

# Business Insurance

Reporting weekly for corporate risk, employee benefit and financial executives / \$1.75 a copy; \$68 a year

© Erie contents copyright 1988 by Crain Communications Inc. All rights reserved

## Panel seeks criminal probe into Mission, Integrity failures

WASHINGTON—A House subcommittee has asked U.S. Attorney General Richard L. Thornburgh to investigate possible criminal wrongdoing in the failures of Mission Insurance Co. and Integrity Insurance Co.

In a Dec. 12 letter, members of the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations noted that an inquiry into the insurers' demise found "common business dealings, practices and persons"

*Continued on next page*

## D&O costs up, claims frequency increasing: Study

By MARK A. HOFMANN

CHICAGO—Risk managers can expect the average cost of closing a directors and officers liability claim filed this year to skyrocket past \$3 million, according to a study released today by The Wyatt Co.

In addition, risk managers—especially those at companies involved in mergers or that have recently reported an aftertax loss—increasingly are being socked with D&O claims, the survey says.

However, despite deteriorating D&O claims experience, most risk managers can obtain larger D&O liability insurance limits for only slightly higher premiums, the survey says.

And, when Wyatt's D&O premium index is plotted against its loss index, which is an actuarial estimate of the ultimate resolution of claims made in the year in which a survey is conducted, it appears that D&O coverage is being priced fairly, said Ronald R. Boggs, a consultant with Wyatt in Chicago.

However, the survey suggests that slightly fewer corporations are buying D&O coverage.

The "1988 Wyatt Directors and Officers Liability Survey" also found that "significant capacity" has returned to the excess D&O insurance market and that primary markets are niche underwriting by account size and industry much more than in past years (see story, page 65).

"Assuming claims trends continue and premiums are able to track changes in claims experience, we would expect the market to remain relatively stable. I think we're at a point of relative stability now," Mr. Boggs said.

The 1988 Wyatt survey, which polled 1,708 U.S. for-profit corporations

*Continued on page 64*

## IRS offers extension for pension changes

By JERRY GEISEL

WASHINGTON—Employers, much to their relief, will be given more time to amend their pension plans to comply with the Internal Revenue Service's massive pension integration rules.

An employer could wait until the end of 1989 to make the changes needed to bring its pension plan in compliance with the IRS' integration rules if the company adopts one of several stopgap plan amendments proposed by the IRS last week.

The integration rules, which implement provisions of the Tax Reform Act of 1986, will force tens of thousands of employers nationwide to scrap decades-old pension integration formulas—which are used to calculate how companies may coordinate or integrate their pension plans with Social Security—and adopt new formulas to calculate retirement benefits earned after Jan. 1 (BI, Dec. 5).

Under one of the IRS' stopgap amendments, which would have to be adopted by March 31 or May 31 depending upon the type of pension plan an employer offers, an employer could wait until as long as Dec. 31, 1989, to make permanent plan design changes. Those changes could then be made retroactive for benefits accrued from Jan. 1, 1989.

Even if the new, permanent integration formula produced smaller benefits than the formula currently used by the plan, the employer would not be deemed to have violated a federal law that bars cutbacks in accrued pension benefits.

In addition, an employer could adopt the stopgap amendment without having to provide the normal 15-day advance notice to pension plan participants that

usually is required when the employer seeks to reduce future benefits, the IRS said in Notice 88-131, released last week.

Benefit experts are welcoming—up to a point—the relief offered by the IRS.

"This notice provides genuine relief. It gives companies more time so they can redesign their pension plans carefully and intelligently," said Larry Sher, a partner with benefit consultant Kwasha Lipton in Fort Lee, N.J.

"The IRS notice gives employers the flexibility that they were looking for," said John Feldtmose, president of benefit consultant A. Foster Higgins & Co. Inc. in New York.

While the IRS action won praise from benefit experts last week, they add that any relief employers receive may prove to be fleeting if the IRS fails to publish additional, reasonable regulations that companies say they need to redesign their pension plans.

"Yes, this is temporary good news. But the IRS still has a lot of work to do. The sharks will be back circling unless the IRS acts soon," observed Dick Raskin, a consultant with The Wyatt Co. in New York.

"It will be incumbent on the IRS to issue timely regulations," added John Hoos, a consultant with Hewitt Associates in Lincolnshire, Ill.

Indeed, if the IRS fails to quickly publish certain other regulations, like those governing the general pension non-discrimination rules in the 1986 tax law, employers next year will face the same problem of trying to redesign a plan to meet changing federal requirements without enough information to make the necessary changes.

*Continued on page 68*

## Toy makers prepare for ultimate test

By MICHAEL BRADFORD

The risk management and quality control practices employed by Santa's elves are about to be put to the test.

Toy manufacturers, whose products must meet federally mandated safety requirements and—in many cases—a list of self-imposed standards, continually test their products to make sure they do not injure young consumers.

In one joyous thrashing on Christmas morning, bright-eyed children across the country will see just how well all that research and testing holds up.

But, toy makers are confident that Santa is delivering a sleigh load full of safe playthings this holiday season.

"We are the most regulated industry in the nation," said Douglas Thomson, president of the Toy Manufacturers of America, a 250-member trade association.

"Federal regulations are quite specific for children's products," Mr. Thomson said. "And then we have voluntary standards" to which association members adhere when designing and testing toys, he pointed out.

The Federal Hazardous Substances Act

and the Consumer Product Safety Act are the federal laws that govern toy safety. Those laws call for manufacturers to:

- Eliminate small parts on toys intended for children younger than age 3.
- Make sure there are no sharp edges on toys made for children under 8.
- Meet specifications that eliminate the possibility of burns and shock from electrical toys.
- Design rattles so they are too large to become lodged in an infant's throat. Rattles also must be constructed so that they will not separate into small pieces.
- Limit the amount of lead in paint used in toys to less than 0.06%.
- Restrict the use of potentially harmful chemicals to chemistry sets, model rocket sets, model airplane fuel and other products designed for older children.

Apart from the federal requirements, most toy manufacturers also adhere to a set of voluntary standards that are detailed in a booklet published by the American Society for Testing & Materials.

The voluntary standards, known as ASTM F963, were developed by the TMA in 1971.

*Continued on page 62*



Photo courtesy of Fisher-Price

Fisher-Price puts toys on a treadmill to simulate how a child will use a product.

**Spotlight on employee benefits . . . Page 3**

Directory of employee benefit consultants . . . Page 32

## Panel seeks criminal probe

Continued from previous page

linking the failure of Mission to the failure of Integrity."

The subcommittee's investigation—which included public hearings in September—"has revealed substantial evidence of reckless and incompetent management, intentional under-reserving for losses, unwarranted price-cutting and excessive reliance on reinsurance," the letter says. The inquiry "also found evidence of intentional deception, conflicts of interest and unfair personal gain by persons closely involved with the operations and ultimate failures of these companies."

The letter—signed by Subcommittee Chairman John D. Dingell, D-Mich., and Rep. Thomas J. Bliley Jr., R-Va., the panel's ranking minority member—says that "some or all" of these activities may involve violations of federal mail and wire fraud statutes and possibly other federal criminal laws.

Separately, the subcommittee has sent letters to several state insurance departments requesting additional information on matters arising from the Mission and Integrity failures.

California-domiciled Mission was ordered liquidated in February 1987 and is estimated to be insolvent by \$1.5 billion. New Jersey-based Integrity, ordered into liquidation a month later, is estimated to be insolvent by \$300 million.

In Dec. 12 letters to the California and New Jersey departments, the subcommittee noted that its inquiry raised questions about "potential conflicts" among the various duties of state-appointed liquidators. These include the duties to maximize recovery of assets—such as reinsurance—while pursuing possible criminal and civil violations.

The letters ask the insurance departments to provide information on several points, including whether they have investigated possible criminal and civil actions against former directors, officers and agents of Mission and Integrity; how the liquidators of the two insurers were chosen; and what law, accounting and other professional firms have been hired by the insurers' estates.

Separate Dec. 12 letters to several insurance departments point out that two former Mission officers—Louis F. Marioni, former Mission president, and Michael Mulholland, former Mission chief financial officer—have assumed control of another California insurer, Superior National Insurance Co. of Woodland Hills.

These letters note that the subcommittee's inquiry raised "serious questions regarding the apparent ease by which persons responsible for operating an insurance company which fails are able to immediately begin operating a new company."

The departments are asked in the letters about their findings regarding the fitness of Mr. Marioni and Mr. Mulholland to run an insurer and are asked to provide copies of licensing documents filed by Superior National. The letters also ask for general information about licensing criteria and background checks required of directors and officers; the size and qualifications of insurance department staffs handling license applications; and regulations governing managing general agents, brokers and intermediaries.

The letter was sent to insurance departments in California, Alaska, Arkansas, the District of Columbia, Utah and Nevada, where Superior National is licensed or has applied for a license.

A spokesman for Superior National said the California department fully investigated the insurer's principals before licensing and examined the company after one year of operation under its current management. "We invite any other necessary examination," he said.

Mr. Marioni and Mr. Mulholland also appeared before the subcommittee, whose members "seemed satisfied when they learned that Superior National's business was concentrated in specialty non-reinsurance areas," the spokesman added.

## CGL agreement reached

NEW ORLEANS—The Risk & Insurance Management Society and the Insurance Services Office Inc. said they are willing to accept a compromise worked out by a subgroup of the National Assn. of Insurance Commissioners involving ISO's proposed changes to commercial general liability insurance forms (*BI*, Nov. 14).

The agreement, endorsed by the NAIC at its winter meeting in New Orleans last week, allows ISO to offer as options two new pollution exclusions that delete pollution coverage from products and completed operations coverage and allow a buy-back of limited pollution coverage with a separate coverage limit.

The agreement also allows ISO to clarify language in the pollution coverage exclusion in the basic CGL form.

ISO also will withdraw proposed amendments in three other areas and offer new optional endorsements. As a result:

- Coverage for some employment-related practices, like evaluation and termination, will remain the same, unless an optional endorsement excluding those practices is used.
  - The definition of a "social host" will remain the same in the basic form's liquor liability coverage, unless two new definitions contained in separate endorsements are used. One would require a business to schedule social events, while the other is designed for social clubs.
  - Additional insureds on a policy may buy tail coverage.
- ISO expects to change its filings by mid-January.

## Antitrust case dismissal sought

SAN FRANCISCO—Property/casualty insurance industry defendants in the antitrust litigation in U.S. District Court in San Francisco filed a motion Friday seeking the dismissal of the suit, contending they did not violate federal antitrust laws.

Continued on page 67

## Errors & omissions

Omaha Indemnity Co.'s 1986 lawsuit against Royal American Managers Inc. and others did not allege violations of the federal Racketeer Influenced and Corrupt Organizations act, as was reported in the Dec. 12 issue. The suit charges RAM with fraudulent misrepresentation, civil conspiracy, negligence, breach of contract and breach of fiduciary duty.

# Proposition 103

## Iowa regulator seeks to protect insurers

By MEG FLETCHER

NEW ORLEANS—In the wake of California's Proposition 103, Iowa's top insurance regulator is proposing to prohibit Iowa-domiciled insurers from selling property/casualty insurance in any state where the insurers expect to lose money consistently.

"Iowans enjoy the lowest auto premiums in the nation and I don't intend to stand by while Iowans are forced to subsidize rate rollbacks in another state,"

said Iowa Insurance Commissioner William D. Hager.

Mr. Hager made his remarks in an interview at the National Assn. of Insurance Commissioners' Winter Meeting in New Orleans last week.

The NAIC is expected to accept a subgroup's recommendation that the organization step up its review of automobile insurance problems nationwide.

If legislative or regulatory climates elsewhere force any Iowa-based insurer to consistently operate at a loss, that will have the effect of confiscating some of that insurer's surplus, Mr. Hager explained.

As a result, "rates in other states, including Iowa, would have to be raised to an extent not justified by experience to counterbalance the losses in other states," he said.

Continued on page 67



## California legislators pressure Gillespie

By GLENN HUNTLEY

LOS ANGELES—California legislators are pressing Insurance Commissioner Roxani Gillespie to step up enforcement of Proposition 103 provisions.

At legislators' urging, Ms. Gillespie says she will expedite issuing a cease-and-desist order against Hartford, Conn.-based Travelers Corp., which has announced it will withdraw from the California auto insurance market.

A provision of Proposition 103 bars insurers from canceling or failing to renew auto insurance policies except under certain circumstances, like non-payment of premium, fraud or misrepresentation by the policyholder, or a substantial increase in the risk insured.

However, Ms. Gillespie balked when asked whether she would support Proposition 103's rate rollback provisions. Ms. Gillespie is one of the named defendants in a lawsuit filed by the insurance industry charging that the voter-approved law is unconstitutional (*BI*, Nov. 14).

Ms. Gillespie said it was "premature" to commit to a legal position on the rate rollbacks and that she would consult Gov. George Deukmejian concerning the administration's opinion before taking a stand.

The California Supreme Court has given the administration and proponents of Proposition 103 until Jan. 12 to file briefs in the case. Insurers have until today to file their briefs.

The briefing schedule was part of a Dec. 7 court order that lifted a stay on all but two provisions of

Continued on page 67

# European reinsurers to get asbestos claims information

By CAROLYN ALDRED

LONDON—Representatives of the London insurance market are allowing European reinsurers access to confidential documents and information relating to asbestos bodily injury claims to obtain reinsurance payments the London insurers claim they are owed.

In a test program, legal and coverage information relating to the settlement of claims filed against Toledo, Ohio-based Owens-Corning Fiberglas Corp. will be presented to six European reinsurers this week.

By initially furnishing this information, London underwriters hope to find a formula for the presentation of claims information that is acceptable to their reinsurers, ending the deadlock in asbestos claims reinsurance collection.

London underwriters contend they are facing critical cash-flow problems because European, U.S., Japanese and other overseas reinsurers still have not paid asbestos claims submitted by the London market underwriters as long as four years ago.

The London market already has paid asbestos claims totaling some \$500 million, according to the London Asbestos Working Party (*BI*, Jan. 25; Nov. 16, 1987).

However, reinsurers and retrocessionaires, particularly those in continental Europe, argue that so far they have not received adequate information and documentation to assess the claims.

Until recently London underwriters alleged that reinsurers and retrocessionaires were asking unnecessary questions regarding individual asbestos claims and the wording of specific policies to avoid paying the

claims.

The decision to hand over information relating to "basic claims matters of all asbestos bodily injury losses paid by London underwriting organizations" comes after two top-level meetings between London underwriters and senior executives of six leading reinsurance companies, according to a letter sent by former Lloyd's of London underwriter Robin A.G. Jackson to London market insurers at the end of October.

In addition, lawyers acting for the Asbestos Working Party have advised that reinsurers "have a right to this information and, if this was the main stumbling block, it should be made available," said Mr. Jackson, who is chairman of the Asbestos Working Party.

"Following the signing of the Wellington Agreement, all coverage litigation ceased so the question of the need to preserve privilege has been removed from most documents," Mr. Jackson said in his letter.

The new initiative follows a proposal made by the reinsurers in March to set up a claims clearinghouse to gather and process asbestos claims information (*BI*, March 21).

Although the proposed clearinghouse—which was dubbed the International Reinsurance Advisory System—was welcomed by reinsurers from around the world, it was sharply criticized by the London market as an attempt by reinsurers to further stall claims payments.

In a letter sent to reinsurers and retrocessionaires last month, Wilhelm Zeller, a director of Cologne Reinsurance Co., and Cologne Re Claims Manager

Continued on page 66

## Inside

✓ The Supreme Court should issue guidelines that lower courts can apply to ensure that the size of punitive damage awards match the magnitude of the offense, this week's editorial urges. **PAGE 8**

✓ Long-term disability insurance rates have fallen as much as 20% in some cases during the last year, but the LTD market is now stabilizing, insurers and consultants say. **PAGE 22**

✓ Managed group dental care programs are becoming more popular in light of dental care costs that have doubled since 1980, according to Consumer Price Index statistics. **PAGE 28**

✓ If preferred provider organizations are unable to adjust to the realities of the marketplace, PPOs as we know them today will lose ground fast, says Paul Katz, principal in the health care consulting group of Arthur Young & Co. in Los Angeles, in Speaking Out. **PAGE 39**

✓ Clement Clarke Moore's poem, "A Visit From St. Ni-

colas," provides inspiration for insurance stock analyst Myron Picoult as he describes a frightening holiday scenario unfolding before property/casualty insurers this year. **PAGE 69**

## Departments

Classifieds .....	64
Insurance services guide .....	68
Legal briefs .....	49
Letters .....	8
Opinions .....	8
Perspectives .....	39
RMIS commentary .....	39
Speaking out .....	39
Spotlight report .....	3
Ticker .....	69

Vol. 22, No. 51—*Business Insurance* (ISSN 0007-6864) is published weekly at 740 N. Rush St., Chicago, Ill. 60611-2590. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, Circulation department, 965 E. Jefferson Ave., Detroit, Mich. 48207; 800-992-9970 or 313-446-1611. Copyright 1988 by Grain Communications Inc.

# Benefits marketplace

## Rising health costs dampen holiday cheer

By DONNA DiBLASE and MICHAEL SCHACHNER

Santa is snubbing employee benefit managers this year. Benefit managers have behaved all year. They have applied managed care strategies to their health care programs, increased employee cost sharing to make employees better health care consumers and communicated the health care cost problem to employees.

But, even though they haven't been naughty, benefit managers still are finding coal in their Christmas stockings—in the form of premium increases ranging from 20% to 50% for indemnity plans and 15% to 30% for health maintenance organizations.

Insurers and HMOs attribute the increases to the same factors that increased health care costs in previous years:

- Increased utilization of outpatient health care services, which usually are not subject to strict utilization review.
- The aging of the population.
- Cost shifting against the private sector as a result of reduced Medicare reimbursements to health care providers.
- Advances in health care technology.

However, some employee benefits experts note that the greater than usual rate of increase in HMO premiums also may be an attempt by some HMOs to make up for competitive underpricing practices in recent years. HMO premium increases ranged from 12% to 15% in 1988 (BI, Dec. 21, 1987).

But, regardless of the reasons for the HMO premium increases, HMO executives and consultants note that HMO premiums still will be more moderate than indemnity plan increases. They also point out that this provides a good opportunity for HMOs to raise their prices without suffering large enrollment declines.

Some experts predict that more employers will require employees to share in a greater portion of health care costs, especially under indemnity plans, as a means of coping with health care inflation.

And, they also foresee more employers adopting "open-ended HMOs" as their principal benefit plans. Under these plans, all employees are enrolled in an HMO-like plan that includes strict utilization controls and capitated provider fees. However, employees have the option of receiving care from non-network providers, but usually for a higher out-of-pocket cost.

Allied-Signal Inc. of Morristown, N.J., contracted with CIGNA Healthplans Inc. to launch such a program earlier this year (BI, April 25).

As in previous years, the health care inflation rate has

*Continued on next page*



## Top consultants' revenues leap by 20%

### 10 largest employee benefit consultants

(Ranked by benefit consulting revenues, 1988 estimates)

Name (Parent company)	Benefit consulting <sup>1</sup>			Total operations		
	1988	Gross revenues 1987	% change	Gross revenues 1988	Offices (U.S./total)	Employees
William M. Mercer Inc. (Marsh & McLennan Cos. Inc.)	\$460 million	\$394 million <sup>3</sup>	16.8%	\$517 million	49/100	5,982
TPF&C (Towers, Perrin, Forster & Crosby Inc.)	336 million	256 million <sup>3</sup>	31.3	580 million	27/48	4,500
The Wyatt Co. (Independent)	290 million	242 million <sup>3</sup>	19.8	330 million	29/63	2,800
Hewitt Associates (Independent)	155 million	125 million	24.0	182 million	24/43	2,220
A. Foster Higgins & Co. Inc. (Johnson & Higgins)	151 million <sup>2</sup>	136 million <sup>2</sup>	11.0	177 million	52/80	1,400
The Alexander Consulting Group Inc. (Alexander & Alexander Services Inc.)	131 million	106 million <sup>3</sup>	23.6	176 million	18/51	1,692
Buck Consultants Inc. (Independent)	109 million	95 million	14.7	109 million	16/24	1,120
Coopers & Lybrand-Actuarial, Benefits & Compensation Group (Coopers & Lybrand)	68 million	53 million	28.3	68 million	23/31	828
Godwins International Holdings Inc. (Frank B. Hall & Co. Inc.)	54 million	54 million <sup>3</sup>	0.0	60 million	27/59	900
Martin E. Segal Co. (Independent)	53 million <sup>2</sup>	47.5 million <sup>2</sup>	11.6	55 million	14/16	613

<sup>1</sup> Excludes revenues from claims administration, compensation consulting, insurance commissions (where no consulting is involved) and other non-benefit consulting

<sup>2</sup> BI estimate <sup>3</sup> Restated

Chart, page design: Amy Palmer

By JERRY GEISEL

The 10 largest U.S. employee benefit consultants next year could produce more than \$2 billion in revenues.

Consulting revenues among the Top 10 jumped 20% this year to \$1.8 billion, up from \$1.5 billion in 1987, according to information supplied by the consultants and estimates by *Business Insurance* (see chart).

If growth continues at that pace, revenues will top the \$2 billion mark in 1989. That would be quite an achievement, considering the top 10 consultants crossed the \$1 billion revenue milestone just three years ago.

Indeed, the combined revenues produced this year by the three biggest benefit consultants—William M. Mercer Inc., TPF&C and The Wyatt Co.—exceed the total revenues earned by the entire Top 10 in 1985.

Next year, Mercer alone

could produce \$500 million in benefit consulting revenues—about half of what was generated by the Top 10 in 1985.

Benefit-related legislation and regulation emanating from Washington has been the engine powering much of the consultants' growth in recent years. And, that engine continued to roar this year.

For example, new 401(k) plan regulations released in August by the Internal Revenue Service forced employers to turn to their consultants for a needed hand in plan redesign (BI, Aug. 29; Aug. 8).

At the same time, the sweeping Medicare legislation enacted by Congress this summer led employers to tap their consultants for help in overhauling their retiree health care plans so they would mesh with the expanded Medicare (BI, June 6).

And, consultants were swamped with Section 89-re-

*Continued on page 10*

Spotlight report

Benefits market

Continued from previous page consistently outpaced the overall inflation rate during 1988.

For example, the medical care component of the Consumer Price Index rose at an annual rate of 7.2% for the first 10 months of 1988, according to the Bureau of Labor Statistics. By contrast, the overall CPI rose at an annual rate of 4.6% for the same period.

In 1987, the medical care component of the CPI increased 6.1%, a low after increases of 7.7% in 1986 and 6.2% in 1985. Meanwhile, the overall inflation rate jumped to 4.5% in 1987 from 1.4% in 1986 and 3.6% in 1985.

The health care inflation rate forced health insurers to increase premiums for traditional group indemnity plans an average of 15% to 20% in 1988, with some groups receiving rate increases as high as 35% to 40%.

However, in 1989, employers will face indemnity plan premium increases of 20% to 50% on the average, insurers and employee benefit consultants say.

For example, CIGNA Corp. will increase indemnity plan premiums between 30% and 50%, said Chip Sharkey, CIGNA's vp-employee benefits marketing in Hartford, Conn.

There was "a rapid spike in rate increases between August 1987 and February 1988. Increases jumped from 13% to 22% and have basically held at this level," he explained.

But, premium increases in 1989 also will be steep so that insurers can re-establish adequate rates, he said, explaining that premiums were too low to cover health care costs prior to 1988.

"We are looking for increases in 1989 equal to or more than" the 20% to 22% increases in 1988, said Kenneth Grubbs, employee bene-

fits manager for Armstrong Tire Co. of New Haven, Conn. Armstrong's indemnity plan is underwritten by CIGNA.

And, at least in the near future, "there is no indication to show any lowering in rates. No self-discipline is going to stop the rising cost of health care," he predicted.

Prudential Insurance Co. of America increased indemnity plan premiums between 20% and 40% in 1988, depending on the degree of cost-containment measures implemented by the employer, said Joseph Maginnis, vp-group marketing for the Newark, N.J.-based insurer. He would not estimate how much the insurer will increase premiums in 1989.

A significant contributor to the steep premium increases in the last year and for the next year is the ballooning medical malpractice costs that providers have been forced to pay, Mr. Maginnis said.

"Providers are more careful," he

said. He estimated that 10% to 12% of health insurance costs are a reflection of defensive medicine practiced by physicians trying to protect themselves from malpractice suits.

"You are seeing patients coming back for extra exams. Doctors say, 'Maybe if I see a patient twice I'll be less susceptible to a malpractice suit,'" Mr. Maginnis added, explaining how defensive medicine increases utilization and, in turn, drives up health insurance premiums.

Employers can expect indemnity plan premium increases of 20% to 25% from Travelers Corp., predicted Jim Gutterman, an employee benefits actuary with the Hartford-based insurer. Travelers' premiums leaped 25% to 35% in 1988.

The increases are directly related to cost shifting against private payers from providers receiving lower Medicare reimbursements,

increased utilization of outpatient services, advanced medical technology and the cost of treating people with acquired immune deficiency syndrome, Mr. Gutterman said.

Some possible employer remedies to the escalating premiums are wellness programs, where employees are made more aware of how to stay out of the hospital; a shift to managed care; and working with hospitals and doctors to keep large claims to a minimum, he suggested.

Aetna Life & Casualty Co. also will increase its group indemnity premiums about 20% to 25% in 1989, said a spokeswoman for Aetna in Hartford. Aetna raised rates 20% to 30% in 1988, she said.

And, New York-based Metropolitan Life Insurance Co. will increase indemnity plan rates an average of 22% to 24%, said John D. Moynahan, executive vp for the insurer's Group Insurance Department. However, some groups could see increases of 30% to 40%.

"A lot of the 30% to 40% increases in the last year contained some catch-up" as insurers tried to bring premiums up to cover health care costs, he explained, noting that this could continue in 1989.

Caterpillar Inc., whose indemnity plan is underwritten by Metropolitan, expects premiums to increase about 15%, said Richard Wright, group insurance manager for the Peoria, Ill.-based machinery manufacturer.

Good hospital utilization review and internal health care bill audits helped keep 1988 premium increases at about 10%, he added.

Group indemnity premiums charged by Woodland Hills, Calif.-based Blue Cross of California will increase about 20% in 1989, said Alice Rosenblatt, senior vp-HMO and group services.

The insurer raised its indemnity premiums an average of 30% to 50% in 1988, she said.

However, employers that have implemented good managed care controls on their indemnity plans may experience rates as much as 10% below plans with no controls, Ms. Rosenblatt said.

She also suggested that rate increases in California may be less drastic than in other states because California is traditionally ahead of national trends.

For Blue Cross & Blue Shield plans nationwide, "looking ahead to 1989, it looks like increases will be in the range of 15% to 20%," said Doug Peters, vp-representation and public affairs for the Chicago-based Blue Cross & Blue Shield Assn.

The 77 BC/BS plans nationwide lost a total of almost \$2 billion in 1987. Premium increases, along with an emphasis on managed care, is a major strategy for recouping those losses for the non-profit organizations (BI, Aug. 15).

BC/BS plans reported rate increases of 20% to 30% in 1988, Mr. Peters said.

Fifty of the 77 BC/BS plans have improved their financial results so far in 1988, he said.

"In 1987, we thought '88 would be better, which it was. But, we're not out of the down underwriting cycle. Hopefully, we're on our way out," he said.

Ron Colby, vp and director-group product services for Lincoln National Insurance Cos. of Fort Wayne, Ind., concurs that 1989 will be characterized by a continued increase in premiums.

"Many employers will receive 30% increases or more," said Mr. Colby. Lincoln National has hiked indemnity plan premiums by about 20% in 1988 and by 25% in recent months, he said.

While employers that purchase group indemnity plans from commercial insurers will see continued higher costs, self-insured employ-

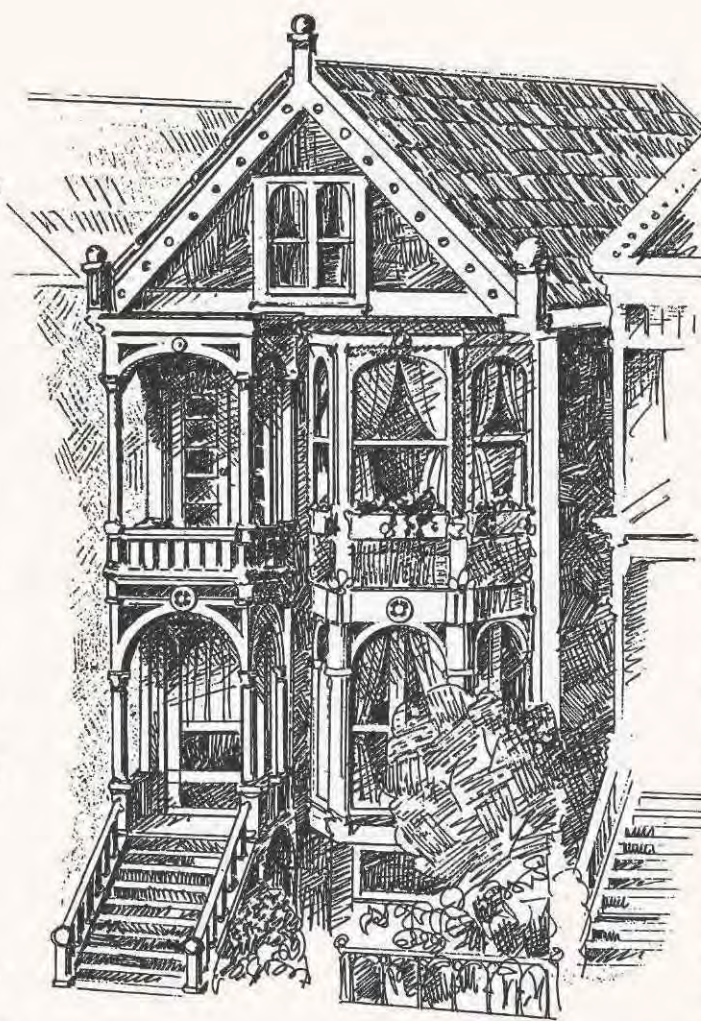
Continued on page 6

# Cure Your Rising Healthcare Costs With Our Easy Home Remedy.

With Kimberly Quality Care Home Health Care, you can provide your clients and employees top-quality health services and still save your company money.

Home health care means hospital stays are shortened or eliminated altogether. Patients are treated at home where they're more likely to recover and be back on the job more quickly.

That's how we've been helping reduce healthcare costs for more than a decade.



At Kimberly Quality Care you'll find:

- Highly skilled R.N.'s, L.P.N.'s, high tech specialists, home health aides, and many other trained healthcare personnel.
- Over 300 offices nationwide providing the widest possible variety of services—for patients recovering from acute illnesses, accidents, operations or chronic diseases.
- Specially trained R.N.'s ready to provide prompt, on-site case assessment. Dependable recommendations and cost projections for all feasible alternatives ensure cost effective treatment.

Whether you're a self-insured company, TPA or insurance carrier, find out how much Kimberly Quality Care can help you save.

Call us today: 800 645-3633

**KIMBERLY QUALITY CARE**

695 Atlantic Avenue, Boston, MA 02111

# WHEN TIMES ARE TIGHT, IT'S THE BENEFITS MANAGER THAT FEELS THE SQUEEZE.

---



You know the feeling.

Management wants you to hold down rising employee benefits costs. But since cutting benefits isn't the answer, you try to offer alternatives. Like shared costs and flexible benefits.

In doing so, you get squeezed by employees, because changing benefits creates confusion, dissatisfaction and lots of questions.

NWNL Group can help relieve the pressure.

You see, we look at your company's insurance needs differently, so we find solutions others may not see.

Take our Appropriate Care and Treatment program (ACT) for catastrophic medical claims, for example.

With ACT we're able to find ways to provide coverage for more cost effective treatment by recommending alternatives to employees and their physicians. Like outpatient care, using specialized non-hospital facilities and home health care.

The way we see it, cost efficiency doesn't mean reduced benefits, it simply means finding ways to increase the efficiency of the care.

If you're feeling the squeeze, let us send our booklet "10 Ways to Cut Benefit Costs." Call or write Rick Naymark/NWNL Group, P.O. Box 20, Minneapolis, Minnesota 55440, (612) 372-5784.

 **NWNL GROUP**

We look at things differently.™

Spotlight report

# Health care costs

Continued from page 4  
ers note that health care inflation hits them hard as well.

For example, "by self-insuring, we can lower premiums in a good year. But we pay more in a bad year," said Ginny Russell, employee benefits manager for Lufkin Industries Inc. of Lufkin, Texas.

And, "1988 was a bad year. We saw some very expensive procedures, like open-heart surgeries and a heart transplant. The transplant alone cost \$69,000," she explained.

As a result, Lufkin's per-employee health care costs increased 25% in the fourth quarter of 1988 for salaried employees and retirees and 15% for hourly employees.

Health care costs will increase 7% to 10% this year for Oklahoma City-based Kerr-McGee Corp., which also self-insures its indemnity plan, predicts Keith Wills,

**For example, 'by self-insuring, we can lower premiums in a good year. But we pay more in a bad year,' says Ginny Russell, employee benefits manager for Lufkin Industries Inc. of Lufkin, Texas.**

compensation and benefits manager. Contributing to the increase are 1988 claims experience and health care inflation.

Inflation, as well as the financial condition of some HMOs, also will cause sharp HMO premium hikes.

For example, financially ailing Los Angeles-based Maxicare Health Plans Inc. will increase its premiums an average of 30% in 1989, a company spokeswoman said.

And, Blue Bell, Pa.-based U.S. Healthcare Inc. will increase its premiums about 15%, said Presi-

dent Leonard Abramson.

However, he noted that while "you are going to see some increases, HMOs still are going to be dramatically lower than indemnity plan increases."

Employers can expect premium increases of about 13% from Health Insurance Plan of Greater New York, said Stephen Lewis, senior vp-corporate affairs.

However, Kaiser Foundation Health Plans, the oldest HMO in the country, will increase premiums only about 11%. Health care inflation is a major reason for the

increase, said a spokesman for the Oakland, Calif.-based HMO.

HMO USA, the national HMO network offered by the BC/BS Assn., expects the 71 HMOs in its network to increase rates an average of 15% to 25%, according to Judy Wilson, director of HMO USA in Chicago.

Health care inflation, along with making up for rates that were too low in previous years, are the major reasons for the steep increases, she said.

Metropolitan's MetLife Health-care Network HMOs will increase premiums about 12% in 1989, said Mr. Moynahan.

Rates for CIGNA Healthplans Inc. HMOs will rise 25% to 35% in early 1989, but increases on renewals in late 1989 should be in the 15% to 30% range, said Mr. Sharkey.

The fact that indemnity premiums will increase at a steeper rate "gives HMOs a chance to raise pre-

miums so that they can recover from losses and inflation," said Pat Richter, a consultant in the Lincolnshire, Ill., office of Hewitt Associates.

"A lot of these rate increases are an effort to catch up. But, now it's an opportunity for HMOs, especially because indemnity rates are jumping so much," observed Joseph Martingale, a consultant in the New York office of TPF&C, a unit of Towers, Perrin, Forster & Crosby Inc.

But, even these increases "may be too little too late" for some HMOs, noted Gerald W. Phillips, vp in the health care department of Alexander & Alexander Services Inc. in Nashville, Tenn.

As a result of increases in both HMO and indemnity plan premiums, employers will increase the level of employee cost-sharing, some consultants say.

"There's no question that increasing cost-sharing will continue to be a trend," predicted Laird Post, a consultant with The Wyatt Co. in Sherman Oaks, Calif.

But, employers will look for creative ways to increase employees' share of the costs, he said.

"A lot of clients are interested in flexible benefit plans as a cost management strategy. With flex plans, employers can shift costs in a way that's more palatable to employees. The plans permit some tax advantages and offer employees incentives to opt for lower-cost health care plans, like HMOs" or less-rich indemnity plans, he said.

In addition, "the real issue for employers is the idea of triple cost-sharing," said Stephen Caulfield, a principal in the Washington office of William M. Mercer-Meidinger-Hansen Inc.

"The objective now is that a big piece of the risk for health care costs has to be borne by the individual. The next biggest piece has to be assumed by the health care provider. Then, the employer's part of the risk should really be only for providing the insurance portion," he explained.

Along with increased cost sharing by employees, some experts say employers must work at moving more employees into managed care programs, like HMOs or open-ended or point-of-service HMOs.

"The main message we are giving out to our clients about the escalation in rates is to redesign their plan," said CIGNA's Mr. Sharkey. "Ideally, it would be nice to put 100% of the people into 100% managed care operations."

And, Blue Cross of California's Ms. Rosenblatt sees managed care as the best means to keep costs down. In fact, many smaller California companies have mandated managed care, she said.

"Blue Cross has made a major effort to move insureds from fee-for-service plans to managed care," she said.

In addition, even unions, which have in the past looked at managed care as a takeaway, are changing their minds, she observed.

Some experts predict that as employers strive to consolidate the number of HMO options they offer, as well as try to control the costs of their indemnity plans, more employers may turn to stricter managed care plans. These plans will include enrolling all employees in an HMO-type program in which they can choose to receive care from non-network providers but for reduced benefits.

"The mainstream—about 80% of employers—will be using multiple option and point of service products. Employers will realize that real managed care means purchasing good quality, efficient care at reasonable prices. Mainstream America hasn't fully tried this yet," said Mr. Moynahan.

"The problem of health care inflation is a huge problem and it won't go away easily," he added. ■

**CONCERNED ABOUT THE RISING COST OF HEALTH CARE?**

**AMERICAN CLAIMS EVALUATION'S HOSPITAL BILL AUDIT SERVICE CONSISTENTLY CUTS COSTS!**

- Nationwide Service
- Professional Registered Nurse Staff
- Confidentiality Maintained
- Services Tailored to Client's Needs
- Computer Monitored Findings and Statistical Reports
- Audit Results Agreed to In Writing
- Cost Effective Fee Arrangements
- DRG Validation Service

**AMERICAN CLAIMS EVALUATION, INC.**  
375 North Broadway  
Jericho, N.Y. 11753

**PLEASE SEND ME MORE INFORMATION ABOUT YOUR HOSPITAL BILL AUDIT SERVICE**

Name \_\_\_\_\_ Title \_\_\_\_\_

Company Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone ( ) \_\_\_\_\_

**AMERICAN CLAIMS EVALUATION**

**AMERICAN CLAIMS EVALUATION, INC.**  
375 North Broadway, Jericho, N.Y. 11753  
516-938-8000



# When it comes to handling cargo, you'd better head for Home.

Every producer wants smooth sailing for his clients. That's why so many are turning to Home Insurance and our Ocean Marine Department.

Its specialties are goods in transit, marine liabilities and commercial vessels. It also offers preferred rates on high-valued pleasurecraft.

Our underwriters are particularly adept at evaluating complex

ocean marine exposures. They know how to find solutions that might leave other companies out at sea.

That's the way Home has operated since we started business, back in 1853. Reliably. Professionally. Promptly.

So when you're insuring ocean marine clients, don't settle for any port in a storm. Head straight for Home. For more information, call Roger Ablett, Assistant Vice President, (212) 530-6677.

**Home Insurance**  
There's no place like it.

## Opinions

## Rebalancing the scales

THE U.S. SUPREME Court—at last—is expected to rule on the constitutionality of excessive punitive damage awards. We eagerly await the ruling.

While the court probably will not please all risk managers and corporate officers when it finally addresses the subject—for instance, it's inconceivable that the justices will reject the entire concept of punitive damages as unconstitutional—we hope the court will rule that the award in the case before it was excessive. In addition, the justices should issue guidelines that lower courts can apply to ensure that the size of punitive awards match the magnitude of the offense for which a defendant is being punished.

Many states have no meaningful standards governing the size of punitive awards that can be assessed. And, in the states that do have such standards or that have adopted tort reform statutes capping punitive damages, the plaintiffs' trial bar—which collects a sizable percentage of punitive damage awards—is challenging those standards.

In addition, we wish the court goes a step farther and rules that plaintiffs seeking punitive damages must shoulder an increased burden of proof—like "clear and convincing evidence" or "beyond a reasonable doubt"—to win a punitive award. Currently, most states only require plaintiffs to prove "beyond a preponderance of the evidence" that a defendant should be held liable for punitive damages.

While defense attorneys can quote hundreds of "horror stories" in which punitive damage awards have outstripped compensatory awards by 1,000% or more—including the case at issue before the high court in which the punitive award was more than 100 times the size of the compensatory award rendered by the jury—statistics provide the best proof of how punitive awards have increased out of hand.

## Letters

## Singapore rate freeze not RIMAS' sole purpose

To the editor: I would like to thank you for the generous coverage in the Nov. 14 issue of the first conference sponsored by the Risk & Insurance Management Assn. of Singapore.

However, I feel I must correct the report that RIMAS was formed "to fight the rate freeze that insurers belonging to the General Insurance Assn. in Singapore have imposed on all Singapore corporations" and that "by establishing the association, the risk managers hope to voice their opposition to the rate freeze under which rates can be neither increased nor lowered."

The rate freeze was one of the reasons why RIMAS was formed, but this does not imply that we formed RIMAS to "fight the rate freeze." I explained at the conference that by forming the association, risk managers could stand united and that risk management is an alternative rather than taking the easy way out, which the GIA did by introducing the rate freeze. I have, in fact, avoided the word "fight" as RIMAS, in my opinion, could not afford and would not want to go into confrontation with the insurance

industry.

It was reported also that under the freeze "rates can be neither increased nor lowered." In reality, the rates could be increased, but not lowered.

**Jeanne Tan**  
Executive Officer  
Group Insurance/Securities  
Jack Chia-MPH Ltd.  
Singapore

## ISO form changes to meet new exposures

To the editor: James W. Capell, in his Dec. 5 letter to the editor regarding regulators' approval of the Insurance Services Office Inc.'s proposed absolute pollution exclusion in its commercial general liability policy forms, chastises those who "caved in" and so quickly ratified the proposed wording.

He goes on to strongly imply that the exclusion is unwarranted, a contention with which I disagree.

Insurance coverages and exclusions have had to adapt to changing social, technological, physical and legal environments in order to keep pace with the needs and well-being of both the public and the insurance industry. This issue is but one of many that has come along over the past 40 or so years that has prompted dialogue and debate. The pollution hazard has, after all, evolved into one of catastrophic potential and warrants focused underwriting attention on an individual risk basis.

The absolute exclusion, in effect, compels a policyholder or an agent to bring any such exposures to light if protection against the hazard is desired. The underwriter is thereby allowed to properly



According to a study released last year by the Rand Corp.'s Institute for Civil Justice, the amount of punitive damages awarded in Cook County, Ill., in the early 1980s increased by 800% compared with the late 1970s, even after adjusting for inflation (BI, April 6, 1987).

While we do not reject the entire concept of punitive damages—we believe courts have a duty to punish malicious conduct—we do not believe that punitive damages should be used to supplement the plaintiff's recovery in cases where an economic loss, even if caused by a malicious action, is relatively small. The punitive award must match both the severity of the offense and the magnitude of the loss caused by the defendant.

We hope the Supreme Court gives lower courts clear, broad guidelines they can use when assessing punitive damages. It would be only just.

assess the risk before deciding if coverage should be offered.

I submit that Mr. Capell and risk managers should devote themselves more to developing effective loss prevention and control techniques so that pollution incidents become far less frequent than to spending time in harangues against regulators and ISO for reacting logically to an exposure that could prove ruinous to insurers if not controlled.

**Robert L. Wasserman**  
Matamoras, Pa.

## Risk management group seeks balanced response

To the editor: I applaud the coverage in your Dec. 5 issue of the Non-Profit Sector Risk & Insurance Forum and welcome your attention to the non-profit sector's ongoing effort to improve mutual understanding with the insurance industry.

In pursuit of that goal, I must point out that the Non-Profit Sector Risk & Insurance Task Force is not "drafting legislation that would prohibit non-profit organizations from bringing personal liability suits for breach of duty against their directors or officers," as the article states.

Instead of endorsing absolute immunity, the task force is exploring measures that will provide a balanced response to the needs of non-profit organizations, volunteers, service recipients and insurers.

**Charles Tremper**  
Director  
Non-Profit Sector Risk  
Management Project  
College of Law  
University of Nebraska—Lincoln

## Business Insurance®

Reporting weekly for corporate risk,  
employee benefit and financial executives

Publisher: Alfred Malecki (New York)

Associate Publisher/Editor: Kathryn J. McIntyre, A.R.M.  
(Chicago)

Managing Editor: James M. Burcke (Chicago)

Senior Editor: Jerry Geisel (Washington)

Assistant Managing Editor: Dave Lenckus (Chicago)

Assistant Managing Editor/Graphics: Holly E. Seguire  
(Chicago)

CHICAGO: Stacy Adler (Associate Editor)

Karen Brown (Assistant to the Editor)

Linda J. Collins (Agent/Broker Editor)

Meg Fletcher, A.R.M. (Associate Editor)

Mark A. Holmann (Associate Editor)

Karen Huelsman (Copy Editor)

Marilou Jones (Directory Editor)

Jacqueline LaSota (Assistant Copy Editor)

Laura Mazzuca (Agent/Broker Topics Associate  
Editor)

Amy Palmer (Graphic Artist)

Roger Schillerstrom (Editorial Cartoonist)

Paul Winston (Copy Editor)

Joanne Wojcik (Copy Desk Chief)

Christine Woolsey (Editorial Assistant)

DALLAS: Michael Bradford (Associate Editor)

LONDON: Stacy Shapiro (International Editor)

Carolyn Aldred (Associate Editor)

LOS ANGELES: Donna DiBlase (Bureau Chief)

Glenn Huntley (Associate Editor)

NEW YORK: Douglas McLeod (Bureau Chief)

Judy Greenwald (Associate Editor)

Collin Nash (Editorial Assistant)

Mike Schachner (Associate Editor)

WASHINGTON: Deborah Shalowitz (Associate Editor)

Advertising Director: Donald A. Walsh (New York)

Midwest Sales Manager: Robert L. Niesse (Chicago)

CHICAGO: Deborah D. Neale (District Manager)

Margaret Hikido (District Manager/  
Classified Sales)

Elmer Kerstowske (Production Manager)

Eastern Advertising Manager: Martin J. Ross (New York)

NEW YORK: Charles A. Horvath (District Manager)

Jack Forrest (District Manager)

Courtney Bauer (District Manager)

Nora Reid (District Manager)

LOS ANGELES: Michael J. Sharpe (Western Advertising  
Manager)

Director of Communications: Ronnie I. Drachman

(New York)

EDITORIAL: Chicago: 312-649-5398

Dallas: 214-363-1066

London: 01-404-4228

Los Angeles: 213-651-3710

New York: 212-210-0140

Washington: 202-662-7200

ADVERTISING: New York: 212-210-0133

Chicago: 312-649-5276

Los Angeles: 213-651-3710

COMMUNICATIONS: New York: 212-210-0132

CIRCULATION: Detroit: 313-446-1611

Published by Crain Communications Inc., Chicago

G.D. CRAIN JR.

Founder (1885-1973)

MRS. G.D. CRAIN

Chairman

S.R. BERNSTEIN

Chairman-executive committee

RANCE CRAIN

President

KEITH E. CRAIN

Vice chairman

MARY KAY CRAIN

Treasurer

MERRILEE P. CRAIN

Secretary

WILLIAM A. MORROW

Senior Vp-operations

ROBERT C. ADAMS

Vice president-production

H.L. STEVENSON

Corporate editor

ALICE SIELOFF

Corporate marketing manager

Published weekly at 740 Rush St., Chicago, Ill. 60611, Telex 6871241, Fax 312/280-3174, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017, Telex 640207, Fax 212/210-0704, CRAIN COM NYK; 1 Northpark, East Suite 114, 8950 N. Central Expressway, Dallas, Texas, 75231, Fax 214/696-1936; Suite 814, National Press Building, Washington, D.C. 20045, Fax 202/638-3155; 6404 Wilshire Blvd., Los Angeles, Calif. 90048, Fax 213/655-8157; 20-22 Bedford Row, London WC1R 4EB, England, Fax 01/430-2176. \$1.75 a copy. \$68 a year in U.S. Canada and all other foreign add \$32 for surface mail. Europe and Middle East only add \$72 for air delivery. First-class mail to U.S., add \$77; to Canada add \$87. Bermuda only, \$150 per year expedited delivery. WILLIAM STRONG, vp-circulation. BARBARA KISCH, circulation manager. JOHN HUFFMAN, fulfillment director. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit, Mich., 48207, or phone 800-992-9970 or 313-446-1611, Fax 313/446-1650. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48103. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: ART MERTZ, The Crain Syndicate, 740 Rush St., Chicago, Ill. 60611, 312-649-5303. For reprints or reprint permission contact: Reprint Department, Business Insurance, 220 E. 42nd St., New York, N.Y. 10017, 212-210-0229, Fax 212/210-0704.

BPA

Member of Business  
Publications Audit of Circulation

ABP

Business Insurance welcomes letters from its readers. Please keep your comments as brief as possible. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters. Send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill., 60611.



**Experience  
is the best  
teacher...**

**but it could  
be expensive**

Learning from a bad experience can be a nightmare and its devastating results can linger long after the lesson has been taught.

At Reliance National, our expertise can prevent you and your clients from having a bad experience. With our tried and tested underwriting 'know how', we can help you effectively meet the needs of your specialized insureds.

Our TECHNICAL RISK DIVISION offers specially designed comprehensive coverage to handle on-shore property and time element coverages on: Petroleum, Gas, Petro-Chemical, Chemical, Coal, Electric Utilities, and a variety of other related classes.

Our in-house capacity allows us to write 100% of many risks and to participate on a quota share basis on larger risks. All this, plus our excellent support facilities in loss control and claims makes Reliance National, **THE CHOICE** for Technical Risk Insurance.

Yes, experience is the best teacher but there are some experiences that no one should have to learn from.

Let our TECHNICAL RISK DIVISION keep you and your clients from having... a bad experience.

**THE CHOICE**



**Reliance National**

a unit of  
Reliance Group Holdings, Inc.

**For Further Information  
Please Call 212 858-3675**

## Top consultants

*Continued from page 3*  
 lated assignments from employers. Section 89, one of the most complicated benefit statutes ever enacted by Congress, lays down a series of non-discrimination tests for employer-provided welfare-type programs (BI, Aug. 1; June 6).

Consultants, among other things, assisted employers in analyzing the mountain of plan enrollment and participation information to determine if corporate plans passed Section 89's non-discrimination tests.

The workload from Section 89 was so great that even the largest consultants said that Section 89-related work was straining their resources.

While Section 89 kept welfare plan consultants burning the midnight oil, long-delayed IRS rules issued in November on how companies can integrate their pension plans with Social Security meant new assignments for pension consultants to assist thou-

sands of companies in redesigning their defined benefit and defined contribution plans (BI, Dec. 5).

And, there is no sign that the Washington benefit engine will run out of gas anytime soon.

"There is no end to the demands of Washington. Benefits have become a whipping boy as legislators look for revenue," said A.M. D'Alessandro, chief executive officer of The Alexander Consulting Group Inc. in Lyndhurst, N.J.

Indeed, with President-elect George Bush promising no increases in basic tax rates, legislators will likely renew their revenue-hunting assaults on benefit programs, said William E. Giegerich, president and chief executive officer of Buck Consultants Inc. in New York.

"Activity out of Washington has increased and in all likelihood will continue to increase," said V. Clark Beard, president and chief executive officer of The Wyatt Co. in Dallas.

"Washington has been a major in-

fluence on what we do," said Robert Brochu, executive vp with Mercer in New York.

With Washington playing such an important role, benefit consultants have looked for new talent to keep them and their clients up to date on the latest developments coming out of Congress and the regulatory agencies affecting benefit plans.

For example, Hewitt Associates hired Frank McArdle, the highly regarded director of educational programs and communications at the Employee Benefit Research Institute, to establish its new Washington office.

At the same time, Mercer recruited Helen Darling, a former aide to Sen. David Durenberger, R-Minn., who has been involved in drafting of major health care legislation over the last several years, while Dennis DeWitt, the former executive director of the Health Care Financing Administration's task force on long-term health care, joined A. Foster Higgins

& Co Inc.

Recruiting new Washington talent already has proved to be a boon for some of the consultants.

For example, Hewitt's Mr. McArdle was among the first of the benefit consultants to spot an obscure provision in a huge welfare reform law that next year will reduce federal tax credits for employees who use flexible benefit plan reimbursement accounts to fund dependent care expenses (BI, Oct. 1C).

With benefits-related legislation often going into effect almost immediately after enactment—the provision in the welfare reform law affecting reimbursement accounts was passed just as employees were about to make their flexible benefit plan elections for 1989—keeping on top of legislation can give a consultant a big edge over its competitors.

While Washington cannot be underestimated as a force propelling consultants' development, other factors also enter into the equation.

Consultants also have played an increased role in helping clients develop new strategies for battling continued double-digit increases in health care inflation.

For example, TPF&C assisted corporate giant Allied-Signal Inc. of Morristown, N.J., in completely redesigning the company's \$355 million health care program to encourage employees to use the most cost-efficient health care providers and ultimately keep future cost increases under control (BI, Feb. 22).

At the same time, the wave of mergers and buyouts sweeping corporate America have, at least in the short term and possibly in the long term, boosted the demand for benefit consulting services.

Mergers and buyouts often mean consultants' advice is needed to design severance packages for employees who will be let go. At the same time, a buyout may mean that a company taking on new debt may sell off units that—if they become new, independent companies—will establish new benefit programs.

International benefit consulting, once a small piece of the benefit consulting pie, now comprises a big chunk of revenues.

For example, Mercer estimates that 35% of its total worldwide revenues now are generated from outside the United States.

Accompanying this revenue increase has been a change in the type of clients seeking services.

Internationally, U.S. consultants are winning more business of local companies and non-U.S. multinationals, while becoming less dependent on business produced by the overseas subsidiaries of U.S. companies, observed Charles Peartree, TPF&C executive vp in New York.

With business booming at home and abroad, benefit consulting would appear to be a field bulging with new players eager to cash in on what appears to be a revenue bonanza.

But that hasn't happened. In fact some players have moved out, consultants said, noting that several Midwestern banks recently left the pension record-keeping business after they were unable to build the large client base needed to offset hefty administration costs.

"This is a kind of business where it is hard to become a major player from scratch," said Buck's Mr. Giegerich.

The biggest challenge to the largest consultants, which traditionally have either been independent firms or units of insurance brokers, is likely to come from the Big Eight accounting firms, consultant executives say.

The accounting firms have the financial capabilities as well as big client bases to enter the ranks of the largest consultants.

Indeed, propelled by an almost 30% increase in revenues—the second biggest increase among the Top 10 consultants—the Actuarial Benefits & Compensation Group of Big Eight accountant Coopers & Lybrand moved up in the rankings to become the eighth-largest consultant, one slot higher than in 1987.

And, competition among the leading benefit consulting firms for business is intense.

"The competition is as fierce and sophisticated as I ever have seen," said Mercer President Peter Coster.

While there were no mega-mergers this year among the top benefit consultants, more mergers and acquisitions appear almost certain.

Mergers, along with increased recruiting from colleges and graduate schools, will help meet what the top officers of the consulting firms say is their biggest immediate problem: having sufficient staff to meet the demands for services.

"The challenge all of us face is to find the talent needed to sustain the growth," said TPF&C's Mr. Peartree.

In that search for talent, employment rolls at the 10 largest benefit consultants grew by 2,400, or 12.2%, to 22,055 from 19,655 in 1987.

*Continued on page 12*

### EMPLOYEE BENEFITS BULLETIN:

# Controlling costs is now a snap.

You've done a lot to contain employee benefits costs. But now there's more—a group AD&D policy from the CNA Insurance Companies that offers a unique and free "Safe Driving Benefit Option."

Here's how it works. If an enrolled employee or family member suffers an insured loss while wearing a seat belt in a vehicle, CNA will pay the regular benefit *plus* a Safe Driving Benefit. Of course, the driver cannot be intoxicated or under the influence of drugs.

CNA's "Safe Driving Benefit Option" gives you a tool to encourage employees to drive safely. We'll even help you to develop an on-going safe driving cam-

paign with posters, payroll stuffers and other educational materials to keep your employees aware of the program. And you'll find that continuing education can help control the cost of your group life and health, workers comp and disability policies by reducing absenteeism and improving the experience of your group.

The Safe Driving Benefit Option from the CNA Insurance Companies. It can help keep employees healthy and save your company money.

Call Peter Green at 312-822-2005 and ask about other ways CNA can help you control your group insurance costs.



## CNA

For All the Commitments You Make®

Group Benefits from CNA: Life & Health • AD&D • Vision • Denta • LTD • Flexible Benefits Programs • Pensions  
 Coverage is underwritten by Continental Casualty Company, one of the CNA Insurance Companies.



# If you want to find out where health benefits should be headed, talk to a divorced father with three kids.

## A flexible approach for a changing workforce.

Americans no longer fit neat stereotypes. Ozzie and Harriet both work. The Cleavers are divorced. And now mother knows best because she went out and got her MBA.

The fact is, for better or worse, two income families, working mothers and single parents have complicated the benefits picture. And life just isn't the same anymore.

Which is why employers should take a close, hard look at John Hancock's flexible benefits program. Called Flex Solution,<sup>®</sup> it's a cafeteria plan in which employers set dollar limits, and employees choose how to 'spend' them.

The advantages for both groups are clear. By fixing contribution levels, business can manage escalating benefit costs. And by choosing their own benefits, employees get a package which best suits their particular needs.

The concept is straightforward, but it can get complicated. Which is why at Hancock, we help you direct the process from start to finish. We've put a great deal of thought into how to implement and manage Flex Solution. First, we evaluate your current benefits program. Next, we help you identify specific, attainable objectives. And finally we develop a plan to meet them.

Flex Solution is smart management. Particularly in light of skyrocketing benefit costs and a workforce that's all over the lot.

The point is, times are changing and business has the choice of either leading or following these changes.

Once you've taken a look at Flex Solution, your choice should be clear.

For more information contact Mr. William Quirk, Product Manager, Flex Solution, John Hancock T-33, P.O. Box 111, Boston, MA 02117.

Real life, real answers.<sup>®</sup>

*John Hancock*  
Financial Services

## Top consultants

Continued from page 10

Total employment could approach 25,000 if consultant projections of 10% to 15% staff increases prove to be on the mark.

Profiles of the 10 largest benefit consultants follow:

### William M. Mercer Inc.

The word global aptly describes the direction of employee benefit consulting as well as the growth of the nation's largest benefit consultant, William M. Mercer Inc.

New York-based Mercer now has 100 offices, including 51 in 19 countries outside the United States. In the United Kingdom alone, Mercer has more than 1,000 employees, a staff larger than some major consultants' workforces.

Mercer's revenues put it in a separate world as well. Estimated 1988 consulting revenues for Mercer increased 16.8% to \$460 million from a

restated \$394 million in 1987.

If Mercer can maintain this level of growth, revenues next year should exceed \$500 million.

Such growth is no accident, Mercer executives say.

"We made the decision in the early 1980s to be a global company," said Peter Coster, who took over last year as president of both William M. Mercer Inc., the worldwide consulting company, and William M. Mercer-Meidinger-Hansen Inc., its U.S. operating affiliate.

In the mid-1980s, Mercer acquired two major British benefit consultants, Duncan C. Fraser & Co. and MPA (Holdings) Ltd., as well as two major Australian actuarial consulting firms, Campbell & Cook Consulting Actuaries and E.S. Knight & Co.

And, in the United States, Mercer's 1984 merger with Louisville, Ky.-based Meidinger Inc., and last year's merger with Deerfield, Ill.-based A.S. Hansen Inc., added, at the time of the acquisitions, close to \$100 million to

Mercer's revenue base and a vastly expanded geographic presence in the South and Southeast.

Now, the company is reaping the fruits of those acquisitions and mergers: Mercer has become the largest benefit consultant in both the United Kingdom and Australia. And, revenues from non-U.S. consulting have reached levels that dwarf figures of just a few years ago.

For example, revenues generated outside North America this year total about \$115 million, up from just \$7 million in 1983.

"Some firms may say they are international, but in reality they may have just six or seven people in a foreign office. We have major operations. These are substantial offices,"

Mr. Coster said.

In the United States, the mergers with Meidinger and Hansen not only increased Mercer's strength in such areas as asset planning and compensation consulting, but have brought in what Mercer Vice Chairman Douglas Stegner describes as a "critical mass of talent."

By bringing together talent from separate smaller offices that existed before the mergers into substantially larger offices, a much greater breadth of consulting resources can be provided to clients, Mr. Stegner said.

Mergers also have injected new talent in Mercer's upper ranks. For example, eight former Hansen employees now are Mercer managing directors, while Steven Fargason, Hansen's former chairman and chief executive officer, is now a Mercer vice chairman.

"In many ways, mergers mean a rebirth of the firm," said Mr. Stegner, who was Meidinger's chairman and chief executive officer prior to the

1984 merger.

Mergers aside, Mr. Coster describes 1988 as a year of across-the-board growth. Health care consulting, though, enjoyed especially strong growth, he said, noting that more companies are turning to Mercer for help in establishing medical care utilization review programs.

"I see tremendous growth in the utilization area," Mr. Coster said.

Mercer was among the first consultants to help clients cope with the Internal Revenue Code's Section 89, producing a loose-leaf binder called "On the Road to Compliance," which offers periodic updates on Section 89-related developments.

Mercer this year also established an information network, updated daily and accessible via computer, through which the consulting offices can stay abreast of the latest developments in Washington that affect benefits. The computer information network is managed by Gerald Uslander, a principal in Mercer's Louisville office.

During 1988, Mercer opened an office in Copenhagen, Denmark. That office operates as William M. Mercer Schmidt Worziger A/S.

In addition, Mercer merged its MPA GmbH operations in West Germany with the benefit consulting business of Gradmann & Holler, a West German insurance broker. The new company operates under the name Gradmann & Holler-William M. Mercer GmbH with offices in Frankfurt and Stuttgart.

Also, late last year, Mercer opened an office in Singapore.

Organizationally, Executive Vp Robert Brochu was given responsibility for U.S. operations, a newly created position. In addition, Peter Felton, currently in charge of Mercer's European operations, also was given top responsibility for the company's operations in the Pacific Rim (except Japan) and Australia.

Mercer added more than 600 employees to its staff this year, boosting its employee roster to 5,982. Mr. Coster expects the staff to increase by about 10% next year to meet increased demands for services.

Regardless of how much Mercer grows in the future, its operating style will not change, Mr. Coster says. "At Mercer, we strive to be both well-coordinated and decentralized—that's a delicate balance and one of the things I spend a lot of time trying to maintain," he said.

### TPF&C

TPF&C retained its position as the nation's second-largest benefit consultant, but its 1988 revenue growth was second to none of the largest consultants.

Consulting revenues at TPF&C, the benefit consulting division of Towers, Perrin, Forster & Crosby Inc., shot up 31.3% to an estimated \$336 million from a restated \$256 million in 1987.

"This was an exceptionally good year with success spread throughout the organization," said Charles Peartree, executive vp with TPF&C in New York.

Among practice areas, revenues from health care and flexible benefit plan consulting leaped 70% from 1987 results. "There was tremendous growth in the managed care area," Mr. Peartree said.

Business surged ahead in the health care area as more companies turned to TPF&C to help them get a better handle on their retiree health care liabilities as well as develop compliance strategies to meet Section 89 non-discrimination tests.

"Companies want to know the magnitude of their retiree health care liabilities now that the Financial Accounting Standards Board will require them in the future to recognize those liabilities on their books," Mr. Peartree said.

During the year, the firm created a new unit, Towers Perrin Health Care Practice, to coordinate its health care marketing and consulting activities. The new unit is directed by Dr.

Continued on page 14



Mr. Coster

## WE CAN HELP YOU CONTROL THE UPWARD SPIRAL OF HEALTH CARE COSTS.

Everyday you face startling statistics and grim predictions about the spiraling costs of health care. Some companies settle for "quick fixes," such as reduced benefits and increased premiums, leaving management and employees dissatisfied with the results.

Upjohn HealthCare Services® offers you proactive cost containment, which means containing costs without compromising quality. Here's how:

**Home Health Care** — proven case after case to be a medically effective, cost-efficient alternative to institutionalization. Our special programs are tailored to meet individual needs.

**Case Management Support** — to determine the most appropriate course of action relative to home care, including projected costs for equipment and services. Our home care assessment experts can help manage catastrophic cases before they become financial calamities.

**On-Site Health Care Staffing** — a flexible resource for employee health exams, first-aid stations, employee health education, safety programs, and other services.

Let our experience work for you:

- Twenty years' experience as the nation's leader in home health care and staffing services.
- A nationally implemented Quality Assurance Program.
- National coverage through a network of 250 service offices throughout the U.S. and Canada.
- One toll-free phone call will provide you with rapid response to your questions — just call 1-800-345-UHCS.

Now that you know a little about us, we'd like to know about you. We're confident we can meet your specific needs — and help you control health care costs. For more information, please call us or write: Upjohn HealthCare Services, Dept. MS-26, 2605 E. Kilgore Road, Kalamazoo, MI 49002.



UPJOHN  
HEALTHCARE  
SERVICES®



# FASTER WORLDWIDE CLAIMS INFORMATION MEANS THE SAME THING IN EVERY LANGUAGE:

# BETTER BENEFITS MANAGEMENT.

Fast incoming information about claims is a big reason why multinational companies need GMD,\* The Group Management Division of the American International Group of insurance companies. And fast information is what you get with GMD's TOGAS.™

## TOGAS™ MOBILIZES INFORMATION IN ONE COMPREHENSIVE REPORT

TOGAS™ is GMD's computerized system for administering, processing and paying claims, and for providing worldwide loss data on a timely basis.

It provides you with the latest usage reports, classified by type of benefit, employee, location of loss, provider and other criteria, facilitating effective loss analysis at both corporate and local levels.

And TOGAS™ delivers 90-day turnaround on results reports, giving you detailed income and payment plan statements, claims and rate analyses, and renewal recommendations.

## GMD HELPS YOU STAY ON TOP OF WORLDWIDE BENEFITS COSTS

Of course, TOGAS™ is just part of our worldwide service that helps multinationals maintain more efficient management control. GMD also provides you with local-language benefit booklets, marketing and consulting support, and personalized on-site and home office attention.

For more information, write The Group Management Division, American International Group, Department A, 70 Pine Street, New York, NY 10270. Or call (212) 770-5060.

And get on top of employee benefits costs. Fast.

**Group Management Division**

**Insurance Companies That Don't  
Think Like Insurance Companies**

**AIG**

## Top consultants

Continued from page 12  
Michael Goran, who works in the San Francisco office.

Other areas that produced large gains in revenue include communications consulting, where revenues climbed 30%, and international benefit consulting, where revenues increased 43%.

For years, TPF&C has been an international benefit consulting powerhouse with a stronghold on providing consulting services to the overseas subsidiaries of U.S. corporations.

While that business remains strong, Mr. Peartree noted TPF&C is making strong inroads in winning consulting projects in the home countries of non-U.S. companies.

"It has taken a long time to build up that business, one accomplished through the reputation we've developed and by having our own offices outside the U.S.," he said.

TPF&C now has offices in Australia, Belgium, Brazil, Canada, England, France, Hong Kong, Japan, Italy, Mexico, The Netherlands, Sweden, Switzerland, Venezuela and West Germany.

Operating full service offices outside the United States and winning business from local firms is producing new consulting opportunities, Mr. Peartree noted.

For example, several foreign companies that TPF&C first worked with in their home countries retained TPF&C as their U.S. benefit consultant when those firms opened up American operations.

And, TPF&C is preparing for more growth abroad.

For instance, it anticipates opening an office in Spain later next year. Mr. Peartree describes Spain as rich in opportunities, noting that it has one of the fastest-growing economies in Western Europe.

In the Pacific Rim, TPF&C is preparing to open an office in Singapore next year, another country with excellent growth potential, he said.

"There will be great growth in the Pacific Rim," Mr. Peartree said. "We're convinced we can attract a good base of business there."

Meanwhile, TPF&C developed a number of new PC-based software packages during 1988.

For example, the consultant introduced new defined benefit pension plan recordkeeping and defined benefit plan administration programs that can be run from personal computers rather than mainframes.

"The market is demanding more and more computerization with more interest in harnessing the increased power of the PC to bring recordkeeping in house," Mr. Peartree said.

Revenues from retirement plan consulting moved ahead by between 18% and 19%, a healthy increase, but well below the percentage increases racked up by such areas as health care consulting.

On the pension side, asset consulting has become a fast growing TPF&C business. Among other things, TPF&C can help clients in the selection of investment managers and in developing asset allocation strategies.

"We've spent so much time on the liability side of the ledger. Clients now see more has to be done on the asset side," Mr. Peartree said.

While TPF&C did not make any major acquisitions in 1988, dividends now are being reaped from the 1986 merger between consultant Tillinghast, Nelson & Warren Inc. and TPF&C's parent, Towers, Perrin, Forster & Crosby.

"A very valuable resource was acquired which made us much stronger," Mr. Peartree said, noting the skills Tillinghast's health care actuaries have brought to TPF&C.

During the year, TPF&C's employee roster swelled by about 500; the benefit consultant now has 4,500 employees with a significant increase in staff size expected next year.

While future growth will depend, in part, on whether Washington continues to play such a heavy hand in benefits legislation and regulation, Mr. Peartree believes that by the early 1990s the consultant could be almost twice as large as today.

TPF&C reported that 58% of its revenues in 1988 came from employee benefit consulting, including: retirement and savings plan consulting, 35%; welfare plan consulting,

9%; international consulting, 8%; and employee communications consulting, 6%.

The remaining gross revenues come from compensation consulting, 12%; general management consulting, 12%; while 17% is not specified.

### The Wyatt Co.

The Wyatt Co., the nation's third-largest benefit consultant, enjoyed another strong year with consulting revenues rising 19.8% in 1988 to an estimated \$290 million, up from a restated \$242 million last year.

"All in all, it was a very satisfactory year," said Wyatt President and Chief Executive Officer V. Clark Beard, who works in Wyatt's Dallas

office.

Among consulting areas, international benefit consulting showed especially strong growth, with revenues climbing 35%.

This increase was due to several acquisitions as well as a surge in business in the United Kingdom, Mr. Beard said.

During the year, Wyatt further expanded its already large international benefit consulting network, with acquisitions in the following countries:

- In France, Wyatt completed its acquisition of benefit consultant HRC International S.A. The firm now operates as The Wyatt Co. SARL.

- In Italy, Wyatt completed its ac-

quisition of benefit consultant HRC Italia S.r.l. in Milan. The unit now operates as The Wyatt Co. S.r.l.

- In Switzerland, Wyatt opened an office in Geneva to serve, among other things, the growing number of multinational companies with offices in that city. The Geneva office operates as The Wyatt Co. S.A.

- In Norway, Wyatt opened an office in Oslo. That office operates as The Wyatt Co. A.S.

- In Spain, Wyatt opened offices in Barcelona and Vitoria, which now operate under the name The Wyatt Co. de Espana S.A.

Mr. Beard is especially bullish on benefit consulting opportunities in

Continued on next page



Mr. Peartree

# Benefit Plans Were Once An Insurance Man's Best Friend

**Your best friend? Or your worst nightmare?**  
One thing's for certain. After January 1, group benefits will become an entirely different animal. That's when Congress unleashes Internal Revenue Code, Section 89.

Designed to eliminate discrimination in employee benefits plans, the Section 89 testing procedure is so complex, and so fearsome that few employers will attempt it on their own.

They'll look to their insurance broker. Or their CPA. Or anyone who can manage the beast.

**With Confed's help, you'll be ready.** Confed Admin Services is the benefits management subsidiary of Confederation Life, a \$12 billion international carrier. And we've spent over a year getting ready for Section 89.

We've mastered the law. We've organized the red tape. And now we're available to help you serve your corporate clients, with expert Section 89 Testing.

**Section 89 puts everyone at risk.** Employer and employee alike. They all risk losing their benefit tax exemptions.

But the insurance broker is also at risk. You risk losing control to the tax specialists, unless you're prepared for Section 89 Testing.

**Confed leaves you in control.** You gather the data. You deliver the results. You advise your clients. And you take all the credit.

We merely provide you with the most extensive and reliable Section 89 Testing available. It's a simple solution to a complex problem. At a most agreeable cost.

**Take the bite out of Section 89.** With Confed's quality compliance services, you have an opportunity to fill a vital need. And build stronger customer loyalty.

For more information, call your nearest Confed representative today. Or dial 404/859-3365.

## Section 89 Testing ✓

**CASI CONFED ADMIN SERVICES, INC.**  
A Subsidiary of Confederation Life Insurance Company  
260 Interstate North, Atlanta, Georgia 30339

Atlanta 404/321-3585, Boston 617/423-0330, Chicago 312/993-9650, Detroit 313/872-5585, Houston 713/622-1396, Los Angeles 213/380-5800, Newport Beach 714/476-2500, Philadelphia 215/564-2667, San Francisco 415/781-2515, Puerto Rico 809/758-7340.

Continued from previous page

Spain, noting that pension consulting work in that nation should increase substantially in the months ahead, due to the booming economy.

• And, in Buenos Aires, Argentina, Wyatt acquired the actuarial consulting practice of Hector Gonzalez Gale, where Wyatt will operate as The Wyatt Co. de Argentina S.A.

And, international expansion will continue next year, according to Mr. Beaird.

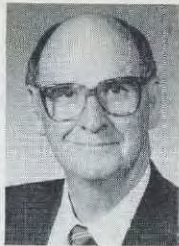
For example, Wyatt anticipates opening a benefit consulting office in Taiwan sometime in 1989.

This overseas expansion, which has boosted the number of its foreign offices to 34, is part of Wyatt's long-

term strategy to have offices in major economic centers around the world.

"It is a global economy with worldwide consulting opportunities," Mr. Beaird said.

In the United States, where it currently has 29 offices, Wyatt next month will open an office in Santa Clara, Calif., to add to the company's strength in serving clients in the high-tech Silicon Valley region of California.



Mr. Beaird

While some 65% of Wyatt's consulting revenues in 1988 came from retirement and savings plan consulting, employee communications—which comprised 9% of revenues—and welfare plan consulting—which equaled 8% of revenues—are coming on strong, Mr. Beaird said.

Welfare plan consulting proved to be a major growth area in 1988, with more consultants hired with backgrounds in cost containment and health maintenance organizations.

Mr. Beaird noted that flexible benefit plan consulting work has picked up steam.

Software improvement, among other things, has eased flexible compensation administration, making the

plans more attractive to smaller companies, he said.

On the pension side, Mr. Beaird said business conducted by Wyatt's asset consulting services doubled during the year. Among other things, Wyatt helps plan sponsors evaluate the performance of their pension asset managers.

In a related development, Wyatt this month announced the creation of a new worldwide asset consulting committee, which will coordinate asset consulting services.

"We expect demand for asset consulting services around the world to increase as the globalization of pension investing accelerates. U.S. pension funds are already investing in

Europe, partly in anticipation of the (European Community's) elimination of financial barriers in 1992," Mr. Beaird said.

Next year, Wyatt plans to introduce a new consulting program, known as Wyatt Compare, which will enable an employer to put a precise value on its non-retirement benefits and allow a company to measure its benefit programs with those offered by other employers.

Mr. Beaird, who will retire in July, will be succeeded by Michael H. Davis, currently Wyatt's chief financial officer and treasurer in Boston. Lee Parks, now manager of Wyatt's Cleveland office, will succeed Mr. Davis as CFO and treasurer.

In Washington, Paul Jackson, one of the best known consultants in the nation's capital and manager of the Washington, D.C., office, will retire next June. Terry Simmonds, senior actuary and vp, will replace Mr. Jackson.

Mr. Simmonds, along with Michael Evans, manager of the London office, were elected last month to Wyatt's executive committee.

### Hewitt Associates

With yet another banner year under its belt, Lincolnshire, Ill.-based Hewitt Associates jumped ahead one spot this year to become the nation's fourth-largest benefit consultant.

"We exceeded the financial goals we set for ourselves," said Stanley Rosow, a partner in Hewitt's Chicago office.

In 1988, Hewitt's estimated consulting revenues increased 24% to \$155 million from \$125 million.

Hewitt's welfare plan consulting business grew 40%, while on the pension side, revenues from actuarial consulting increased 19% and revenues from defined contribution plan administrative services climbed 30%.

Next year, the consultant expects a 20% increase in overall revenues.

Over the last three years, Hewitt's growth has averaged 27.4%, which is especially impressive because the consultant's growth has been achieved without major acquisitions.

One reason that Hewitt's revenues have climbed so fast has been the company's dominance in the flexible benefit consulting field.

Hewitt estimates that revenues from flexible benefit plan administration and personalized communications consulting climbed about 50%.

Hewitt currently is working with 185 employers in designing and implementing flexible benefit plans. Through Sept. 30, Hewitt had assisted in designing and implementing 403 flex plans, or about half of all the full-fledged flex plans that have been established nationwide.

Hewitt, which has helped design more flexible benefit programs than any other benefit consultant, began to devote considerable resources to flexible benefit plan consulting years ago after anticipating that an increasingly diverse workforce would need more benefit options from which to choose.

"Our vision focused on the best ways employers could meet their benefit obligations," Mr. Rosow said.

And, Hewitt believes that flexible benefit plans will continue to grow.

"With medical care inflation of 15% to 25%, employers see flexible benefit plans as a way of making employees better consumers of health care services, because they have a direct economic stake in controlling costs," he said.

In 1988, Hewitt expanded domestically and internationally.

In the United States, Hewitt this month opened an office in Washington, D.C. The office will be vital to keeping track of the plethora of legislative and regulatory activities

Continued on next page



Mr. Rosow



## Top consultants

Continued from previous page

affecting benefits, Mr. Rosow said.

"Unless you are there (in Washington), you are going to miss things," Mr. Rosow said.

The new Washington office also will allow Hewitt to expand benefit consulting in the District of Columbia and the adjacent Maryland and Virginia suburbs, an area of explosive economic growth.

The office will be managed by Frank McArdle, the former director of educational programs and communications at the Employee Benefit Research Institute, a Washington-based benefits think tank.

Elsewhere in the United States, Hewitt is scheduled to open offices early next year in Charlotte, N.C., and Pittsburgh, while a new office is planned for sometime next year in central New Jersey.

In addition, Hewitt is expanding its Boston-area office so that Hewitt

can better serve clients in Rhode Island, Maine, New Hampshire and Vermont.

Hewitt now has offices in 24 U.S. cities.

Hewitt also has expanded its international benefit consulting capabilities over the last three years. Hewitt now has 19 foreign offices, up from only three foreign offices in 1985.

"The need for international consulting has increased tremendously," said Bill Pulliam, who is responsible for Hewitt's consulting operations outside North America.

For example, late last year, Hewitt began a joint venture in Tokyo with Cambridge Corp., a Japanese benefit consultant. That joint venture operates under the name Cambridge Hewitt International.

In March, Hewitt opened offices in the Australian cities of Melbourne and Sydney and in the New Zealand cities of Auckland, Christchurch and Wellington.

And, this month, Hewitt opened an office in Perth, Australia.

These offices, Hewitt's first in Australia and New Zealand, are part of a joint venture with Jacques Martin Pty. Ltd., a consulting firm that operates in those two countries. The joint venture will operate under the name Jacques Martin Hewitt International Pty. Ltd.

Mr. Pulliam describes both Australia and New Zealand as interesting and energetic benefit markets.

"They are markets you need to be in if you want to operate internationally," he said.

Hewitt also anticipates opening an office in the Philippines next year.

Elsewhere, Hewitt opened an office in April in Juarez, Mexico, under the name Hewitt Intergamma International. The Juarez office is a branch facility of Intergamma de Mexico S.A., a Hewitt subsidiary in Mexico City.

The Juarez area is booming because of special tax breaks avail-

able to import/export firms based there. "There is a big need for benefit consulting there," Mr. Pulliam said.

In July, Hewitt opened its first office in Buenos Aires, Argentina, as part of a joint venture with five Argentine nationals. The office operates under the name Organizacion Intergamma Argentina S.A.

Hewitt expects much more growth both in the United States and abroad.

Indeed, some Hewitt executives envision the day when the company has more than 4,000 employees.

Hewitt currently has a staff of 2,220, up 17.8% from 1,885 a year ago. Hewitt anticipates increasing staff by about 400, or 18%, next year.

Also during the year, Hewitt introduced a new software package that can be run on either a personal computer or a mainframe to simplify computation of maximum pension plan benefits.

The software, known as 415Calc,

allows an employer to calculate early, normal or late retirement benefit limits and actual or projected limits.

Benefit consulting produces about 85% of Hewitt revenues: 50% from retirement and savings plan consulting; 20% from welfare plans; 10% from employee communications; and 5% from international benefit consulting.

Of non-benefit consulting, compensation consulting accounts for 12% and health care and other types of claims administration account for 3%.

### A. Foster Higgins & Co. Inc.

The top officers of A. Foster Higgins & Co. Inc. are pleased with the company's operating results in the first year following a sweeping reorganization, including a name change.

"Overall, we reached our corporate performance target," said John Feldtmose, president of Foster Higgins in New York.

In 1988, consulting revenues increased 11% to an estimated \$151 million, up from an estimated \$136 million in 1987.

For Foster Higgins, far more than a name changed last year. As part of a reorganization, the old Johnson & Higgins benefit unit, which derived revenues from fees and commissions from brokering insurance, was renamed and restructured as a fee-based consultant and separate J&H unit.

"An identity of being a pure, fee-based consultant has been established. That is what clients demanded," explained Edward J. Davey, a principal in New York.

"Employers may have thought of us as a brokerage, which hurt our ability to penetrate the market. Now they think of us as pure consultant. There is no question we have much more visibility," Mr. Feldtmose said.



Mr. Feldtmose

The first half of 1988 was a time of building and organization for the new company. Twelve new principals and practice leaders came on board and specialized talent was successfully recruited.

For example, Dennis DeWitt, a former executive director of the federal Health Care Financing Administration's long-term care task force, was hired to boost Foster Higgins' capabilities in the fast-growing retiree health care area.

And, Dick Schreitmueller, a former actuary with the Social Security Administration, joined the company to give it more expertise in pension actuarial consulting.

Near the top level of the company, Robert C. Phillips, a former chief actuary with Towers, Perrin, Forster & Crosby Inc., joined Foster Higgins as executive vp in the Los Angeles office, a newly created position. Mr. Phillips will be responsible for Foster Higgins' 10 domestic consulting regions as well as developing the company's international benefit consulting capabilities.

The chance to work for a reorganized benefit consultant has proved attractive for staff at other firms; Mr. Feldtmose estimates that 60% of new hires came from the ranks of competitors. The remaining 40% include former benefit managers, leaders of health care coalitions and attorneys.

Not surprisingly, while some consulting momentum was lost during the initial months of reorganization and recruitment, the tide turned during the last few months of the year, according to Mr. Feldtmose.

"Since May, the leading indicators are up. More clients have come through the doors, while billing hours are up. There is a lot more momentum," he said.

And, Mr. Feldtmose expects that momentum to carry over to 1989, Continued on page 18

# Workers Comp medical costs out of control? Crawford provides power tools!

Now that medical expenses in workers compensation generally exceed indemnity payments, it's time for you to institute measures to reduce those costs to the minimum.

Crawford & Company receives more than 500,000 workers compensation claim assignments each year. Therefore, we found it necessary to develop a full complement of tools to cut the costs involved.

If the thought of saving as much as 30% of the money you are now spending on workers compensation medical expenses intrigues you, give us a call or return the coupon below.



## Get on the cutting edge yourself.

John H. Potter  
Assistant Vice President  
Crawford & Company  
5620 Glenridge Dr. (Zip 30342)  
P.O. Box 5047  
Atlanta, GA 30302  
  
(404) 847-4470

CRAWFORD & COMPANY  
COST CONTAINMENT TOOLS

- Utilization Review
- Medical Case Management
- Light Duty Return-to-Work
- Employee Assistance (EAP)
- Hospital Bill Audits

Send me information to  
reduce my workers  
compensation costs.

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Phone \_\_\_\_\_

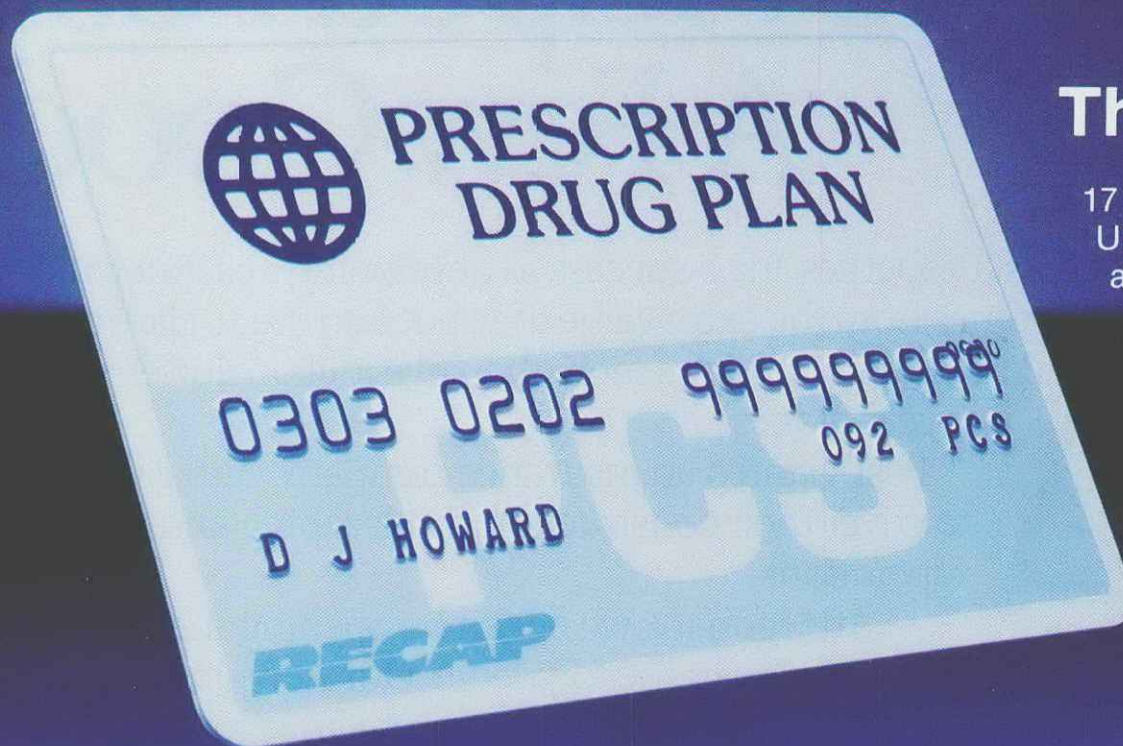
# Managing Drug Costs ... The Flexibility Of PCS Working For You

**Cost Management** — there is no single answer. There are many possible solutions. We have gathered experts from Commercial Carriers, Blue Cross/Blue Shield Plans, HMOs, Medicaid, Third-Party Benefit Administrators, and Pharmacy who can design a program to meet your needs. PCS now administers more than 500 benefit plan designs.

## PCS now offers:

- Acquisition Cost Programs
- Annual Benefit Maximums
- Annual Deductibles
- AWP Discounts
- Benefit Plan Cost Modeling
- Cardholder Audits
- Comprehensive Report Package
- Custom Networks
- Customized Reports
- Drug Interaction Screening
- Drug Manufacturer Incentives
- Drug Utilization Review
- Formularies
- Generic Incentive Copays
- Generic Programs
- Independent Actuarial Studies
- Mail Service Options
- Maintenance Drug Programs
- Maximum Allowable Cost (MAC)
- Multi-Purpose ID Cards
- On-Line Claims Adjudication
- On-Line Client Access
- On-Line Eligibility Verification
- On-Site Pharmacy Audits
- Patient-Specific Tracking
- Percentage Copays
- Pharmacy Generic Incentives
- Pharmacy Network Management
- Physician Profiling
- Private Label Processing
- Proprietary PPO Networks
- Variable Copays

... Plus One To Fit Your Needs



## The New PCS.

17 Offices Throughout the  
United States, Canada,  
and Puerto Rico

Let us design a solution for you.  
Contact:

## PCS, Inc.

9501 East Shea Boulevard  
Scottsdale, Arizona 85260

602 391 4897

Spotlight report

# Top consultants

Continued from page 16  
when growth could climb into the 20% range that the benefit consulting industry averaged this year.

During this time of reorganization and building a new company, Foster Higgins unveiled several new products.

For example, it developed a new flexible benefit plan pricing module to help employers decide what to charge employees for different benefit options.

In addition, Foster Higgins introduced a new, faster and more sophisticated recordkeeping system for defined contribution plan administration.

At the same time, the consultant plowed more resources into its survey research unit in Princeton, N.J. That unit, headed by Principal David P. Rahill, produced several major surveys during the year, including surveys on exactly how much employers are spending on their health care programs as well as how companies believe they will fare when they run the Section 89 non-discrimination tests on their welfare plans.

The health care survey has become the largest of its kind and demonstrates to clients the depth of resources Foster Higgins can bring to a project, Mr. Davey noted.

Mr. Davey, as a former executive director of the Assn. of Private Pension & Welfare Plans, has a special insight into Washington, D.C.-based developments, which have shaped so much of the consulting business.

Indeed, under Mr. Davey, who heads Foster Higgins' 16-person legal and research unit, the company was among the first to identify how Medicare expansion legislation, as it first began to roll through Congress last year, would force employers to give back savings to retirees when they cut back their post-employment health care programs.

And, as of late, Foster Higgins has become much more aggressive in speaking out on benefit issues.

For example, immediately after the Internal Revenue Service last month issued sweeping, but tardy pension integration rules, Mr. Feldtmoose dashed off a letter to Treasury Secretary Nicholas Brady urging more time to comply with the rules.

The IRS, under pressure from employers and consultants, agreed to give employers more time to make the needed changes to their plans (see story, page 1.)

Looking back on the year, Mr. Feldtmoose says 1988 was a time for building for the future. "We put the pieces in place, in terms of practice area and staff. That will lead to a strong 1989," he predicted.

Benefit consulting accounts for 85% of Foster Higgins' revenues. Of those revenues, 32% are derived from retirement and savings plan consulting, 39% from welfare plan consulting, 7% from employee communications consulting and 7% from international benefit consulting.

Some 15% of revenues comes from non-benefit consulting: 9% from compensation consulting—conducted through Sibson & Co., another J&H unit—and 6% from brokering from J&H's Middle Market Benefits unit.

## The Alexander Consulting Group Inc.

The Alexander Consulting Group Inc. enjoyed one of its best years ever in 1988, with consulting revenues surging 23.6% to an estimated \$131 million, up from a restated \$106 million in 1987.

"We had an outstanding year—our best year ever in terms of revenues and profits," said President and Chief Executive Officer A.M. D'Alessandro.

Several practice areas produced hefty revenue gains for the sixth-largest benefit consultant, a subsidiary of Alexander & Alexander Services Inc.

For example, flexible benefit consulting grew by about 50% during the year. "Virtually every week we get a

call from a client interested in setting up a flexible benefit program. Flex is a way of giving employees more choice in a cost-effective way to the employer," Mr. D'Alessandro said.

While flexible benefit programs once were primarily offered only by very large employers, the concept has spread to the middle market—companies with between 300 and 3,000 employees—a particular strength of the Lyndhurst, N.J.-based consultant. Indeed, some 76% of Alexander Consulting Group's 20,200 clients have fewer than 500 employees.

In the health and welfare plan consulting area, revenues increased by between 20% and 30%, Mr. D'Alessandro said.

Mr. D'Alessandro attributes much of this growth to the success of its Health Strategy Group, which analyzes employers' entire health care programs to find ways to better control costs.

For example, the unit can audit an employer's hospital bills to de-

termine whether proper amounts were charged as well as examine length of stays to determine if they are excessive.

"We feel we are the leading company in the health care consulting field," Mr. D'Alessandro said.

In addition, revenues from the licensing of various software packages, such as flexible benefit plan administration, COBRA compliance and 401(k) plan administration programs, have been climbing at the rate of 50% a year, Mr. D'Alessandro said.

And, Alexander Consulting Group expects to do a lot more work with employers in establishing interactive benefit communications networks.

In such a network, an employee

uses a video display terminal to get instant answers to such questions as projected pension benefits and accumulated balances in 401(k) plans.

"Interactive video communications is just now starting to take off," Mr. D'Alessandro said. He noted that Alexander Consulting Group has installed four interactive programs for Fortune 500 companies, and the consultant expects to help employers install many more programs next year.

In a move that significantly expands its survey capability, Alexander Consulting Group earlier this year launched a joint venture with The Gallup Organization of Princeton, N.J.

Gallup's polling techniques will be tapped to help employers on a wide variety of employee benefit issues, according to Mr. D'Alessandro.

For example, the new research unit could assist employers in surveying workers to determine whether or not they are interested in a flexible benefit plan.

Mr. D'Alessandro said employee benefits is one area in which employers do not do enough research before making decisions. While employers may spend a year to decide whether to open a new plant, they do not take the time to examine the pros and cons of an expensive new benefit program, he said.

And, Alexander Consulting Group itself is doing more surveys of benefit issues.

For example, the consultant released a widely quoted, comprehensive survey earlier this year on how much employers were spending to cover claims for employees who contracted acquired immune deficiency syndrome.

To further improve its operations, Alexander Consulting Group is planning a reorganization next year, Mr. D'Alessandro said.

The entire company will be run as one profit center, replacing the current system in which each office

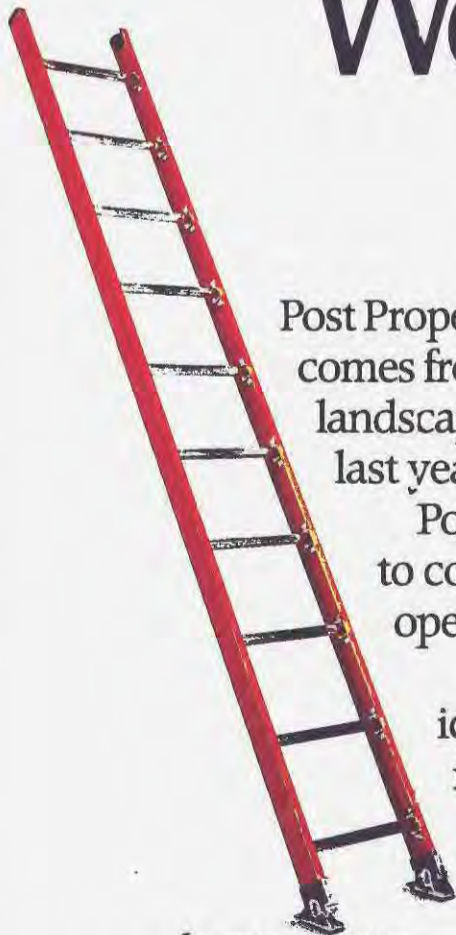
Continued on next page



Mr. D'Alessandro



# We Helped Post Properties, Inc. Develop A Few Good Ideas



In trenches, escape ladders placed every 25 feet help workers get out more quickly.

Post Properties, Inc.'s success in developing apartment communities comes from the extra value they put into them. Like their signature landscaping, and the more than five million flowers they planted last year alone.

Post wanted an insurance company with that same attitude to cover their construction, landscaping and development operations.

At Argonaut, we began by opening the lines of communication from the top down. Our Account Manager made sure he was always available to help. One person to call to find the answer to any question, no matter how simple. Or complex.

He showed top management how they could reduce risks, and future premiums, by implementing their own company-wide



Standard rules on all sites make it easy for everyone to follow them.

Continued from previous page  
is run as a profit center.

"This will be a way of being a more unified, cohesive force," Mr. D'Alessandro said.

In addition, the company will create six regional resource centers to better concentrate consulting talent. Alexander Consulting Group now is deciding where the resource centers will be located.

Alexander Consulting Group reported that its benefit consulting activity accounted for 74% of 1988 revenues, with 31% attributable to the retirement and savings plans practice area; 26% attributable to welfare plan consulting; 13% attributable to employee communications; and 4% attributable to international benefit consulting.

Practice areas accounting for non-benefit consulting revenues were insurance brokering, 18%; compensation consulting, 5%; health care and other claims administration, 2%; and general management consulting, 1%.

### Buck Consultants Inc.

Estimated consulting revenues for New York-based Buck Consultants Inc. in 1988 crossed the \$100 million mark for the first time.

The consultant estimates it will generate \$109 million of consulting revenue this year, up 14.7% from \$95 million in 1987. Employee benefit consulting accounts for all of Buck's revenue.

"We were quite pleased with the year," said Buck President and Chief Executive Officer William Giegerich.

Buck continued to expand both internationally and in the United States during 1988.

For example, in Europe, Buck established an affiliation with Herbert Hoefer, a major benefit consultant based in Mulheim, West Germany.

Mr. Giegerich describes the Buck-Hoefer relationship as a close one. For example, Hoefer can assist Buck clients with West German operations in pension valuation work.

Tapping consulting expertise in West Germany comes on the heels of a major Buck overseas expansion last year that Mr. Giegerich says made Buck a true international benefit consultant.

In 1987, Buck merged with Michael Dunhill International Consulting Actuaries of Brussels, Belgium. The merged operation, Buck Consultants S.A., has offices in Brussels and Antwerp, Belgium; and Paris.

And later that year, Buck combined with Martin Paterson Associates Ltd., a London-based benefit consultant. The operation, Buck Paterson Consultants Ltd., has offices in London and Leeds, England; Dublin, Ireland; and Edinburgh, Scotland.

This overseas expansion has made Buck a much stronger player in the international benefit consulting arena, according to Mr. Giegerich.

"The expansion has broadened our horizons," he said, noting that Buck plans to continue expanding abroad.

Buck now has eight offices out-

side the United States.

In the United States, the number of Buck offices grew by three to a total of 16, with consulting offices opening in Boston, Detroit and Columbia, Md., which is primarily involved in flexible benefit plan administration.

Mr. Giegerich describes Boston and Detroit as significant markets where Buck wants to build up the book of business it has developed there.

Among practice areas, business "exploded" in the health care consulting area, Mr. Giegerich said.

Corporate America is very concerned about upcoming proposals from the Financial Accounting Standards Board that will require companies, for financial reporting purposes, to recognize their retiree health care liabilities, he noted.

As a result, companies are turning to Buck for help in identifying those obligations as well as considering plan design changes to reduce those liabilities. "The knowledge level of clients on retiree health care

problems has gone up tremendously," Mr. Giegerich said.

In the pension and savings plan field, growth has been somewhat slower, with defined contribution plan consulting growing somewhat faster than defined benefit plan consulting, a reflection of the maturation of those markets.

Mr. Giegerich agrees with other benefit consultants that Washington has boosted the amount of consulting that must be done.

"There is no question that Washington generates a lot of business for all the consulting firms," he said.

Buck has had a tradition of staying on top of Washington issues and analyzing the implications of benefits legislation.

For example, back in 1980, when the withdrawal liability provisions of the recently-passed Multiemployer Pension Plan Amendments Act was just an arcane concept to many, Buck warned that withdrawal liability could bankrupt companies leaving underfunded multiemployer pension plans.

That tradition of keeping a keen eye on Washington continues. For example, Buck completed a comprehensive analysis of the new Internal Revenue Service pension integration rules only a week after the complex rules were published.

"We have an incredibly dedicated research unit," Mr. Giegerich said.

Mr. Giegerich believes that Buck's ownership by employees as well as its relatively centralized operating structure is a boon to clients.

"Having the opportunity to own stock is a key to attracting top talent. At the same time, more centralization assures a high level of consistency from office to office," he said, noting that some consulting firms run their offices like independent franchises.

Stock in the company, which began operations in 1916, is currently held by 160 of the firm's 1,120 employees.

### Coopers & Lybrand-Actuarial, Benefits & Compensation Group

Coopers & Lybrand-Actuarial, Benefits & Compensation Group is climbing in the *Business Insurance* ranking of the nation's largest benefit consultants.

Last year, Coopers & Lybrand entered the Top 10 by tying Martin E. Segal Co. for the No. 9 position based on consulting revenues.

And this year, on the strength of a 28.3% revenue increase, Coopers & Lybrand jumped one place to become the eighth-largest consultant with revenues of \$68 million.

"We had an excellent year," said Jerry Halperin, vice chairman of Coopers & Lybrand-Actuarial, Benefits & Compensation Group in Detroit.

Being part of a major financial consulting firm with expertise in accounting, actuarial science and computer science helps explain Coopers & Lybrand's growth in employee benefit consulting, Mr. Halperin said.

"More and more employee benefit decisions are financially oriented. For example, a company may be trying to decide whether to terminate a defined benefit plan and establish a 401(k) plan. That is a financial decision and an employee benefits decision. We can bring to the table expertise in both areas," he said.

This financial expertise has made Coopers & Lybrand a leader in the retiree health care area. For example, as part of a project with the Washington, D.C.-based Financial Executives Institute, Coopers & Lybrand is working with 25 major companies to help measure potential balance sheet liabilities arising from upcoming Financial Accounting Standards Board rules on recognizing retiree health care benefit obligations.

The company already has developed software to help companies measure retiree health care liabilities, while it also has developed a software package to help companies

Continued on next page



# Properties By Planting as Of Our Own.

safety program. And made some suggestions about what it should include. And how to follow up on them.

Suggestions that included a safety course for all workers and subcontractors. And a refresher course each month. Specialized excavation and machine maintenance procedures. And vehicle safety guidelines.

The result was a 67% reduction in the number

of claims in one year. Even while Post Properties continued to grow.

Adding extra value to our insurance products is a good idea that works for agriculture, industry, and service companies, too. Call Michael Crall, our President, at (415) 326-0900.

He'll be glad to show you how it can work for you.

# Argonaut



Having foremen and supervisors take advanced first-aid courses results in faster treatment of minor injuries. And reduced claims.



Color-coding hardhats by supervisory level makes it much easier for workers to find answers to questions.

# OVERCOME GROUP PRESSURE.

Selling the group market today is tougher than ever. Kansas City Life helps you respond to this challenge with some of the most competitive Group Life, LTD, STD, and Stop Loss products available. Our streamlined proposal time and hassle-free claims service can strengthen your group performance, too.

Next time you feel group pressure, make a positive response. Send your proposal request to Mike Horton, CLU, Vice President, Group, Kansas City Life, P.O. Box 419139, Kansas City, MO 64141-6139. Or call 816-753-7000.



**We'll be with you.**  
**KANSAS CITY LIFE**  
INSURANCE COMPANY

*Continued from previous page*  
cope with the Section 85 non-discrimination tests for welfare plans.

Business also has been brisk in the health care cost-containment area, Mr. Halperin said, noting the growth in health care claims auditing.

Coopers & Lybrand has begun to market a new interactive telephone system, known as Benefit Information Line, that enables employees to get instant answers—via telephone—to their benefit questions.

For example, an employee, using the information line, could find out his or her projected Social Security and pension benefits. "It is a phenomenal program, yet simple and easy to use," Mr. Halperin said.

Mr. Halperin describes competition in the benefit consulting field as intense. To succeed, firms have to be willing to spend a lot of money on research and technology.

Coopers & Lybrand has made that commitment: It has a national support staff of 58.

Coopers & Lybrand added about 150 employees this year, bringing its employee roster past the 800-mark. It expects to hire about 100 additional staffers during the next year to meet expected increases in business.

Coopers & Lybrand expects continued growth next year, projecting 1989 revenues of \$83 million.

### Godwins International Holdings Inc.

Of the nation's 10-largest benefit consultants, Godwins International Holdings Inc. was the only one whose revenues remained flat in 1988.

This year, estimated consulting revenues at Briarcliff Manor, N.Y.-based Godwins, the nation's ninth-largest consultant, were \$54 million, unchanged from restated 1987 figures, when the subsidiary of broker Frank B. Hall & Co Inc. operated under the name Frank B. Hall Consulting Co.

Godwins' executives candidly acknowledge that the various problems plaguing the parent company also hurt the consulting unit's results.

"We lost staff and clients," said Godwins Chairman and Chief Executive Officer David J.D. McLeish.

But with a major worldwide reorganization under its belt, Godwins is poised for recovery.

"We are back in the recovery mode. We are ready for the future," Mr. McLeish said.

As part of that preparation, benefit consulting operations were completely revamped.

Previously, Hall had developed independent benefit consulting units in the United States and abroad. For example, in the United States, consulting was provided by

Frank B. Hall Consulting Co., while Godwins Ltd. provided benefit consulting in the United Kingdom. And, Hall-Godwins (Overseas) Consulting Co. offered benefit consulting services to multinational companies.

These separate units were formally combined this year into one company, Godwins International Holdings Inc.

U.S. consulting is done under the name of Godwins Inc. This merging of consulting resources will lead to a stronger, more efficiently run company that will be better able to serve clients, Mr. McLeish said.

One advantage of merging consulting operations is what Mr. McLeish describes as the "cross-fertilization" of ideas.

For example, the considerable pension expertise Godwins has developed in its U.K. offices now can be readily tapped by the company's U.S. consultants.

Similarly, as private health care coverage expands in the United Kingdom, Godwins' U.S. consultants will be able to offer their experience to their British counterparts.

With the merging of resources accomplished, Godwins has additional objectives in mind.

Mr. McLeish said the company is in the market for "strategic acquisitions—something that closes a gap in a particular geographic region or consulting area."

For example, Mr. McLeish would like to see Godwins increase its consulting resources in pension actuarial work in the United States.

Mr. McLeish said there is a total commitment to make Godwins a major benefit consultant around the world. "We want to be a name on the international map that companies automatically think of," he said.

Currently, Godwins has 27 U.S. benefit consulting offices and 11 U.K. consulting offices. Consulting also is done through 21 other international offices.

Godwins derives 90% of its revenues from benefit consulting, with consulting on retirement and savings plans accounting for 50% of revenues; welfare plans accounting for 33%; employee communications accounting for 4%; and international benefit consulting accounting for 3%.

Non-benefit consulting revenues include insurance brokering, 5%, and investment and tax planning advice for individuals, also 5%.

### Martin E. Segal Co.

Consistent is the best way to describe the growth at New York-based Martin E. Segal Co.

Revenues from benefit consulting in 1988 increased 11.6% to an estimated \$53 million from an estimated \$47.5 million in 1987. Last year, Segal was tied with Coopers & Lybrand as the nation's ninth-largest benefits consultant. This year, Segal slips to the No. 10 position.

*Continued on page 22*

## T H A N K S !

Seaboard Underwriters would like to thank all our producers for your support during 1988 and during the last 31 years.

We look forward to your continued support and wish for you a prosperous 1989.



In North Carolina  
1-800-672-3644

Countrywide  
1-800-732-2673

*Seaboard Underwriters, Inc.*



Where we come from, you learn to see things from different angles.

From coast to coast, we're the leader in group Long Term Disability insurance \*and a top provider of Individual Disability protection.

But we never forget we're from Maine.

You see, finding more than one solution to a problem is a way of life here. By having a different perspective, we're able to introduce income protection plans which are truly innovative and responsive.

And by doing this, we enable you to offer your employees disability, group life, retirement and flexible benefit programs which meet their needs better.

We're UNUM. Ask your insurance professional about all the different ways we can solve your problems. Or call us directly at 1-800-634-8026 (in Maine 1-800-356-8111). And then you'll see why our name means number one in income protection.



Our name means number one.

## Top consultants

Continued from page 20

Segal's 11.6% revenue increase this year fits in with growth that has been averaging 10% to 12% for the last several years.

"Consistency has been our historical operating pattern," notes Segal President Robert Krinsky.

Indeed, consistency and commitment aptly characterize both the company and its clients. In an industry in which consultants frequently hop from one firm to another, Segal is an island of stability.

For example, Mr. Krinsky is marking his 35th anniversary with the company, while Executive Vps Dale Grant and Howard Fluhr joined the company in 1962 and 1963, respectively. And, some clients have been with the company ever since it was founded almost 50 years ago, Mr. Krinsky said.

Historically, Segal has been the consultant to more multiemployer pension and welfare plans than any other firm, a dominance that continues.

Mr. Krinsky estimates that Segal provides consulting services to between 25% and 30% of the country's 2,500 multiemployer plans, unchanged from 1987.

Segal estimates that 54% of its clients are multiemployer plans, while 46% are corporations, state

and local governments and non-profit organizations, also unchanged from 1987.

While there was some fear years ago that multiemployer pension plans would decline after passage of a 1980 law that imposed stiff penalties on employers that left underfunded plans, Mr. Krinsky says those fears have proved unfounded.



Mr. Krinsky

In fact, multiemployer plans are better funded today and employers are more interested and involved in the operation of those plans, Mr. Krinsky said.

Like their counterparts in the single-employer universe, multiemployer welfare plans have become concerned about soaring health care costs. This has produced more work as Segal has helped the plans control costs through design change.

Segal also has begun working with employers and public organizations in designing long-term health care programs.

"This is the kind of consulting we like to do," Mr. Krinsky said, noting that design work is a pleasant change from the government compliance projects that have become such a dominant part of the con-

sulting business.

Still, Segal pays close attention to the heavy hand of Washington. For example, Segal established a special Section 89 consulting team to help clients understand the twists and turns of that controversial law.

For years, Segal executives have played an important role in trying to shape government policy. Mr. Krinsky, for example, serves as chairman of the Assn. of Private Pension & Welfare Plans, while Ms. Grant is chairman of the Labor Department's ERISA Advisory Task Force.

"It pays to educate Congress" on the importance of private plans, Mr. Krinsky says.

During the year, Segal opened an office in Seattle and closed an office in Dallas.

Segal's benefit consulting revenues continue to be very evenly divided—compared with the other consultants—between retirement and savings plan consulting and welfare plan business.

In 1988, 47% of benefit consulting revenues came from retirement and savings plan consulting and 40% of revenues were derived from welfare plan consulting. Another 6% came from benefit communications consulting and 3% from international benefit consulting. Some 4% of revenues were non-benefit related. ■

## LTD coverage prices firming after rate war

By MICHAEL BRADFORD

While employee benefit managers have been able to shop for bargains in the long-term disability insurance market, prices now are beginning to stabilize.

LTD insurance prices have fallen as much as 20% in some cases during the last year, insurers and consultants say.

Even though the rock-bottom prices now are firming, the coverage is still a good buy because reimbursement levels are climbing, benefits experts say. For example, some insurers will now replace up to 70% of a disabled worker's salary, up from 60%.

"Some of the price-cutting was fierce in 1987, but the competition on price is lessening," said Dave Potter, second vp products/markets for UNUM Life Insurance Co. in Portland, Maine.

"There is a little more emphasis on using more sophisticated underwriting approaches and doing a better marketing job" to sell the coverage, he added.

"What we saw with regard to pricing is the deterioration peaked about a year ago. Since then, there has been some stabilization of pricing," said Paul LaPine, product manager for managed care, life and LTD at the Hartford Fire Insurance Co. in Hartford, Conn.

A year ago, LTD rates were around 12% to 15% underpriced, said Mr. LaPine. "Now, they're around 8% to 10% below what we really think they should be."

Frank Chmely, senior group underwriter with Prudential Insurance Co. of America in Roseland, N.J., said that while there has been "a lot of activity" in the LTD marketplace, he has not noticed a marked increase in competition during the past year. As a result, the rates Prudential charges for the coverage have remained stable, he said.

James Sokol, managing vp at Alexander & Alexander Benefit Services Inc. in Chicago, agreed that price competition appears to have stabilized, saying, "I can't see how it could have become more competitive. It's been the softest of all employee benefit markets for the last five years."

The LTD market has been competitive in recent years because the coverage has been profitable, insurers and consultants point out.

That profitability can be partially attributed to the overall economy, according to Mr. Chmely. When economic conditions are poor, some workers with "borderline" disabilities may be laid off, which encourages them to file LTD claims, he explained. "When business doesn't do well, LTD doesn't do well."

But the U.S. economy in recent years has been strong, which has helped make LTD insurance a money-maker, Mr. Chmely said.

While Mr. LaPine agreed that LTD business has been profitable for insurers in recent years and that "in poor economic times, we have increased claims," he also pointed out that some types of claims increase when the economy is strong.

Stress claims, for instance, are likely to show up more often when two wage earners in a family hold jobs in a strong economy, he explained. "One may get stressed out and say, 'I'm going on disability for a couple of years.'" However, such workers must first be declared disabled by a doctor.

Those claims are higher in areas like California's high-tech Silicon

Continued on page 24

## TO INSURE THEIR LIVES GO TO LONDON TO PROTECT THEIR TEETH COME TO DELTA

You know where a professional free-style skier would go to insure his life.

But do you know where over 17 million Americans in over 21,000 companies go to protect their teeth? They come to the Delta Dental Plan, America's first, leading and largest.

Why? For four very understandable reasons: cost containment, quality of care, flexibility, and dollar value.

Whether your company is large or small, give us a call at 1-800-441-3434 for complete information.



The Delta Dental Plan  
America's First, Leading and Largest

# SIT DOWN. WE'VE GOT SOME BIG NEWS.



We've just completed our national network of dental providers.

It's big—over 4500 dentists and specialists in more than 100 major metropolitan areas. And it's good news for the more than half million members in our managed care dental program.

We believe they're getting the finest care, anywhere. In fact, we recruit our dentists with a unique 5-stage quality assessment process we developed solely to ensure our own high standards. In other words, we give our dentists a complete check-up before they ever perform one of their own.

And that's not all. For the past 14 years we've improved the quality of our managed care program by monitoring each office visit, each transaction, and every procedure.

Nationwide. After all, we're not only committed to setting the standard of excellence—we're committed to raising it.

Which brings us to you, the employer. Our combination of managed care and indemnity coverages can result in a 5-10% savings the first year alone. And you'll be able to offer choices in dental coverage to your employees. As well as minimize your paperwork and administrative hassles.

We'd like to tell you more. Please contact Janet L. Duchaine, Assistant Vice President, B-247, CIGNA Companies, Hartford, CT 06152.

If there's one thing we've learned in over 20 years in the dental business, it's that you don't get to be an industry leader by sitting down on the job.

**CIGNA**

# Financial Technology Consultants, Inc.

*We added to our name...*

*because we've added to our service!*

**Specializing in Rent-a-Captives, Cash Flow, Self-Funded and Alternate Risk Funding Programs ...and now...**

*a major breakthrough in the Rent-a-Captive market...*

**4x Funding Available!**

**For qualified organizations, the face value of this new policy can be up to 4x greater than actual funding**

**Please Call (213) 937-3091 for complete details**

**5455 Wilshire Blvd. Suite 1610. Los Angeles, CA 90036 FAX (213) 937-0463**

## Long-term care

*Continued from page 22*

Valley, said Mr. LaPine.

But even though price competition among LTD insurers has slackened, there still is plenty of scrambling for that business, observers say.

Frank Ericson, director of long-term disability at Aetna Life & Casualty Co. in Hartford, Conn., said he continues to see a hotly competitive LTD market.

Aetna has reduced most of its LTD rates in the past year, but increased prices for some of the "more hazardous jobs," he said.

"Part of the problem with many of us was that we had a one-price-fits-all," he said. However, "that doesn't work. Some jobs are much more expensive to insure."

Employees in low-risk jobs like accounting and insurance pay among the lowest premiums, according to Mr. Ericson, while

**LTD 'was competitive years ago. Then sometime in the '70s, most companies had bad experiences,' says Mr. Ericson. When the loss experience of LTD insurance began climbing, the marketplace 'seemed to go to hell. It lost any kind of glamour.'**

workers in energy industry jobs such as coal mining can expect to pay the highest rates for LTD coverage.

Rates have nosedived in the past year for employees in some occupations from 40 cents to 50 cents per \$100 of covered payroll to prices of just more than 35 cents per \$100 of covered payroll, said Jay Catlin, benefit consultant with Buck Consultants Inc. in Secaucus, N.J.

"As a percentage, it's been 14% to 15%, and sometimes as high 20%," he said, referring to the

magnitude of price cuts in the last 12 months.

While LTD prices have fallen over the years, maximum reimbursement levels have risen.

"Monthly maximums are a lot higher," said Buck's Mr. Catlin. "There has been a loosening of underwriting in that area."

LTD insurers currently are offering 70% reimbursement levels in some cases, up from 60% in previous years, according to Peter O'Brien, partner in charge of the nationwide welfare benefits practice of Price Waterhouse in New York.

But some occupations that once saw cheap rates are now paying more, Mr. O'Brien pointed out.

"Since the Oct. 19 debacle," said Mr. O'Brien, referring to the 1987 stock market crash, "many brokerage firms have experienced a high number of new claims."

He explained that the stock market crash led to a number of layoffs among stockbrokerages and workers who may have been considered disabled, but had taken less strenuous jobs in the securities industry, filed claims after losing their jobs.

As a result, insurers that once saw brokerage firms as a "favorable underwriting target" are now more cautious about writing the coverage for those businesses, said Mr. O'Brien.

While LTD coverage rates for securities firms are higher, he noted, it's "hard to be specific" with regard to how much those prices have risen.

The LTD insurance marketplace, which was born when the coverage was first written in the late 1950s, has seen hard and soft cycles like other lines of insurance.

"It was competitive years ago," Mr. Ericson explained. "Then sometime in the '70s, most companies had bad experiences."

When the loss experience of LTD insurance began climbing, the marketplace "seemed to go to hell," said Mr. Ericson. "It lost any kind of glamour."

But underwriters have gained the benefit of increasing actuarial data over the years since the coverage was introduced and morbidity rates have become more predictable.

Because claims have become easier to predict, insurers have realized that by carefully selecting the business to underwrite, "there is more money to be made," Mr. Ericson said. "There is a lot of fertile market out there," he added. "I can see all of us increasing our book of business in LTD."

Aetna, one of the more established LTD underwriters with around 1 million covered employees, expects that number to increase about 15% in 1988, Mr. Ericson said. "We have become much more aggressive in the past year."

He pointed out that "a lot of people do not have LTD coverage" because "not everybody is choosing it."

"Does the average person feel like he will ever be totally disabled? Even think about it? I don't think so," Mr. Ericson said.

"But they are beginning to move and more," he remarked. "In this economy, we need all the income we can get. . . We live on debt and if you're disabled, it all comes down around you."

Estimates from Hartford show that there are 110 million people

*Continued on next page*



## Listen.

It's what an employee benefits manager does. You listen to employees asking for a health plan with lower co-payments and better benefits. You listen to management asking for cost control. Then you try and please everybody.

That's when you need to start talking—to EQUICOR. EQUICOR offers a complete range of employee benefit options—all we need to formulate your benefit plan is to hear from you.

Tell us the numbers you're working with, your priorities, management's budgetary goals, and every other important factor to be considered. Then let EQUICOR design a unique, customized benefit package for your company based on good hard listening.

Next time someone gives you an earful, think of EQUICOR. And remember: whenever you need to talk about a benefits plan, you've got our ear.



**The Good Listener.**

For information, call (615) 320-7608.

*EQUICOR is a joint venture of The Equitable Life Assurance Society and Hospital Corporation of America.*

EQUICOR Health Plan, Inc. is a licensed health maintenance organization in many states. Insured coverages are underwritten by The Equitable Life Assurance Society of the United States. ©EQUICOR 1988

Continued from previous page working in the United States and that about half of them—55 million—have some LTD coverage.

The recognized leader in the LTD insurance field, UNUM, continues to develop new products. Mr. Potter said UNUM expects to write \$60 million to \$80 million in new LTD premiums this year.

Mr. Potter said insurers are recognizing that "growth opportunities have to come outside of white-collar industries" where most LTD coverage is written.

In a 1986 study of employee benefits, the U.S. Department of Labor's Bureau of Labor Statistics found that white-collar workers at medium- to large-sized firms were twice as likely as blue-collar workers to have LTD insurance.

As an example of how UNUM is expanding into new growth areas, Mr. Potter referred to the insurer's Voluntary LTD program, a product introduced last August.

Voluntary LTD is paid for by the employee through a payroll deduction plan and can be offered at group rates because it is available through an employer, he said.

"It's an opportunity for people whose employers were previously unwilling to fund this coverage."

The cost of the coverage varies by geographic location and industry, said Mr. Potter, but workers younger than 45 can generally buy coverage for less than \$10 per month. Older workers pay a higher rate.

Hartford also realizes the market potential of blue-collar jobs, according to Mr. LaPine. He reasoned that it's no riskier to insure blue-collar workers who did not previously meet underwriting guidelines than it is to write white-collar business at rates that are 8% to 10% underpriced.

Like UNUM, Hartford offers a voluntary LTD plan. The program is aimed at "stable working groups" like municipalities and state government employees who have long years of service, said Mr. LaPine.

The success of that program led to a similar product offered to teacher groups, he added.

Apart from the voluntary plan, Hartford offers what Mr. LaPine called "flex LTD."

Under that program, employers can select how much they want to contribute toward LTD coverage. The Hartford program then builds the LTD insurance around that amount.

"We allow the employee a buy-up option," said Mr. LaPine, explaining that if the employer's contribution was enough to finance coverage that would replace 20% of the worker's salary, the employee could purchase additional coverage—up to a 50% to 60% reimbursement level—that would replace a larger percentage of salary lost in the event of disability.

Mr. LaPine said Hartford expects to write \$20 million in LTD insurance premiums this year, up from around \$12 million to \$14 million in previous years.

Metropolitan Life Insurance Co. in New York is increasing the amount of LTD business it writes after earlier this month acquiring the group life and health brokerage operations of Northbrook, Ill.-based Allstate Insurance Co. (BI, Dec. 5).

While he could not provide specific figures, a Metropolitan Life spokesman confirmed that LTD business accounted for part of the \$416 million in revenue the Allstate brokerage operation generated last year.

Insurers and consultants agree that corporate buyers must keep in mind several features when shopping for long-term disability coverage. Those features include:

- Service. Buyers should make sure the insurer is financially stable, has been in the LTD market

for a number of years and is committed to remaining in the market. The insurer should be able to "keep up with claims," Mr. Ericson stressed. "If you don't keep on top of (LTD claims), somebody will forget about it" and wasted claim payments could result, he warned.

- Rehabilitation services. If LTD coverage provides for rehabilitation of a disabled worker, it can save "tons of money," said Mr. Catlin, and return a worker to the job sooner.

- The ability of the insurer to obtain offsets in claims payments from other sources, such as Social Security and workers compensation. "Social Security is the biggest

**'AIDS is a little less of an issue (for LTD insurers) than it is for life insurers,' Mr. Potter says.**

of them," said Mr. Ericson.

Insurers and consultants say they are keeping a close eye on the development of some diseases that could affect the rating and profitability of future LTD insurance.

For example, Lyme disease, which is transmitted by the deer

tick and leads to serious symptoms like high fevers and dementia, is a new ailment that LTD insurers are watching, said Peat Marwick's Mr. O'Brien.

"It originated in Lyme, Conn.," Mr. O'Brien explained, "and now it is nationwide."

The disease can disable its victims and, in some cases, "lead to death," Mr. O'Brien pointed out.

While the number of cases of Lyme disease is not now significant, it has begun to increase, he said.

UNUM's Mr. Potter said there is some concern among insurers about the increasing number and cost of acquired immune deficiency syndrome cases, but life insurers

are being hit harder than disability insurers by claims associated with that disease.

"AIDS is a little less of an issue (for LTD insurers) than it is to life insurers because the life span is not too long," he said.


But Mr. O'Brien predicts, "We're going to see a lot more with AIDS LTD claims. The drug AZT, which costs \$750 to \$1,000 per month, is now stabilizing many of the AIDS patients, so claimants are tapping into LTD."

Mr. Ericson of Aetna said, "We don't see any particular disease process that is a major concern. It is something we are always watching."

Now there's a better mousetrap in prescription drug claims processing!

**CLAIMSPRO<sup>SM</sup>**  
The best of mousetraps

May we tell you about a uniquely efficient, payor-friendly claims processing program designed to save you hassle, money and time?  
Please call Caterpillar Information Services at 800-451-9923.

 **CATERPILLAR**

# Group universal life called winner for all

By KARI BERMAN

Group universal life insurance will continue to grow in popularity among employers because it benefits them as well as employees, predict insurers and employee benefits consultants.

Employers like the product because it is typically employee-paid, there is little administrative work involved and employees like the product, which therefore improves the employers' image.

GULs, which employees often use as retirement savings plans, are popular among employees because there are fewer restrictions on these plans than on other types of retirement savings plans and because GULs are portable, insurers and consultants say.

"With group universal life plans, employers are taking advantage of winning twice: first, by offering an additional benefit selection—maintaining a positive image with employees—and secondly, by making the benefit one that is funded on an employee-pay-all basis," explained Phillip Primm, senior vp of Johnson & Higgins, Kirke-Van Orsdel Inc. in Dallas, a unit of New York-based Johnson & Higgins.

"Overall, the GUL has been positive for both the employer and the employee. It is cost containing and administratively easy for us while beneficial for our employees," said Thomas M. Jados, manager of health care administration for Toledo, Ohio-based Owens-Corning Fiberglas Corp., which began offering GULs last year.

GULs will thrive in the coming year partially because employers don't have to foot the bill, predicted Jim Barnes, a director in the employee benefit marketing division of CIGNA Life Insurance Co. of Hartford, Conn., a subsidiary of CIGNA Corp.

"As companies struggle to control health care benefit costs, GULs will be strong. We think 1989 will be our best year," Mr. Barnes said.

An estimated 45,000 individuals are covered by GULs underwritten by CIGNA Life, which has been offering the plans for three years, according to Mr. Barnes. "Although we are a little below our predictions for enrollment, we still think GULs will remain a hot product in the coming year, as business is already picking up," he said.

Ian Duncan, associate actuary and product manager for Hartford Life Insurance Co. of Hartford, Conn., a subsidiary of Aetna Life & Casualty Co., also said the insurer's GUL sales are below expectations. However, he predicted that GULs "should continue to be popular for the employer because it doesn't require any out-of-pocket funding."

Meanwhile, at New York-based Metropolitan Life Insurance Co., GUL sales "are well beyond" goals, according to Cynthia Mallett, national GUL marketing director. Ms. Mallett reports that the insurer's GUL sales have quadrupled this year, but she would not disclose how many individuals are covered under GUL policies underwritten by the insurer.

However, some employee benefit experts believe that despite the popularity of GULs, insurer profits from the products have not climbed as steadily as anticipated because insurers have underpriced rates for the term portion of the GUL.

GULs include a term life benefit and a cash accumulation fund, to which employees can contribute, that earns tax-deferred interest at competitive market rates.

GUL experts estimate current GUL interest rates at 8%, about the

same as last year's rates but still lower than in previous years, when interest rates for GUL cash accumulation funds ranged between 10% and 11%.

Although the growth of GULs got off to a slow start in the early 1980s, the plans gained speed following the restrictions on 401(k) salary reduction plans—a popular retirement saving plan—imposed under the Tax Reform Act of 1986. Insurers and consultants explained.

Under the new tax law, allowable employee pretax contributions to 401(k) salary reduction plans were cut from \$30,000 to \$7,000 annually, plus a yearly adjustment equal to the increase in the U.S. Consumer Price Index. The current cap on 401(k) plan

contributions is \$7,313.

"After tax reform, GULs became more appealing because employees liked the idea of being able to plan for retirement without 401(k) accumulation limits, while continuing to receive tax benefits," said Mr. Primm of J&H Kirke.

GUL experts concur that employees are attracted to GULs because of the potential investment return and because the interest earned by the accumulation fund is not taxed until employees withdraw the funds.

Employees who opt for GULs can typically purchase life insurance for one to five times their annual salary at rates—based on age and smoking habits—that range between 7 cents and 95 cents per \$1,000 in coverage, according to

Tim Borchert, a consultant at Hewitt Associates of Lincolnshire, Ill.

"Another aspect of GUL highly valued by employees is their ability to withdraw funds from the side account easily and without the penalties that other preretirement funding vehicles impose," explained Ms. Mallett of Metropolitan Life.

GUL participants may withdraw or borrow from the accumulation—or side fund—as desired without a penalty. But, 401(k) plan participants, for example, are subject to a 10% penalty for making early, non-emergency withdrawals.

"Employees like GULs because they have immediate access to liquid cash and can use it for either an emergency or a vacation, with-

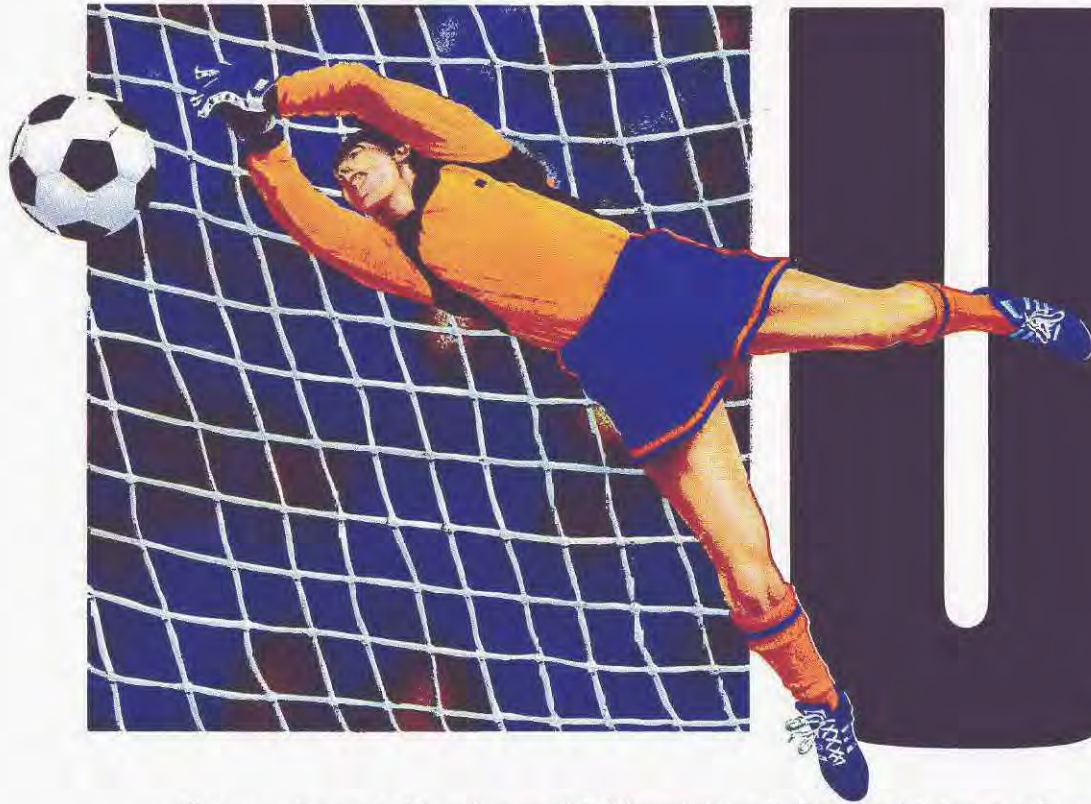
out having to answer any questions or pay any charges. They often dislike 401(k)s because they feel isolated from their money and are bothered by having to justify a need for their own cash if they want to withdraw," said William Comette, assistant director and group life product manager in the employee benefit department of Travelers Life Insurance Co. of Hartford, Conn., a subsidiary of Travelers Corp.

Employees also like GULs because they can take their life insurance benefit along if they change jobs, unlike traditional group term life insurance that terminates when employment ends.

"If you are part of a GUL and you change jobs, you can remain

*Continued on next page*

# CHALLENGES



Responsiveness. You demand it. We deliver it. By combining performance and personal service better than anyone in the business. Innovative health care management; unique report-generating capabilities; claims that are settled quickly and accurately. It's the kind of service clients respond to.

Continued from previous page in the GUL and simply make payments directly to the carrier," Mr. Comette said.

International Business Machinery United States in Purchase, N.Y., last year began offering a GUL program underwritten by Metropolitan Life and placed by Johnson & Higgins, according to Fernando Fleites, IBM's program manager, capital accumulation.

"I think the program is great for everybody involved. The employees get a good benefit, and we don't get involved at all because everything is administered by the providers," Mr. Fleites said.

Although only 5% to 6% of IBM employees have opted for the GUL, Mr. Fleites is optimistic that interest will grow among employees of the International Business Machines Corp. unit.

"I feel that in time as employees become more familiar with the program, participation will in-

crease," he said.

IBM also offers its employees a group term life product, also underwritten by Metropolitan Life.

After initial enrollment in the GUL, Metropolitan Life performs all GUL-related administrative tasks for employers, including record keeping and handling employee withdrawals from their cash accumulation funds.

The insurer communicates its GUL plan to employees through mailings, group meetings, videotape presentations and a toll-free information service for employees.

Mr. Jadlos of Owens-Corning said the employer is pleased with the results of CIGNA Life's GUL plan, which the employer implemented last year.

To promote the program, Owens-Corning and CIGNA Life launched an extensive communication program that included slide and video presentations, question and answer forums and distribution of pam-

phlets explaining the product.

"We think we have done a good job communicating the GUL plan, and, as of May 1988, half of our 5,000 salaried employees opted to join," Mr. Jadlos said.

Consultants and insurers stress the importance of proper communication of the product.

"There are misconceptions about GULs that become obstacles if not clarified," J&H's Mr. Primm pointed out.

"Employers often unnecessarily fear immense administration costs in GULs that don't exist, and they have to be brought to understand the facts. Employees also have to be educated about the workings of a GUL program, reducing confusion," Mr. Primm added.

"Employees who don't have extensive business knowledge are confused and intimidated by the intricacies of various plans and opt not to get involved," said Lawrence Leisure, a principal at

Towers, Perrin, Forster & Crosby Inc. of New York.

CIGNA Life's Mr. Barnes agrees that employee understanding of GULs is imperative.

"We do a personal profile of all employees, explaining their eligibility and options individually to avoid confusion," Mr. Barnes said.

One change in GULs that employers will have to communicate to employees next year is premium rate increases.

"Many insurers have been disappointed because they offered low term rates thinking that they would make up the financial difference through employee contributions to the side funds," explained Mr. Leisure.

This cash-flow underwriting tactic "backfired on shortsighted insurers when individuals didn't put large amounts of money in the side account," Mr. Leisure said.

Ms. Mallett of Metropolitan Life said insurers who jumped on the

GUL bandwagon too quickly paid the price.

"It has been a tough learning curve for those who originally mispriced the term rates," according to Ms. Mallett. "But for those of us who were dedicated to creating solid GUL programs, it has been successful," she added.

"We have had a very good report card this year and we expect more of the same," Ms. Mallett said.

At Newark, N.J.-based Prudential Insurance Co. of America, profits from its GUL product have remained level compared with last year's figures, according to Joseph Maginnis, vp of group marketing.

"Our GUL hasn't been hot for us this year, possibly because of interest rates," Mr. Maginnis said.

GULs make up a small part of the overall life insurance policies Prudential is currently underwriting, he added. "We cover about 50,000 lives under GUL," he said.

Meanwhile, another form of GULs called group variable universal life (GVUL) is on the employee benefit horizon, according to some insurers.

GVUL, like GUL, packages term insurance with an accumulation account. But instead of earning fixed interest at market rates as in GULs, GVULs offer several investment options for the cash value portion of the policy.

The options typically include growth fund investments in either common stocks or securities, AAA-rated government guaranteed securities funds and cash management funds.

All brokers that place this product must be licensed as investment advisers.

"There is no doubt in my mind that GVUL will be a leader in the next generation of popular benefits," said Craig Nordyke, second vp and chief actuary at St. Louis, Mo.-based Paragon Life Insurance Co., a subsidiary of General American Life Insurance Co.

"We have tried to model the GVUL after our GUL product that successfully covers 13,000 individuals, adding the additional investment options," he said.

Although Paragon has not issued any GVUL policies, Mr. Nordyke is optimistic.

"We just began marketing the product last May, and we have already had a substantial amount of interest and it should take off soon," Mr. Nordyke said.

However, some major life insurers are wary of jumping on the GVUL bandwagon.

"We have done research on GVUL and are ready to move on it if necessary, but we are holding on it because of its complexities," said CIGNA Life's Mr. Barnes.

"It is a more of a 'rich man benefit,' usable to about 10% of the population who understand investment concepts and want to get involved in a complicated benefit," he explained.

Like CIGNA Life, Metropolitan Life also is cautious about GVULs.

"We are looking at GVUL, and if it becomes something that we need to implement, then we will be prepared to offer the product. However we do not have any immediate plans," Ms. Mallett said.

And, further hampering GVUL enthusiasm among insurers and employee benefit experts is fear of liability exposure should an employee lose money in a risky investment.

"I think that with a GVUL you cross the line of insurer to investor, and this concept is not appealing to either insurers or employee benefit advisers, who don't want to be held responsible for a bad investment decision that jeopardizes an employees' savings," Mr. Barnes explained.

"GULs should remain hot in 1989, but the popularity of GVULs is yet to come if it comes at all," Mr. Barnes said. ■

# CHALLENGE

**You'll be surprised how responsive we can be.**

With renewals. Find out how we can meet your challenge. Have your agent, broker or consultant call their Mass Mutual Group Representative today. Or tomorrow. We'll be ready. We'll meet your challenge.

**MassMutual**  
GROUP LIFE AND HEALTH

Massachusetts Mutual Life Insurance Co., Springfield, MA 01111

# Managed dental care gains popularity

By KARI BERMAN

Managed group dental care programs are becoming more popular as dental care inflation rages on.

"Dental care costs, although behind medical care, are running parallel historically," said Tim Borchert, a consultant with Hewitt Associates of Lincolnshire, Ill. "Like in medical, employers are responding to increasing costs by using more managed dental care programs."

Domenick Ciarniello, a principal at William M. Mercer-Meidinger-Hansen Inc. in New York, similarly believes that "managed dental care will remain the popular trend of the future."

Ronald Fontanetta, a consultant at the New York office of Towers, Perrin, Forster & Crosby Inc., adds that

"although companies will continue to offer employees dental coverage, managed care will become more popular and eventually phase out indemnity" dental coverage.

Dental care costs have doubled since 1980, increasing at an annual average rate of 7.8% from 1980 to 1987, according to the Consumer Price Index statistics.

"Where total dental care expenditures were \$15.4 billion in 1980, in 1987 costs for the same care increased to \$32.8 billion," said a spokesman for the American Dental Assn. in Chicago.

Neither the U.S. Department of Commerce nor the ADA had statistics on dental cost inflation so far in 1988.

And, employee benefit experts agree that as more companies offer

group dental coverage, employers will feel the effects of dental cost increases nationwide.

According to a 1988 study of Salaried Employee Benefits Provided by Major U.S. Employers in 1982-87, Hewitt Associates found that 96% of the 240 companies surveyed provided employees with dental care coverage. A 1987 study by Mercer showed that 85% of employers offered group dental benefits.

Typically, an insurer charges monthly premiums of about \$40 to \$45 per family for indemnity group dental coverage, employee benefit experts concur. This compares with monthly premiums of as low as \$18 to \$20 per family under a managed dental care program.

In addition, cost increases for managed dental care plans are trailing

that of dental indemnity plans.

Mr. Fontanetta estimated annual increases in managed care dental programs at 4% to 5%, compared with annual increases in dental indemnity plans at 9% to 11%.

"When you're talking about that significant of a difference, it is not surprising that managed dental care is becoming the obvious choice among employers," he said.

Peter Boland, president of Boland Healthcare Consultants in Berkeley, Calif., predicts that employers will try to cut benefit costs by offering only managed dental care programs.

"I think employers will be taking the meat-axe approach to their benefit packages, cutting rather than adding and using more managed care for both medical and dental coverages," he said.

Although managed dental care appears to be successful in controlling costs, it is troubled by the same problems that affect medical managed care programs, dental benefit experts say: overutilization, billing problems and inadequate quality control.

"There are a number of managed dental care providers that are bottom of the barrel. There is not enough prescreening of dentists and you end up with those who are not concerned enough with proper care," Mr. Boland said.

TPF&C's Mr. Fontanetta is more optimistic: "You can't generalize about different dental HMOs because there are good and bad and, overall, they have improved and are pretty far along in maintaining quality care."

Dental managed care typically comes in two forms: capitated dental programs, which operate similarly to medical health maintenance organizations in that employees are restricted to choosing network providers; and discounted fee-for-service arrangements similar to medical preferred provider organizations.

At EQUICOR Inc., a joint venture between The Equitable Life Assurance Society of the United States and Hospital Corp. of America, indemnity plan premiums for group dental coverage average about \$19 per month for individuals and \$40 per month for family coverage, according to Dan Wood, director of dental programs at EQUICOR'S New York office.

"Of the 5 million individuals we cover, 75% opt for our indemnity plan, which usually covers 100% of preventive, 80% of restorative and 50% of major services," Mr. Wood said.

However, employers using strict managed care programs pay substantially less.

For example, EQUICOR charges \$10 per individual and \$19 per family per month for its prepaid dental care program.

And, Chicago-based Delta Dental Plans charges between \$25 and \$35 per month for its PPO-like plan, according to Jerry Holcombe, vp of public and professional services at Delta's San Francisco office.

Delta Dental is a non-profit service benefit organization, maintaining a nationwide network of 97,000 participating dentists.

As the oldest and largest prepaid dental insurer in the country, Delta Dental has a total enrollment of 17.5 million individuals, representing 21,000 employer groups, according to Mr. Holcombe.

Delta Dental offers three program options to employers: Delta Premier, a fee-for-service plan; Delta Preferred Option, a PPO-like product; and an HMO-like capitation plan.

Availability and cost of each plan varies among the states.

Delta Dental introduced its PPO plan last year and it currently covers 260,000 individuals nationwide.

The Delta Preferred Option plan operates like a PPO within an HMO. While employees are still restricted to using providers within the Delta Dental network, they receive additional coverage for using preferred providers.

"We carve out a smaller section of about 1,800 dentists who are willing to accept lower fees and then allow patients to pick from that group," Mr. Holcombe said.

Cost-concerned employers are satisfied with the PPO program, according to Mr. Holcombe. Employers in Delta Dental's HMOs that contract with the DPO pay premiums averaging 20% lower than other employers in Delta Dental's HMOs.

Delta's capitation program, covering an estimated 500,000 individuals nationwide, is marketed and sold through PMI Inc., a wholly owned

Continued on page 31

## The escalating challenges of the industry demand that careful steps be taken.



*There's a rapidly changing environment affecting the insurance industry today that requires a sense of balance more keen than ever before in designing and implementing corporate strategy, accessing capital and maximizing asset values.*

*To assist the insurance industry in meeting the challenges of this new environment, Merrill Lynch Capital Markets has developed one of Wall Street's largest and most talented investment banking teams dedicated exclusively to serving the corporate financing needs of insurance companies.*

*We believe that a step-by-step, carefully*

*planned strategy produces the best results for our clients, consistently giving them greater value.*

*For more information on the benefits of taking certain steps with Merrill Lynch to meet the challenges of today's environment, call John G. Crosby, Managing Director of our Investment Banking Insurance Group at (212) 449-7744.*



**Merrill Lynch**

©1988 Merrill Lynch Capital Markets

Continued from page 28  
 subsidiary of Delta California, the California-based Delta Dental plan.

The capitated plan operates similarly to a medical HMO. Dentists are paid a fixed monthly fee per employee family, and the employee must choose to receive treatment from a specific dentist in the Delta network.

Premiums vary demographically, but the typical monthly premium is usually around \$20 per family, according to Mr. Holcombe.

"Employers and employees are happy with the capitation plan because the employer saves and the employee continues to get quality care at a lower rate," Mr. Holcombe said.

Although the majority of CIGNA Corp.'s group dental business is still written as indemnity programs, "managed dental care is taking off and CIGNA has seen a marked increase in employer interest in DMOs during 1988," said Janet Dushaine, assistant vp of dental marketing and product development at CIGNA's Hartford, Conn., office.

CIGNA offers employers three group dental care plan alternatives: indemnity, an HMO-type managed care program and a combination of the two.

"We believe that the DMO (dental maintenance organization) is the best cost-containing product and can reduce employer costs by 15% to 20%," Ms. Dushaine said.

CIGNA's managed dental care plan, which began in 1984, provides coverage for 600,000 individuals nationwide and includes a network of 3,300 dentists.

Ms. Dushaine attributes part of the plan's success to strict quality control standards and in-depth claim reviews.

"We control quality by regularly reviewing dentists in the CIGNA network, and on-site visits to the various facilities are common," said Ms. Dushaine.

"We are very pleased with how the managed care program is doing. In both 1987 and 1988, we doubled our business," Ms. Dushaine said.

While Ms. Dushaine declined to predict by how much premiums would climb in 1989, she expects the managed care program increases to be kept to a minimum.

Managed dental care popularity is similarly increasing at Prudential Life Insurance Co. in Roseland, N.J., according to Joseph Maginnis, a vp in group marketing.

Prudential's traditional indemnity plan covers 5.5 million individuals, while 3 million people are covered by Prudential's managed dental care plan, which operates through a network of 4,000 dentists.

"Our total premium intake for group managed dental care plans this year is at \$326 million—triple that of last year," Mr. Maginnis said.

Typically, the capitation fee for Prudential's dental HMO-type plan is about \$16 per month per family, according to Mr. Maginnis.

However, he predicts that 1989 could bring dental care program increases as high as 10% as two- and three-year contracts expire and renewal premiums reflect utilization increases.

The Travelers Insurance Co. of Hartford, Conn., which has been a major player in the group dental market since 1969, also is showing increases in dental managed care participation, according to Glenn Terwilliger, director of the employee benefit

department and product management division in Travelers' Hartford office.

"Our dental PPO now covers about 500,000 or one-sixth of our total group dental book, which is 3 million," Mr. Terwilliger pointed out.

Travelers uses its own internal data system and dental consultants to geographically determine the proper charges for treatments.

"Each dentist in the PPO network agrees to charge the predetermined rate for the service. The dentists' fees are lower and, in turn, it is less out-of-pocket money for the employer," Mr. Terwilliger explained.

The Travelers keeps a close watch on utilization costs by periodically screening the dentists' charges, making sure that their dentistry is at an acceptable level.

"If a dentist is slipping and not living up to the contract, then he is simply kicked out of the network," Mr. Terwilliger said.

## Editorial Index Service

The Business Insurance Editorial Index Service directs you to all news reports and feature articles published by Business Insurance newsmagazine.

The annual service includes 3 quarterly reports and a cumulative annual volume. In addition, article citations between publication of quarterly reports are available from BI's Information Centers in New York and Chicago. Complete alphabetical and chronological listings by company, person, subject and geographic location enables you to access data quickly and accurately.

Take advantage of this cost effective tool and fill out the coupon today or call 212/210-0137

**Business Insurance**

Business Insurance Editorial Index  
 220 East 42nd Street, New York, NY 10017

Please send me the following index(es):  
 Full Index Service at \$100\*  1988  
 Softcover edition at \$100\* each  1986  1987  
 Hardcover edition at \$150\* each  1981  1982  1983  1984  1985

TOTAL ENCLOSED \$ \_\_\_\_\_  
 PAYMENT MUST ACCOMPANY ORDER —  
 Visa  Mastercard  Optima  
 American Express  Check Enclosed  
 (make check payable to Business Insurance)  
 \* foreign postage additional

Account # \_\_\_\_\_ Exp. Date \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Title \_\_\_\_\_ Phone \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

# CONVERT YOUR KEYBOARD INTO A CONTROL PANEL



Take charge. Now, the world's most widely used software for benefits administration and healthcare information management gives you expanded options for more control than ever before.

We now offer a new generation of COBOL-based software products that increase your hardware alternatives. From claims administration to flexible spending to managed health-

care administration, these programs will be integrated into the optimal system for your business plan. You'll take command of much more than information; you'll control costs, your plan's performance, your future. And, you'll have the support of a 300-member client association that may be used as both a business resource and a networking tool.

Only one company puts

control back where it belongs ... at your fingertips.

For more information, please return the attached card. Or, contact the Director of Marketing, Resource Information Management Systems, Inc., 500 Technology Drive, Naperville, IL 60540-2599, (312)369-5300, ext. 302.

**RIMS** RESOURCE INFORMATION MANAGEMENT SYSTEMS, INC.  
 The Leader in Benefits Administration Software

# Directory of employee benefit consultants

## A

### Aldrich & Cox Inc.

1900 Ridge Road, Buffalo, N.Y.  
14224; 716-675-6300

**Year founded:** 1951.

**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 28.5% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, loss review and control, annual plan review.

**Employee benefit communications consulting:** 1.5% of business. Includes general consulting on communications programs, benefit statement preparation.

**Other services:** 70% of business.

**Staff:** 16 total staff members; four professionals, including two MBAs, one CEBS, five CPCUs, two attorneys, three ARMs, one ALCM.

**Clients:** 60 total clients; 30% with more than 500 employees, 70% with fewer than 500 employees; 95% corporations, 5% individuals; no minimum size client.

**Compensation:** By the project; on retainer; by the hour, consultant, \$60-\$100.

**1988 gross revenues:** Not reported.

**Principal officers:** Herbert Cox, chairman; Charles H. Cox, president, James B. Hood Jr., executive vp; Michael B. Coyle, vp.

### The Alexander Consulting Group Inc.

125 Chubb Ave., Lyndhurst, N.J.  
07071; 201-460-6600

**Year founded:** 1898.

**Parent company:** Alexander & Alexander Services Inc.

**Services provided:** 74% of gross revenues from benefit consulting, 26% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 31% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting, employee research consulting.

**Welfare plan consulting:** 26% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, health strategies.

**Employee benefit communications consulting:** 13% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** 4% of business. Includes consulting via overseas branch offices, consulting via overseas correspondents, consulting from the United States.

**Other services:** 26% of business. Includes compensation consulting, brokering, general management consulting, health care and other types of claims administration.

**Locations:** 82 offices worldwide.

**Staff:** 1,692 total staff members; 1,070 professionals, including 65 FSAs, 61 ASAs, 24 MBAs, 19 CEBSs, 40 CLUs, one CPCU, eight Ph.D.s, eight CPAs, 15 attorneys, one M.D., two RHUs, three ISCEBSs, two ChFCs.

**Clients:** 20,200 total clients; 24% with more than 500 employees, 76% with fewer than 500 employees; 97% corporations, 2% multiemployer plans, one association; no minimum size client.

**1988 gross revenues:** \$176 million total, \$131 million from benefit consulting.

**Principal officers:** A.M. D'Alessandro-chief executive officer-Worldwide; Donald Cleveland, chief executive officer-U.S.; C. Douglas

Preston, chief operating officer-U.S.; H. Michael Kirkman, chief financial officer; Brian Kennedy, chief executive officer-Canada; R. Allan Durrward, chief executive officer-U.K./Europe.

## B

### Barbanell Associates

3629 Sacramento St., San Francisco, Calif. 94118;  
415-929-1155

**Year founded:** 1962.

**Parent company:** California Corp.

**Services provided:** 92.3% of gross revenues from benefit consulting, 7.7% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** Includes plan design

consulting, plan/trust legal document drafting, consulting on selection of investment managers.

**Welfare plan consulting:** Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** Includes general consulting on communications programs, benefit statement preparation, booklet preparation.

**Other services:** 7.7% of business. Includes brokering.

**Locations:** Los Angeles and Newport Beach, Calif.

**Staff:** Nine total staff members; four professionals, including one MBA.

**Clients:** 36 total clients; 67% with more than 500 employees, 33% with fewer than 500 employees; 31% cor-

porations, 69% multiemployer plans.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour, senior consultant, \$175-\$200; consultant, \$150-\$165; clerical, \$17.

**1988 gross revenues:** \$751,000 total, \$660,000 from benefit consulting.

**Principal officers:** Clifford Barbanell, president; Jerry L. Levey, vp; Harriet Barbanell, secretary/treasurer; Stephen Harris and Mike Diener, senior consultants.

### Edward R. Beil Associates Inc.

6 E. 45th St., New York, N.Y.  
10017; 212-697-2740

**Year founded:** 1974.

**Services provided:** 19% of gross revenues from benefit consulting,

81% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 19% of business. Includes consulting on selection of investment managers.

**Other services:** 81% of business. Includes brokering.

**Locations:** Beil/Matthews Co., New York.

**Staff:** Six total staff members; three professionals, including two CEBSs.

**Clients:** 30% with more than 500 employees, 70% with fewer than 500 employees; 98% corporations, 2% individuals; no minimum size client.

**Compensation:** Commissions for insurance placed with underwriters, on retainer.

**1988 gross revenues:** \$2.6 million total\*, \$500,000 total from benefit consulting.

*Continued on facing page*

# NO SURPRISES

The annual directory of benefit consultants is compiled from responses to questionnaires sent to companies by *Business Insurance*.

The directory is published as an editorial service; there is no charge to be listed. But to be included, companies must generate at least 30% or \$500,000 of their gross revenues from benefit consulting. *BI* defines benefit consulting as providing advice on benefit issues on a fee-for-service basis, excluding brokering insurance, health care and other types of claims administration, compensation consulting and other non-benefit related consulting.

Each listing includes the year the company was founded and its parent company, if any. If you are concerned about using consultants affiliated with brokers or insurers, you will want to check this section.

The services provided heading lists the percentage of gross revenues a company derives from benefit consulting and from other services it provides. In the paragraphs that follow, these percentages are broken down into the amount of gross revenues generated from retirement and savings plan consulting, wel-

## Guide to directory

fare plan consulting, employee benefit communication consulting, international benefit consulting and any non-benefit related services the company may provide.

Also listed are locations of branch offices and subsidiaries conducting benefit consulting, total number of staff members, number of professional staff members assigned to benefit consulting and professional designations they hold. Also included is the number of current clients and their size and type.

Methods of billing for services are provided under the compensation heading.

When reported by the company, total estimated 1988 gross revenues are provided, as well as the amount of estimated 1988 revenues generated from benefit consulting only.

If you wish to be put on the mailing list to receive a questionnaire for next year's directory, write Christine Woolsey, Editorial Assistant, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611.

Although every effort is made to publish complete and accurate listings, *BI* is unable to verify all information.

The following are staff abbreviations:

ACA is Associate, Conference of Actuaries in Public Practice; ACAS is Associate, Casualty/Actuarial Society; ACLM is Associate in Loss Control Management; AEP is Accredited Executive in Personnel; AIA is Associate in Insurance Accounting; ARM is Associate in Risk Management; ASA is Associate, Society of Actuaries; CCP is Certified Compensation Professional; CEBS is Certified Employee Benefit Specialist; CFS is Chartered Financial Analyst; CFP is Certified Financial Planner; ChFC is Chartered Financial Planner; CLU is Chartered Life Underwriter; CMC is Certified Management Consultant; CPA is Certified Public Accountant; CPCU is Chartered Property Casualty Underwriter; EA is Enrolled Actuary; FCA is Fellow, Conference of Actuaries in Public Practice; FCAS is Fellow, Casualty/Actuarial Society; FCIA is Fellow, Canadian Institute of Actuaries; FLMI is Fellow, Life Management Institute; FSA is Fellow, Society of Actuaries; FSPA is Fellow, Society of Pension Actuaries; ISCEBS is Fellow, International Society of Certified Employee Benefit Specialists; MAAA is Member, American Academy of Actuaries; MCA is Member, Conference of Actuaries; MD is Medical Doctor; MSPA is Member, Society of Pension Actuaries; Ph.D. is Doctor of Philosophy; RGHU is Registered Group Health Underwriter; RHU is Registered Health Underwriter; RN is Registered Nurse.

Continued from facing page

**Principal officers:** Edward R. Beil, president; William P. Matthews, John P. Indelli, Frank L. Joyce.  
\* *BI* estimate.

### Benefit Consultants Inc.

14500 S. 40 Outer Road, Suite 502, Chesterfield, Mo. 63017; 314-434-4620

**Year founded:** 1982.

**Services provided:** 60% of gross revenues from benefit consulting; 40% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 55% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, claim administration audits, legal and regulatory compliance consulting.

**Employee benefit communications consulting:** 5% of business. Includes general consulting on communications programs, booklet preparation.

**Other services:** 40% of business. Includes brokering, health care and other types of claims administration.

**Staff:** Five total staff members; three professionals, including one CEBS, one CLU.

**Clients:** 40% with more than 500 employees, 60% with fewer than 500 employees; 70% corporations, 30% multiemployer plans; minimum size client, 10 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour, senior consultant, \$120; consultant, \$65; clerical, \$27.50; administrative, \$50.

**1988 gross revenues:** Not reported.

**Principal officers:** Alan N. Lemley, president.

### Benefit Plans Northeast

22 Waterville Road, P.O. Box 629, Avon, Conn. 06001; 800-445-1931; 800-822-7627 in Conn.

**Year founded:** 1972.

**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 30% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, claim processing and record keeping.

**Other services:** 70% of business. Includes health care and other types of claims administration.

**Locations:** Cranston, R.I.

**Staff:** 17 total staff members.

**Clients:** 75 total clients; 25% with more than 500 employees, 75% with fewer than 500 employees; 100% corporations; minimum size client, 100 employees.

**1988 gross revenues:** \$2.7 million total\*, \$800,000 from benefit consulting.

**Principal officers:** Leonard Cutler, president/treasurer.  
\* *BI* estimate.

### Benefits Planning & Insurance Agency Inc.

300 Drakes Landing Road, Suite 170, Greenbrae, Calif. 94904; 415-461-8383

**Year founded:** 1978.

**Services provided:** 32% of gross revenues from benefit consulting, 68% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 5% of business. Includes plan design consulting, plan administration consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 22% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, health promotion.

**Employee benefit communications consulting:** 5% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation.

**Other services:** 68% of business. Includes brokering.

**Staff:** Nine total staff members; four professionals, including one MBA, one CLU, one attorney.

**Clients:** 125 total clients; 30% with more than 500 employees, 70% with fewer than 500 employees; 80% corporations, 5% individuals; 15% institutions and hospitals; minimum 50

Continued on next page

# NOTHING BUT PERFORMANCE.<sup>SM</sup>

Arkwright has one purpose. To help its customers throughout the world minimize their long-term cost of risk. To do this, we provide a wide range of risk management services, which we apply in a disciplined and straightforward way. First, working with our customers to identify, evaluate and reduce risk through engineering. Then, tailoring a program to protect exposures that cannot be eliminated. With all that's at stake, everyone at Arkwright must be accountable to the customer. Always. At Arkwright, we try to avoid surprises. In fact, we're dedicated to preventing them.

# ARKWRIGHT

Continued from previous page employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer.

**1988 gross revenues:** \$875,000 total, \$280,000 from benefit consulting.

**Principal officers:** Gary W. High, president; Robert J. Christadore, executive vp; Victor A. Deksnys, senior vp/chief financial officer.

**BenePlus Inc., a division of The Friedman Group**

1510 Walnut St., Philadelphia, Pa. 19102; 215-875-8686; 800-523-9935

**Year founded:** 1972.

**Services provided:** 100% of gross revenues from benefit consulting.

**Employee benefit communications consulting:** 100% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, employee seminars.

**Staff:** 40 total staff members: 30 professionals, including one MBA, one CEBS, one CLU, one CPA, one attorney.

**Clients:** 100% corporations; minimum size client, 10 employees.

**Compensation:** By the project by the hour: senior consultant, \$150; consultant, \$100; clerical, \$50.

**1988 gross revenues:** \$630,000 from benefit consulting.

**Principal officers:** Sidney A. Friedman, chairman-The Friedman

Group; Carmen LaVerghetta, president; Jeffrey St. Amour, director-marketing.

**R.N. Blomquist & Co.**

122 W. 22nd St., Suite 100, Oak Brook, Ill. 60521; 312-574-7436

**Year founded:** 1970.

**Services provided:** 100% of gross revenues from benefit consulting.

**Retirement and savings plan consulting:** 5% of business. Includes plan administration consulting, plan documents.

**Welfare plan consulting:** 80% of business. Includes plan design consulting, insurer/broker selector consulting, evaluation of other service providers, Section 89 consulting,

health care cost containment, alternative delivery systems, plan documents.

**Employee benefit communications consulting:** 15% of business. Includes booklet preparation.

**Staff:** 10 total staff members; six professionals, including one MBA, one CLU.

**Clients:** 50 total clients; 90% with more than 500 employees; 10% with fewer than 500 employees; 10% corporations, 90% multiemployer plans; minimum size client, 100 employees.

**Compensation:** On retainer; by the hour: senior consultant, \$135; consultant, \$100.

**1988 gross revenues:** Not reported.

**Principal officers:** Jack Diem, president; Kurt Starbuck, vp.

**Booke & Co.**

310 W. Fourth St., P.O. Box 66, Winston-Salem, N.C. 27102; 919-748-1120

**Year founded:** 1941.

**Services provided:** 95% of gross revenues from consulting, 5% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 77.9% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, plan/trust legal document drafting, plan administration consulting, asset accumulation/investment consulting, executive benefits consulting, on-line administration systems.

**Welfare plan consulting:** 9.5% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, flexible benefits consulting and administration.

**Employee benefit communications consulting:** 7.6% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** Less than 1% of business.

**Other services:** 5% of business. Includes health care and other types of claims administration.

**Locations:** Columbus, Ohio, and Birmingham, Alabama.

**Staff:** 325 total staff members; including 12 FSAs, four ASAs, 16 MBAs, 18 CEBSs, four CLUs, seven CPCUs, 11 CPAs, 10 attorneys, one CFA.

**Clients:** 1,000 total clients.

**Compensation:** By the project, by the hour.

**1988 gross revenues:** Not reported.

**Principal officers:** Sam L. Booke Jr., chairman; Henry M. Booke, vice chairman; Donald C. Ingram, president; Roger L. Vaughn, executive vp/ chief actuary; Joseph H. Ely, senior vp; Robert M. Carlisle Jr., senior vp.

**Buck Consultants Inc.**

2 Pennsylvania Plaza, New York, N.Y. 10121; 212-330-1000

**Year founded:** 1916.

**Services provided:** 100% of gross revenues from benefit consulting.

**Retirement and savings plan consulting:** Includes plan design consulting, actuarial work for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.

**Welfare plan consulting:** Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, evaluation of post-retirement medical disabilities, Section 89 discrimination testing, flexible benefits consulting, group actuarial consulting, dependent care consulting, employee focus groups.

**Employee benefit communications consulting:** Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** Includes consulting via overseas branch offices, consulting via overseas correspondents, consulting from the United States, special assignments involving travel to other countries.

**Locations:** Atlanta, Boston; Chicago; Columbia, Md.; Dallas; Denver; Detroit; Fort Wayne, Ind.; Honolulu; Houston; Los Angeles; San Francisco; Secaucus, N.J.; Pittsburgh; Washington; Toronto; Antwerp and Brussels, Belgium; Paris; Dublin; Ireland; Edinburgh, Scotland; Leeds and London, England.

**Staff:** 1,120 total staff members: 862 professionals, including 47 FSAs, 50 ASAs, 36 MBAs, six CEBSs, six CLUs, six Ph.D.s, six CPAs, 29 attorneys, 89 EAs, 35 professional designations assigned in England and Scotland.

**Clients:** 1,000 total clients; 80% with more than 500 employees, 20% with fewer than 500 employees; 80%

Continued on facing page

A V I A T I O N S A F E T Y S E R I E S N O . 1



IN A COCKPIT AT 41,000 FEET, AN ANTIHISTAMINE MAY DO MORE HARM THAN GOOD.



YOU PROBABLY KNOW THAT ANTIHISTAMINES CAUSE DROWSINESS. BUT ARE YOU AWARE THAT THEY ALSO MAY AFFECT VISION, COORDINATION, AND ORIENTATION—AND THAT THE EFFECT IS WORSE AT HIGH ALTITUDE?

MANY FATAL ACCIDENTS INVOLVING AIRCRAFT HAVE OCCURRED AS A RESULT OF PILOTS' UNKNOWING MISUSE OF SEEMINGLY SAFE NONPRESCRIPTION OR "OVER-THE-COUNTER" DRUGS. THE FACT IS THAT IN THE COCKPIT, ALL SELF-MEDICATION IS POTENTIALLY UNSAFE AND CAN UNPREDICTABLY COMPROMISE YOUR PERFORMANCE.

SO IF YOU'RE NOT FEELING UP TO PAR, SEEK THE ADVICE OF AN EXPERT—YOUR PERSONAL FLIGHT SURGEON. HE OR SHE CAN HELP YOU AVOID A MISTAKE YOU CAN'T AFFORD TO MAKE.

At Associated Aviation Underwriters, we don't stop at protecting our clients against unexpected financial loss. We've taken on the tougher assignment of loss prevention. For instance, through our skillful and thorough Flight Operations Surveys we help our clients improve their efficiency and safety.

Another way AAU is working to prevent loss is through our NBAA Membership Contribution plan. We feel that adherence to National Business Aircraft Association safety standards and access to their member programs are important elements in maintaining safe operations. So important, in fact, that we are helping our insured clients pay part of the cost of joining the NBAA. For more details, contact Ed Williams at Associated Aviation Underwriters, 51 JFK Parkway, Short Hills, New Jersey 07078. (201) 379-0800.



**AAU** Raising Your Expectations



Continued from facing page  
corporations, 20% non-profit organizations and government entities.

**Compensation:** By the project; by the hour: senior consultant, \$120-\$312; consultant, \$48-\$152.

**1988 gross revenues:** \$109 million total, all from benefit consulting.

**Principal officers:** William E. Giegerich, president/chief executive officer; John Seltzer, chairman; Martin Paterson, chief executive-Buck Paterson Consultants Ltd. (London); Michael Dunhill, managing director-Buck Consultants S.A. (Brussels); Barry Sutton, president-GBB Buck Consultants Ltd. (Toronto).

**R.J. Burns & Associates Inc.**

2000 N. Racine Ave., Suite 4700, Chicago, Ill. 60614; 312-871-5110

**Year founded:** 1979.  
**Services provided:** 100% of gross revenues from benefit consulting.

**Welfare plan consulting:** 85% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 10% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation.

**International benefit consulting:** 5% of business. Includes consulting from the United States.

**Staff:** Three total staff members; two professionals.

**Clients:** 17 total clients; 75% with more than 500 employees, 25% with fewer than 500 employees; 85% corporations, 15% multiemployer plans; no minimum size client.

**Compensation:** By the hour: senior consultant, \$175-\$200; consultant, \$125-\$175.

**1988 gross revenues:** \$275,000 total, all from benefit consulting.

**Principal officers:** Richard J. Burns, president; David P. Hermes, treasurer.

**Bushnell, Ducham & Co.**

34 Roosevelt Highway, Colchester, Vt. 05446; 802-655-3906

**Year founded:** 1970.  
**Services provided:** 100% of gross revenues from benefit consulting.

**Retirement and savings plan consulting:** 50% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, plan termination consulting.

**Welfare plan consulting:** 40% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, plan documents drafting, plan audits.

**Employee benefit communications consulting:** 10% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, personalized employee communications.

**Staff:** 13 total staff members; 19 professionals, including one ASA, one CEBS, one CLU.

**Clients:** 175 total clients; 25% with more than 500 employees, 75% with fewer than 500 employees; 85% corporations, 5% multiemployer plans, 10% government and non-profit organizations; minimum size client, 150 employees.

**Compensation:** By the project; by the hour: senior consultant, \$175; consultant, \$60-\$100; clerical, \$20-\$40.

**1988 gross revenues:** \$660,000 total, all from benefit consulting.

**Principal officers:** James Bushnell, president/treasurer; David Ducham, vp; Brent O'Donnell, secretary.

**Business-Estate Underwriters Inc.**

910 E. Washington St., Greenville, S.C. 29601; 803-242-9441

**Year founded:** 1966.  
**Services provided:** 80% of gross revenues from benefit consulting, 20% of gross revenues from activities

other than benefit consulting.

**Retirement and savings plan consulting:** 10% of business.

**Welfare plan consulting:** 70% of business.

**Other services:** 20% of business. Includes brokering.

**Locations:** Asheville and Hickory, N.C.

**Staff:** 14 total staff members; nine professionals, including two CLJs, one Ph.D., two attorneys.

**Clients:** 189 total clients; 30% with more than 500 employees, 70% with fewer than 500 employees; 80% corporations; no minimum size client.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by

the hour: senior consultant, \$150; consultant, \$110; clerical, \$35; administrative assistants: \$85.

**1988 gross revenues:** \$1.6 million total, \$1.3 million from benefit consulting.

**Principal officers:** Joseph E. Young-chairman; William A. Gantt Jr., president; Michael A. Hawkins, Richard A. Gantt, Donald E. Ward, P. Edwin Icard and Otis B. Kempson, vps.

**Byerly & Co. Inc.**

7600 E. Orchard Road, Suite 250 S, Englewood, Colo. 80111; 303-220-7575

**Year founded:** 1959.

Continued on page 42

**Special Facility for Reinsuring Pure and Association Captives and Risk Retention Act Companies**

**CAPTIVE SYNDICATE MANAGEMENT, LTD.**

U.S. REPRESENTATIVE OFFICE  
26 BROADWAY, SUITE 400 . NEW YORK NY 10004  
TELEPHONE (212) 837-7743 FAX (212) 837-7923

1988 Results

**RLI**

Even Stronger

**Consolidated Statutory Financial Information**

**RLI Insurance Company and Mt. Hawley Insurance Company**

**STATUTORY SURPLUS**  
(000 Omitted)

1983 - \$12,238  
1984 - \$16,739  
1985 - \$37,037  
1986 - \$53,063  
1987 - \$57,243  
\*1988 - \$64,951

**COMBINED RATIO**

1983 - 94.9  
1984 - 97.0  
1985 - 99.7  
1986 - 84.1  
1987 - 84.2  
\*1988 - 93.9

5 YEAR  
COMBINED RATIO: 89.8  
(1983-1987)

**ASSETS**  
(000 Omitted)

1983 - \$ 35,156  
1984 - \$ 48,719  
1985 - \$105,993  
1986 - \$159,568  
1987 - \$168,859  
\*1988 - \$173,861

**LOSS RESERVES**  
(000 Omitted)

1983 - \$ 4,985  
1984 - \$ 9,150  
1985 - \$22,784  
1986 - \$46,243  
1987 - \$59,712  
\*1988 - \$63,544

\*Six months results ended June 30, 1988

**SOLID.**

To Protect Policyholders • To Honor Obligations

**RLI Corp.**

9025 North Lindbergh Drive  
Peoria, IL 61615

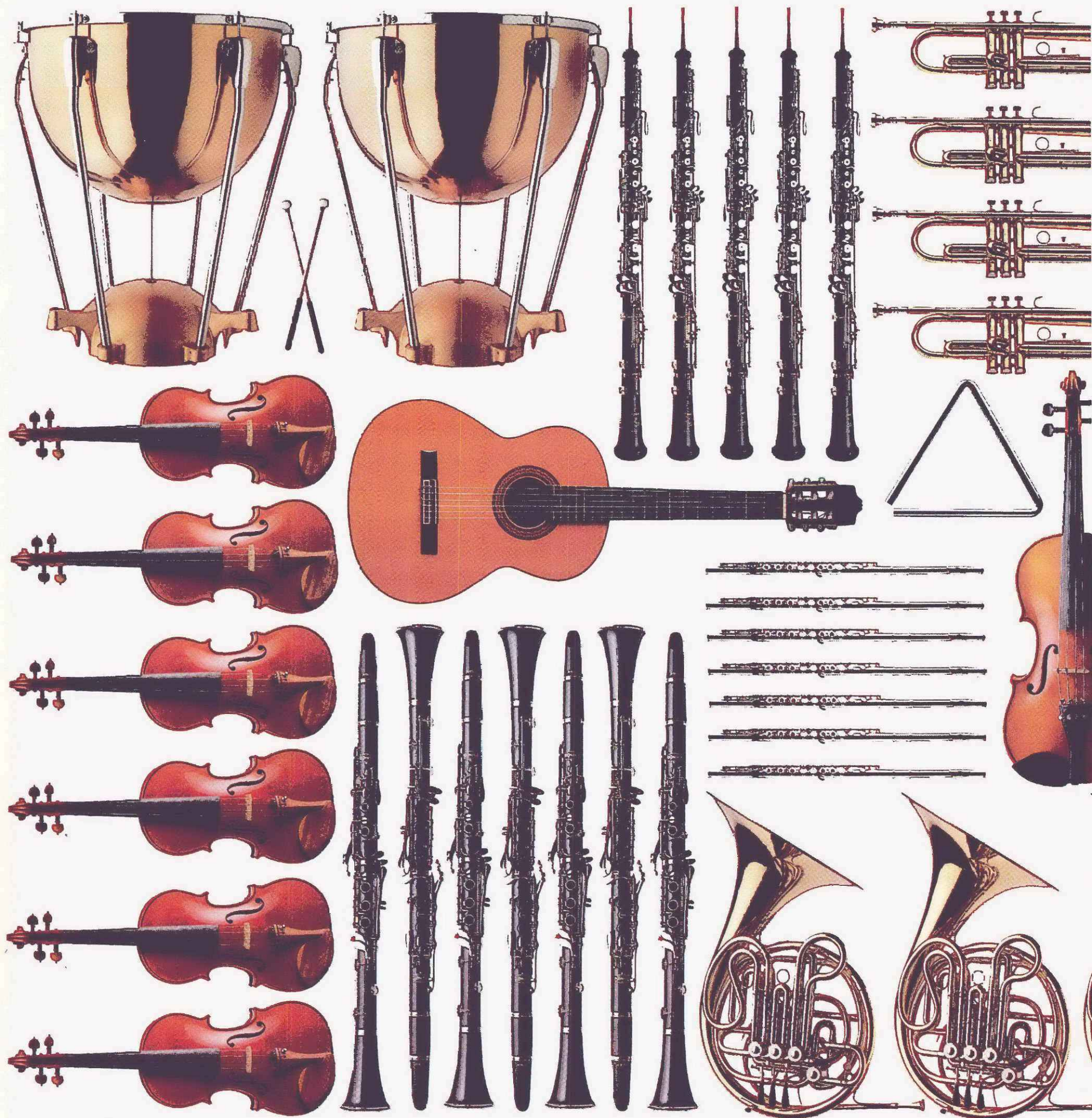
Underwriting Branch Offices

Atlanta • Chicago • Hartford • Kansas City • Los Angeles  
San Francisco • St. Paul

RLI Insurance Co. — Mt. Hawley Insurance Co. — American Capacity Insurance Co.  
For Specialty Insurance Coverages

# THIS HOLIDAY, WE A PRESENT THAT C

It's John Williams, The Boston Pops Orchestra, and America's favorite holiday music. With special guest stars, Andy Williams, Roberta Flack, Reba McEntire and John Candy. To receive this



# WE'RE BRINGING YOU COMES IN 85 PIECES.

holiday gift tune to *NBC Television*, Friday evening, December 23rd. When this present is completely assembled, we're sure your family will love it.



Blue Cross  
Blue Shield





## Why your client's nest egg is safer at Home.

Home knows all there is to know about insuring fine arts, fine jewelry, fine collectibles—like the precious Fabergé egg pictured above. That's why, when they need coverage for upscale clients, more and more agents are calling Home.

Many companies provide floater coverage—but only for items that aren't too valuable or unusual. At Home, we welcome the most extraordinary items. And have the capacity and know-how to write them.

Along with our underwriting expertise, Home also offers more flexibility of handling. So you can provide your clients with scheduled or blanket coverage on a "valued at" basis, customized to fit their specific needs.

When your clients' most valuable possessions are safe at Home, they know peace of mind. And so do you. For more information, call David Ladd, Executive Vice President, Personal Lines, (212) 530-7335.

**Home Insurance**  
There's no place like it.

# RMIS aids property loss control

CLAIMS MANAGEMENT IS just one aspect of risk management information systems. As such, vendors continue to broaden and diversify systems to include analytical features, modeling and simulation loss development, forecasting and basic insurance management functions. Such developments are essential to the risk management professional and especially to those whose companies are not purely claims driven.

In that spirit, I want to bring the reader's attention to non-claims RMIS developments. This month, I will discuss another key risk management element and a system totally devoted to that: loss prevention and loss control for property loss exposures.

In fact, not only is the system devoted toward property instead of claims, but it also represents advanced computer technology commonly referred to today as "artificial intelligence" or "expert systems." This technology involves software used for repetitive, complex, judgmental decision-making that helps document the reasoning that leads to a specific decision.

In effect, it is an advanced decision support system that assists the risk manager and/or safety loss prevention engineer in making informed, quantitative decisions on exposure management.

The system is called "RiskMATE" and has been developed by Hartford Steam Boiler Inspection & Insurance Co. of Hartford, Conn. This column is not intended to advocate RiskMATE or Hartford Steam Boiler but, rather, to offer an example of a coming technology in the RMIS industry. In fact, RiskMATE is only available on a bundled basis to select policyholders.

This particular system has been designed to be used on a microcomputer with a 40-megabyte hard disk. Its objective is to provide the risk management professional with a quantitative tool for assessing property exposures. To date, RiskMATE has only been developed to monitor fire and explosion perils. Hartford Steam Boiler is working on adding capabilities for other property exposures such as flood, wind, earthquake and collapse.

As an expert system, it is designed to facilitate decision-making. It has

six modules designed to guide that decision-making process.

The first module, and very important and foundational to the system, involves the client information that has been gathered over the years by the insurer.

This basic information contains policy data, location information, engineering activity and account recommendations by Hartford Steam Boiler engineers. Together, this information provides a picture of the clients' ongoing loss control and loss prevention program. The recommendations made by the engineers are then ranked in order of

models will provide specific and objective answers on what parts of the facility will be destroyed by fire and what nearby systems or equipment could be impaired by the event. The point is that subjectivity is reduced and objectivity is increased through the use of this modeling technique. Similarly, smoke models through the hazard modeling analysis demonstrate in a quantifiable fashion what kind of damage could occur to computers, automated production equipment and other very sensitive equipment.

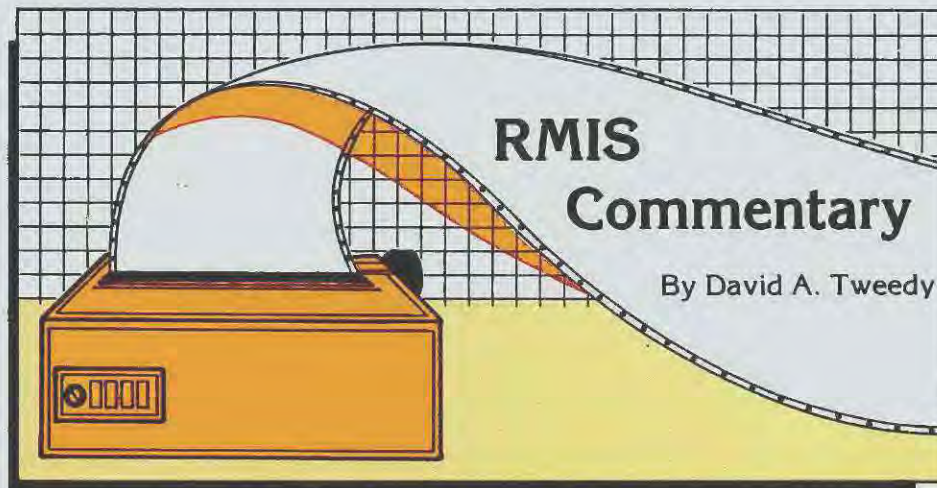
The next stage or module is the data base management system, which is a compilation of industry statistics.

such as monitoring storage tanks via acoustical sensors, vibration analysis of large turbines and transformer oil gas analysis models. All are designed to identify problems before they become costly claims.

This, in essence, is what the RMIS is all about anyway. It is an effective tool to control costs and to assist the risk manager in the loss prevention process as he/she interfaces with the safety and loss prevention activities in the company.

Utilization of these types of systems can only improve the risk management process as more and more subjectivity is removed from the risk identification, risk assessment and selection process. Again, the RMIS, even the expert system, is not meant to replace the risk manager in his/her decision-making process. Instead, it is to augment and enhance that process. These systems help quantify high priority issues quickly and accurately so that the risk manager can evaluate from the best alternatives to reduce the exposure and the cost to the company.

One final note that is specifically related to the previous discussion: Most of the expert systems that I detect today in the RMIS industry are being developed by insurance companies. They have the historical data and the capital for the research and expenditure necessary to develop these useful tools. That is not unusual. What is interesting, however, is the admirable stance taken by insurance companies in making these risk management information systems available to their clients and not just for their internal purposes. I applaud their efforts.



priority and severity, which points out key problems or exposures facing the risk manager.

The next module in this expert system is the insurance diagram. These diagrams are detailed graphics representing cross sectional blueprints of plants and facilities. Here, sophisticated graphics capabilities are applied to produce these detailed drawings quickly and easily. The graphics package is called computer-aided design, or CAD. Through CAD, any location or part of a risk facility can be obtained in seconds; an impressive detail.

This third module, hazard modeling, utilizes the insurance diagram module in the performance of simulation or modeling. At present, this module can model fuel-spill and vapor cloud explosions in the CAD-produced insurance diagram in a very sophisticated "what if" game. For example, if a fire broke out in the area of a power transformer, these

This, in turn, aids engineers as they use available data compiled from years of property insurance occurrences to support their decisions or base a recommendation on similar past occurrences in a specific industry.

The last module in RiskMATE is financial analysis modeling. Essentially, the risk manager must make an informed decision on the optimal risk reduction alternative based on the observed exposures. Cost and benefits must be quantified and compared through the use of net present value or other payback equation for a ranking of available options. The basic questions to answer are "Is it worth applying this risk reduction alternative and can the risk manager justify the expense associated with this risk reduction alternative?"

There are other similar expert systems in use within the insurance industry. More are being developed in many different areas. Past *Business Insurance* articles listed a few of them,

David A. Tweedy is a senior consultant for D.A. Betterley Risk Consultants Inc. in Worcester, Mass. He is the editor of *Betterley Risk Management Commentary* and the author of *RMIS Update*, a yearly publication analyzing major risk management information systems and vendors. Mr. Tweedy's column on risk management information systems appears the third Monday of the month.



# PPOs must adjust to market realities

By Paul Katz

ONCE TOUTED AS THE savior of the health care industry, preferred provider organizations may soon become dinosaurs on the way to extinction. If unable to adjust to the realities of the marketplace, PPOs as we know them today will lose ground fast, soon to be replaced by the ever more powerful and massive HMOs—many owned by insurance companies—that will soon get a lock on the marketplace as health care costs rise and employers look for ways of saving money.

What happened? Why is this much-touted method

## Speaking out

of health care delivery dying on the vine? It's a combination of greed, a misreading of the marketplace and changing economic realities. Or it's because everyone tried to get into the act—the government, entrepreneurs, get rich quick artists, and virtually every hospital system and physician organization. While PPOs sold themselves on the basis of how many hospital and doctor affiliations they could offer, this undermined their purpose—channeling patients to fewer providers for

true cost savings.

While PPOs have been able to cut costs to some extent, other factors have worked to offset potential savings. Patients do pay less for services; however, this savings is being whittled away by increases in the cost of outpatient services, increases in the cost of physician services and by increased utilization of these types of services.

The PPOs that were designed to offer 25% in discounts haven't been able to deliver. A 25% savings was available off the hospital fee, but 15% in additional utilization was experienced on

Continued on next page

# PPOs must face realities

Continued from previous page

outpatient services. And the major question—what is the most appropriate way to take care of the patient—was not being answered. Rather, the discount fee-for-service system allowed, in its unmanageable way, for the churning of patients through hospitals, doctors and ancillary providers.

A major hindrance to the success of PPOs, and arguably the greatest reason for their decline, is the emergence of health maintenance organizations as the giants in the industry as seen by the major insurance companies. HMOs have their roots in the same swamp from which PPOs were hatched. Just as PPOs beat the bushes for alliances to forge, so did HMOs. While hospitals were eager to get into bed with PPOs, they were also willing to do it with HMO ventures.

By way of example, any California hospital that has PPO contracts also has an HMO contract. A patient can elect to go to Cedars-Sinai Medical Center in Los Angeles through numerous PPOs and also more than 10 HMOs, according to Maureen Ferry, director of alternative delivery systems administration for the hospital. The patient can obviously receive the services of this prestigious provider in a number of ways. And since HMOs are the cheaper option, patients are moving to the HMOs.

And while some argue that there is no substantive difference between PPOs and HMOs, the unassailable truth is that there are two substantial differences. HMOs can conclusively deliver patients to their contract providers and save money, while it is arguable whether most PPOs can achieve these objectives.

A clear look at how PPOs are fading fast is provided by Pacific Telesis Group, one of the largest employers in California. Almost half the hospital beds in the state are under a PPO contract with the company. This is all well and good, but 70% of the company's employees belong to an HMO, largely

because of the broader range of services it can offer.

And what about that other 30%—those Pacific Telesis employees who did not elect to go with an HMO? Insurance industry analysts say they fall into two categories. The first group has strong provider relationships with particular doctors or hospitals. Such patients are willing to pay more for the provider of their choice. The second group is two-wage earner households with a separate plan for each member. With an understanding of the system and through coordination of benefits, they can get away without paying any out-of-pocket costs by manipulating the two insurance systems. It's clear that neither of these groups is likely to ever sign up with a PPO.

The bottom line is that PPOs are just not getting the numbers they need to survive in this competitive and costly marketplace. A recent survey by Arthur Young & Co. revealed that out of 15 major employers in California representing 1 million beneficiaries, only one had put into place not only an incentive to utilize a PPO but a *disincentive* for not using one.

If an employee at Pacific Telesis can go to the same hospital through an HMO vs. buying into an indemnity plan through a PPO, and the costs are definitely less on the HMO side, that is where he will go. At the 15 firms surveyed by Arthur Young, more than half of all employees went for the HMO.

Yet another factor likely to push PPOs out of the health care business is that companies are restructuring their health plans to make HMOs virtually the only feasible, full-time option. Employees will not have the choices they've been used to, and if they do elect a choice, it's going to be more expensive.

As inflation heats up, corporations will have the following scenarios to contend with: The average cost of indemnity health care through a PPO is rising at 30% per annum, while the increase is pegged at 8% for HMOs such as those sponsored by

Kaiser Foundation Health Plan Inc. Employers are likely to look at these numbers and decide, "Wait a minute, maybe Kaiser isn't so bad."

In addition, the HMOs will broaden their appeal. Some companies are setting up HMO programs that offer employees some options within the HMO arrangement. It is common knowledge that Allied-Signal Inc. dumped its health care system and instigated an HMO that provided an alternative as well. Employees who join the HMO are given the opportunity to "opt out" of the HMO at the point of service (BI, Feb. 22).

While such company programs are likely to have their operational difficulties, they will surely become the model for a long time. This latest way of providing health care is being developed by First Interstate Bank in Oakland, Calif., and evaluated by others in what augurs to be a rush to embrace this health care option. As a matter of fact, some firms have already mandated that their new hires join an HMO for the first year of employment and forgo any other option during that time.

The consequences for the rest of the nation are obvious, as California tends to be a trend-setter. Eventually, the PPO as it now exists will be squeezed out.

If those that run PPOs want to stay in the health care business, they'll have to abandon the concept as it exists, drastically reduce the number of providers, instigate HMO-type case management and become EPOs—exclusive provider organizations. These EPOs will have to mimic HMOs for different markets—small group cases and individuals who are not usually served by HMOs. For those who expected PPOs to be a white knight and a health care marketing coup, their demise will be a bitter pill to swallow.

*Paul Katz is a principal in the health care consulting group of accounting and consulting firm Arthur Young & Co. in Los Angeles.*

# Waived medical expenses not covered

A Missouri appellate court held that a policyholder under a group health insurance policy could not recover a child's medical expenses that had been waived by a hospital in a medical malpractice settlement.

Larry Bloebaum was covered under his employer's group health insurance policy. While covered, his daughter was admitted to St. Louis Children's Hospital. While she was there as an inpatient, Mr. Bloebaum sued the hospital for medical malpractice. That claim was resolved with a court-approved, substantial monetary settlement. In addition, the hospital waived all rights to reimbursement for the cost of the daughter's medical care.

Mr. Bloebaum filed for medical benefits under the group policy. The insurer refused to honor the claim. Mr. Bloebaum sued but lost in trial court.

The appellate court said that the language of the insurance contract was clear in excluding payment of any kind for services for which no charge was made. Furthermore, the court said that rendition of service did not establish a vested right to payment of benefits, as was asserted by Mr. Bloebaum.

*Bloebaum vs. General American Life Insurance Co., Missouri Court of Appeals, May 26, 1987, motion for rehearing and/or transfer denied June 24, 1987, application to transfer denied*

## Legal briefs

Sept. 15, 1987 (BI/05/July-\$10).

### Only value of loss recoverable

A policyholder under a builder's risk policy was only entitled to recover the value of the premises at the time of destruction and not the policy's full value, a Missouri appellate court ruled.

Alendo Building Co. contracted to construct a 24-unit apartment for \$690,000. Kenneth Jones, the sole stockholder of Alendo, orally agreed with Alendo to purchase, improve and then convey the property to Alendo, also in consideration of \$690,000. Mr. Jones purchased the unimproved real estate for \$54,000.

State Farm Fire & Casualty Co. issued Mr. Jones a builders risk policy for \$690,000 to cover the property during construction. The premium was based on the average amount of liability during the period of construction. When the policy was issued in July 1985, construction had not begun. By November 1985, partial completion had occurred when a fire destroyed everything built to that point.

The parties agreed that the replacement cost value of the building was about \$440,000. Thereafter, Mr. Jones and Alendo filed a proof of loss

claiming \$690,000. After suit was commenced, the insurer paid \$100,000 directly to Mr. Jones and paid about \$340,000 into the court, denying any further liability. The trial court ruled for the insurer.

The appellate court said if the policyholders were allowed to recover \$690,000 for a fire that cost only \$440,000, they would be profiting from the fire. *Jones vs. State Farm Fire & Casualty Co., Missouri Court of Appeals, Dec. 1, 1987 (BI/01/May-\$10).*

### 'Mysterious' losses not covered

Losses disclosed on taking a regular monthly inventory of stock under an all-risks policy, excluding losses due to unexplained or mysterious disappearance, were not covered under the policy, according to the Court of Appeals of North Carolina.

Blue Stripe Inc. operated a retail computer sales business and was covered under an all risks policy issued by USF&G Corp. In March 1983, a regular monthly inventory revealed that a substantial amount of inventory was missing. The police and USF&G were notified. There were no signs of forced entry. The claims agent suggested that the loss might be due to employee theft.

A claim was filed with the insurer. Thereafter, the store's manager visited the store one Sunday and found an unauthorized individual on the premises accompanying a cleaning service worker. The next day an inventory revealed another loss. The police were notified. An investigation revealed the cleaning service employee had a long history of criminal conduct. However, the police determined there was insufficient evidence to prefer charge. USF&G paid the second claim, but continued to refuse to pay the first. The policyholder sued but lost in trial court.

The appellate court noted that the policy specifically exempted from coverage unexpected or mysterious disappearances of property or shortage disclosed in taking inventory.

The court said that it was compelled to honor the exclusion without qualification or exception. *Blue Stripe Inc. vs. USF&G Corp., Court of Appeals of North Carolina, Sept. 15, 1987 (BI/04/May-\$10).*

*These abstracts were prepared by Cases Unlimited Inc. Copies of these decisions are available by sending a \$10 check payable to Cases Unlimited to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. List the number for each opinion.*

If your ad message goes out  
on a wing and a prayer...



your sales may fly the coop!

When sales growth and profitability are your primary goals, effective market penetration must be a major factor. And in the multi-faceted world of commercial insurance, no other medium delivers your ad message

to the total market like Business Insurance. That's because almost everyone who's anyone in the world of business insurance reads Business Insurance. First with the news. First in readership. And, first among advertisers.

# **Business Insurance**

For reach, readership, response and results.

• Review of Law • Guide for Passing All Tests  
**SEC 89 NONDISCRIMINATION LAW**

*Complete manual explains*

- 5 Basic Plan Rules
- 4 Plan Requirements
- Examples of 30 Rules
- 3 Eligibility Tests
- 2 Benefit Tests
- Classification Test
- Concentration Test
- Cafeteria Plan Rules
- Who is "Highly Compensated"
- What is the "Easy Test"
- What is "Line of Business"
- Who are "Excluded Employees"
- When You Comply
- Which Employers Affected

Includes Update For  
**Technical Corrections Act**

**Covers All Rules & Tests!**

**\$5995\***  
 3 or More Manuals  
**\$4995\* each**

**FREE UP-DATE** After Initial Regs are Issued  
 MAKE CHECKS **COMPLIANCE PUBLISHING CO.**  
 PAYABLE TO: P.O. Box 740971 • HOUSTON, TEXAS 77274

ENCLOSED FIND CHECK FOR \$ \_\_\_\_\_ FOR \_\_\_\_\_ MANUALS

COMPANY NAME \_\_\_\_\_

ATTENTION \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_

ZIP \_\_\_\_\_ PHONE NO. \_\_\_\_\_

\*TEXAS RESIDENTS ADD 8% TEXAS SALES TAX

Continued from page 35

**Services provided:** 85% of gross revenues from benefit consulting, 15% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 0.85% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting, actuarial services provided through a joint venture with Byerly-Roeder & Co.

**Welfare plan consulting:** 83.3% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, cost containment services, compliance services.

**Employee benefit communications consulting:** 0.85% of business. Includes general consulting on communications programs, booklet preparation, audiovisual program preparation.

**Other services:** 15% of business. Includes health care and other types of claims administration.

**Locations:** Chicago; Overland Park, Kan.; Baton Rouge and Metairie, La.; Cheyenne, Wyo.

**Staff:** 60 total staff members; including three MBAs, five CEBSs, two CLUs, one CPA, one attorney, four RNs.

**Clients:** 630 total clients; 5% with more than 500 employees, 95% with fewer than 500 employees; 84% corporations, 15% multiemployer plans, 1% individuals.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: senior consultant, \$125-\$175; consultant, \$80-\$100; clerical, \$20-\$40.

**1988 gross revenues:** \$4.5 million total, \$3.9 million from benefit consulting.

**Principal officers:** Robert Byerly, chairman; Robert N. Morehead, president; Alfred A. Gimbel, executive vp; Mark E. Hogan, senior vp; Jane Gruhl, Gerald A. Peters, Bruce T. Tawson and William Raines, vps; Vincent R. Peyton, president-Byerly & Co. of Kansas Inc.; Warren Tasset, president-Byerly & Co. of Wyoming Inc.; William A. Heine, president-Byerly & Co. of Louisiana Inc.; William E. Shannon, president-Byerly & Co. of Illinois Inc.



**METRORECORDS. DEFINED CONTRIBUTION RECORDKEEPING THAT CAN RIDE THE CHANGING TIMES.**

Times change. Especially for defined contribution/401(k) plan sponsors. That's why we designed METRORECORDS™—our advanced, on-line recordkeeping system: To help you keep on top of your ever-changing needs. With METRORECORDS' flexibility we can:

- handle legislative changes at no expense to you
- provide on-line access to participant account information, including all prior transaction details
- address your 401(k) loan requirements with ease.

Get METRORECORDS and control your future. For more information, send the coupon below. Or call Lew DeRisi at (212) 578-5733.

METRORECORDS, Metropolitan Life Insurance Company, Area 9-UV, One Madison Avenue, NY, NY 10010

NAME/CO. \_\_\_\_\_ PHONE \_\_\_\_\_

ADDRESS \_\_\_\_\_ CITY/STATE/ZIP \_\_\_\_\_

**GET MET. IT PAYS.**  
 **Metropolitan Life**  
 AND AFFILIATED COMPANIES

**C**

**The CBI Group**  
 100 S. Prospect Ave., Park Ridge, Ill. 60068; 312-698-1090.

**Year founded:** 1983.  
**Parent company:** Joseph Lemmer & Co.

**Services provided:** 50% of gross revenues from benefit consulting, 50% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 2% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting, consulting on labor negotiations.

**Welfare plan consulting:** 45% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, consulting on labor negotiations, consulting on flexible benefit plans.

**Employee benefit communications consulting:** 3% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, consulting on labor negotiations, consulting on flexible benefit plans.

**Other services:** 50% of business. Includes brokering, flexible benefit plan administration.

**Staff:** Five total staff members; four professionals, including one FSA, one CLU, one CPCU, one CPA, one attorney.

**Clients:** 30% with more than 500 employees, 70% with fewer than 500 employees; 90% corporations, 5% multiemployer plans, 5% individuals; no minimum size client.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: senior consultant, \$85-\$145; consultant, \$50-\$85; clerical, \$20-\$30.

**1988 gross revenues:** Not reported.

**Principal officers:** Joseph Lemmer, president.

**Capital Benefit Plans Inc.**  
 1 Torrington Office Plaza, Torrington, Conn. 06790; 203-496-0000

**Year founded:** 1975.  
**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 30% of business. In

Continued on next page

Continued from facing page  
cludes plan design consulting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.

**Other services:** 70% of business. Includes brokering, employee benefit plan administration.

**Staff:** 17 total staff members; three professionals, including two MBAs, one CEBS.

**Clients:** 10% with more than 500 employees, 90% with fewer than 500 employees; 80% corporations, 20% sole proprietorships and partnerships; no minimum size client.

**Compensation:** By the project; commissions for insurance placed with underwriters.

**1988 gross revenues:** Not reported.

**Principal officers:** Robert E. Chain, president; John A. Grogan, executive vp.

**Century Financial Services**

9040 Kimberly Blvd., Suite 61, Boca Raton, Fla. 33434; 407-479-1313

**Year founded:** 1983.

**Parent company:** Cenvill Development Corp.

**Services provided:** 75% of gross revenues from benefit consulting, 25% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 5% of business. Includes plan design consulting, plan administration consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 60% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, financial plan monitoring, ERISA and Section 89 compliance, negotiation with insurers and service organizations, preparation of utilization review studies, general plan administration and claims settlement assistance, surveys, general research on benefits, state and federal legislative developments, benefit education programs.

**Employee benefit communications consulting:** 10% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation.

**Other services:** 25% of business. Includes brokering.

**Staff:** Seven total staff members; five professionals.

**Clients:** 40% with more than 500 employees, 60% with fewer than 500 employees; 88% corporations, 2% multiemployer plans, 5% individuals; 5% municipalities; minimum size client, 50 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters, on retainer, by the hour.

**1988 gross revenues:** \$586,667 total\*, \$440,000 from benefit consulting.

**Principal officers:** Ronald Reshelsky, president; Richard J. Leonard, president-benefits consulting division; Mitchell L. McEwen, manager-benefits consulting division; Herbert C. Achtmeyer, vp-senior benefit consultant; Catharine B. Rudensey, assistant vp/senior benefit consultant.

\* BI estimate.

**COBRA Compliance Systems Inc.**

Third Floor, Municipal Government Building, Coldwater, Mich. 49036; 517-278-7680; 800-262-6272

**Year founded:** 1974.

**Services provided:** 90% of gross revenues from benefit consulting, 10% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 81% of business. Includes plan design consulting, administration consulting, COBRA and Section 89 compliance consulting.

**Employee benefit communications consulting:** 9% of business. Includes general consulting on communications programs.

**Other services:** 10% of business. Includes publication of administration manuals.

**Staff:** 10 total staff members; four

professionals.

**Clients:** 270 total clients; 30% with more than 500 employees, 70% with fewer than 500 employees; 95% corporations, 5% multiemployer plans; minimum size client, 20 employees.

**1988 gross revenues:** \$611,111 total\*, \$550,000 from benefit consulting.

**Principal officers:** P.J. Doerr, president; S.R. O'Donnell, J.J. Sistanich, vps; Gail P. Doerr, vp-treasurer.

\* BI estimate.

**Consulting Group Inc.**

Suite 200, 5 Country View Road, Malvern, Pa. 19355; 215-889-9100

**Year founded:** 1974.

**Services provided:** 99% of gross revenues from benefit consulting, 1% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 29.7% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, rec-

ord keeping and administration systems consulting, plan administration consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 49.5% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, monthly billings and administration.

**Employee benefit communications consulting:** 19.8% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**Other services:** 1% of business. Includes health care and other types of claims administration.

**Staff:** 41 total staff members; 16 professionals.

**Clients:** 120 total clients; 8% with more than 500 employees, 92% with fewer than 500 employees.

**1988 gross revenue:** Not reported.

**Principal officers:** Alex Johns, president; Harriet Hankin, executive vp.

# SECURITY GUARD & ALARM COMPANIES

## GENERAL LIABILITY INSURANCE PROGRAM

NAPSI, The National Association of Private Security Industries, Is A Purchasing Group Serving The Private Security Industry.

### AGENT AND BROKER INQUIRIES INVITED

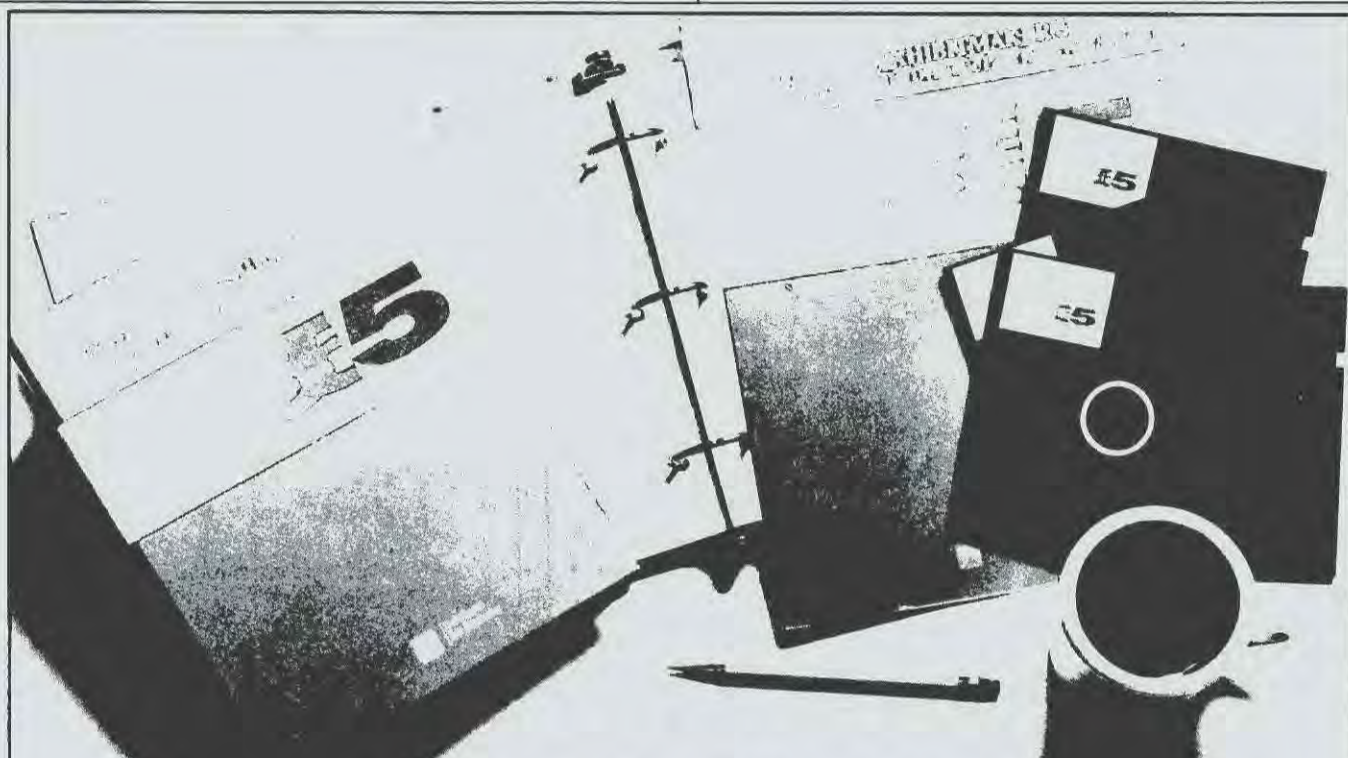
For Complete Information Call

**214-243-8525**

2711 LBJ Freeway

Suite 356

Dallas, Texas 75234



## YEAR-END, YEAR-ROUND, THE RIGHT LOSS RESERVING DECISIONS START RIGHT HERE.

Making the right loss reserving decisions means getting the right information. And that can take hours. Unless you start with this: Exhibitmaker 5 from Coopers & Lybrand. It's where the right loss reserving decisions get off to the right start—in minutes.

Exhibitmaker 5 is not only easy to learn and use, with a completely menu-driven design; it's powerful and sophisticated as well. You can depend on it year-round, as a framework for analysis and decision-making. You'll find it makes your year-end decision-making easier and faster, too.

Use Exhibitmaker 5 to analyze as many as 26 types of loss and claim information. Or to estimate ultimate loss costs and reserves, utilizing up to 44 common actuarial methods. It also generates more than 300 exhibits to help you analyze loss and claim experience. And because it produces data so quickly and efficiently in-house, your cost savings are apparent almost from the start.

Exhibitmaker 5 can also help you streamline your loss reserving process. It's a valuable tool for budgeting and cash-flow analysis—and for

calculating claim reporting and loss-payout patterns, too. It even produces management reports and color graphs.

Year-end, year-round, get your company's loss reserving decisions off to the right start, starting now. Get all the facts on Exhibitmaker 5—the ultimate loss reserving software—including a convenient demonstration. Call Tom Johnson now at 206-622-8700. Or mail the coupon below.

**Coopers & Lybrand** | Solutions for Business<sup>SM</sup>

Mr. Tom Johnson, ARM  
COOPERS & LYBRAND  
First Interstate Center, Suite 1800  
999 Third Avenue  
Seattle, Washington 98104  
Dear Mr. Johnson:  
Please send me more information on Exhibitmaker 5.  
Name and title \_\_\_\_\_  
Company name \_\_\_\_\_  
Address \_\_\_\_\_  
City/State/Zip \_\_\_\_\_  
Telephone (     ) \_\_\_\_\_

BI 12/19/88

Continued from previous page

**Coopers & Lybrand-Actuarial, Benefits & Compensation Group**  
 400 Renaissance Center, Detroit, Mich. 48243; 313-446-7266

**Year founded:** 1961.  
**Parent company:** Coopers & Lybrand.  
**Services provided:** 100% of gross revenues from benefit consulting.  
**Retirement and savings plan consulting:** Includes plan design consulting, actuarial work for defined benefit plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting.  
**Welfare plan consulting:** Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.  
**Employee benefit communications consulting:** Includes general consulting on communications pro-

grams, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**International benefit consulting:** Includes consulting from the United States, consulting provided through associated and member firms in 25 countries.  
**Locations:** Albany, Syracuse and New York, N.Y.; Atlanta; Boston; Chicago; Cleveland and Columbus, Ohio; Dallas; Detroit; Stamford and Hartford, Conn.; Houston; Los Angeles, Newport Beach, San Francisco and San Jose, Calif.; Louisville, Ky.; Minneapolis; Newark, N.J.; Philadelphia; Tampa, Fla.; Washington, D.C.  
**Staff:** 828 total staff members; 649 professionals.  
**Clients:** 7,500 total clients; 30% with more than 500 employees, 70% with fewer than 500 employees; no minimum size client.  
**Compensation:** By the project; by the hour.  
**1988 gross revenues:** \$68 million total, all from benefit consulting.  
**Principal officers:** Jerome Y. Halperin, vice chairman-Actuarial Benefits & Compensation Group; Barry L.

Blazer, regional partner-New York Metro; Harold Dankner, partner/director-national technical services unit; J. Larry Glass, regional partner-Northeast; James A. Hall, regional partner-casualty actuarial services; Reed A. Keller, regional partner-Southeast; John B. Phillips, regional partner-West; Harry D. Spring, regional partner-Southwest; David P. Sunderhaft, regional partner-Midwest.

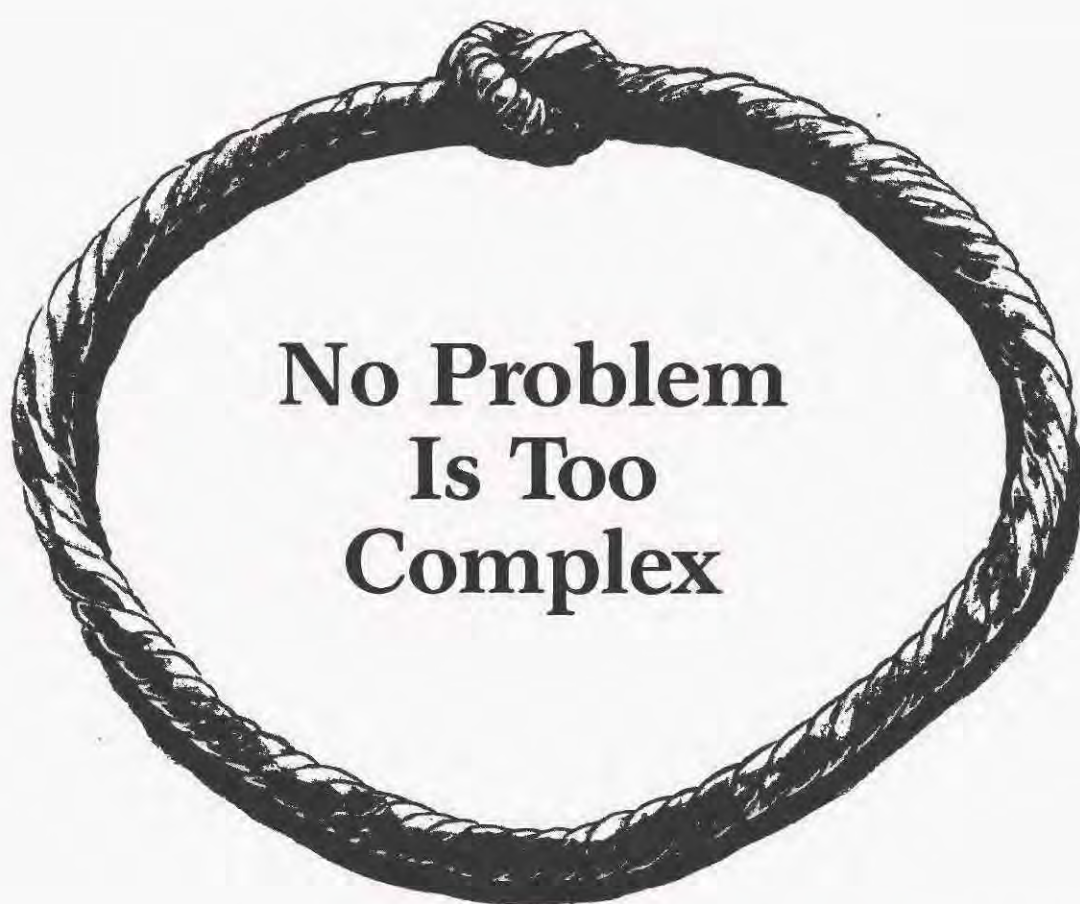
**Corporate Communicators Inc.**  
 P.O. Box 393, Pleasant Valley, Conn. 06063; 203-738-0033

**Year founded:** 1983.  
**Services provided:** 95% of gross revenues from benefit consulting, 5% of gross revenues from activities other than benefit consulting.  
**Employee benefit communications consulting:** 95% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program

preparation, payroll stuffers, posters, benefit letters and employee newsletters.  
**Other services:** 5% of business.  
**Staff:** Five total staff members; three professionals, including one FLMI.  
**Clients:** 60 total clients; 10% with more than 500 employees, 90% with fewer than 500 employees; 80% corporations, 20% non-profit organizations, no minimum size client.  
**Compensation:** By the project; by the hour: senior consultant, \$75; consultant, \$50; clerical, \$12.  
**1988 gross revenues:** Not reported.  
**Principal officers:** Freeman M. Butland, president.

**Corroon & Black: Local Office Benefit Divisions/C&B Consulting Group**  
 Wall Street Plaza, New York, N.Y. 10005; 212-363-4100  
**Year founded:** 1905.  
**Parent company:** Corroon &

Black Corp.  
**Services provided:** 73.3% of gross revenues from benefit consulting, 26.7% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 35.8% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.  
**Welfare plan consulting:** 31.6% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.  
**Employee benefit communications consulting:** 5.2% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, marketing brochures, annual reports, specialty campaigns.  
**International benefit consulting:** 0.7% of business. Includes consulting via overseas correspondents, consulting from the United States.  
**Other services:** 26.7% of business. Includes compensation consulting, brokering, general management consulting, health care and other types of claims administration, structured settlements.  
**Locations:** 96 U.S. locations; 76 foreign locations.  
**Staff:** 555 total staff members; 365 professionals, including those holding FSA, ASA, MBA, CEBS, CLU, CPCU, Ph.D., CPA, attorney, MSPA and EA designations.  
**Clients:** 6,200 total clients; no minimum size client.  
**1988 gross revenues:** \$47 million total, \$34.5 from benefit consulting.  
**Principal officers:** Warren J. Winer, Richard I. Citron, Charles E. Herget, Tom Eakes, Jim Finklestein, Pat Doyle, Dick Fitzgerald, Bill Roark, Howard Wollner and Brian Johnson, managing directors.



**No Problem  
 Is Too  
 Complex**

It takes an expert to unravel the complexities created by diverse reinsurance needs. M&G represents a tradition of strength, knowledge and expertise. Working with your professional reinsurance intermediary, we will evaluate all the possibilities and come up with solid answers . . . answers that will endure.

*The legendary "Gordian Knot", either woven or tied, showed no ends. An oracle proclaimed that whoever undid the knot would be master of the world. Many tried to untie the knot, which was finally unbound by Alexander the Great, who undid it, not with his fingers, but with a sword.*

**M&G Knows The Ropes**



**MERCANTILE  
 AND GENERAL  
 REINSURANCE**

177 Madison Avenue CN 1930  
 Morristown, New Jersey 07960



**Friedman, Eisenstein, Raemer & Schwartz**  
 401 N. Michigan Ave., Chicago, Ill. 60611; 312-644-6000

**Year founded:** 1972.  
**Services provided:** 6% of gross revenues from benefit consulting.  
*Continued on facing page*

*Continued from facing page*  
**Services provided:** 100% of gross revenues from benefit consulting.  
**Retirement and savings plan consulting:** 70% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record

**Clients:** 500 total clients; 95% with more than 500 employees; 5% with fewer than 500 employees; 90% corporations, 10% unions and governmental entities; minimum size client, 350 employees.  
**Compensation:** By the project; by the hour.  
**1988 gross revenues:** Not re-

**Parent company:** John Hancock Financial Services.  
**Services provided:** 50% of gross revenues from benefit consulting, 50% of gross revenues from activities other than benefit consulting.  
**Welfare plan consulting:** 40% of business. Includes plan design consulting, insurer/broker selection con-

## Reinsurance Capacity Available

*Continued from facing page*  
 94% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 5.25% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting.  
**Welfare plan consulting:** 0.5% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.  
**Employee benefit communications consulting:** 0.25% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**Other services:** 94% of business. Includes general management consulting, accounting, auditing, tax and financial consulting.  
**Locations:** Rolling Meadows and Lincolnshire, Ill.  
**Staff:** 250 total staff members; 21 professionals, including one ASA, one MBA, one attorney.  
**Clients:** 725 total clients; 10% with more than 500 employees, 90% with fewer than 500 employees; 97% corporations, 1% individuals; 2% partnerships.  
**Compensation:** By the project; on retainer; by the hour, senior consultant, \$150; consultant, \$80; clerical, \$45; principal, \$170.  
**1988 gross revenues:** \$21 million total, \$1.3 million from benefit consulting.  
**Principal officers:** Mike Schwartz, principal; Jim Goodman, director; Eric Lundstrom, Irwin Steinberg and Larry Baskin, partners.

consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.  
**Welfare plan consulting:** 24% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.  
**Employee benefit communications consulting:** 4% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**Other services:** 70% of business. Includes brokering, general management consulting, health care and other types of claims administration.  
**Locations:** White Plains, N.Y.; Miami and Tampa Bay, Fla.; Dallas; St. Louis; Denver; Chicago.  
**Staff:** 131 total staff members; 55 professionals, including one CEBS, one CLU, two CPAs.  
**Clients:** 400 total clients; 15% with more than 500 employees, 85% with

**HOW TO MASTER THE SECTION 89 PUZZLE**  
 Please send me the following:  
 Newsletter — FREE bi-monthly issues of *Section 89 Alert*.  
 Videotape — *Executive Overview of Section 89* for \$295. (30-day money back guarantee.)  
 VHS  BETA  35mm color slides  
 Technical Training — More information on upcoming *Section 89 Workshops*.  
 Software — FREE sample printouts from the *Section 89 Analyzer*.  
 Software — Fully functional test package of *Section 89 Analyzer* for \$100. (\$100 is non-refundable and applies to full price of software.)

Check enclosed     VISA     MC     Am. Ex.     Optima

Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_

Exact name on card \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_


Address (No P.O. Boxes) \_\_\_\_\_ Suite \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ 180

**YOUR ORDER WILL BE SHIPPED IN 48 HOURS!**  
 MAIL TO: Mayer Hoffman McCann, 420 Nichols Road, Kansas City, MO 64112


### INTRODUCING 4 NEW SOLUTIONS TO THE SECTION 89 PUZZLE



**HOW TO SOLVE  
THE SECTION 89  
PUZZLE**

- Bi-monthly newsletter "*Section 89 Alert*"™
- 30-minute video "*Executive Overview*"
- 2-day Technical Workshop
- Software "*Section 89 Analyzer*"

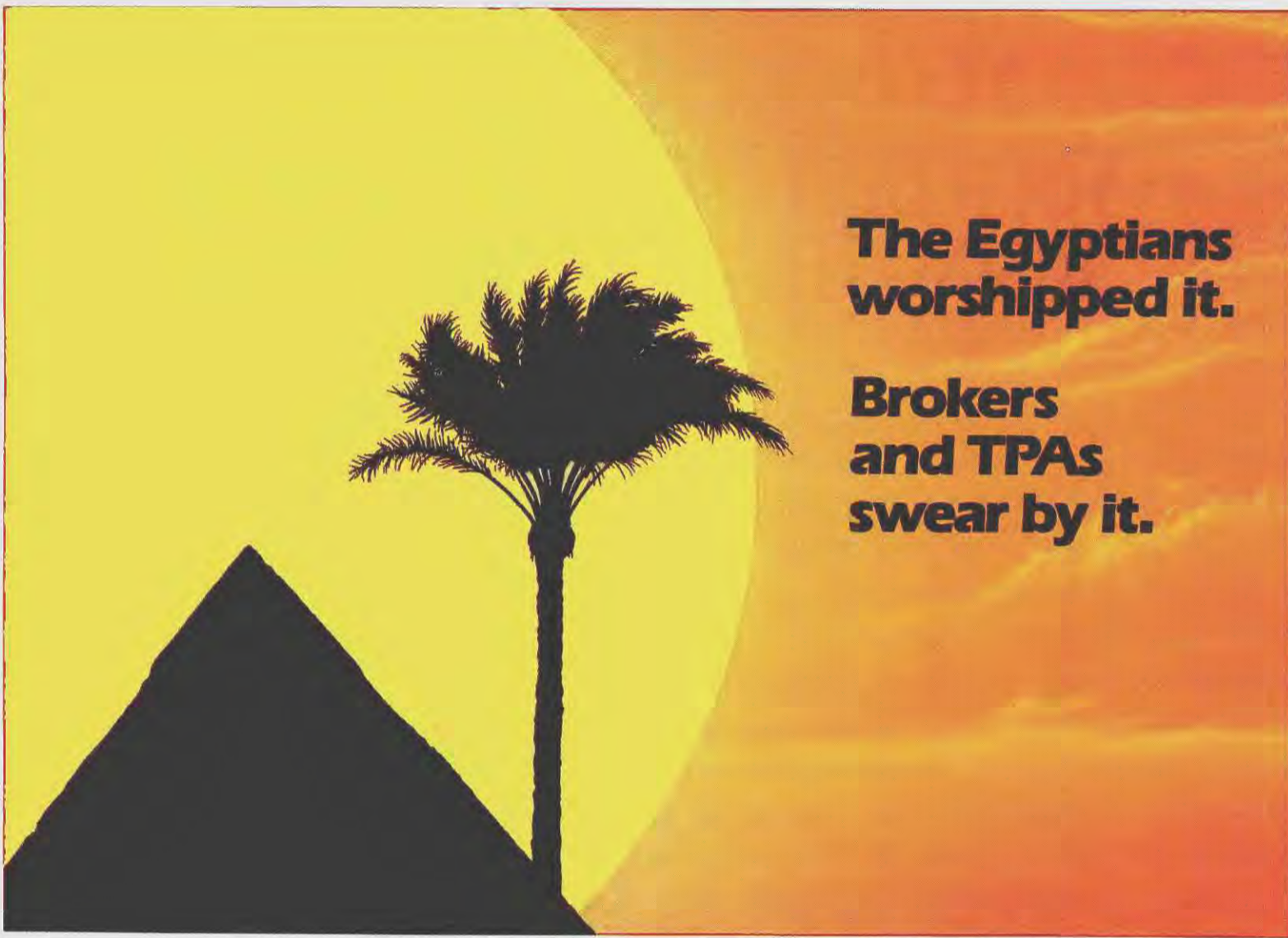
For **FREE** Newsletter and Sample Kit  
**CALL 800-433-2292**  
**OR 816-753-3870 (IN MO)**



**MAYER HOFFMAN McCANN**  
 CERTIFIED PUBLIC ACCOUNTANTS  
 420 Nichols Road, Kansas City, MO 64112

**Fringe Benefit Review Inc.**  
 6100 Fairview Road, Charlotte, N.C. 28211; 704-552-0900

**Year founded:** 1978.  
**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.  
**Welfare plan consulting:** 27% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.  
**Employee benefit communications consulting:** 3% of business. Includes benefit statement preparation, booklet preparation.  
**Other services:** 70% of business. Includes brokering, health care and other types of claims administration.  
**Locations:** High Point and Raleigh, N.C.  
**Staff:** 120 total staff members; 15 professionals, including five MBAs, five CLUs, one CPA, two RNs.  
**Clients:** 200 total clients; 10% with more than 500 employees, 90% with fewer than 500 employees; 100% corporations.  
**Compensation:** By the project; commissions for insurance placed with underwriters; by the hour: senior consultant, \$200; consultant, \$135; clerical, \$50.  
**1988 gross revenues:** \$5 million total; \$1.5 million\* from benefit consulting.  
**Principal officers:** F. Richard Atkinson, president; Jerry Castelloe, vp/chief operating officer; John Scarborough, Susan Kinzler and Pat Clark, assistant vps.  
 \* BI estimate.



The Egyptians worshipped it.

Brokers and TPAs swear by it.

The Sun. To the Ancients, it was a god. Today, it represents Sun Life of Canada—a leading provider of Group Life, WI, LTD and Dental benefits.

We are also a leader in Stop-Loss protection. Our *Excess Risk* plans provide large, self-insured companies with superior protection against catastrophic aggregate and individual claims. And we provide brokers and TPAs with an easy-to-sell, easy-to-renew package that is unsurpassed in the industry.

To experience the strength of the Sun, contact our nearest office: Atlanta, Baltimore, Boston, Chicago, Cleveland, Detroit, Houston, Indianapolis, Los Angeles, New Orleans, Philadelphia, Pittsburgh, Seattle, Tampa and San Juan.



Setting the standard in stop-loss.

G

**Arthur J. Gallagher & Co.-Gallagher Benefits Services**  
 10 Gould Center, Rolling Meadows, Ill. 60008; 312-640-8500

**Year founded:** 1927.  
**Parent company:** Arthur J. Gallagher & Co.  
**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 2% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems

# DENTAFITS, INC.

Can Provide  
**STOP LOSS COVERAGE FOR**

►Dental ►Vision

►Prescription Drug

**GROUP BENEFIT PLANS**

For quotes or information call or write:  
**Debbie Boucher**  
P.O. Box 3209, 527 E. Rowland Ave.  
Covina, CA 91722 (818) 967-2878  
FAX (818) 332-5778

Continued from previous page  
professionals.

**Clients:** 18 total clients; 100% with more than 500 employees.

**Compensation:** By the project; by the hour.

**1988 gross revenues:** Not reported.

**Principal officers:** James A. Wermert, executive director.

## Hewitt Associates

100 Half Day Road, Lincolnshire, Ill. 60015; 312-295-5000

**Year founded:** 1940.

**Services provided:** 85% of gross revenues from benefit consulting, 15% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 50% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration

consulting, consulting on selection of investment managers, asset accumulation/investment consulting.

**Welfare plan consulting:** 20% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, flexible compensation program administration.

**Employee benefit communications consulting:** 10% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, interactive software, employee listening programs.

**International benefit consulting:** 5% of business. Includes consulting via overseas branch offices, consulting via overseas correspondents, consulting from the United States.

**Other services:** 15% of business. Includes compensation consulting, health care and other types of claims administration

**Locations:** 24 offices in 23 locations.

**Staff:** 2,220 total staff members; 1,400 professionals, including 92 FSAs, 65 ASAs, 105 MBAs, three CEBSs, three CLUs, 11 Ph.D.s, 29 CPAs, 40 attorneys.

**Clients:** 2,150 total clients; 90% with more than 500 employees, 10% with fewer than 500 employees; 99% corporations, 1% multiemployer plans; no minimum size client.

**Compensation:** By the hour.  
**1988 gross revenues:** \$182 million total, \$155 million from benefit consulting.

**Principal officers:** Peter E. Friedes, chief executive.

## A. Foster Higgins & Co. Inc./Johnson & Higgins

125 Broad St., New York, N.Y. 10004; 212-574-9000

**Year founded:** 1845.

**Parent company:** Johnson & Higgins.

**Services provided:** 85% of gross

revenues from benefit consulting, 15% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 32% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting, executive benefits consulting, administrative consulting.

**Welfare plan consulting:** 39% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, retiree health care, health care cost containment, flexible compensation consulting.

**Employee benefit communications consulting:** 7% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** 7% of business. Includes consulting via overseas branch offices, consulting via overseas correspondents, consulting from the United States.

**Other services:** 15% of business. Includes compensation consulting, brokering in insurance.

**Locations:** 52 locations in the United States, 28 foreign locations.

**Staff:** 1,400 total staff members; professional staff includes 43 FSAs, 57 ASAs, 48 MBAs, 35 CEBSs, 45 CLUs, three Ph.D.s, five CPAs, 21 attorneys.

**Clients:** Not reported; no minimum size client.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: \$25-\$300.

**1988 gross revenues:** Not reported.

Continued on facing page

# TEN REASONS YOU NEED AMERICAN GENERAL GROUP INSURANCE COMPANY:

## 1 Group Life

- Term Life
- Supplemental Life
- Creditor Life

## 2 Medical

- Comprehensive Major Medical
- Supplemental Major Medical
- Basic Medical

## 3 Accidental Death & Dismemberment

- Protection for loss of limb, sight or life
- Double indemnity benefits
- Creditor protection
- Mortgage redemption
- Voluntary payroll deduction AD&D

## 4 Disability Income

- Short-term
- Long-term
- Mortgage payments benefits

## 5 Dental

- Preventive
- Restorative
- Replacement
- Orthodontics

## 6 Prescription Drug Plans

- PCS card
- Outpatient prescription drugs

## 7 Vision Care

- Vision examinations
- Materials (frames/lenses)

## 8 Cost Containment and Utilization Management Services

- Preferred Provider Organizations
- Utilization Review
- Case Management
- Claims Management Reports

## 9 Compliance Services

- Flexible benefits administration
- COBRA administration
- Section 89

## 10 Alternative Funding Arrangements

- ASO
- Minimum Premium
- Cost-Plus
- Premium Delay
- Retrospective Funding
- Reserveless Funding
- Specific Stop Loss
- Aggregate Stop Loss
- Net Cost Life Insurance

### Commitment to Excellence

American General Group Insurance Company has always maintained a standard of excellence. We invite you to let us quote your next group insurance coverage. Only then can you understand how we respond to our clients' specific needs... and why we're one of the country's largest and most respected group insurance companies!

For more information on AGGIC — what we sell and what we can do — contact the office nearest you:

**Central Region**  
American General Group Insurance Company  
3988 North Central Expressway  
Dallas, Texas 75204  
(214) 841-1143

**Eastern Region**  
American General Group Insurance Company of Florida  
1301 Gulf Life Drive  
Jacksonville, Florida 32207  
(904) 390-7043

**Western Region**  
American General Group Insurance Company of California  
2020 L Street  
Sacramento, California 95814  
(916) 449-6580

## American General Group Insurance Company

A Subsidiary of American General Corporation



A better way to control health care costs.



Control Data Corporation  
P.O. Box 20775  
Minneapolis, MN 55420-0775

StayWell and EAR are registered trademarks of Control Data Corporation

Broker inquiries welcomed—612-853-3772

# The Standard of Excellence in Employee Benefits

Managing benefit resources has become a tremendous responsibility and many employers are looking for CEBS graduates for their benefit departments. Why? Because CEBS is *the* standard of excellence in the benefits field.

Certified Employee Benefit Specialist (CEBS) is awarded to individuals who successfully complete a series of ten college level courses and examinations covering the design and operation of employee benefit plans. The program is cosponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

For more information, contact the CEBS Department at the International Foundation headquarters.



**Certified Employee Benefit Specialist**  
Post Office Box 69, Brookfield, WI 53008-0069, (414) 786-6700

tead, Ed Koons, Donald Samples, Joseph Sapora and Allen Stiteler, senior vps.

## Hazlehurst & Associates Inc.

400 Perimeter Center Terrace,  
Suite 850, Atlanta, Ga. 30346;  
404-395-9880

**Year founded:** 1971.

Continued on facing page

Continued from facing page

**Principal officers:** John N. Feldtmose, president; Robert C. Phillips, executive vp; Robert L. Bein, region manager, Mid-Atlantic; Edward J. Davey, practice leader-legal/research; Frank J. DiBernardino, practice leader-flexible compensation; Richard H. Hammond Jr., region manager-Atlantic; Peter J. Hughes, region manager-Northeast; Richard J. Knapp, practice leader-communications; Kenneth Koch Jr., region manager-Pacific; Paul D. Mead, practice leader-health/welfare; David E. Norwood, region manager-South Central; Robert B. Cliff, Robert H. Shannon, Gregory J. Wiber and Harry S. Purnell, client leaders; David P. Rahill, practice leader-health care cost containment; Edward J. Riley Jr. and Adolph Seidensticker, region managers; Patricia L. Wilson, practice leader-retiree health care.

**Hofgard & Co.**

1871 S. Folsom, Boulder, Colo. 80302; 303-442-1000

**Year founded:** 1956.  
**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 1.5% of business. Includes plan design consulting, record keeping and administration systems consulting, plan administration consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 27% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 1.5% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**Other services:** 70% of business. Includes brokering insurance, health care and other types of claims administration.

**Staff:** 19 total staff members; eight professionals, including one MBA, one CLU, one CPA, one attorney.

**Clients:** Total clients not reported; 10% with more than 500 employees, 90% with fewer than 500 employees; 90% corporations, 5% multiemployer plans, 5% individuals; minimum size client, 10 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; by the hour: senior consultant: \$125; consultant, \$100; clerical, \$20.

**1988 gross revenues:** \$1 million total, \$300,000\* from benefit consulting.

**Principal officers:** William G. Hofgard, president; Mark William Hofgard, Susan Gercken and Linda Anderson, vps; Edna Hofgard, secretary/treasurer.

\* BI estimate.

**Holzman Post Ludwig & Schwartz Chtd.**

125 S. Wilke Road, Arlington Heights, Ill. 60005; 312-392-2999

**Year founded:** 1977.

**Services provided:** 90% of gross revenues from benefit consulting, 10% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 85% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, plan/trust legal document drafting, plan administration consulting, asset accumulation/investment consulting.

**Employee benefit communications consulting:** 5% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation.

**Other services:** 10% of business. Includes investment brokerage and consulting.

**Staff:** 31 total staff members; 24 professionals, including eight CPAs, two attorneys, one EA.

**Clients:** 700 total clients; 1% with more than 500 employees, 99% with fewer than 500 employees; 95% cor-

porations, 5% individuals; no minimum size client.

**Compensation:** By the project; on retainer; by the hour: senior consultant, \$125-\$160; consultant, \$50-\$115; clerical, \$35-\$45.

**1988 gross revenues:** \$1.8 million total, \$1.7 million from benefit consulting.

**Principal officers:** Mark Schwartz, president; George F. Castillo, vp; William C. Ludwig, treasurer; Ira A. Post, secretary.

**Hunter & Associates**

9842 Hibert St., Suite 152, San Diego, Calif. 92131; 619-578-7461

**Year founded:** 1984.

**Services provided:** 95% of gross revenues from benefit consulting, 5% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 3% of business. Includes plan design consulting, plan/trust legal document drafting, plan administration consulting.

**Welfare plan consulting:** 62% of business. Includes plan design consulting, legal document drafting.

**Employee benefit communications consulting:** 30% of business. Includes general consulting on communications programs, booklet preparation, plan summary drafting.

**Other services:** 5% of business. Includes general management consulting, health care and other types of claims administration, claims policies, personnel policy manuals.

**Staff:** Five total staff members; three professionals, including one MBA.

**Clients:** 180 total clients; 45% with more than 500 employees, 55% with fewer than 500 employees; 95% corporations, 5% multiemployer plans; minimum size client, 25 employees.

**Compensation:** By the project; by the hour: senior consultant, \$140; consultant, \$70.

**1988 gross revenues:** Not reported.

**Principal officers:** David H. Gluck, president; Susan L. Waybourn, vp; D. Bentley, officer manager.



**JBI Health Services Group**

7811 Montrose Road, Potomac, Md. 20854; 301-251-8600

**Year founded:** 1976.

**Parent company:** American International Group Inc.

**Services provided:** 35% of gross revenues from benefit consulting, 65% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 20% of business. Includes plan design consulting, evaluation of other service providers, HMO evaluation, claims data analysis, health care provider direct contracting.

**Employee benefit communications consulting:** 5% of business. Includes cost containment communications.

**International benefit consulting:** 10% of business. Includes consulting from the United States, via joint ventures with parent company.

**Other services:** 65% of business. Includes utilization review and facilities management services.

**Locations:** Madrid, Spain; San Mateo, Calif.

**Staff:** 37 total staff members; 25 professionals, including three MDs, five RNs.

**Clients:** Total clients not reported; 100% corporations; minimum size client, 100 employees.

**Compensation:** By the project; by the hour.

**1988 gross revenues:** \$32.5 million total, \$2 million from benefit consulting.

**Principal officers:** Thomas C. Ramey, president; Dr. William J. Kane, senior vp; David B. Snow, vp-operations; Robert F. Atlas, vp-consulting; Richard H. Eskow, vp-analytical services.

**Thomas L. Jacobs & Associates Inc.**

230 W. Monroe, Suite 545, Chicago, Ill. 60606; 312-346-0155

**Year founded:** 1915.

Continued on next page

# An executive perk you can afford to offer every employee anywhere in North America.

Now you can afford to offer every employee premium quality health care. You can even offer employees their choice of doctors and facilities.

At the same time, you can save as much as 30% over what you're currently spending on their medical care.

This perk is not from an insurance company or HMO. It's from Health Risk Management (HRM), an independent managed care company.

We act as an objective patient advocate for your employees to make sure they receive only necessary, high quality care. At the same time, we are a business advocate for your company.

Besides negotiating better health care fees, we provide the communications and the data analysis you need to manage quality while cutting costs. And we do it for clients all over the U.S. and Canada.

*In fact, since 1977 we've saved millions of dollars for companies like BP America (formerly Standard Oil), Motorola and Honeywell.*

The "HRM FACT BOOK" shows you how. For a free copy, call LoAnn Shepard today at 800 824-3882.



**HRM**

Health Risk Management, Inc.  
Minneapolis, Minnesota

Continued from previous page

**Services provided:** 45% of gross revenues from benefit consulting, 55% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 45% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, operating reviews, claims audits, training.

**Other services:** 55% of business. Includes general management consulting, health care and other types of claims administration, disability benefit consulting and claims administration.

**Locations:** Philadelphia.  
**Staff:** 75 total staff members; 55 professionals, including three MBAs, two CEBSs, two FLMI's, eight RNs.

**Clients:** 120 total clients; 80% with more than 500 employees; 20% with fewer than 500 employees; 100% corporations.

**Compensation:** By the project; on retainer; by the hour: senior consultant, \$175; consultant, \$125; clerical, \$25.

**1988 gross revenues:** \$9 million

total, \$5 million from benefit consulting.

**Principal officers:** Richard A. Lewis, president; Richard H. Wille, executive vp; George Krzymien, vp/controller; Daniel V. Rousseau, vp/marketing; Randall Schrader, vp-systems.

**Fred S. James & Co. Inc.- James Benefits Division**

600 Montgomery St., Third Floor, San Francisco, Calif. 94111; 415-983-5250

**Year founded:** 1858.

**Parent company:** Sedgwick Group P.L.C.

**Services provided:** 20% of gross revenues from benefit consulting, 80% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 7% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record

keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting.

**Welfare plan consulting:** 91% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 1% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** 1% of business. Includes consulting via overseas branch offices, consulting from the United States.

**Other services:** 100% of business. Includes brokering.

**Locations:** 48 locations in the United States and abroad.

**Staff:** 465 total staff members.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour.

**1988 gross revenues:** \$41 million total, \$8 million from benefit consulting.

**Principal officers:** Carroll D. Cox, president; Ronald W. Moreland, chief operating officer; Rea B. Campbell, chief financial officer; Edward Wood, Northwest director; Tom Keasal, Southwest-director; Frank LeFurgy, Eastern-director; Jack Doerr, Central-director.

**The Johnson Cos.**

1 Summit Square, Route 413 & Doublewoods Road, Langhorne, Pa. 19047; 215-968-4741

**Year founded:** 1951.

**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 15% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration sys-

tems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 10% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting.

**Employee benefit communications consulting:** 5% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**Other services:** 70% of business. Includes compensation consulting, brokering, health care and other types of claims administration, defined contribution record keeping, actuarial services.

**Locations:** Boston; Dover, Del.; Washington, D.C.

**Staff:** 250 total staff members; 150 professionals.

**Clients:** Total clients not reported; 50% with more than 500 employees, 50% with fewer than 500 employees; 100% corporations; no minimum size client.

**Compensation:** Commissions for insurance placed with underwriters; on retainer; by the hour.

**1988 gross revenues:** Not reported.

**Principal officers:** Edwin T. Johnson, chief executive officer; R. Theodore Benna, E. Thomas Johnson Jr. and J. Lawrence Hager, principals; David O. Oberkircher and Trisha Brambley, vps.

**Johnson & Muir Inc.**

Suite 706, Meridian Bank Building, Easton, Pa. 18042; 215-250-0661

**Year founded:** 1984.

**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 10% of business. Includes plan design consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 15% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 5% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation.

**Other services:** 70% of business. Includes compensation consulting, brokering, general management consulting.

**Locations:** Allentown, Pa.

**Staff:** Seven total staff members; three professionals, including one MBA, one CEBS, one CLU.

**Clients:** 20 total clients; 20% with more than 500 employees; 60% corporations, 10% multiemployer plans, 10% individuals; 20% Taft-Hartley Trust Plans; minimum size client, 50 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; by the hour: senior consultant: \$125; consultant, \$75; clerical, \$35.

**1988 gross revenues:** Not reported.

**Principal officers:** Carl A. Curcio Jr., president/chief executive officer/treasurer; James W. Baker, vp/secretary.

# TRAVIS SOFTWARE'S Sec. 89 Testing System

**New Lower Pricing! Technical Corrections Provisions Included.  
 Over 1,000 copies already installed.**

Travis Software has developed the Section 89 Benefit Discrimination Testing Manager to help employers, consultants, accountants, and administrators meet the testing requirements of Section 89 of the Internal Revenue Code, and have the information required to make benefit plan design changes, if any.

The Travis Benefit Discrimination Testing Manager is available in two modules—

**THE SEC. 89 DATA COLLECTION SYSTEM MODULE**, includes a relational database for gathering and storing the tremendous amounts of data specifically required for SEC. 89, much of which employers have not previously recorded. The system accepts downloaded data from any automated personnel or payroll system. It records all the required data about employees, their family members and benefit plans so that discrimination testing may be performed. Automatically determines who's eligible for what benefit plan.



**THE SEC. 89 TESTING SYSTEM MODULE** does the following:

- Determines who are Highly Compensated Employees
- Performs the actual testing required by SEC. 89 for life/health plans
- Provides testing method choices to accommodate varying interpretations of the law.
- Calculates discriminatory excess for income reporting purposes.
- Performs "What-If" analysis for redesign of benefit plans.
- Reports results of tests so that benefit plan design changes, if any, may be made.

**SUPPORT and UPDATES** Travis Software Corp. supports the SEC. 89 BENEFIT DISCRIMINATION TESTING MANAGER users by offering telephone support and by developing additional capabilities to the system. The system will be updated as regulations are issued on the SEC. 89 law changes (such as with technical corrections), assuring users of the continuity and current adherence required for proper compliance.

**DATA COLLECTOR** is available for as little as \$495.  
**TESTING SYSTEM** is available in single employer or multi-employer versions (multi-employer version as low as \$4,995.)

## TRAVIS SOFTWARE'S OTHER EMPLOYEE BENEFIT SYSTEMS



**Flexible Benefit Plan Administration**

Designed for complete flexible benefit plan administration. Operators need not be benefit plan experts. Supports any number of employee selections and deduction amounts, prints verification and enrollment forms and performs duplicate claims checking. The system includes user-definable **BENEFIT CREDIT CALCULATIONS**. Available in single or multi-employer versions as low as \$2995.

**FUNCTIONS INCLUDE**

- Generates annual election forms for each employee.
- Automatic pre-stored interface with payroll system to track and post salary deduction data regardless of payroll frequency.
- Generates statements listing transactions for each participant's accounts.
- Automatically produces reimbursement checks for eligible benefits in accordance with parameters determined by IRC Section 125.
- Handles "full-flex" plans.
- Handles pending claims.
- Generates an Explanation of Benefits form with each payment.
- Provides complete summary financial reporting.
- Full Report Module

**ALSO RETIREE PREMIUM BILLING MANAGER**

Administers Retiree Medical Plans, Reduced Benefit Plans and other "non-deduct" plans requiring payments by retirees, those on leave of absence, etc. Generates billings at user-selected frequency, maintains receivables aging file, tracks account status and supplies data on primary and supplemental carriers as well as management summary reports. The system is available in single or multi-employer versions, and is only \$1295 for the single employer version.

**ALL TRAVIS SOFTWARE SYSTEMS—**

—are for use on IBM PC<sup>1</sup>, PC/XT, PC/AT, Personal System 2, COMPAQ<sup>2</sup>, or 100% compatibles, using PC-DOS<sup>3</sup> or MS-DOS<sup>4</sup>; Series 2, 3 or 4.0 with 512K main memory and a hard disk. No other software required.  
<sup>1</sup>TM of International Business Machines Corp.  
<sup>2</sup>TM of COMPAQ Computer Corp.  
<sup>3</sup>TM of Microsoft Corp.

**DISTRIBUTOR and RESELLER  
 Inquiries Invited**



**Cobra Administration  
 CORPORATE COBRA  
 MANAGER**

The most popular COBRA Administration system available today! The system automatically produces up to 29 letters, forms and documents required by COBRA. Easy-to-use and complete. Used by over 2000 organizations.

**SUMMARY OF FUNCTIONS**

- Notification of Eligibility
- Enrollment Form and Times Premium Calculations
- Handles Secondary Qualifying Events
- Tracking of Eligibility Periods for Each Participant
- Management report Module
- Change of Address Function
- Termination Letters
- Premium Delay Capability
- Monthly Premium and Eligibility Reports to Vendors
- Monthly Premium Notices or Coupons
- Late Premium Notices (user-specified)
- 2% Add-on (user-specified) can be delayed for compliance with state continuation laws
- Additional Copies for Files
- Complete Audit Trail
- Multi level Password
- Includes Technical Corrections Provisions

**OPTIONS (Add'l Cost)**

- Custom Letter Writer
- Custom Report Writer
- Downloading

**SINGLE EMPLOYER  
 VERSION AS LITTLE**

AS **\$1295.**

**MULTI-EMPLOYER  
 VERSION AS LOW AS**

**\$3750.**

**713-496-3737**

FOR FURTHER INFORMATION CALL

**Travis Software**

1001 S. Dairy Ashford, Suite 206 • Houston, Texas 77077

Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Street \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_  
 Telephone \_\_\_\_\_

PLEASE SEND MORE INFORMATION ON:

- BENEFIT DISCRIMINATION TESTING MGR.
- CORPORATE COBRA MANAGER
- CORPORATE FLEX MANAGER
- RETIREE PREMIUM BILLING MANAGER
- PLEASE TELEPHONE ME

**K**

**Keenan & Associates**

2355 Crenshaw Blvd., Suite 200, Torrance, Calif. 90501; P.O. Box 4328, Torrance, Calif. 90510; 213-212-3344

**Year founded:** 1972.

**Services provided:** 49% of gross revenues from benefit consulting, 51% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 49% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, brokering to insurers.

**Other services:** 51% of business. Includes brokering, health care and other types of claims administration, risk management consulting.

Continued on facing page

Continued from facing page

**Locations:** Chico, Riverside, Sacramento, San Diego, San Jose, Fresno, San Rafael, Santa Ana and Thousand Oaks, Calif.

**Staff:** 220 total staff members; 50 professionals, including one CEBS, eight CLUs, two CPCUs, one CPA, two ChFCs, two ARMs, one FLMI.

**Clients:** 500 total clients; 40% with more than 500 employees, 60% with fewer than 500 employees; 10% corporations and hospitals, 90% public entities.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: senior consultant, \$175; consultant, \$150; clerical, \$40.

**1988 gross revenues:** \$16 million total, \$7.9 million from benefit consulting.

**Principal officers:** John R. Keenan, president; Frederick A. Johnson, executive vp; John L. Kuykendall and Don Pope, vps.

**Kwasha Lipton**

2100 N. Central Road, Fort Lee, N.J. 07024; 201-592-1300; 212-279-6800

**Year founded:** 1944.

**Services provided:** 95% of gross revenues from benefit consulting, 5% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 70% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 10% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, group benefits administration software.

**Employee benefit communications consulting:** 10% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, management training programs.

**International benefit consulting:** 5% of business. Includes consulting via overseas correspondents, consulting from the United States.

**Other services:** 5% of business. Includes compensation consulting, software design, systems consulting.

**Staff:** 315 total staff members; 276 professionals, including 22 FSAs, 23 ASAs, eight MBAs, three CPAs, four attorneys, 37 MAAs, two FCIs, 10 FCAs, 12 MCAs.

**Clients:** 400 total clients; 95% with more than 500 employees, 5% with fewer than 500 employees; 97% corporations, 3% multiemployer plans; no minimum size client.

**Compensation:** By the project; by the hour.

**1988 gross revenues:** Not reported.

**Principal officers:** Richard C. Sears, chief executive partner; David Skovron, chief operating partner.

**L**

**LFS Benefit Services**

271 W. Cerritos Ave., Anaheim, Calif. 92805-6549; 714-774-8051; 800-227-3612

**Year founded:** 1974.

**Services provided:** 35% of gross revenues from benefit consulting, 65% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 17% of business. Includes plan design consulting, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting.

**Welfare plan consulting:** 9% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 9% of business. Includes general consulting on communications programs, benefit state-

ment preparation, booklet preparation, audiovisual program preparation, employee presentations.

**Other services:** 65% of business. Includes compensation consulting, brokering, general management consulting, health care and other types of claims administration, COBRA compliance, Section 89 consulting, central benefit billing.

**Staff:** Eight total staff members; two professionals.

**Clients:** 50 total clients; 10% with more than 500 employees, 90% with fewer than 500 employees; 90% corporations, 10% individuals; minimum size client, 20 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: senior consultant, \$100; consultant, \$80; clerical, \$20.

**1988 gross revenues:** \$320,000 total, \$112,000 from benefit consulting.

**Principal officers:** Alfred O. Long, president/chief executive officer; Mark E. Long, vp/chief financial officer/chief operating officer, Marcia E. Long, vp.

**Laventhol & Horwath/  
Retirement & Employee  
Benefit Consulting  
Associates Division**

1845 Walnut St., Philadelphia, Pa. 19103; 215-299-1600

**Year founded:** 1963.

**Parent company:** Laventhol & Horwath.

**Services provided:** 95% of gross revenues from benefit consulting, 5% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 80.75% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting.

**Welfare plan consulting:** 4.75% of business. Includes plan design

consulting, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 9.5% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**Other services:** 5% of business. Includes health care and other types of claims administration.

**Locations:** New York; Lyndhurst, N.J.; Boston; Phoenix; Chicago; Indianapolis.

**Staff:** 160 total staff members; 80 professionals.

**Clients:** Total clients not reported; no minimum size client.

**Compensation:** By the project; by the hour: senior consultant, \$200-\$290; consultant, \$140-\$190.

**1988 gross revenues:** Not reported.

**Principal officers:** Robert Auster, national director-Phoenix; Lewis Siegel, national technical director-N.J.; Les Laiken; David Schactman; Art Tapfe; Sam Savitz.

**M**

**Medeval Corp.**

1920 Highland Ave., Suite 316, Lombard, Ill. 60148; 312-629-5900

**Year founded:** 1982.

**Welfare plan consulting:** Includes medical recommendations to client companies that self-insure and self-administer income continuation plans.

**Staff:** 10 total staff members; professional staff includes seven RNs.

**Clients:** 65 total clients; 100% with more than 500 employees; 100% corporations; minimum size client, 1,000 employees.

**Compensation:** By the project.

**1988 gross revenues:** Not reported.

**Principal officers:** Ronald F. Smentek, president; Dennis Streelman, vp.

Continued on next page

The  
manager  
professional,  
penny-pinching,  
nickel-nursing,  
dollar-  
stretching  
group.



We'll squeeze every cent out of your group health care coverage from Mutual of Omaha - with state-of-the-art cost-containment procedures and a management analysis and reporting system that's the standard of the industry.

**Mutual  
of Omaha**  
Companies  
Group Operation

**The Managed-Cost Professionals.™**

For more information on Mutual of Omaha's pioneering cost-containment ideas, send your business card to John McCandless, Director of National Accounts, Mutual of Omaha Group Operation, Mutual of Omaha Plaza, Omaha, NE 68175

**Spotlight report**

Continued from previous page

**MEDSTAT Systems Inc.**

777 E. Eisenhower Parkway, Suite 500, Ann Arbor, Mich 48103; 313-996-1180

**Year founded:** 1981.  
**Services provided:** 100% of gross revenues from benefit consulting.  
**Welfare plan consulting:** 100% of business. Includes plan design consulting, insurer/broker selection consulting.  
**Locations:** Boston and San Francisco.  
**Staff:** 91 total staff members; 63 professionals, including 13 MBAs, one CEBS, two Ph.D.s, one CPA.  
**Clients:** Total clients not reported; 100% with more than 500 employees;

95% corporations 5% consulting firms and research organizations.  
**Compensation:** By the project.  
**1988 gross revenues:** \$7 million, all from benefit consulting.  
**Principal officers:** Ernest G. Ludy, chairman/chief executive officer; Laurence J. Hagerty, president/ chief operating officer, Dennis J. Becker, vp-marketing; Ross Coffey, vp-client services; J. Dennis Bush, vp-product development.

**William M. Mercer Inc.**

1211 Ave. of the Americas, New York, N.Y. 10036 212-997-7171  
**Year founded:** William M. Mercer Inc. and Meidinger Inc. merged in February 1984; the company merged with A.S. Hansen in February 1987.

Merger was founded in 1937, Meidinger was founded in 1936, Hansen was founded in 1930.  
**Parent company:** Marsh & McLennan Cos. Inc.  
**Services provided:** 89% of gross revenues from benefit consulting, 11% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 66% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.

**Welfare plan consulting:** 19% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, health care cost management consulting.  
**Employee benefit communications consulting:** 4% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, interactive benefit communication systems.  
**International benefit consulting:** Includes consulting via overseas branch offices, consulting via overseas correspondents, consulting from the United States.  
**Other services:** 11% of business. Includes compensation consulting,

actuarial consulting, human resource consulting.  
**Locations:** 49 in the United States; 51 foreign locations.  
**Staff:** 5,982 staff members; 2,752 professionals, including 423 FSAs, 258 ASAs, more than 30 CEBSs, more than 20 Ph.D.s, more than 90 attorneys, 97 EAs.  
**Clients:** More than 16,000 total clients; 50% with more than 500 employees, 50% with fewer than 500 employees; 97% corporations, 3% multiemployer plans; no minimum size client.  
**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour; senior consultant, \$201; consultant, \$100-\$200.  
**1988 gross revenues:** \$517 million total, \$460 million from benefit consulting.  
**Principal officers:** Peter Coster, president; John G. Ireland, chairman; Douglas D. Stegner and Steven W. Fargason, vice chairmen; Robert A. Brochu and Ronald M. Walker, executive vps.

**Miller, Mason & Dickenson**

123 N. Wacker, Suite 1000, Chicago, Ill. 60606; 312-701-4800  
**Year founded:** 1960.  
**Parent company:** Aon Corp.  
**Services provided:** 70% of gross revenues from benefit consulting, 30% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 48% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers.  
**Welfare plan consulting:** 18% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, actuarial and underwriting services.  
**Employee benefit communications consulting:** 3% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**International benefit consulting:** 1% of business. Includes consulting via overseas correspondents, consulting from the United States.  
**Other services:** 30% of business. Includes compensation consulting, brokering, health care and other types of claims administration, legal services.  
**Locations:** Palo Alto, San Francisco and Oakland, Calif.; Conshohocken, Pa.; Chicago.  
**Staff:** 426 total staff members; 280 professionals.  
**Clients:** 978 total clients; 50% with more than 500 employees, 50% with fewer than 500 employees; 95% corporations, 5% individuals; no minimum size client.  
**Compensation:** Commissions for insurance placed with underwriters; on retainer; by the hour; senior consultant: \$175-\$250; consultant, \$75-\$175; clerical, \$50-\$75.  
**1988 gross revenues:** \$27.8 million total, \$17.3 million from benefit consulting.  
**Principal officers:** Patrick G. Ryan, chairman; Daniel T. Cox, president; Melville P. Dickenson and Richard A. Scott, vice chairmen.

**Milliman & Robertson Inc.**

1301 Fifth Ave., Suite 3600, Seattle, Wash. 98101; 206-624-7940  
**Year founded:** 1957.  
**Services provided:** 36% of gross revenues from benefit consulting, 64% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 31% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting.  
**Welfare plan consulting:** 5% of business. Includes plan design consulting.  
**Other services:** 64% of business.

# Section 89: We don't just give you the test. We give you the answers.



Starting in 1989, the IRS requires you to police your own health and welfare plans with a test. It's a bewildering maze of new rules. Options. Exclusions. Paperwork. And difficult decisions.

So don't take the test alone. Get help from Hazlehurst & Associates, the Section 89 experts. We'll show you how to ask the right questions. And how to find the most practical answers.

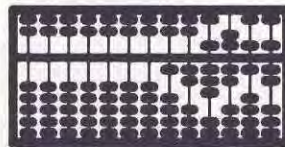
At Hazlehurst & Associates, each client is vital. Corporations (500+ employees), plan administrators, consulting firms, distributors... we design a total solution for you.

It includes workshops, on-site assistance and easy-to-use software—all carefully tailored to minimize the time and cost of compliance for you or your clients.

Best of all, we help you become self-sufficient for future Section 89 testing. You'll have the knowledge and the software to cope with all the law's complexities. If you prefer, we can even do all the testing for you.

Hazlehurst & Associates is a nationally known specialist in employee benefits. We're big enough to serve many of America's largest employers—yet small enough to be responsive, innovative and affordable.

Take the first step to passing the test: Call toll free (800) 476-6633 for our informative brochure. Call now—Section 89 demands immediate attention.



**Hazlehurst & Associates, Inc.**

Hazlehurst & Associates, Inc./400 Perimeter Center Terrace/Suite 850/Atlanta, Georgia 30346/(800) 476-6633/(404) 395-9880.

Continued on facing page

*Continued from facing page*  
 Includes consulting with casualty, health and life insurance companies.  
**Locations:** 21 locations in the United States.  
**Staff:** 650 total staff members; 144 professionals, including 145 FSAs, 50 ASAs, 27 FCASs, eight ACASs, 190 MAAs, 75 EAs.  
**Clients:** Total clients not reported; no minimum size client.  
**1988 gross revenues:** \$74.8 million total, \$25.9 million from benefit consulting.  
**Principal officers:** James A. Curtis, chairman/president/chief executive officer; W.R. Fleckenstein, financial vp/secretary; L.J. Lee, treasurer.

**Mitchell & Hartmann Inc.**  
 13400 Riverside Drive, Suite 107, Sherman Oaks, Calif. 91423; 818-907-6800  
**Year founded:** 1964.  
**Services provided:** 80% of gross revenues from benefit consulting, 20% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 66% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting.  
**Welfare plan consulting:** 10% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.  
**Employee benefit communications consulting:** 3% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation.  
**International benefit consulting:** 1% of business. Includes consulting from the United States.  
**Other services:** 20% of business. Includes insurance and HMO consulting, expert witness testimony.  
**Staff:** 11 total staff members; seven professionals, including three FSAs.  
**Clients:** 300 total clients.  
**Compensation:** By the hour: senior consultant, \$200-\$220; consultant, \$80-\$140; clerical, \$50-\$60.  
**1988 gross revenues:** Not reported.  
**Principal officers:** Lawrence Mitchell, president; Jeffrey F. Hartmann, vp.

**G. Murphy & Associates Inc.**  
 2100 Manchester Road, Suite 305, Wheaton, Ill. 60187; 312-682-0030  
**Year founded:** 1987.  
**Services provided:** 90% of gross revenues from benefit consulting, 10% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 30% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.  
**Welfare plan consulting:** 35% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.  
**Employee benefit communications consulting:** 25% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**Other services:** 10% of business. Includes brokering, health care and other types of claims administration.  
**Staff:** Six total staff members; four professionals, including one CPA, one CFP.  
**Clients:** 30 total clients; 35% with more than 500 employees, 65% with fewer than 500 employees; 97% corporations, 3% multiemployer plans; minimum size client, five employees.  
**Compensation:** By the project; by the hour: senior consultant, \$125; consultant, \$85; clerical, \$25.  
**1988 gross revenues:** \$600,000 total, \$540,000 from benefit consulting.  
**Principal officers:** Glenn E.

Murphy, managing principal; Nicholas M. Zois and Lee P. Murphy, principals.

**N**  
**National Insurance Advisory Services**  
 1599 Washington St., Braintree, Mass. 02184; 617-848-4500  
**Year founded:** 1979.  
**Services provided:** 40% of gross revenues from benefit consulting, 60% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 13% of business. Includes plan design consulting, plan administration consulting, consulting on selection of investment managers, proposal evaluation; market search.  
**Welfare plan consulting:** 10% of business. Includes plan design consulting, evaluation of other service providers, proposal evaluation; mar-

ket search.  
**Employee benefit communications consulting:** 15% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**International benefit consulting:** 2% of business.  
**Other services:** 60% of business. Includes property & casualty and workers compensation consulting.  
**Staff:** 18 total staff members; 14 professionals, including one MBA, one CLU, one CPCU, one attorney, one LIA.  
**Clients:** 150 total clients; 51% with more than 500 employees, 49% with fewer than 500 employees; 100% corporations; minimum size client, 100 employees.  
**Compensation:** By the project; on retainer; by the hour.  
**1988 gross revenues:** \$1 million total, \$400,000 from benefit consulting.  
**Principal officers:** James B. Conant, president.

**P**  
**Peat Marwick Main & Co.-Employee Benefit Consulting Group**  
 55 E. 52nd St., New York, N.Y. 10055; 212-909-5000  
**Year founded:** 1964.  
**Services provided:** 100% of gross revenues from benefit consulting.  
**Retirement and savings plan consulting:** 70% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.  
**Welfare plan consulting:** 20% of business. Includes plan design con-

sulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, flexible benefit and underwriting services.  
**Employee benefit communications consulting:** 4% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, training client personnel in employer enrollment.  
**International benefit consulting:** 1% of business. Includes consulting via overseas branch offices, consulting from the United States.  
**Staff:** 225 professionals, including 21 FSAs, 22 ASAs.  
**Clients:** 3,000 total clients; 80% with more than 500 employees, 20% with fewer than 500 employees; 98% corporations, 2% multiemployer plans.  
**Compensation:** By the project; by the hour, senior consultant: \$175-\$300, consultant: \$70-\$175.  
**1988 gross revenues:** \$30 million from benefit consulting.  
**Principal officers:** W.A. Hasler,  
*Continued on next page*

**1988 Editorial Index**  
 If it's in Business Insurance, it's in the Editorial Index. Uncover the issues. Track the trends. Follow the changes and developments in risk management, employee benefits and the commercial insurance industry — with topics such as self-insurance, cost control, captives, plan design & administration, systems and analysis, surplus lines, insurance exchanges, reinsurance, market conditions, financial developments, claims settlements, government regulations and legislations, and more.  
 The fee for the 1988 Editorial Index Service from Business Insurance is \$100. Take advantage of this cost effective resource tool and fill out the coupon today.

# Editorial Index Service 1988

The Business Insurance Editorial Index Service for 1988 is available. This valuable service directs you to all news reports and feature articles published by Business Insurance newsmagazine.

The annual service includes three quarterly reports and a cumulative annual volume. In addition, article citations between publication of quarterly reports are available from BI's Information Centers in New York and Chicago — at no additional charge... it is part of the service. Complete alphabetical and chronological listings by company, person, subject and geographic location enables you to access data quickly and accurately.

Please send me the following Editorial Index(es):  
 Full Index Service at \$100\*  1988  
 Softcover edition at \$100\* each  1986  1987  
 Hardcover edition at \$150\* each  1981  1982  1983  1984  1985

TOTAL ENCLOSED \$ \_\_\_\_\_  
 Payment must accompany order —  
 Visa  Mastercard  Optima  American Express  
 Check Enclosed (make check payable to Business Insurance)  
 \* foreign postage additional

Mail to: Editorial Index Service  
 Business Insurance  
 220 East 42nd St.  
 New York, NY 10017  
 or call:  
 212/210-0137, to order by phone or for further information.

name \_\_\_\_\_  
 title \_\_\_\_\_  
 company \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ state \_\_\_\_\_ zip \_\_\_\_\_  
 phone# \_\_\_\_\_  
 account# \_\_\_\_\_ exp. date \_\_\_\_\_  
 signature \_\_\_\_\_



Continued from previous page  
 L.L. Oliver and J.T. Colburn.

**Pension Planning Co. Inc.**

355 Lexington Ave., New York,  
 N.Y. 10017; 212-867-4100

**Year founded:** 1945.  
**Parent company:** Republic Hogg  
 Robinson Inc.

**Services provided:** 75% of gross  
 revenues from benefit consulting,  
 25% of gross revenues from activities  
 other than benefit consulting.

**Retirement and savings plan  
 consulting:** 52.5% of business. In-  
 cludes plan design consulting, actu-  
 arial work for defined benefit plans,  
 record keeping for defined benefit  
 and defined contribution plans, rec-  
 ord keeping and administration sys-  
 tems consulting, plan/trust legal doc-  
 ument drafting, plan administration  
 consulting, consulting on selection of  
 investment managers.

**Welfare plan consulting:** 15% of  
 business. Includes plan design con-  
 sulting, consulting on selection of in-  
 vestment managers, insurer/broker

selection consulting, evaluation of  
 other service providers, claims man-  
 agement system consulting, claims  
 management audit, actuarial evalua-  
 tion of self-insured plans, COBRA  
 and Section 89 consulting.

**Employee benefit communica-  
 tions consulting:** 3.75% of business.  
 Includes general consulting on com-  
 munications programs, benefit state-  
 ment preparation, booklet prepara-  
 tion, audiovisual program  
 preparation.

**International benefit consult-  
 ing:** 3.75% of business. Includes con-  
 sulting via overseas branch offices,  
 consulting from the United States,  
 consulting via the Hogg Robinson  
 network.

**Other services:** 25% of business.  
 Includes compensation consulting,  
 health care and other types of claims  
 administration.

**Locations:** Boca Raton, Fla.;  
 Cleve.and; Los Angeles; Detroit;  
 Boston; Atlanta; Dallas.

**Staff:** 50 total staff members; 25  
 professionals, including one FSA,  
 four ASAs, six MBAs, two CEBSs,  
 four CLUs, two attorneys.

**Clients:** 700 total clients; 75% with  
 more than 500 employees, 25% with  
 fewer than 500 employees; 95% cor-  
 porations, 4% multiemployer plans,  
 1% individuals; no minimum size client.

**Compensation:** By the project; on  
 retainer; by the hour: senior consul-  
 tant, \$175-\$250; consultant, \$110-  
 \$150; clerical, \$45.

**1988 gross revenues:** Not re-  
 ported.

**Principal officers:** James Kahn,  
 president; Donald Lockwood, execu-  
 tive vp/senior actuary; Robert  
 Hruska and Paul D. Robinson, vps/  
 actuaries; Grant Dougherty, execu-  
 tive vp-group operations.

**Carl A. Posse & Co. Inc.-**

**Employee Benefits  
 Division**

4 Santry Parkway, Blue Bell, Pa.  
 19422; 215-834-1410

**Year founded:** 1866.  
**Services provided:** 38% of gross  
 revenues from benefit consulting,  
 62% of gross revenues from activities  
 other than benefit consulting.

**Retirement and savings plan  
 consulting:** 5% of business. Includes  
 plan design consulting, record keep-  
 ing and administration systems con-  
 sulting, plan administration consult-  
 ing, consulting or selection of  
 investment managers, asset accumu-  
 lation/investment consulting.

**Welfare plan consulting:** 25% of  
 business. Includes plan design con-  
 sulting, consulting on selection of in-  
 vestment managers, insurer/broker  
 selection consulting, evaluation of  
 other service providers, self-funding  
 analysis, flexible benefit plans design  
 and system consulting, managed  
 health care systems analysis, selection  
 and management.

**Employee benefit communica-  
 tions consulting:** 8% of business. In-  
 cludes general consulting on com-  
 munications programs, booklet  
 preparation, audiovisual program  
 preparation, flexible benefit plan de-  
 sign, communications programs.

**Other services:** 62% of business.  
 Includes brokering, management of  
 creditor insurance plans for financial  
 institutions.

**Locations:** Pottstown, Pa.  
**Staff:** 10 total staff members; six  
 professionals, including one CLU and  
 one CPCU.

**Clients:** 125 total clients; 25% with  
 more than 500 employees, 75% with

fewer than 500 employees; 80% cor-  
 porations, 20% governmental enti-  
 ties, hospitals, school districts, insti-  
 tutions and associations; minimum  
 size client, 10 employees.

**Compensation:** By the project;  
 commissions for insurance placed  
 with underwriters; on retainer; by  
 the hour: senior consultant, \$135 in-  
 cluding all support services.

**1988 gross revenues:** Not re-  
 ported.

**Principal officers:** Carl A. Posse,  
 chairman; John B. Walton and F.  
 Bruce Walter, executive vps; John B.  
 Jackson and Rock D. Irey, vps; Mary  
 Anne Santangelo, secretary.

**R**

**RM Associates**

416 Cary Ave., Cary, Ill. 60013;  
 312-963-6396

**Services provided:** 37% of gross  
 revenues from benefit consulting,  
 63% of gross revenues from activities  
 other than benefit consulting.

**Retirement and savings plan  
 consulting:** 12% of business.

**Welfare plan consulting:** 25% of  
 business.

**Other services:** 63% of business.  
 Includes compensation consulting,  
 brokering.

**Locations:** Lombard, Ill.  
**Staff:** Staff members include one  
 MBA, two CEBSs, two CLUs, one  
 CPCU, one CPA and one attorney.

**Clients:** 10% with more than 500  
 employees, 90% with fewer than 500  
 employees; 90% corporations, 10% in-  
 dividuals; no minimum size client.

**Compensation:** By the project;  
 commissions for insurance placed  
 with underwriters; on retainer.

**1988 gross revenues:** Not re-  
 ported.

**Principal officers:** Richard Mi-  
 lucky, president.

**The R.M. Consulting  
 Group Inc.**

346 Westbury Ave., Carle Place,  
 N.Y. 11514; 516-333-2001;  
 212-714-0960

**Year founded:** 1987.  
**Services provided:** 40% of gross  
 revenues from benefit consulting,  
 60% of gross revenues from activities  
 other than benefit consulting.

**Retirement and savings plan**

**consulting:** 30% of business. In-  
 cludes plan design consulting, actu-  
 arial work for defined benefit plans,  
 record keeping for defined benefit  
 and defined contribution plans, rec-  
 ord keeping and administration sys-  
 tems consulting, plan/trust legal doc-  
 ument drafting, plan administration  
 consulting.

**Welfare plan consulting:** 5% of  
 business. Includes plan design con-  
 sulting.

**Employee benefit communica-  
 tions consulting:** 3% of business.  
 Includes general consulting on com-  
 munications programs, benefit state-  
 ment preparation, booklet prepara-  
 tion.

**International benefit consult-  
 ing:** 2% of business. Includes con-  
 sulting from the United States.

**Other services:** 60% of business.  
 Includes compensation consulting,  
 brokering.

**Locations:** New York.  
**Staff:** 20 total staff members; 12  
 professionals, including one MBA,  
 one CLU, one attorney, two EAs.

**Clients:** 80 total clients; 40% with  
 more than 500 employees, 60% with  
 fewer than 500 employees; 98% cor-  
 porations, 2% multiemployer plans;  
 minimum size client, 50 employees.

**Compensation:** By the project;  
 commissions for insurance placed  
 with underwriters; by the hour: se-  
 nior consultant, \$125-\$150; consul-  
 tant, \$75-\$100; clerical, \$25-\$50.

**1988 gross revenues:** \$975,000  
 total, \$500,000 from benefit consult-  
 ing.

**Principal officers:** Robert N.  
 Munao, president; Myrna Feinman,  
 senior vp; Howard L. Hagen, presi-  
 dent-AIMS Inc.; Jeffrey D. Poland,  
 executive vp-chief actuary-AIMS  
 Inc.

**Risk Management  
 Group Inc.**

P.O. Box 357, Newtown Square,  
 Pa. 19073; 215-359-1776

**Year founded:** 1984.  
**Services provided:** 80% of gross  
 revenues from benefit consulting,  
 20% of gross revenues from activities  
 other than benefit consulting.

**Retirement and savings plan  
 consulting:** 16% of business. In-  
 cludes plan design consulting, record  
 keeping and administration systems  
 consulting, plan administration con-  
 sulting, consulting on selection of in-  
 vestment managers.

**Welfare plan consulting:** 52% of

*Continued on facing page*

**Challenge #1**

*Candy Hallett, VP—Underwriting,  
 when asked what LDG does best, said  
 "Just about anything to do with people  
 insurance or reinsurance." Come now,  
 "Candy, that covers a lot of ground.  
 Can you back it up?"*



Sure. Start with the fact that we're  
 experienced underwriters for major domestic  
 and overseas markets. Then consider the  
 unusual product/capabilities mix we offer  
 our clients: we're underwriting managers for  
 people-related insurance and reinsurance  
 (Corporate Travel, Workers' Compensation,  
 Special Risk, Medical Excess Loss, High Limit  
 Disability, Marine P&I); we're active in  
 the facultative and treaty markets, both  
 as a lead underwriter and a reinsurance  
 intermediary. Add to that the fact that we  
 thrive on the tough ones. We're running  
 this case history ad series to suggest the  
 range and scope of our capabilities.

We calmly await your challenge.



**Lockwood, Dipple & Green Incorporated**

300 Unicorn Park Drive, Woburn, MA 01801 • Phone (617) 938-9010  
 561 Seventh Avenue, New York, NY 10018 • Phone (212) 921-5689  
 1730 Clifton Place, Minneapolis, MN 55403 • Phone (612) 870-9284



**WIN-WIN  
 RECOVERY  
 MANAGEMENT**

**T**hat's what we call our special  
 brand of medical and  
 vocational rehabilitation services.  
 Because when injured workers  
 recover fast and come back to  
 work fast everybody wins:  
 employers, insurance companies  
 and claimants. Find out about  
 win-win recovery management  
 today. Let me send you our  
 information. **Call me at  
 (215) 251-9510, send me  
 your business card or  
 FAX to (215) 251-9518.**



1436 LANCASTER AVENUE ■ BERWYN, PA 19312 ■ (215) 251-9510

**THE FAST TRACK TO A COMEBACK**

Continued from facing page  
business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 8% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** 4% of business. Includes consulting from the United States.

**Other services:** 20% of business. Includes brokering, human resource information systems.

**Locations:** St. Louis.  
**Staff:** Nine total staff members; six professionals, including two MBAs, one attorney.

**Clients:** 56 total clients; 60% with more than 500 employees, 40% with fewer than 500 employees; 100% corporations; minimum size client, 100 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer, by the hour: senior consultant, \$150; consultant, \$90; clerical, \$45.

**1988 gross revenues:** Not reported.  
**Principal officers:** Jerald D. Adair, president/treasurer; Donald V. Barbuto, vp; Marianne Rafter, secretary.

**S**

**San Diego Associates Inc.**

2515 Camino Del Rio S., Suite 226, San Diego, Calif. 92108; 619-293-3388

**Year founded:** 1984.  
**Services provided:** 30% of gross revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 15% of business. In-

cludes plan design consulting, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.

**Welfare plan consulting:** 7.5% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 7.5% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**Other services:** 70% of business. Includes brokering, health care and other types of claims administration, pension administration.

**Staff:** Five total staff members; four professionals.

**Clients:** 50 total clients; 5% with more than 500 employees, 95% with fewer than 500 employees; 80% corporations, 5% individuals; 15% limited and general partnerships; no minimum size client.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer, by the hour: senior consultant, \$200; consultant, \$100; clerical, \$50.

**1988 gross revenues:** \$360,000 total, \$108,000 from benefit consulting.

**Principal officers:** David N. Peterson, president; Terie Theis, vp-operations.

**Sanddollar Consulting Services**

2000 E. 116th St., Carmel, Ind. 46032; 317-844-3800

**Year founded:** 1984.  
**Services provided:** 50% of gross revenues from benefit consulting, 50% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 45% of business. Includes plan design consulting, insurer/broker selection con-

sulting, consulting for self-administered employers.

**Employee benefit communications consulting:** 5% of business. Includes general consulting on communications programs, booklet preparation.

**Other services:** 50% of business. Includes health care and other types of claims administration.

**Staff:** Seven total staff members; four professionals.

**Clients:** Eight total clients; 100% with more than 500 employees, 81% corporations, 19% multiemployer plans; minimum size client, 150 employees.

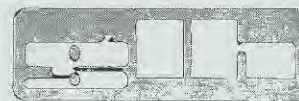
**Compensation:** By the project; on retainer; by the hour: senior consultant, \$125; consultant, \$100.

**Principal officers:** Mark Hershinger, chairman; Susan M. Schaefer, senior consultant.

**Second Opinion Consultants Inc.**

P.O. Box 621, Millwood, N.Y. 10546; 800-446-4606; 800-446-4626

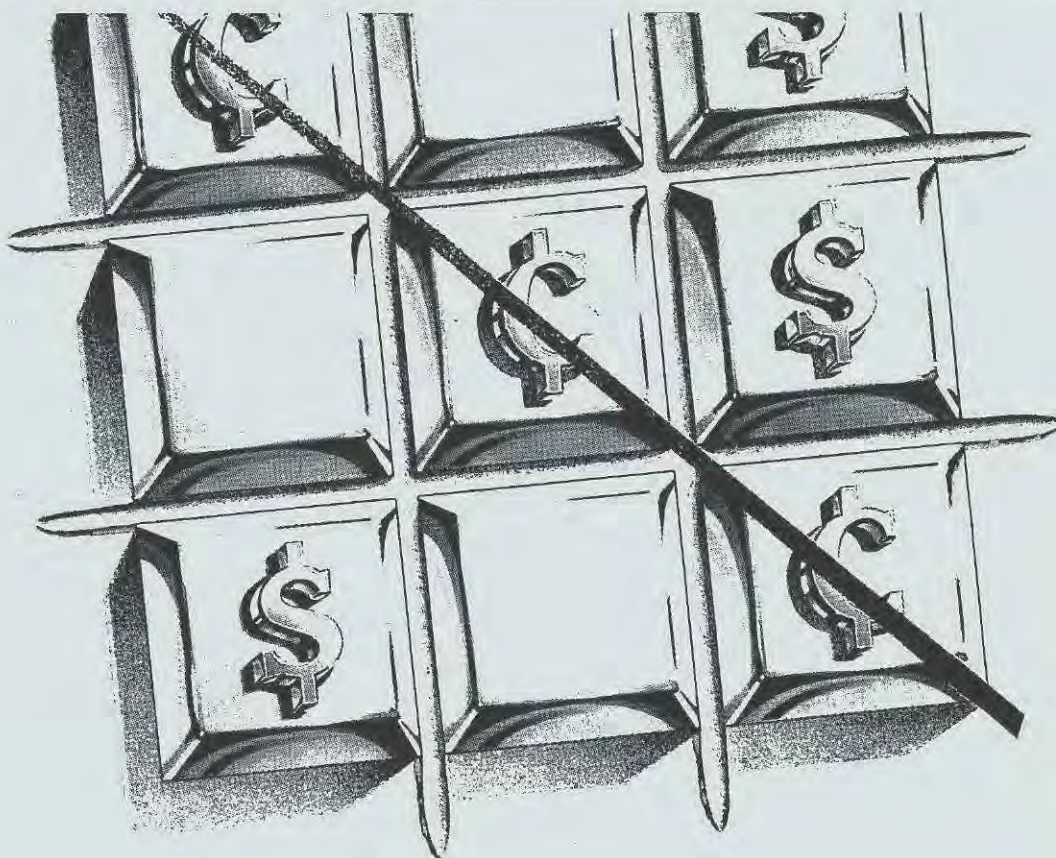
**Year founded:** 1984.  
*Continued on next page*



**G. L. HODSON & SON, INC.**  
REINSURANCE INTERMEDIARIES

Founded in 1924

New York, NY 212-619-7808    St. Paul, MN 612-224-2447    Boston, MA 617-426-6110    Los Angeles, CA 213-487-2910  
New Hyde Park, NY 516-365-9000    Atlanta, GA 404-256-9666    San Francisco, CA 415-362-1987



**The Mental Health Benefits Game Isn't What it Used to be.**

**Providing Affordable, Quality Comprehensive Employee Mental Health Benefits Doesn't Have to Be a No-Win Situation.**

If you're self-insured, you know that the rules of the game have changed. You want to offer your employees the best possible comprehensive mental health benefits. But you also want your benefits program to be both affordable and cost-effective.

That's why you should talk to us. We're The Menta Group. An experienced team of skilled mental health professionals who understand the business of mental health benefits management for self-insureds.

Because that's what we're all about. Our services are tailor-made to meet your business' special needs.

And we know what you want when it comes to mental health benefits. We have 15 years of experience in providing

high-quality and cost-effective mental health services in the Chicago metropolitan area.

The Menta Group knows your special needs as a self-insured. And we have an alternative way to meet those needs that's both effective and affordable. We'd like to tell you about it.

With The Menta Group, your employees win—and you win, too. We think that's the best way to play the game.



**THE MENTA GROUP**

900 Jorie Boulevard, Suite 59  
Oak Brook, Illinois 60521

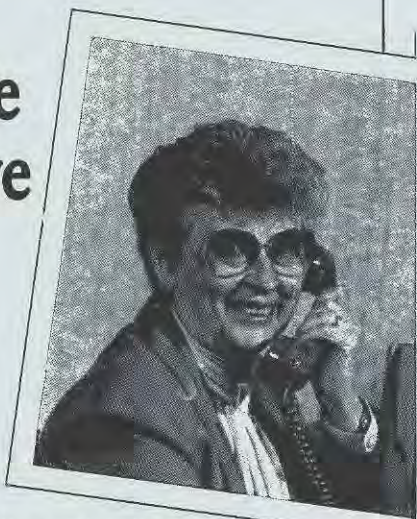
Call today for your free consultation.

**800-828-9990** Extension 7105

We'll help you stay ahead of the game.

**WORKING FOR YOU FOR \$1.03 PER DAY**

**Most people can't believe it . . .**



. . . when I tell them all of the services they can receive as a member of the International Foundation—and for about \$1 per day.

I explain that the membership fee includes quarterly journals, monthly periodicals, regular newsletters and updates, research reports, and discounts on educational programs, books and cassettes.

Then I tell them that members also have free, unlimited access to the most extensive benefits information center available. All it takes is a phone call to have any topic searched and information sent—at no charge for our members.

And then I tell them that the membership covers not one, but four members of their staff—and they can't believe it!

If you're not a member of the International Foundation, call me and let me tell you about all of our services. My number is (414) 786-6700. I look forward to talking with you.

*Marian L. Hansen*

Marian L. Hansen, Membership Administrative Supervisor



**International Foundation OF EMPLOYEE BENEFIT PLANS**

P.O. Box 69 • Brookfield, WI 53008-0069 • (414) 786-6700

Continued from previous page

**Services provided:** 35% of gross revenues from benefit consulting, 65% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 30% of business. Includes evaluation of other service providers, second opinion set ups.

**Employee benefit communications consulting:** 5% of business. Includes general consulting on communications programs.

**Other services:** 65% of business. Includes health care and other types of claims administration.

**Staff:** 18 total staff members; two professionals, including one Ph.D., one CPA.

**Clients:** Total clients not reported. 70% corporations, 30% multiemployer plans.

**Compensation:** By the project; flat fee for second opinion set ups.

**1988 gross revenues:** Not reported.

**Principal officers:** Dr. Madelon Lubin Finkel, president/chief executive officer; David J. Finkel, chief financial officer; Dr. Norman Mazza, medical director.

**Martin E. Segal Co.**  
 730 5th Ave., New York, N.Y.  
 10019; 212-586-5600

**Year founded:** 1939.

**Services provided:** 96% of gross revenues from benefit consulting, 4% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 47% of business.

**Welfare plan consulting:** 40% of business.

**Employee benefit communications consulting:** 6% of business.

**International benefit consulting:** 3% of business.

**Other services:** 4% of business. Includes compensation consulting, brokering and general management consulting.

**Locations:** Atlanta; Boston; Chicago; Cleveland; Englewood, Colo.; Farmington, Conn.; Bellaire, Texas; Los Angeles; San Francisco; Metairie, La.; Phoenix, Ariz.; Seattle; Edmonton, Canada; and Toronto.

**Staff:** 613 total staff members; 462 professionals, including 15 FSAs, 28 ASAs.

**Clients:** More than 3,000 total clients; 85% with more than 500 employees, 15% with fewer than 500 em-

ployees; 46% corporations, 54% multiemployer plans; no minimum size client.

**Compensation:** By the project; on retainer; by the hour, \$60-\$300.

**1988 gross revenues:** Not reported.

**Principal officers:** Martin E. Segal, chairman; Robert D. Paul, vice chairman; Robert D. Krinsky, president; Howard Fluhr, John F. Gentleman and Dale B. Grant, executive vps.

**Silva Financial Group**  
 1984 The Alameda, San Jose,  
 Calif. 95126; 408-554-6600

**Year founded:** 1975.

**Services provided:** 80% of gross revenues from benefit consulting, 20% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 10% of business. Includes plan design consulting, consulting on selection of investment managers, asset accumulation/investment consulting.

**Welfare plan consulting:** 60% of business. Includes plan design consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 10% of business. Includes general consulting on communications programs, booklet preparation, audiovisual program preparation.

**Other services:** 20% of business. Includes compensation consulting, brokering.

**Staff:** 15 total staff members; eight professionals, including one MBA, two CLUs, one CPA.

**Clients:** Total clients not reported. 10% with more than 500 employees, 90% with fewer than 500 employees; 80% corporations, 15% multiemployer plans, 5% individuals; minimum size client, 20 employees.

**Compensation:** Commissions for insurance placed with underwriters.

**1988 gross revenues:** Not reported.

**Principal officers:** Robert Silva, T. Daniel Ellis and Peter V. Kuhn.

**Siver Insurance Management Consultants**  
 9400 4th St. N., Suite 119, St.  
 Petersburg, Fla. 33702;  
 813-577-2780

**Year founded:** 1970.

**Services provided:** 30% of gross

revenues from benefit consulting, 70% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 4.2% of business. Includes plan design consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 24.8% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 1% of business. Includes general consulting on communications programs.

**Other services:** 70% of business. Includes risk management consulting.

**Staff:** 24 total staff members; five professionals, including three CLUs, six CPCUs, three attorneys, four ARMs.

**Clients:** 92 total clients 90% with more than 500 employees, 10% with fewer than 500 employees; 36% corporations, 1% multiemployer plans, 5% individuals; 58% governmental entities; no minimum size client.

**Compensation:** By the project; by the hour: senior consultant, \$125-\$195; consultant, \$70-\$125; clerical, \$35-\$45.

**1988 gross revenues:** \$1.8 million total, \$572,000 from benefit consulting.

**Principal officers:** Edward W. Siver, president; Robert I. Siver, vp/secretary/treasurer; Jim Marshall, vp.

**Skalinder Wilkinson & Associates Inc.**  
 20 N. Wacker Drive, Suite 1475,  
 Chicago, Ill. 60606; 312-368-7010

**Year founded:** 1984.

**Services provided:** 100% of gross revenues from benefit consulting.

**Retirement and savings plan consulting:** 40% of business. Includes plan design consulting, actuarial work for defined benefit plans, plan administration consulting.

**Welfare plan consulting:** 30% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 30% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program

preparation.

**Staff:** Nine total staff members; six professionals, including one PSA, two ASAs, two MBAs, one CLU, one Ph.D., one attorney.

**Clients:** 35 total clients; 75% with more than 500 employees, 25% with fewer than 500 employees; 90% corporations, 10% multiemployer plans; minimum size client, 75 employees.

**Compensation:** By the project; on retainer; by the hour: senior consultant, \$190; consultant, \$105-\$175; clerical, \$50.

**1988 gross revenues:** Not reported.

**Principal officers:** Gregg L. Skalinder, Joseph P. Wilkinson and David C. Feinstein.

**Smith Administrators**  
 4141 Highland Drive, Salt Lake  
 City, Utah 84124; 801-272-8811

**Year founded:** 1976.

**Services provided:** 10% of gross revenues from benefit consulting, 90% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 8% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 1.8% of business. Includes booklet preparation, audiovisual program preparation.

**International benefit consulting:** 0.2% of business. Includes consulting from the United States.

**Other services:** 90% of business. Includes brokering, health care and other types of claims administration.

**Locations:** Denver; Albuquerque, N.M.

**Staff:** 140 total staff members; 100 professionals, including three MBAs, three CEBSs, two CPCUs, one attorney.

**Clients:** 375 total clients; 25% with more than 500 employees, 75% with fewer than 500 employees; 100% corporations.

**Compensation:** By the project; commissions for insurance placed with underwriters.

**1988 gross revenues:** \$6.2 million total, \$617,615 from benefit consulting.

**Principal officers:** Richard L. Smith, chief executive officer; LaVon Elliott, operations manager; Wesley Argyle, attorney; Tony Thompson, vp.

**Smith Kazazian Inc.**  
 427 W. Colorado St., Suite 105,  
 Glendale, Calif. 91204;  
 818-409-0821

**Year founded:** 1987.

**Services provided:** 100% of gross revenues from benefit consulting.

**Welfare plan consulting:** 100% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, underwriting, cost management, document drafting.

**Staff:** Six total and professional staff members, including one MBA, one EA.

**Clients:** 16 total clients; 100% with more than 500 employees, 100% corporations; minimum size client, 300 employees.

**Compensation:** By the hour: senior consultant, \$180-\$250; consultant, \$120-\$180.

**1988 gross revenues:** Not reported.

**Principal officers:** Vine Smith, president; Alice Kazazian, vp; George Graff and Mark Wycko, principals.

**TMA**  
 144 Idlewood Drive, Stamford,  
 Conn. 06905; 203-968-2321

**Year founded:** 1987.

**Services provided:** 90% of gross revenues from benefit consulting, 10% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 18% of business. Includes plan design consulting, plan administration consulting.

**Welfare plan consulting:** 45% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, claims administration audits.

**Employee benefit communications consulting:** 1% of business. Includes general consulting on communications programs.

**Other services:** 36% of business. Includes risk management consulting, brokering.

**Staff:** 24 total staff members; five professionals, including three CLUs, six CPCUs, three attorneys, four ARMs.

**Clients:** 92 total clients 90% with more than 500 employees, 10% with fewer than 500 employees; 36% corporations, 1% multiemployer plans, 5% individuals; 58% governmental entities; no minimum size client.

**Compensation:** By the project; by the hour: senior consultant, \$125-\$195; consultant, \$70-\$125; clerical, \$35-\$45.

**1988 gross revenues:** \$1.8 million total, \$572,000 from benefit consulting.

**tions consulting:** 27% of business. Includes general consulting on communications programs, booklet preparation, audiovisual program preparation.

**Other services:** 10% of business. Includes brokering.

**Staff:** Three total staff members; two professionals.

**Clients:** 27 total clients in 1988; 30% with more than 500 employees, 70% with fewer than 500 employees; 60% corporations, 40% non-profit organization; minimum size client, 35 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; by the hour: senior consultant, \$110; clerical, \$40.

**1988 gross revenues:** \$110,000 from benefit consulting.

**Principal officers:** Thomas M. Maloof, principal.

**Touche Ross & Co.**  
**Actuarial, Benefits & Compensation Consulting Group**  
 1633 Broadway, New York, N.Y.  
 10019; 212-492-4073

**Year founded:** 1947.

**Services provided:** 76% of gross revenues from benefit consulting, 24% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 55% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers.

**Welfare plan consulting:** 15% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 4% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** 2% of business. Includes consulting via overseas branch offices, consulting via overseas correspondents, consulting from the United States.

**Other services:** 24% of business. Includes compensation consulting, property & casualty and life actuarial services.

**Locations:** Boston; Philadelphia; Washington, D.C.; Atlanta; Houston; Dallas; Tulsa, Okla.; Detroit; Minneapolis and St. Paul, Minn.; Chicago; Hartford, Conn.; Los Angeles; San Francisco; Tampa, Fla.

**Staff:** 250 total staff members; 215 professionals, including 14 FSAs, seven ASAs, 10 MBAs, 10 CEBSs, two CLUs, four Ph.D.s, 10 CPAs, 10 attorneys, four FCASs, one ACAS, 17 EAs, 32 MAAs.

**Clients:** Total clients not reported. 80% with more than 500 employees, 20% with fewer than 500 employees; 90% corporations, 10% public entities.

**Compensation:** By the project; on retainer; by the hour: senior consultant, \$85-\$100; consultant, \$70-\$80; clerical, \$40-\$50.

**1988 gross revenues:** Not reported.

**Principal officers:** David E. Dresner, national director; Susan Achenbacher, Ainar D. Ayala Jr., Bruce Bengston, Richard Berens, Jack R. Broesamle Jr., Brian Cameron, Jon Flitter, Tim Garmager, Robert Ingram, James Karter, Jay Lingo, Jan Lommele, Steve Ogren, Jeremiah R. Riddle, Leon Smith, Mark Sobel, Robert Starkey, David L. Stone, Keith Swenson, Adrian Theriault, Jack Whiting and Robert Zieminski, partners.

**TPF&C**  
 245 Park Ave., New York, N.Y.  
 10167-0128; 212-309-3400

**Year founded:** 1934.

**Services provided:** 58% of gross revenues from benefit consulting, 42% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 35% of business.

**Welfare plan consulting:** 9% of business.

**Employee benefit communications consulting:** 1% of business.

**Other services:** 22% of business. Includes risk management consulting, brokering.

**Staff:** 24 total staff members; five professionals, including three CLUs, six CPCUs, three attorneys, four ARMs.

**Clients:** 92 total clients 90% with more than 500 employees, 10% with fewer than 500 employees; 36% corporations, 1% multiemployer plans, 5% individuals; 58% governmental entities; no minimum size client.

**Compensation:** By the project; by the hour: senior consultant, \$125-\$195; consultant, \$70-\$125; clerical, \$35-\$45.

**1988 gross revenues:** \$1.8 million total, \$572,000 from benefit consulting.

**Principal officers:** Edward W. Siver, president; Robert I. Siver, vp/secretary/treasurer; Jim Marshall, vp.

**Skalinder Wilkinson & Associates Inc.**  
 20 N. Wacker Drive, Suite 1475,  
 Chicago, Ill. 60606; 312-368-7010

**Year founded:** 1984.

**Services provided:** 100% of gross revenues from benefit consulting.

**Retirement and savings plan consulting:** 40% of business. Includes plan design consulting, actuarial work for defined benefit plans, plan administration consulting.

**Welfare plan consulting:** 30% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers.

# CHOOSE THE COST CONTAINMENT LEADER!

An America's Pharmacy Mail Service Prescription Drug Program will deliver more savings to your benefit plan with . . .

- ▲ The highest generic fill rate in the industry
- ▲ Our exclusive Coordination of Benefits program
- ▲ Competitive pricing

Combined with our quality assurance and benefits expertise, we will design a program that will reduce your costs significantly. It may be the only employee benefit that you will want your people to use!



**America's Pharmacy®**  
 Talk to the leader first.

Call toll-free 1-800-458-5389 or write us at America's Pharmacy, 897 W. 16th Street, Newport Beach, CA 92663

Continued on facing page

*Continued from facing page*  
**tions consulting:** 6% of business.  
**International benefit consulting:** 8% of business.  
**Other services:** 42% of business. Includes compensation consulting, general management consulting.  
**Locations:** 27 locations in the United States, 21 foreign locations.  
**Staff:** 4,500 total staff members; including 285 FSAs, 202 ASAs.  
**Clients:** 8,000 total clients; 100% corporations.

**Compensation:** By the hour.  
**1988 gross revenues:** \$580 million total, \$336 million from benefit consulting.  
**Principal officers:** James E. Kielley, president/chief executive officer; Charles E. Peartree, executive vp; Donald E. Sullivan, vp-practices/products; Gary T. Hallenbeck, vp/chief actuary.

**Treacy & Rhodes Consultants**  
 462 Stevens Ave., Suite 308, Solana Beach, Calif. 92075; 619-481-1191  
**Year founded:** 1985.  
**Parent company:** Treacy, Rhodes & Eschbach.  
**Services provided:** 100% of gross revenues from benefit consulting.  
**Welfare plan consulting:** 90% of business. Includes plan design consulting, evaluation of other service providers, financial analyses, actuarial projections.  
**Employee benefit communications consulting:** 10% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**Staff:** 27 total staff members; 21

professionals, including five FSAs, one MBA, one attorney.  
**Clients:** 10 total clients; 100% with more than 500 employees, 100% corporations.  
**Compensation:** By the hour.  
**1988 gross revenues:** Not reported.  
**Principal officers:** Michael E. Treacy, Jane D. Rhodes and Steve A. Eschbach.



**WHP, First In Employee Benefits Inc.**  
 100 Second Ave. S., 11th Floor, St. Petersburg, Fla. 33701; 813-898-4147; 800-282-3069

**Year founded:** 1980.  
**Parent company:** Lincoln National Life Insurance Co.  
**Services provided:** 40% of gross revenues from benefit consulting, 60% of gross revenues from activities other than benefit consulting.  
**Welfare plan consulting:** 35% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, stop loss carriers, utilization review providers.  
**Employee benefit communications consulting:** 5% of business. Includes benefit statement preparation, booklet preparation.  
**Other services:** 60% of business. Includes health care and other types of claims administration.  
**Staff:** 51 total staff members; 12 professionals.  
**Clients:** More than 200 clients; 15% with more than 500 employees, 85% with fewer than 500 employees;

99% corporations, 1% multiemployer plans; minimum size client, 100 employees.  
**Compensation:** By the project.  
**1988 gross revenues:** \$2.6 million from employee benefit consulting\*.  
**Principal officers:** James L. Hanahan, president/chief executive officer; Adrienne Glowatsky, vp-operations; Mark Heacox, vp-sales/marketing; Leyla Prior, controller.  
 \* BI estimate.

**Walker & Co.**  
 777 Davis St., San Francisco, Calif. 94111; 415-398-2655

**Year founded:** 1948.  
**Services provided:** 75% of gross revenues from benefit consulting, 25% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 15% of business. Includes plan design consulting, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan administration consulting, consulting on selection of investment managers.  
**Welfare plan consulting:** 45% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers, plan drafting.  
**Employee benefit communications consulting:** 14% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation, on-site presentations.  
**International benefit consulting:** 1% of business. Includes con-

sulting from the United States.  
**Other services:** 25% of business. Includes compensation consulting, brokering, general management consulting, health care and other types of claims administration.  
**Locations:** San Diego.  
**Staff:** 30 total staff members; 10 professionals, including two MBAs.  
**Clients:** 40 total clients; 25% with more than 500 employees, 75% with fewer than 500 employees; 50% corporations, 50% multiemployer plans; minimum size client, 25 employees.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: senior consultant, \$150; consultant, \$75; clerical, \$25.  
**Principal officers:** David S. Walker, managing general partner; Arthur C. Mathews and Robert W. Morrill, partners.

**Warren, McVeigh & Griffin Inc.-Employee Benefit Consulting Practice**  
 1420 Bristol St. N., Newport Beach, Calif. 92670; 714-752-1058  
**Year founded:** 1968.

**Services provided:** 20% continuous consulting; 22% welfare claims management audits; 58% special projects, including plan design, benefit and cost analyses, excess insurance analyses, pooling feasibility studies, employee communication studies, expert witness assignments, welfare claims management reviews, self-funded and alternative funded feasibility studies, cost-containment studies; compensation and performance evaluations; design and evaluation of bid specifications; design and implementation of management information systems; publishing.

**Locations:** San Francisco.  
**Staff:** 16 total staff members; two professionals, including one RHU, one CPCU, one ARM.  
**Clients:** Total clients not reported. No minimum size client.  
**Compensation:** By the project; on retainer; by the hour: principal consultant, \$160-\$175; senior consultant, \$120-\$140; technical staff, \$60-\$100; clerical, \$25-\$45.  
**1988 gross revenues:** Not reported.

*Continued on next page*


# Help your carrier save your benefit dollars through better COB detection.

Duplicate claims cost everyone money. Your company, your carrier and your employees. That's why all segments of the health care industry now subscribe to IDP/COBS, a national data base of 40 million names which your carrier can access to detect duplicate coverage and avoid payment of duplicate claims and invalid COBRA claims.

IDP/COBS subscribers include: Alabama Blue Cross and Blue Shield; American International Adjustment Co.; American International Group; Central Benefits Mutual Insurance Co.; COMED HMO; Empire Blue Cross and Blue Shield; Health Insurance Plan of Greater New York (HIP); Home Life Insurance Co.; The Horace Mann Life Insurance Co.; John Alden Life Insurance Co.; Kaiser Permanente; Metropolitan Life Insurance Co.; Michigan Blue Cross and Blue Shield; Minnesota Blue Cross and Blue Shield; MultiPlan Inc.; New Jersey Blue Cross and Blue Shield; Pacific Mutual Life Insurance Co.; The Paul Revere Companies; Principal Financial Group; Printing Industry - Consolidated Trust of America; The Prudential Insurance Co. of America; SANUS Corporation Health Systems; State Mutual Life Assurance Co. of America; The Travelers Insurance Companies; and United HealthCare Corp.


**If your carrier is on this list:**  
 Ask to have every dependent claim verified by an IDP/COBS inquiry.

**If your carrier is not on this list:**  
 Call your carrier, and contact IDP. Fill out and mail the coupon below, or call toll-free 1-800-IDP-COBS.

 **IDP** International Data Processing  
 76 Floral Avenue, Murray Hill, NJ 07974

Send this coupon to: IDP, 76 Floral Avenue, Murray Hill, NJ 07974

Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_  
 Phone \_\_\_\_\_ Carrier \_\_\_\_\_

 IDP  
 BI 12/19/88

# SECTION 89 YOUR WORRIES ARE OVER



**The Benefits Manager/Discrimination Testing Module—WTR Data Services** powerful PC based software offers you a cost-effective management solution to your IRC Section 89 discrimination testing needs.  
 This comprehensive and easy-to-use system:

- Stores all relevant plan & employee data,
- Computes reasonable plan values based on The American Academy of Actuaries' Valuation Tables
- Permits user to compare results using reasonable plan values and actual plan cost
- Performs all tests required,
- Allows for all permissible aggregations and adjustments,
- Generates complete reports summarizing test results, and
- Offers extensive utilities including:
  - Flexible Data Import and Export
  - Ad Hoc Report Writing
  - Global Field Updating

The most important feature of our software is that you have complete control of

the testing process by running the tests on your own IBM PC or compatible.  
**Compliance is just around the corner**—Section 89 becomes effective January 1, 1989 and affects all employers who sponsor welfare plans. Severe penalties will be levied on both employers and employees of plans who do not perform the tests. With the Benefits Manager/Discrimination Testing Module your compliance worries are over.  
**Experience makes a difference**—WTR Data Services developed this software in conjunction with Williams, Thacher & Rand, a leader in the actuarial and employee benefits consulting industry. Therefore, our software offers a unique combination of computer and benefits expertise.  
**The Benefits Manager line also includes:**  
 Flexible Benefit,  
 Flexible Spending Account,  
 and Retirement Calculation Modules.  
**For further information, call (212) 949-1344**

**WTR DATA SERVICES, INC.**  
 A Williams, Thacher & Rand Company  
 708 Third Avenue  
 New York, NY 10017

Continued from previous page

**Principal officers:** C.C. Griffin, chief executive officer; Robert Wilkinson, senior vp; Timothy Beck, vp/managing consultant-employee benefits.

**Lee Wenzel & Associates**

8666 Westwind Circle, Eden Prairie, Minn. 55344; 612-944-2699

**Year founded:** 1986.

**Services provided:** 80% of gross revenues from benefit consulting, 20% of gross revenues from activities other than benefit consulting.

**Welfare plan consulting:** 80% of business. Includes plan design consulting, insurer/broker selection consulting, evaluation of other service providers, vendor proposals, vendor strategic planning.

**Other services:** 20% of business.

**Staff:** One staff member.  
**Clients:** 30 total clients; 30% with more than 500 employees, 70% with fewer than 500 employees; 40% corporations, 60% individuals and pro-

viders; no minimum size client.

**Compensation:** By the project; on retainer; by the hour: senior consultant, \$150.

**1988 gross revenues:** \$100,000 total\*, \$80,000 from benefit consulting.

**Principal officers:** Lee Wenzel, principal.

\* BI estimate.

**Williams, Thacher & Rand**

708 3rd Ave., New York, N.Y. 10017; 212-949-1344

**Year founded:** 1975.

**Services provided:** 90% of gross revenues from benefit consulting, 10% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 43.2% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of

investment managers.

**Welfare plan consulting:** 36% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 9% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** 1.8% of business. Includes consulting from the United States.

**Other services:** 10% of business. Includes compensation consulting, general management consulting.

**Locations:** Baltimore and Bethesda, Md.; Richmond, Va.; Indianapolis; Philadelphia.

**Staff:** 100 total staff members; 70 professionals, including three FSAs, seven ASAs, 11 EAs.

**Clients:** 600 total clients; 35% with more than 500 employees, 65% with fewer than 500 employees; 80% corporations, 20% associations; mini-

mum size client, 50 employees.

**Compensation:** By the project; on retainer; by the hour: senior consultant, \$200-\$250; consultant, \$100-200; clerical, \$40-\$60.

**1988 gross revenues:** \$8 million from benefit consulting.

**Principal officers:** Charles Thacher, Robert Williams, Thomas Rand and Terry Stokes, principals.

**R.H. Wohl & Associates/  
 In Plain English**

14501 Antigone Drive, North Potomac, Md. 20878; 301-340-2821

**Year founded:** 1977.

**Services provided:** 85% of gross revenues from benefit consulting, 15% of gross revenues from activities other than benefit consulting.

**Employee benefit communications consulting:** 85% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**Other services:** 15% of business. Includes general management consulting, product instruction, corporate identification seminars.

**Staff:** Four total staff members; three professionals.

**Clients:** 200 total clients; 75% with more than 500 employees, 25% with fewer than 500 employees; 100% corporations; minimum size client, 150 employees.

**Compensation:** By the project; by the hour; senior consultant, \$150; consultant, \$100.

**1988 gross revenues:** \$400,000 total, \$350,000 from benefit consulting.

**Principal officers:** Ronald H. Wohl, president.

**The Wyatt Co.**

Research & Information Center, 1850 M St. N.W., Suite 400, Washington, D.C. 20036-5801; 202-887-4600

**Year founded:** 1946.

**Services provided:** 88% of gross revenues from benefit consulting, 12% of gross revenues from activities other than benefit consulting.

**Retirement and savings plan consulting:** 65% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.

**Welfare plan consulting:** 8% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 9% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.

**International benefit consulting:** 6% of business. Includes consulting via overseas branch offices, consulting via overseas correspondents, consulting from the United States.

**Other services:** 12% of business. Includes compensation consulting, risk management, surveys.

**Locations:** Atlanta; Boston; Chicago; Cleveland and Columbus, Ohio; Dallas; Houston; Denver; Fort Lee and Upper Montclair, N.J.; Detroit; Grand Rapids, Mich.; Honolulu; Irvine, Los Angeles, San Diego and San Francisco, Calif.; Memphis, Tenn.; Miami; Milwaukee; Minneapolis; New York; Philadelphia; Phoenix, Ariz.; Portland, Oregon; San Juan, Puerto Rico; Seattle; Stamford, Conn.; Washington, D.C.; Calgary, Halifax, Montreal, Ottawa, Toronto and Vancouver, Canada; Buenos Aires, Argentina; Bogota, Colombia; Mexico City; Brussels, Belgium; London and Manchester, England; Paris; Munich, West Germany; Milan, Italy; Oslo, Norway; Amsterdam, The Netherlands; Edinburgh and Glasgow, Scotland; Madrid, Barcelona and Vitoria, Spain; Stockholm, Sweden; Geneva and Zurich, Switzerland; Melbourne and Sydney, Australia; Kuala Lumpur, Malaysia; Auckland and Wellington, New Zealand; Manila, Philippines; Singapore.

**Staff:** 2,800 total staff members; 1,750 professionals, including 157 FSAs, 187 ASAs, eight CEBSs, 10 CPCUs, 10 Ph.D.s, 38 attorneys.

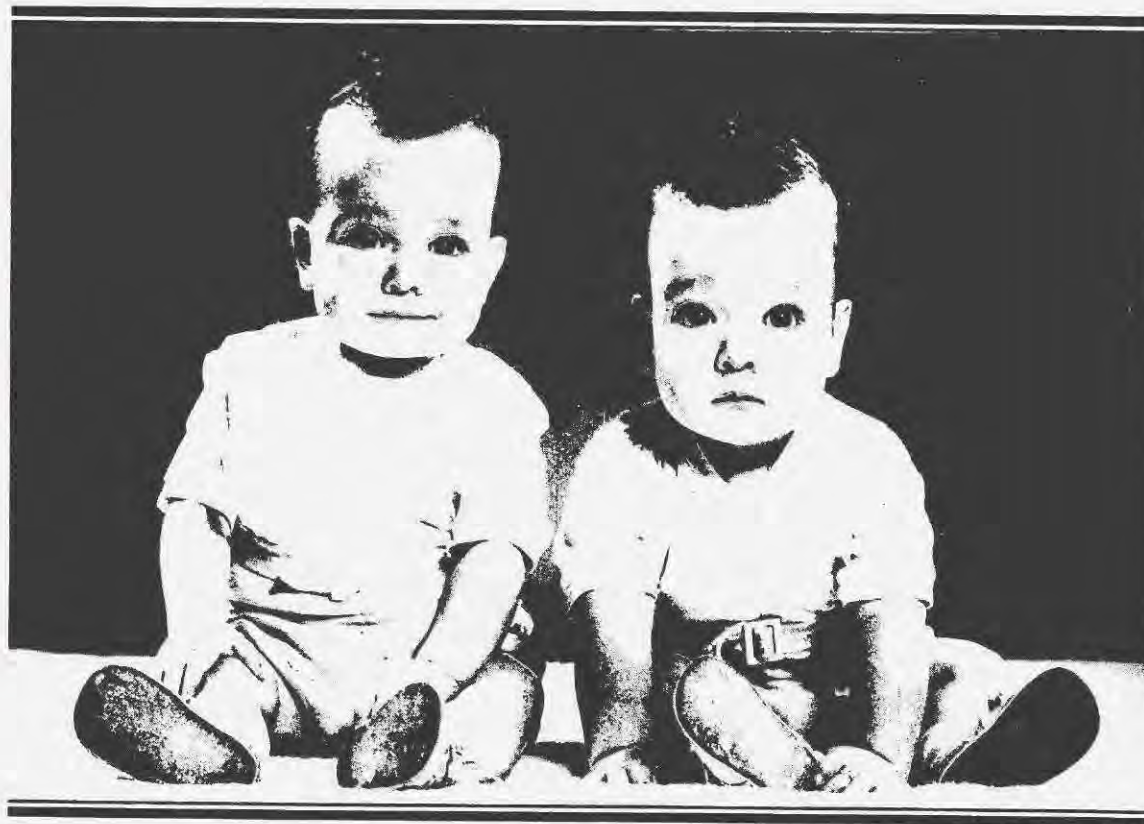
**Clients:** More than 12,000 clients; 40% with more than 500 employees, 60% with fewer than 500 employees; 97% corporations, 2% multiemployer plans, 1% governmental entities; no minimum size client.

**Compensation:** By the hour.

**1988 gross revenues:** \$330 million total, \$290 million from benefit consulting.

**Principal officers:** V. Clark Beard, president/chief executive officer; Michael H. Davis, vp/treasurer; Leroy B. Parks, Paul H. Jackson and Robert I. Barnes, vps.

# For the expected...



# and the unexpected

There is only one newsmagazine that is the leader in covering the employee benefits market. For over 20 years Business Insurance has lead the way in covering and uncovering the expected ... and the unexpected.

We've seen this multi-billion dollar industry through growth and groans by providing a balanced editorial package — from news breaking articles to industry features and market reports. We've tracked the market through turbulent times, political battles, corporate change, social

flux, and medical mayhem. We've followed the complexities of this burgeoning industry — from the increase of health care suppliers to the intricacies of health care plans. Straight forward and unbiased reporting is why BI is the trusted source for employee benefit managers, their suppliers and consultants across the nation.

BI's editorial commitment mirrors our readers' commitment — relying on Business Insurance to guide, advise and report. Each week BI provides this highly

influential group of 155,346\* executives with timely guidance and sharp focus. The right editorial product and this high calibre of reader assures advertisers the kind of exposure they depend on for results.

When it comes to the expected and the unexpected — the choice is crystal clear.

\*Includes pass-along readers

**Business Insurance**

a publication of Crain Communications Inc

For advertising information call: Donald Walsh, Ad Director 212-210-0133  
 For circulation information and rates call: Customer Service 800-992-9970  
 For EBC Conference/Competition call: Barbara Dalton 212-210-0780

**Y**

**Yaffe & Co. Inc.**  
 800 N. Charles St., Baltimore, Md. 21201; 301-332-1166

**Year founded:** 1976.

Continued on facing page

# Benefit consultants listed geographically

## Alabama

**Birmingham**  
Booke & Co.  
Corroon & Black Corp.  
William M. Mercer Inc.

## Alaska

**Anchorage**  
Corroon & Black Corp.  
William M. Mercer Inc.  
**Fairbanks**  
Corroon & Black Corp.

## Arizona

**Flagstaff**  
Corroon & Black Corp.  
**Phoenix**  
Corroon & Black Corp.  
Hewitt Associates  
Fred S. James & Co. Inc.-  
Benefits Division  
Laventhol & Horwath/Retirement  
& Employee Benefit  
Consulting Associates  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Martin E. Segal Co.  
The Wyatt Co.  
**Prescott**  
Corroon & Black Corp.  
**Tucson**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division  
**Yuma**  
Corroon & Black Corp.

## Arkansas

**Little Rock**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division

## California

**Anaheim**  
LFS Benefit Services  
**Brea**  
Corroon & Black Corp.  
**Chico**  
Keenan & Associates  
**Costa Mesa**  
Godwins International Holdings Inc.  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
**Escondido**  
Corroon & Black Corp.  
**Fresno**  
Godwins International Holdings Inc.  
Keenan & Associates  
William M. Mercer Inc.  
**Glendale**  
Smith Kazazian Inc.  
**Greenbrae**  
Benefits Planning &  
Insurance Agency Inc.  
**Irvine**  
Fred S. James & Co. Inc.-  
Benefits Division  
The Wyatt Co.  
**Los Angeles**  
The Alexander Consulting Group Inc.  
Barbanell Associates  
Buck Consultants Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
Hay/Huggins Co. Inc.  
Hewitt Associates

A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Pension Planning Co. Inc.  
Martin E. Segal Co.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
TPF&C  
The Wyatt Co.

**Modesto**  
Corroon & Black Corp.  
**Newport Beach**  
Coopers & Lybrand  
Barbanell Associates  
TPF&C  
Warren, McVeigh & Griffin Inc.  
**North Hollywood**  
Corroon & Black Corp.  
**Oakland**  
Miller, Mason & Dickenson Inc.  
**Orange**  
William M. Mercer Inc.  
**Palo Alto**  
Miller, Mason & Dickenson Inc.  
**Pasadena**  
Corroon & Black Corp.  
Garner Consulting

**Riverside**  
Keenan & Associates  
**Sacramento**  
Corroon & Black Corp.  
Keenan & Associates  
**San Diego**  
Corroon & Black Corp.  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Hunter & Associates  
Fred S. James & Co. Inc.-  
Benefits Division  
Keenan & Associates  
San Diego Associates Inc.  
Walker & Co.  
The Wyatt Co.

**San Francisco**  
The Alexander Consulting Group Inc.  
Barbanell Associates  
Buck Consultants Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
Hay/Huggins Co. Inc.  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
MEDSTAT Systems Inc.  
William M. Mercer Inc.  
Miller, Mason & Dickenson Inc.  
Milliman & Robertson Inc.  
Martin E. Segal Co.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
TPF&C  
Walker & Co.  
The Wyatt Co.

**San Jose**  
Coopers & Lybrand  
Corroon & Black Corp.  
Keenan & Associates  
William M. Mercer Inc.  
Silva Financial Group  
**San Mateo**  
JBI Health Services Group  
**San Rafael**  
Keenan & Associates  
**Santa Ana**  
Hewitt Associates  
Keenan & Associates  
**Santa Clara**  
The Alexander Consulting Group Inc.  
**Sherman Oaks**  
Mitchell & Hartmann Inc.  
**Solana Beach**  
Treacy & Rhodes Consultants

**Stockton**  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
**Thousand Oaks**  
Keenan & Associates  
**Torrance**  
Keenan & Associates  
**Walnut Creek**  
Godwins International Holdings Inc.

## Colorado

**Boulder**  
Hofgard & Co.  
**Denver**  
Buck Consultants Inc.  
Corroon & Black Corp.  
Arthur J. Gallagher & Co.  
Hewitt Associates  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Smith Administrators  
TPF&C  
The Wyatt Co.  
**Englewood**  
Byerly & Co. Inc.  
Martin E. Segal Co.

## Connecticut

**Avon**  
Benefit Plans Northeast  
**Farmington**  
Corroon & Black Corp.  
**Greenwich**  
Fred S. James & Co. Inc.-  
Benefits Division  
**Hartford**  
Coopers & Lybrand  
Milliman & Robertson Inc.  
Martin E. Segal Co.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
**Pleasant Valley**  
Corporate Communicators Inc.  
**Rowayton**  
Hewitt Associates  
**Stamford**  
Coopers & Lybrand  
Corroon & Black Corp.  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
William M. Mercer Inc.  
TMA  
TPF&C  
The Wyatt Co.  
**Torrington**  
Capital Benefit Plans Inc.

## Delaware

**Dover**  
The Johnson Cos.

## District of Columbia

Buck Consultants Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Hay/Huggins Co. Inc.  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
The Johnson Cos.  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Martin E. Segal Co.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group

TPF&C  
The Wyatt Co.

## Florida

**Boca Raton**  
Century Financial Services  
Pension Planning Co. Inc.  
**Coral Gables**  
Godwins International Holdings Inc.  
**Fort Lauderdale**  
Fred S. James & Co. Inc.-  
Benefits Division  
**Fort Meyers**  
Fred S. James & Co. Inc.-  
Benefits Division  
**Jacksonville**  
Godwins International Holdings Inc.  
TPF&C  
**Miami**  
Arthur J. Gallagher & Co.  
The Wyatt Co.  
**Naples**  
Fred S. James & Co. Inc.-  
Benefits Division  
**Orlando**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division  
**St. Petersburg**  
Siver Insurance Management  
Consultants  
WHP-First in Employee Benefits Inc.

**Tampa**  
The Alexander Consulting Group Inc.  
Coopers & Lybrand  
Hewitt Associates  
William M. Mercer Inc.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
TPF&C  
**Tampa Bay**  
Arthur J. Gallagher & Co.  
**West Palm Beach**  
Fred S. James & Co. Inc.-  
Benefits Division

## Georgia

**Atlanta**  
The Alexander Consulting Group Inc.  
Buck Consultants Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Fringe Benefit Review Inc.  
Godwins International Holdings Inc.  
Hay/Huggins Co. Inc.  
Hazlehurst & Associates Inc.  
HealthPlan Management Services  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division

Continued on next page

# OGICO

# ANECO RE

is underwriting in Bermuda  
on behalf of their affiliate

# Oil and Gas Insurance C O

of Columbus, Ohio

An

# Outstanding Group Insuring Captives Onshore

## Benefit consultants' directory

*Continued from facing page*  
**Services provided:** 95% of gross revenues from benefit consulting, 5% of gross revenues from activities other than benefit consulting.  
**Retirement and savings plan consulting:** 62% of business. Includes plan design consulting, actuarial work for defined benefit plans, record keeping for defined benefit and defined contribution plans, record keeping and administration systems consulting, plan/trust legal document drafting, plan administration consulting, consulting on selection of investment managers, asset accumulation/investment consulting.  
**Welfare plan consulting:** 24% of business. Includes plan design consulting, consulting on selection of investment managers, insurer/broker selection consulting, evaluation of other service providers.

**Employee benefit communications consulting:** 9% of business. Includes general consulting on communications programs, benefit statement preparation, booklet preparation, audiovisual program preparation.  
**Other services:** 5% of business. Includes compensation consulting.  
**Staff:** 30 total staff members; 20 professionals, including one ASA, one MBA, one CEBS, one CPA, one attorney.  
**Clients:** 55 total clients; 50% with more than 500 employees, 50% with fewer than 500 employees; 95% corporations, 5% partnerships; minimum size client, 100 employees.  
**Compensation:** On retainer; by the hour: senior consultant, \$160; consultant, \$50-\$120; clerical, \$35.  
**1988 gross revenues:** Not reported.

**Principal officers:** Rian M. Yaffe, president/chief executive officer; Judy H. Cox, Gerard F. Petrik and Daphne R. Salsberg, principals.  
**Arthur Young & Co.**  
277 Park Ave., New York, N.Y.  
10172; 212-407-2183  
**Services provided:** 100% of gross revenues from benefit consulting, including retirement and savings plan consulting, welfare plans, employee communications, international benefit consulting.  
**Clients:** Not reported.  
**Compensation:** By the hour.  
**1988 gross revenues:** Not reported.  
**Principal officers:** John W. Hamm, partner-in-charge; Steven M. Kates, partner-New York. ■

Continued from previous page

William M. Mercer Inc.  
 Milliman & Robertson Inc.  
 Pension Planning Co. Inc.  
 Martin E. Segal Co.  
 Touche Ross-Actuarial, Benefits &  
 Compensation Consulting Group  
 TPF&C  
 The Wyatt Co.

**Hawaii**

**Honolulu**  
 Buck Consultants Inc.  
 Corroon & Black Corp.  
 A. Foster Higgins & Co. Inc./  
 Johnson & Higgins  
 The Wyatt Co.

**Idaho**

**Boise**  
 Corroon & Black Corp.  
 Fred S. James & Co. Inc.-  
 Benefits Division

**Illinois**

**Arlington Heights**  
 Holzman Post Ludwig &  
 Schwartz Chtd.

**Aurora**  
 Corroon & Black Corp.

**Cary**  
 RM Associates

**Chicago**  
 The Alexander Consulting Group Inc.  
 Buck Consultants Inc.  
 R.J. Burns & Associates Inc.  
 Byerly & Co. Inc.  
 Coopers & Lybrand  
 Corroon & Black Corp.  
 Friedman, Eisenstein, Raemer  
 & Schwartz  
 Godwins International Holdings Inc.  
 Arthur J. Gallagher & Co.  
 Hewitt Associates  
 A. Foster Higgins & Co. Inc./  
 Johnson & Higgins  
 Thomas L. Jacobs & Associates Inc.  
 Fred S. James & Co. Inc.-  
 Benefits Division  
 Laventhol & Horwath/Retirement  
 & Employee Benefit  
 Consulting Associates  
 William M. Mercer Inc.  
 Miller, Mason & Dickenson Inc.  
 Milliman & Robertson Inc.  
 Martin E. Segal Co.

Skalinder Wilkinson &  
 Associates Inc.  
 Touche Ross-Actuarial, Benefits &  
 Compensation Consulting Group  
 TPF&C  
 The Wyatt Co.

**Deerfield**  
 William M. Mercer Inc.

**Downers Grove**  
 Corroon & Black Corp.

**Lincolnshire**  
 Friedman, Eisenstein, Raemer  
 & Schwartz  
 Hewitt Associates

**Lombard**  
 MedEval Corp.  
 RM Associates

**Oak Brook**  
 R. N. Blomquist & Co.

**Park Ridge**  
 The CBI Group

**Rolling Meadows**  
 Friedman, Eisenstein, Raemer  
 & Schwartz  
 Arthur J. Gallagher & Co.

**Schaumburg**  
 Corroon & Black Corp.

**Springfield**  
 Corroon & Black Corp.  
 Health Economics & Market  
 Analysis Inc.

**Wheaton**  
 G. Murphy & Associates Inc.

**Indiana**

**Carmel**  
 Corroon & Black Corp.  
 Sanddollar Consulting Services

**Fort Wayne**  
 Buck Consultants Inc.

**Indianapolis**  
 Laventhol & Horwath/Retirement  
 & Employee Benefit  
 Consulting Associates  
 William M. Mercer Inc.  
 Milliman & Robertson Inc.  
 Williams, Thacher & Rand

**Iowa**

**Bettendorf**  
 Corroon & Black Corp.

**Cedar Rapids**  
 Godwins International Holdings Inc.

**Kansas**

**Kansas City**  
 TPF&C

**Overland Park**  
 Byerly & Co. Inc.

**Topeka**  
 Corroon & Black Corp.

**Wichita**  
 William M. Mercer Inc.

**Kentucky**

**Lexington**  
 Corroon & Black Corp.

**Louisville**  
 Coopers & Lybrand  
 William M. Mercer Inc.

**Owensboro**  
 Corroon & Black Corp.

**Pikeville**  
 Corroon & Black Corp.

**Louisiana**

**Baton Rouge**  
 Byerly & Co. Inc.  
 Corroon & Black Corp.

**Metairie**  
 Byerly & Co. Inc.  
 Corroon & Black Corp.

**New Orleans**  
 Corroon & Black Corp.  
 William M. Mercer Inc.  
 Martin E. Segal Co.

**Maine**

**Portland**  
 Fred S. James & Co. Inc.-  
 Benefits Division

**Maryland**

**Baltimore**  
 The Alexander Consulting Group Inc.  
 William M. Mercer Inc.  
 Williams, Thacher & Rand  
 Yaffe & Co. Inc.

**Bethesda**  
 Corroon & Black Corp  
 Williams, Thacher & Rand

**Columbia**  
 Buck Consultants Inc.

**North Potomac**  
 R.H. Wohl & Associates/  
 In Plain English

**Potomac**  
 JBI Health Services Group

**Silver Spring**  
 Grubbs & Co. Inc.

**Massachusetts**

**Boston**  
 The Alexander Consulting Group Inc.  
 Buck Consultants Inc.

Coopers & Lybrand  
 Corroon & Black Corp.  
 Godwins International Holdings Inc.  
 Hay/Huggins Co. Inc.  
 Hewitt Associates  
 A. Foster Higgins & Co. Inc./  
 Johnson & Higgins  
 Fred S. James & Co. Inc.-  
 Benefits Division  
 The Johnson Cos.  
 Laventhol & Horwath/Retirement  
 & Employee Benefit  
 Consulting Associates  
 MEDSTAT Systems Inc.  
 William M. Mercer Inc.  
 Milliman & Robertson Inc.  
 Pension Planning Co. Inc.  
 Martin E. Segal Co.  
 Touche Ross-Actuarial, Benefits &  
 Compensation Consulting Group  
 TPF&C  
 The Wyatt Co.

**Braintree**  
 National Insurance Advisory Services

**Wakefield**  
 Corroon & Black Corp.

**Michigan**

**Ann Arbor**  
 MEDSTAT Systems Inc.

**Coldwater**  
 COBRA Compliance Systems Inc.

**Detroit**  
 The Alexander Consulting Group Inc.  
 Buck Consultants Inc.  
 Coopers & Lybrand  
 Corroon & Black Corp.  
 Godwins International Holdings Inc.  
 Hewitt Associates  
 Fred S. James & Co. Inc.-  
 Benefits Division  
 William M. Mercer Inc.  
 Pension Planning Co. Inc.  
 Touche Ross-Actuarial, Benefits &  
 Compensation Consulting Group  
 TPF&C  
 The Wyatt Co.

**Grand Rapids**  
 Corroon & Black Corp.  
 Godwins International Holdings Inc.  
 William M. Mercer Inc.  
 The Wyatt Co.

**Lansing**  
 Corroon & Black Corp.

**Minnesota**

**Eden Prairie**  
 Corroon & Black Corp.  
 Lee Wenzel & Associates

**Minneapolis**  
 The Alexander Consulting Group Inc.  
 Coopers & Lybrand

Corroon & Black Corp.  
 Godwins International Holdings Inc.  
 Health Risk Management Inc.  
 Hewitt Associates  
 A. Foster Higgins & Co. Inc./  
 Johnson & Higgins  
 Fred S. James & Co. Inc.-  
 Benefits Division  
 William M. Mercer Inc.  
 Milliman & Robertson Inc.  
 Touche Ross-Actuarial, Benefits &  
 Compensation Consulting Group  
 TPF&C  
 The Wyatt Co.

**St. Paul**  
 Corroon & Black Corp.  
 Touche Ross-Actuarial, Benefits &  
 Compensation Consulting Group

**Mississippi**

**Jackson**  
 Corroon & Black Corp.

**Missouri**

**Caruthersville**  
 Corroon & Black Corp.

**Chesterfield**  
 Benefit Consultants Inc.

**Jefferson City**  
 Corroon & Black Corp.

**Kansas City**  
 The Alexander Consulting Group Inc.  
 Fred S. James & Co. Inc.-  
 Benefits Division  
 William M. Mercer Inc.

**St. Louis**  
 The Alexander Consulting Group Inc.  
 Corroon & Black Corp.  
 Godwins International Holdings Inc.  
 Arthur J. Gallagher & Co.  
 Hewitt Associates  
 Fred S. James & Co. Inc.-  
 Benefits Division  
 William M. Mercer Inc.  
 Milliman & Robertson Inc.  
 Risk Management Group Inc.  
 TPF&C

**Montana**

**Helena**  
 Corroon & Black Corp.

**Nebraska**

**Omaha**  
 Corroon & Black Corp.  
 Milliman & Robertson Inc.

**Nevada**

**Las Vegas**  
 Fred S. James & Co. Inc.-  
 Benefits Division

**Reno**  
 Corroon & Black Corp.  
 Fred S. James & Co. Inc.-  
 Benefits Division

**New Jersey**

**Fort Lee**  
 Kwasha Lipton  
 The Wyatt Co.

**Lyndhurst**  
 The Alexander Consulting Group Inc.  
 Laventhol & Horwath/Retirement  
 & Employee Benefit  
 Consulting Associates

**Morristown**  
 William M. Mercer Inc.

**Newark**  
 Coopers & Lybrand

**Parisippany**  
 Corroon & Black Corp.  
 Godwins International Holdings Inc.  
 A. Foster Higgins & Co. Inc./  
 Johnson & Higgins

**Princeton**  
 A. Foster Higgins & Co. Inc./  
 Johnson & Higgins

**Saddle Brook**  
 TPF&C

**Secaucus**  
 Buck Consultants Inc.

**Short Hills**  
 Fred S. James & Co. Inc.-  
 Benefits Division

**Upper Montclair**  
 The Wyatt Co.

**New Mexico**

**Albuquerque**  
 Corroon & Black Corp.  
 William M. Mercer Inc.  
 Smith Administrators Inc.

**New York**

**Albany**  
 Coopers & Lybrand  
 Corroon & Black Corp.

Continued on facing page

# WORKERS COMP

BI's January 16 annual Spotlight Report on Workers Comp will focus on litigation management — from improving relations with employees and unions to investigating ways of handling workers comp claims more fairly and promptly. In addition, viable alternatives to litigation — dispute resolutions — will be examined.

Thousands of corporate insurance buyers — BI readers — will read and refer to this issue on preventing unnecessary workers comp litigation — information with the potential to save millions of dollars on their bottom line.

Business Insurance commands the attention of CEOs, corporate financial and administrative executives as well as risk and benefits managers by providing the information they need in a clear-cut, authoritative editorial environment.

Reserve space today. Reach the market that reaches for Business Insurance first!

PUBLISHING JANUARY 16, 1989 • AD CLOSING JANUARY 4, 1989

## Directory of Safety Consultants

The Directory of Safety Consultants lists companies that provide services or research for:

- product liability • occupational health • rehabilitation •
- OSHA compliance • industrial hygiene • ergonomics •
- fire protection engineering • noise & vibration •
- safety audits, evaluations & inspections • safety manuals, newsletters, videos & films • training materials

This BI Directory gives readers and advertisers a bonus — a fact filled issue and directory serving — the commercial insurance community for a full year.

**Business Insurance**

New York: 212/210-0228

Chicago: 312/649-5276

Los Angeles: 213/651-3710

Continued from facing page

- Milliman & Robertson Inc.
- Buffalo**  
Aldrich & Cox Inc.
- Briarcliff Manor**  
Godwins International Holdings Inc.
- Carle Place**  
The R.M. Consulting Group Inc.
- Millwood**  
Second Opinion Consultants Inc.
- New Hyde Park**  
Corron & Black Corp.
- New York**  
The Alexander Consulting Group Inc.  
Edward R. Beil Associates Inc.  
Buck Consultants Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
Hay/Huggins Co. Inc.  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
Laventhol & Horwath/Retirement  
& Employee Benefit  
Consulting Associates  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Peat, Marwick, Main & Co.  
Pension Planning Co. Inc.  
Martin E. Segal Co.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
TPF&C  
Williams, Thacher & Rand  
The Wyatt Co.
- Rochester**  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.
- Syracuse**  
Coopers & Lybrand
- White Plains**  
Arthur J. Gallagher & Co.-  
Benefit Planning Services  
William M. Mercer Inc.

**North Carolina**

- Asheville**  
Business-Estate Underwriters Inc.
- Cary**  
Corroon & Black Corp.
- Charlotte**  
Corroon & Black Corp.  
Fringe Benefit Review Inc.  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
TPF&C
- Hickory**  
Business-Estate Underwriters Inc.
- High Point**  
Fringe Benefit Review Inc.
- Raleigh**  
Corroon & Black Corp.  
Fringe Benefit Review Inc.
- Winston-Salem**  
Booke & Co.

**Ohio**

- Cincinnati**  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
TPF&C
- Cleveland**  
Coopers & Lybrand  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
William M. Mercer Inc.  
Pension Planning Co. Inc.  
Martin E. Segal Co.  
TPF&C  
The Wyatt Co.
- Columbus**  
Booke & Co.  
Coopers & Lybrand  
Corroon & Black Corp.  
William M. Mercer Inc.  
The Wyatt Co.
- Dayton**  
Hewitt Associates
- Worthington**  
Corroon & Black Corp.

**Oklahoma**

- Oklahoma City**  
Corroon & Black Corp.
- Tulsa**  
Fred S. James & Co. Inc.-Benefits  
Division  
William M. Mercer Inc.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group

**Oregon**

- Bend**  
Corroon & Black Corp.
- Eugene**  
Corroon & Black Corp.
- Medford**  
Fred S. James & Co. Inc.-  
Benefits Division

- Newport**  
Corroon & Black Corp.
- Portland**  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
The Wyatt Co.

**Pennsylvania**

- Allentown**  
Johnson E. Mair Inc.
- Blue Bell**  
Carl A. Posse & Co. Inc.
- Conshohocken**  
Miller, Mason & Dickenson Inc.
- Devon**  
Corroon & Black Corp.
- Easton**  
Carl A. Curcio & Associates Inc.  
Johnson E. Mair Inc.
- Harrisburg**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division
- Langhorne**  
The Johnson Cos.
- Newtown Square**  
Risk Management Group Inc.
- Philadelphia**  
The Alexander Consulting Group Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
Hay/Huggins Co. Inc.  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Thomas L. Jacobs & Associates Inc.  
Fred S. James & Co. Inc.-  
Benefits Division  
Laventhol & Horwath/Retirement  
& Employee Benefit  
Consulting Associates  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
TPF&C  
Williams, Thacher & Rand  
The Wyatt Co.
- Pittsburgh**  
The Alexander Consulting Group Inc.  
Buck Consultants Inc.  
Godwins International Holdings Inc.  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
TPF&C
- Pottstown**  
Carl A. Posse & Co. Inc.

**Puerto Rico**

- Hato Rey**  
Fred S. James & Co. Inc.-  
Benefits Division
- San Juan**  
William M. Mercer Inc.  
The Wyatt Co.

**Rhode Island**

- Cranston**  
Benefit Plans Northeast
- Providence**  
Godwins International Holdings Inc.

**South Carolina**

- Columbia**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division
- Greenville**  
Business-Estate Underwriters Inc.  
Corroon & Black Corp.

**Tennessee**

- Chattanooga**  
Corroon & Black Corp.
- Jackson**  
Corroon & Black Corp.
- Johnson City**  
Corroon & Black Corp.
- Knoxville**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division
- Memphis**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
The Wyatt Co.
- Nashville**  
Corroon & Black Corp.  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.

**Texas**

- Austin**  
Corroon & Black Corp.
- Dallas**  
The Alexander Consulting Group Inc.  
Buck Consultants Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Arthur J. Gallagher & Co.  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Pension Planning Co. Inc.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
TPF&C  
The Wyatt Co.
- Fort Worth**  
William M. Mercer Inc.
- Houston**  
Buck Consultants Inc.  
Coopers & Lybrand  
Corroon & Black Corp.  
Godwins International Holdings Inc.

- Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
Martin E. Segal Co.  
Touche Ross-Actuarial, Benefits &  
Compensation Consulting Group  
TPF&C  
The Wyatt Co.
- San Antonio**  
TPF&C
- The Woodlands**  
Hewitt Associates

**Utah**

- Salt Lake City**  
Corroon & Black Corp.  
Smith Administrators

**Vermont**

- Colchester**  
Bushnell, Ducas & Co.

**Virginia**

- Fairfax**  
Corroon & Black Corp.
- Richlands**  
Corroon & Black Corp.
- Richmond**  
The Alexander Consulting Group Inc.  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
William M. Mercer Inc.  
Williams, Thacher & Rand
- Roanoke**  
Godwins International Holdings Inc.

**Washington**

- Seattle**  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
Hazlehurst & Associates Inc.  
Hewitt Associates  
A. Foster Higgins & Co. Inc./  
Johnson & Higgins  
Fred S. James & Co. Inc.-  
Benefits Division  
William M. Mercer Inc.  
Milliman & Robertson Inc.

Continued on next page



# Tough on costs.

How do you cut soaring healthcare costs down to size?

At Efficient Health Systems, we put every non-emergency hospital admission through a swift, effective utilization review before it happens. We slice away unnecessary surgical procedures...eliminate costly inpatient admissions when outpatient procedures can be substituted...and delete extra time spent in the hospital.

And our EfficientCare® Review is just the start. To fill the needs of our diverse clientele, we've developed a variety of specialized, cost-cutting services like large case management, psychiatric review, and substance/chemical dependence

programs. And we have a sophisticated data management system to track your results, so you know just how much you're saving.

Efficient Health System's programs have a proven, reliable record of paying for themselves, many times over. How many times? Give us a call, and we'll be happy to discuss specifics or set up an appointment.

Call Efficient Health Systems today because it's time to give unnecessary healthcare costs the axe.

**312-967-7800**



**EFFICIENT HEALTH SYSTEMS, INC.**

**Tough on costs. Uncompromising on care.**

Chicago • New York • Atlanta • Los Angeles

Continued from previous page

- Martin E. Segal Co.  
TPF&C  
The Wyatt Co.
- Spokane**  
Fred S. James & Co. Inc.-  
Benefits Division
- Yakima**  
Fred S. James & Co. Inc.-  
Benefits Division

**Wisconsin**

- Fort Atkinson**  
Corroon & Black Corp.
- Madison**  
Corroon & Black Corp.
- Milwaukee**  
Corroon & Black Corp.  
Godwins International Holdings Inc.  
Hewitt Associates  
William M. Mercer Inc.  
Milliman & Robertson Inc.  
TPF&C  
The Wyatt Co.

**Wyoming**

- Cheyenne**  
Byerly & Co. Inc.

**Toy safety**

*Continued from page 1*  
The standards include more than 100 separate tests and design specifications to reduce or eliminate potential hazards.

For example, a simply constructed plastic truck intended for a 3-year-old may be subjected to as many as 50 tests to determine its durability and safety.

Mr. Thomson pointed out that the TMA holds semiannual seminars to update its members on safety standards and procedures for testing toys.

Apart from ASTM F963, manufacturers consult their own reference materials when testing.

Steven Schneider, vp of corporate research and development at Kransco Inc., the San Gabriel, Calif.-based parent of Wham-O Inc., said he relies on the "Human Factors Design Handbook" published by McGraw-Hill Inc. and edited by Wesley E. Woodson. The

book provides such physiological guidelines as the length of children's arms at certain ages and their grasping ability.

But, toy testing involves more than completing a checklist of safety requirements, Mr. Schneider pointed out.

"The majority of us have kids," he said of Kransco staffers involved in making sure that playthings do not injure children during the ravages of a rough-and-tumble existence. Such parental experience gives safety testers the advantage of using common sense in designing toys, Mr. Schneider added.

"A lot of common sense and a lot of pre-testing and observation" are two of the company's testing hallmarks, he remarked.

Fisher-Price Toys, an East Aurora, N.Y.-based division of The Quaker Oats Co., also believes in close observation of children at play when testing toys.

When establishing recommended

age ranges for toys, Fisher-Price personnel watch children in a nursery school give the products a workout. Kids from several months old to 9 years of age play with prototypes and preliminary models of toys while psychologists, designers and engineers look on behind a one-way mirror.

The staff also consults with experts outside the company when evaluating the age-appropriateness of a toy. Those experts include child-development specialists, physicians, psychologists and parents.

Fisher-Price also subjects some of its products to "life testing," which attempts to recreate the conditions under which a toy will be used.

For example, its Chatter Telephone pull toy is tested on a moving treadmill to "ensure that it will withstand real-life conditions," said a spokeswoman. "It ensures the toy will operate as it is intended."

Fisher-Price is particularly concerned about the safety of its products after it settled a 1973 lawsuit last year for \$2.25 million (*BI*, June 15, 1987). The settlement, one of the largest individual settlements ever by a toy manufacturer, ended litigation filed by the parents of a child who suffered brain damage after swallowing a figurine that was part of a Fisher-Price playset.

The amount of testing a toy receives depends on its complexity, manufacturers agree.

All Wham-O products are field-tested, Mr. Schneider said. But, "the profile of a Frisbee will not get as much attention as a ride-on vehicle," he explained.

Ralph Clarke, director of quality control at Ohio Art Co. Inc. in Bryan, Ohio, said: "We have a number of products, around 200. The (testing) time it takes depends on the item. If it has only one or two parts, naturally it will take less time than a large item."

Regardless of the toy design, manufacturers say they push their products beyond the limits required by the U.S. Consumer Product Safety Commission.

"Whatever the standards are, we go above them," Mr. Clarke said. "For instance, if the standards say a pull test for a toy should be 15 pounds, we go another five or 10 pounds."

If a toy does not hold up under testing conditions, it is scrapped or redesigned, he added. "We find in the research and development stage a lot of times that the original concept has to be changed." If problems are encountered during testing, Ohio Art "may change the whole concept of an item," Mr. Clarke said.

Waymon Whittman, president of the Cadaco Division of Rapid Mounting & Finishing Co. in Chicago, said, "All our products go through a vigorous testing procedure."

Mr. Whittman said that while the company has never had to abandon a toy because it did not meet safety standards, he has seen products go through extensive redesigns during the 13 years he spent with CBS Toys in New York.

At CBS, researchers would "continue to work on a product until it met the standards. If a product was good, we made every effort to correct the design."

At Mattel Inc. in Hawthorne, Calif., the philosophy toward toy safety is one that is "very, very reactive" to consumer concerns, stressed John G. Pinner, assistant treasurer.

"Mattel is at the forefront of toy safety," Mr. Pinner said. "A lot of the standards set by the CPSC were actually Mattel standards," he said, referring to Consumer Product Safety Commission standards.

He said the toy maker realizes a monetary benefit from the practice of reacting quickly to customer complaints because it keeps claims costs low.

Mattel's consumer affairs department handles complaints first, and "the minute they realize there is any damage, they immediately turn it over to us," Mr. Pinner explained. "We contact the person to find out what happened and try to do whatever is possible to help them."

In many cases, Mattel will settle complaints quickly, offering to pay medical expenses if a child is injured by a toy, he said. Parents with complaints may discuss their concerns with toy developers at Mattel.

But Mr. Pinner points out that Mattel will not be pushed around. "We take a tough stance if anybody" tries to take advantage of us, he remarked. "We will not let somebody come in and try to get a settlement just because we're a big company."

"We try to be compassionate, but  
*Continued on next page*

*Who spends over*

# 402 BILLION

*annually on property/casualty & group benefit premiums?*

The executives listed in the *Business Insurance Directory of Corporate Buyers* represent a large segment of this powerful multi-billion dollar market. Executives who are directly responsible for the purchase of commercial insurance and employee benefits are listed in this most valuable resource tool.

## 1988-89 BUSINESS INSURANCE DIRECTORY

**of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services**

Updated and expanded, the 1988-89 *Directory* includes information on more than 2,135 companies of all sizes located throughout the U.S. Plus, vital statistics on all companies listed including:

- primary type of business
- sales or assets
- number of employees
- name and title of chief financial officer
- names and titles of executives directly responsible for:
  - employee benefits
  - pension/retirement plans
  - personnel
  - risk & insurance management
  - property/casualty insurance
  - international employee benefits and/or risk management

To gain access to these important buyers of insurance, benefit plans and risk management services order the 1988-89 *Business Insurance Directory of Corporate Buyers* today. Available in print or on tape. To order call:

**313/446-0477**

For tape sales or information call:  
313/446-0476.

# **Business Insurance**

a publication of Crain Communications Inc

Continued from previous page

we also try not to be fools. Parents know we care, and they also know we will do what is just."

Mattel's safety record "speaks for itself," Mr. Pinner said. "Mattel has very, very few large claims on toys."

The largest product liability claim settled by the company regarding an injury caused by a toy was less than \$300,000, he said.

Mattel's product liability insurance is underwritten by its Bermuda-based captive, Far West Insurance Co., and Mr. Pinner proclaims the coverage is "the one line I make good money in. . . Insurance companies charge rates that are absolutely terrible," he said of the commercial market.

Other toy makers have similar sentiments regarding the premiums commercial insurers are charging for product liability coverage.

"The only people I know who are more screwed up than the shipping lines are the insurance companies," the TMA's Mr. Thomson charged. "They know nothing about the toy industry. They lump together all the products, regardless of their safety records."

Toys "have a safety record far superior to anything else that is brought into the household," Mr. Thomson added.

Commercial insurers' attitude

**You can go to a safety lab in Seoul and you will see them using our standards, says Mr. Thomson.**

towards toys was sufficient impetus for the TMA to establish its own captive based in the Cayman Islands. Toy Alliance Insurance Ltd., managed by Delta Management Corp., offers TMA members \$1 million in primary product liability insurance (BI, April 18).

While most toy makers that market products in the United States have been extremely safety-conscious for many years, others—especially those based in foreign nations—do not have such a good record, Mr. Pinner remarked.

However, the toy industry is attempting to improve the safety of toys coming from other countries and stop the flow of unsafe playthings into the United States.

Mr. Thomson of the TMA also serves as president of the International Committee of Toy Industries, whose members represent manufacturers in 14 other countries. In that capacity, he tours safety-testing facilities in different countries to consult and advise foreign toy makers.

The international organization is an effort to standardize toy safety among nations, Mr. Thomson explained. "For example, you can go to Korea and walk into a safety lab in Seoul, and you will see them using our safety standards."

Back in the United States, the CPSC and the U.S. Customs Service participate in a joint effort called Operation Toyland that is aimed at seizing imported toys that are unsafe.

CPSC Commissioner Anne Graham last month released the results of the operation and declared, "We're keeping record numbers of non-complying toys out of the U.S. marketplace."

According to the CPSC, 380,000 toys were seized at U.S. ports from June 1, 1987, through Sept. 30, 1987, and 891,000 more were confiscated from Oct. 1, 1987 through Sept. 30 of this year.

"The estimated retail value of all these items is \$4.1 million," Ms. Graham said. "We feel this effort should make the holiday season safer."

# Toymakers denounce danger list

By MICHAEL BRADFORD

Toymakers bristle at the notion that their products are unsafe and not thoroughly tested.

The Consumer Affairs Committee of the Washington, D.C.-based Americans for Democratic Action released its 17th Annual Toy Report earlier this year and the list of toys the group considers unsafe has caused some manufacturers to nearly blow their "tops."

"Just because some do-gooder says something is bad doesn't mean it is bad," said Ralph Clarke, director of quality control at Ohio Art Co. Inc. in Bryan, Ohio.

A spinning top manufactured by Ohio Art made the ADA's "Breakable Toys Can Become Dangerous Toys" category.

According to the ADA report: "The handle of this awful toy pulls off to expose a sharp metal shaft. One hates to think what would happen if a child fell on this or if it poked an eye."

However, Ohio Art's Mr. Clarke said he wonders how the ADA came to its conclusion. "Of all the testing we do on that item, we have never found that situation."

Testing appears to be the bullseye at which toymakers aim when they level criticism of the ADA report.

Waymon Whittman, president of the Cadaco Division of Rapid Mounting & Finishing Co. in Chicago, said when he asked the ADA which laboratory it used to test his company's Skee Ball game, the reply was: "We don't have a lab, we use a day-care center down the street."

Mr. Whittman argued that such methods "are not a fair way to test the product."

The Skee Ball game, another singled out by the ADA as easily breakable, "is so poorly constructed that it becomes a hazard to small children," according to the ADA report.

Every component of the toy "seems to break," releasing the marbles inside the toy as a result, the report added.

However, in the 20 years the product has been on the market, "we've not had one single problem or complaint," observed Mr. Whittman.

Judy Newman, coordinator of the ADA committee that conducted the study, confirmed that much of the testing is done at the Kid's Place, a day-care center in Bethesda, Md. Testing is also conducted at a Montessori school in Chicago.

She defended the testing procedures by pointing out that "we've been doing this for 17 years and the manufacturers use kids to test toys all the time."

In addition to its pint-sized experts, the ADA enlists the help of experts in fire safety, engineering and other areas when needed, she said.

Ms. Newman pointed out that while the ADA does not believe most toys are dangerous, it contends that toy manufacturers are not conscientious enough about toy safety and are not adequately regulated.

"The CPSC should tighten up its standards," she said, referring to the Consumer Product Safety Commission, the federal agency responsible for monitoring toy safety in the United States. "The toy industry knows that the CPSC is on their side."

A Dallas-based spokesman for the CPSC said the agency reacts to any allegations by the ADA that a toy is unsafe.

"We test it in our labs to make sure it meets our guidelines," he said, adding that test results for products on this year's ADA list are not yet available.

Mattel Inc., which like other toymakers considers itself at the forefront of toy safety, is not overly concerned about the inclusion of its Disney Snuggle Pals or Rock Star Popples in the "Toys that Burn" category of the ADA list.

"They passed every flammability test that we gave them," said John G. Pinner, assistant treasurer at the Hawthorne, Calif.-based company.

"Some of these people, unfortunately, when they do these lists are going out and looking for things. And they are probably not the right things," he added.

Although he stressed that a potentially flammable toy is certainly an unacceptable hazard, Mr. Pinner said, "I wouldn't look for flammability as much as sharp objects" or other design flaws that could

harm a child during the course of routine play.

The ADA also took on a summer-time institution with this year's list. The Slip 'n Slide, manufactured by Wham-O Inc. in San Gabriel, Calif., is burdened with a "myriad of warnings" that indicates that even "the manufacturer obviously recognizes this number is a potentially dangerous toy," the report states.

Another problem, the report claims, is that the Slip 'n Slide "is boring after the first couple of rides. This leads the kid (or even an adult supervisor) to start doing the things that lead to a dangerous situation."

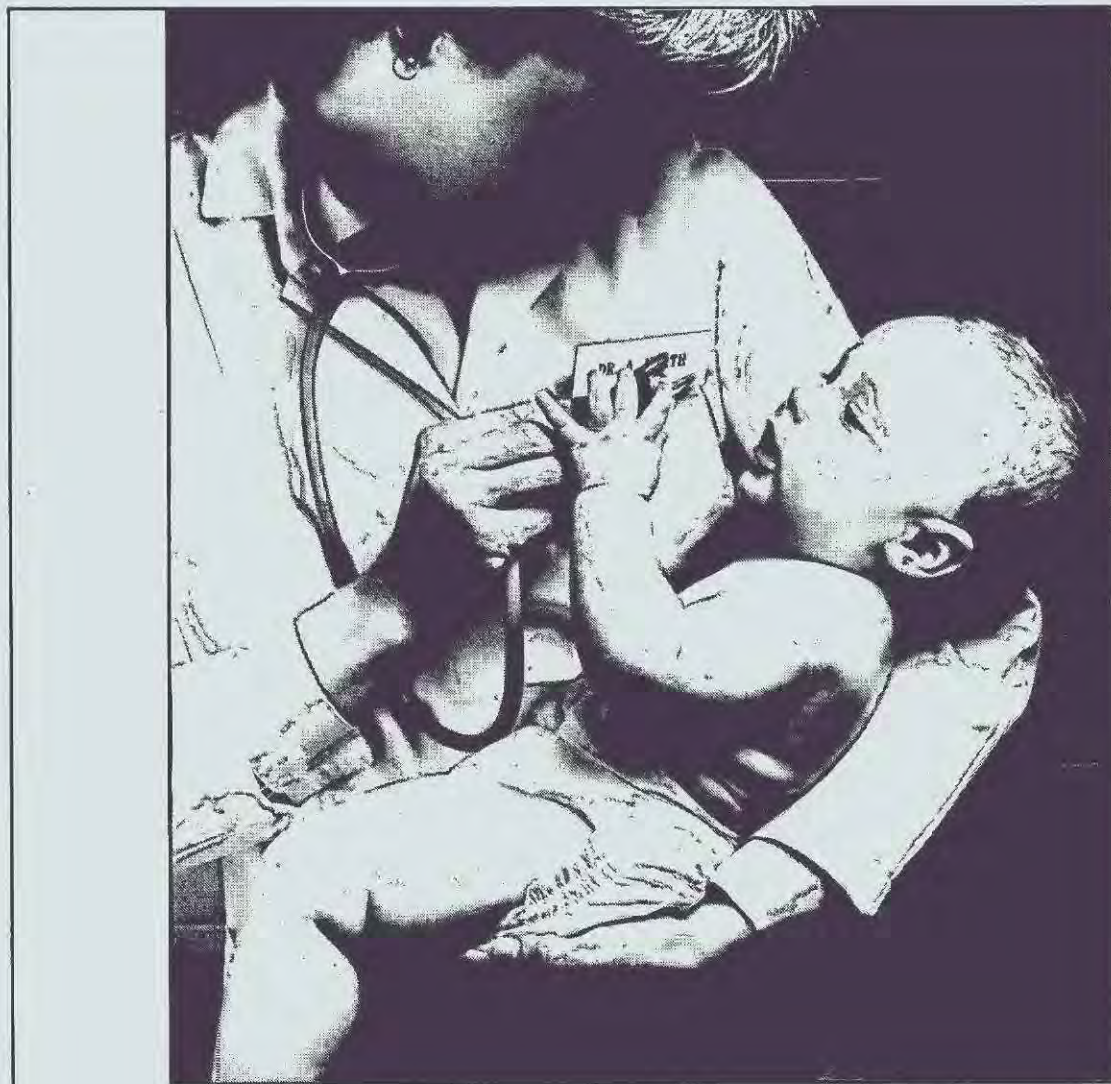
Steven Schneider, vp of corporate research and development at Wham-O's parent company, Kransco Inc. in San Gabriel, said the

Slip 'n Slide on the market today is an improved version of the product that was first introduced in the 1960s.

When Kransco purchased Wham-O six years ago, there was no Slip 'n Slide available, Mr. Schneider explained. The product had been taken off the market years earlier after Wham-O settled a wrongful death suit involving the product.

Extensive testing led to a more durable slide when it was reintroduced, according to Mr. Schneider, and a safety checklist and warnings were added.

"Being on the hit list clearly doesn't help," Mr. Schneider said of the ADA list. "But we're talking about a summer item and most people will have forgotten about it come spring."



## Uncompromising on care.

High-quality care. Employees expect it, need it . . . and with Efficient Health Systems, they get it.

Based on a sophisticated telecommunications system, our utilization review process is quick and paper-free. Every procedure is reviewed individually within 24 hours by one of our skilled registered-nurse reviewers. They're linked by computers to all our records, and tied directly into a toll-free phone number. So your employees can call with questions or concerns, and get immediate reassurance.

For more difficult or sensitive matters, we call upon our Medical Director or our

broad range of consulting physician specialists, every one supported by a sophisticated medical data base . . . all to ensure diagnosis and treatment that's in the patient's very best interests. We protect your employees' health with compassion and sensitivity. And to make sure they understand all the benefits of the system, we'll come to your workplace and explain it to them.

Call Efficient Health Systems today. Because when it comes to quality care, there's no room for compromise.

**312-967-7800**



**EFFICIENT HEALTH SYSTEMS, INC.**

**Tough on costs. Uncompromising on care.**

Chicago • New York • Atlanta • Los Angeles

# D&O survey

Continued from page 1

porations, differs from the 1987 survey in focus and sample size.

Unlike the 1987 survey, which polled 1,047 respondents, the latest survey did not poll hospitals, educational institutions, non-profit organizations and Canadian concerns. Wyatt also dropped fiduciary liability insurance-related questions to focus more clearly on the D&O marketplace, explained Mr. Boggs and Kenneth S. Wollner, another Chicago-based Wyatt consultant.

Wyatt projects that the average cost of a D&O claim made in 1988, including defense costs, will increase 61.6% to more than \$3 million from the \$1.8 million average total cost for closing claims reported in the 1988 survey, which tracked claims made in 1979-1987.

The survey projects that 60% of D&O claims will continue to be closed without any payment to the claimant.

The 1988 claims cost estimate is based on a projected average annual cost increase of 10%, with claims taking an aver-

age of 5.25 years to close.

The survey estimates that between \$1 million and \$20 million will be paid to claimants in 7.7% of the closed claims.

Other claim payments projected by the survey include less than \$20,000 to 6.5% of claimants; \$200,000-\$500,000 to 6.1% of claimants; \$20,000-\$50,000 to 5.1% of claimants; and \$500,000 to \$1 million to 4.7% of claimants.

The average claim severity continues to plateau at companies with a "fairly low asset size range," the survey points out.

For example, companies with assets of between \$400 million and \$600 million reported the greatest percentage of claims whose cost exceeds \$20 million, the survey notes.

Part of the claim cost increase can be attributed to continually rising defense costs, which are increasing 8% to 10% annually. Wyatt projects the average cost of defending claims made in 1988 will rise to \$1.14 million, 60.8% higher than the \$693,000 estimated average cost for defending claims reported in the 1988 survey, taking into account the costs incurred for defending claims that have since closed.

The survey notes that disposition of closed claims has

changed little from the 1987 survey, with 58.1% of the claims closed through settlement, 23.6% through litigation and 18.3% of claims dropped by claimants.

Risk managers can expect a double whammy in terms of both claims severity and frequency, the 1988 survey says. The survey estimates that "the overall annual increase in D&O claim frequency is somewhere in the range of 8% to 25%, and most probably in the range of 8% to 15% per year," with larger companies being hit by more D&O claims than smaller companies.

1988 survey respondents reported a total of 759 D&O claims between 1979 and 1987, including 157 D&O claims last year, a 36.5% increase from the 1987 survey. Of the 759 claims, 470 claims had been closed at the time the survey was conducted.

Corporations are being hit with claims from several sources. "We're still a long way from settling down" to predictable pattern of D&O exposures, Mr. Wollner said.

However, the greatest source of D&O claims continues to be shareholders. The percentage of all D&O claims filed by

Continued on next page

## The professional marketplace

### RATES AND CLOSING TIME:

**Rates:** Display classified is \$101.50. per column inch, minimum of one inch. Straight classified is \$8.25 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional \$17.50 charge for blind box ads. Only those responses which fit into a business size envelope will be forwarded. Responses are forwarded daily.

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

**HEADQUARTERS FOR INSURANCE & EMPLOYEE BENEFITS PERSONNEL**

SERVING ALL AREAS INCL. ACTUARIAL, UNDERWRITING & CLAIMS, RISK, COMPENSATION & BENEFITS MGMT.

CALL **BILL KELLY** (LIFE & HEALTH AND EMPLOYEE BENEFITS) **ANDREW DAVIS** (PROPERTY/CASUALTY AND RISK MGMT.)

**don HOWARD** PERSONNEL

135 WILLIAM STREET NEW YORK, N.Y. 10038 (212) 227-9000

**SURETY BOND MANAGER**

Old large Southern Ohio contractor oriented independent agency seeks person w/management, underwriting & sales skills. Salary, fringes, bonus, car, move included, plus ownership potential. Need degree, at least 5 yrs. surety exper. Send resume, references & salary history to:

**Box 2486**  
**Business Insurance**  
**740 Rush St.**  
**Chicago, IL 60611-2590**

**CAROLYN DAVIS ASSOCIATES, INC.**

**STAFFING CONSULTANTS TO THE INSURANCE INDUSTRY**

701 Westchester Avenue Suite 317W White Plains, N.Y. 10604 914-682-7040

**CHICAGO E & S BROKER FOR SALE**

Last 12 months premium income \$8,500,000. Ideal for wholesaler wishing to expand to Midwest or for acquisition.

Box 2480  
Business Insurance  
740 Rush Street  
Chicago, Illinois 60611-2590

**Book of Business seeks Carrier \$7,000,000.** (And Growing!) Book of Controlled Main Street Package Business Seeks An A-Rated, (B+ OK) Stable Home. States: NY, NJ, PA, CT (+ Any Other Eastern States).

Very Profitable - Carrier Statistics Available. Please Respond to:

**Box 2485, Business Insurance**  
**740 Rush St., Chicago, IL 60611-2590**

**V.I.P. RESOURCES, INC.**  
Executive Recruiters  
**EMPLOYEE BENEFITS**

200 Park Ave., Suite 303E  
New York, New York 10166  
(212) 344-2100

**AGENCY/BROKERAGE OPPORTUNITIES**

Our client, national in scope, seeks individual experienced in the production of commercial P&C accounts for their scenic **NORTHWEST** locale. Experience with construction oriented business will draw specific interest but is not mandatory. Start with base of \$50/\$60,000+BONUS.

Major New Jersey P&C brokerage seeks person to head East Coast operation. Must have commercial sales mgt. experience with progressive sales/sales mgt. track record. East Coast candidates preferred. Salary starts at \$75,000 plus bonus incentives and executive perks.

DIRECT WRITING account executives are in demand by many of our clients. If you have 5-10 years commercial P&C sales experience and have considered joining the agency/brokerage ranks, NOW is the time to give us a call!

**GILBERT — HAFNER & CO.**  
Insurance Staffing Consultants  
6060 N. Central #470, Dallas, TX 75206, (214) 361-9341

**INSURANCE EXPERT W/FINANCIAL BACKGROUND**

Exciting Opportunity

High profile public entity - self insurance pooling - must know coverages and have Financial/Accounting background. Salary \$60,000 to \$70,000 range. Send Resume:

"Fund"  
One Depot Square - Box 220  
Park Ridge, NJ 07656  
ATT: EVELYN

**D.I. VENTURE**

Unique opportunity available for financial expert/actuary specializing in non-cancellable disability income insurance. This start-up insurance organization is looking to create a cash value based D.I. product to compete with the best. You should have 5+ years of directly related work experience and be willing to accept a marketing oriented strategic plan. Equity position available for suitable candidate in the Northeast. Reply to: Business Insurance Box 2483, 740 Rush Street, Chicago, IL 60611

\*\*\*\*\*

**HOLIDAY NOTICE**

Due to the holiday season, the Professional Marketplace will have the following closing:

**Monday, January 2 closes**  
**Thursday, December 22**

\*\*\*\*\*

**BUSINESS OPPORTUNITIES**

**AGENTS 65-70**

Interested in selling your agency for lifetime income with rights of survivorship. Southeast Michigan agents only. Send inquiries to: Box 2481, Business Insurance, 740 Rush Street, Chicago, IL 60611

**LICENSED MICHIGAN INSURANCE COMPANY**

Investors looking for inactive Michigan company licensed for surety. Send inquiries to: Box 2482, Business Insurance, 740 Rush Street, Chicago, IL 60611

**REGIONAL MARKETING DIRECTOR**

WE ARE A FAST GROWING MANAGED MENTAL HEALTH CARE FIRM SEEKING A SAVVY, MARKETING PROFESSIONAL FOR THE CALIFORNIA AND THE WESTERN STATES.

THE SUCCESSFUL CANDIDATE WILL HAVE: 3-5 YEARS OF EXPERIENCE IN THE HEALTH CARE OR INSURANCE FIELD, AND AN ADVANCED DEGREE IN A HEALTH DISCIPLINE OR BUSINESS.

IN ADDITION, THE CANDIDATE MUST BE THOROUGHLY FAMILIAR WITH THE MAJOR HEALTH AND PERSONNEL CONSULTING FIRMS IN THE CALIFORNIA MARKETPLACE AND ADJOINING STATES.

INITIATIVE AND THE ABILITY TO DEVELOP EXECUTE MARKETING PLANS INDEPENDENTLY IS A PLUS.

WE PROVIDE COMPETITIVE COMPENSATION AND BENEFITS. SEND RESUME AND SALARY HISTORY TO:

Box 2487, Business Insurance  
740 Rush St., Chicago, IL 60611-2590

EASTERN KENTUCKY UNIVERSITY **EKU**

**CHAIRHOLDER OF INSURANCE STUDIES**

College of Business

Finance and Business Systems Department seeks applications from highly motivated individuals for an administrative/teaching position as Chairholder of Insurance.

**POSITION QUALIFICATIONS AND RESPONSIBILITIES**

**Degree Requirements:** Master's degree mandatory, Ph.D or D.B.A. degree in Insurance or Risk Management may be given preference.

**Experience Requirements:** Significant industry experience at the company level, or verifiable record of working with insurance industry leaders. Successful candidate will be equally comfortable in the classroom and the boardroom.

**Certifications:** Insurance certifications are preferred, but not required.

**Responsibilities:** Teaching, interaction with and service to Kentucky's insurance industry, and scholarship.

**Location:** EKU is a large regional university (13,000 students) located in the Bluegrass region of the state, 20 miles south of Lexington.

**Contact:** Requests for descriptive brochures or letters of interest, vita and the names, addresses, and telephone numbers of at least four references should be sent by February 15, 1989 to:

**Dr. Bruce K. Blaylock**  
Chairman of Search Committee  
Combs 212  
EASTERN KENTUCKY UNIVERSITY  
Richmond, KY 40475

Starting date for the position is August 15, 1989.

Eastern Kentucky University is an Affirmative Action/Equal Opportunity Employer. Employment eligibility verification required, Immigration Reform and Control Act 1986.

**HELP WANTED**

**PROPERTY BROKER/ UNDERWRITER/MANAGER**

Houston. Established and reputable Excess and Surplus Lines MGA is seeking an experienced Manager for its Property Dept. Ideal candidate will possess solid technical skills and good leadership qualities. Knowledge of, and good rapport with, agents and markets also important. Qualified candidates should send complete resume with salary history to: **Jan Stoddard, P.O. Box 4479, Houston, Texas 77210-4479.**

**SAFETY AND TRAINING REPRESENTATIVE**

Seeking person with 3-5 years loss control, and training experience to assist in the administration of county safety programs, and property and casualty. Requires experience equivalent in a technical and/or safety management. Proven oral and written communication skills, ability to plan, initiate, coordinate safety training, public works, law and detention system. Above average knowledge of OSHA, MSHA and NFPA. Industrial Hygiene, ergonomics expertise, governmental/commercial insurance loss control experience a plus. Send resume in complete confidence to: **Donna Smith, Executive Director, New Mexico County Insurance Authority, 535 Cordova Road, #448, Santa Fe, New Mexico 87501, (505) 984-1129.** All resumes must be received post marked no later than January 6, 1989 without exception.

**VICE PRESIDENT & ACTUARY**

USLIFE Corporation, with a 130+ year history of success, has a position currently available for a thoroughly experienced life insurance professional.

The ideal candidate will have an FSA or ASA and a minimum of 10 years experience working within, or consulting with a life insurance company. Proficiency in financial impact measurement, along with a solid background in statutory/GAAP accounting and taxation for life insurance applications are also requisite.

Primary responsibilities will consist of coordinating reporting requirements with our accounting staff, as well as the actuarial facets of our financial statements, and determining statutory surplus needs for each of our life insurance subsidiaries.

We offer an outstanding compensation package as well as a working environment geared toward personal, financial and professional growth. For prompt and confidential consideration, please submit resume, including salary history and requirements to: Vice President of Human Resources, USLIFE Corporation, 125 Maiden Lane, New York, NY 10038.

**USLIFE CORPORATION**  
An affirmative action/equal opportunity employer

**BONDS**

Now making agency appointments for excess and surplus facility.

Small and medium contractors programs available. All types of fidelity and surety coverage.

**MANAGING GENERAL AGENTS: CONTINENTAL RISK MANAGEMENT, INC.**

800 Rio Grande Blvd., NW - Suite #10  
Albuquerque, NM 87105

**EXECUTIVE DIRECTOR-ADMINISTRATOR**

A well established Taft-Hartley Health and Welfare Trust Fund located in Milwaukee, Wisconsin, serving approximately 5,000 active participants and their families, is seeking an Executive Director-Administrator. The Fund provides self-insured benefits as well as on site medical, dental, vision and pharmacy services. The position requires experience in service provider relations; subscriber relations; financial administration; claims review; financial analysis; supervision of professional and clerical staff. Applicants must be prepared to assume responsibility for the overall management of Fund operations. The position reports directly to the Trustees. Please send resume, references and salary requirements to: **Ms. Harriet Zahorek, c/o Milwaukee Area Truck Drivers Health & Welfare Fund, P.O. Box 2073, Milwaukee, Wisconsin 53201.** An equal opportunity employer.

Continued from previous page  
shareholders rose to 47% in the 1988 survey from 40% in the 1987 survey.

Employee-initiated claims accounted for the next highest percentage of claims—21.5%—a decrease of nearly one-third from 31% reported in the 1987 survey.

One of the most significant exposures faced by corporations stems from merger and acquisition activity. More than 20% of the claims filed by shareholders stemmed from merger, acquisition, divestiture or tender offer activities.

"The merger issue is now the single-largest issue for shareholder claims," Mr. Wollner said.

Public stock offerings, which accounted for 2.4% of the D&O claims in the 1988 survey, had been a much more significant reason for shareholder claims, he said.

Of the 1,080 respondents that reported some sort of merger, acquisition or divestiture activity during the five years preceding their response, 279—or 25.8%—reported one or more D&O claim. The number of claims against the group involved in mergers totaled 616, or more than one claim for every two companies in the group.

However, only 82—or 13.1%—of 627 companies not involved in mergers or related activities reported claims.

One company did not answer the question. The next greatest percentage of D&O claims filed by shareholders involved financial reporting, which accounted for 6.5% of those D&O claims.

Companies that reported an aftertax loss during the last five years also were highly susceptible to D&O claims filed by various parties for different reasons.

About 32%, or 546, of the survey respondents reported an aftertax loss, and 25%, or 136, of those companies reported a total of 295 D&O claims.

Insurance companies continue to be the leading targets of D&O claims, with 30% of these respondents reporting such claims.

However, another leading D&O target—banks and finance and leasing companies—reported a drop in D&O claims: 27.3% of these respondents in the 1988 survey reported being hit with D&O claims, compared with 36.6% in the 1987 survey.

Meanwhile, more D&O claims are being filed against utility companies: 24.3% of these respondents in the 1988 survey have been hit with D&O claims, compared with 17.6% in the 1987 survey.

There continues to be a strong correlation between a company's asset size and its D&O claim frequency. "The frequency of claims for companies with assets between \$100 million and \$1 billion is twice that of the companies with less than \$100 million. Companies with assets greater than \$1 billion have twice the frequency of D&O claims of those companies with assets between \$100 million and \$1 billion," the survey reports.

Despite deteriorating claims experience, risk managers are having an easier time finding additional coverage and are paying only slightly higher premiums, the survey reports.

Corporations of virtually every size reported increases in their D&O policy limits.

For companies with \$25 million or less in assets, the average D&O limit reached \$5.9 million in 1988, a gain of almost \$1 million from the 1987 average but still short of the 1984 average of \$6.1 million.

Corporations with assets of \$25 million to \$100 million on average reported \$6.8 million in limits, up from \$6.5 million in 1987 but significantly lower than the \$11.1 million average in 1984.

Corporations with assets of \$100 million to \$400 million reported an average limit of \$13.2 million, a gain from 1987's \$12.5 million average but still below the \$16.6 million average limits in 1984.

Companies with assets between \$1 billion and \$2 billion reported they were able to obtain an average of \$27.2 million of D&O limits in 1988, an increase of \$3.5 million from 1987's \$23.7 million average. However, average 1987 limits were lower than the average of \$31.3 million in 1984.

For companies with assets of more than \$2 billion, average limits reached \$45.3 million, an increase of \$4 million over 1987's average but still less than 1984 average limits of \$48.6 million.

However, businesses with assets of \$400 million to \$1 billion reported that average D&O limits dropped slightly to \$18.5 million in 1988 from \$18.7 million in 1987. The 1987 figure also represented a drop of \$6.5 million from 1984 average limits.

The Wyatt consultants said this decline may reflect the relative lack of access to policyholder-formed insurers by some midsized corporations.

The largest D&O coverage limit reported in the survey—\$220 million—were purchased by a company with assets of more than \$10 billion. Those limits represented a

56% increase over the highest coverage limit reported by a company in the 1987 survey: \$141 million.

Risk managers also have found that the rate of D&O premium increases has slowed considerably compared with the 1984-87 period.

In an effort to chart the rising cost of D&O insurance while also taking into account other variables, such as corporate asset size, limits, corporate reimbursement deductibles and retentions above the deductible, Wyatt developed a premium index.

The index, with premiums in 1974 serving as the base of 100, has fluctuated from a low of 54 in 1984 to a previous high of 682 in 1987.

The index stood at 746 in this year's survey, up 9.4% from the previous survey.

The average premium for companies that purchased both corporate reimbursement and personal D&O coverages was \$432,389, while the average premium for companies buying only personal coverage was \$194,147.

The median premium for \$1 million of primary limits for both types of coverage was \$16,000, while the median premium for \$10 million of primary limits was \$12,650.

Utilities and petroleum companies reported the highest median premiums for \$1 million of primary coverage: \$24,250 and \$24,200, respectively.

Mr. Boggs emphasized that the report reflects premiums for D&O insurance programs negotiated during the first quarter of 1988, rather than the even lower premiums negotiated more recently, Mr. Boggs emphasized.

Both Messrs. Boggs and Wollner said that they have heard of rate reductions of 5% to 20% from last year's rates for more recently renewed policies.

However, Mr. Boggs noted that a somewhat smaller percentage of 1988 survey respondents appeared to be carrying D&O insurance than 1987 survey respondents.

Although there was no overall average computed for the 1987 survey respondents, he pointed out, for example, that 90% of the banks in the 1987 survey reported carrying D&O insurance while only 85% of the 1988 survey respondents reported carrying the coverage. And, 99% of the utilities in the 1987 survey reported carrying the coverage while 96% of the 1988 utilities in the 1988 survey reported they carried the coverage.

Mr. Boggs suggested that some companies that participated in the 1987 survey may

have "been frozen out" when they attempted to renew their policies and then decided they could carry on business without purchasing D&O coverage.

Overall, 1,269—or 74.3%—of the 1988 survey respondents reported purchasing some sort of D&O coverage.

Only 8% of the respondents to the 1988 survey reported they did not carry D&O insurance because of a lack of availability, compared with 18% of the 1987 survey respondents.

Many companies in the 1988 survey that did not purchase coverage cited more than one reason for going bare, with 49% reporting that the coverage cost too much.

Ironically, only 39% of the respondents to the 1987 survey, which was conducted during the midst of the most severe D&O availability crisis in history, cited cost as a reason for not buying coverage.

Publicly traded corporations with more than 500 stockholders were the most likely to have D&O coverage: 817, or 92.2%, of the 886 respondents in this class reported having D&O insurance.

In addition, 76.7%, or 174, of the 227 companies with no stockholders reported having D&O coverage.

And, 72.2%, or 26, of the 36 companies with more than 500 stockholders but no publicly traded shares reported purchasing D&O insurance.

Companies with fewer than 500 shareholders and with no publicly traded shares are the least likely to have coverage: Only 250, or 44.8%, of the 557 respondents in this class reported having D&O insurance.

The survey reported a direct correlation between a company's asset size and the likelihood that it buys D&O insurance. For example, 93% of the respondents with assets of more than \$10 billion reported they purchased D&O insurance. But, only 46% of the respondents with less than \$50 million in assets reported having D&O coverage.

Utility companies were most likely to carry D&O insurance, while transportation companies and companies providing professional services were the least likely to carry D&O insurance, with only 56% of these respondents reporting they have the coverage.

Copies of "1988 Wyatt Directors and Officers Liability Survey" by The Wyatt Co. are available for \$400 from Dee Widner, The Wyatt Co., Suite 2400, 303 W. Madison St., Chicago, Ill. 60606; 312-704-0600.

## D&O liability insurers find niches

CHICAGO—Directors and officers liability insurers appear to be increasingly reliant on niche underwriting to stake out their territory, according to the latest Wyatt Co. D&O liability survey.

And, the creation of policyholder-owned insurers filled much of the gap in the excess D&O liability insurance market created by the withdrawal in the mid-1980s of many commercial underwriters and reductions in limits offered by other commercial insurers, the survey shows.

But, despite the emergence of some significant new players, the dominant primary and excess D&O insurers more than held their own during the 18 months between the 1987 and 1988 Wyatt surveys, noted Kenneth S. Wollner, a consultant with The Wyatt Co.'s Chicago office.

In addition, two underwriters stepped up to significant market positions: Great American Insurance Co. of Cincinnati and Hartford, Conn.-based Aetna Casualty & Surety Insurance Co.

New York-based American International Group Inc. retained its position as the largest writer of primary D&O coverage in terms of premium volume, holding 32.7% of the market. It was followed by Warren, N.J.-based Chubb Corp., which accounts for 20.8% of the market.

The fact that these insurers continue to command a significant chunk of the market "seems to reflect the reluctance of corporations to change D&O carriers," Mr. Wollner said.

In terms of policy count, the leaders' positions were reversed. Chubb wrote slightly more than 29% of all D&O primary policies, while AIG issued 24.9%.

The disparity in policy count reflects Chubb's strength among companies with assets below \$2 billion. Chubb, for example, has almost twice as many policyholders as does AIG among companies with assets of \$100 million to \$400 million. AIG, however, has more than three times as many policyholders as Chubb among companies with assets of more than \$10 billion.

Ranking third in terms of premium volume, with 17.1% of the primary D&O market, was policyholder-owned Directors & Officers Liability Insurance Ltd. of Bermuda. But because DOLI writes a relatively small number of risks at relatively high premiums, it only wrote 4.4% of policies.

Third in terms of primary D&O policy count was Chicago-based CNA Financial Corp., with 7.4%. Yet CNA only wrote a 3.4% share of D&O premiums, ranking it eighth in terms of premium volume.

Other insurers that wrote at least 2% of the D&O poli-

cies were Great American, with 5.6%; Lloyd's of London and other London market underwriters, 5%; Aetna, 3.7%; and New York-based Continental Corp., 2%.

Neither Great American nor Aetna were cited by enough respondents to be included in the 1987 Wyatt survey.

Insurers that accounted for at least 2% of primary D&O market premiums were Lloyd's and London underwriters, with 6.7%; Aetna, 4.3%; and Great American, 4.3%. Bermuda-based Corporate Officers & Directors Assurance Co. wrote just under 2% of the primary D&O liability market premiums.

On the excess side, Chubb led in number of policies, with 14.7%, followed closely by AIG, with 13.6%, and Bermuda-based policyholder-owned facility A.C.E. Insurance Co. Ltd., with 12.4%. Aetna, which did not enter the D&O market until 1987, ranked fourth in terms of policies written with 8.7%.

Other companies that wrote at least 5% of the excess policies were Bermuda-based X.L. Insurance Co. Ltd., with 6.6%; and Continental, with 6.0%.

A.C.E. was the leader in terms of excess D&O liability premium volume, with 16.6% of the market, followed by AIG, with 15.3%, and Chubb, with 10.8%.

Other insurers writing at least 5% of the excess D&O premiums surveyed were Barbados-based Energy Insurance Mutual Co. Ltd., 8.9%; Aetna, 8.8%; and X.L., 8.2%.

Mr. Wollner noted that while policyholder-owned insurers such as A.C.E. and X.L. accounted for 44% of the total excess D&O premiums in 1988, compared with nearly 50% in the 1987 survey, the facilities remain strong.

The 1988 report draws much the same conclusion regarding the primary market. The 1988 report cites the creation of policyholder-owned facilities as the most important development of the past three years.

The report also makes clear that despite the dominant positions enjoyed by AIG and Chubb, market segmentation allows other D&O carriers to carve out their own niches based on the type of enterprise insured.

Great American emerged as the most popular primary D&O liability insurer of insurance companies, although AIG trailed it by a single percentage point.

Among banking and finance companies, AIG was the top primary D&O liability insurer, but CNA followed closely. Chubb held a commanding lead among publications and communications firms. And, among utilities, DOLI was the primary D&O insurer of choice.

—By Mark A. Hofmann

## Insurer offers guide to D&O loss control

Few corporations have a loss control program for directors and officers liability despite the concern such exposures cause corporate risk managers, according to a loss control guide published by Warren, N.J.-based Chubb Corp.

In contrast, loss prevention programs involving employee safety and fire prevention are well-established parts of a corporation's risk management program, notes the 28-page "Directors & Officers Liability Loss Prevention."

To provide corporations with D&O loss control information, Chubb commissioned D&O attorney Dan A. Bailey, a partner in the Columbus, Ohio, law firm of Arter & Hadden, to write the handbook. Mr. Bailey co-authored the recently published fourth edition of "Liability of Corporate Officers and Directors" (BI, Oct. 10).

In the Chubb handbook, Mr. Bailey writes that an effective D&O loss prevention program can accomplish several objectives, including:

- Reducing the liability exposures not only of directors and officers but also of the corporation to the extent that the corporation indemnifies losses incurred by management.
- Improving the corporation's ability to recruit and retain qualified directors and officers.
- Avoiding claims and litigation.
- Enhancing the defense of claims.
- Improving the corporation's ability to obtain favorable D&O insurance coverage at reasonable costs.

The handbook also outlines corporate directors' and officers' responsibilities and points out ways to enhance loss prevention.

Some of the areas examined are the general principles governing D&O liability, the selection of directors, the education of directors, how directors should document actions and how to deal with potential conflicts of interest.

In addition, Mr. Bailey provides loss prevention guidelines for special risks, such as complying with federal securities law and dealing with corporate takeovers.

Copies of the guide are available free of charge from Chubb agents, brokers or branch offices, or by writing to John Coonan, Executive Protection Department, Chubb Corp., 15 Mountain View Road, Warren, N.J. 07060.

—By Mark A. Hofmann

## Asbestos claims data

Continued from page 2

Ulrich Jaeger said that "considerable progress was made toward the setting up of IRAS."

However, "before its final establishment... we thought it advisable to make a last effort to come to amicable terms with the London market, since, after all, cooperation would seem more sensible and prudent than misunderstandings and confrontation," Messrs. Zeller and Jaeger added.

As a result of this initiative, a series of meetings took place in London, the letter added. These included:

- A meeting between "top executives of the major European professional reinsurers (and) top representatives of the London Market Asbestos Working Party on Aug. 16."

The reinsurers included Zurich-based Swiss Reinsurance Co.; Munich Reinsurance Co. of Munich, West Germany; Amsterdam-based Netherlands Reinsurance Group N.V.; London-based Mercantile & General Reinsurance Co. P.L.C.; Cologne Reinsurance Co.; and Gerling Global Reinsurance Co. A.G. of Cologne, West Germany.

- A three-day working session between European and London claims managers in mid-September.

- A second meeting of top executives on Oct. 11.

"We concluded from these very constructive discussions that all information and documentation which needs to be given to reinsurers/retrocessionaires is, in fact, available in London and we received firm commitments that it will be put at our disposal," the letter said.

Therefore, the need for IRAS "as originally proposed might be superfluous," the letter added.

Basic information related to asbestos bodily injury losses paid by London underwriters will be made available through Toplis & Harding (Market Services) Ltd., according to Mr. Jackson.

Toplis & Harding (Market Services), a subsidiary of Toplis & Harding (U.K.) Ltd., was set up in 1984 to gather asbestos claims information for London underwriters.

Initially, as many of the attorneys' reports relating to asbestos claims settlements were privileged and confidential, T&H was used to circulate the reports to underwriters in the London market so that unauthorized parties did not obtain the information.

"Toplis & Harding is the appropriate source for information to flow to retrocessionaires as many underwriters do not have the information required to respond individually," said Phil Frost, who is in charge of coordinating asbestos information at T&H.

Mr. Frost hopes to present reinsurers and retrocessionaires with detailed information

ably asking for information which gives them a much greater understanding of the original claims process, particularly with regard to wordings and original triggers of coverage," he noted.

However, both Mr. Jackson and Mr. Frost stress that Toplis & Harding has no authority to act or negotiate on any London underwriter's behalf.

T&H simply will act as a provider of information, said Mr. Frost.

"We have not negotiated on anybody's behalf and it will still be up to the individual ceding companies or syndicates to make their own claims presentations through the normal channels," Mr. Jackson stressed in his letter.

"As asbestos claims matters are so complicated, there does not seem to be any

mism (that) this could be an important step to resolve the situation during 1989."

"We are glad that everyone recognizes that there is a need for more information to be made available and the sooner the better," agreed David Turner, a director of the non-marine division of E.W. Payne (U.K.) Ltd.

However, Mr. Turner still is concerned about the confidentiality aspect involved in releasing so much information.

"If we release the wrong information, where does that leave us?" he asked.

In addition, both brokers pointed out that providing information to reinsurers is only one point of contention between London market cedants and their reinsurers.

Disputes over contract wordings and technical clauses still will have to be resolved on an individual basis, they noted.

Indeed, Messrs. Zeller and Jaeger wrote in their joint letter last month that "there is still the question of the aggregate extension clause and other matters to be considered. As it has become clear that no overall solution will be possible, all parties involved will have to deal individually with their own contracts."

For example, London underwriters and their reinsurers cannot agree on the extent to which asbestos losses should be aggregated.

According to London underwriters, aggregate extension clauses on reinsurance contracts allow a ceding underwriter to add together all claims paid to one policyholder under one aggregate policy and treat it as one loss. Claims paid to another policyholder are treated separately as another loss (BI, Jan. 25).

However, wordings of aggregate extension clauses vary considerably from policy to policy and a definition of how the clause works has not been agreed upon by the London market and their reinsurers.

In addition, the reinsurers claim such aggregation is only possible if each underlying contract has similar aggregate clauses, making it necessary to examine every underlying policy.

**'As asbestos claims matters are so complicated, there does not seem to be any practical alternative other than through this central provision of basic claims information,' says Robin A.G. Jackson in his letter, adding that 'a number of other major reinsurers will likewise wish to become involved.'**

relating to claims involving Owens-Corning in the next week or so.

If the reinsurers and retrocessionaires are satisfied with the initial presentation, Mr. Frost plans to compile similar claims information regarding other accounts.

The plan is to produce basic information on all accounts involving London underwriters to the major reinsurers so that "when individual claims notices are made from the London market, they (reinsurers) would already be in receipt of general information on the accounts in question. It is hoped in this way that the amount of specific information required from the ceding companies or syndicates will be very significantly reduced," Mr. Jackson said in his letter to London underwriters.

"What the reinsurers are not unreason-

practical alternative other than through this central provision of basic claims information," he noted, adding that "a number of other major reinsurers will likewise wish to become involved."

However, Mr. Jackson said he hopes that "when these major players are satisfied with the information and documentation given under individual accounts, other reinsurers who have been standing by waiting for inspiration will likewise be satisfied."

Meanwhile, London excess-of-loss reinsurance brokers, who Mr. Jackson hopes will "lend some of their claims staff to the Toplis & Harding office," are cautiously welcoming the initiative.

Richard Ruddy, a director of Winchester Bowring Ltd., expressed "guarded opti-

# Back-to-back impact for your advertising!

December 19, 1988

**Employee Benefits Market Report**

Evaluating 1988 and forecasting trends for 1989, Business Insurance editors along with industry experts will examine the conditions affecting group health and managed care.

Ad closing: December 6



December 26, 1988

**Year In Review**

On the pulse of the commercial insurance industry, BI editors link year-end 1988 with the new year — summing up news and events that impacted the industry and their implications for the future.

Ad closing: December 14

January 2, 1989

**Risk Management Market Report**

Beginning the new year with valuable information, Business Insurance editors and industry experts will give readers insight on what the new year may bring — forecasting pricing and availability based on the past events, conditions and trends.

Ad closing December 19



**3** feature issues ... back-to-back ... three clear reasons why you should be positioned in the most important editorial environment serving the industry — with award winning news coverage and revealing editorials.

On target every time! Business Insurance is the leader when it comes to giving 155,346\* readers the information they need for their business operations.

Give your advertising the edge — reserve space today for these special issues and reach the market that reaches for Business Insurance first!

\*Includes pass-along readership

# Business Insurance

New York: (212)210-0228  
Chicago: (312)649-5276  
Los Angeles: (213)651-3710

## Proposition 103

Continued from page 2  
the controversial voter-approved law (BI, Dec. 12).

The court continued the stay on enforcement of Proposition 103's 20% "insurance charge" rollback provision and a provision that calls for the establishment of a non-profit insurance consumer protection corporation until the court makes a final ruling, which is expected by spring.

Proposition 103, narrowly approved by California voters in the Nov. 8 general election, requires insurers to roll back for one year almost all property/casualty insurance charges to 20% below November 1987 levels. The law also establishes a prior approval system for setting property/casualty insurance rates, allows state-chartered banks to sell insurance and makes the insurance commissioner an elected post.

During Wednesday's hearing before the Senate Committee on Insurance, Claims and Corporations, Chairman Alan Robbins, D-Los Angeles, said he was disappointed with the Insurance Department's handling of Travelers' decision to withdraw from the California auto insurance market.

Travelers is the first insurer to be in apparent violation of Propo-

**Several insurers—including Travelers—had been warned of possible violations of Proposition 103 non-renewal provisions, but 'Travelers is the only company that has told us they want to withdraw from California,' Ms. Gillespie said.**

sition 103 for issuing blanket non-renewals in a particular insurance line. The company had earlier announced it was withdrawing from the auto and homeowners insurance markets in California and a portion of the state's small-business liability insurance market but modified that decision last week to include only auto insurance.

Sen. Robbins also warned that Travelers may be subject to severe penalties under the proposed S.B. 103, introduced Dec. 5 by Sen. Robbins, which would fine insurers that fail to renew at least 10% of policies in a particular line up to 50% of the premium volume they would have collected on the line (BI, Nov. 28).

In Travelers' case, the penalty would amount to about \$25 million, he said.

However, Ms. Gillespie said the Insurance Department already has warned several insurers—including Travelers—of possible viola-

tions of Proposition 103 non-renewal provisions.

"Travelers is the only company that has told us they want to withdraw from California," she said. Other insurers have announced plans to stop writing new business in some lines, but none plans to withdraw from the state or from particular lines of coverage because of Proposition 103, she said.

The insurance commissioner testified at the hearing that she would issue a cease-and-desist order against Travelers "probably in early 1989." The order would force the company to renew nearly all of its existing auto policies.

"We will always give a person an opportunity to change their minds," Ms. Gillespie said. But she added she had no information that Travelers would change its position.

But Sen. Robbins and Sen. Cecil Green, D-Norwalk, insisted that

Continued on next page

## State regulators

Continued from page 2

While automobile insurance rates are the most pressing concern, the Iowa proposal would apply to any line of property/casualty insurance, he pointed out.

His strong reaction to voter-approved Proposition 103 in California stems from his "paramount" responsibility of preventing the approximately 250 insurers domiciled in Iowa from becoming insolvent, he explained. Among those insurers is Des Moines-based ALLIED Mutual Insurance Co., which generates more than 25% of its annual premium from California risks, he said.

If Iowa adopts the proposal, insurers domiciled in that state would be responsible for bringing money-losing operations to Mr. Hager's attention "so that an orderly withdrawal may be undertaken," according to the draft proposal.

Mr. Hager plans to study the legal and economic impact of various actions and make a decision early next year about whether to implement the proposal.

Mr. Hager's proposal is the strongest regulatory response to Proposition 103 announced to date.

And, some observers say that if other states follow his lead, the argument for federal rather than state regulation of insurer solvency may be bolstered, because of conflicting state regulations. For example, while Iowa would require its domiciled insurers to pull out of a state, such as California, California may require those insurers to continue writing in the state.

Proposition 103 has "heightened people's attention," said newly elected NAIC President David A. Gates, Nevada's insurance commissioner.

However, the fallout from Proposition 103 is expected to vary widely among the states, depending primarily upon the climate for auto insurance in each state, Mr. Gates said.

Regulators from five states—Colorado, Ohio, Maryland, Nevada and Illinois—expect that legislators will introduce Proposition 103-type bills relating to auto insurance in their states, either to deal with an ongoing issue or to hop on the Proposition 103 bandwagon.

Colorado Insurance Commissioner John Kezer said dissatisfaction with high auto insurance rates in his no-fault state prompted his office to develop proposed legislation designed to curb skyrocketing auto repair rates and medical costs stemming from auto accidents.

One proposed measure would establish a medical fee schedule for the treatment of automobile accident victims and would discipline medical providers for fraudulent billing or unnecessary treatment. Another proposal would require prompt communication between medical providers and insurers to reduce controversies about claims.

Insurance-related costs are only one aspect of the problem, Mr. Kezer said. Education and accident prevention are also very important, he said.

The insurance industry also has obtained a sponsor in Colorado for its proposals that seek to lower consumer costs by reducing mandatory auto insurance limits and trimming the state-required benefits for accident victims.

The insurers' proposals are "obviously designed to thwart the Proposition 103-type approach," Mr. Kezer said.

"Maybe the impact of what happened in California will be to move us off the dime and cure our inertia," he said.

"It's a balancing act between cost and protection,"

and the public is only focusing on cost now, he said.

Ohio Insurance Director George Fabe said complaints about high auto insurance rates prompted his department to hold hearings earlier this fall in seven cities. By March, a broad-based task force is expected to report its findings, which could result in legislative proposals, if needed.

"The industry right now feels it is operating under the gun," Mr. Fabe said.

An Ohio state representative has said he plans to introduce legislation based on Proposition 103 when the state's Legislature reconvenes in January (BI, Nov. 28).

Maryland Insurance Commissioner E. Susan Kellogg has taken steps since taking office in mid-July to help consumers be heard and educated, she said. A written acknowledgement of a consumer's complaint is now mailed within 48 hours, she said.

In addition, she plans to help educate consumers by writing a newspaper column on insurance issues that will be available free of charge on a regular basis beginning in mid-January.

In addition, Ralph Nader has said personal lines rates should be lowered in Maryland, among other states.

In Illinois, Insurance Director John Washburn expects auto insurance-related legislation to be introduced in the next year in light of remarks made by an Illinois consumer group.

Meanwhile, regulators in four other states—New York, New Jersey, Tennessee and North Dakota—do not anticipate any Proposition 103-type legislative proposals to be introduced.

"Anything like that (Proposition 103) makes you look at your own system," said New York Superintendent James Corcoran. However, he does not anticipate the need for change because state legislators appear to be "quite pleased" with New York's no-fault system. Rate increases have not exceeded 5% annually during the past decade, he said.

A key component of New York's system was passage of amendments in 1979 that limited lawsuits for most soft-tissue injuries, he said.

As a result, auto accident-related litigation is now down 80% compared with 1977, he said.

Auto rates are not an issue in Tennessee or North Dakota, state regulators say.

Rural states don't face problems with auto insurance but with health insurance, said North Dakota Insurance Commissioner Earl Pomeroy, who defeated Mr. Corcoran in the NAIC vp election.

Mr. Pomeroy noted that "it was a very narrow win" for Proposition 103 proponents in California. He said he does not think that the California vote will create a legislative mandate for auto insurance reform nationwide.

None of the regulators interviewed expect insurance reform advocates to launch a ballot initiative in their states.

The constitutions of 21 states allow for ballot initiatives, according to the Washington, D.C.-based Council of State Governments, a non-partisan research arm for state officials that is funded by all 50 states. Those states are: Alaska, Arizona, Arkansas, California, Colorado, Idaho, Maine, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Utah, Washington and Wyoming. The District of Columbia also allows for ballot initiatives. ■

## Update

### Antitrust case dismissal sought

Continued from page 2

The defendants deny that their actions constituted a boycott, as alleged in the suit. The McCarran-Ferguson Act, which grants insurers limited exemption from federal antitrust law, prohibits the industry from boycott practices.

The defendants said in a separate motion that the suits should be dropped because state insurance departments approved the Insurance Services Office Inc.'s claims-made commercial general liability insurance form. The suits contend the defendants conspired to eliminate occurrence-based liability coverage.

Reinsurers named in the suits filed a motion arguing they should be dropped from the suit because they do not have a direct relationship with policyholders. Also, foreign reinsurers filed a motion claiming they are not subject to U.S. antitrust laws.

Other defendants filed motions claiming there is insufficient evidence to name them as co-conspirators.

### Earlier reinsurance write-offs

NEW ORLEANS—Ceding insurers will have to write off a percentage of reinsurance recoverables next year following approval by the National Assn. of Insurance Commissioners of a subgroup's recommendation.

The proposal imposes at least a 20% penalty to surplus on undisputed reinsurance from authorized reinsurers if the reinsurance is more than 90 days overdue according to the terms of the contract. The measure also requires ceding insurers to write off 10% of all reinsurance balances from a reinsurer that is determined to be a slow payer under a formula contained in the recommendation.

A Michigan Insurance Department official described the measure as "very strong medicine" for a serious problem.

Regulators want to prevent insurer and reinsurer insolvencies by controlling ceding insurers' ability to take credit for reinsurance (BI, Oct. 31).

### Train crash loss insured

LONDON—The British Railways Board has a package property/casualty insurance policy with separate limits of 25 million pounds (\$45.5 million) to cover property losses and liability claims stemming from last week's London train crash, which killed 33 people and injured more than 100.

The policy is led in the London market by Royal Insurance (U.K.) Ltd., Sun Alliance & London Insurance P.L.C. and Prudential Assurance Co. Ltd., each of which has a 12.5% share. The coverage was placed by Sedgwick U.K. (London) Ltd.

British Rail has a deductible of 7.5 million pounds (\$13.6 million) for any one loss or series of claims arising from one occurrence plus 10% of each physical damage or liability claim, up to a maximum of 5 million pounds (\$9.1 million) annually.

British Rail has conceded liability for the Dec. 12 accident, which involved two crowded commuter trains and an empty train.

### Stiffer safety penalties urged

WASHINGTON—The limited criminal sanctions against employers under federal safety and health laws should not pre-empt states' rights to prosecute employers on criminal charges when employees are killed on the job, says a Justice Department official.

In several lawsuits regarding the death or serious injury of employees in the workplace, state courts have overturned criminal convictions of employers on the grounds that the federal safety law pre-empted the convictions (BI, May 23; July 25).

"We see nothing in the (Occupational Safety and Health Act) or its legislative history which indicates that Congress intended for the relatively limited criminal penalties provided by the act to deprive employees of the protection provided by state criminal laws of general applicability," wrote Assistant Attorney General Thomas M. Boyd in a letter to a House Government Operations subcommittee.

Mr. Boyd also wrote that the Justice Department would "be happy to see an increase in the period of imprisonment authorized for a criminal violation of OSHA safety standards" and recommended that criminal sanctions be expanded "to include violations which lead to serious injuries" of employees.

Under federal safety laws, federal prosecutors can file misdemeanor criminal actions against employers only when a worker is killed in the workplace. The maximum fine under the laws is \$500,000.

### Briefly noted

Anglo-American Insurance Co. has been ordered into conservation in Louisiana after being found insolvent by \$5.6 million as of June 30. Georgia regulators suspended Louisiana-domiciled Anglo-American's license Dec. 2 (BI, Dec. 12). Anglo-American is scheduled to appear at a hearing today to show why it should not be placed in rehabilitation in Louisiana. . . . The **Pollution Liability Insurance Assn.** will not issue new reinsurance as of Jan. 1. However, PLIA—a voluntary group of 14 insurance companies—is not disbanding, said Thomas Knowlton, PLIA president. . . . London market sources say **Minet Holdings P.L.C.** will accept a 7.5 million pound (\$13.6 million) offer by its professional liability insurers to end litigation over losses related to Lloyd's of London syndicates once managed by PCW Underwriting Agencies Ltd. . . . A DeKalb County, Ga., Superior Court judge has lifted temporary receivership and temporary restraining orders against TRT Associates Inc. and several other firms headed by **Alan Teale**. However, the order enjoins Mr. Teale and his companies from transacting business on behalf of Victoria Insurance Co. Ltd. and restrains Mr. Teale from acting as an insurance agent until he proves he is licensed in Georgia. . . . A federal grand jury in New York has indicted former American Centennial Insurance Co. managing general agent **John A. Kraeutler** on wire fraud and conspiracy charges related to his alleged diversion of reinsurance premiums paid by utility industry captive Associated Electric & Gas Insurance Services Ltd.

## Proposition 103

Continued from previous page

the department take action sooner.

"I can't accept that you, as the head of the department, won't uphold the law," Sen. Green said.

Ms. Gillespie objected strongly to his comments, saying the department was following its usual process of warnings followed by enforcement. "It's already under way, Senator. It's under way," she said.

But, pushed by the legislators, Ms. Gillespie said she would be "happy" to issue the order against Travelers at an earlier date. A written statement subsequently released by the Insurance Department said the order would be issued "by the end of this month."

While Ms. Gillespie acquiesced to Sens. Green's and Robbins' demands to speed up action against Travelers, she refused to respond to lawmakers' insistence that she take a stand on the constitutionality of the rate rollbacks.

"That decision is going to be made at the level of the attorney general and the governor," she said. "I have seen nothing from the attorney general or the governor" on the rollback.

She also argued that she was part of the Deukmejian administration and took orders from the executive branch.

On that point, Sen. Robbins scolded the insurance commissioner. "You belong to Roxani Gillespie. George Deukmejian is the governor," he said, adding that at some point Ms. Gil-

lespie must decide whether she will defend the voters' will as a soon-to-be elected official.

"I don't think you have any choice but to go before the court and support the rate rollback," Sen. Robbins said.

The committee's legal counsel has issued a preliminary opinion that the insurance commissioner no longer is subject to control by the governor who, prior to the passage of Proposition 103, appointed the insurance commissioner, he said.

A November letter filed with the Supreme Court on behalf of Ms. Gillespie and Gov. Deukmejian had urged that the justices stay all provisions of Proposition 103 while it was under court review. However, the letter did not indicate whether the state officials would back the proposition before the court.

"I'm aghast that the governor hasn't asked the court to implement all of Proposition 103 immediately," testified Harvey Rosenfield, chairman of Voter Revolt to Cut Insurance Rates, the group that promoted Proposition 103.

While Mr. Rosenfield said he has been encouraged by Ms. Gillespie's general approach to the new law, its implementation "is not happening fast enough."

"We need immediate enforcement," he said.

Meanwhile, a Travelers representative defended the insurer's decision to not renew auto policies in the state.

The insurer believes that the part of Proposition 103 that restricts non-renewals in certain cases does not apply to auto policies in force prior to the initiative's passage, said Russell

Press, a Travelers vp.

"Travelers continues to oppose Proposition 103 and will continue to work toward a more responsible solution," Mr. Press told the committee.

Travelers made an aftertax profit of only \$765,000—including investment income—on gross premiums of \$154 million—from California auto insurance from 1985 through 1987, he said.

Under Proposition 103's rate rollback, the company would lose \$3.7 million in the first year, he said. That level of loss is "unacceptable," he said.

Travelers reserves its right to challenge any order from the Insurance Department to stop its withdrawal from the auto insurance market, he said.

The company has about 25,000 auto policyholders in California or less than 0.5% of the market, Mr. Press said.

Sen. Robbins commented that the company's legal position "sounds like something out of 'Alice in Wonderland.'" If taken to its extreme, the position could mean that any insurer could excuse itself from any line of insurance for fear it may lose money under Proposition 103, he said, despite the non-renewal provisions in the law.

Travelers seems to be avoiding the fact that the vote last month has set the initiative into law, Mr. Rosenfield said.

"George Bush is going to be President and Proposition 103 is the law. It's not in their hands anymore," Mr. Rosenfield said.

## Insurance services guide

### RISKMASTER™ Software

by **Tillinghast**

a Towers Perrin company

ONSITE TRAINING  
ONGOING SUPPORT

- GENERAL CLAIMS
  - WORKERS' COMP
  - VEHICLE ACCIDENTS
  - CHECK WRITING
  - EXP. MODIFICATION FACTORS
  - ACTUARIAL REPORTING
- FOR PC/MINI/MAINF**

Installed in Over 38 States & Canada

For Marketing Questions or to Attend a Free Seminar, Call (313) 567-6616

### PRO★ CLAIMS PROCESSING SYSTEM

#### ADMINISTRATORS -

We have the **AFFORDABLE** system for Self Administrators and TPA's

- Processes: Medical, Dental, Disability, FLEX and COBRA
- runs on IBM PS/2, COMPAQ, DEC ... and compatibles

Lease a Complete Claims Administration System for \$845.00 per month!

Call Pro★Systems (216) 731-2323

#### Temporary Claims Examiners

Qualified, experienced medical & dental claims examiners are available nationwide to assist you with claims processing.

On-site or off-site staff is available during regular hours, after hours and on weekends. Examiner skills are exactly matched to your requirements on manual or on-line systems.

As the leading national firm devoted exclusively to temporary assistance in claims processing, we have been the proven answer to claim backlog problems for over 500 companies. Call us to find out about how we can be a part of your solution.

**Claim Services Resource Group, Inc.**  
800-331-5039 ■ 214-701-0606 (In Texas)

### COBRA EAS™ - THE TRUE PERFORMER

**Easy:** ▶ Built-in Help Screens ▶ Comprehensive Manual  
▶ Optional Training Available

**Complete:** ▶ Contains All Notification And Election Forms ▶ Validates Eligibility  
▶ Processes Forms Automatically ▶ Prepares Billings ▶ Tracks Payments  
▶ Handles NSF Checks ▶ Produces Delinquency Letters ▶ And Much More

**Flexible:** ▶ Single Employer & Administrator Versions Available  
▶ Operates In Multi-User Or Single-User Environments  
▶ User Specified Reports

ONLY \$1595

CALL FOR A FREE DEMO DISKETTE



**INSURANCE SOFTWARE PACKAGES, INC.**  
5118 N. 56th Street Tampa, FL 33610  
FLA (813) 621-6069 US (800) 237-8133

COBRA EAS™ is a trademark of Benefit Systems Corporation, Copyright (C) 1987, 1988 Benefit Plus Systems Corporation. All Rights Reserved.

#### The Risk Retention Reporter

Monitors growth of risk retention & purchasing groups formed under the 1986 Risk Retention Act. Covers legislative, judicial developments & more. Published monthly. Call or FAX for Brochure \$225/yr. in U.S. \$245/yr. outside U.S. (818) 796-4972 FAX: (818) 796-2363

Use the Insurance Services Guide to reach your best prospects.

#### PTS

Pacific Technical Services

#### Software Solutions

- for:
- Workers' Compensation
  - General Liability
  - Accounting
- Single or multi-user

Call  
(415) 351-9095

#### EMPLOYEE HEALTH BENEFITS MANAGEMENT SYSTEM

IDEAL FOR SELF INSURED, TPA'S, ASSOCIATIONS AND CARRIERS

- ELIGIBILITY DETERMINATION
- FULLY ADJUDICATING
- VALIDATES ICD-9 & CPT-4 ENTRIES
- IDENTIFIES DUPLICATE CLAIMS
- PRODUCES CHECKS AND EOB'S
- AUTOMATICALLY PRINTS FORM LETTERS
- MANAGEMENT AND AD HOC REPORTS
- LAG STUDY REPORTS
- HAS UNLIMITED CLAIMS CAPACITY

INSTALLATIONS COAST TO COAST  
CALL FOR A FREE DEMO DISKETTE

#### INSURANCE SOFTWARE PACKAGES, INC.

5118 N. 56TH ST. TAMPA, FL 33610  
(800) 237-8133 U.S.  
(813) 621-6069 FL  
(212) 608-1674 NY

## Pension integration changes

Continued from page 1

Experts point out that the reason the IRS had to give employers more time to amend their pension plans to comply with the pension integration provisions in the 1986 tax law was the IRS' failure to meet congressionally imposed deadlines for issuing rules that explained how employers are to comply with the tax law provisions.

When Congress passed the Tax Reform Act of 1986, which called for changes in the way employers integrate pension benefits with Social Security, it ordered the IRS to come up with final regulations governing the integration provisions by Feb. 1, 1988. Presumably, that would have given employers sufficient time to amend their plans.

But the IRS, which has had its hands full coping with other legislative and regulatory issues, waited until Nov. 15 to publish the integration rules.

In addition, the IRS has not published several other regulations—such as those relating to non-discrimination, minimum participation standards and coverage requirements—that will be essential to guide employers in redesigning their pension integration formulas.

And, even if all those regulations had been published, employer lobbying groups said it would have been virtually impossible for companies to redesign their pension programs and communicate those changes to employees in six weeks.

"To have just a few weeks to come up with a design for the pension plan of the 1990s would have been absurd," said Frederick Rumack, director of tax and legal services for Buck Consultants Inc. in New York.

Without IRS relief, employers would have been in a terrible dilemma.

Companies could have rushed to redesign their plans to meet the Jan. 1 deadline. But, if the company discovered, after all the needed regulations were published, that the integration formula that it adopted was more generous than necessary, it could not take away benefits accrued after the new plan changes took effect. However, the employer could amend its plan to reduce future benefits.

Companies also could have "frozen" their pension plans and temporarily ceased accruals until more IRS rules were published. But such freezes, for calendar-year plans, would have had to be put in place and announced to employees by Dec. 16, a difficult—if not impossible—deadline.

Other courses of action, such as sticking with a current formula that would have been barred by the 1986 tax law, could have exposed employers to the risk of lawsuits by plan participants, consultants said.

But, under the IRS notice, employers can wait for the IRS to issue additional rules and then redesign their plans without potentially adverse consequences—as long as the IRS gives employers enough time after issuing the additional rules to make necessary plan changes.

For example, under one relief mechanism made available by the IRS, an employer generally would have until March 31 to adopt an amendment specifying that benefits accrued for service beginning Jan. 1 would be based on a plan design and integration formula that the employer adopts later in the year.

Employers sponsoring pension plans that use the so-called "elapsed time" method to credit participants' service would have until May 31 to adopt this amendment.

However, employers adopting this amendment and then extensively delaying plan changes could face some communications problems with employees.

For example, employers, in the absence of adopting new benefit formulas, would be unable to tell employees in their annual benefits statements, which often are distributed in the spring, what their projected retirement benefits would be.

"What does the employer tell its employees? It is a real communications problem," said Wyatt's Mr. Raskin, adding that companies might delay issuing the statements.

Other options offered by the IRS include allowing employers to allow non-highly compensated employees to accrue benefits during 1989 under its old integration formula or under the formula it later adopts, whichever produces the larger benefit.

The time allowed to 'come up with a pension plan of the 1990s' was absurd, says Mr. Rumack.

# St. Nick cautions in verse: 'It's going to get worse'

By MYRON M. PICOULT  
Special to Business Insurance

IN PAST YEARS, in tune with the season, we have conveyed our year-end thought on the property/casualty insurance industry through rhyme and verse. As has been the case twice before, we have been drawn to Clement Clarke Moore's classic poem, "A Visit From St. Nicholas."

As noted in our last column (BI, Dec. 5), the property/casualty insurance industry is a sick industry. It is sad and disconcerting that it has shown the propensity to shoot itself in both feet.

Indeed, the famous Almost Donothing, chairman of Nearly Defunct Fire & Casualty Insurance Co., found that the industry was not able to pull the wool over St. Nick's eyes:

*'Twas the night before Christmas  
And the books had been closed;  
At Nearly Defunct Fire & Casualty  
The night watchman dozed.*

*But Almost Donothing,  
The firm's CEO,  
Was pondering over  
His last LBO.*

*No visions of sugar plums  
Danced in his head.  
He saw reinsurance—  
Recoverables instead.*

*He viewed see-through buildings,  
Reserves falling short,  
Many devalued bonds. . .  
Oh, his business was fraught!*

*With botches and bumbles  
And balance sheet trouble;  
He sank in his chair,  
Which made his chin double!*

*He pulled out his kerchief*

Myron M. Picoult is senior vp and senior insurance analyst with Oppenheimer & Co. in New York. He is the past president of the Assn. of Insurance & Financial Analysts and a member of the New York Society of Security Analysts.

*Afraid of this trap,  
And wished he were taking  
A long winter's nap.*

*When in the boardroom  
There arose such a clatter,  
He jumped to his feet  
To see what was the matter.*

*That's where the office  
Party had been,  
Though their budget this year  
Was a little bit thin.*

*And amongst the remains  
Of this holiday cheer,  
Was a miniature sleigh  
And eight tiny reindeer.*

*Donothing was sweating;  
His face was on fire.  
"I think it's about time  
That I should retire."*

*For sitting at the table  
Impeccably dressed  
Were Dasher and Dancer  
And you know the rest.*

*He sank to his knees;  
He lost his endurance.  
"I know it's St. Nick,  
But he's into insurance?"*

*The reindeer were nodding  
Agreement and, then,  
Donothing heard scratches  
From a marker pen.*

*He looked up and clutching  
His hand to his heart,  
He saw Santa standing  
Before a pie chart.*

*He talked fluently  
And looked rather astute,  
Dressed head to toe  
In a red pin-striped suit.*

*His eyes, how they sympathized;  
His mouth, how it frowned,  
As he spoke of the company  
Soon to be drowned.*

*He had a kind face  
And a CEO's belly,  
Which shook when he pointed,  
Like a bowl full of jelly.*

*"Here's taxes, here's dividend—  
Payouts," he called.  
"These cash flow disturbances  
Have me appalled.*

*"Assessments are rising,  
And, also, I'll mention  
The problem we're having  
With higher retentions."*

*Donder lifted his brows,  
"Surplus growth's slow!"  
Santa nodded, "You don't  
Have to tell me, I know."*

*"Prop 103 will cut—  
Rates," added Blitzen.  
Comet said, "Yeah,  
If the company had listened. . ."*

*"They'd use capital wisely.  
They wouldn't just grow."  
And Santa said quietly,  
"Woe, woe, woe!"*

*At this point Donothing  
Fell down on his knees.  
He pulled Santa's suspenders.  
He begged pretty please.*

*"Where are my presents?  
Where is my gift?  
Can't Santa Claus  
Give my company a lift?"*

*"This is no Christmas party,"  
Said Santa. "I guess—  
Not even St. Nick  
Could get out of this mess."*

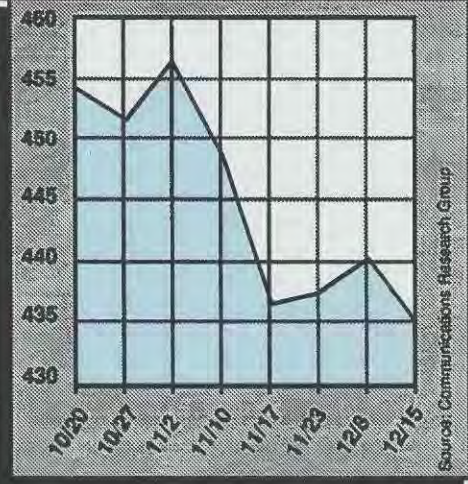
*"And deregulation  
Will be problematic,  
Especially if you think  
Now is erratic!"*

*And laying a finger  
Aside of his nose  
And giving a nod,  
The reindeer all rose.*

*The antlered vice presidents  
Filed out of sight  
As Almost Donothing  
Was stricken with fright.*

*And St. Nick called out  
From the door where he stood,  
"It's going to get worse. . .  
More than you even thought it could."*

## BI Insurance Index



Insurance industry stock declined last week as the Business Insurance stock index fell 4.8 points to 435.8 on Dec. 15 from 440.7 on Dec. 8. Advancing issues were led by United Fire & Casualty Co., up 4.3%; The Hartford Steam Boiler Inspection & Insurance Co., up 4.2%; Statesman Group Inc., up 4.2%; Navigators Group Inc., up 3.9%; and Fremont General Corp., up 2.0%. The largest declines were reported by Kansas City Life Insurance Co., down 11.3%; Siebels Bruce Group Inc., down 6.4%; USF&G Corp., down 4.9%; Frank B. Hall & Co. Inc., down 4.5%; and Liberty Corp. of South Carolina, down 4.4%. The most active stocks were USF&G, 5.4 million shares traded; Farmers Group Inc., 3.9 million shares traded; and Sears, Roebuck & Co. (Allstate Insurance Co.), 1.9 million shares traded. The BI index, which lost 1.1% during the trading period, performed slight worse than the major market indicators: The Standard & Poor's 500 index fell 1.0%; the NYSE composite dropped 0.8%; and the Dow Jones 30 Industrials slipped 0.4%.

## British Issues

Dec. 15 Companies	Price pence	P/E	Div. pence	Yield %	1 Week	
					High—Low pence	value
Comm'l Union	327	10.5	25.3	7.7	327—324	
Gen'l Accident	852	8.4	58.0	6.8	854—837	
Gdn Royal Exch	179	9.6	13.1	7.3	179—177	
Royal	382	12.5	30.0	7.9	382—377	
Sun Alliance	951	7.3	54.7	5.7	951—927	

Brokers	Price	P/E	Div.	Yield	1 Week	
					High—Low	value
Bradstock	183	10.3	9.0	4.9	183—171	
CE Health	413	13.1	34.5	8.4	415—412	
Hogg Robinson	146	12.4	8.0	5.5	147—145	
Lloyd Thomson	187	14.7	8.0	4.3	190—182	
PWS Holdings	142	20.3	6.0	3.7	145—142	
Sedgwick Grp	219	18.2	16.0	7.3	219—215	
Steel Brt Jones	208	18.6	13.3	6.4	208—208	
Wills Faber	216	13.0	16.0	7.4	217—212	

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kiteat & Aitken Stockbrokers, London

## BI Industry Stock Report

DECEMBER 15, 1988

12/9/88 THRU 12/15/88

BROKERS	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value	
				High	Low										High	Low							
Alexander & Alexander Svcs	NYSE	23.38	-2.1	31.7	28.13	17.75	249	1.00	4.3	16.0	3.71	6.30	55.50	-0.7	-0.7	59.38	45.50	754	1.20	2.2	11.3	26.21	2.12
Corroon & Black Corp.	NYSE	29.75	-0.6	5.3	34.75	28.00	21	1.08	3.6	4.5	5.43	5.48	10.75	-1.2	-9.5	14.38	10.63	520	0.20	1.9	1.3	17.76	0.61
Gallagher Arthur J. & Co.	NYSE	16.63	-4.2	3.9	19.13	13.88	32	0.48	2.9	11.5	5.16	3.22	26.50	-0.9	14.0	27.75	20.50	15	0.36	1.4	5.0	25.10	1.06
Hall Frank B. & Co.	NYSE	2.75	-4.5	-4.5	5.50	2.50	81	0.00	0.0	-1.5	0.00	N/A	18.00	1.4	37.2	18.25	13.38	5	0.48	2.7	7.1	16.65	1.08
Hib, Rogal & Hamilton	OTC	14.63	-0.8	50.1	15.00	9.75	30	0.00	0.0	12.3	4.60	3.18	33.50	4.2	47.3	33.50	22.50	251	1.40	4.1	11.6	10.65	3.18
Marsh & McLennan Cos. Inc.	NYSE	55.50	0.0	12.1	59.63	45.25	509	2.50	4.5	13.6	6.74	8.23	33.25	-11.3	26.7	39.50	25.25	26	0.00	0.0	9.6	39.22	0.85
Poe & Assoc Inc.	OTC	8.25	0.0	17.9	9.25	6.75	0	0.40	4.8	12.7	0.27	30.56	22.75	-1.1	11.0	27.50	20.75	724	0.72	3.2	7.2	26.50	0.86
BROKERS AVERAGE			-1.8	16.6					2.9	9.8			8.88	-1.3	97.3	11.63	4.50	0	0.24	2.7	19.7	2.90	3.06
CONGLOMERATES & HOLDING COMPANIES													35.13	-4.4	-1.0	47.25	34.50	4	0.80	2.3	12.2	17.40	2.02
Berkley W.R. Corp.	OTC	29.50	-0.8	22.9	30.25	23.50	184	0.36	1.2	6.4	17.63	1.67	44.00	-3.8	9.6	53.50	40.25	180	2.48	5.6	11.4	36.62	1.20
Berkshire Hathaway Inc. DEL	NYSE	4900.00	-2.0	66.1	-5050.00	4700.00	54	0.00	0.0	19.7	92.88	1.97	30.25	-0.8	70.4	31.50	18.50	106	0.00	0.0	13.5	19.92	1.52
ITT (Hartford Group)	NYSE	51.63	0.5	14.7	54.88	43.25	737	1.48	2.9	6.8	52.23	0.99	20.00	3.9	37.9	20.38	14.50	4	0.00	0.0	9.7	12.88	1.55
Sears Roebuck & Co. (Allstate)	NYSE	40.13	-0.3	19.3	46.13	32.25	1893	2.00	5.0	10.5	34.74	1.16	5.00	-2.5	-42.9	9.50	3.75	135	0.42	8.4	-35.7	7.76	0.64
CONGLOMERATES AVERAGE			-0.7	30.8					2.3	10.8			30.38	0.0	32.8	34.50	22.63	256	1.12	3.7	7.3	35.05	0.87
INSURERS/REINSURERS													35.63	0.4	-1.7	38.25	32.25	169	1.88	5.3	6.6	27.86	1.28
Aetna Life & Cas Co.	NYSE	46.50	-3.1	2.8	52.50	39.50	647	2.75	5.9	7.6	53.56	0.87	24.25	-4.0	21.3	25.88	19.13	108	0.74	3.1	5.7	27.82	0.87
American General Corp.	NYSE	30.13	-1.6	-5.1	36.38	27.50	1057	1.40	4.6	7.6	28.04	1.07	14.38	-1.7	6.5	17.63	13.13	69	0.76	5.3	4.9	9.34	1.54
Amer Heritage Life Inv't	NYSE	25.00	-3.4	3.1	27.00	24.00	2	1.08	4.3	10.6	20.98	1.19	11.00	0.0	9.2	15.13	12.25	35	0.70	5.2	16.3	17.25	0.78
Amer Ind'y Fin'l Corp.	OTC	10.00	-2.4	11.1	12.00	8.25	21	0.56	5.6	17.5	15.26	0.66	11.00	0.0	9.2	11.75	7.88	24	0.00	0.0	19.7	11.49	0.77
American Int'l Group	NYSE	66.38	-0.9	10.6	68.75	49.00	329	0.40	0.6	9.8	33.56	1.98	13.38	-1.3	-15.4	25.00	15.63	264	0.68	3.6	16.0	21.96	0.87
Aon Corp.	NYSE	26.38	-2.3	15.3	28.75	21.88	451	1.28	4.9	8.6	15.13	1.74	19.00	-1.3	52.0	51.00	38.25	482	2.00	4.7	6.0	35.83	1.19
Argonaut Group	OTC	45.50	1.1	52.9	49.00	29.50	211	0.00	0.0	6.3	29.19	1.56	24.13	-0.5	-13.0	30.00	22.75	333	1.08	4.5	7.6	21.39	1.13
AVEMCO Corp.	NYSE	23.88	0.5	21.7	28.75	17.88	10	0.34	1.4	11.1	7.74	3.09	9.50	6.63	6.0	0.10	1.4	5.2	9.39	0.77			
Belvedere Corp.	AMEX	4.63	0.0	5.7	6.00	4.00	36	0.04	0.9	6.8	7.87	0.59	14.25	-11.0	-2.2	14.25	11.00	119	0.80	7.3	7.4	12.51	0.88
Chandler Insurance	OTC	9.25	-2.6	89.5	10.25	4.25	29	0.00	0.0	4.5	7.18	1.29	11.00	0.0	0.0	26.50	19.25	33	1.24	5.4	5.1	19.52	1.18
Chubb Corp.	NYSE	56.88	-0.6	1.8	63.38	51.25	204	2.16	3.8	6.5	46.13	1.23	3.00	4.2	-36.0	5.56	2.75	114	0.05	1.7	-300.0	3.48	0.86
CIGNA Corp.	NYSE	46.50	-3.1	6.0	55.38	42.75	677	2.96	6.4	8.6	49.19	0.95	89.38	-1.5	35.7	98.00	63.25	91	0.22	0.2	54.2	0.00	N/A
CNA Fin'l Corp.	NYSE	59.25	-3.7	6.5	66.13	51.00	66	0.00	0.0	9.3	46.40	1.28	30.50	-0.4	24.5	33.50	24.50	91	1.20	3.9	9.9	12.24	2.49
Continental Corp.	NYSE	33.00	-1.5	-14.8	41.63	33.00	281	2.60	7.9	10.6	42.10	0.78	36.75	0.4	15.1	36.75	29.75	164	1.88	5.5	7.9	24.94	1.37
Durham Corp.	OTC	32.25	-0.8	50.0	36.75	21.50	21	0.92	2.9	37.5	26.00	1.24	35.25	0.3	0.3	40.00	33.00	455	2.40	6.8	12.9	45.28	0.78
Farmers Group Inc.	OTC	74.75	0.5	85.7	74.88	40.50	3967	1.44	1.9	17.5	22.02	3.39	13.75	0.0	34.1	14.25	9.75	7	0.24	1.7	13.5	15.41	0.89
Fireman's Fund Corp.	NYSE	29.25	1.3	12.5	33.50	25.75	221	0.50	1.7	127.2	26.17	1.12	30.00	4.3	15.4	30.25	24.00	17	1.08	3.6	5.0	22.56	1.33
Forum Re (Bermuda)	OTC	1.25	0.0	-63.0	4.00	1.13	1	0.00	0.0	3.5	2.58	0.48	29.25	-4.9	2.6	34.38	28.88	5445	2.64	9.0	7.8	19.53	1.50
Fremont Gen Corp.	OTC	13.00	2.0	35.0	13.50	8.75	269	0.60	4.6	8.8	16.24	0.80	28.13	0.0	43.9	28.13	17.88	341	0.48	1.8	11.1	28.53	0.93
General Re Corp.	NYSE	55.50	-0.7	-0.7	59.38	45.50	754	1.20	2.2	11.3	26.21	2.12	32.25	-2.6	16.7	40.13	28						



# What did you think your first \$200,000 AIDS case would look like?

Some experts predict that by 1991 the U.S. will experience between ten and twenty thousand pediatric AIDS cases alone, with an average of \$200,000 in total medical costs for each child.

For all age groups, the course of the disease varies in almost every case — in diagnosis, in symptoms, in treatment and length of illness. One thing is certain with AIDS: managing an AIDS case as if it were any other illness could have a devastating effect on your healthcare budget.

The unpredictable nature of the illness requires that every case be managed individually to ensure that the patient is receiving the most cost-effective treatment in the most caring manner possible.

Intracorp has an answer. We pioneered medical case management 18 years ago and remain the industry leader in finding ways to control the cost of debilitating illness while

maintaining high quality patient care.

We've used that experience to develop an innovative program of case management for AIDS. Through our nationwide network of specialty RNs, we manage each case on-site with the treating physician and local medical resources to direct a cost-effective plan designed specifically for the unique needs of each patient.

We evaluate all appropriate treatment programs to coordinate less costly but more compassionate care from local facilities as well as caring family and friends.

The complexity of AIDS typifies the challenges in medical case management today. And there is no organization better equipped to handle those challenges than Intracorp.

For more information on how Intracorp Medical Case Management can provide high quality, cost-effective care for your employees and dependents stricken with AIDS, call

1-800-345-1075 (in AK, HI and PA call collect at 1-215-889-2600).

Intracorp, Greg Riedi, Director of Marketing BI-LG  
1205 Westlakes Drive, Ste. #300, Berwyn, PA 19312  
Please send me more information on Intracorp's  
Medical Case Management services.

Name/Title: \_\_\_\_\_

Company: \_\_\_\_\_

Street: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Ext. \_\_\_\_\_

**Intracorp**