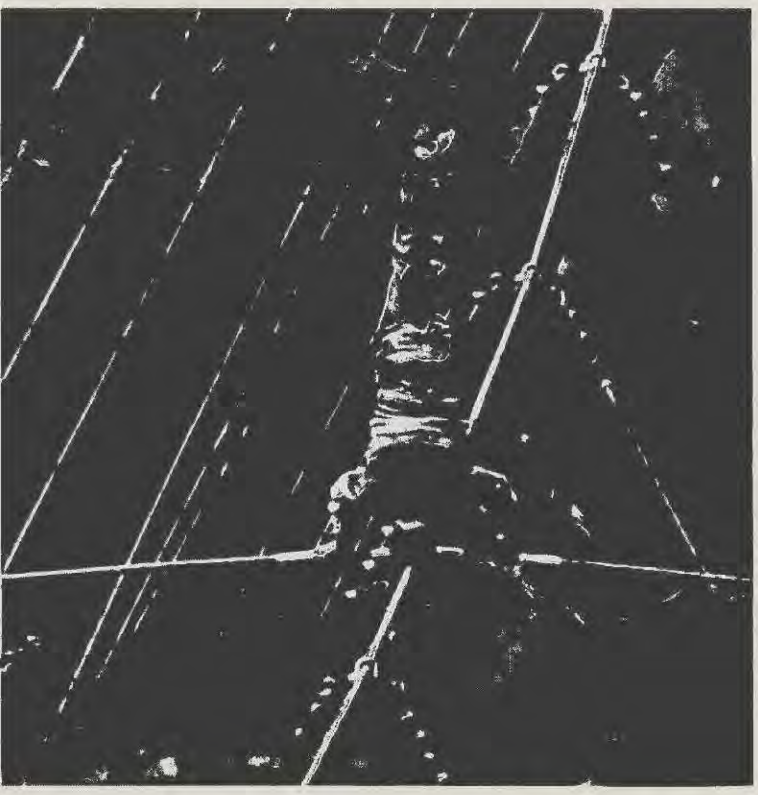
Group life plan finances education

See page 17

45¢ a copy; $10 a year August 3, 1970

business insurance®

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



Highwire walk: No net, just $10,000 life cover

TALLULAH FALLS, Ga.—Some persons who witnessed Karl Wallenda's daring highwire walk across north Georgia's Tallulah Gorge here on July 18 said the veteran aerialist appeared as calm as a tomcat on a backyard fence.

The organization that promoted the widely-publicized wire walk was taking no chances, however.

In addition to providing Mr. Wallenda with $10,000 in life insurance for the day of the walk, Tallulah Productions Inc., had a $1 million liability policy in case some nonaerialist were to fall into the rocky 700-foot gorge.

THE COVERAGE, according to an agency source, was written by Continental Casualty Co. and National Union Insurance Co. It provided up to $1 million in the case of death or injury to any of the estimated 25,000 spectators who lined the lip of the gorge to view Wallenda.

Mr. Wallenda, who received $10,000 plus a share of the gate for making the 1,100-foot walk across the gorge, was given a life policy covering him from 12:01 a.m. July 18 to 12:01 July 19.

His wife was named as beneficiary in the policy, which cost $500.

"My wife, she's gonna have one helluva a good time if I fall," the German-born circus star joked a few hours prior to mounting the cable. ■

Museum loses insurance dispute

SAN ANTONIO—A Federal court jury has ruled against the San Antonio Museum Assn. in its attempt to collect on a $200,000 insurance policy written for the McFarlan Diamond, taken from the Witte Museum in 1968.

The Maritime Insurance Co. Ltd. of Liverpool, Eng., insured the $365,000 gem that was stolen from a glass case while a guard was off duty.

The Museum Assn. had brought the case to court when Maritime refused to pay. The museum's directors contended that they were not aware of a policy clause stipulating that the diamond be guarded at all times while the display room was open to the public.

Cecil Yancey Evans, formerly a Texas A&I football player, admitted to smashing the case and taking the gem, which was the largest emerald-cut canary yellow diamond in the world.

Fans leave trail of glass

CHICAGO—Merchants here were left sweeping up the glass and looking into their glass coverage after approximately 40,000 rock music fans left a Grant Park concert, sponsored by the city, and vandalized stores on Michigan avenue and in the Loop.

A spokesman for Sears, Roebuck & Co. said that looting from a broken window at their State street store resulted in a $500 loss but the cost of replacement for the display window itself was about $5,000. Sears carries no outside insurance on their window glass.

At Goldblatt Bros. ten windows were smashed but there was relatively little looting. The department store is self-insured.

Continued on page 25

New side effect of 'pill': Product liability market shrinks for drug industry

By SUSAN TRAUSCH

NEW YORK—In a pill-popping, consumer-oriented world, drug companies are selling more now, but enjoying it less as doctors, lawyers, politicians and citizen committees zing them with hot questions about product quality, especially in the birth control pill market. And insurers, who have never been crazy about writing pharmaceutical products liability anyway, are coming up with some questions of their own.

Talking with drug company insurance managers and underwriters, *Business Insurance* learned that the products liability market has been steadily shrinking since the early '60s when the first birth control pill side effects cases started cropping up. Insurers say the reasons for the tight situation are an uncooperative London reinsurance market, a lack of understanding and communication between drug officials and insurers, and the mystery about what side effects the pill actually causes or doesn't cause.

In his book, "Pregnant or Dead," published in 1969, Dr. Harold Williams points out that approximately 2,800 birth control pill users have died since 1957. He attributes their deaths to the pill, but also points to a lack of research, and definite proof linking oral contraceptive use with thrombophlebitis (blood clotting and inflammation of the veins).

"CONFUSION is the word that best describes the birth control pill manufacturing industry right now," said a doctor at New York's Academy of Medicine. "I don't think it's a matter of companies not researching before marketing. It is impossible to detect side effects until millions use a product for at least ten years."

Many insurance companies said that is the reason they did not get into the market.

"We just don't write pharmaceutical products liability," said a Travelers spokesman. "The effects of drugs might show ten or 20 years from now. Drug firms have always been a problem for insurers."

CNA Insurance and Continental Insurance Co. had similar comments and most underwriters just gave short cynical laughs when asked about the pharmaceutical market.

Insurance Co. of North America (INA) and Aetna Life and Casualty are two of the primary U.S. insurers and both of them, while saying they would continue to write such business, sounded a bit as though they were whistling in the dark. Aetna, which insures the G. D. Searle Co. of Chicago, a birth control manufacturing firm that recently had two lawsuits go against them (one for $250,000 and another for $225,000), chose to talk about the weather.

"AETNA ALWAYS tries to be attuned to the needs of its policyholders," a spokesman said, reading an official company statement that was two weeks in coming.

An INA man said it was more than being attuned and pointed out that products liability underwriters went over drug firm product listings with a microscope.

"Underwriters are very, very curious about every little thing going into a product," he said. "They demand detailed information on all lines that a drug company carries. I think that drug manufacturers are extremely careful to research thoroughly and comply with the Federal Drug Administration's standards, but still insurers have a limited appetite for this market."

He and most other people interviewed pointed out that one of the biggest problems carriers have is getting reinsurance layers.

"FOR THE PAST five or six years, London has had a narrow view on this," he commented. "In fact, the first thing the Lloyd's people ask you is, 'Are you in the

Continued on page 25

U.S. report: 'Set mass marketing free'

WASHINGTON—The Department of Transportation has released a 180-page report here urging state insurance departments to forego drafting legislation restricting mass merchandising of property and liability insurance.

The report was prepared for DOT by Dr. Herbert Denenberg, Loman professor of insurance at the University of Pennsylvania's Wharton School of Finance and ... ball, dean and professor of law at the University of Wisconsin law school. It charged that such restrictive legislation impeding the free development of mass merchandising is an indication of the fact that "there has been no more serious failing in insurance regulation than the lack of the sense of a framework, of deliberately chosen goals, of a considered basis for deciding where we are going, what should be done,

The report was commissioned by DOT as part of a study it was directed to make in 1968 of the existing systems for compensating auto accident victims. The mass marketing method of automobile insurance availability has been touted as a means of cutting the costs of providing such coverage.

IN COMPARING the impact of mass-merchandising insurance

insurance regulation, the Denenberg-Kimball report pointed out that "an important social goal which applies especially to automobile liability insurance and workmen's compensation is the aim of facilitating a broad spreading of risk throughout society, on social as well as economic grounds. Insurance spreads losses that would be a crushing burden to a few so that they will become easily borne and

Continued on page 25

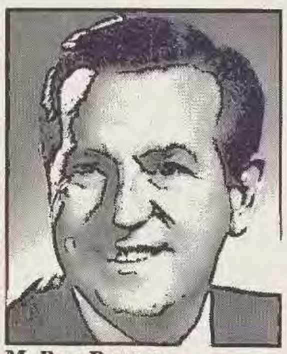
Business Insurance Workshop adds four more expert 'faculty members'

CHICAGO—Four more "faculty" experts have joined the program of the Business Insurance Management Idea Workshop, to be held from Oct. 11 through Oct. 14 at the Regency Hyatt House in Atlanta.

The workshop is designed for BI readers and other executives involved with corporate insurance and employe benefits including pensions and profit sharing, safety and security and financial services.


John G. Veneman


William W. Winpisinger


M. Rex Pearson


Paul F. Larcom

The additions to the faculty roster—it now totals 33—are:

• John B. Perkins, executive director, Chicago Council on Alcoholism, who will discuss the prevalence of alcohol addiction, its cost to industry and new techniques for counseling problematic employes.

• Robert E. Abrahamson, manager, corporate insurance, Control Data Corp., Minneapolis, who will analyze loss prevention, safety security and business interruption aspects of a computer-centered operation.

• Paul F. Larcom, of Union Carbide Corp, and William J. Jones III, assistant to the treasurer, overseas chemical division, W. R. Grace & Co., New York, who will conduct a special session on international insurance.

Other sessions slated for the workshop, which is organized entirely along audience-participation lines, including the following:

• "Cracking down on the high cost of medical care," by John G. Veneman, undersecretary, HEW, Washington.

Continued on page 28

International call

The *Business Insurance* International Issue to be published Aug. 31 will carry a special service supplement. It will be a handy guide to special international services available to employe benefits administrators and risk managers from insurance carriers, insurance brokers, special advisory organizations and other firms operating in the areas of international employe benefits and international property-liability insurance.

Business Insurance readers who offer special international services are invited to send a brief description of their services with the name of the company, its address and phone number to Michele Maddock, Editorial Assistant, *Business Insurance*, 740 Rush St. Chicago, Ill. 60611. Items submitted to the guide should be in our office no later than Aug. 14.

Insurance scholarships available to minorities

SAN FRANCISCO—Property and liability insurance carriers this week joined with the Bay Area Urban League to launch a plan designed to discover and help prepare unemployed minority group workers for jobs that can lead to management responsibilities in insurance.

David Gray, vp of Continental Insurance Cos. and chairman of the San Francisco insurance industry minority scholarship committee, said the all-industry program will begin in September and be administered by the Insurance Information Institute.

"It is a simple, inexpensive way," Mr. Gray said, "to bring more minority people able to do the job into the operating levels of the insurance business. We have been assured by the urban league," he added, "that there are many minority people who may not have the usual educational credentials but who, while they work elsewhere, would be willing to take Insurance Institute of America courses for nearly a year if they had assurance of the same chance at a job as the new college graduate."

THE PROGRAM will provide scholarships to three IIA courses for up to 20 candidates in San Francisco, along with any special tutoring that might be needed. Included is the assurance that any candidate who successfully completes the courses and passes the three examinations will be given an entry-level operating job in the insurance industry here.

Mr. Gray said the Pacific Coast advisory committee of the IIA, representing 15 companies, "will stand behind the guarantee of a job."

Funds for the scholarships are being raised here now, by a solicitation of $50 from each company office. Candidates for the scholarships will be recruited and interviewed initially by the urban league. Final selections will be by the league in consultation with insurance personnel executives. ■

GUIDE TO FEATURES

Vol. 4. No. 16—Business Insurance is published every other Monday at 740 Rush St., Chicago, Ill. 60611. Controlled circulation postage paid at Chicago, Ill. Copyright 1970 by Crain Communications Inc.

Most health insurers will cover abortions performed in New York

NEW YORK—It's now a matter of record. The state of New York has the most liberal abortion law in the nation and large insurance companies are facing the task of trying to keep up with the times.

The abortion law, which became effective July 1, simply requires an agreement between a woman who wants an abortion and a doctor who will give her one. There is no residency requirement whatsoever.

Blue Cross of Greater New York, whose contracts used to cover only married women with family contracts who had legal abortions, has extended its coverage for abortions performed in hospitals to include single women and dependent children. Although the New York City Board of Health has issued guidelines for abortions to be performed in specially equipped clinics or hospital-affiliated clinics, Blue Cross will give benefits only for abortions actually done in a hospital on an inpatient or outpatient basis.

ALL WOMEN covered by a community-rated group policy will have abortion benefits extended to them automatically. However, women covered by an experience-rated policy will be covered only if their groups decided to add abortion coverage to their contracts. The abortion addition would probably raise the groups' premiums, depending on how much the group decided to pay for abortion benefits and how many women in the group decided to undergo abortions, Blue Cross said.

The premiums would probably remain stable for groups covered under community-rated policies.

Other major health plans in New York, such as Health Insurance Plan of New York (HIP), have also taken up the standard. HIP announced that it will cover physicians' services for all hospital abortions performed by HIP doctors, regardless of whether the woman is married, single or a dependent child.

In a survey conducted among some of the larger insurance companies that offer group coverage, *Business Insurance* learned that most insurers could foresee little change in their rates for groups desiring abortion coverage, although they seemed to be taking a "wait-and-see" attitude. Said a spokesman at Aetna Life and Casualty, for example, "If the abortion rate grows and stays high there will probably be some effect on premiums. It really depends on the numbers and we will just have to wait."

THE COMPANIES agreed that if the group had maternity and obstetric coverage to begin with, single women would automatically be covered anyway. A spokesman at Travelers Insurance Co. emphasized that "in some contracts single women would be covered" while Prudential Insurance Co. of America stressed the fact that their coverage extended only to "covered individuals; married women and single employes."

A breakdown of the companies surveyed shows that while the companies agree in many aspects of coverage there are differences in regard to other liberalized movements, namely birth control pills and artificial insemination.

Therapeutic abortions, those performed only if the life of the mother depends on it, have been legal in this country for years and most of the companies have covered them under existing maternity and obstetrics benefits. The number of these abortions performed every year is difficult to ascertain because they are usually referred to by doctors as D and C's (Dilation and Curettage). The D and C is a common treatment, even on women who are not pregnant.

The spokesman at Aetna said, "In general, the majority of our policies are not written to give maternity and obstetrics benefits to unmarried, dependent daughters." He added that Aetna's abortion coverage would be good "only if the individual were covered for benefits, if the abortion was considered legal in the state in which it was performed and if the abortion was performed by a legally qualified physician."

IN REGARD to the pill and artificial insemination, the source went on to say: "Traditionally, medical expense insurance provides for injury and illness. To date policies are not written to cover expenses of this kind."

Spokesmen at Prudential told *Business Insurance* that women "must be covered for maternity and obstetrics benefits" and that no claims for this kind of coverage would be honored "unless the woman conceived while covered and is a covered individual." Unlike some of the other companies, Prudential has made no plans for the coverage of dependent children.

"Birth control pills are considered preventive medicine and are not covered," the spokesman continued. "Artificial insemination is likewise not covered."

Travelers will cover dependent children "if the policyholder requests it." A source at Travelers said that his company would only cover abortions "performed in hospitals. As of right now, special clinics will be covered only when they become fairly universal."

TRAVELERS, like Prudential, considers the pill to be preventive medicine and does not provide coverage for it. The source said he was "reasonably sure that artificial insemination will not be covered."

Spokesmen at Metropolitan Life Insurance Co. indicate that Met will cover dependent children "depending on the type of plan. Caesarean section and miscarriage coverage will also cover legal abortions," sources explained, noting the company will also cover abortions performed in special clinics.

As to premiums, "Experience will vary as to the group itself; the age of the members, their religious feelings on the subject, etc. There is basically no difference in cost between a normal delivery, a miscarriage, a caesarean or an abortion. The cost is incurred when the pregnancy is incurred," sources said.

Sources at Equitable Life Assurance agreed that rates would not be greatly affected and that single women are already covered if their group carries maternity and obstetrics coverage.

"Unmarried, dependent children were not covered in the past," they said. "An amendment must be made to policies for the coverage of dependents under maternity and obstetrics. We hope the amending process does not entail too much time or expense."

Continued on page 27

washington watch

Ask surcharge on property policies to pay for crime insurance in cities

WASHINGTON—States with serious crime insurance availability problems have been advised by the Federal Insurance Administration (FIA) to impose state property insurance loading fees upon all property insurance policies written in the state as a means of subsidizing of crime lines in the inner-city.

The FIA acknowledges that determining the rate of assessment is a difficult problem. But, it projects that the range of premium loading that a property insurance policyholder would be required to pay would range from 2/10 of 1% of his regular premium in a state like California to ½ of 1% in New York and 2% in the District of Columbia. The District of Columbia presents the "most serious crime insurance problems in the nation because of its total urban concentration and high crime rate," according to the FIA.

The lines of property insurance on which loading should be imposed are fire, extended coverage, other allied lines, burglary and theft, homeowners, commercial multiple peril, inland marine, glass, boiler and machinery, ocean marine and aircraft physical damage.

THE SUGGESTION was made in a long-awaited report to Congress by the FIA on the availability of crime insurance in urban areas. The FIA administers the FAIR (Fair Access to Insurance Requirements) program and the Federal Flood Insurance Act. It is part of the Department of Housing and Urban Development (HUD). According to the study, someone must bear part of the cost of placing crime lines in the inner cities and the most logical group is the other insured property owners in the state.

The report suggests, however, that if a state wishes, the subsidy could come from general revenues through taxation. States that have a critical problem of unavailability of burglary and theft insurance must act by Aug. 1, 1971, to implement these suggestions and make crime insurance generally available. If they don't, the FIA says the HUD secretary will require that state FAIR plans provide crime lines coverage in order to continue to qualify for Federal riot reinsurance.

The FIA report has stirred up a lot of controversy and apprehension in the insurance world. But, pragmatists in the industry are almost unanimous in the belief that few states—probably none—will enact the legislation necessary to levy the loading fees. Furthermore, they continue, a move to force FAIR plans to offer crime insurance could signal the demise of the entire FAIR plan program.

Even the FIA admits that requiring FAIR plans to write crime lines "would not produce a meaningful result" because the FAIR plan legislation does not provide for a rate subsidy. "Insurance is not, in fact, available if no one can afford it when it is offered," the report points out, "and the criterion of reasonable price cannot be met by adding crime insurance to the FAIR plan.

"FURTHERMORE," the study continues, "in those states in which the need for burglary and theft insurance is greatest, the volume of currently unmet demand for coverage is such that if this demand were met through the FAIR plan, it is almost a certainty that crime losses would not only result in prohibitive rates for the new body of FAIR plan business, but that the premium cost of that insurance that is now written in the voluntary market and whose experience is pooled with that of FAIR plan business would be driven out of reach."

Rep. Frank Annunzio (D., Ill.), a leading critic of the FIA and long-time advocate of including crime lines coverage in FAIR plans, has called the FIA study a "cop out" that "does nothing more than buy time for the insurance industry in the hope that those of us who want to provide solutions to the problem will back off and shift our attention to some other area."

Rep. Annunzio is pushing legislation that would authorize the Federal government to write crime insurance directly. The FIA said it considered such a proposal, but found many reasons to reject it.

First, it said, the expense of establishing a nationwide insurance company would be extraordinary. Also, such a centralized insurance entity would have difficulty accommodating diverse local conditions and needs, "even if it successfully resisted the bureaucratic tendency of centralized power to expand its role and authority," the report continued.

And, finally, it said, such proposals are based on the common essential principle that the problem of availability is a national problem of such economic magnitude that the cost of providing burglary and theft insurance in high crime areas should be supplemented by the Federal Treasury.

The FIA said its study suggests differently—that "although the restricted availability of crime insurance is a critical problem in many urban areas, it is not national." ■

Insurer must pay wounded neighbor

TRENTON—The Sussex Mutual Insurance Co. has been ordered by the New Jersey supreme court to pay a claim on a homeowner's liability policy after a case in which the homeowner shot one of his neighbors.

The company refused to reimburse William S. Burd, who admitted he shot a neighbor and paid $8,500 damages.

Mr. Burd was convicted of atrocious assault and battery but the high court ruled that the criminal conviction did not affect the civil case. It was brought out in court that Mr. Burd had been drunk and fired into the dark, not necessarily at the victim. This, in the eyes of the court, was negligence and the insurance company was ordered to pay.

Touchy Question #68

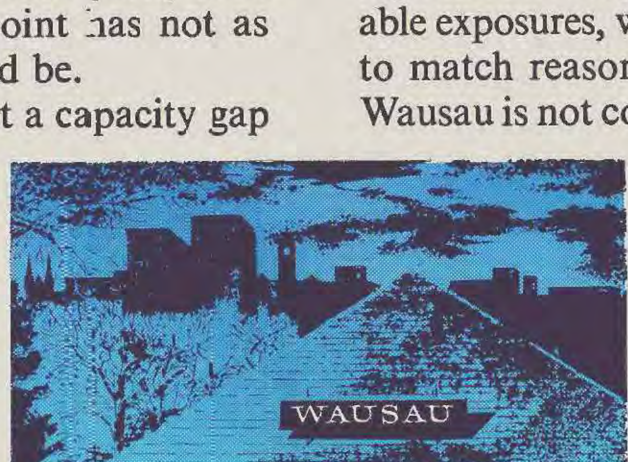
What's the capacity gap and how can it be closed?

No insurance company in this country, or all of them put together, has ever had a nickle's worth of underwriting capacity of its *own*.

Insurance companies don't pay their policyholders' losses. The policyholders pay each others' losses. The insurance company is only the stakeholder and scorekeeper. The capacity is that of the totality of insurance buyers.

If we ever reach a point at which the losses produced by any given peril exceed the premium resources of everybody who is willing to buy insurance against that peril, we'll have a capacity gap. That point has not as yet been reached. But it could be.

What we have now is not a capacity gap but a capacity strain. The strain is exerted by several forces, but the most significant is a trend toward concentration of higher and higher values in narrower and narrower geographic, economic, and distributional areas. The effect is to multiply potential catastrophe exposures.



Employers Insurance of Wausau

Can the insurance industry (meaning its customers, remember) continue to build underwriting capacity to keep pace with these new and horrendous exposures?

Maybe. But the real question is: *should* we?

It's your money, not ours. You can't have continuously-increasing capacity without paying continuously-increasing premiums.

We don't think that's the answer. Anyway, it's not *our* Company's answer.

We think that rather than keep on stretching underwriting capacity to match unreasonable exposures, we should shrink the exposures to match reasonable capacity. Employers of Wausau is not content to be a loss distributor. We prefer to regard ourselves as a loss inhibitor. But for success in that role, we need the full partnership of our policyholder family.

Are you interested in getting into the loss inhibition business? Then, let us extend an invitation to join our family. We'll have a lot in common.

We think insurance ought to work for a living.

Robots are cutting insurance costs for those companies that use them

NEW YORK—One way to cut down on workmen's compensation costs is to hire mechanical workmen, and many manufacturers are bringing industrial robots into their operations, although they don't like to talk about it.

"Let's face it, mechanical men don't go to the men's room or complain or slice their fingers, and they've never heard of workmen's comp," said a manager at a pressure casting factory in New Jersey. "This is a very touchy area. I don't want to give you the impression that we're replacing men with machines." He said for more than a year he has been using three robots, built by Unimation Inc. in Danbury Conn., on his die casting machines.

"Most injuries here are burns or sliced fingers," he said "Since we've installed the robots we've had about a 50% cut in accidents. Because we are experience rated and because workmen's comp is based on payroll, our insurance rates have also gone down."

THE UNIMATION robot looks something like a machine gun with a clamping device on the end of it for picking up and moving objects. It can be programmed for 180 sequential commands, and can hold up to 74 pounds. Initial cost is $25,000 each, plus about $2,000 per year to operate on a one-shift basis, and about $75 per man hour of upkeep.

"It looks almost human while it works," he said. "But even though we do call it 'Charlie,' it's not replacing workers. It's elevating them to higher and better jobs. Robots do drudgery and dangerous jobs, making working conditions safer for employes. We plan to get more robots."

An operations manager using Unimation robots in his Pennsylvania forging plant said that 'Chumley,' 'Heathcliffe,' and 'Mergatroid' were mechanical workers that cut down on operation costs.

"The machines have cut our workmen's comp and health insurance costs," said a Ford official in Detroit, "but frankly we don't like to talk about industrial robots. A lot of people get the wrong idea."

IN ADDITION to using Unimation robots, Ford uses Versatran units, put out by a division of AMF Thermatool Inc. in New Rochelle, N.Y. Versatran units also cost about $25,000 and feature special point-to-point programming that allows for delicate operations, such as writing.

"Most insurance and safety people are totally in favor of the robot trend," said a safety engineer at Employers Insurance of Wausau. "They've been used in industry since the mid '60s and are especially helpful in the atomic energy field for handling radioactive material. But the public often thinks of them as little mechanical monsters running around loose and taking over jobs."

A Liberty Mutual safety engineer said workers should realize that robots create better jobs rather than take them away. "A robot does a job no one else wants to do, such as lifting, which is not only boring, but causes a lot of back strain," he said.

The Byrnes Brick Co. in Macon, Ga., puts Versatran units to this task and has them lift hot bricks off a conveyer belt. "This was previously done by hand," said manager Henry Byrnes Jr. "It wasn't dangerous, but it was extremely tedious and required a strong back and a weak mind. Now workers are freed from that chore for other jobs."

This robot, made by Unimation Inc., helps reduce insurance costs by doing jobs dangerous to humans. The mechanism is so delicate it can handle fragile eggs.

A NEW JERSEY Manufacturers Insurance Co. safety engineer was a little skeptical about the creation of new jobs. "There are two sides to this," he explained. "You can talk about creating jobs and elevating people, but when you get right down to it, automation eliminates workers. And while it cuts down on insurance losses, it also cuts down on premiums."

An official in the safety engineering department of Great American Insurance Co. said that the benefits of robots in the chemical and mining industry outweighed the problems.

"They are improving unsafe conditions and that makes insurance men happy," he noted. "True, they cut our premiums, but I think it's more important to keep people from getting hurt." ■

Hydrant stuck shut cost $442,575

OAKLAND, Cal.—Negligence in painting a fire hydrant in such a way that the cap could not be removed will compel Mills College here to dip into its self-insurance funds for $442,575.

That's the sum awarded the families of three Oakland fire fighters who died in a grass fire at the college in 1968. An Alameda County superior court jury also held the city to be negligent and denied a city request for recovery of pensions and expenses paid the widows and surviving children.

The trio of fire fighters, Lt. John T. Carlyon and officers Floyd J. DeMarco and Terry Silveria, all died when the wind-driven fire swept over them as they attempted to open the college fire hydrant.

Mrs. Mary Rose DeMarco was awarded $118,782; Mrs. Paul Carlyon and her two children, $169,478 and Mrs. Carin Silveria and her daughter $154,315.

Pigskinners tackle owners in haggle over (would you believe?)—pensions

By STEPHEN GILKENSON

NEW YORK—Professional football players are not the lame-brained, skull crackers they were once thought to be. And if anyone has any doubts about that statement he need only to look at the issues surrounding the recent dispute between the 1,200-member Players Assn. and team owners.

The issue involves employe benefits or, more particularly, pensions. That, in the employer-employe scheme of things, just goes to show you the level of sophistication these brutes of the breed have reached.

With the merger of the American Football League and the National Football League effective this season, the Players Assn. sat down with the owners earlier this year to negotiate a four-year contract. (Salaries, of course, are still an individual matter between the player and his owner, but pensions and insurance are negotiable in a single package for all players.)

THE AVERAGE pension for the player who does live that long comes to about $500 a month, according to a Players Assn. source.

The players' proposal, which has been rejected and termed "totally unrealistic" by the committee negotiating for the club owners, is to lower the pension age to 55 and provide benefits equal to $80 for each year of active service in the league.

The players and club owners have not been haggling so much about specific benefit items as they have been over the total package in terms of dollars. The package originally proposed by the players would have cost the owners between $7 million and $8 million a year over the life of the contract. Of that amount roughly 85% would have been applied to the pension benefit, with the balance being used for some form of widow's benefit (which the players do not now have) and improvements in the medical, disability and group life coverages. The players have since reduced their demands to a package that would cost between $6 million and $7 million.

The committee negotiating for the owners, on the other hand, has held fairly firm at a package that would cost about $4.5 million a year.

IN ADDITION to increased pension and some type of widow's benefit the players are looking for improvements in the following areas:

• Health insurance: They now have a major medical policy written by Lincoln Mutual and have no major complaints with the basic schedule of benefits ($100 deductible with 20% of the balance paid by the player). However, they are especially "miffed" with the maternity benefits provided under the plan. That schedule of coverage pays for all of the first $150 of expenses, pays nothing for the corridor between $150 and $450 and pays 80% of the amount in excess of $450. "We want that $300 corridor eliminated and have 80% of the amount over $250 paid," an associate source said.

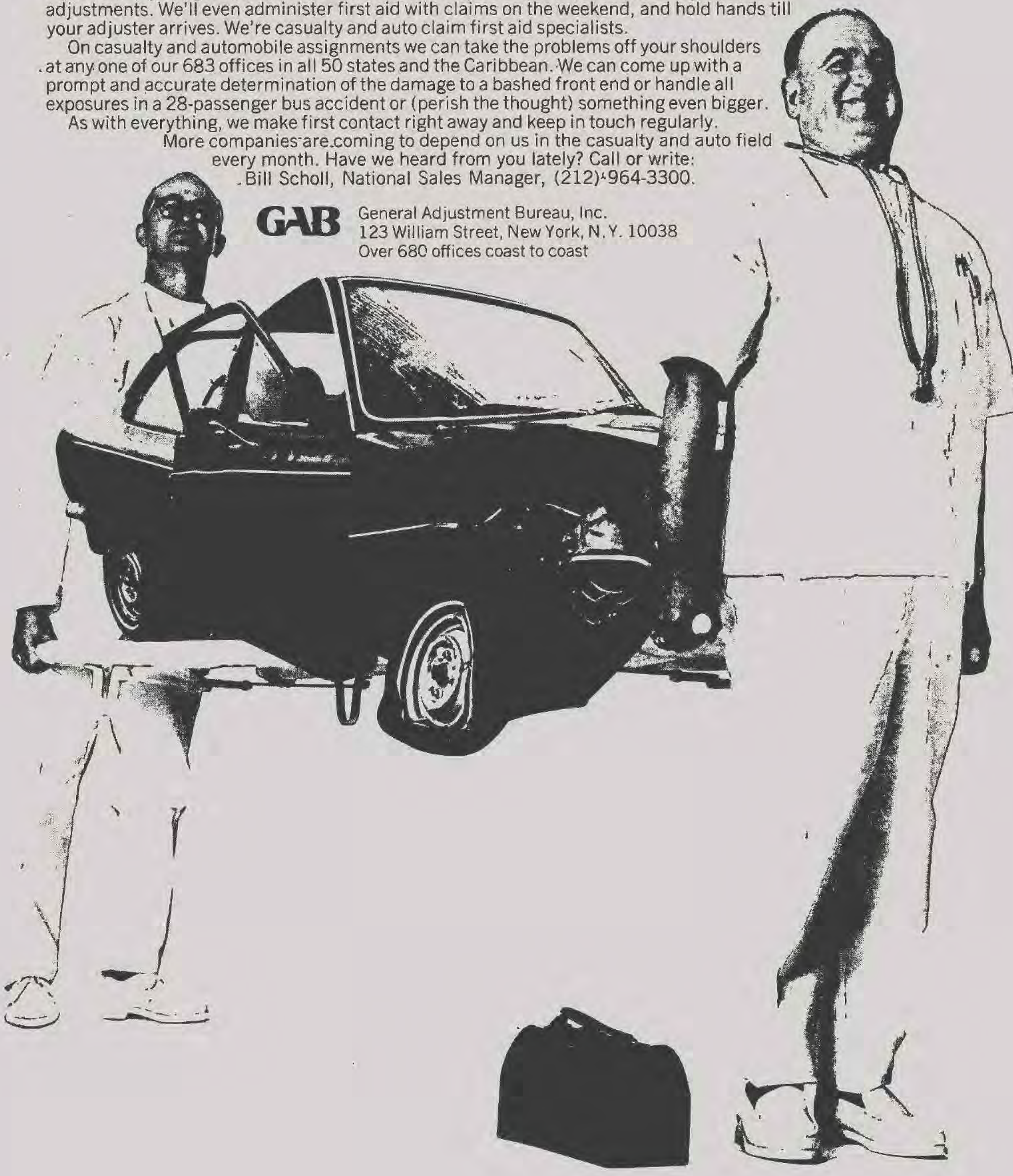
• Group life insurance: Players now have $25,000 of life coverage while actively playing in the league. This policy is also written by Lincoln Mutual. The association wants this amount increased to $50,000 while active and $25,000 thereafter.

• Partial disability insurance: The players do not have such coverage now. They have total permanent disability insurance but, said one Players Assn. member, "Only one guy has ever been able to use it, and he's dead now. There are a lot of former players with withered-up arms out there. They're collecting nothing because the disability policy says they can't as long as they are eligible for 'gainful employment.' A janitor pushing a broom is 'gainfully employed,'" he added.

• Dental and optical coverage: Players are not now covered under such plans. However, these are not major bargaining points and it is likely they will be shelved under the final settlement.

UNDER AN agreement between the Players Assn. and the owners, whatever sum is negotiated will be allocated to the NFL's retirement board. The board, made up of two Players Assn. reps, two owner reps and football commissioner Pete Roselle, will then decide on how to allocate the benefit package. The Players Assn., however, may recommend how the pot should be divied.

One major bone of contention from the owners' standpoint is that the players' proposals have been "unrealistic" because they are based upon the "most optimistic" income estimates of league teams. The owners have argued that attendance figures for the four years and tv rights income cannot be predicted accurately. ■



info for buyers

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

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

• The National Fire Protection Assn. 60 Batterymarch St., Boston, Mass. 02110, offers two manuals dealing with the codes, standards and recommended practices of sprinkler systems. **Installation of Sprinkler Systems.** (No. 13) contains 192 pages and costs $2.00. **Care & Maintenance of Sprinkler Systems** (No. 13A), contains 26 pages and costs $.75. Both manuals are 1969 editions.

• **An Introduction to Deferred Compensation Administrators Inc.,** is a booklet offered free of charge by the company describing its services. Some of their services include: studies and reports on existing employe benefit plans, negotiations for union pension plans, comprehensive insurance reports, employe communications, deferred compensation for key executives, and pre-retirement counseling. For a copy write the firm at 1624 Cargill Building, Northstar Center, Minneapolis, Minn. 55402.

• The United States Aircraft Insurance Group has prepared a summary of the law concerning the **Legal Liability of Owners and Operators of Airports.** The booklet covers aircraft accidents, fueling, hangarkeepers, maintenance and service, loading stand, rescue, automobile parking lots, elevators and escalators, police and security, slip and fall, special events, tenants and contractors, vehicles, indemnity, and liability to surrounding property owners. Copies of the booklet may be obtained, free of charge, from the Public Relations Department, United States Aviation Underwriters, Inc., 110 William St., N.Y., N.Y., 10038.

• The CORDE Anti-Theft Machine Lock has been introduced by Componentry Research and Development Enterprises Inc., 14-56 Bell Blvd., Bayside N. Y. 11360. The locking unit is made to fit most calculators, typewriters and office equipment. When secured, a machine may be swiveled 360 degrees so it can be used from any position on a desk or stand. Information and descriptive literature may be obtained by writing the firm.

• The Kemper Insurance Group has prepared **Detour Alcoholism Ahead** for supervisors and others who require a basic understanding of alcoholism; to enable them to identify the various signs and condition of developing alcoholism and to highlight the fact that it is a treatable illness. Initial orders of up to 50 copies are free, any additional orders are 5¢ per copy. Direct requests to the Public Relations Dept., Kemper Insurance Group, 4750 N. Sheridan Rd., Chicago, Ill. 60640.

• A monthly newsletter on the latest developments in the battle against noise pollution is being produced and distributed by the National Council on Noise Abatement in Washington, D.C. Members of the council receive it free, however, there is a $20 yearly fee for non-members. For more information or to subscribe, write: Noise News & Reviews c/o National Council on Noise Abatement, 1965 K Street, N.W., Washington.

• Reprints of the article **"Loss Prevention and Proper Motivation"** by John P. Gausch are available upon request from EBS Management Consultants Inc., Risk Management Dept., 100 Church St., N.Y., N.Y. 10007. The article asserts that police systems are not the answer to prevent loss through accident, theft, and fire, but rather an insight into behavioral sciences is what is necessary.

• The Delta Dental Plans Assn. has compiled some facts about group dental plans in its brochure entitled **Considering Dental Care Benefits For Your Employes?** The brochure lists guides to evaluate dental care programs, the kinds of dental services, the cost and quality control of programs, and information covering the plans offered by Delta Dental. Requests for single copies of the brochure are free. Direct your order to Mr. James Bonk, Director of Communications and Professional Relations, Delta Dental Plans Assn., 211 East Chicago Ave., Chicago, Ill. 60611.

• The National Fire Protection Assn., 60 Batterymarch St., Boston, Mass. 02110, offers a recommended system for the identification of the **Fire Hazards of Materials.** (NFPA No. 704M). The booklet contains key methods to mark containers indicating the reactivity, flammability, and health hazards of materials in storage. The booklet is a 1969 edition, contains 23 pages, and can be ordered for 75¢ from the association.

• A bulletin discussing the latitude and limitations of injury statistics, suggesting how such statistics can be utilized as a means for establishing an injury prevention program is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. **Using Injury Statistics** covers evaluation of disability, frequency rate of disabling work injuries, etc., with charts and tables included. The cost is 20¢ per copy.

• The National Safety Council has collected 15 articles originally published in National Safety News in **Fundamentals of Industrial Hygiene** (stock no. 151.11). The 120-page booklet contains important facts for the care of employs in industrial organizations. Single copies are $4.60, orders of 10 are $2.00. Send orders to the Council at 425 N. Michigan Ave., Chicago, Ill. 60611.

• The slide rule Sound Level Calculator (stock no. 129.94) was prepared to assist safety professionals in performing calculations required in implementing an industrial hearing conservation program. Slide 1 is of use to the safety professional interpreting noise levels, and Slide 2 is of value to doctors, nurses, and safety professionals with compensation responsibilities. Instructions are included with the slide rule. The calculator may be ordered from the National Safety Council, 425 N. Michigan Ave., Chicago, Ill. 60611. Single orders are $6.75 each, orders of 10 are available for $3.00 each.

• **What To Do About The Employe With A Drinking Problem —A Neglected Area Of Loss Reduction** is a booklet prepared by the Kemper Insurance Group as an aid for business and industry on how costs can be reduced and valued employes retained through policies and procedures based on current knowledge about the disease of alcoholism. An initial order of up to 50 copies is free, additional orders are 5¢ per copy. Direct requests to the Public Relations Department, Kemper Insurance Group, 4750 N. Sheridan Road, Chicago, Ill. 60640.

• Wells Fargo Security Guard Services has released **Pre-Planning for Civil Disorders** to help business and industry prepare an established system to handle these conditions. For a free copy write the firm at 1775 East Center St., Suite 202, Anaheim, Cal. 92806.

• **AFIA Guide Asia** features a summary of insurance requirements and forms in India, Indonesia, Iran, Lebanon, Pakistan and Turkey. Broad named perils are considered, covering explosion, windstorm, riot and strike or riot and civil commotion, damage by falling aircraft and vehicle impact damage, smoke, malicious damage, and earthquake. The booklet may be obtained by writing AFIA, 110 William St., N.Y., N.Y. 10038.

• **Excellence in portfolio management,** is a booklet outlining Bear Stearns Capital Management's investment policies and advisory services, and defining its portfolios. It is available upon request from the firm at 100 Wall Street, New York, N.Y. 10005.

• General descriptions of the various systems and components Honeywell provides for fire detection and alarm are available free of charge in the **Honeywell Fire Alarm Systems and Components**. It is designed to assist the owner or manager of any facility in determining his particular requirements for fire alarm equipment. For a copy of the catalog write Honeywell Automations, Tom Probst, 2701 Fourth Ave., South, Minneapolis, Minn. 55408.

• **Notes on Old Age Benefits Under Social Security—Based on 1969 amendments** ($7800 maximum earnings) can be obtained from the Consulting Actuarial Division, Alexander & Alexander, Inc., 2 N. Riverside Plaza, Chicago, Ill. 60606. Tables covering social security benefits, and average monthly earnings are also included. The booklet is an updated version of a previous one offered by the firm and is available free of charge when requesting it upon your company letterhead.

• The Chemical Safety Slide Rule (stock no. 129.91) contains a guide to 166 chemical substances. Injury Rate Calculator (stock no. 129.92) can calculate accident frequency rates, severity rates, hours of exposure, and average days charged. Safety Standards Locator (stock no. 129.93) contains a guide to the most commonly used standards: USA Standards Institute, NFPA, American Society of Mechanical Engineers and codes applicable to industry. All three slide rules can fit in a shirt pocket and can be ordered from the National Safety Council, 425 N. Michigan Ave., Chicago, Ill. 60611. Single orders each are $3.00.

ITT moves into British insurance scene

LONDON—Moves by International Telephone & Telegraph to break into the British insurance market and into part of the Canadian market, have now been fully revealed to *Business Insurance* by financial circles in London.

The American group will get its first foothold here by the surprise purchase of a small insurance firm, London and Edinburgh General Insurance, and two associates, for about $7 million.

ITT will take them over from Mercury Insurance Holdings, which has worldwide broking interests through the vast Stewart, Smith chain, which will be unaffected by the ITT deal. There is no sign of any opposition to the purchase, which follows ITT's moves with Hartford Insurance Co. in the U.S.A., and with a Rome insurance company.

SO ITT WILL get into direct underwriting, while Mercury keeps its world broking interests through Stewart, Smith. But ITT will pay generously for the deal, presumably since it will save money that would otherwise have to be spent in building up its international connections.

Mercury, now worth about $25 million on the stock exchange, will retain complete control of its profitable broking interests, which have major offices in the U.S. Its underwriting businesses, largely confined to the U.K., contributed only one tenth of its profits last year, and may take a long time to show a real profit in present conditions, as their benefits come largely from investment earnings.

The future pattern of operations under ITT is not disclosed in the announcement of the deal, which has the approval of Mercury's board of directors. Insurance companies in Britain are waiting to see what ITT will do to build up its acquisitions.

The companies to be sold to ITT are: London and Edinburgh General Insurance Co., which does general underwriting business, mainly in Britain and Canada; London and Edinburgh Life Insurance Co., which writes life assurance in Britain, and 15 years ago was a pioneer in insurance link-ups with equity funds; and Great Eastern Insurance Co., which writes auto and other general insurance business in Canada.

BY ENGLISH standards the companies are small, but ITT will now completely own two British companies and one Canadian company as a result of the financial transactions. As Mercury owns only 83.5% of Great Eastern, ITT is expected to pay out cash in Canadian dollars for the remaining shares.

George J. Stewart, Mercury chairman and key figure in the Stewart, Smith brokerage group, told stockholders as the ITT sell-off was announced:

"In the U.S. every major office of ours showed higher turnover and higher profits last year. The results of the Canadian companies improved by 20%." He revealed that Stewart, Smith's rising overseas income includes commission earnings on at least $150 million in premiums. ■

following the funds

New York City's five pension funds put focus on fiduciary responsibility

By GEORGE LANGWORTH

NEW YORK—The New York City pension funds (there are five of them totalling $5.66 billion in assets) are following a number of their city and state counterparts—dumping their role as the "first alternate city treasury" and taking up more fiduciary-minded responsibilities in attempts to increase their assets.

A city pension fund has traditionally been looked on as an excellent "customer" by a city government short on cash in the face of necessary and pressing expenditures. In these days of the vanishing urban tax base, the floated municipal bond has loomed up as a partial if temporary solution to the shaky solvency of the city's budget.

Pension funds, with their massive assets and long-term-oriented investment programs, have the ready ability to buy these bonds and are more likely to hold onto them until their maturity—the two important qualifications a cash-hungry city looks for in an investor.

THE ONLY PROBLEM with this line of thinking is that it's shortsighted—in the long run such a strategy will drag the city that follows it down to greater impoverishment and larger more pressuring debts, not greater fiscal ease, as most pension fund managers agree.

A case in point is occurring this year in New York City. Mayor John Lindsay had already budgeted nearly $500 million as this year's city contributions to the five New York funds. Such contributions are determined by the actuarial demands placed on the funds by the accrued benefits on the city's employes.

However, New York, as are most cities this year, is finding it has many more places to spend its money than to collect it. It was this imbalance that prompted the city's controller, Abraham D Beame, to suggest a way of cutting this whopping employe benefits allocation down a bit.

Mr. Beame took note of the fact that there are a number of corporations that are equally cash hungry as a result of this not-so-excellent market. Consequently, they (the corporations) had followed a strategy similar to that of the cities: issuing large numbers of corporate bonds. There was, however, as Mr. Beame pointed out, a very important difference.

THESE CORPORATE bonds are paying an interest of 9%—largely because of the extraordinarily high cost of money today that is fostered by a general absence of easy liquidity. In examining the yield on the pension funds' bond portfolios, Mr. Beame pointed out a great disparity; that is, the pension funds' New York city bonds as well as other municipal bonds, treasury notes, and mortgages were yielding only 2% or 3% or 4% at most.

Making what he called a "conservative" estimate, Mr. Beame suggested that if it were made possible (and legal), the pension funds could unload their unwieldy and low-income fixed investments and replace them with the higher-yielding corporate bonds of today's market. This move, he said, would increase the earning power of the pension funds' assets to the tune of a decrease in this year's contributions of $9.5 million.

If doubling the yield on a substantial portion of a pension fund's bond portfolio could yield such a large "rebate" in the very first year of the switch, just think about its long-term effects. There was, however, another small problem.

Getting rid of low-yielding investments in any market is difficult—after all, who needs them? The securities held by the city's pension funds were sleeping at a price lower than their face value when Mr. Beame's strategy was being considered. Selling such a large amount of unwanted securities at such a low price promised the pension funds a substantial loss as the first return on their proposed investment strategy.

MR. BEAME and the state legislature teamed up to ease the pain (if not alleviate it completely) of this problem during the spring session, however. Under a law passed by the state legislature, the loss suffered by the pension funds when they begin to unload their low-yield holdings will be amortized over a 20-year period. This handy and perfectly sound method of softening the blow of a debt simply cuts up such a frightening debt into pieces small enough so that they can be swallowed by the indebted at decent intervals without too much pain.

Actually, Mr. Beame is entering the second phase of his own campaign to increase the earning power of the pension funds' assets. In a previous term as city controller (1962-65), Mr. Beame had begun shifting the investment program of the pension funds so that new investments de-emphasized New York city bonds, turning to more lucrative investments.

New York pension funds, like their other city and state counterparts, have their investment policies rigidly controlled by law as to what category of investment they may make. The amount of risk such pension funds are allowed to take in making an investment is kept to a minimum by law. Such careful regulation need not stifle a city pension fund from making better rather than worse investments, as Mr. Beame has shown.

There is only one problem. If any other city or state pension funds are contemplating a similar move, they will have to pay the price for following instead of leading. In unloading their low-yield holdings the New York pension funds have done little to improve their price or appeal on the market. But then, there's always that amortization gambit. ■

Joins Holborn

James A. Cathcart III, formerly with Towers, Perrin, Forster & Crosby, has joined Holborn Agency Corp., New York, as a vp. He will specialize in reinsurance consulting.

Fuller tells coverage plans for new franchise

HARTSELLE, Ala.—Edward H. Fuller Jr. was recently named vp of insurance and real estate for Branded Burgers Inc., a new franchise operation that is licensed for Canada, Mexico and the Carribbean.

"We spent a lot of time analyzing other franchises and their problems and mistakes before setting up our own. We're only two years old now and we feel we really know the pitfalls," he told *Business Insurance*.

Branded Burgers is a Nevada corporation and its pilot unit in Alabama is currently the only restaurant in operation. It has been doing business for two years. Two more units are planned for 1970 and in 1971 ten more will go up in Alabama. In 1972 the company will add 15 more restaurants in the state. Units in Georgia, Tennessee and Florida will follow, according to Mr. Fuller, who is a licensed agent-broker.

Edward H. Fuller Jr.

"Product and general liability insurance for franchise locations will probably be handled through Branded Burgers," he said. "Property and liability, and because of different rates in different parts of the country and world, will have to be negotiated with the owners of the franchised buildings. An individual within Alabama, if he owns his own building, for instance, will have to be given the chance to place his own coverage. Or the investor would if he owned the building."

THE COMPREHENSIVE general liability and fire and extended coverage insurance for the operating unit, the company offices in Hartselle and the two planned units was placed by the Rex Rankin Insurance Agency, Decatur, Ala., with Commercial Union Insurance Co. of New York.

"I don't think there are any special liability risks in the franchise business other than product liability," Mr. Fuller said. "I don't think we would be responsible for parking lot damages because driving in the lot is just like driving on a public highway. But I would have to investigate the possibilities of, say, a person who was walking in the lot being hit by a car, further.

"I've just placed a group life and hospitalization policy for our present employes with Piedmont Life Insurance Co. We would like to be able to offer a complete benefit package to all future franchises and I'm working on this. You can't force them to take it," he added, "but they will have the opportunity to join our group program.

"I'm also involved in setting up an incentive program either through life insurance plus mutual funds or through a straight cash-value build up in life insurance or mutual funds. Branded Burgers would offer this to purchasers of master franchises, ten or more restaurant units, and individual franchises."

Mr. Fuller, 30, a graduate of Auburn University, spent the last six years managing extensive real estate holdings in Alabama and Florida. He is also responsible for all site selection and lease negotiations for the company, according to Robert E. Johnston Jr., president of Branded Burgers. ■

Assistant secretary

John R. Yaeger has been named assistant secretary, administrative underwriting, group department, Travelers Insurance Cos., Hart-

opinions

A classic tale

SOMETIMES a personal incident spotlights a national problem. Such is the case with a *Business Insurance* staff member whose son was run over by a car two years ago. The boy, thankfully, was not seriously injured, but the case fell into the hands of an unscrupulous plaintiffs' lawyer. And herein lies the tale.

In the wake of the accident the boy's parents were advised by their pediatrician to refer the case to a personal injury lawyer whose name he provided. Still shaken by the accident and five days of anxious hospital visits, the parents called the lawyer's office and were promptly visited by a legal investigator. The investigator took photographs of the boy and his bicycle, got names of witnesses and had the parents sign a standard contingent fee form that stipulated that the lawyer was to receive one-third of anything recovered from the accident. The parents were cautioned not to deal with any insurance company claimsmen.

A form letter sent by the lawyer eight days after the accident assured the parents that the lawyer would "give this matter every possible attention and keep you advised from time to time as to future developments." The boy received two more communications from the lawyer: Christmas cards in 1968 and 1969.

Not long ago the boy's father called the lawyer's office. A secretary said that it was standard procedure for the lawyer to try to settle the case and then file suit without consulting the client. "Usually they're just not that interested; they just want us to go ahead," she said.

A letter to the lawyer was answered with a curt response and a copy of a complaint filed sometime during 1969. The complaint contained no fewer than six substantive errors in fact, including three instances in which the accident victim was misnamed.

Most surprising of all to the parents was that the suit demanded damages of $35,000, a figure many times what they would have expected to claim. The parents say they would be satisfied to be compensated for several hundred dollars in doctors' fees, the cost of their son's bicycle and an unspecified but small amount of extra family expense during the boy's brief recovery period. They feel that they should not consider collecting the hospital charges covered by an employer-sponsored hospitalization plan.

Now, despite their good intentions, they find themselves named as plaintiffs in a $35,000 lawsuit, one that was never discussed with them before it was filed. Obviously the personal injury lawyer, once he had a contingent fee contract, considered the suit to be his property, something that was no longer the concern of the injured boy or his parents.

This case is hardly unique. We happened to hear about it because it involved one of our staff members. We believe the facts in this case are a classic example of what's wrong with our auto victim compensation system. It has fallen largely into the hands of plaintiffs' lawyers who derive one-third, or thereabouts, of billions paid out annually to victims of traffic accidents.

The auto insurance industry has often pointed fingers at what it calls "voracious claimants," people who look upon an auto accident as a once-in-a-lifetime chance to get rich. But there hasn't been in our opinion, enough criticism leveled at the plaintiffs' bar. We strongly approve of efforts of the American Bar Assn. and local bar associations to crack down on ambulance chasing. Even the American Trial Lawyers Assn. has made commendable efforts to clean up practices within its ranks.

There are gray practices demonstrated by the case we described, which border on ambulance chasing but skirt—perhaps—the stated ethics of bar associations. If these practices were curbed by sincere action of the bar itself a major saving would result for everyone who buys auto insurance. For corporate insurance buyers there is an additional reason to be interested in curbing exorbitant plaintiffs' lawyers fees gained from inflated court awards: The capacity crunch is caused in large part by worsening loss ratios in auto insurance underwriting, a condition that forces insurers to tighten up on writing major risks.

LIFE INSURANCE INVESTMENTS

Type	Amount (000,000 omitted)	Percent of Total
Government securities	$ 10,833	5.4%
Corporate securities	85,103	42.8
Mortgages	72,793	36.6
Real estate	6,030	3.0
Policy loans	14,759	7.4
Other	9,572	4.8

These investment figures represent the annual statement valuation of assets as of April 30, 1970, as reported to insurance departments by the life companies.

Source: Institute of Life Insurance

New bottles for old wine

A FRIEND ASKED the other day whether there is still antagonism between stock and mutual insurance companies. We assured him that the differences of generations ago had cooled and that the differences between stock and mutual companies are now more apparent than real. We answered that the insurance business today is reorganizing itself to meet market needs and that it largely disregards old antagonisms and, for that matter, old alliances.

A case in point is the recent move by Prudential Insurance Co. into the third-party liability market as a reinsurer of American Airlines. Not many years ago it would have been unthinkable that an old-line life insurance company would enter the never-never land of property-liability insurance. Property-liability companies would have looked upon such a move as invasion; life insurers would wonder about the prudence of Pru executives.

Today, however, the property-liability field has a capacity crisis, one that cries for any help available. And insurers are increasingly willing to write new lines of coverage or old lines in new ways.

Some mutual property-liability companies have formed capital stock life insurance subsidiaries. Life insurers, like Prudential, are contemplating full-scale entry into the personal lines property-liability market to provide complete insurance service for clients. Companies that formerly wrote all of their business through brokers and agents are now developing mass marketing programs that enable them to sell insurance directly to large groups of employes on the payroll deduction plan.

To the benefit of all of us the insurance industry is reorganizing itself along pragmatic lines to deliver needed coverage at a fairer price regardless of traditional antagonisms and alliances.

National health plan

THE RAPIDLY rising cost of medical care in this country, as well as concern over those groups—notably slum dwellers and residents of rural areas—who have difficulty getting adequate medical help, has produced a flood of proposals for reorganizing both the structure of American medicine and the methods by which it is financed. The institution of national health insurance has strong support among many reformers, and a new and detailed blueprint for such a system has just been made public by a group of distinguished citizens originally organized by the late Walter Reuther. Some form of national health insurance could well be a reality before this decade is over.

There can be no disagreement with the goal of providing better medical care for more Americans at minimum cost, but experience with Medicare and Medicaid has demonstrated that radical change in medical practice can bring complications that had not been anticipated, particularly skyrocketing costs far beyond original estimates.

These considerations suggest that caution is advisable. When Medicare and Medicaid were introduced virtually overnight, the entire nation was made a guinea pig. It would be prudent now to try out alternative medical insurance proposals in particular areas—individual cities, suburbs and rural regions—to gain insight into their respective virtues and defects.

This editorial is reprinted by permission from the July 9, 1970, issue of the New York Times.

letters

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

In agreement

To the Editor: I have read with interest the article "Who is in charge here?" from the July 6 *Business Insurance*. Might I say that generally I agree.

The National Assn. of Insurance Commissioners should be an entity that supports itself. Like Caesar's wife, its virtue should be without question. I have gone so far as to opine that at least one meeting a year should be at the same place and should be in executive session.

It is interesting that an insurance periodical raised the question. I thought it would surely be one of our "good friends" in Washington.

Richards D. Barger
Insurance Commissioner, San Francisco, Cal.

'A little response'

To the Editor: Your editorial, "Who's in charge here?" (July 6) on the NAIC meeting in Chicago calls for a little response.

In the first place, I do agree with you that the insurance departments are underbudgeted, based on the revenue that they bring into the states. You have no idea what a fight it is with the legislatures around the country to get those budgets increased in spite of the statistics as printed in your editorial. I have had a degree of success in that our budget is about 2.5 times what it was when I became commissioner 6.5 years ago and it has gone from less than 3% of the taxes and fees to a fraction over 4%.

I wonder, however, if you have ever attended any NAIC meetings and actually sat in on the various sessions. I wonder also if you, being in Chicago, would have accepted an assignment to work on one of the committees. The manner in which you refer to the titles of committee people certainly is misleading of what actually happens. It is true that there is a housing chairman and a finance chairman. However, all of these operate under the direction and guidance of the host commissioner and are really the work horses carrying out his directives and policies. It's more like the companies lending some of their top officials to do some of the work which the commissioner's staff would have to do in taking care of the details of the meetings.

The industry people have absolutely no influence on what goes on the agenda, what decisions are reached by the commissioners, or what policies finally come out of these meetings.

On the other hand, a great deal is accomplished through permitting industry people throughout the country to come and express themselves and to hear the expressions from the commissioners and their staff people. There may be an old saying that "familiarity breeds contempt." However, I feel that until you get familiar you can't breed a thing. It is my becoming familiar with these industry people that has made it possible for me to make rather accurate appraisals of whose word can be trusted and whose can't. It has made it much more possible for me to do an outstanding job of regulating because I know who I am regulating and how to handle

Continued on page 14

business insurance®

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

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

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

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

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

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

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

BPA Member of Business Publications Audit of Circulation
ABP

PAY program designed to alert children's groups to need for safety

CHICAGO—There are 59 million children in the U.S. between the ages of newborn and 14; 41 million of these are between five and 14. According to CNA Insurance, accidents claim more lives in the group under 14 years of age than the leading six diseases combined. The death toll last year, according to the National Safety Council, reached 15,800.

CNA insures one out of every ten children in the U. S., John H. Cramer, vp in charge of the firm's commercial special risks division informed a CNA-sponsored accident awareness meeting here.

In describing his companies' protect America's youth program (PAY), Mr. Cramer listed the goals of the plan: "First, we want to create a greater awareness of the importance of safety in children's organizations. Second, as an insurance company, we would hope to prevent disaster rather than having to pay the bill for it. We know that a prevention program costs money, but we would rather spend it that way than pay the bill for broken bones."

THE NATIONAL Safety Council estimates 85,000 children will be injured in or near school in 1970, another 50,000 will be injured between home and school, and 75,000 children will be crippled for life.

Because of their heavy involvement in youth group insurance, CNA has conducted several studies on the safety hazards in organized activities.

Mr. Cramer said that "enrollment in organized youth activities is at an all-time high. The chance for accidents is also reaching a high. Overcrowding, lack of facilities, understaffed or inexperienced organizations—added to the problems of urban living—all contribute to the probability of increased accidents."

A study by CNA indicated that 4% of all campers and counselors are involved in camp accidents and that 41% of these accidents occur during supervised activities.

BECAUSE CNA is aware that youth group leaders and their organizations can be targets for liability suits resulting from serious injuries or death of youngsters involved in their programs, especially if there is evidence of negligence, it is enlisting the help of its agents in the PAY program.

As part of the program, CNA sends agents to youth groups and other concerned people in the community (supplied with safety promotion aids, speakers and speech kits).

Mr. Cramer cited a recreational and safety educational program in Dallas, Tex., in which CNA insures 25,000 children, where there has not been one serious accident since the program's inception two summers ago.

"We feel that community awareness of safety is an excellent method of curbing the alarming and steadily rising accident rate," added Mr. Cramer. ■

"Demolition derby" is a game in which two children with battered bikes see how much additional damage they can do. The National Safety Council estimates 9% of the games played on bicycles could be classified as terroristic or violent.

Pools return premiums for 4th year

NEW YORK—The Nuclear Energy Liability Insurance Assn. (NELIA) and the Mutual Atomic Energy Liability Underwriters (MAELU) have refunded a total of $784,612 to the nuclear reactor industry this year, marking the fourth consecutive year some premiums have been refunded because of a zero-liability claim record since 1967.

NELIA and MAELU, set up in 1957, provide $82 million in liability coverage per reactor. The industry is on a retrospective rating system, allowing for 68% of the original premium cost returned after ten years if the policyholder has had a good record. Since 1967 a total of $1.5 million has been returned.

"The effort made by the industry and the Atomic Energy Commission to make the nuclear industry safe strongly suggests that a similarly strong and talented effort to achieve safety could bring our society substantial benefits if applied to other areas," said Joseph Marrone, general manager of NELIA.

There are 241 policyholders, including 211 privately operated test and research reactors, small university-operated reactors, and nuclear fuel fabrication and reprocessing plants.

In addition to NELIA and MAELU coverage, the Federal government provides $478 million in liability to the industry. The Nuclear Energy Property Insurance Assn. and the Mutual Atomic Energy Reinsurance Pool provide $84 million in property insurance. ■

Study reveals compensation per hour rose 45c from 1966 to 1968

WASHINGTON—Employe compensation per hour of labor averaged $3.89 during 1968, according to the U. S. Department of Labor.

In its second biennial study of compensation in the entire private nonfarm economy, the department's bureau of labor statistics reported an increase in compensation of 13.1% or 45¢ per hour from the revised 1966 level.

Total compensation in the study includes pay workers receive for working time, vacations, holidays and other types of leave, and private insurance and welfare programs.

ACCORDING TO the report, pay for working time equalled 82.8% of the total, or $3.22 per hour, an increase of 37¢ from the 1966 level.

Employer contributions for health and insurance plans (including life, accident, and health insurance, sick leave and workmen's compensation) amounted to 15¢ per working hour, 3.7% of the total. The study attributed the 25% increase over 1966 to increased costs as well as improvements and extension of coverage.

The bureau reported employer payouts of 24¢ per hour of work, representing 6% of total compensation, for retirement programs. Expenditures by the employer were evenly divided between Social Security and private retirement plans between 1966 and 1968.

According to the report, pay for leave time, not including sick leave, contributed 5.3% of the compensation package, an increase of 16.7% over the 1966 level. Other segments of the package include nonproduction bonuses 1%, unemployment benefit programs .9%, and savings and thrift plans .2%.

THE SEGMENT OF the private labor field which increased its compensation the most is the manufacturing nonoffice worker. The study estimates this group, generally equivalent to production workers, comprises one-fourth of private nonfarm employment.

The bureau reported an annual increase of 5.7% in compensation between 1966 and 1968 for the nonoffice workers in manufacturing.

Between 1959 and 1968, the study reported, employer payouts for retirement programs more than doubled for the nonoffice worker in manufacturing. Two-thirds of the increase in payments for retirement was in Social Security. By 1966, retirement had replaced paid leave as the second most important element of compensation after pay for working time in this segment of the private labor field.

Health benefit program expenditures also experienced about a two-fold increase for the nonoffice workers in manufacturing. Even though costs were rising, the study showed that worker coverage was expanded and plans were improved.

OFFICE WORKER compensation increased 50¢, 11.1%, compared with 40¢, 13.4% for nonoffice workers, between 1966 and 1968 according to the Bureau of Labor Statistics.

The study reported that pay for leave and employer payouts for retirement plans each amounted to 6.1% and 6.3% respectively for office workers, and 4.8% and 5.9% respectively for nonoffice workers. Private retirement plans represented 53% of the expenditure for office employes and 40% for nonoffice employes. Employer contributions for health benefit programs represented 4.1% of nonoffice worker compensation and 3.3% of office worker compensation.

Total compensation for office workers, $5.01 per work hour, was 48% higher than for nonoffice workers, $3.38 per hour. In the study office workers are primarily clerical employes, but the category also includes executive, administrative, and professional employes. The nonoffice segment includes employes engaged in manufacturing, production, construction, maintenance or custodial work, operating vehicles and retail sales work. ■

letters

Continued from page 12

them as well as whom I can trust and whom I can't.

Frankly, I think you have done a disservice to insurance regulation with the tone of your editorial, whereas it could have been used in a proper way, when properly worded, to support state regulation instead of tear it down.

J. Richard Barnes
Commissioner of Insurance,
Denver, Colo.

Rate your carrier

To the Editor: I have noted, with appreciation, that you are not afraid to take a stand on the meaningful issues of the day.

Would you be interested in conducting a reader poll to "rate your carrier" and see what develops? We all feel the "squeeze" one way or another and most often can grudgingly accept some of the "solutions" offered to us by our carriers.

How many times are we pressured by "lack of market" or other factors into accepting outrageous increases and cutbacks in coverages by companies that would not dare attempt it in other days.

Why shouldn't some of the shoddy practices come to light? The carrier ads in *Business Insurance* are beautiful come-ons for the uninitiated.

Why shouldn't certain companies gain recognition for their consistent professional manner and understanding approach to the problems we all face?

Why shouldn't certain companies be shown the level of feeling among your readers for the miserable way they operate?

Perhaps a chart of your findings would open a few eyes in the trade.

Why not request a sampling of your readers to determine if there is an interest in "rating your carrier?"

William Mazur
Director of Insurance, Wellington Technical Industries, Inc., Englewood, N.J.

Aviation department

OBrion, Russell & Co.'s Houston office has created a new department specializing in aviation insurance. It will be headed by John Nichols, formerly Houston manager for Southern Marine Aviation Underwriters Inc. and its affiliate, Aviation Insurance Managers Inc.

Enzyme detergent products under FTC scrutiny

WASHINGTON—The Federal Trade Commission is quietly conducting an investigation of enzyme detergents to discover whether the protein-splitting additive presents a danger to consumers. The inquiry, begun in December, was recently placed under new pressure by a petition, quoting the results of research conducted in Great Britain, calling for the elimination of the marketing of enzyme detergents and charging that the products present a "serious health hazard to the public under normal conditions of use."

Filed by Ralph Nader and Aileen Adams along with two consumer organizations, the petition seeks a trade regulation ruling based on the argument that in the manufacture and marketing of the enzyme detergents the manufacturers committed deceptive acts that were unfair to the trade by virtue of the alleged health hazards of the products under normal use.

The enzyme additive is used in at least 16 household detergent products manufactured by Lever Brothers, Colgate-Palmolive, Procter & Gamble, General Foods and Purex Ltd.

IN THE PETITION to the FTC, Mr. Nader pointed out that the British consumers' testing service called, Which?, denied the enzyme detergent products' performance was superior to or, indeed, any different from, regular detergent products that do not contain the enzyme additive. At the same time, Mr. Nader noted that research originating independently in Britain and Switzerland turned up evidence "linking enzymes to serious respiratory disease in British workers exposed to concentrations of enzyme dust." Said one researcher: "Insidious and progressive deterioration of lung function, becoming irreversible with the passage of time, has been attributed to prolonged exposure."

The debate, at the moment, centers around whether or not there is any correlation between the hazard to which workers manufacturing the product are exposed when handling the enzyme additive in its concentrated form and the housewife who handles a much smaller portion, greatly diluted in the detergent product.

The Nader petition, inciting further scientific commentary on enzyme additives, flatly proclaimed the additive as dangerous. "A recent study," the petition explained, "shows that even when protective measures are taken by manufacturers to reduce dust to extremely low levels, new persons have become sensitized in a relatively short period of time.

A formal investigation, ordered by the FTC as a result of its own preliminary research, has been in process since the end of December of 1969. According to Washington sources, it will be some time before the FTC determines whether the enzyme detergents are actually hazardous to the public. In the meantime, the FTC seems ill-disposed to welcome what it construes as prodding from Mr. Nader and his "raiders."

SAID ONE FTC staff member: "There was not one original idea in that petition; every one of his (Mr. Nader's) points were contained in our recommendations to the commission." He noted that

The commission reportedly had some trouble getting prompt cooperation from some companies that were somewhat hesitant to turn over their research results to back up claims of their products' harmlessness to the consumer. Most companies, however, were quick to produce the research along with adamant denials of any hazard to the public from enzyme products.

Insiders in the FTC's division of scientific opinion are slow to commit themselves on the issue. One scientist pointed out that there was an immense amount of information to sort out and evaluate on the subject. "Most of the evaluative research is done for us by volunteers from the scientific community, on a gratis basis. Consequently, we have to wait until they get around to it, to some degree," he said.

The source admitted that there was some doubt as to whether the companies manufacturing the enzyme detergents had done adequate research on the long-range, cumulative effects of exposure to the product. He was quick to affirm, however, that the companies had conducted a good deal of research to ascertain the immediate effects of exposure.

SINCE NO ONE knows just when the scientific evaluation of the project by the FTC will be completed, the verdict on enzyme detergents is still up in the air. A check of the manufacturers of the enzyme-containing detergents revealed that all but one have product liability coverage.

The exception self-assumes the risk, reasoning "if we have failed to produce a product that's safe under normal usage then we accept whatever liability problems it costs us as a cost of doing business. Safety is uppermost in our minds."

None of the enzyme detergent manufacturers admitted having any claims of injury from users of their products as yet. However, the petition filed with the FTC by Mr. Nader and company has started something. The FTC investigation is officially non-public by the FTC's explicit order. In publicizing the petition, Mr. Nader called the public's attention to several examples of new research on the protein-splitting enzyme additive. All were negative in tone. The research results quoted by Mr. Nader in his petition are not deemed conclusive in government quarters.

"We've received between 60 and 70 letters since we filed the petition," Aileen Adams, a co-petitioner with Mr. Nader, told *Business Insurance*.

Continued on page 16

Enzymes . . .

Continued from page 15

WHILE THE outcome of the controversy is in doubt, it again raises some serious questions concerning product liability. Just how much and what kind of research is necessary before a manufacturer can be sure his product is safe? Are national standards necessary—or practical? It's obvious that no manufacturer would seriously consider putting any product on the market without some assurance that the product was safe. However, if the FTC evaluation reveals that manufacturers of detergents with enzyme additives did not adequately research the intermediate and long-term cumulative effects of exposure to their product, a serious miscalculation may have been made.

The problems an insurance company faces in trying to predict the risk of insuring a manufacturer against his product's liability are multifarious. "We have to begin right with the design of a product to insure its safety for its consumer. But without a crystal ball it's pretty difficult to predict a given product's safety," Fernando Mostero, vp and secretary of the Home Insurance Co., told *Business Insurance*.

"We have for the last three or four years been looking at products' exposure much more concentratedly. There is some testing to which you can subject a possible product in some cases," he pointed out. However, Mr. Mostero showed concern over the many variables that are also involved. "Time has an effect on the performance of a product both in its safety as well as its intended purpose. As a result of this case (the enzyme detergent controversy) manufacturers will probably make a special point of testing their products for any adverse long-term effects they might have on a user—that is, of course, if they don't already do it," he mused.

The real kicker, said Mr. Mostero, is the fact that human beings simply are not standard in their reactions—to anything.

Home Insurance, which is not particularly active in insuring first-dollar product liability risks, concentrates its efforts in excess coverage—particularly in the drug industry where it's fast becoming quite a problem to find any kind of capacity. The company's approach, in the final estimate, reverts somewhat to a subjective evaluation of a potential risk.

"WE INVESTIGATE to see that the company we're considering insuring believes that its product is safe. Sometimes we test products—particularly if they're mechanical in nature or completely new—in independent labs. However, our main criteria is whether safety is thoroughly implemented in a company, whether it's a part of that company's operating policy," Mr. Mostero explained.

A spokesman from another insurance company took a somewhat tougher stance. "We feel there has to be a tightening up in industry as far as product safety is concerned. The American Conference of Governmental Industrial Hygienists is currently working out a minimum standard for exposure to the enzymes.

"We feel that these minimum standards should be exceeded by the manufacturer to provide for a real margin of safety. There should also be a well-developed loss control program," he said.

The spokesman, head of his company's engineering department, pointed out that his and other insurance companies were helping their clients to develop better safeguards to insure product safety. "Underwriting in product liability must stop being predicated on an educated guess. When a product is insured against liability, the insurance company should have some concrete evidence that the risk it's taking over doesn't stand a good chance of blowing up in the company's face. Otherwise the increase of class action suits and greater consumer awareness may drive us all out of the marketplace," he said. ■

Charge 7 bilked union life insurer

NEW YORK—Seven people, including four doctors and a union official, have been charged with stealing thousands of dollars from the Union Labor Life Insurance Co.

The indictments said that the defendants submitted false damage claims to the insurance company using names of members of Local 46 of the Mason Tenders. They then allegedly split the money with the members whose names had been used. If the names were used without consent, the defendants were said to have kept the money themselves.

They are charged with grand larceny and "presenting false proof in claim of loss." Alfred J. Scotti, chief assistant district attorney, said they had "falsely certified that a particular member of the union had been examined by a union doctor and found by him to be unable to work as a mason tender."

MR. SCOTTI added that they had received "at a minimum, at least $16,000" from the company.

The defendants also allegedly asked people to join the union as name-only members so their names could be used in the scheme as well.

However, union members whose names had been used were given immunity to testify before the grand jury andwere not indicted.

Mr. Scotti pointed out that much of the information had been gathered from testimony given before the State Commission of Investigation in 1968. He added that the indictments resulted from a long investigation of organized crime's infiltration into labor unions.

All seven defendants have pleaded not guilty and are now awaiting a hearing. ■

Propose use of group life insurance to finance college education expense

By ALLEN M. WIDEM

BRUNSWICK, Me.—Two members of the Bowdoin College administration are proposing a system of group life insurance to provide financial aid to cover college students throughout the U.S.

The plan, authored by Joseph Jefferson, vp for development, and Walter Moulton, director of financial aid, calls for a national student group life insurance program, under the auspices of the Federal government, against which loans would be made, the goal to meet spiralling education costs more adequately than the existing system of scholarships, loans and jobs.

Mr. Jefferson and Mr. Moulton told *Business Insurance* that the plan would work in this manner:

Each student—together with the financial aid officer of the college he plans to attend—would determine how much money would be needed for the normal four-year course.

FOR EXAMPLE, if a student needed $10,000—or $2,500 annually—he would take out an insurance policy for twice that amount (or $20,000).

The Federal government would approve the student's eligibility. The policy would be written on the student's life by a participating insurance company. The $2,500 annual sum, payable in August or September, would be disbursed to the student's college account for such key elements as tuition, room, board and fees.

Premiums would be paid on the insurance for all of the student's life. At death, the Federal Government would become the beneficiary.

The $20,000 of insurance would be used in two ways: The first $10,000 would go to the government as reimbursement for original subsidy; a major part of the second $10,000 would also go to the government to cover interest and administrative charges. And the remainder, if any, could revert back into a cash pool in the form of a user's tax or go to the student's college.

MR. JEFFERSON and Mr. Moulton remarked that the program cost, to the student, would be low—"considerably less than for a loan of comparable size."

If a student took out a National Defense Loan for $10,000 at 3%, for example, he would have to pay a principal of $200 and a finance charge of $300 that first year. This would take 50 years to clear the debt.

The interest, of course, would get smaller each year, but the largest payments would hit the student at his most vulnerable moment, financially, just after graduation when earnings are traditionally at their lowest.

Mr. Moulton added that he did not know at the present time just how much the premium payments on the proposed insurance plan would cost. He estimates between $50 and $100 anually.

"IT'S A GUESS," he said, "but I think it's in the ballpark."

Significantly, the size of the group (roughly estimated at one million college students) and the average age (18 to 22) would help keep the payments low, the plan authors emphasize.

Moreover, they suggest that —to guarantee payment to insurance companies, the premiums should be collected by the Federal government in the form of a withholding tax.

A student could also pay his premiums when he filed his yearly. Federal income tax. And in some situations, where an employer expressed interest in a particular student, the employer could conceivably decide to buy the student's policy and pick up the premium tab.

MR. JEFFERSON disclosed that he has already discussed the general approach with a number of major insurance companies. Response was said to be favorable. "They didn't shoot the plan down," he added, "but they told me it would need massive support from all sectors of society."

A spokesman for John Hancock Insurance Co. in Boston commented that he would have to have a number of pertinent questions answered before giving a definite 'yes.' He added that the basic plan has a sound appeal, but when an insurance company gets into the matter of explicits, a number of problems shape up.

Moreover, he wondered if some states would even permit the Jefferson-Moulton plan.

The Hancock spokesman remarked that the premiums could be considerably higher than estimated by Mr. Jefferson and Mr. Moulton—perhaps as much as—$400 annually. He concluded that no one would argue with the general premise, however. ■

Cugat wins suit

SAN FRANCISCO—Band leader Xavier Cugat's young wife, Charo, 27, was awarded $132,311 by a superior court jury in the courtroom of Judge Raymond J. Arata in her suit against Bimbo's Night Club.

The verdict represented $100,000 damages plus the value of various performance contracts Mrs. Cugat lost because her wrist was broken in a fall during a rehearsal.

Earlier another jury had awarded Cugat $14,900 for the loss of his wife's services.

Tight job market has no effect on absentee rate

WASHINGTON—A survey on absenteeism and its control, conducted among 250 executives serving on the personnel policies forum of the Bureau of National Affairs Inc., has come to the conclusion that the rate of absenteeism in companies has changed very little since 1965, despite the fact the job market has become tighter.

Results of the survey indicate that about two-thirds of the companies compute absenteeism rates, most by using the Bureau of Employment Security formula. Under this formula, the rate equals 100 times the number of man-days lost through absence during the measuring period, divided by the average number of employes times the number of work days in the period.

Only about 12% of the companies surveyed showed the use of attendance incentives, but they reported favorable results. The incentive bonus may take the form of extra vacation pay, special three-month reviews and raises, half days off for perfect attendance, merchandise awards or attendance lunches.

SOME OF THE larger companies hold contests among work groups to control attendance. Others use various communication programs that stress the importance of good attendance and of paying tribute to those employes with good records. Only about 20% of the companies pay employes for unused sick leave time.

The survey showed that most employe absenteeism is caused by personal problems rather than by job and job-related factors. Most of the companies said that illness or injury was the primary cause of absenteeism but other problems, such as transportation, family responsibilities and marital discord, also ranked high.

Younger employes tended to have higher absentee rates than did older, more established workers. Females were absent more often than males and office workers tended to have better attendance records than production workers.

Most of the companies surveyed said they took some form of disciplinary action to curb unexcused absenteeism. A pattern of progressive discipline is usually followed, beginning with an oral reprimand or written warning, followed by suspension and advancing to termination and discharge. Other disciplinary measures cited by the companies were withholding pay, decreasing the vacation time of the absent employes, denying seniority increases, placing disciplinary letters in personnel folders and refusing promotions.

Only 54% of the companies indicated that they were reasonably well satisfied with methods of controlling employe absenteeism now in use. Overall, the highest percentage of positive results came from individual employe counseling and interviews. Oral and written warnings followed by suspension and discharge were next highest. ■

Art theft risks cut by photographic records

LONDON—Art thefts are always a problem for insurance companies, but an ingenious scheme to cut loss risks has been presented to wealthy collectors in Britain recently.

It was devised by the fine-art auctioneers and valuers Sotheby and Co., who have combined with the Commercial Union group to offer a 10% rebate on normal premium ratings to clients who have their valuables photographed for their own protection. Scotland Yard has welcomed the scheme because the incidence of art thefts is growing.

Business Insurance was told that talks are in hand to promote a similar scheme in the U. S., where Sotheby's has an affiliate in the Parke-Bennet Galleries of New York.

THE SCHEME IS backed by Sotheby's because of its world wide reputation of handling art treasures and other valuables.

According to a circular sent to its clients, the firm says: "For some time past we have been aware of the concern felt by many owners of works of art with regard to the insurance of their possessions and the ever increasing incidence of theft. We have considered this problem from two points of view. First by endeavouring to increase the chances of the return of stolen property, and second, in so doing, to reduce the premiums required by the insurers.

"We are convinced that a readily available photographic record of high quality, accompanied by a fully priced inventory, can be of immense assistance in retrieving stolen property. This scheme presents an opportunity for owners of works of art to be thoroughly realistic in their approach to insuring their possessions, and will create a very real deterrent to theft."

One of Sotheby's principals, Philip J. Wadsworth, explained that "because of the recent ups and downs of some stock exchanges, many businessmen are tending to put their money into the fine art field.

"**THIS HAS** in many cases proved a profitable investment, but it has meant that many owners of works of art are under-insured by 1970 values. At the same time criminals have noticed increasing potentialities in art robberies. The crime market is just as wide as the art market.

"Unfortunately many owners have avoided the issue of having their collections re-valued for insurance, because they would naturally have to pay higher premiums, which in any case must rise if robberies increase.

"Our scheme is intended to provide more correct, adequate, and realistic insurance, while offering a 10% premium saving to those who take advantage of it. It will also help to create a deterrent to thieves, who may find that the valuables they steal are too hot to handle.

"Art patrons who can most readily make use of the scheme certainly include those with collections worth $250,000 or more. At the present time the scheme is confined to the United Kingdom, but it may be extended to the U.S."

Mr. Wadsworth added: "There is no doubt that the main incentive to criminals today is the fact that art treasures are much more easily transportable upon an international basis. It is possible to remove items from one country to another within a very short space of time."

The annual turnover of Sotheby and Parke-Bennet is in the region of $100 million. ▪

Scheduled product liability meeting

The first Product Liability Prevention Conference will be held at the Newark College of Engineering Aug. 26-28 for managers in insurance, commerce and manufacturing. Co-sponsored by three engineering societies and the college, the conference will focus on growing problems of insurance, manufacturing, brand-name and private label liability. Inquiries should be addressed to PLP Conference, P. O. Box 408, Wayne,

Volley leveled at shippers for pier security

By PATRICK THOMAS

NEW YORK—The Waterfront Commission of New York Harbor, in a special report on cargo security, has blasted the shipping industry for not providing the kind of protection needed to stop theft and pilferage on the docks.

The commission's report pointed out that protection of cargo is the responsibility of the terminal operator, namely the shipping company or the stevedore (a company that hires longshoremen to do the physical labor of loading and unloading) who operates the pier. To meet this responsibility the terminal operator hires civilian watchmen, at a cost of approximately $15 million annually, to guard 114 million tons of general cargo worth about $20 billion.

The report states: "The shipping industry has shown little or no appreciation of the magnitude of its responsibility for cargo protection, its importance to the port and the effect that poor pier security has in discouraging foreign exporters and importers from doing business in the port. Industry is overly concerned with the cost of cargo protection; it fails to sign criminal complaints against thieves when appropriate; it does not provide adequate physical facilities to protect the cargo; it fails to report its losses accurately to law enforcement agencies and it seldom supports those port watchmen who endeavor to properly perform their functions."

AS AN EXAMPLE of the attitude taken toward the cost of protection by the shipping industry, the report reveals the testimony of a commission agent who investigated the theft of a number of radios from a pier. He learned that there had been only one guard on duty, stationed at the gate. The thieves entered from the sea side and escaped without being seen.

The agent testified that when he asked a representative of the stevedore why there had not been a guard at this area of the pier, the representative took a pencil from his pocket, computed the value of the radios against the guard's salary and said it was cheaper to lose the radios. When asked what would happen in a similar situation if the goods had a higher value, he replied, "Well, insurance takes care of that."

The report points out that the shipping companies seem to find it easier to mark stolen goods as "short-landed," meaning that the terminal operator never received the cargo, rather than report thefts to law enforcement agencies.

THE FACT THAT the shipping industry does not sign criminal complaints against thieves is another problem dealt with in the report.

Another commission agent testified that when he apprehended a man in the act of stealing 100 pounds of sugar from a pier in Port Newark, the terminal manager not only refused to sign a complaint, but told the agent: "It is my company's policy that under no circumstances will we ever sign a criminal complaint against anyone who commits a criminal act against persons or property in our care."

Agents reported that physical facilities for cargo protection on some piers are "an open invitation to thievery." They reported that gates are left open and unguarded, some areas for valuable cargo are not fenced, there are holes in fences and even the special security cribs are not adequate for the protection of cargo.

The port watchman system also came under attack by the commission. The force is comprised of some 1,500 persons licensed by the commission as watchmen. The average age of the watchmen is 51 years. They average 9.6 years of schooling and many have other jobs or are retired and on pension. They have no regular police authority.

THE GUARDS have little

Continued on page 24

Insurer slax, pier unit says

NEW YORK—Now that the Waterfront Commission of the Port of New York, in its special 20-page report on cargo security, has blamed the shipping industry and its attitude for losses, it is reasonable to ask if the shippers alone are entirely responsible.

The answer to the question would be an emphatic "no" if you were talking to William P. Sirignano, executive director and general counsel of the Waterfront Commission. "Insurance companies still have to share part of the blame."

On March 3, 1969, *Business Insurance* ran an interview with waterfront commissioners in which they blasted insurance companies for not being concerned enough about losses on the docks.

In the interview the commissioners complained about the length of time (frequently two years) it takes to establish claims against a vessel for cargo losses. They felt that shippers were not getting the protection they were paying for and were being continually saddled with higher premiums. They said that insurance companies were not really concerned with losses and that, when a loss occurred, insurers seemed to find it much easier simply to raise rates rather than to try to eliminate the cause of the loss.

STEVEN BERCIK, commissioner for New Jersey, said that insurance companies had not established the same sort of rating system for pier insurance that they had for fire coverage. He said that the big difference in experience levels of the various piers should be reflected in the rating structure.

The commissioners agreed that insurance companies were as much at fault as anyone when it came to keeping complete and accurate records and statements of losses. Insurance companies, along with shippers and terminal operators, were unable to quickly and completely establish whether the goods were stolen, offloaded en route or whether they were even actually loaded at the port of origin, said the commissioners.

Since that time it appears that very little has changed, at least in the eyes of the commission. "The insurance industry, like the shipping industry, was not interested then and is not interested now," Mr. Sirignano said when asked what a year had wrought. ■

business insurance/perspective

What constitutes bad faith by an insurer?

by William H. Rodda,
President, Marine Insurance
Handbook, Inc., Chicago, Ill.

William H. Rodda

'The insurance policy contract is entirely one-sided in its conferring to the insurer the complete right to make settlement.'

AN INSURER has a dual responsibility when representing an insured in a liability case. The insurance company obviously represents its own interest in trying to settle a liability claim at the lowest possible cost to itself. The insurer can proceed at its will to settle any case in which the settlement is within the policy limits of liability. The insurer's obligation is different when a claim might be sustained for an amount beyond the policy limits. In this circumstance the insurer must also consider the policyholder's interest. The courts have ruled that it is bad faith on the part of an insurer if it ignores the interest of the insured and permits a settlement in excess of policy limits when this could have been avoided. The insurance company has been required to pay the excess amount above the policy limit in many such cases.

It is important for the policyholder as well as the insurance company to know what may constitute bad faith on the part of an insurer. It is also important for the insured to be able to recognize when actions by an insurer are not in the insured's best interests. What are the obligations of the insurer and of the insured when it appears that settlement may have to be made at a figure in excess of the policy limits?

Liability insurance policies provide that the company "may make such investigation and settlement of any claim or suit as it deems expedient. . . ." The insurance company's exclusive right to make settlement is further supported by a policy provision that, "the insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident."

THE INSURANCE POLICY contract is entirely one-sided in its conferring to the insurer the complete right to make settlement. The insurance company has "the right and duty to defend any suit against the insured seeking damages on account of such bodily injury or property damage." There are three paragraphs of the insured's duties in the event of occurrence, claim or suit. The net result, as far as contractual obligations are concerned, is that the insured must fully cooperate with the insurance company, but the insured has no right (except at his own expense) to make a settlement even though the claim or suit is for an amount many times the policy limit.

Courts occasionally have modified this exclusive right of the insurance company to make settlement. In a 1939 case an insured was sued for $63,000. The insurance policy had limits of $5,000 for one person and $10,000 for one accident. The insured settled the claim for $17,000. The insurance company did not participate in the settlement although it was kept informed of the negotiations and the settlement. The insurance company refused to pay any part of the settlement, claiming that the insured was free from negligence under the circumstances of the accident, that the amount requested was unreasonable, and that the policy did not cover the loss. The court took a different view. The court held that the insured had much more at stake than the insurer, and that a reasonable consideration of the circumstances would require cooperation and participation by the insurer. The insurance company had to pay in spite of the fact that the settlement was made by the insured.

It is clear, however, that an insured undertakes such a settlement at his own risk and expense. Such action would be justified only if the insured were convinced that his insurer was not conducting the defense adequately and also if the insured's interest far exceeded the financial interest of the insurer.

These provisions in the policy contract giving the insurance company the sole right to investigate and make settlement result in some obligations to the insured from the insurer. One court has said that "the rights of the insurer in these circumstances are not absolute, they are subject to moderation by the rule of right and justice. Exclusive authority to act does not necessarily mean the right to act arbitrarily. The right to control litigation in

Continued on following page

Bad times clear deadwood

by Charles F. Levinson,
insurance manager,
The Port of New York Authority,
New York, N.Y.

Charles F. Levinson

THE LONDON market in mid-summer of 1970 is a far greatly improved placment center compared with what it was in 1968 and 1969. Recently released figures for the three-year period 1966-69 showed a much better experience than the figures for the prior comparative periods 1964-67 and 1965-68. Indications for the

even better.

This does not mean that we will have a return of that cut-throat competition for American business that began right after World War II. Nor will it mean a re-establishment of those "blank check" reinsurance treaties Lloyd's assumed that ruined many syndicate members. Actually, like a physic, bad times have cleaned out much deadwood and those who deal with Lloyd's and their brokers are finding an increasing number of younger and aggressive underwriters and placers.

Unlike the American companies and brokers who sit back on their investments and cash floats, these underwriters have to write premium to make money. Creativeness and ingenuity are being used after a long rest. This combined with the brightening loss picture is leading to larger commitments. Witness the fact that liability lines of $125 million to $150 million are now available. Ingenious variations of chronological stabilization insurance and "club" plans are being used to provide capacity. However, I find that on-the-spot contact with those placing the cover at Lloyd's is almost essential because only with face-to-face contact with someone who knows your business as you do can the

I'M NOT ADVOCATING direct placement when you have a good broker but work with the broker for better results.

Incidentally, the best explanation of the miserable American market situation came to me in London.

A high executive of a leading British group who does a large volume of business in the U.S. sees no future for any carrier now writing business in the U.S. market. Inflation and changing conditions of living require that carriers be allowed to price their product so that losses and expenses leave a margin of profit. He puts the blame on the various state regulatory departments that, as New Jersey did with the Aetna, use the fear of expulsion from the state as a curb to setting adequate rates. The much heralded file and use regulations, he claims, are a complete failure because of the many curtailing provisions that really make them inoperative. He claims his group is carrying its U.S. operation on the profits from its British Isles operation.

As an example of what can be done he points to the auto business in the British Isles. Subject to strict rate and form regulations before 1968 it too was unprofitable and often hard to get. In 1968 regulation

use any rate or form they desired. Now the experience is in the black and everyone needing coverage is able to obtain it.

WITH THE POLITICAL climate in the states as it is my informant sees no hope that conditions for insurers will improve. While profit is absent there is no reason that underwriters can give top management for large lines on high-hazard risks or for renewing even profitable business at current prices. The ultimate picture he sees is even gloomier. Failure of carriers or withdrawal from certain territories will lead to government intervention such as the FAIR plan flood insurance, assigned risk or state funds.

The key to the problem seems to be the state regulatory authorities. Yet, even New York's Commissioner Stewart had his new file and use amendment so emasculated by legislatively inserted provisions that it is a source of confusion and continuous hearings in the state.

Yes, there is good news in London in that Lloyd's will do better, yet there also is the news from there that American insurance is still "tired of living but afraid of dying."

Perhaps, knowing that the sickness is state regulation, we can all work together

Bad faith

Continued from preceding page

all of its aspects carries with it the correlative duty to exercise diligence, intelligence, good faith, honest and conscientious fidelity to the common interest of both parties." The court further said, "When the insurer undertakes the defense of the claim or suit, it acts as the agent of its assured in virtue of the contract of insurance between the parties, and when a conflict of interest arises between the insurer, as agent, and assured, as principal, the insurer's conduct will be subject to closer scrutiny than that of an ordinary agent, because of his adverse interest."

THE MERE FACT THAT an insurance company settlement of a claim, or a court verdict, exceeds the limit of liability does not necessarily mean that the insurer has acted in bad faith. A mistake of judgment, or even negligence, on the part of the insurer might not be construed as bad faith. However, there appears to be a growing tendency for the courts to hold an insurer to a strict attention to the rights and expectations of the insured. Perhaps this parallels the rise of consumerism and the feeling that the buyer, the consumer, must be protected even if the other party to a contract has met the strict terms of the contract. The insurer does owe several duties to its insured. An understanding of these duties will help the policyholder to know whether his insurer is conducting a settlement with a fair view to the interests of both parties.

The insurer is obligated to investigate thoroughly and with due diligence. This obligation was stated clearly by a court almost 40 years ago, and its view still seems reasonable. The court said, "This requires the insurance company to make a diligent effort to ascertain the facts upon which only an intelligent and good-faith judgment may be predicated. If it exhausts the sources of information open to it to ascertain the facts, it has done all that is possible to secure the knowledge upon which a good-faith judgment may be exercised. But we do not go so far as to say that, in order to characterize its judgment as one of good faith, it is necessary that it should absolutely exhaust all sources of information. We go only so far as to say that it should exercise reasonable diligence as the great majority of persons use in the same or similar circumstances. This is ordinary care."

The court here comes back to the old idea that the insurance company must do what the ordinarily prudent man would do under similar circumstances. It does appear that the ordinarily prudent man is required to be more and more careful of his customers' rights and privileges in these days of consumerism. It is clear that an insurance company must be careful to secure all the information available to it before making a decision that might obligate its insured for an amount above the policy limits.

The courts differ as to whether negligence on the part of an insurer should be construed as exhibiting bad faith. A Kentucky court held in favor of the insurance company in a 1965 case in which the insurance company had authorized settlement within the policy limit, but for some unknown reason this authorization was not conveyed to the attorney within a time limit that had been set. The court believed that the conduct of the company "was at worst no more than a failure to settle through error, or mistake, or inaction within the ten-day ultimatum period mentioned. Never at any time, in our opinion, was there a conscious, deliberate refusal to settle." The court further said that it was unable to find in the company's conduct "a conscious doing of wrong or a breach of a known duty through some motive of interest or ill will, or anything that partakes of the nature of fraud." The essence of this decision is that mere negligence on the part of the insurance company in the handling of a case is not sufficient to find it guilty of bad faith.

COURTS IN OTHER jurisdictions have held that an insurer can be held liable for verdicts above the policy limits when it has not handled the case with the degree of care and diligence that would have been exercised by an ordinarily prudent man in the handling of his own business.

The mere fact that a court has rendered a verdict in excess of the policy limits is not sufficient to make an insurer guilty of bad faith or even of negligence. The courts generally have ruled that an insurer cannot be held to a degree of foreknowledge or clairvoyance that would tell them in advance what a jury would do. The standard to be applied is what a reasonable and prudent man would have expected under the evidence in the case. Of course, when this question gets into the hands of another jury after the excess verdict has been rendered, this jury is very likely to render a verdict for the insured. They probably will feel that the insurer should have been smart enough to know that the verdict would be high.

Insurance companies and their lawyers labor long and hard over this question of their liability for excess verdicts above policy limits. There are also questions that should be faced by the insured in order to make certain as far as possible that settlement is made at the best advantage to the insured and that any bad faith or negligence is wholly on the part of the insurance company. The insured may prejudice his own case by lack of cooperation with the insurer, or by failing to keep the insurer fully informed, or by being negligent himself in regard to a possible settlement.

It is worthwhile to review the insured's duties in the event of a possible claim. These include giving notice to the insurance company of any occurrence that might give rise to a claim, with complete details so that the company can proceed with investigation and settlement if possible. The insured must also take at his own expense all reasonable steps to prevent further bodily injury or property damage arising out of the same or similar conditions. The insured must forward to the insurer all notices of suit and other papers or documents that he receives in connection with the occurrence. Further cooperation required of the insured includes assistance in making settlement, the attendance at hearings and trials, securing and giving evidence, and in obtaining the appearance of witnesses. Any lack of cooperation on the part of the insured might not only prejudice recovery from the insurer on the ground of bad faith but might also permit the insurer to deny liability for the entire amount of the claim.

IT IS ALSO DESIRABLE for an insured to keep in touch with all claims that have been turned over to the insurance company to handle. It is not wise to believe that the insurance company will always and in every case do the best possible job. Even the best insurance companies have lapses in the conduct of their personnel. This is especially important if there is any possibility that a claim may exceed the policy limits.

An insurance company is obligated to tell an insured if there is reason to believe that a claim may exceed the policy limits. An insured usually is wise at this point to secure his own counsel to make certain that his interests are protected. The dual obligation of the insurance company must be recognized. It is difficult for even the best of insurance companies to carry the interests of itself and of the insured equally. There is a conflict of interest, and this can best be handled by having additional counsel whose sole interest is that of the insured.

'. . . the wise insured makes it a point to keep informed . . . about any information that may not be volunteered . . .'

The insurance company is obligated to tell the insured of any settlement offers, and to keep the insured informed of developments. However, the wise insured makes it a point to keep informed and to ask about any information that may not be volunteered by the company.

The question of whether there has been an exercise of bad faith by an insurance company in a settlement that goes beyond the policy limits is a legal question. An insured who feels that his insurer has not taken care of his interests in the way they should have been handled needs to consult an attorney who is competent in this field. Court decisions vary considerably from one jurisdiction to another, particularly on such points as whether negligence constitutes bad faith.

SOME INSURANCE companies in the past have asked for a contribution from the insured in order to settle a case within the policy limits. For example, an insurance company might offer to settle a case within a policy limit of, say, $10,000 if the insured will contribute $2,000 toward the settlement. The purpose obviously would be to save the insurance company the $2,000. The insured would be under the threat of paying the $2,000 or facing the possibility of a larger verdict beyond the policy limit. Such action of an insurance company would almost certainly be held to be bad faith on its part. This tactic is not likely to be met by an insured today, but there is always the possibility that some smart adjuster will try to make a buck for his company with such a proposal.

The most important piece of advice for the insured is to keep in touch with his insurance company whenever there is a pending claim. An insured who has widespread operations and numerous claims against him should have his own legal counsel or some responsible company official who will keep in touch with the insurance company on a continuous basis. The possibility of a verdict beyond policy limits is always an event and should be anticipated.

The chances of an excess verdict beyond policy limits is remote if the insurance program has been properly worked out. The best preventative measure is a high limit of liability in all policies. Verdicts in the hundreds of thousands of dollars are almost commonplace. Occurrences in retail establishments as well as in industrial operations can easily cause injury or death to more than one person. Multiple suits are always possible. It is assumed by juries that insurance is present whenever there is a suit, and the assumption is that an insurance company will pay. The jury cannot be told in most cases whether there is insurance and what the limit of liability is. The result is that the jury is very likely to come forth with a big verdict, which may very well be above the policy limit.

High limits of liability often are a bargain as compared to the basic premium. There may be an advantage in carrying one liability policy to provide the basic coverage with some kind of an excess policy to provide the high limits. An umbrella policy is one popular method of accomplishing this. The umbrella covers for an amount in excess of a basic liability policy or above a net retention of liability by the insured. In either case the insured knows what his exposure is and can plan his financial reserves accordingly. ■

Risk management notes

prepared by Warren, McVeigh & Assoc., risk management consultants, San Francisco, Cal.

Directors and Officers

Hardly any coverage is more controversial than D&O, as any *Business Insurance* reader will testify. Skeptics say that wherever there may be a need for the coverage, the exclusions take it all away. They further point out that, to date, not a single claim has been paid! And yet the rates are going up. Why? As one leading underwriter recently pointed out, they have taken in about $9 million in premiums over the past few years, and though they have paid no claims, he finds it impossible to tell what his loss ratio really is. He has a number of claims on reserve, but this is a much harder coverage to reserve than ordinary liability, in which case there is precedent and experience. When a corporation is sued for $15 million, it could wash out for nothing, or possibly the full amount. And whatever happens, legal costs must be paid. Since it takes many years for D&O suits to be adjudicated, the actual loss ratios can only be wildly approximated. Underwriters remember only too vividly the beating they received on malpractice insurance under a somewhat comparable claims climate.

Their principal worry is the changing legal environment and mounting trend toward more stockholder derivative suits. If they fail to forecast these trends, they could well lose what is left of their shirts with just a few paid D&O claims. Because there is so much other good business readily available, and there is a shortage of investment money, it is understandable that rates are increasing—all of which poses even more of a problem to the buyer as to whether or not to buy D&O. Some companies may find the answer in spread-loss contracts or other non-insurance funding techniques.

Some risk managers have asked if they could obtain a D&O policy covering an individual who may serve on the boards of several companies for his exposure overall. The answer here is negative because it could lead to the one underwriter providing defense for an entire board—all of which would make the cost prohibitive to the individual. However, a bank director may get an extension to cover him on companies that he is obliged to serve because the bank has a direct financial interest.

Fidelity

The fidelity bond covers "loss of money, securities, and other property which the insured shall sustain through any fraudulent or dishonest act . . . of employes." Coverage thus applies to theft of a trade secret (a trade secret is property) by an employe, but adjusting this type of loss would be almost impossible under most conditions—especially since the policy excludes any loss that is dependent upon an inventory or profit and loss computation. The best solution is to attempt to adjust the loss at the time the bond is written. Tailor an endorsement to fit the particulars of your potential loss. A valued amount may be desirable in cases in which the amount of actual loss is indeterminate. While on this subject, we have heard from a prominent brokerage firm that they developed a Lloyd's contract to cover *inadvertent* disclosure of trade secrets. This is certainly a risk of loss that should be considered in any thorough risk analysis, though whether insurance is an adequate answer or not is debatable. ■

Port . . .

Continued from page 20

enough authority but even that is reduced to nothing when the shipping companies fail to back them up when they do perform their duties. Testimony revealed an agreement between a shipping company and a longshore union, in which the company agreed not to prosecute any longshoremen caught stealing cargo from the company's piers. This agreement guaranteed that no action would be taken even if a guard were to apprehend a thief.

Another alarming figure pointed out in the report was that over the past four years, more port watchmen have been apprehended for stealing cargo themselves than the port watchmen's force has apprehended.

The port watchmen rarely stop thieves for a number of reasons. Not only have many watchmen been caught stealing, many have worked in collusion with some truck drivers and checkers. Those watchmen who do try to do their jobs are intimidated and therefore become ineffective.

Containers are another problem. In 1969 the Port of New York handled almost seven million tons of containerized cargo, a little more than 30% of the total. Experts feel that 70% to 85% of the cargo in the future will be containerized.

WHILE IT IS TRUE that containerization has cut down on the amount of petty theft and pilferage on the docks, it is also true that since the advent of containers, large-scale organized theft has risen. One shipper told *Business Insurance:* "Where they used to just walk off the pier with a few petty items, now they drive in with a truck and leave with the whole damn cargo." Each container holds a cargo valued at from $50,000 to $200,000.

The loose system of protection on the waterfront has had a far-reaching effect not only on the Port of New York, but on the general economy as well.

The director of marine terminals for the Port of New York Authority testified that such a "whittling away of cargo shipments has resulted in the loss of business and as a result a loss of jobs and consequent impairment to the economy, which ultimately affects almost every resident of the two states," New York and New Jersey.

THE CHAIRMAN of the transportation committee of the American Importers Assn. told the commission that "the importer whose goods are stolen suffers an increase in insurance premiums, suffers a loss of sales because he cannot supply enough of the merchandise that was stolen, and thus suffers a loss of goodwill that affects his standing in the business community."

He further testified that he personally conducted a survey among members of his association to learn the amount of their cargo losses from theft in 1969. He reported that only 43 of the 600 members responded and he believed the low response "was due to the inherent fear of retaliation against their cargo at the piers."

The Waterfront Commission has no statutory authority to require the shipping industry to institute more strict and effective measures against cargo loss. The terminal operator can provide any kind of security program he wants. The commission has no power to require the shipping industry to accurately report losses of cargo from its piers. In addition, the commission has no regulatory power over truck drivers and others who frequent the piers, nor any power to control the movement of trucks in terminal areas.

Wilfred L. Davis, attorney for a port watchmen's union, agreed that there were weaknesses in the cargo security system and blamed the problems on the shipping industry's attitude. He felt that the hiring of more guards would remedy the problem and also suggested that the commission be given the power to "impose security requirements on the shipping industry and the authority to license truck drivers on the piers."

However, Thomas R. Sullivan, Sullivan Security Inc., and William J. McRoberts, McRoberts Detective Agency, disagreed with witnesses who blamed the shipping industry's attitude for cargo losses. Mr. Sullivan testified that cargo thefts were not as prevalent as had been earlier testified and that much cargo is either misdelivered or stolen from other ports. He felt that one factor leading to the increase in loss was the importers' inflated claim of loss for insurance purposes. He blamed the tremendous loss of containers on "the industry's haste to enter the container revolution before adequate facilities had been provided."

ALEXANDER P. CHOPIN, chairman of the New York Shipping Assn., said that the greatest problem was that of collusive theft by truck drivers and licensed personnel. He opposed the creation of a governmental pier force on the grounds that the cost "would be prohibitive and jeopardize the competitive position of the Port of New York" and he suggested that additional personnel from the various law enforcement agencies already in operation be especially assigned to protect the piers.

The commission report states that since private industry has obviously failed in its attempts to provide adequate protection for cargo on the piers, it is imperative that the government intercede.

The report urges: "Legislation should be enacted to give the Waterfront Commission the authority and responsibility to adopt mandatory security regulations for the better protection of cargo, applicable to shipping companies, terminal operators, stevedores and others engaged in the movement of cargo in and out of the piers in the Port of New York."

Since the commission has the power to ban from the piers only dock workers who have been caught stealing, while truck drivers and others, including known criminals, can walk the piers at will, the report says: "To remedy this, legislation should be adopted empowering the commission to designate waterfront security areas that can be entered only by persons so authorized by the commission."

TO SATISFY the need for an improved port watchman system,

Continued on page 30

Drug firms . . .

Continued from page 1

birth control pill business?' and if you are, they either stop negotiations right there or make rates sky high."

The vp and general counsel for one drug company that is covered by about $50 million in products liability said the insurance people and the drug people just weren't communicating.

"The lack of information and the misunderstandings that develop between the two groups is astounding," he said. "I know of one drug firm that was told by a Lloyd's representative, 'Oh, you chaps just want to make some fast money and then get out of the country.' "

He emphasized the fact that he did understand the insurers' problems, however.

"I DON'T MEAN to sound critical," he said, "but I'm very worried about what will happen if these misunderstandings continue to grow. There have been rumors of the drug industry going into self-insurance, but we definitely don't want to go it alone."

John Keefer, insurance manager at Johnson & Johnson (which does not market a contraceptive), is head of a group of pharmaceutical insurance managers who meet informally to discuss the communication problems.

"We meet every couple of months," Mr. Keefer explained. "It's mostly a discussion group. We're trying to figure out what can be done to improve the problems of communicating the intricacies of the drug business to the insurance business."

He felt that drug companies have received a lot of adverse publicity and have been hit along with many other industries in the current wave of consumerism.

"I CALL IT 'consumeritis,' " said the legal counsel at another drug company. "People today say, 'Something is wrong with me. Someone is responsible for this.' And the someone is usually the drug manufacturer."

He and several other drug people interviewed felt that when a product is widely circulated there are bound to be some people who have side effects and that it was up to doctors to see that patients who had bad reactions to products were not given prescriptions. "If we had to keep every potentially harmful product off the market, we would have to prohibit the sale of scalpels," he stated. ■

Glass trail . . .

Continued from page 1

Other self-insured stores that were hit included a Burny Bros. bakery and Burroughs Corp. At Burroughs the glass damage was estimated to be $3,000 and damage to machinery in the window amounted to about $500.

The Illinois State Bank of Chicago, which suffered seven broken windows, hadn't estimated it's damage but a spokesman told *Business Insurance* that the tab would be picked up by their insurer, Continental Casualty.

The Pick Congress hotel lost 12 windows, at an estimated $8,500, and their tenants lost five.

At La Borie Gallery $400 in paintings were stolen from the smashed display window and two statues, with a total value of $600, were ruined. Henri La Borie, owner, said that coverage for the art works was placed with the Kramer Insurance Co. and that Associated Insurance Co. had the gallery's glass coverage. ■

U.S. report . . .

Continued from page 1

of moderate cost to a much larger group," it said.

"If the validation of mass marketing techniques in insurance can make a positive contribution to the regulatory objective of broadly spreading risk, by making coverage more readily available, to more people, and on more acceptable terms, it should be encouraged so long as that can be done without undue sacrifice of other values," the report states.

Professors Denenberg and Kimball noted that loss prevention is becoming more and more invaluable, without which "the insurance mechanism may eventually become too costly to work at all in some cases. The accumulation of large numbers of risks in groups (through the means of mass-marketing) can sometimes make it economically feasible to engage in loss prevention activity."

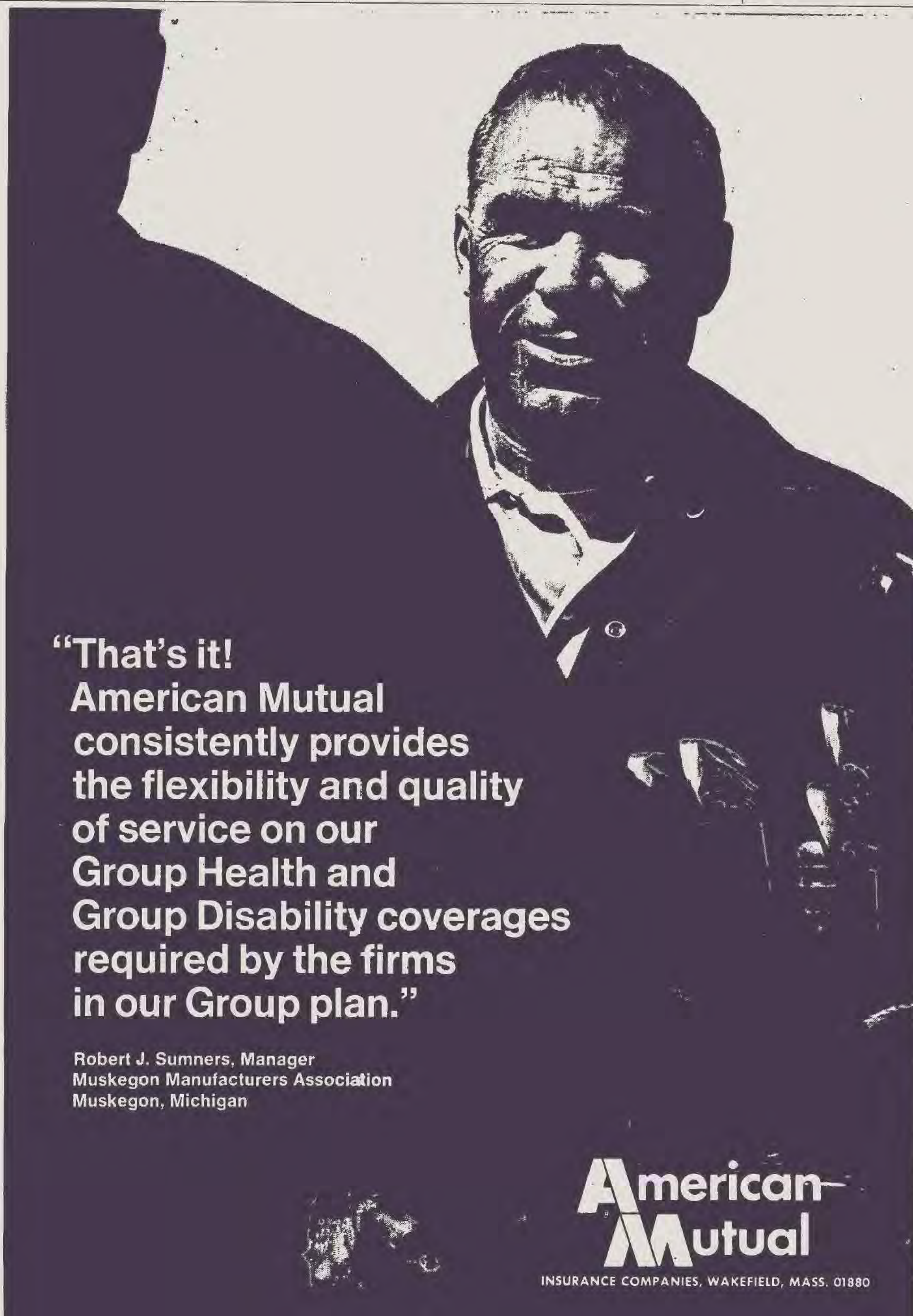
The major thrust of the report centered on the need to remove or refrain from passing any (and all) regulations limiting mass-marketing.

"THE INSURANCE agent who is selling personal lines to individuals is the greatest opponent of mass-marketing," Dr. Kimball told *Business Insurance*. However, proponents of the approach say that the "slack" supposedly created by the loss of certain lines of business to mass-marketing would be more than taken up by the growing variety of financial service products—combinations of mutual funds and term life insurance, for example. In addition, they say, there would be servicing requirements for employe and other groups covered under mass-marketed plans.

"Connecticut forbids what it calls 'fictitious groups' and has a statute governing mass-merchandised plans with rather restrictive conditions," Dr. Kimball said. These were examples of the very regulations the report he helped write urged against, claiming they are undue impediments to perfecting a much-needed and more efficient means of providing insurance coverage.

The report explained the rational behind the "fictitious group" objection as one of discrimination. "One of the classic objections to group property and liability insurance is that it will result in discrimination either in favor of group participants and against those outside the group, or among the group members. This objection is a myth when it is considered in the light of the experience under group life and health insurance plans. There, the objection is no longer taken seriously . . . the real question is when the discrimination is unfair," the study said.

The report does not hesitate to point out the many unanswered questions raised by mass-merchandising. However, its intention is that these questions will never be answered until the method is given enough rope to hang itself—or prove its worth. ■



School bus crash insured by Transit Casualty

ALLENTOWN, Pa.—The chartered bus that crashed here, killing seven day camp children and injuring 52 others, was insured by Transit Casualty Co. Officials of the St. Louis company declined to reveal the limits of the coverage but indicated that they exceeded the minimum requirement of both the New Jersey Public Utilities Commission and the Interstate Commerce Commission.

The bus, owned by the Tedesco Bus Co. of Jersey City, N.J., plunged off a rain-soaked section of highway into a shallow gully. Tedesco had leased the vehicle to the Academy Charter Service, a Bayonne, N.Y.-based firm that, in turn, chartered the vehicle to officials of Hillel School, a Lawrence, L. I., day camp. Both charter companies are owned by Frank A. Tedesco.

The state minimum requirements are set at a maximum for bodily injury of $10,000 per person and $300,000 for a single occurrence. New Jersey property damage minimum limits for charter vehicles are $5,000 per claimant with a maximum of $10,000 per occurrence. ICC requirements are maximums of $25,000 per person and $300,000 per occurrence for bodily injury, and $10,000 per occurrence for property damage. Cost of the damage to the vehicle itself was self-insured, a practice held in common with nearly all similar charter operations.

A NUMBER OF glaring breakdowns in the system of regulation of charter buses apparently combined to allow the tragedy to occur.

Officials of the Transit Casualty Co. declined to reveal the insurance company's underwriting (safety engineering) procedures. Lloyd E. Boas, president of the company, told *Business Insurance* that such procedures differed greatly according to a variety of factors throughout the country.

"ALMOST ALL bus companies do charter work as an ancillary to their regular operations," said a Liberty Mutual source who is involved in that company's motor vehicle coverage operation, which also includes a large volume of bus coverage. "We insure them but only as they are incidental to a company's normal operation. The rates for such coverage are somewhat higher than similar coverage for school buses. One of the main reasons is pressure by rating authorities to keep the school bus rates low."

Another reason for this disparity in rates is that charter buses could and do go anywhere. Any given driver may not travel the same route in any two successive trips. School buses, on the other hand, travel well-prescribed routes the drivers come to know intimately. Also, motorists within the routes of a school bus are much more aware of the brightly-colored vehicle, usually paying a good deal more attention to it than to a charter bus.

"We check on whether or not our insured is certificated by both state and Federal authorities," the Liberty Mutual man said. "This is, of course, an essential part of our standard operating procedures. I don't think, however, that normal bus operators would really try to get around any state or ICC regulations," he said.

The source explained that his engineers specified that daily maintenance inspections of a minor nature as well as more thorough monthly maintenance inspections be made by the insured company. "Drivers should also be required to inspect their vehicle after each trip and turn in a report concerning any malfunction they detect," he said.

Hubert Daye, driver of the charter bus that crashed near here, was arraigned on seven counts of involuntary manslaughter. ■

Tanker problem almost here

LONDON—When the idea of colossal million-ton tankers was projected in *Business Insurance* (May 11) as the brain-child of Lloyd's Register shipping experts, it might have been thought that the crystal-ball gazing would take a long time before becoming a reality as an intriguing challenge to insurers. But the prophecy has now come half-true—or half the prophecy has become true—whichever way you prefer to look at it.

Globtik Tankers, of London, has just placed an order with a Japanese shipyard for a 477,000 ton tanker to be built by 1973, and is indeed planning a 500,000 tonner to follow, if the oil companies want it.

The order for the new vessel, worth more than $40 million, has been placed by Ravi Tikkoo, a new name in the giant-tanker business. He is an ex-Indian Navy officer who has begun to feature prominently in the independent shipping business in London. During the past ten years he has engaged in ship financing, chartering and owning in Western Europe on an increasing scale, and is founder-chairman of Globtik Tankers.

A London spokesman for Globtik Tankers told *Business Insurance*: "Discussions over the projected insurance for the new vessel, and its possible sister-tanker, are still proceeding." ■

london line

Doctors' revolt wins them more public funds

LONDON—Doctors have won a pay fight over their rewards for operating Britain's social security medical services. They had been promised another $200 million in cash from public funds but were given only $150 million of it under the regime of Prime Minister Harold Wilson.

So they revolted by threatening to withdraw their signatures from the certificates that every workman has to produce, if he is ill, before he can get national sick benefit to tide him and his family over loss of wages through absence from work.

Normal hospital, medical and drug facilities are free throughout Britain. But payments to people laid off from work through prolonged illness come from funds provided by government taxes. Corporate benefits in the case of a few firms that take out their own insurance as a supplementary goodwill gesture to their workers are on a limited scale, and the government makes substantial payments to all wage-earners in the event of ill health.

Withdrawal of signatures was a "strike threat" that would have paralyzed the administration of the health services, even though ordinary medical and hospital care would have been kept up by the 50,000 doctors involved. But when the general election resulted in the ousting of the Wilson regime, and the introduction of a businessmen's regime under Conservative Prime Minister Edward Heath, there was a review of doctors' pay.

Government leaders have promised to look favorably into restoring the missing $50 million, which will bring Britain's total yearly wage bill for its free medical service to more than $800 million.

And the doctors are signing their certificates again.

* * *

DAMAGES totaling more than $200,000 have been awarded to six British workmen who got asbestosis while working for an industrial firm over the past 15 years.

Insurers now fear a flood of legal actions over this disease, and another "killer disease" called mesothelioma, as a result of new medical discoveries into their causes.

The workmen who got these damages from the High Court are still alive, but have been told that their life expectancy has been shortened, since it is known that several of their workmates have already died. The men worked for a firm that milled and bagged asbestos in East London before investigators prosecuted the owners for breaking health regulations six years ago.

* * *

PAN-AM'S NEW security officer at London Airport is a senior Scotland Yard officer—and an expert investigator into London murders. But his role at the airport will be to strengthen cargo security, as well as improving crime prevention on both the cargo and passenger sides of Pan American Airways operations at Heathrow and other British airports. He will also meet with local government law enforcement officials and the American embassy. The new man, former Detective Chief Superintendent William Jones, 51, has just retired after 32 years with Scotland Yard. He is an expert in solving frauds and robberies.

* * *

COSTLIER AUTO insurance is threatened in Britain because of rising repair costs. The big General Accident group, which covers many corporate-owned autos and private motorists, has just hiked its rates by nearly 30%. It blames increasing claims for its $13 million loss on domestic auto underwriting last year. But it will provide private drivers with free use of a hired car for two weeks, if their own is badly damaged or stolen, in return for raising their premiums this year. They have made an agreement with the Godfrey Davis auto leasing organization to provide this new extra service. ■

Abortions . . .

Continued from page 3

HIS COMPANY will not limit coverage to abortions done only in hospitals. Legal abortions will fall under the area of operations that can be done in the doctor's office. "The pregnancy and related package," one Equitable source put it, "will probably cover artificial insemination and probably will not cover birth control pills."

Connecticut General is now in the process of re-evaluating their abortion coverage plans. "We are some weeks off on firm guidelines," a spokesman said.

Though some of the large insurance companies are not yet too sure of what they will do regarding New York's new law, it appears that women can look forward to liberal coverage from some companies, befitting the liberal climate provided by legislators. If a woman wants an abortion in the state of New York, she can legally get one. If she is covered by group insurance, regardless of whether she is married or single, her insurance company will, in most cases, pick up

Workshop

Continued from page 2

- "A union man's view of benefits in the 1970s," by William W. Winpisinger, general vp, International Assn. of Machinists & Aerospace Workers, Washington.
- "Why not own your own brokerage firm?" by M. Rex Pearson, insurance manager, Signal Cos., Los Angeles.
- "A Nader's Raider looks at your new corporate responsibilities," by Reuben H. Robertson, Center for the Study of Responsive Law, Washington.
- "Mergers: What are the insurance and benefit considerations?" by William D. Smith, vp of insurance, Gulf & Western Industries, New York.
- "How to spot insurance buying frauds," by Donald H. Trautlein, partner, Price, Waterhouse & Co., New York.
- "How to use Madison Ave. techniques to motivate employes," by Al Ries, president, Ries Cappiello Colwell, New York.
- "Insuring television shows: throwing away the script," by Lawrence Grant, manager, entertainment risks department, Pacific Indemnity Co., New York.
- "Embezzlers I have known," by John Kennedy, John A. Kennedy & Associates, Chicago.

The fee for the entire Management Idea Workshop is $285, but if payment is received by Sept. 11, 1970, the fee is reduced to $250—a saving of $35 per registrant. A full refund of the fee will be made if cancellation notice is received by *Business Insurance* on or before Sept. 21.

Included in the fee are all three-and-one-half days of sessions; five meals (three lunches and two dinners); plus a Management Idea workbook covering the speakers' presentations, biographical summaries and roster of those in attendance.

Accommodations at the Regency Hyatt House in Atlanta are not included in the fee, but the hotel has reserved a block of rooms at attractive rates for the workshop.

Registrations for the workshop may be made by using the accompanying coupon, or by writing for additional details to Management Idea Workshop, c/o Business Insurance, 740 Rush St., Chicago, Ill. 60611. ■

ASIM officers

John V. Montague, Rural Electrificate Adm., U. S. Department of Agriculture, has been elected president of the Chesapeake Chapter of the American Society of Insurance Management. Other officers include J. F. Mahoney, insurance manager at Commercial Credit Co., vp and secretary and Edward W. Walton, insurance manager for Harry T. Campbell Sons, Corp., treasurer

New Post subsidiary will finance insurance premiums

APPLETON, Wis.—Post Corp., a diversified firm here with newspaper, printing, broadcasting, electronics and insurance interests, has formed a subsidiary, Post Financial Corp., to handle insurance premium financing.

Post Corp. officials said the subsidiary would operate nationwide with a variety of plans and programs. The firm will operate initially in Wisconsin, Illinois, Indiana, Ohio and Michigan.

Post Corp., which publishes the Appleton Post-Crescent, also owns All-Star Insurance Corp., a Milwaukee writer of excess-surplus lines insurance specializing in commercial and industrial risks.

Post Financial will have its main office in Hinsdale, Ill. and will be under the direction of Vincent L. Sassano, Chicago regional field manager.

Richard A. Johnson, former Liberty Loan Corp. office manager in Rhinelander, Wis. and Bradley, Ill., who joined Post Corp. last February to help organize Post Financial, will be the subsidiary's general manager, operating from the company's regional accounting office in Milwaukee. ■

Cromer says Heath's election will help move economy forward

CHICAGO—A recent trip to Lloyd's of London gave Lolita Cromer, president of Leslie H. Cook Inc., a unique, American businesswoman's view of the economic impact of the Parliamentary election.

She told *Business Insurance*, "While the polls were saying one thing, the people I talked to seemed to be saying another. Of course, most of the businessmen I saw were conservative and wanted Edward Heath to win, but the hotel maids, waiters and taxi drivers I spoke with also seemed dissatisfied with former Prime Minister Wilson. They felt the economy wasn't progressing under him and that taxes were burdensome."

The state of the economy has a heavy impact on the insurance market and Miss Cromer commented that Prime Minister Heath's election should help give the English an improved image and a breath of fresh air, and that those things "couldn't help but move the economy forward."

SPEAKING OF the current capacity crunch, she said she didn't think the problem had been exaggerated. The situation, Miss Cromer said, is simply a case of "the law of large numbers."

One of the reasons for Miss Cromer's visit to London was "to get the feel of what Lloyd's is currently thinking on this subject."

Miss Cromer pointed out that Lloyd's was not her company's sole source of capacity. "All markets must cooperate to meet the large risks," she said; "you can't do without Lloyd's or domestic sources."

The Cook firm is owned by Swett & Crawford, Los Angeles, and also by a subsidiary of the Continental Insurance Co. One of Miss Cromer's principal marketing sources is the Harbor Insurance Co., Los Angeles, which is managed exclusively by Swett & Crawford. "The Harbor is a very dynamic progressive source and has developed special facilities for railroads, public utilities and directors and officers liability," she said. "These classes have been troublesome capacity issues. We try to keep our facilities updated to meet the needs of the client and the corporate buyer."

COMMENTING on an American version of the Lloyd's syndicate, a capacity solution that is being studied jointly by a large number of insurance companies (*Business Insurance*, June 22), Miss Cromer said: "The idea is not without merit because it proves that many people are concerned about the commercial capacity problem instead of turning their backs on it, and ours is an industry that has too often been accused of doing this.

"But American companies, however," she continued, "aren't followers or copiers. The large companies here, and they would be the ones needed to form an American Lloyd's, set their own policies and have their own interests. So the comparison to Lloyd's can't really be made." ■

Before a recent trip to Lloyd's of London on a Pan American Airways 747 Lolita Cromer, president of Leslie H. Cook Inc., discussed features of the big plane with a Pan Am employe. With her is John C. Garner, a director of E. W. Payne & Co. Ltd., London brokers.

Ports . . .

Continued from page 24

and at the same time realizing that a complete dislocation of the existing force would not be practical, the commission urges that it be granted:

- "Authority to assign commission police to the guarding of cargo for the purpose of supplementing the port watchman force.
- "Authority to supplant all or part of the port watchmen on a particular pier or area with commission police as a result of ineffective cargo protection.
- "Authority to require that port watchmen pursue their work on the waterfront regularly and as their primary employment in order to retain their licenses."

The report also asks for legislation that would grant the commission more regulatory power for upgrading the present port watchman force.

The Waterfront Commission points out that Port of New York is not the only port in which there are problems and recognizes that protection is needed everywhere. The commission realizes that more than just dollar loss is the result of ineffective cargo protection.

"Besides the actual dollar value, the more serious effects of such losses are that manufacturing schedules are not met, job lay-offs occur for lack of raw materials, seasonal markets are lost, customer revenue is lost, insurance premiums are increased and the stolen goods are put into commerce by the underworld in competition with legitimate business, often in competition with the very owners of the stolen property."

The report was addressed to Gov. Nelson Rockefeller of New York and Gov. William Cahill of New Jersey. It was signed, after three days of testimony and months of preparation, by Joseph Kaitz, commissioner for New York, Steven J. Bercik, commissioner for New Jersey, and William P. Sirignano, executive director and general counsel. ■

classified advertising

RATES AND CLOSING TIME: ***$2.00 per line, minimum charge $8.00. Cash with order. Figure all cap lines (maximum—two) 30 letters and spaces per line; upper & lower case 40 per line. Add two lines for box number. Replies are forwarded daily. Closing deadline: Copy in written form in Chicago office not later than noon, Monday 7 days preceding publication date. Published every other Monday. Display classified takes card rate of $17.00 per column inch, and card discounts on size and frequency.***

HELP WANTED

What would your present business insurance man think if you said Allstate was making a quote?

Watch his eyes when you tell him.

We're getting known in the business insurance business as rock-the-boaters. Mavericks who specialize in unique approaches, prompt service, and low premiums. Is that bad?

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

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

So next time you need a quote, call Allstate.

Allstate®
BUSINESS INSURANCE

Available in most states. Allstate Insurance Company.