D. Hansen, risk manager and attorney for Trans Union Corp.; N.E. Nilsson, assistant treasurer, Walgreen Drug Stores, and Ralph A. Parilla, administrative coordinator for Pepsi-Cola General Bottlers Inc.

OTHER SUBJECTS to be covered in workshop discussions include product testing, the de-

Continued on page 28

HERE'S HELP

for insurers in determining & minimizing their policyholders' products-liability risk situations.

- DESIGN AND PROCESS EVALUATION
- QUALITY ASSURANCE SYSTEMS & MONITORING
- HAZARD DETECTION
- LIABILITY ANALYSIS
- IN-PLANT TRAINING
- STANDARDS FORMULATION AND CERTIFICATION COMPLIANCE
- LABEL, ADVERTISING AND LITERATURE REVIEW
- LOSS-EVENT RECONSTRUCTION



HAZARD EVALUATION AND LIABILITY PREVENTION DIVISION
ASSOCIATED TESTING LABORATORIES
9 BRIGHTON ROAD, CLIFTON, N.J. 07012
(201) 473-6455

following the funds

State fund has option to buy exchange seat

HARTFORD—In an attempt to recapture commissions paid to stockbrokers, the state of Connecticut has obtained an option to purchase a seat on the PBW/Stock Exchange (formerly the Philadelphia-Baltimore-Washington exchange) for its \$700 million pension fund.

"We are only waiting on a ruling from the attorney general's office saying that we have the legal stance to purchase the seat," explained Robert I. Berdon, state treasurer. "But we are not expecting any problem with this."

If Connecticut completes the purchase (at a cost of about \$9,000), it will become the first state to obtain a seat on a stock exchange for its pension funds.

"We don't know how much trading we will be able to do through the exchange," Mr. Berdon noted. "We have had several conferences with insurance companies which own their own seats. From our talks, we found that the companies do an average of 20% to 25% of the total amount of their trading through their exchange seats."

"NOW, WE HAVE no way of knowing how much trading we could handle, maybe only 10%, although we hope it would be more," he added.

Connecticut has been faced with the expense of brokerage commissions since the state started trading in common stock in April. "We have just begun to deal with these stocks, but within three years, I hope to have 50% of the pension funds invested in equities and common stock," said Mr. Berdon.

"By that time, investment income and contributions should bring the funds up from \$700 million to about \$1 billion. So, if we put 50% of that in common stock, it would mean an investment of about \$500,000 million," he remarked, noting that an exchange seat would cut those investment acquisition costs considerably.

Meanwhile, Massachusetts state treasurer Patrick Sullivan remarked that his office would adopt a "wait-and-see" attitude regarding Connecticut's move.

Mass plan is written

HARTFORD—Members of the Merrow Machine Co. employees' credit union will be able to buy auto insurance at savings ranging from 5% to 15% through a new mass marketing contract newly signed with Aetna Life & Casualty.

The Aetna plan, called EPIC (Employees Personal Insurance Counseling), guarantees that any of the 300 members will be eligible for the plan as long as they have a valid license and registration.

Participating members are being offered a full range of standard coverages, including up to \$1 million in liability protection. Premium payments will be automatically deducted from member credit union accounts.

The credit unit got the Aetna plan through William R. Penrose & Co., Hartford insurance agency.

"IT WILL BE interesting to see how the experiment works out," Mr. Sullivan said, "We're always looking for new ideas on how to save the taxpayer money."

As of June 30, the Massachusetts state pension funds totaled \$618.1 million with only about \$46.7 million invested in common stock.

The funds, representing teacher and state employe retirement systems, are currently invested through conventional channels, principally via brokerage firms, Mr. Sullivan pointed out.



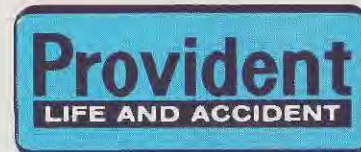
In markets you may not realize: Workmen's Compensation

(No. 4 of a Series)

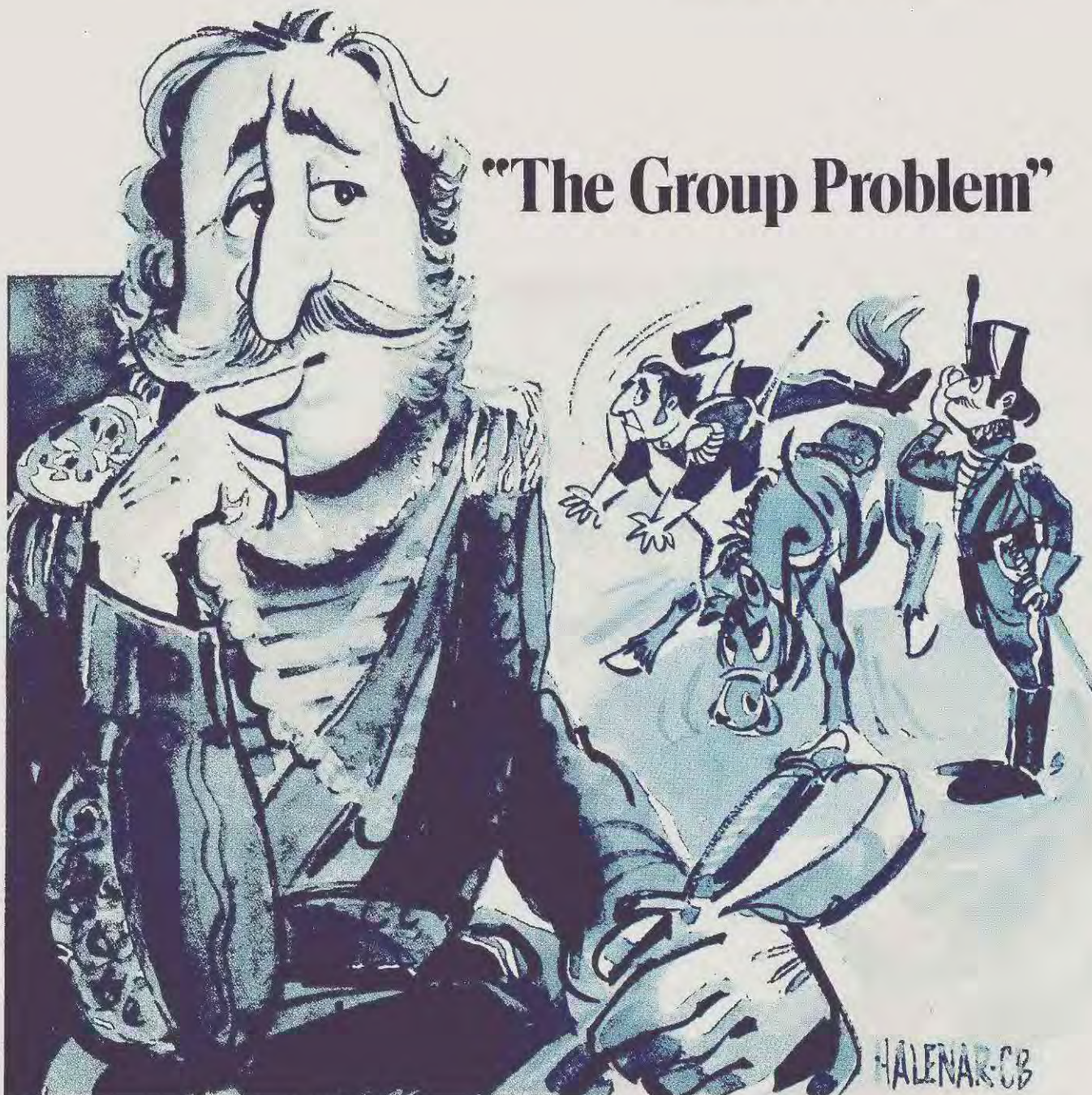
Cardigan had it with the Gallant Six Hundred.

Boston had it with the Social Four Hundred.
Even Ali Baba had it with the felonious forty
... The Group Problem!

Sooner or later one of your clients may run into it. If that happens, remember us. We help brokers solve The Group Problem.



GROUP DEPARTMENT / CHATTANOOGA



"The Group Problem"

HALENAR-CB

Shut-out workers ask initiation of federal severance pay legislation

WASHINGTON—Textile union officials, who contend that an FMC Corp. rayon plant hit by Hurricane Agnes is being liquidated by its "well-insured" owner without regard for loss of jobs, are calling for legislation to require employers to grant special severance pay to workers displaced by shutdowns.

In a letter to Sen. Harrison A. Williams Jr. (D-N.J.), Senate labor committee chairman, the

Textile Workers Union of America (AFL-CIO) urges the committee to draft a bill "holding employers involved in plant liquidations responsible for part of the cost" of rehabilitating employees and communities affected. The letter says that "at the very least, legislation should be enacted that requires a severance pay allowance adequate enough to enable a displaced worker to make the necessary adjustment to his new

status."

The union called FMC's closing of its American Viscose Rayon Division plant in Lewistown, Pa., "a classic example of an overriding concern for property" over workers. Some 2,200 employees "will lose their jobs with no prospect of other employment," the union letter said.

REGARDING the plant, which was heavily damaged by flood-

waters of the Juniata River, the union contended that "the company appears to be emerging from this catastrophe in eminently sound condition. It is being well compensated by insurance and can recover the remainder of its losses through tax write-offs."

An American Viscose spokesman acknowledged "fairly complete" flood coverage of the plant under a \$500,000-deductible program provided by "a group of companies led by Factory Mutual." He said damage to the plant and other company facilities in the area came to about \$20 million.

But he said the plant "had to close. It would have taken four to six months to get back into

production, and our principal buyers couldn't wait." He said this led to the company ruling out a union offer to help raise the \$500,000 not covered by insurance and keep the plant operating.

In its letter to Sen. Williams, the union said that under its proposed severance pay law "younger workers should be allowed a stipend to cover the cost of being trained for alternative employment and relocation" as well as enough for "necessary adjustment." It said older workers "should receive special allowances to permit their early retirement" in addition to a general allowance.

The American Viscose spokesman said "those qualifying for retirement" among the Lewistown workers "will get it," but he added that the number who qualify hadn't been determined. He said vesting under the company's plan starts after 10 years of service. ■



Can this man really be in 13 places at once?

If you stop to consider the fact that R. B. Jones has offices in 13 different cities, including Sydney, Australia... the answer is yes. For a long time now people have been looking up to us in the Midwest. But R. B. Jones didn't get to be the nation's No. 7 broker just by staying put. Our presence can also be felt from shore to shore. From North to South.

R. B. Jones is growing by leaps and bounds all the time. But that's only one of the reasons we sorta feel

like Superman. We're pretty proud of our performance record, too.

Our specialists tackle every risk management problem with imagination and determination.

N. Y. to L. A., we want your insurance business. We'd like to show you just how super we really are.

R.B. JONES
INSURANCE

3
N. Y. to L. A.
and strong in
the middle, too.

Wilson indicted in new case

NEW YORK—Philip M. Wilson has been indicted under new charges by a federal grand jury here.

Mr. Wilson, who figured in a St. Louis mail fraud case involving minimutual insurance companies shortly after *Business Insurance* disclosed shady insurance operations he and associates were involved in, has since pleaded guilty to other charges in a Miami federal district court.

He is one of ten persons indicted by the jury in a stock manipulation and extortion case involving a small stock brokerage house in New York.

The indictment charged Mr. Wilson and others with conspiracy, fraud, extortion, obstruction of justice and interference with the operations of a second brokerage house, A. H. Simon & Co.

THE CASE in which Mr. Wilson pleaded guilty in April, involved alleged instances of fleecing businessmen in an advance fee swindle in which prospective builders lost an estimated \$75 million in escrow money. An additional \$75 million was lost by insurers and companies that purchased reinsurance from Trans-Continental Casualty Insurance Co., a company that had formerly been based in Nassau, Bahamas, and described as a "suitcase" operation. Mr. Wilson and an associate, Charles E. (Carl) Brown, who also pleaded guilty to similar charges, have not yet been sentenced in that case (*Business Insurance*, April 10).

Predating the Miami case, which was described as the largest (\$150 million) mail fraud case ever brought in a federal court, was the St. Louis case which centered around the sales of allegedly worthless insurance coverage by minimutual companies operated by Mr. Wilson and his associates through a loophole in Missouri regulatory law.

Those insurance activities were first brought to public attention in a series of articles in this magazine that began on Dec. 2, 1968. At that time his insurance agent's license was lifted by the Missouri insurance department. ■

Campus damages

Damage to University of Wisconsin buildings in Madison in the August, 1970, bombing of Sterling Hall has been set at \$2.125 million.

Protect your profits in ways you may not have thought of.

Talk to a company you may not have thought of.

Using insurance to protect your company's profits is nothing new. There's everything from key man insurance to business interruption insurance to product liability coverage. And many more.

You may even have more sophisticated programs going for you. Like partial or total self-insurance, or even a "captive" insurance company.

These are just some of the ways we look after your profits at Alexander & Alexander. After all, we've been involved in risk management and transfer for over 74 years.

And then there are some ways of protecting profits that you may not have thought of.

For example, take your Employee Benefits Program.

Our Consulting Actuarial Division can help you trim the costs of the benefits you're now giving.

Without trimming the benefits.

First, we'll help you select the best investment vehicle for

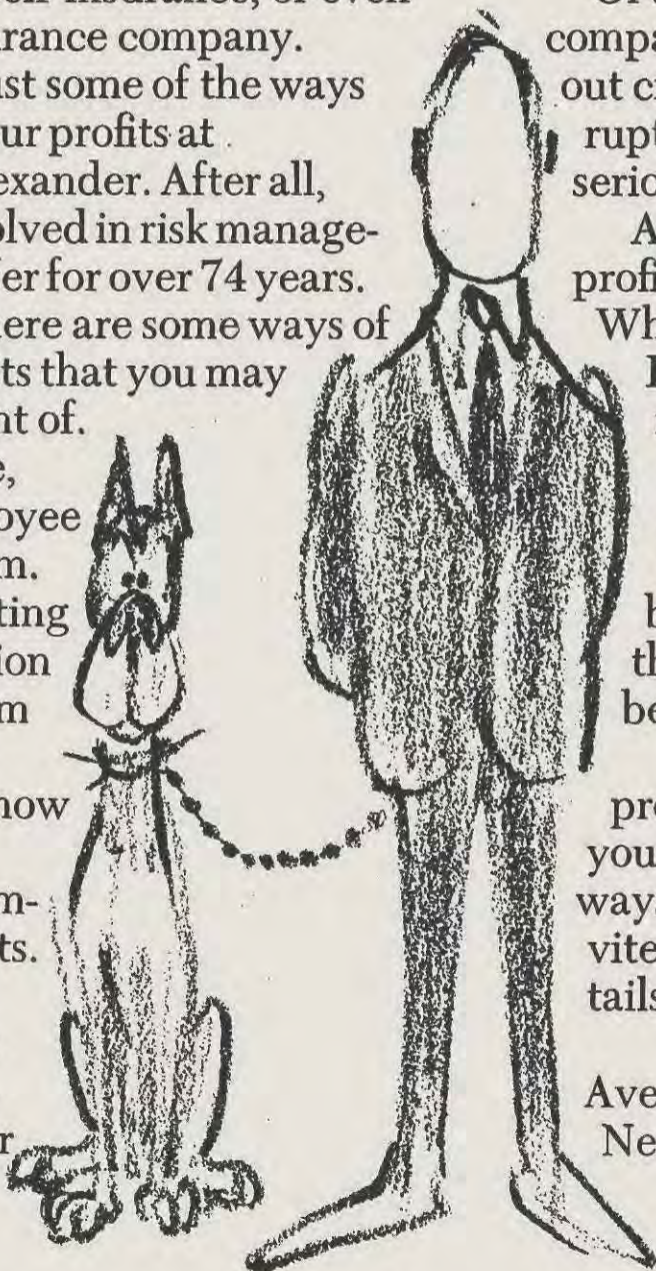
your pension and benefit funds. And then, through advanced and highly specialized actuarial techniques, we'll establish the optimum rate of accumulation for those funds.

So your pension assets won't pile up so rapidly that you'll be misusing your capital resources.

Or accumulate so slowly that your company might face a future payout crisis that would not only disrupt your cash flow but, more seriously, threaten your earnings.

Another way to shelter your profits is to motivate your people. Which is why we offer Benefacts. It's the industry's first—and most outstanding—personalized annual benefits statement that maps out, for each of your employees, his entire benefit program. (Let's face it, there's not much incentive to benefits no one knows about.)

Since it's our business to protect your profits in every way you can think of, and in those ways you haven't, we cordially invite you to write us for more details: Alexander & Alexander, Information Service, 1185 Avenue of the Americas, New York, New York 10036.



We've made a name for ourselves. Now we're out to make a face for ourselves.

Alexander & Alexander

for the record

Blues reach settlement with IRS employe union

WASHINGTON—A suit, brought against Blue Cross-Blue Shield by the National Assn. of Internal Revenue Service Employees, has been settled out-of-court with the Blues agreeing to pay claims for in-hospital diagnostic services.

The agreement, however, will apply to all of the federal government's two million employees, not just members of the IRS employe's union. The union's suit had asked \$350,000 damages for its members who had been denied diagnostic admission cover-

age, but union officials estimated that the extension of the benefit to all federal employes could cost the Blues close to \$10 million.

Charging that Blue Cross-Blue Shield had violated its health benefits contract with the Civil Service Commission by denying payment for services involving in-hospital diagnostic admissions, the union filed suit early last May.

UNDER THE settlement, any insured who incurred that type of expense will be allowed to recover his supplemental benefits—\$100 deductible per calendar year and payment of 80% of the total costs—if he files prior to Dec. 31, 1973. The agreement also allows anyone who had claims denied to re-file.

The Blues, in a memorandum dated June 23, 1971, had indicated that in-hospital diagnostic admissions would not be covered under its contract with the federal government. The date of the memorandum led to other problems.

The IRS employe union had complained that the Civil Service Commission had been negligent in not telling subscribers of the new provisions of the contract but the commission indicated that it knew nothing of the memorandum until February of this year.

The out-of-court settlement also provides that the Blues must make their standards public so subscribers will know whether in-hospital tests will be covered. At the same time, civil service will be responsible for publicizing the settlement to all federal employes and telling them of their right to file.

Seek investigation of farmers' rates

SALEM, OR.—An investigation of the Oregon state accident insurance fund has been demanded by the state board of agriculture and Roger Martin, chairman of the natural resources interim committee of the legislature.

Mr. Martin asked Gov. Tom McCall to establish a task force to conduct the investigation into charges that farmers must pay high rates for their compulsory insurance. He was joined in the request by Irvin Mann Jr., state agricultural director.

Charles B. Gill Jr., manager of the state insurance fund, explained a 1965 change in Oregon law included agriculture in the insurance requirement and at that time the rate was \$12 for each \$100 of payroll.

Since then the rate has jumped to \$16 per \$100 of payroll while industry, as an average, pays \$2.70. The rate paid by farmers is based on the number of claims and costs with the Northwestern Compensation Rating Bureau determining the rates based on a system used by the National Council on Compensating insurance.

Brazil gets new export cover rules

SAO PAULO, BRAZIL—The Brazilian Reinsurance Institute is about to announce a series of
Continued on page 31

Call REUBEN WARNER ASSOC, INC and leave the shopping to us

General Agents, NEW YORK, NY

SPECIALISTS IN GROUP TRAVEL & ALL FORMS OF ACCIDENT & HEALTH
(212) 964-3670

Here's an Employee Benefit Program your employees won't forget.

The Travelers now offers an Employee Savings Program that could play an important role in your employees' life . . . and in the life of your company. We call it "ESIP".

What makes "ESIP" unique? It offers your employees a painless way of saving money, with significant tax advantages. It's also one benefit your people will remember for years to come. We help to make sure of that with our regular, up-to-date financial reports for each employee account.

But "ESIP" benefits employers as well. To you it can become an important tool to help attract and retain good people. And, it can mean a tailor-made addition

to your present benefit package at low and predictable costs to your company.

Employee acceptance is high wherever "ESIP" has been introduced.

To find out more about this new Travelers Program simply fill out the coupon, and we'll mail you a descriptive brochure.

Act now, and give your employees something they will remember. "ESIP."



THE TRAVELERS



Please send me the Travelers "ESIP" brochure.

Name

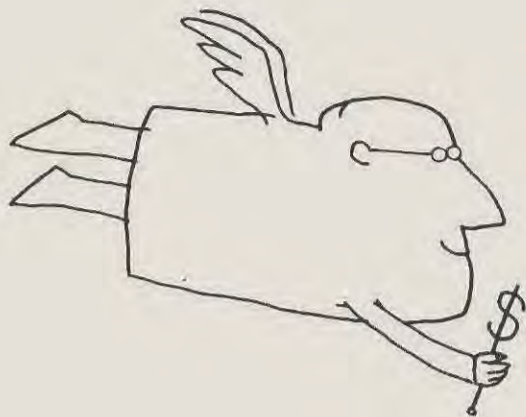
Title

Company

Address

City State Zip

MAIL TO: Group Pension Division, Dept. BI
The Travelers, 1 Tower Square, Hartford, Conn. 06115



From the chairman to the 25th vice president, even. That's how comprehensive The St. Paul's Directors' and Officers' Liability policy can be.

No matter how careful and responsible your board of directors or your corporate officers are, as they serve your company they run the risk of being frowned on—maybe even sued—by a stockholder or the like.

That can be a scary prospect for all of you!

Since you don't like even thinking about costly misunderstandings, The Directors' and Officers' Liability Policy from The St. Paul is much more pleasant to consider.

In the remote chance that allegations should be made against your board of directors individually or collectively, and unsuccessfully defended . . . The St. Paul policy will see to it that the directors or officers involved will be reimbursed for loss and expenses.

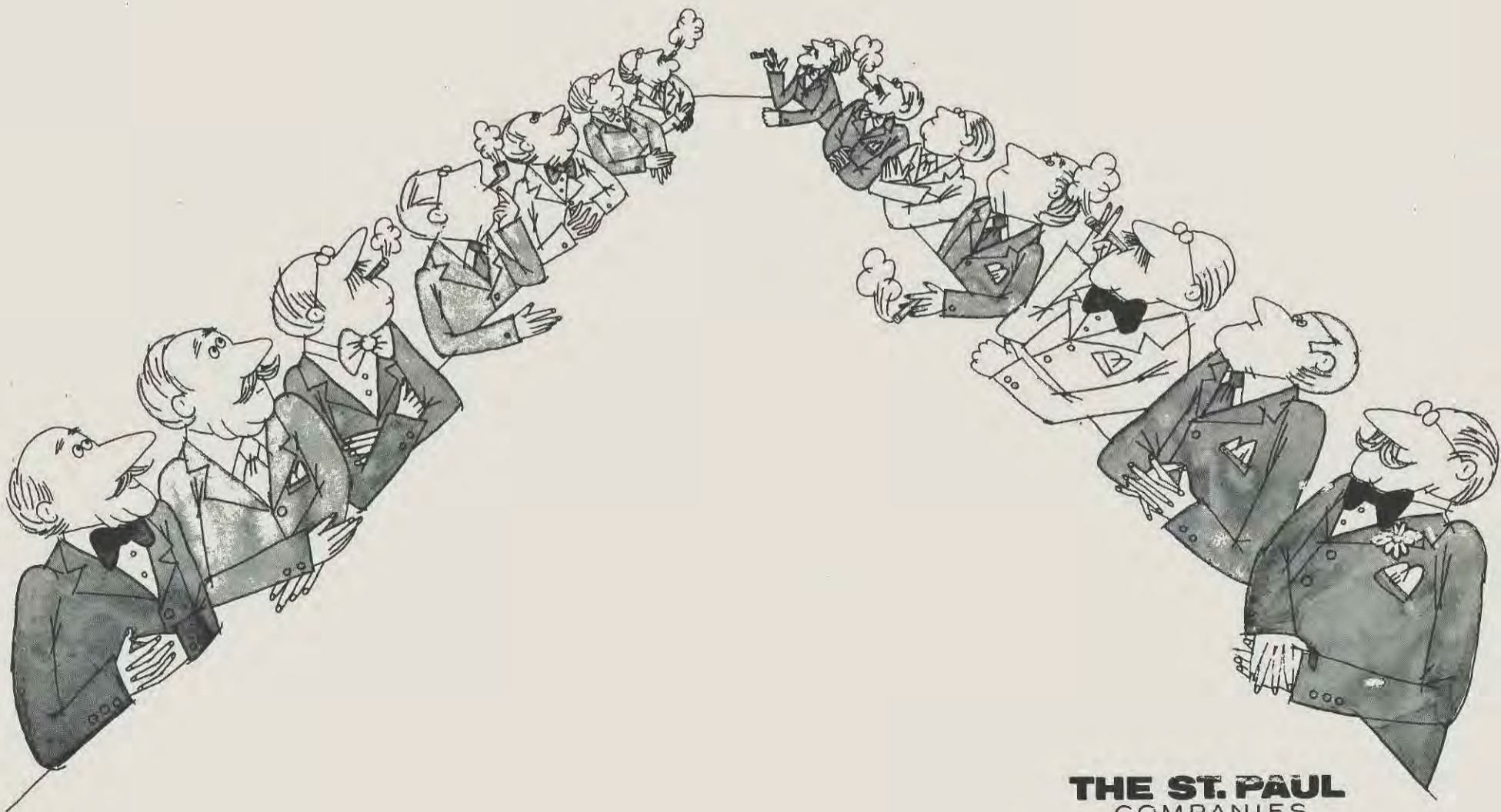
Likewise, your corporation will be protected from costs of loss and expense should company officers be successful in defending themselves in allegations of negligent acts, errors or omissions.

Directors' and Officers' Liability Insurance makes for better feelings and a little more security, all the way around. . . especially across the Board.

Let a St. Paul agent explain all the details. Call him for a chat, he's in the Yellow Pages.

The St. Paul Companies, recognized by quiet, distinguished service for 119 years.

The St. Paul's Directors' and Officers' Liability policy covers you across the Board.



**THE ST. PAUL
COMPANIES**



Serving you around the world . . . around the clock

editorial opinions

A dual and difficult role

IN A RECENT NEWSLETTER Rep. Sidney R. Yates (D.-Ill.) expresses his concern that the House of Representatives has passed a bill giving industries that used cyclamates in their manufacturing processes prior to the government ban in 1969 the right to prosecute financial loss claims in the court of claims.

Rep. Yates' concern lies in the facts that this move may establish "a very undesirable precedent" and that industries were made aware of the hazards of cyclamates as long as seven years before the final government proscription. (In 1962 the Food and Nutrition Board said, "The priority of public welfare over all other considerations precludes the uncontrolled distribution of food stuffs containing cyclamate.")

Our concern lies more in a related contention made by Rep. Yates and other opponents of the measure—that "companies using cyclamate had received ample warnings over the years and that any prudent businessman would have known that his further use of cyclamates would be at risk." This statement touches directly on the question of the risk manager's role within his company not only as a guardian of corporate welfare but also as a bastion of consumer responsiveness, a dual role not designed to win friends.

PRODUCT DEVELOPMENT and research are not expected to be the risk man's forte but within a corporation he bears the ultimate responsibility for the safety of all products, which means the boundaries of his job are flexible and hard to define.

Rep. Yates has praised companies such as Pepsi-Cola and Coca-Cola for development of non-cyclamate drinks in advance of the government's ban. Risk men in these companies were apparently looking out for their corporations' welfare by looking out for consumer welfare. We don't know if these companies would press financial loss claims if the House-passed bill became a law but we don't believe that taxpayers should be required to pay \$100 mil-

lion or more to industries that used food additives that were harmful to taxpayers—industries that should be hiring risk managers to keep such products off the marketplace.

In imposing the cyclamate ban the government took punitive action. Passage of a bill to pave the way for financial compensation for loss resulting from the ban removes the incentive for companies to be alert to consumer needs and to what is going on within

Thanks, Bill Mortimer

THE NEWS that William S. Mortimer, director of risk management and insurance at Norton Simor Inc., has left that corporate risk management position to join Insurance Co. of North America strikes us as something more than just an opportunity for Mr. Mortimer to round out his insurance career.

INA has named Mr. Mortimer director of planning for risk management services. It is a new post, and it is being filled by a man who is enormously well qualified, a man who knows as well as anyone what risk men are now demanding from their brokers and insurers.

Mr. Mortimer's departure from the strictly corporate side of risk management will of course be felt—initially and most strongly perhaps by his former employer who must now fill his shoes. His future absence from activities of the American Society of Insurance Management, moreover, creates another gap. With genteel wisdom he led that society a few years ago and the directions he established for ASIM then have indeed left their mark.

Beyond this, however, Bill Mortimer's appointment to a responsible job with a major insurance company is a somewhat interesting paradox, for while there has always been a considerable amount of mobility in the insurance-related fields risk men have not often been called upon by insurers to fill important management functions,

their own companies. And it places an extraordinary burden on already overburdened taxpayers.

Rep. Yates says consumers are in no position to assure the safety of every product they buy.

The Consumer's Federation of America says, "... the cyclamate industry should not be rewarded for adding a substance with these serious risks to our food."

We agree.

such as that to which Mr. Mortimer has been named at INA. It is one more reason to believe that risk management has matured to even another degree of sophistication and importance.

To Bill Mortimer: Thank you and future success.

What if . . .

THE LAST ISSUE of *Business Insurance* carried a front page article detailing insurance problems the Republican party was having.

In essence, the GOP was searching vainly for riot and civil commotion coverage for last week's Miami confab.

Readers of this magazine can appreciate the problem. It's the sort of thing their days are made of.

While unlikely to have happened, it strikes us as interesting that President Nixon himself might have been the ultimate risk manager in this particular case. Maybe it would have gone something like this:

President Nixon (on the phone to an insurance industry supporter, a company chairman perhaps):

"Say, —, we're having this little problem. . . I wonder if you could . . ."

"Sure, Dick. Don't give it another thought. I'll take \$10 million in excess of \$5 million. I'm sure we can get the primary in the FAIR plan."

business insurance

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

G. D. CRAIN, JR., Chairman
ALFRED MALECKI, Publisher

S. R. BERNSTEIN, President
RANCE CRAIN, Editorial Director

STEPHEN D. GILKENSON, Editor (New York)

TERESA NORTON, Managing Editor (Chicago)

Associates: Chicago—LESLIE MURRAY, RICHARD B. ROBERTS, New York—PATRICK A. THOMAS, LYNN M. LATHAM, Washington—JOHN REVETT, Art Director: JOE FARACI.

Correspondents: San Francisco: KENNETH R. MACDONALD (415-474-8532). Minneapolis: ROBIN SUHRBIER (612-786-5483). Hartford: ALLEN M. WIDEM (203-232-3101). And in all principal cities.

Contributing Editors: ROBERT ABRAHAMSON, insurance manager, Control Data Corp., Minneapolis. J. E. BENOIT, J. E. Benoit & Assoc., St. Leonarc, Quebec. DONALD BERRY, vice president, C. B. Lilly Inc., East Orange, N. J. WARREN G. BROCKMEIER, director-western region, risk management dept., Ebasco Services Inc., Chicago. HAROLD A. CLARK, senior consultant, Peat, Marwick, Mitchell & Co., Newark, N. J. BION H. FRANCIS, insurance consultant, Milford, Conn. JOHN W. GILES, attorney at law, Washington, D. C. JOSEPH GULLO, vice president of insurance, D. H. Overmyer Co., New York. NORMAN HOFFMAN, corporate insurance director, National Industries Inc., Louisville Ky. PAUL C. JOHNSON, insurance division, U. S. Maritime Administration, Washington, D. C. ROBERT J. KAMIN, partner, Gofen & Glosberg Investment Counselors, Chicago. CHARLES LEVINSON, director of insurance, United Brands Co., New York. NED MILLER, vice president, Compensation Planning Corp., New York. J. P. OLSEN, assistant counsel, Ingersoll-Rand Co., Woodcliff Lake, N. J. HOWARD L. PECK, partner, Hewitt Assoc., Deerfield, Ill. WILLIAM H. RODDA, president, Marine Insurance Handbook Inc., Chicago.

Advertising
District managers: New York—CHARLES A. HORVATH, THOMAS J. O'MARA
Chicago—ROBERT L. NIESSE
Los Angeles—DENNIS KOCH
Production manager: Chicago—JOHN JAMKA
Manager, marketing services: New York—DAVID E. COHEN
Assistants to publisher: New York—ROSLYN ROBINSON
Chicago—GIGI SIEGEL

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

Published at 740 Rush St., Chicago 60611 (337-5200). Offices at 630 Third Ave., New York 10017 (YU 6-5050); National Press Bldg., Washington, D.C. 20004 (Re 7-7659); 6404 Wilshire Blvd., Los Angeles 90048 (OL 1-3710). 45 cents a copy, \$10 a year in U. S., Canada and Pan America. Elsewhere \$4 a year extra. WILLIAM STRONG, circulation director. ROGER DIGREGORIO, subscription manager. Four weeks' notice required for change of address. Address all subscription correspondence to subscription manager, Business Insurance, 740 Rush St., Chicago, Ill. 60611.



Member of Business Publications Audit of Circulation



letters

This column is a readers' forum. Letters are welcome. Address Letters to the Editor, Business Insurance, 740 Rush St., Chicago, Ill. 60611.

Bahamas report

To the Editor: We are subscribers to your magazine *Business Insurance*, and I am told that sometime in the past few months you published a list of agents and brokers in the Bahamas who are now approved.

So far my efforts to locate that list in the back numbers of your magazine have not been successful, so I wonder if you could let me know in which issue the list appeared.

D. J. Mundy

Keith Shipton & Kininmonth Ltd., London

Editor's note: The listing of Bahamas agents and brokers appeared in the March 13, 1972, issue of *Business Insurance*.

A thank you

To the Editor: Thank you for your thoughtfulness in sending me a copy of the May 22 *Business Insurance*, which contains Teresa Norton's excellent digest of the material which I let her use while she was here visiting us in the office.

I hope that what I said and what she presented in her concise article is what she wanted and what your organization felt was important for your field of interest.

R. J. Stull

Exec VP, American College of Hospital Administrators, Chicago, Ill.

More d&o cover

To the Editor: I was reading recently in *Business Insurance*, July 17th, an article entitled "CNA jumps into the d&o market; signs pact with Stewart, Smith." In the last paragraph, you were mentioning that only two other companies, American Home and St. Paul, were writing any substantial amounts of d&o. I would like to mention that locally, here in the Province of Quebec, we have developed programs for d&o which provide limits up to \$500,000, where coverages and rates are, we think, competitive.

Pierre Chouinard

Exec VP, Gérard Parizeau, Ltée, Montreal, Que.

Kudos for Thomas

To the Editor: This is to thank you for the excellent job that Patrick Thomas did on the Leeds and Northrup Co. story that was carried in the May 22nd issue in the safety/security section. The story really caught the essence of the kind of relationship that PMMI enjoys with this particular client, which in turn, is the prototype relationship that PMMI strives to create with all its clients.

I especially enjoyed his dramatic lead (involving a quote from the PMMI company engineer) that put a clear frame of reference around all that was to follow in the story.

James G. Barrett

Associate Public Relations Director, Spiro & Assoc., New York City

It's never been so easy to pick the right life insurance. Just pick the right coupon.

Whether it's ordinary life. Single premium annuity.
Decreasing term. Or a wide variety of other term policies.
You can find the life insurance coverage your prospect needs.
AI Life has them all.
With a list of special features that are hard to resist:

- No policy fees.
- Rates based on age last birthday.
- 3 year setback for women.
- Large limits.
- Discount-banded rates.
- And speedy underwriting.

One more thing. AI Life, a broker-oriented organization, is a member company of American International Group. Which means you can count on us for world-wide capabilities and strong reinsurance facilities.

Let us tell you more. Just as soon as you start clipping, we'll start talking.

ailife
American International Life Assurance Company of New York
Dept. A, 102 Maiden Lane, New York, N.Y. 10005

LEVEL TERM INSURANCE:
Please send me more information.

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

ailife
American International Life Assurance Company of New York
Dept. A, 102 Maiden Lane, New York, N.Y. 10005

ORDINARY LIFE:
Please send me more information.

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

ailife
American International Life Assurance Company of New York
Dept. A, 102 Maiden Lane, New York, N.Y. 10005

DECREASING TERM:
Please send me more information.

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

ailife
American International Life Assurance Company of New York
Dept. A, 102 Maiden Lane, New York, N.Y. 10005

SINGLE PREMIUM ANNUITY:
Please send me more information.

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Client's date of birth _____ Male Female

Monthly Annuity \$ _____

Annuity Purchase Date _____

Single Premium Sum \$ _____

Duration:
 5 years Period Certain 10 years Period Certain 15 years Period Certain
 No refund Installment refund

AILife is also competitive in Single Premium Deferred Annuities, Joint & Survivor Annuities and many other brokerage products.

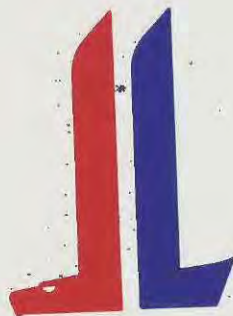
American International Life Assurance Company of New York

A member company of the American International Group
102 Maiden Lane, New York, N.Y. 10005.



Today – going as far back as
anyone around here can remember –
Great American has fewer
outstanding claims and lawsuits in
proportion to premiums written
than ever before.

That's good.
That's the way it should be.
Our business isn't arguing claims;
it's paying them.



GREAT AMERICAN INSURANCE COMPANY

(The brand new hundred year old company.)

Publish Agent/Broker Profiles as Directory

Because of the demand for the profiles, tables, charts and analyses contained in the July 31 issue, this information will be published in the form of a 6" x 9" desk-top directory. The annual *Business Insurance Directory of Commercial Insurance Agents & Brokers*, September, 1972, edition will contain this important information for use by corporate insurance buyers, financial institutions, consultants and government officials. Readers may order copies by filling in this coupon and mailing it to: *Business Insurance*, 740 Rush Street, Chicago, Il. 60611.

Please send me _____ copy (s) of the *Business Insurance Directory of Commercial Insurance Agents & Brokers*, September, 1972, edition.

NAME _____
COMPANY _____
CITY _____
STATE _____
ZIP _____

COST
1-9 copies
\$4.95 each
10 or more
\$3.95 each

Bill me at the above address

New Arizona health plan for state employes has five options available

PHOENIX—The Arizona Personnel Commission has adopted a health insurance program for the state's 22,000 employes, providing them with five options of coverage.

The commission also announced the state will pay \$20 per month of the cost for each employe, utilizing all of the funds that will be available when the plan is put into operation Oct. 1.

Original plans called for the state to pay only \$15 per month if it had been possible to put the plan in operation July 1 for the whole fiscal year.

The plan will be serviced by Blue Cross-Blue Shield and Pacific Mutual Life Insurance Co.

HOUSE MAJORITY leader Burton Barr, one of the sponsors of the bill authorizing state participation in the health insurance program, praised the commission's action.

"I feel that the personnel commission did an outstanding job in trying to develop a plan in accordance with the legislation. . . . But it is just a start," he stated.

He pointed out that the Arizona Health Plan provides more options for state employes than those of any private employers, and he said further options are envisioned.

"A preventive medical program is in the process of being worked out," he noted, "and

should be available as an option some time next year."

REP. BARR said that adoption of the state plan is almost certain to result in insurance companies offering some of the same options and health services to the private sector, it was reported.

Several state agencies, such as the department of public safety and Arizona game and fish department, objected that their present rates are lower than those offered by the new plan even without the \$20 subsidy. They asked to be allowed to retain their present plans.

Rep. Barr said the legislation gives them the right to do this, but he expressed the opinion that the rate differential eventually would disappear and they would elect to come under the state umbrella.

Fred Black, personnel director for the fish and game department, explained that the rate difference was due to the fact that his agency and the department of public safety hire younger men with strict physical qualifications, making their health experience better.

THE GAME AND fish rate now is \$37.80 per month, while the four options offered state employes on a statewide basis are \$64.24, \$47.60, \$49.62 and \$54.71. A fifth option under the new state plan which is limited to employes living in the Phoenix area bounded by Thunderbird Road, Pima Road, Baseline Road and 83rd Ave., costs \$58.50, and a Medicare supplement program costs \$10.05.

Only two bids were received July 7 in competition for the multiple-choice group health insurance.

Carl Heppler, Arizona Public Employees' Assn. executive, expressed disappointment at the small turnout of bidders and said the association will attempt to find out the reason for it.

Blue Cross-Blue Shield was sole bidder on offering employes three optional plans for coverage for different percentages of expenses covered.

ON AN ALTERNATE plan to provide direct reimbursement to those giving medical services to employes, both Blue Cross-Blue Shield and Pacific Mutual submitted bids.

Both groups also made monthly premium bids of \$10.05 and \$15, respectively, on supplementing the Medicare coverage of eligible state employes.

Employes also will be offered a group medical practice plan, but bids were not sought on this because only one plan exists, at a monthly cost of \$20 per employe, plus \$38.50 for dependents, officials said.

New coverage bill

Washington's Gov. Dan J. Evans has announced a bill to be ready for the 1973 Legislature will extend industrial-insurance coverage to apprentices while they are receiving classroom instruction under a state-approved program. William C. Jacobs, director of the state department of labor and industries, said there are 5,500 registered apprentices. In a classroom situation, he said, some of them work on various types of machines and handle equipment. Gov. Evans said the bill is now being drafted.



The James/Paige Idea: New combination to Professional Insurance Protection

The James organization and the Paige organization have become one . . . and because this merger offers corporate management new scope and new depth of Service . . . James clients and Paige clients are about to get even more for their Risk Management dollar.

To illustrate, thousands of Paige clients can now enjoy expanded on-the spot representation through a network of more than 40 offices from coast to coast. Plus increased capabilities in protection for all exposures, in international coverage and in several desirable financial and

communications services related to *Business Insurance* and *Employee Benefits*. And what's more, the talents of a pool of skilled technicians in every phase of protection.

James clients stand to benefit, too. From the innovative power

of the broker that pioneered in *Self-Insurance* for American industry. The broker that brought *Student Insurance* to hundreds of school and college campuses across the nation. Not to mention the benefits implicit in Paige's guidance of "giant" risks and its well-known technical expertise.

What can prospective clients get from the James/Paige combination?

All the benefits and services we've mentioned above . . . plus a cordial invitation to call or write our office nearest you . . . and arrange to get acquainted.



a James Company

Fred. S. James & Co., Inc. Insurance Brokers and Consultants Since 1858

Boston / Portland, Eastport, Houlton and Rockland, Me. / Manchester N.H. / Hartford / New York / Jersey City / Newark Philadelphia / Harrisburg / Pittsburgh / Washington, D.C. / Atlanta / Palm Beach / Fort Lauderdale / Columbia / Chicago Little Rock / Dallas / Oklahoma City / Tucson / Los Angeles / Fresno / San Francisco / Boise / Portland / Spokane / Seattle International Service through Associates in Major Cities throughout the World

business insurance

PERSPECTIVE

What you should watch for in structural collapse insurance

BY WILLIAM H. RODDA

president,
Marine Insurance Handbook Inc.,
Chicago

COLLAPSE INSURANCE—who needs it? Collapse is a peril that threatens new structures and not merely decrepit buildings that are weakened by age. The second floor of a new parking garage at a hospital in Omaha collapsed a couple of years ago. A million-gallon elevated tank burst like a balloon in Texas last year when it was filled with water for the first time. A new television antenna tower collapsed in Minnesota before it could be put into use. The owner of such a damaged structure may incur liabilities for injury to others in addition to his property loss.

There are three aspects of structural collapse as it relates to insurance.

- Collapse as a result of a peril that is covered by an insurance policy.
- Collapse from a peril that is excluded or is otherwise not covered by the insurance.
- Collapse from weakness, deterioration or without any other causative peril or occurrence.

Any collapse or destruction that results

from a peril that is covered by an insurance policy is considered to result from the peril. Destruction that results from fire is covered by fire insurance. Collapse from tornado, windstorm or hurricane is covered by windstorm insurance. There is no problem as long as the loss is clearly the result of a peril that is covered.

QUESTIONS ARISE where the insurance company says that the collapse resulted from a peril that is not covered by the insurance. For example, portions of a Florida motel and restaurant collapsed and fell onto the beach. Insurance covered loss from collapse of buildings but this was modified by an exclusion of loss caused by, resulting from, contributed to or aggravated by "flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not." The insurer denied liability on the basis that the collapse resulted from action of the waves and that the exclusion was effective. The U. S. court of appeals upheld the denial of liability, saying that the damage resulted from, or at least was contributed to by, the action of the waves. Thus loss from an excluded peril was outside of the policy coverage even when collapse was

named as a peril covered by the policy.

There have been conflicting court decisions relating to collapse from explosion. Grain elevators and storage tanks occasionally break open or burst. Insureds have claimed that such an occurrence is an explosion. The supreme court of Wisconsin drew a distinction between such an occurrence, first, where it may have resulted from the pressure of gas within the structure and, second, the collapse from the mere weight of the contents. The court said, "The plain doctrine of the case is that an explosion as applied to silage in a silo or contents of a container must include the element of an active force independent of or in addition to the force of weight and height of the contents which seeks a sudden and violent release by breaking the container. Static or potential force or pressure resulting only from the weight of the contents in a container may cause a container to split open and release the contents but such an occurrence is hardly to be looked upon by the average person to be an explosion."

A Missouri court held that bursting of grain elevators from the expansion of wet grain was not an explosion. The important point is that many structures are subject to collapse under circumstances that would not be covered by fire insurance



nor by extended coverage insurance. Consideration should be given to buying insurance against loss from collapse where no other peril is involved.

Insurance against loss from collapse of structures is written rather generally under the package policies, and specifically under the special multi-peril policies. The word "collapse" is not defined in these policies, although it is limited by certain provisions. Courts have disagreed regarding the extent of impairment of a building's function before it can be said to have collapsed. An Ohio court followed the dictionary definition that says a collapse is a complete falling in or cave-in of the structure. A Maryland court, on the

Continued on following page



BY NORMAN HOFFMAN

corporate insurance director,
National Industries Inc.,
Louisville, Ky.

This is the second article in which Mr. Hoffman describes the organization of a corporate insurance manual, based on the manual in use at National Industries. Because information in the book itself is confidential, copies are not available to readers. Mr. Hoffman stresses the fact that there is nothing formal about the manual and that "it merely consists of a loose-leaf binder with typewritten pages issued and revised as the need arises and would certainly be different for each and every corporation." Mr. Hoffman's first article appeared in the July 17 Business Insurance.

Risk man's manual provides facts needed for daily operation

THE PRIOR ARTICLE on corporate insurance manuals outlined the general purpose of a manual and its contents. A detailed description was provided of the general information section. This article contains descriptions of several other sections from this manual.

The index of our insurance manual, updated semi-annually and provided to each manual holder, is kept in a pocket of the loose-leaf binder. It serves a two-fold purpose, allowing the reader to locate a particular subject matter and to check whether his pages are current.

The most referred to section of the manual for our operating companies is the coverage section. It shows the policies in effect for that subsidiary and provides the coverage information required for daily operating purposes. The index for this section lists the coverages, the pages being used and not used, and the latest revision number of each page. The coverage section pages are lettered to identify our subsidiary company and then numbered solely on the basis of the order in which the policy is first recorded. We have not found it necessary to use consistent page numbers for coverages, such as page 1 for fire insurance, for all subsidiaries, but this might be considered for purposes of uniformity.

SIMILAR INDEXES are provided for the pages currently in use for the claims

section, accident prevention section, acquisition section and group insurance section.

All of the pages are provided to every manual holder except for those in the coverage section since one subsidiary would not have any interest in the coverages in effect for other subsidiaries. The manuals issued are numbered and a record is kept in the corporate insurance office of the holder of each copy. Manual holders are cautioned that the information in their copy is confidential and may not

corporate headquarters have copies of the coverage pages in effect for all operating divisions.

The claims section of the manual is primarily a procedures section. It details the recommended routine for handling liability and compensation accidents, advising to whom initial reports should be made, where medical or repair bills and copies of reports should be sent, when to retain outside counsel and discuss legal questions, and finally admonishes the reader to contact the corporate insurance

"Manual holders are cautioned that the information in their copy is confidential and may not be released without corporate authorization."

be released without corporate authorization. When a subsidiary is sold, the binders are returned to corporate headquarters and reused. The corporate insurance secretary determines how many copies of each page are required. For example, those pages that receive general distribution might require 100 copies for present and future use; the coverage pages for specific subsidiaries might require 10 copies for one subsidiary and only three copies for another. Only a few executives at

department if there is any question of coverage.

Since part of our reporting procedure for compensation and liability accidents requires that a copy of initial reports be sent to corporate headquarters, a postage paid envelope is furnished to all operating locations for this purpose and a copy of the envelope is shown on one of the claims section pages.

The procedure for reporting prop-
Continued on following page

business insurance

PERSPECTIVE

Collapse...

Continued from preceding page

contrary, accepted a more liberal interpretation that a collapse merely needs to be "a breakdown in strength; complete, sudden enervation; sudden loss of accustomed abilities." This connotes a breakdown in structural integrity but not necessarily a complete and total destruction.

COLLAPSE INSURANCE may be secured in either of two ways under the special multi-peril policy program. The peril of collapse may be added to the specified perils form by an endorsement that includes certain additional perils. The endorsement says, "Loss by collapse shall mean only the collapse of the building or any part thereof." Certain parts of the premises are excluded, such as radio antennas, awnings, yard fixtures, swimming pools, retaining walls and certain other specially susceptible fixtures or structures. Also excluded is loss from "settling, cracking, shrinkage, bulging or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings," unless these occur as a result of an actual collapse.

This peril is also subject to a general exclusion in the policy applying to earth movement, flood, waves, tidal wave, and related action of above-ground and underground water. It will be recalled that the Florida claim previously cited above was denied on the ground that the loss resulted from the action of the waves. There was an actual collapse but the proximate cause of the loss was the action of the waves, and this was excluded.

Just what is covered by this collapse insurance? The intent is to cover a collapse of a structure that is unrelated to any other peril. It is intended to cover a major falling in of the structure. It is not intended to cover the cracking of walls or plaster, nor the minor disruptions of floors or ceilings that do not in any way impair the integrity of the structure.

The special multi-peril policy program also includes an all risks type of coverage for buildings. Collapse is not excluded, and therefore is covered. However, an insurer might take a narrow approach to a collapse loss and say that it is excluded by the provision that loss is not covered when it results from "deterioration, rust or corrosion, wet or dry rot, inherent or latent defect." This may be countered in an actual confrontation with an insurance

company by the fact that the more restricted policy (the specified perils form of the SMP policy) includes collapse coverage as one of the specified perils. This intent to cover an actual collapse of the structure is evidenced by an exclusion that ties in with the specified peril of collapse. The wording parallels that of the collapse peril and excludes "settling, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings." The collapse coverage of the all risks policy thus is closely similar to that of the specified perils form of policy.

HOW BROAD IS THIS collapse coverage? Can an insured anticipate that he would be paid for a fallen ceiling, or a break in the roof, or must there be a total falling down of the structure?

Several cases have been decided by courts. Some of the cases involved dwellings but the same principles would apply

"The conclusion can be reached that collapse coverage is a valuable addition to businessmen's cover. There usually is no specific charge in the insurance rate for the coverage. . . because frequency of collapse losses is low."

to a supposed collapse of a business building. The Wisconsin supreme court had before it a case in which the basement wall of a dwelling had bowed in about two inches from the top to the bottom. The owner decided to rebuild the wall and found during this rebuilding process that the mortar was crumbling away. The court decided that this was not a collapse such as was covered by the policy. A U.S. court of appeals took a somewhat more liberal view in a similar case and defined collapse as "a sinking, bulging, cracking, pulling away of the wall so as to impair its function of supporting the superstructure and destroying its efficiency as a habitation."

The coverage of the policy is materially broadened by the inclusion of the words "or any part thereof" as a part of the collapse coverage. The Wisconsin supreme court made this distinction: "If one is speaking of a collapse of a whole building

it would seem the building's basic structure and substantial integrity as a building must be destroyed or materially impaired to constitute a collapse. However, when considering the broader coverage of a collapse of only a part of the building, that part can collapse within the meaning of the policy without necessarily impairing the substantial integrity of the entire building rendering the building unsuitable for its normal use."

New York courts arrived at a distinction between settling and collapse in a case in which the concrete slab on which a dwelling rested had settled. The owner contended that this constituted a collapse. The appellate division held that suddenness was inherent in the term collapse, and that more than a sinking, cracking or bulging and pulling away of the wall must be involved.

THE MARYLAND COURT of appeals felt that there is ambiguity in the use of the word "collapse." Their decision in a case involving the sinking of a floor was that "the ambiguity is resolved in favor of the insured by holding that any serious impairment of structural integrity is a collapse within the policy coverage."

The supreme court of Ohio took a more strict view. A building that housed a cleaning establishment settled and shifted because of excavation on adjoining property. The movement caused the walls and

floor to crack, one wall bowed, and the roof sagged. However, none of the machinery in the building was damaged, and no part of the building actually fell down or disintegrated. Damage was so extensive that the city ordered the building torn down. The court decided that the damage was not within the policy coverage. This decision may have been affected by the fact that the damage was caused by the excavation next door. Loss from earth movement was excluded.

The conclusion can be reached in spite of these questionable cases that collapse coverage is a valuable addition to businessmen's cover. There usually is no specific charge in the insurance rate for the coverage. It is one of these miscellaneous extensions that insurers can add to their policies because frequency of collapse losses is low. Damage may be heavy when it does occur but the number of losses is small. Policyholders would be

wise to see that the coverage is included within the extended coverage provisions or in the special multi-peril policies.

There is the possibility that collapse of a structure will result in liability claims for injury to persons in the neighborhood or damage to adjoining property. The collapse of the tank cited above resulted in the death of six persons and injuries to 11 more. The collapse of a building in Chicago a few months ago caused the deaths of three persons who were seated in an automobile in the adjoining street while waiting for a traffic light to change.

BODILY INJURY and property damage liability insurance generally covers the insured's liability for all occurrences other than those that are excluded. The coverage could be called an all risks insurance. It is necessary, therefore, to look for any exclusions that might apply to a collapse hazard. The more restrictive of the package liability coverages (special multi-peril policy form MLB-200) has an exclusion pertaining to "bodily injury and property damage arising out of demolition operations performed by or in behalf of the insured." This policy excludes any liability that might arise if the insured or a contractor working for him starts to demolish a structure.

The manufacturers' and contractors' liability policy has a comparable exclusion. It applies to bodily injury or property damage arising out of operations performed for the named insured by independent contractors or acts or omissions of the named insured in connection with his general supervision of such operations, with the exception of normal maintenance and repairs and the remodeling of buildings that does not change their size. This means that any unusual alterations, rebuilding or the tearing down of structures may void the liability cover.

The comprehensive liability policies are more liberal in this respect. They ordinarily do not contain the exclusion pertaining to such work. Form MLB-202, for example, does not contain the exclusion pertaining to demolition in form MLB-200.

The liability insurance situation may be summarized by saying that most liability policies will protect the insured against liability that might arise because one of his buildings collapses without apparent cause or reason. The liability coverage is inherent in the policies and it is not necessary to have it specifically added, as may be the case for damage to the insured's own property. However, there may be exclusions applying to unusual construction work that is done on the premises or if demolition of a building occurs. Policies should be checked for liability coverage if the insured contracts to have new buildings put up or if he decides to demolish, reconstruct or remodel an old structure. ■

Manual...

Continued from preceding page

erty claims differs from that of reporting casualty claims and an explanation of the reasoning for this is provided for our operating manual holders. One of our key policies is: "Operating companies should not report or discuss losses with insurance companies or agents unless authorized to do so by the corporate insurance department." This policy applies, among other types of losses, to fire, hurricane, burglary, transit, cargo and even vehicle collision. We find it desirable to discuss a claim with the operating subsidiary in order to consolidate the information concerning the occurrence and its effect, and to avoid giving an incomplete or misinformed initial report to the insurance company, which might later prove troublesome in the course of the adjustment process.

A page on the settlement of liability nuisance claims follows and reads:

"All liability insurance policies reserve to the insurance company, the right to adjust and settle claims. Should we endeavor to settle claims ourselves, regardless of the size of the claim, we would be in violation of the insurance contract and

would be creating rather than eliminating an exposure.

"The insurance companies are aware that we prefer to adjust small claims ourselves, for two reasons:

- "We can thereby retain the customer's goodwill, and
- "On-the-spot adjustments often are less costly.

"Under the circumstances, the _____ Insurance Company, one of our major carriers, has advised their staff as follows:

"General managers have been instructed to dispose of small nuisance-type situations with replacement of product and may replace a _____ if claimant alleges some small foreign object. In these instances they will report their actions on notice of claim reports. This insured maintains very rigid quality control standards and desires hard-line resistance to non-meritorious claims."

"In utilizing the above procedures, it is essential that we comply with the company's requirement to send them a written Notice of Claim Report of the incident and the settlement."

Finally, the claims section includes a page on do's and don'ts for property losses giving such common sense advice as: Separate the damaged from the undamaged

property; take pictures if possible; cooperate with the adjuster; don't sign statements or contracts; don't give away salvage, and don't expect fast payment.

THE ACCIDENT PREVENTION section contains a corporate policy statement on loss prevention emphasizing each employee's responsibility to himself, his family, his fellow-workers and his employer to practice standards of property conservation and safety. This statement was excerpted from the manual and distributed to all employees at operating locations in an envelope with paychecks, so that management knows that the message has been received at all employment levels.

The accident prevention section contains a safety check list outlining the basic elements of our corporate safety program including safety meetings, accident frequency and severity rate computations and weekly inspections. Then there are pages for summer and winter property protection, protection for heating boilers, a description of the function of weekly inspections and emergency committees and other similar material. A general reference is made to the Occupational Safety and Health Act (OSHA) of 1970, and to the motor carrier safety regulations.

In general, the accident prevention section gives administrative management an over-all concept of our corporate safety program, which is detailed in a separate manual for operating personnel.

The acquisition section provides information that might be of use to the operating companies but does not provide the detailed information that would be required by corporate headquarters in acquisition processes. For example, financial people of an operating subsidiary are advised that they should look for reserve assets in group insurance policies of companies that they may have acquired. Also, they are cautioned that the cash value of personal life insurance policies of acquired companies' principals, which may be shown as an asset on balance sheets of companies we have acquired, should be investigated to determine whether they are or will be readily realizable.

The group section contains one page that discusses the assignment of group life insurance policies for individuals, advising that such policies may be transferred with a tax advantage under certain circumstances in certain states. The balance of this section consists of descriptions of policies in effect for each subsidiary company. These pages are essentially the same as those in the coverage section. ■

At CNA we fight dirty.

We fight dirty air. We fight dirty water. How?

By refusing to write insurance for **willful** polluters. And by not renewing coverage of clients who persist in polluting, as we recently did in certain cases.

Why? Because pollution isn't just dirty business, it's bad business. And as far as we're concerned the polluter who refuses to correct the situation is a bad risk. From a business standpoint, CNA believes that a concern that stubbornly refuses to correct its pollution problems will prove to be unprofitable in other areas. From an

ecological standpoint, it blatantly degrades the general environment. CNA has no desire to profit from such a customer.

On the other hand, CNA does desire to help. So we'll work with any client or prospective client who wants to clear up a pollution problem. Our specially trained environmental specialists will work with them, or any experts they appoint, in analyzing their situation and recommending remedies. We'll even consult with architects before new buildings go up. We'll help when-

ever we can, wherever we can, as we've helped more than one hundred clients in just the past year.

So let's fight dirty together. Because this is the only kind of fighting that can win a better future for all of us. Call your CNA agent. Or write us. We care about the company that cares about tomorrow.

**Working to insure
a better tomorrow.**

CNA/insurance

A PART OF CNA FINANCIAL CORPORATION



Reach the key executives
in the group pension and
investment field with the

business insurance

**Pensions &
Investments**

Special Issue

Publishing Date: October 9

A recent survey of the financial involvement of corporate Business Insurance readers shows that 60% are involved in the investment decisions concerning pension/profit-sharing funds. What's more, 58% of Business Insurance's corporate readers actually administer their companies' pension/profit-sharing plans.

These are the corporate financial and employe benefits executives in the leading 15,000 U.S. corporations who are involved in the total financial picture as it affects the investment results of group pension programs covering over 37,000,000 individual employes. They read Business Insurance to keep up with the latest news and developments

on the employe benefits and asset conservation scene—knowing that the news and developments are presented in an authoritative manner that fits the environment of the busy executive who has the power to make far-reaching financial and insurance decisions.

The October 9 special Pensions & Investments issue will bring the latest developments into close focus by presenting a package of articles and features ranging from a review of legislative pension reform, to developments in corporate benefit plans, to an analysis of the money power of pension funds in our society today.

Story plans include subjects like these:

- Investment results of major pension plans.
- Developments in control legislation for private pension plans at federal and state levels.
- The role and importance of pension fund consultants, and financial consultants in their operation of corporate pension plans.
- The changing face of pension funds; vesting pensions, their acceptance by management and their place in labor negotiations.
- A review of the debate regarding the membership of pension funds and institutions on stock exchanges.
- Interviews with leading money managers—including their views on investment techniques and policies.

Who will be reading this issue?

Over 55,000 executives in the 15,000 leading U.S. Corporations; plus leading labor union officials and pension managers, thousands of financial advisors, employe benefit and pension consultants, actuaries, attorneys, underwriters and agent/brokers.

These executives are responsible for their companies' financial security, and

they will be looking to the October 9 special issue of Business Insurance for programs designed to protect the future of their employes and assets.

To make sure your market-directed ad is in the October 9 Pensions and Investments issue, reserve your space now. Ad closing September 27.

business insurance

NEW YORK:
630 Third Avenue,
(212) 986-5050

CHICAGO:
740 Rush Street,
(312) 337-5200

LOS ANGELES:
6404 Wilshire Blvd.,
(213) 651-3710

dates for buyers

September 10-14, International Assn. of Industrial Accident Boards and Commissions annual convention, Royal York Hotel, Toronto. For more information write William R. Kerr, Convention Coordinator, 90 Harbour St., Toronto, Ont., Canada.

September 11-13, American Management Assn. course, "Principles and Practices of Insurance Buying," Hilton Inn, Atlanta. For more information write the AMA, 135 W. 50th St., New York, N.Y. 10020.

September 12, 26, October 10, 17, National Safety Council seminars for managers and owners of small businesses, "OSHA Seminar for Managers," NSC Safety Training Institute, Chicago. For more information write the registrar, Safety Training Institute, National Safety Council, 425 N. Michigan Ave., Chicago, Il. 60611.

September 13-14, American Management Assn. briefing session, "Earthquake—A Major Insurance Risk," Stanford Court Hotel, San Francisco. For more information write the AMA, 135 W. 50th St., New York, N.Y. 10020.

September 13-15, American Society of Chartered Life Underwriters annual meeting, San Francisco Hilton, San Francisco. For more information write the society at 270 Bryn Mawr Ave., Bryn Mawr, Pa. 19101.

September 17-22, College of Insurance management seminar for the corporate risk manager, Nassau Inn, Princeton, N.J. For more information write the College of Insurance, 150 William St., New York, N.Y. 10038.

September 18-20, American Management Assn. workshop seminar, "Modernizing Your Approach to Workmen's Compensation Costs and Coverages," AMA management center, Chicago. For more information write the AMA, 135 W. 50th St., New York, N.Y. 10020.

September 18-20, American Management Assn. orientation seminar, "Cash Flow and the Corporate Insurance Function," AMA headquarters, New York City. For more information write the AMA, 135 W. 50th St., New York, N.Y. 10020.

September 20-22, American Management Assn. workshop seminar, "Modernizing the Group Insurance Plan," AMA management center, Chicago. For more information write the AMA.

September 21, Dallas-Fort Worth and Houston ASIM chapters' fall seminar, "Risk Management Concepts," Statler Hilton, Dallas. For more information write B. F. Arnecke, Insurance Manager, Dallas Power and Light, 1506 Commerce, Dallas, Tx. 75201.

September 21, Massachusetts Assn. of Self Insurers annual seminar featuring an analysis by John F. Burton Jr., chairman, National Commission on State Workmen's Compensation Laws of the commission report, Marriott Hotel, Newton, Ma. For more information contact Alvin J. Sims, Seminar Chairman, 22 Batterymarch St., Boston, Ma. 02109.

September 22, Northern Indiana chapter of the Society of Chartered Property Casualty Underwriters risk management clinic, Marriott Inn, Fort Wayne, In. For more information write Oscar C. Mitson, Mitson Ward Inc., 807 Commerce Bldg., Fort Wayne, In. 46802.

October 23-24, Business Insurance Product Liability Workshop, Regency Hyatt House, Chicago. **October 24-25**, Business Insurance Employe Benefits Communication Workshop, Regency Hyatt House, Chicago. For more information write Workshops, Business Insurance 740 Rush St., Chicago, Il. 60611.

**A NEW COMBINATION
A WINNING COMBINATION**

**THE REPUBLIC-VANGUARD INSURANCE
COMPANIES OF DALLAS, TEXAS**

and

AMERICAN AVIATION UNDERWRITERS

Together, now, to write and service your
aircraft insurances nationwide

For full information and quotations write

American Aviation Underwriters

Cravens, Dargan & Company, Special Risks
P. O. Box 1660 Houston, Texas 77001
Phone (713) 524-2131

Branches in Dallas /Fort Worth, Lubbock, San Antonio,
Tulsa and New Orleans

BUCK ROGERS IN THE 25TH CENTURY



DR. HUER KNEW BUCK WOULD GET THE CARGO THROUGH. WITHOUT IT, EARTH WAS DOOMED...

GREAT ASTEROIDS WILMA!!! THANKS TO BILL IMMEN'S TIPS ON CARGO HANDLING AND SAFETY EVERYONE ON EARTH CAN BREATHE EASIER!

YES BUCK... IT'S LUCKY MAELSTROM AND THOSE ANCIENT 20TH CENTURY INSURANCE COMPANIES AREN'T IN THE PICTURE!

IT'S JIM CALKINS 583 TO BE CONTINUED

COPYRIGHT JOHN F. DILLE CO. REG. U.S. PAT. OFF.

I'M SURE GLAD THAT EARTH WILL SURVIVE! IT'S A MYSTERY TO ME HOW I GOT INTO THIS CARTOON. BUT THERE'S NO MYSTERY ABOUT CARGO HANDLING & SAFETY KNOW-HOW - AT MIDLAND ANYWAY!

ATTENTION SOLAR SCOUTS- JOIN THE FIGHT AGAINST YESTERDAY'S METHODS. BE THE FIRST ON YOUR BLOCK TO DISPLAY YOUR VERY OWN BUCK ROGERS! MIDLAND VICTORY WALL POSTER. NO DUES! HURRY-UP! WRITE TODAY TO:

CAPTAIN BUCK ROGERS MIDLAND INSURANCE COMPANY, ONE STATE STREET PLAZA, NEW YORK, N.Y. 10004

P.S. We'll send you our new brochure too-you'll find out what the "Decisive People" are doing to help you defeat the Anti-Intermodal coverage Bad Guys!

In our last adventure, Buck and Wilma were being slowed down by the ponderous Mr. Maelstrom in their attempts at a Mars flight. In today's episode...things are looking up.

We all know Captain Buck was the man of action in the 25th Century. At Midland in the 20th Century we think we've got quite a few Buck Rogers types aboard.

For example, Bill Immen, Chief of Midland's Maritime Center, a Kings Point graduate, holder of a Master's License, veteran of eight years at sea and obviously a very good sport. Bill and his crew of pros just might feel right at home with a fleet of Dr. Huer's space freighters because they certainly know their business when it comes to present-day situations.

In fact, Bill tells it best of anyone, "We concentrated originally on Liability for Stevedoring risks, but consistent with a company-wide dedication to account underwriting we provide a broad program of waterfront coverage that includes Stevedores' and Terminal Operators' Legal Liability, Wharfingers' Liability and the like as well, of course, as the common shore-side automobile and

General Liability covers. And not just for Stevedores but also for people in dredging, ship repair, ship cleaning and maintenance to name a few."

Looking shoreside, Bill and his people are already gearing up for the time when most shippers will be thinking "intermodal", putting their talents to work in the closely-related short line railroad field.

Attitudes like this, translated into action mean that Midland is already meeting tomorrow's needs...is preparing for the time when all shippers will want to see continuous protection from ship to destination.

If you are like Midland and would like to break away from yesterday's ponderous methods and move into tomorrow along with us, we'd welcome the chance to tell you more.

You may not be handling shipments for Dr. Huer right now... but who knows how tomorrow's problems will shape up for you.

At Midland, we know we have some "tomorrow" solutions. Why not let us tell you about them...Today!



MIDLAND INSURANCE COMPANY

ONE STATE STREET PLAZA ■ THE DECISIVE PEOPLE ■ NEW YORK, NEW YORK 10004
CHICAGO ■ ATLANTA ■ MIAMI ■ LOS ANGELES

MIDLAND... An All Lines Carrier For Commerce and Industry
Primary and Excess Insurance • Umbrella Liability and Casualty Facultative Reinsurance

COMPLETE INSURANCE MANAGEMENT and ADVISORY SERVICES

Professional - Objective



Herbert L. Jamison & Co.

90 Park Avenue
New York, New York 10016
Area Code 212 — Oxford 7-6678

Bell distributes revised unfair trade practice act

TOPEKA—The Kansas insurance department has distributed over 12,000 copies of Kansas' revised unfair trade practices act to insurance companies, agents and adjusters doing business in the state, Fletcher Bell, state commissioner of insurance, has announced.

Mr. Bell said the act was distributed in the hope that "the persons directly affected can be fully aware of its (the legislation's) provisions thereby assuring that its protective potential is achieved by the insurance buying public to the fullest possible extent."

Characterizing the act as "one of the strongest insurance consumer protection measures ever

enacted," he noted that the revision was developed as a model bill by a subcommittee of the National Assn. of Insurance Commissioners, which he chaired. "The bill," he commented, "is designed to prohibit any unfair or deceptive act or practice by persons engaged in the business of insurance, but its provisions are particularly relevant to misrepresentations in the sale or advertising of insurance and unfair or unethical practices in the settlement of claims."

The commissioner said, "While the number of persons whose activities necessitated the strengthening of the unfair trade practices act is extremely small in relation to the total, this legislation will provide a more effective means of controlling these activities and, more importantly, the penalties provided for violations of this law should serve as an effective deterrent." ■

Pension
Investment

FLEXIBILITY

We think
we offer
more of it.

If you're responsible for administering employee pension funds, read about these Equitable pension investment accounts. There can be significant advantages for your fund with this diversity.

Common Stock Account.

Objective—to achieve capital appreciation and increasing dividend return with an acceptable amount of risk.

Special Growth Common Stock Account.

Objective—to achieve a higher capital appreciation—with an accompanying higher risk—than most of the securities in our regular common stock account.

Publicly Traded Bonds.

Objective—to achieve a high rate of return consistent with sound investment standards, and to maintain a reasonable degree of liquidity.

Directly Placed Bonds.

Objective—to produce a more favorable rate of return than publicly traded bonds, (although liquidity will be significantly less).

Short Term Account.

Objective—to temporarily invest in short maturity securities until eventual investment in other accounts.

Statistical information is available on the performance of these accounts. Write James A. Attwood, Senior Vice President, Group Operations, The Equitable Life Assurance Society of the United States, 1285 Avenue of the Americas, New York, N.Y. 10019.

THE EQUITABLE

© The Equitable Life Assurance Society of the United States,
New York, N.Y. 1972

Workshop . . .

Continued from page 10

fense lawyer's view on product liability, product withdrawal expense insurance and the government's view of product safety.

Highlights of the Benefits Workshop include:

Dr. Charles McDermid, president of Management Psychologists, Chicago, discussing methods of listening to employees about their benefits needs including the use of personal and group interviews as well as surveys.

- Howard Peck, partner, Hewitt Associates, employee benefit plan consultants, reviewing ways of describing benefits to diverse employees and the best methods of telling the benefits story.

- Edward T. McCaffrey, manager of Halltech Associates, New York, describing the reporting of employee benefits in individual computerized statements.

- Ned A. Miller, vp, Compensation Planning Corp., New York, telling about the communication of cafeteria benefits for executives, an innovation in the employee benefits scene.

OTHER TOPICS to be discussed at the workshop include benefits reporting requirements set by legislation and court rulings and how corporate communicators tell the benefits story to employees through house organs, newsletters, bulletin boards and other media.

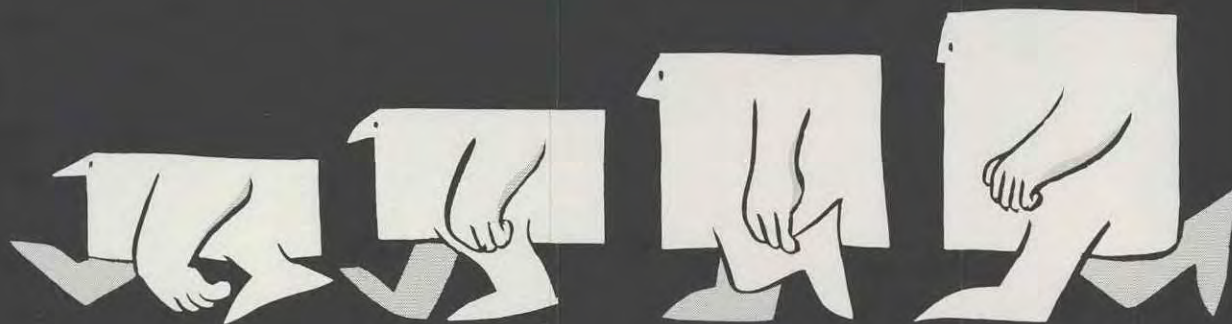
Cocktails, dinner, continental breakfast and lunch will be served to participants in both workshops. Also included in the registration fee is admission to all workshop sessions and a workshop notebook containing information on faculty members, discussion outlines and selected articles from *Business Insurance* on product liability and benefits communication.

Registration for both workshops may be submitted by mail by using the coupon on this page, or by phone, using the number listed in the box accompanying this article.

Fees for early registration are \$115 for each workshop or \$200 for both workshops if tuition is paid by Sept. 29. After that date the fees are increased to \$140 and \$250 respectively.

Register now by mail or phone to assure yourself of a place at the workshop sessions and reservations at the Hyatt Regency O'Hare near Chicago's O'Hare airport. ■

Things are
changing
in
**CREDITOR
INSURANCE**



It was in 1917 when Arthur J. Morris, banking giant and father of consumer credit for the working man, founded Bankers Security Life. Things have changed a lot and we're still leaders in Creditor Insurance.

If you're a banker, or in a related credit/financing business, we don't have to tell you about the importance of a good Creditor Insurance program. You recognize your obligation to provide the best for your customers' needs. At Bankers, we've dedicated ourselves to meeting those needs with innovative ideas.

Are you currently offering your customers *all* of these

Insured Payment Plans?

- Creditor Life to cover installment loans
- Creditor Life to cover revolving credit or charge-card loans
- Creditor Accident and Sickness—pre-paid or outstanding balance basis

Bankers Security is big enough to provide completely computerized service, small enough to give personal attention when it really counts.

If you'd like more information, or just want to talk things over, give us a call. Or mail this handy coupon today.



Bankers Security

1701 Pennsylvania Avenue, N.W., Washington, D.C. 20006

Please tell me more about Creditor Insurance plans from Bankers Security.
I'm especially interested in _____

Name _____ Title _____

Company Name _____

Address _____ Phone _____

City _____ State _____ Zip _____

Bankers Security Life Insurance Society, Executive Office, 1701 Pennsylvania Avenue, N.W., Washington, D.C., 20006 ■ Home Office: New York City

Leaders in Insurance for Better Living.

Record . . .

Continued from page 31

insurance board members said that the matter of greatest concern to the injured workman and his employer is the "complexity of proceedings before the board and the consequent cost of litigation." They claimed that if the rule permitting non-attorneys to participate at hearings is not proper, another solution should be sought "either by legislation or rule making."

In a similar development, James K. Bender, executive secretary of the King County labor council, said the state labor council will be asked to endorse proposed legislation to permit union business representatives to represent members at such hearings. The King County labor council also is for limiting attorneys' fees for industrial-insurance appeals hearings to 30% of the award.

Mr. Bender asserted that the fee should not be subtracted from the award but come from a separate fund.

Oakland must pay in shoot-out claim

OAKLAND—The self-insurance fund of the city of Oakland will have to pay out slightly more than \$12,000 and the police force has been warned to exercise greater care in law enforcement.

The award will go to Nellie Pere, 82, and her daughter, Ella Wade, 59, who spent 90 minutes huddled on the kitchen floor of their home while Oakland police engaged in a 1968 gun battle with members of the Black Panther party.

In making the award William H. Brailsford, Alameda County superior court judge, criticized the 30 police officers who surrounded the home on the night of

April 6, 1968, declaring that the officers "did not exercise due care" and that "the police could have avoided considerable damage done to Mrs. Pere's property.

"Reasonable care," Judge Brailsford said, "would seem to require the making of some inquiry regarding the presence of possible other occupants in the house in which the fugitives were hiding before shooting into the house."

According to police, party members Eldridge Cleaver and Bobby Hutton had first opened fire on a patrol car and then fled into the basement of the home occupied by Mrs. Pere and her daughter. Testimony disclosed the police had fired at least 190 bullets into the house, many of them well above the basement level, and had caused considerable physical damage to the house.

Mrs. Pere was awarded \$9,872.85 and her daughter \$2,778.82. Included in the damage

award was \$1,500 for each woman based on personal injuries including the effect of tear gas pumped into their home.

Royal-Globe begins new department

NEW YORK—Royal-Globe Insurance Cos. has established a new department designed to handle commercial mass-merchandising accounts.

"The impetus for mass merchandising commercial lines came from the success of our mass marketing program for personal lines," explained Herbert G. Chandler, department manager. "The business has been rapidly expanding, and I would say that we have been underwriting multiple lines mass marketing accounts across the country for the past 18 months."

According to one source at the company, Royal-Globe handles

about 15 such accounts with a premium volume of close to \$5 million.

The growth of mass merchandising at Royal-Globe is an indication of the changing marketplace, Mr. Chandler remarked. "Associations that didn't have much buying power on the basis of individual insurance contracts are looking more and more to companies to underwrite the group as a whole," he noted.

"One significant move in the field was the National Assn. of Insurance Commissioner's August, 1971, report which gave healthy indications that opposition to mass marketing was not as heavy as it had been in the past. There was also a recognition by agents that mass merchandising was an on-going technique that had to be utilized," Mr. Chandler said.

Pensions campaign issue in N.H.

CONCORD, N.H.—Dave Brock, candidate for the New Hampshire shire republican nomination for the U.S. Senate, is one of many legislators or would-be legislators calling for reform of America's private pension plan system in this election year. He contends that too many workers are losing their pension rights when they change jobs or their companies go bankrupt, merge with other firms, or go out of business.

"Managers of private business and industrial pension plans in the U.S. today," he said "hold assets of more than \$135 billion, yet go virtually without regulation or control."

Mr. Brock, former U.S. attorney for the Granite state, remarked that studies indicate that less than 10% of the workers paying into private pension plans ever receive benefits from them.

"MISINFORMATION, misrepresentation and fine print in these contracts," he maintained, "cause all too many workers despair upon their retirement as they find their expected benefits illusory."

Mr. Brock would file proposed legislative measures to rectify "the many inequities suffered by those who have already retired, and which will prevent vast numbers of our yet-to-be retired workers from experiencing the same fate."

He added: "We must take effective action to protect our workers, particularly our senior citizens, from the many loopholes in private pension contracts which cancel their benefits should they change employment, or should their company become bankrupt, merge with other concerns or go out of business.

"Thousands of workers have been denied their pension benefits after contributing to plans for years. The country owes it to its work force, and its retirees, to protect them from these abuses."

Open Singapore office

J. H. Blades and Co., a Houston-based insurance underwriting and management firm, has announced the opening of an additional office in Singapore. The announcement was made by J. H. Blades, chairman of the board. The company specializes in insurance for the oil industry as well as handling specialty coverages such as aviation, malpractice and foreign insurance.



"But apart from the justice involved, think of the prestige. The first jury in history to make an award of one billion dollars!"

HILARIOUS!

...until you consider today's increasing jury awards. When it's a catastrophe loss you want to be absolutely sure of both the coverage and the claim service. Our exceptionally broad coverage provides as many as ten provisions not ordinarily found in other policies. If you want Personal Umbrella protection at competitive rates plus service—think Chubb. Call your agent or broker for further information.



CHUBB/PACIFIC INDEMNITY GROUP

Subsidiary of The Chubb Corporation, 90 John Street, New York, N.Y. 10038

CHUBB & SON INC., Manager Federal Insurance Company • Vigilant Insurance Company • Great Northern Insurance Company • The Sea Insurance Company Limited • The London Assurance • Alliance Assurance Company Limited • Sun Insurance Office Limited • The Sumitomo Marine and Fire Insurance Company, Limited • Affiliated with Pacific Indemnity Group through The Chubb Corporation • The Colonial Life Insurance Company of America • United Life and Accident Insurance Company • Aviation Insurance through Associated Aviation Underwriters.

Union . . .

Continued from page 3

injured employees were included in 407 plans, accounting for 99% of all workers covered by the 414 basic plans with some employee benefits.

Each of the seven basic plans with no employee hospital benefits was supplemented by major medical insurance which paid all hospital bills in excess of a specified deductible on a co-insurance basis.

Full payment for any type of hospital accommodation prescribed by the attending physician was stipulated in 106 plans, including all of the 102 Kaiser Foundation Health Plans. About 15% of all workers with basic benefits were under these 106 plans.

Nearly all of the 158 plans with a daily cash allowance for hospital room and board (136 covering 38% of the workers) paid a fixed amount which was the same for each day of covered hospital stay.

THE DOLLAR maximum ranged from a low of \$10 a day to a high of \$52 a day. Hospital costs since the report was completed have risen substantially but average board and room allowance in the 136 plans was \$32.92 per day.

Most plans providing benefits for doctors' home and office visits imposed limits, not only on the amount paid for individual visits but also on the overall amount paid during a specific time period or specific disability.

Life insurance was provided in 376 plans for 89% of the 1,074,000 workers covered. Policy amounts generally did not vary with age, length of service or earnings.

Fixed amounts for 307 of the plans varied from \$1,000 to \$7,500 and averaged \$3,420. In 59 of the plans, insurance amounts depended on worker income and ranged from \$500 to two year's salary.

A TOTAL of 198,030 of the workers in these 59 plans were insured for amounts from \$3,000 to \$25,000 while 97 plans covering 30% of the workers, insured lives of dependents for sums from \$100 to \$1,000, with 318,680 workers in this group.

Accidental death and dismemberment benefits were provided by 309 plans covering 77% of the 1,074,000 workers. These benefits, according to Mr. Hern, averaged \$3,460 in 1970, an \$850 or one-third increase over the 1965 average insurance payment of \$2,610.

Of the 424 plans, 90, covering 342,000 or 32% of the workers, provided cash supplements to California Unemployment Compensation Disability Insurance payments. Five years earlier, only 20% of the workers enjoyed similar supplemental benefits.

In 13 of the plans, the cash disability benefit was a flat weekly dollar amount in addition to state benefits, and ranged from \$10 to \$40 a week for 26 weeks. In 46 plans, the amount varied with earnings and was reduced by UCD benefits paid. In 33 of these 46 plans, benefits ranged from \$30 to \$140 a week for as few as 26 weeks and as many as 260 weeks.

OF ALL THE plans, 220, covering 520,000 workers alone, and 215, covering workers with dependents, were financed by commercial insurance carriers.

One of the fastest growing of all the plans, the Kaiser program, began by serving the medical needs of workmen on remote

Henry J. Kaiser Construction Co. desert irrigation projects in the 1930's, in construction camps and wartime shipyards and steel mills.

With the nearest doctor often hundreds of miles distant, Henry Kaiser asked a young surgeon friend, Dr. Sidney R. Garfield, to organize a small team of physicians and build a 15 bed hospital in the Southern California desert.

Initially, the Garfield team treated injuries and illness at the construction site on the traditional fee-for-service basis. Costs were kept low by a pooling of medical skills, equipment and personnel.

THE FEE-FOR-SERVICE payments soon were discontinued, in favor of pre-paid medical care, at a monthly rate of \$1.50 for each Kaiser employe. The 1972 rate for a non-group member with one dependent is now \$30.25 per month.

Perhaps the first major Kaiser expansion offered medical coverage for non-industrial illness and injuries for the voluntary subscription of five cents a day, through payroll deductions.

In 1945 the Kaiser Health Plan was opened to individuals and groups on a voluntary basis. Today the plan serves well in excess of two million subscribers and dependents in the Pacific Coast states, Hawaii, Colorado and Ohio. In 1945 membership totalled 40,000.

Nearly 2,000 doctors are partners or physicians employed by the separate medical groups which operate in the various regions. The Kaiser plan also currently actively supports and participates in research, medical and nursing education, rehabilitation of the disabled and charitable care.

KAISER STILL follows the fundamental principles of group

practice, pre-payment, preventive medical care, integrated medical facilities and voluntary enrollment. The Health Plan still refuses to enroll new groups unless members have a free choice between Kaiser and one or more alternative plans.

Kaiser Health Plan members select their own personal physician from the Permanente Medical staff, who then handles all

phases of that member's medical care, referring to other Kaiser specialists when other skills are required.

Perhaps the best example of Kaiser's growth is the statistically provable claim that "a baby is born in a Kaiser Foundation Hospital every 15 minutes of every day, on average, from Cleveland, Ohio to Honolulu, Hawaii."

MATTHEWS-DANIEL COMPANY

7015 GULF FREEWAY, SUITE 232
P.O. BOX 26836, HOUSTON, TEXAS 77032
TELEPHONE 713 644-1971

SURVEYORS • ADJUSTERS

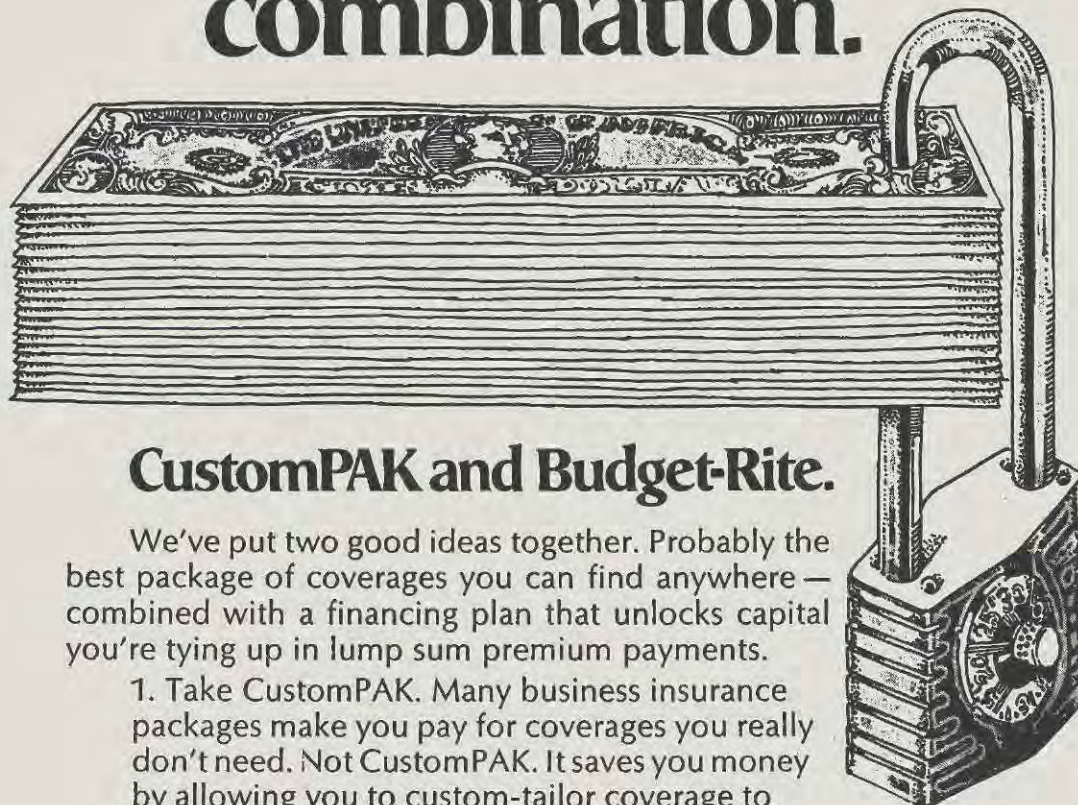
DRILLING RIGS • WELL SERVICE UNITS

SPECIALIZED PETROLEUM SERVICE EQUIPMENT

COMMERCIAL HULLS • OFFSHORE STRUCTURES



The smart businessman knows the right combination.



CustomPAK and Budget-Rite.

We've put two good ideas together. Probably the best package of coverages you can find anywhere — combined with a financing plan that unlocks capital you're tying up in lump sum premium payments.

1. Take CustomPAK. Many business insurance packages make you pay for coverages you really don't need. Not CustomPAK. It saves you money by allowing you to custom-tailor coverage to your business' exact needs. No more. No less. You also get the advantage of a wide choice of money-saving rating plans, rather than a single "package" discount.

2. Our second good idea is Budget-Rite. It's a way we have of financing your insurance premiums. At less than most bank rates, and with the convenience of 12 monthly payments. You don't tie up capital by pre-paying your premiums. One more convenience: when premiums change, your account is adjusted automatically.

Talk to your local Aetna agent or broker about CustomPAK and Budget-Rite. He knows the perfect combination for your business insurance.



LIFE & CASUALTY

HIGH SERVICE STANDARDS

... The main reason OUR Self Insurance Program is

THE FINANCIAL TOOL FOR THE 70'S!

WE'RE SPECIALISTS IN SELF INSURANCE:

our services are outstanding. And our national network of associated service companies is closely supervised and sincerely committed to the maintenance of our high standards.

For the special benefits of Self Insurance, look to specialists.

Write for literature

ASSURERS' SERVICE, INC.



22 Battery March St.
Boston, Mass. 02109
Service throughout
the United States
Tel. (617) 482-4504

Savings with Safety

'Old-time thriller' extortion plot foiled

SAN FRANCISCO—Argonaut Insurance Co. was not protected by insurance against a recent \$250,000 extortion attempt which turned into an almost farcical flop.

The plot originated, according to police, some ten years ago when Joseph Broglio, owner of an Altaville, Ca. rock-crushing firm, complained Argonaut had "poorly compensated" him after a machine had overturned and injured him.

Ten years later, last July 12, a secretary at Argonaut's San Francisco office found an envelope on a table at the fourth floor entry, addressed to Thomas Flynn, claims department, and marked "Very Personal." Inside, according to police inspectors Wendell Tyree and Telfred Slettvedt, was a rambling, unsigned, four-page letter demanding that Argonaut pay \$250,000 to the unidentified writer and eight other unidentified persons.

"THE WRITER of the hand delivered letter," Inspector Tyree said, "alleged that all nine had suffered industrial accidents in the past and that the insurance settlements, some not involving Argonaut, had been inadequate. The letter also warned that the insurance industry would be embarrassed if Argonaut did not pay the \$250,000 by disclosure to news media of some 50 insurance case histories and the letter said 'it may be we would be starting a

Ralph Nader thing here,'" the inspector point out.

The two police inspectors, who described the affair as "something out of an old time detective thriller," said the letter had instructed Mr. Flynn to assemble the \$250,000 in \$20 and \$100 bills. The money was then to be placed in "a small, tan briefcase with a two-inch-wide red stripe diagonally on one side and a two-inch blue stripe on the other side.

The letter also instructed Argonaut to put the following ad in the San Francisco Examiner want ad section under personal: "Tom; We had to sell the '27 Reo. You know why. You Uncle Ed. FG.. 72 TCP 123."

ARGONAUT notified police and on July 25 and July 26 the writer of the letter called Mr. Flynn with a warning that two bombs had been planted in the insurance company's office and could be defused or exploded "by remote control." Mr. Flynn was instructed to make the payoff at 10 a.m. on July 26 in the lobby of San Francisco's famed Old St. Mary's Church at California and Grant.

The Argonaut man was at the church, right on time, and in the lobby handed the bulging briefcase marked as ordered to a man who asked for it. As the man, later identified by police as Mr.

Broglio, walked out of the church carrying the briefcase, he was met and arrested by the two officers.

Instead of the \$250,000, however, the briefcase was stuffed with wads of old newspapers cut by police into the shape of currency and then wrapped in pa-

per. A search of the Argonaut building failed to uncover any bombs.

The San Francisco grand jury has asked the district attorney to prepare an extortion indictment against Mr. Broglio, who is being held on that charge in city prison.

classified advertising

HELP WANTED

EMPLOYEE BENEFIT/PENSION CONSULTANT

Rapidly expanding independent consultant firm has an opening for specialist in Employee Benefit/Pension. Sales experience and technical ability equally important. An unequalled opportunity to grow with and become a part of this fine old firm. Box 280, BUSINESS INSURANCE 740 Rush St., Chicago, Ill. 60611

CORPORATE INSURANCE MANAGER

Assume responsibility for insurance department handling all types of risk. Morris County, New Jersey area. Salary commensurate with experience and ability. Forward resume, references and salary requirements to: Box 282, BUSINESS INSURANCE 740 Rush St. Chicago, Ill. 60611 An equal opportunity employer

IMMEDIATE OPENINGS

EXECUTIVE-PROPERTY-CASUALTY-BONDS

Expanded Operations Within one of Chicago's Leading Corporate Agencies has these positions Available NOW for the right individuals . . .

ACCOUNT EXECUTIVE

Mature, experienced individual capable of managing, placing and increasing volume on house commercial accounts and new business.

CASUALTY DEPT. REPRESENTATIVE MULTI-PERIL

Capable of coordinating casualty and multi-peril placings in the market for commercial risk accounts.

ASST. MGR. BOND DEPT.

Knowledge of Surety Bonds, and all forms of bond placings. Service house accounts plus producing new business. Position leads to Manager of Dept. in year.

COMM'L. PROPERTY REPRESENTATIVE MULTI-PERIL

Capable of coordinating property and casualty multi-peril placings on large corporate accounts.

EXCELLENT OPPORTUNITY FOR ADVANCEMENT

Requirements for above positions include a college degree or C.P.C.U. designation. Excellent fringe benefits, salary commensurate with experience and ability.

Reply in confidence Box 278, BUSINESS INSURANCE 740 Rush St., Chicago, Ill. 60611

AN EQUAL OPPORTUNITY EMPLOYER

ASSETS IN CANADA?

For 76 years our firm has provided the professional advice needed by *Multinational* corporations who believe as we do, that insurance premiums should work for a living:

- . . . Local Service
- . . . Branches across Canada to handle all the needs of your corporation.
- . . . Assurex International Membership gives us the hand of over 60 offices to handle, on a local basis, all the special problems you have in other countries.

E. A. Whitehead Ltd.

Place Du Canada Phone: 514-878-4331

Montreal 101, P.Q. 101 Telex: 01 26461

Branches:

Toronto, Calgary, Vancouver, Whitehorse (Yukon)

Travelers ups limits

HARTFORD—The Travelers Insurance Cos. will raise coverage limits on group health plans from \$50,000 to \$250,000.

The increased limits are to be offered to employers and other group health policyholders in the U.S., beginning Sept. 1.

Where the decision is made to increase limits, they will be applicable to all employees and dependents covered.

A Travelers spokesman told *Business Insurance* that the new limits will be made available because of the rapidly-increasing costs of medical care—especially as typified by constantly-improving methods of health care.

He said that this cost escalation has been the result not only of hikes in costs of individual services, but also because of the increased number of services in use today.

Moreover, advances in technology—such as open-heart surgery and improved cancer treatment—have resulted in more expensive total medical care.

These factors, he said, have created "a definite need" for the new \$250,000 major medical and comprehensive medical health insurance limits.

Tougher safety rules

Tougher safety rules for industrial plants where highly flammable liquids are used are being introduced by the British government. All liquids with a flash point below 32 degrees centigrade will be covered in the rules, which are now in process of getting Parliament's approval. Risks to workers from the increasing use of such liquids has been a matter of concern for some years to safety officers, and the government feels that strengthening the law over their controls will make "a significant contribution" to accident prevention.

The hardest way to learn about insurance is by accident.

There are hidden dangers in every operation. They sit there, patiently awaiting the right set of circumstances. And then, when you least expect it, they happen.

If you're lucky, no one will be injured, your insurance will pay for the loss, and you can correct the situation.

But if you're not lucky, you're going to learn about your insurance the hardest way there is.

At Kemper Insurance we work hard to help our policyholders identify dangers before they become accidents.

And we design our coverage to protect our policyholders against these accidents.

We've helped businesses like yours from coast to coast. And we would like to help you.

Our large staff of loss control engineers is trained to locate potential accident situations. And we can show you how to reduce or possibly eliminate these hazards.

We'll put our loss control engineers to work when we write your

business insurance. Whether it's Workmen's Compensation insurance, Boiler and Machinery coverage, General Liability, Fire, Burglary, or a Package Policy.



Because safety pays. In fewer accidents and injuries.

And in lower premium costs to you.

If you'd like to know more about business insurance from Kemper, and the money it can save you, contact your nearest Kemper Insurance agent, or write Walter R. White, Kemper Insurance, Long Grove, Illinois 60049.

Kemper

INSURANCE

small enough... big enough
for every size insurance need



**"Let's say one of my trucks
just had an accident in Dexter,
Iowa.**

How would Allstate handle it?"

In a case like that our adjuster was immediately sent to the scene.

The entire cargo transfer was completed and a relief truck was on its way to its destination in about 12 hours.

You see, Allstate has the largest full-time staff of claims specialists in the business. They're located coast to coast and trained in Allstate's cut-the-red-tape way of doing things.

Insurance is as competitive as your business, so we have to capitalize on our advantages.

Extra hustle. An aggressive, just-let-us-quote attitude. And a management that thinks an insurance company's service should bend to suit the customer instead of the other way around.

The price? That's right—very competitive.

We wouldn't expect you to just take our word for all this. So put us to the test.

Ask us to quote.

Allstate[®]
BUSINESS INSURANCE