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Home Holdings IPO falls short of \$335 million goal

NEW YORK—Two initial public offering developments last week indicate the insurer IPO market may be slowing down.

Home Holdings Inc. completed an offering last week, raising only \$127.5 million—less than half the \$335 million originally planned.

Home Holdings, parent of The Home Insurance Co., will try to offset some of the shortfall by increasing the aggregate principal of an ongoing bond offering to \$280 million from \$100 million (BI, Sept. 27).

Continued on next page

Employers skeptical of Clinton reforms

By JERRY GEISEL

WASHINGTON—Three months after President Clinton formally launched a major public relations offensive to win support for his health care reform package, few employers say they believe the president's promises.

Employers say that the Clinton package is not adequately financed, and—despite the president's assurances otherwise—they contend broad-based new taxes would be needed to finance the program.

Number of uninsured Americans increased by 2.2 million in 1992. Page 49

Most employers also believe the Clinton plan will mean higher—not lower or stable—health care plan costs.

At the same time, employers say some of financial promises made by the administration, such as having the government assume the bulk of employers' health care obligations to early retirees, will not be enough to assure their support for the Clinton package.

These findings, contained in two surveys released last week, come amid the latest disclosures about provisions in the Clinton health care package that will raise employers' health care costs.

The administration disclosed in *Continued on page 49*

Superfund plan would tax insurers, reduce liability

By MARK A. HOFMANN

WASHINGTON—Insurance companies would pay an annual tax of at least \$500 million to clean up Superfund sites in return for reduced liability for pre-1980 pollution under a reform proposal Clinton administration officials worked out late last week.

Analysts that track insurance stocks say that, at first glance, the proposal looks positive, though they caution that no one has seen

the fine print yet.

Insurers wouldn't comment on the proposal last week. Calls to individual companies were referred to the American Insurance Assn.'s Superfund Improvement Project in Washington.

"It is encouraging to know that the Clinton administration is taking seriously the insurance industry's problems with regard to Superfund. However, until we see the details of the proposal being developed by the administration,

we are unable to comment further," said project director Mike McGavick.

An interagency task force working on reauthorization of Superfund, officially known as the Comprehensive Environmental Response, Compensation and Liability Act of 1980, is drawing up recommendations, which are supposed to be considered by the Cabinet on Tuesday.

Administration efforts to hammer out a Superfund reform policy had been stalled by disagreement between the Treasury Department and the Environmental *Continued on page 49*

Policyholders win pollution disputes

By MICHAEL SCHACHNER

A quick glance at the outcomes of pollution coverage disputes decided by juries this year shows that policyholders are on a roll, winning case after case.

Policyholders this year have emerged at least partially victorious in 13 out of 14 pollution coverage disputes decided by state court juries. While only eight pollution coverage cases were decided by juries during the previous five years, the outcomes of those cases were split 50-50 between policyholders and insurers.

Overall, that means 17 of the last 22 pollution coverage cases decided by state court juries have been won by policyholders.

However, these victories only tell part of the story: Policyholder attorneys concede that only a slim

number of cases make it past a judge's review to a jury, often because of the complexity of these disputes, but also because insurers have succeeded in having many of these disputes dismissed on summary judgment.

The coverage disputes that do go to a jury almost always center on questions of fact, rather than the policy interpretation, primarily whether the pollution at issue was either expected or intended, attorneys agree.

Both policyholder and insurer attorneys say that when cases revolve around this type of factual question, judges are reluctant to resolve the cases through summary judgment and instead allow them to go to trial, where juries apparently are receptive to the policyholder's argument that the *Continued on page 41*



Benefits Marketplace Page 3

Directory of Benefit Consultants Page 22



AP/Wide World photo

Mickey Kantor and the E.C.'s Leon Brittan after last week's GATT talks.

GATT accord OK by insurers

Compromise seen as acceptable

By SARA MARLEY

Insurers didn't get all they wanted for Christmas from the General Agreement on Tariffs and Trade, but they didn't get a lump of coal, either.

The agreement that was wrapped up last week as the culmination of the seven-year-long Uruguay Round of GATT negotiations includes mention of financial services, including insurance, for the first time.

That means that financial services will be automatically included in future negotiations and that disputes over financial ser-

vices trade issues can be taken to the World Trade Organization, which implements GATT.

But, while financial services are "included" in GATT, the agreement does not remove existing financial services trade barriers.

Citing that failure, U.S. trade negotiators early last week refused to maintain the open U.S. insurance market. Negotiators then struck a compromise under which the United States will maintain its open market for six months after GATT goes into effect on July 1, 1995.

After Jan. 1, 1996, the U.S. *Continued on page 50*

Comp medical costs up

By MEG FLETCHER

Workers compensation medical costs are being driven upward by injured employees' greater use of medical services, not higher prices charged for workers comp medical services, says a new study.

The findings by three researchers from the National Council on Compensation Insurance challenge conventional wisdom and other research that stresses so-called price discrimination against workers comp claimants as a reason why workers comp medical costs have risen more quickly than general medical costs for similar services.

Workers comp medical costs can best be controlled by curbing uti-

lization, not pricing, the reason: Study

like limiting the number of visits to a chiropractor or implementing other treatment protocols, conclude the researchers, who presented their findings last month at a seminar at the University of Pennsylvania's Wharton School of Business.

All agree that workers comp medical costs are rising more rapidly than overall medical costs. Average medical costs in cases where workers lost time from work and qualified for wage benefits grew by an average of almost 14% per year between 1981 and 1991, the NCCI said. In contrast, general health costs grew slightly more than 10% annually during

about the same period.

The new study's findings, however, conflict with earlier research, the NCCI said. A 1990 study for the Minnesota Department of Labor and Industry, for example, found that medical fees in workers comp cases may be more than twice as high as fees for services outside the workers comp system. Another recent study in Minnesota attributed the cost disparity to price discrimination and the lack of cost controls in the workers comp system.

That study concluded that integrating workers comp into universal health insurance or 24- *Continued on page 42*

Insurer IPOs slow down

Continued from previous page

"Market conditions just did not support an IPO of the size initially planned. We reduced our offering to 7.5 million shares from 12.9 million shares," a Home spokeswoman said. The shares, which were sold at \$17 each, are listed on the New York Stock Exchange.

Meanwhile, Home shed about half of the debt it owed to its largest stockholder, Trygg-Hansa SPP Holding A.B., after Trygg-Hansa agreed to convert \$163 million of the debt into Home stock.

Separately, Renaissance Holdings Inc., parent of Bermuda catastrophe reinsurer Renaissance Reinsurance Ltd., has postponed a planned \$218.5 million IPO until next year, citing poor market conditions.

But last week the original investors—Warburg, Pincus & Co., GE Investments and USF&G Corp.—committed another \$100 million. That will bring Renaissance Re's surplus to \$270 million by year end.

P/C results improve in 1993

NEW YORK—Dramatically lower catastrophe losses—about \$6 billion compared with \$23 billion in 1992—should make 1993 a better year for U.S. property/casualty insurers.

"The much-feared son or daughter of (Hurricane) Andrew did not appear," Insurance Information Institute Senior Vp Sean Mooney said. "As the hurricane season ended in November, a collective sigh of relief was almost audible throughout the industry."

The industry's rate of return on capital will improve to 8.9% in 1993 from 3.6% in 1992, according to the III figures, which include estimates of fourth-quarter results.

Earned premiums should expand 3.4% to \$233.7 billion from \$226 billion in 1992, while underwriting losses should drop 38.6% to \$22.1 billion from \$36 billion. Investment income will fall 6.2% to \$31.6 billion from \$33.7 billion, but the industry will end the year with a near-tripling of net income to \$15.9 billion from \$5.8 billion.

The industry's combined ratio should improve to 108.9% from 115.9%, the III says, and policyholders surplus will expand 9.1% to \$178 billion from \$163.1 billion at year-end 1992.

The III also predicts firming rates in 1994, noting that insurers can no longer count on investment income to cover underwriting losses.

California birth injury award

INGLEWOOD, Calif.—Centinela Hospital Medical Center in suburban Los Angeles will appeal a jury award to the parents of a baby girl who sustained brain damage during delivery.

The award, which includes an annuity, has a present value of \$4 million and will total up to \$49 million over the life of the child. Approximately \$1 million of the award was paid in a prior settlement by obstetrician Dr. David Herzig, the hospital said. The hospital said it would pay \$3 million for an annuity to provide for the child's lifetime care.

The Los Angeles Superior Court jury found the hospital and its nurses were negligent in their response both to fetal distress during labor which resulted in birth injuries to Brigette Campbell in 1992, and to the baby's condition after birth.

Centinela has \$500,000 of primary coverage from Truck Insurance Exchange, a Farmers Group Inc. unit, with excess coverage provided by Lloyd's of London underwriters, a hospital spokeswoman said. She would not reveal the amount of excess coverage.

"I've been told the case could have been settled for \$1 million," said Bruce G. Fagel, a Beverly Hills attorney for the child and her parents. But there was some miscommunication between Farmer's and Lloyd's at the time of a \$1 million settlement offer, said Mr. Fagel.

The spokeswoman declined to comment on any settlement offer.

Aetna executives shuffled

HARTFORD, Conn.—Three new Aetna Life & Casualty Co. executive vps are involved in what outsiders see as a three-way competition to succeed Ronald E. Compton as chairman when he retires in 1997.

All three—Gary G. Benanav, Daniel P. Kearney and James W. McLane—were formerly group executives.

Aetna's shakeup on Dec. 13 also saw the resignation of David A. Kocher, group executive of Aetna's property/casualty division to "pursue other interests." An Aetna spokesman would not say whether Mr. Kocher had been forced out. Mr. Kocher will be succeeded by Mr. Benanav, whom Aetna credits with turning around its international operations.

Lutine Capital fate uncertain

LONDON—Sponsors of Lutine Capital Corp. Ltd., the U.S.-backed Lloyd's corporate trust that has a capital target of \$300 million, were fighting an increasingly desperate battle against the clock late last week to raise at least two-thirds of that goal.

Lutine was the first of several Lloyd's funds to pursue U.S. in-

Continued on page 50

Errors & omissions

• Due to a production error, the word "not" was omitted from comments by attorney Ron Beitman in a Dec. 13 article. The sentence should read: Employers need to make clear that the party is not intended to allow the employee to get back at the employer by "drinking up what he didn't get for a raise."

• A Nov. 29 Perspective column incorrectly stated that self-insured group health plans are subject to a New York state surcharge to cover the costs of uncompensated care. The Omnibus Reconciliation Act of 1993 requires only insured plans to pay the surcharge.

Accreditation wins support as NAIC strives for balance

By MEG FLETCHER

CHICAGO—The National Assn. of Insurance Commissioners' accreditation program is winning praise from many in the insurance industry, though the organization faces ongoing challenges in making its program succeed.

The NAIC has to make sure that a new sanction against non-accredited states is effective, curb distrust among some state regulators and industry groups, and strike a balance between requir-

ing that new model laws be adopted and overwhelming state lawmakers.

The NAIC accreditation program has enjoyed a "phenomenal" response among state legislatures and state insurance departments, said Lenore Marema, vp-legal and regulatory affairs for the Alliance of American Insurers in Schaumburg, Ill.

In the past three years, more NAIC model laws have been enacted than at any other time in the organization's history, she said.

Thirty-two states are now accredited by the NAIC, and some observers predict that the number will rise to 40 by the end of 1994 (BI, Dec. 13).

As a result of the accreditation process, the quality of financial regulatory laws in almost all the states has "dramatically improved," said Ms. Marema.

The first challenge regulators face in keeping up the momentum to improve state regulation is making sure sanctions against

Continued on page 46

ERISA liability defined

High court says insurers are fiduciaries as annuity managers

By SALLY ROBERTS

WASHINGTON—Insurers will be held to higher legal standards for managing certain pension plan assets following a U.S. Supreme Court ruling last week.

In a 6-3 decision on Dec. 13, the high court ruled that the Employee Retirement Income Security Act makes insurers fiduciaries when they manage non-guaranteed assets in participating

group annuity contracts.

The ruling, involving a group annuity contract that Sperry Corp., now part of Unisys Corp., bought from John Hancock Mutual Life Insurance Co., upholds a 1992 decision by the 2nd U.S. Circuit Court of Appeals (BI, Aug. 10, 1992). Harris Trust & Savings Bank, the trustee of a Unisys pension plan, filed the original suit in 1983.

In participating group annuity

contracts, insurers and plan sponsors share in any gains or losses on invested premiums beyond what the insurer needs to pay out the guaranteed benefit to retirees.

Following the ruling in *Hancock vs. Harris Trust*, insurers now have a fiduciary responsibility for amounts invested beyond those needed to pay benefits guaranteed by the contract.

Federal courts previously had

Continued on page 41

HMO outcomes comparable to indemnity plans

Utilization unrelated to quality: Study

By CHRISTINE WOOLSEY

Health maintenance organizations may be able to cut down on utilization without sacrificing quality, a new study indicates.

HMOs use fewer resources to treat heart disease patients, but achieve the same survival rates as traditional fee-for-service indemnity plans, researchers concluded.

Looked at another way: Heart patients who receive more treat-

ment and services under indemnity plans are no more likely to leave the hospital alive than are HMO patients who receive less intensive treatment.

The study, published in the Dec. 9 *New England Journal of Medicine*, supports previous research by the Rand Corp. and other groups that indicates HMOs are more likely to avoid unnecessary procedures.

It also lends support to Presi-

dent Clinton's national health reform plan, which envisions widespread use of managed care plans like HMOs.

The researchers reviewed hospital discharge data for cardiac patients at California hospitals in 1983, 1985 and 1988. They studied the frequency rates of two cardiac procedures—coronary-artery bypass surgery and coronary angioplasty—among approximately

Continued on page 40

D&O ruling applauded

By DAVE LENCKUS

GRAND RAPIDS, Mich.—Directors and officers liability insurers as well as corporate policyholders may learn some valuable lessons from a recent federal court ruling in a D&O coverage dispute.

In the Dec. 10 ruling, the judge found that three exclusions in a D&O policy did not bar coverage despite the insurer's intent, because the exclusions' wording was imprecise.

Attorneys call it unusually detailed

However, the judge refused to grant coverage on summary judgment, deciding that there was insufficient evidence that the policyholder was required to indemnify its directors and officers in settling underlying litigation.

In addition, insurer attorneys say they will cite the case because of the judge's detailed reasoning for denying coverage of claims that originated outside of a claims-

made policy period but were related to litigation filed within that period.

The opinion is precisely worded and "should be required reading for every broker, insurer and risk manager," said insurer attorney Keith Hanson, a partner with Katten Muchin & Zavis in Chicago, who was not involved in the case.

The coverage dispute was filed

Continued on page 48

Inside

• Medical malpractice underwriters face new challenges as health care reform raises new liability issues, experts say. **PAGE 42**

• Chatset analysts say Lloyd's is underreserved by more than \$12 billion. **PAGE 43**

• Australian CEOs are beginning to recognize the value of risk management, a survey shows. **PAGE 43**

• The number of non-elderly uninsured grew by 2.2 million between 1991 and 1992, according to an EBRI report. **PAGE 49**

Departments

Advertiser Index32
Ask a Risk Manager.....29

Classifieds	46
For the Record	42
Insurance Services Guide	47
International	43
Legal Briefs	29
Letters	8
London	43
Opinions	8
Perspectives	29
Reader reply service	32
Ticker	51

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Benefits Marketplace

Managed care boom, specter of reform hold down increases in health premiums

Single-digit hikes for managed plans

By MICHAEL SCHACHNER
and LOUISE KERTESZ

Average premium increases for heavily managed health care plans will be in the single digits next year, while the ever-shrinking indemnity plan market will also witness the lowest premium increases in years.

As managed care continues to spread throughout the country and the specter of health care reform looms, health care costs are coming under further control.

In the midst of an ultra-competitive market, health maintenance organizations will boost premiums by only an average of 5% to 6%. Meanwhile, nearly all indemnity plan premiums will rise by less than 20% for the first time in recent memory.

Insurers are forecasting premium increases of about 12% to 14% for point-of-service plans, and in the neighborhood of 13% to 17% for traditional preferred provider organizations.

Health care experts cite four reasons why health care inflation in 1994 is expected to be at its lowest level in at least six years:

- Participation in formally managed health plans continues

to escalate. By the end of 1994, more than 50 million Americans will be enrolled in HMOs, while more than half the U.S. working population will be covered by some sort of managed care program.

- General economic inflation is declining, and while medical inflation is still about twice the rate of general inflation, health care costs still are riding the coattails of modest general inflation.

- The ongoing debate over health care reform has raised consciousness of health care costs. Fearing that Congress will set stringent price controls, providers are not raising unit costs as much as in previous years.

- Life/health insurers have posted adequate profits during the past few years and are eager to continue building market share through competitive pricing. Insurers are also concerned about what their role might be under a revised health care system and are making efforts to control costs.

"It has been a long time since the health care system has been under this type of pressure to control costs. It's one of the best markets in quite some time for employers to purchase health care," said Bruce Kelley, a principal in the Minneapolis office of consult-

Continued on next page



World's largest employee benefit consultants

Ranked by worldwide benefit consulting revenues. 1993 figures are estimates.

Name (Parent)	Benefit consulting ¹			Total operations		
	Gross revenues (millions) 1993	1992	% change	Offices U.S./Total	Gross revenues (millions) 1993	Employees
William M. Mercer Cos. Inc. (Marsh & McLennan Cos. Inc.)	\$600	\$637	-5.8	43/103	\$859	6,400
Towers Perrin	450	432	4.2	29/46	673	4,713
The Wyatt Co. ²	349	350	-0.3	30/70	410	3,400
Hewitt Associates	296	280	5.7	31/61	350	3,466
Sedgwick Noble Lowndes (Sedgwick Group Ltd.)	296	286	3.5	43/98	335	4,284
Coopers & Lybrand Human Resource Advisory Group ³	237	201	17.9	23/66	270	2,775
The Alexander Consulting Group Inc. (Alexander & Alexander Services Inc.)	198	198	0	22/91	235	2,074
Buck Consultants Inc.	166	157	5.7	16/33	166	1,300
A. Foster Higgins & Co. Inc. (Johnson & Higgins)	164	159	3.1	50/80	245	1,891
Godwins International (Aon Corp.)	139	122	13.4	25/54	168	1,730
Total	2,895	2,822	2.6	312/702	3,711	32,033

¹ Excludes revenues from claims administration, compensation consulting, insurance commissions (where no consulting is involved), and other non-benefit consulting. ² Fiscal year June 30. ³ Fiscal year Sept. 30.

Source: BI survey

GRAPHIC BY JOHN HALL

Benefit consultants learning to cope with slim revenue gains

By CHRISTINE WOOLSEY

Executives at the largest benefit consulting firms are getting used to a brave new world: one of slimmer revenue growth and a changing health care consulting client base.

Average consulting revenue growth among the world's largest benefit consultants tapered to a meager 2.6% this year, compared with a 7.6% rise in revenues in 1992 and a 7.4% rise in 1991 (BI, Dec. 21, 1992; Dec. 16, 1991).

Estimated worldwide benefit consulting revenues for the Top 10 consultants will reach about \$2.9 billion at year-end 1993, up from \$2.82 billion in 1992. This is the first year the Top 10 firms' revenue growth averaged less than 5%. The firms have not been able to post double-digit revenue

growth since 1990.

All but two firms were unable to boost consulting revenues by more than 5% this year. Two companies—William M. Mercer Cos. Inc. and The Wyatt Co.—reported revenue decreases for 1993, and one firm—Alexander Consulting Group Inc.—predicts its revenues will not increase or decline. ACG restated its benefit consulting revenues over the last three years due to problems with internal revenue reporting.

Business Insurance ranks the consultants strictly on revenues generated by worldwide employee benefit consulting; that is, giving advice on a fee-for-service basis on benefit issues.

Only revenues from majority-owned benefit consulting affiliates are counted.

Excluded from revenues for

Continued on page 10

Health plan costs

Continued from previous page
ant William M. Mercer Inc.

And, Mr. Kelley and other consultants, insurers and HMO executives say that with national health care reform perched on the horizon, employers' premium increases over the next few years are likely to remain manageable as doctors, hospitals and insurers attempt to position themselves for whatever future system emerges.

"There's clearly a sentinel effect coming from the health care debate in Washington. Providers and insurers don't want to further muddy the waters knowing that price controls could result," said James Van Lew, a vp with Principal Mutual Life Insurance Co. in Des Moines, Iowa.

Another reason why inflation is slowing is that two of the major

cost-drivers in recent years—prescription drug expenditures and mental health care treatment—are experiencing much lower inflation due to restrictions in benefits and aggressive management of services by employers and insurers.

The overall impact of widespread managed care efforts is showing up in the most recent figures from the U.S. Bureau of Labor Statistics. Through October, the medical care component of the Consumer Price Index rose by 5.0%, compared with 6.6% for all of 1992 and 8.7% for 1991. At the same time, general inflation was only 2.7% through October, compared with 2.9% in 1992 and 4.1% the previous year.

And, by all accounts, health care trend rates should continue to fall in 1994.

Independent HMOs, as well as insurer-owned HMO networks,

are projecting premium increases of about 4% to 9% in almost all regions of the country.

These estimates are backed up by the Washington-based Group Health Assn. of America's 1994

'We're not making up for past losses any more,' says Metropolitan Life's James Galasso.

"HMO Market Position Report," which polled 50 HMOs nationwide with a combined membership of 5.8 million people and found that average HMO premiums will increase by 5.6% in 1994, down from 8.1% increases this

year (BI, Dec. 13).

Enrollment in HMOs is also expected to continue to grow at breakneck speed as more and more employers explore managed care options. HMO enrollment climbed by 3.5 million this year to 45 million and is expected to top 50 million by the end of 1994, according to the GHAA.

"Most, if not all, employers are convinced that they have to get into managed care in some way. It's the only effective alternative they have to runaway costs," said John Erb, a principal with A. Foster Higgins & Co. Inc. in New York.

Because enrollment is growing and profit margins are sound, HMOs are predicting only modest premium increases for 1994. However, because of the competitive nature of the group health marketplace, independent HMOs are

forecasting lower premium increases than the plans being offered by insurers.

CIGNA Corp., whose CIGNA HealthCare Inc. is the nation's largest insurer-owned HMO with 2.7 million members, will increase HMO premiums by about 5% to 8%, depending on location. And, CIGNA's PPO, which is marketed primarily to midsize employers, will raise premiums 14% to 17%, said William "Chip" Sharkey, senior vp-national marketing and sales with the Hartford, Conn.-based company.

Aetna Life & Casualty Co.'s Aetna Health Plans, with 1.3 million subscribers, will boost HMO premiums by "low to mid-single digits," said Charles T. Bell, senior vp in Hartford, Conn. Aetna will increase costs for its PPO by about 13% to 15%.

"The government's reform movement has created an element of awareness that hasn't existed before. Our pricing is a direct pass-through of what physicians and hospitals are doing," Mr. Bell said.

Prudential Insurance Co. of America's HMO, Prudential Health Care Plan Inc., which has about 1.3 million subscribers, will raise average premiums by 7% to 9%, said Joe Maginnis, vp-group underwriting with the Roseland, N.J.-based unit. "Price increases are lower due to increased competition. But the aging population and continually advancing technology continue to drive overall costs upward."

Metropolitan Life Insurance Co. of New York anticipates raising HMO premiums by about 8% next year, said Vp James Galasso. "We're not making up for past losses any more. That came to an end in 1992."

At Hartford, Conn.-based Travelers Corp., which has about 700,000 people enrolled in its HMO, premiums will climb about 8% to 10%, said Tom Burton, vp and actuary. The company's PPO will charge about 15% to 17% more next year. "Pure inflation is down a couple points and managed care networks are larger and more aggressive," he explained.

HMO premiums will go up by about 11% to 13% at Provident Life & Accident Insurance Co. of Chattanooga, Tenn., said Vp Jim Pesnell.

And, Principal Mutual's HMO, Principal Health Care of Rockville, Md., will boost HMO premiums by 5% to 7%, with some employers actually renewing with no premium increases, said Principal Mutual Health Care President Ken Linde. "We're successfully managing costs and building partnerships with providers. Thus, rates are good," he said.

The 69 Blue Cross & Blue Shield Assn. plans across the country will increase HMO premiums by an average of 8% to 10%, according to a spokeswoman for the Chicago-based association. BC/BS plans that offer PPOs should increase premiums by about 10% to 15%, she said.

Empire Blue Cross & Blue Shield, which covers more than 7 million customers in New York, will boost HMO premiums by 6% to 8%, said Bernard Schoen, vp-sales. "New procedures are about the only thing still driving up costs. MRIs, which were unheard of five or 10 years ago, are now as common as the \$25 X-ray."

As in recent years, independent HMOs will increase premiums by less than their insurer-owned counterparts.

The Oakland, Calif.-based Kai-

Continued on page 6

The EPA says:
If you're responsible for the property,

you're responsible for the cleanup.

Who's responsible? You are, if you own or manage commercial property, or have a fiduciary or financial responsibility for property on which pollution is found. Even if you were not responsible for the pollution in the first place. Cleanups can be time-consuming and costly—often running more than \$1 million. The litigation expenses can be devastating as well.

What's your best protection? Environmental Remediation Insurance underwritten by General Environmental Management Corporation (GEM)

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To find out how you can effectively protect your investments, contact your insurance broker, or call GEM directly at 1-800-231-GEMC.



General Environmental
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CNA

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THE VALUE OF OUR PROPERTY CONTINUES TO RISE.

At Wausau, we've built a division dedicated to engineering, underwriting and servicing Highly Protected Risk (HPR) and Property Special Risk programs for larger property customers. HPR/Property Special Risk underwriters are located in offices across the country to serve you with HPR coverages and service, primary and excess layered programs, global coverages and special service commitments for loss control and claim handling. Add our A+ A.M. Best Rating and you have an extremely valuable asset for property coverage.



PROPERTY • HPR • SPECIAL RISK

Health plan costs

Continued from page 4
 ser Foundation Health Plan Inc., which owns the nation's largest HMO with 6.6 million subscribers, will impose premium increases averaging 4.1% in its 12 nationwide regions of operation. The smallest hikes, only 1.4%, will be in Southern California, the largest, about 8%, in Hawaii.

"Reasons for the increases vary from region to region," said a spokeswoman for the Kaiser Permanente Medical Care Program. Varied facility development and technology development will affect the rates.

Health Net of Woodland Hills, Calif., which is merging with Qual-Med Inc. of Pueblo, Colo., and has about 920,000 enrollees, will impose premium increases that "vary by account but will be

low," said Roger Greaves, Health Net's chairman and president. "Industrywide, we'll see one of the lowest increases in recent years. The pressure of health care reform has left the industry very conscious of holding down costs to avoid price controls."

Another large Western independent HMO, Cypress, Calif.-based PacifiCare Health Systems Inc., which operates in California, Oklahoma, Oregon, Texas and Washington state, will raise premiums by 4% to 7%, said Rich Lipeles, executive vp.

Other independent HMOs reported that premiums will increase at a rate in line with their competitors'.

FHP Health Care in Fountain Valley, Calif., will raise premiums by 3% to 6% for its 500,000 subscribers. Foundation Health Plans of Rancho Cordova, Calif., will

boost premiums about 4% to 8% for its 475,000 subscribers. And, Health Alliance Plan of Michigan will increase premiums by about 3.5% for its 416,000 members.

On the traditional indemnity side of the fence, premium increases will be more severe, albeit less than in previous years.

Prudential will increase straight indemnity premiums by 17% to 19% but by only about 12% if the plan carries a point-of-service, network option. "We're getting good in-network usage—about 80%—which allows us to keep increases down," Mr. Maginnis said.

Aetna will boost traditional indemnity premiums by 15% to 18% and by "low double digits" if the plan emphasizes a network option, said Mr. Bell.

At CIGNA, indemnity premiums will increase by 17% to 20% but by 11% to 14% with a POS op-

tion, according to Mr. Sharkey.

At MetLife, indemnity premiums will increase by 15% and by as little as 8% if a POS option is attached, said Mr. Galasso. "There's plenty of fear about greater regulation. Everyone's reluctant to push prices too high."

Large-group indemnity premiums will escalate by 17% to 19% at Travelers, while small-group indemnity premiums will increase by more than 20%, said Mr. Burton. However, with a POS option, premiums will likely go up by only 12% to 14%, he said.

Provident is anticipating 17% to 20% premium increases for indemnity plans but only about 13% for those with a POS option.

Principal Mutual, meanwhile, will boost indemnity premiums by only 9%, said Mr. Van Lew. "It's the first time in a decade the (medical) trend is in single digits."

Self-insured employers should expect health care cost inflation of 5% to 10% if their plans have had steady experience, but Portland General Electric Co. in Portland, Ore., is planning on cost increases within its indemnity plan of 25% next year, said a spokeswoman, who added that the company had flat experience the previous year. PGEC will pay up to 7% more for its various HMOs, she said.

Dennis Nirtaut, vp-employee benefits with Continental Bank in Chicago, said cost increases for 1993 will be about 5%. "It appears as though rate increases have moderated. We have a PPO in place and are getting decent discounts, but that's only half the battle. (If the plan can control utilization), we'll be in good shape."

At San Francisco-based Chevron Corp., which has 6,000 employees and retirees in POS plans, 8,900 individuals in an indemnity plan and 20,000 retirees in HMOs, the combined estimated medical trend for 1994 is 8%, said Tanya Bednarski, health care plans adviser. Chevron projects a flat trend for its HMOs. **EI**

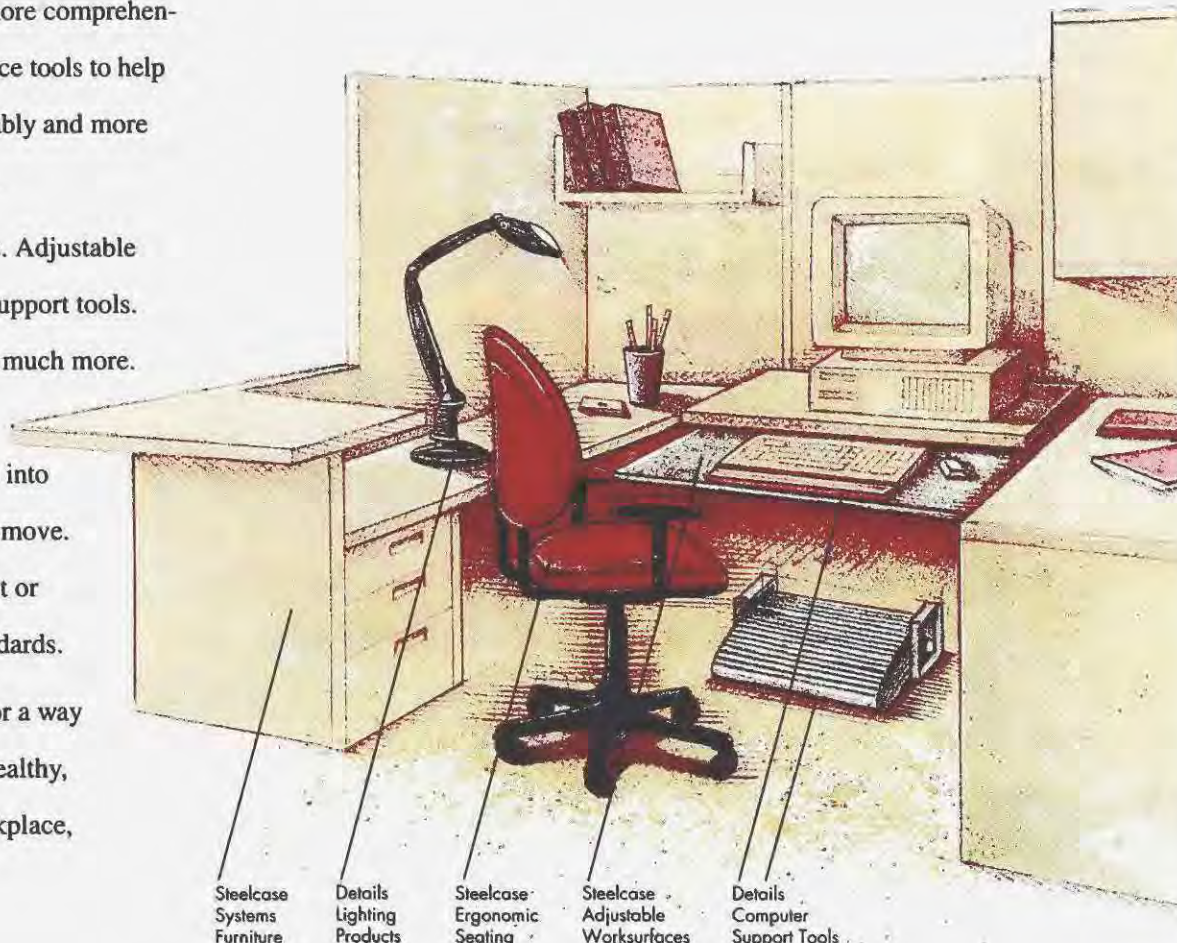


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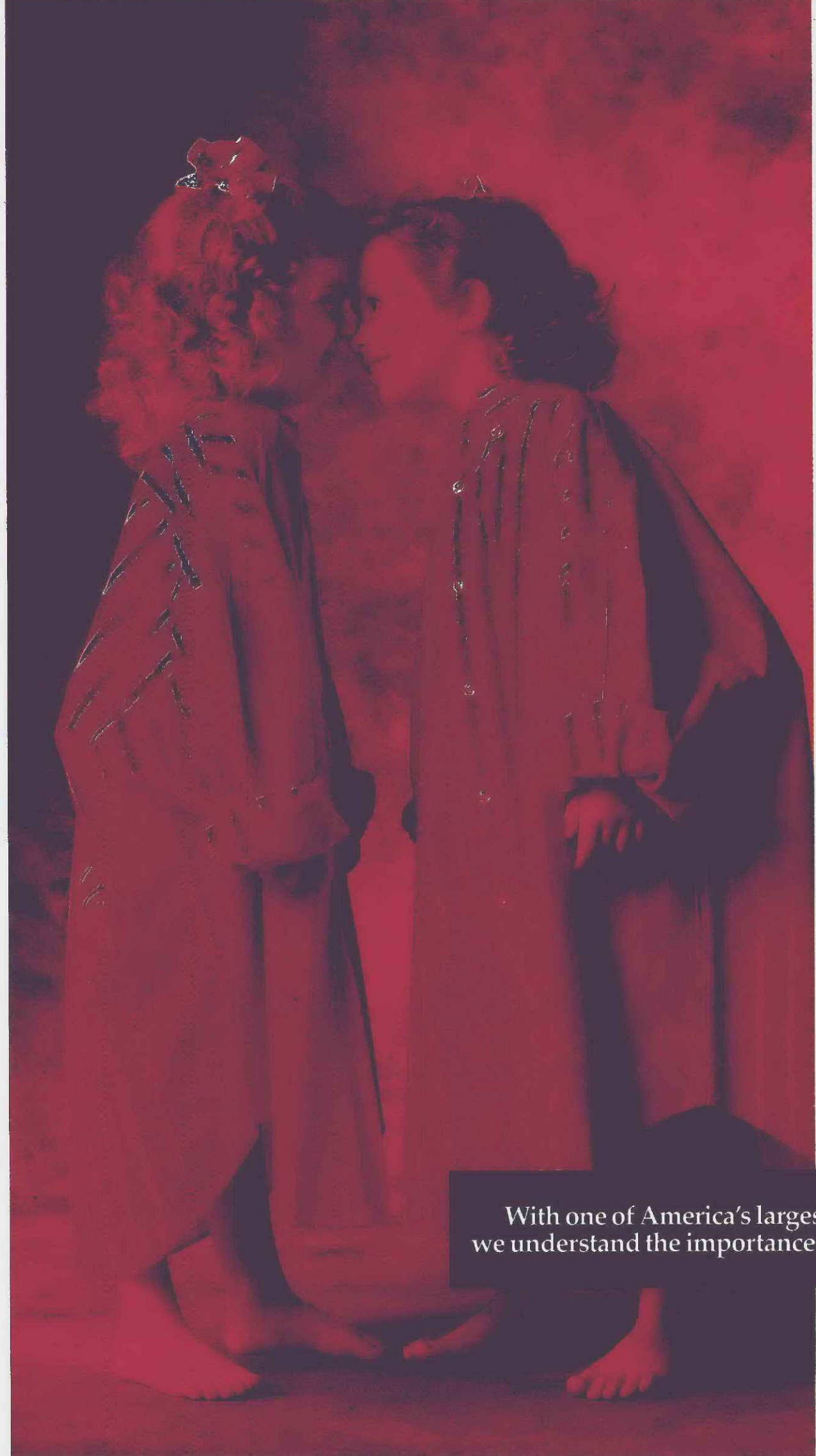
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Top consultants

Continued from page 3
purposes of the ranking are revenues generated from other activities, like claims administration, compensation consulting and insurance brokering.

All 1993 figures are estimates, unless otherwise noted. Fluctuations in foreign currency rates skew revenue growth rates somewhat, particularly for firms with a large international presence.

Business Insurance also ranks the largest consulting firms, based on benefit consulting revenues generated in the United States or from consulting for U.S. multinationals (see chart, page 11).

Mergers and acquisitions during the year resulted in some changes in the rankings of the largest firms in terms of U.S. consulting revenues.

Coopers & Lybrand's Human Resource Advisory Group, for example, acquired two firms in 1993 and now ranks as the fifth-largest consultant in the United States, up from No. 8 last year. Godwins Booke & Dickenson, the U.S. unit of Godwins International, ranks ninth, up from No. 10 in 1992. And, Sedgwick Noble Lowndes makes its debut as the 10th-largest U.S. consultant.

Meanwhile, Alexander & Alexander Consulting Group Inc., ACG's U.S. subsidiary, fell to the No. 8 spot from No. 5 in 1992.

Continued sluggishness in the global economy and a decline in defined benefit plan consulting in the United States are responsible for the general slowdown in benefit consulting revenues worldwide.

In addition, many U.S. employers postponed health care projects during the first part of the year while awaiting details of President Clinton's health care reform bill.

Fierce competition remains omnipresent in the consulting marketplace as firms vie for more limited business.

"There is increasing emphasis on price and cost, particularly with mature business," said Reed Keller, vice chairman of Coopers & Lybrand's consulting unit. "One could argue in the past, 'Our reputation is worth the fee.' Not anymore."

Fees for pension actuarial valuations, for example, are still competitive, but the pricing environment is not as vicious as it has been in previous years. "Prices are competitive but no longer predatory," said Henry Saveth, a principal with A. Foster Higgins & Co. Inc.

"Clients are scrutinizing fees more than they did 20 or 30 years ago," observed A.W. "Pete" Smith, the recently appointed president and chief executive officer of The Wyatt Co. But, he said, "It's also less frightening to benefit consulting firms. We've become used to it."

In general, the era of staff cuts and expense control has ended for the world's largest benefit consulting firms. Now, they are looking to strategically manage their business and zero in on practice areas that offer the most opportunity for growth in the future.

"The key in 1992 and 1993 and in planning for 1994 is to make sure you manage your business for smaller increases in revenue

growth," said Robert Powell, Foster Higgins' chairman and CEO. "You do that by managing your expense increases to 2% to 3%."

"Managing your business very carefully has always been important, but it's more important now because you don't have the easy (revenue) growth," said William Giegerich, president and CEO of Buck Consultants Inc. "Our business for so many years was pretty easy. You didn't really have to apply business principles. The biggest challenge was just finding enough good people to do the work."

Some executives don't necessar-

Employer-sponsored retirement savings plans continue to generate work for consulting firms as clients are demanding an increasing array of high-tech services. "When someone wants 401(k) services, it's different than three to five years ago. They want recordkeeping done on a daily basis vs. a monthly or quarterly basis," explained Dale Gifford, chief executive of Hewitt Associates.

Clients also want automated voice response systems and toll-free telephone numbers—backed up by a live operator—that employees can call to make inquiries or changes in their savings plans.

'There is increasing emphasis on price and cost, particularly with mature business,' Coopers & Lybrand's Reed Keller says of the consulting marketplace. 'One could argue in the past, "Our reputation is worth the fee." Not anymore.'

ily want those days to return. "A lot of compliance-type work generated the huge revenue growth" five to 10 years ago, Mr. Smith said. "That was non-productive growth, though. I wouldn't want to see" some huge, misguided piece of legislation boost that type of business again.

Consultants are making up for a decline in some of their traditional practice areas, like defined benefit plan consulting and actuarial work, by focusing on practice areas that are still growing, like administrative work for defined contribution plans and health care consulting.

Consultants also are providing ancillary services related to defined contribution plans, like employee communications and investor education, according to John Feldtmose, president of Foster Higgins.

Despite the uncertainty in the U.S. health care market, health care consulting revenues continue to increase for most consultants, albeit at lower levels.

While employers generally postponed health care projects during the first half of the year, many are now going forward with managed care and other cost control initiatives.

"The freeze has thawed out," Mr. Saveth said. "A lot of backburner projects really came to the forefront when employers realized costs will continue to go up and they can't sit around and wait" for a solution to come out of Washington.

Most executives agree health care reform will offer new consulting opportunities. Consultants and employers agree it will be several years before any significant health reform legislation is enacted and few predict Clinton's plan will pass without substantial changes.

In the meantime, executives predict health care consulting revenues will continue to grow.

"We don't expect there will be a falloff in health care consulting in the short term," said Donald Ingram, chairman and chief operating officer of Godwins Booke & Dickenson.

"I haven't been tossing and turning at night, losing sleep," said Robert Krinsky, president of The Segal Co.

Even if President Clinton's health reform bill passes with few changes, there will continue to be opportunities, pointed out Donald Seeley, ACG's new president and CEO.

"Whatever passes, there will be opportunity for employers to offer supplemental coverage or wrap-around plans." Mr. Seeley said. "Right now, we are spending most of our time briefing client management on the potential impact of health care reform, but down the road we also see enormous opportunities for us to assist in the employee communication

Continued on next page

BALANCED

Atlanta

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Continued from previous page process," said J. Russell Southworth, managing director-North America for Towers Perrin.

Others admit there is some concern out there.

"I think, generally speaking, in the consulting field, a number of people are worried about their future," said Kenneth Martin, chairman and CEO of Sedgwick Noble Lowndes' North American operations.

To combat any decrease in health care consulting on the corporate side, many consultants will increasingly market their health care expertise to new types of clients.

"We are seeing a restructuring in the delivery of health care in the United States and also a risk-shifting. The at-risk player may increasingly be professional physicians groups and managed care organizations" rather than employers, explained Edward Pringle, executive vp of William M. Mercer Inc.

"We are consultants on the delivery of health benefits to employees, but to restrict that to our only business is too narrow in the new world," he said.

"Services to employers will not decrease, they'll just change," agreed Coopers & Lybrand's Mr. Keller. "There will be technology needs for employers. They have to keep records of health plans where their employees are enrolled, for example. But the ultimate user of our health care skills set and services is likely to be the accountable health plans," he said.

"We can't control our market; we have to exist within it,"

summed up Buck's Mr. Giegerich.

Profiles of the 10 largest benefit consultants follow:

William M. Mercer Cos. Inc.

The slow global economy and fluctuating foreign exchange rates will produce a 5.8% decrease in Mercer's 1993 worldwide benefit consulting revenues.

The firm expects to round out 1993 with \$600 million in revenues, down from a restated \$637 million in 1992.

Foreign exchange rate fluctuations have wreaked havoc on the world's largest benefit consultant, as they have for other firms with significant international operations.

"In 1993, foreign exchange (fluctuation) accounts for two-thirds of the revenue decline in Mercer's benefit consulting revenue," according to President Peter Coster.

Nonetheless, Mercer expanded its global operations in 1993. In February, Mercer acquired Service Technical Investments Lda., an employee benefits and human resource consulting firm in Lisbon, Portugal.

And, in August, Mercer acquired de Montigny Woerner Lda., a Brazilian pension and compensation consulting firm with a staff of 169 in offices in Rio de Janeiro and Sao Paulo, Brazil.

"We had been looking at Latin America but were waiting because of rampant inflation and political problems in that part of the world. This year, we came off the fence and made a strategic commitment," Mr. Coster said. The Brazilian acquisition is a "prelude to a broader involvement in that

Top 10 benefit consultants

Based on U.S. benefit consulting revenues

	1993 estimates (in millions)
1. William M. Mercer Inc.	\$354.0
2. Towers Perrin	337.5
3. The Wyatt Co. ¹	279.2
4. Hewitt Associates	272.3
5. Coopers & Lybrand HRAG	130.4
6. A. Foster Higgins & Co. Inc.	129.6
7. Buck Consultants Inc.	124.5
8. Alexander & Alexander Consulting Group Inc.	115.8
9. Godwins Booke & Dickenson	90.4
10. Sedgwick Noble Lowndes	77.0
Total	\$1,910.7

¹ B1 estimate; figure reflects June 30 fiscal year

GRAPHIC BY KIM ROME

part of the world," he said, noting that Mercer is looking at opportunities in Chile, Mexico and Argentina.

Meanwhile, in the United States, Mercer substantially revised its 401(k) recordkeeping services during the year, partly in response to competition from so-called bundled providers, said Edward Pringle, executive vp of Mercer's U.S. operations. The firm now offers daily valuations and online access to client data bases, as well as automated voice response services to employees who want to inquire about or change their plan selections.

Mercer made a major capital investment in this practice area, opening a 20,000-square-foot processing center in Deerfield, Ill.

"We think we have an advantage coming into this business area later than other firms, because we don't have to depend on mainframe technology. We can build our practice using newer and more cost-effective technology," Mr. Pringle said.

Towers Perrin

Towers Perrin remains the world's second-largest benefit consultant, based on estimated, 1993 benefit consulting revenues of \$450 million.

In 1992, the firm predicted gross revenues would reach \$442 million by year end, but actual revenues totaled \$432 million. The restatement is due in part to the somewhat over-optimistic views of senior management, but at least

half of the restatement is attributable to fluctuating exchange rates, Mr. Southworth explained.

On average, U.S. consulting revenues were up about 5% in 1993, he said. Health and welfare plan consulting rose about 10%, as did benefit administration services. Retirement and actuarial consulting revenues rose about 3%, and benefit communications revenues grew between 3% and 5% in 1993.

"We're having more difficulty confining ourselves to talking about employee benefits when we talk about our organization," Mr. Southworth said. "Increasingly, we are finding that clients are taking a fresh look at their benefit program." Among other things, they want the program to be aligned with the organization's overall human resource strategy.

One of the company's primary new growth areas, therefore, is helping "clients develop and implement human resource strategies and programs that support their business goals." Other growth areas include research into employee attitudes about benefits, employee communications and education, outsourcing administrative functions and pension asset consulting.

Towers Perrin opened an Indianapolis office this year and is planning to open an office in Miami in early 1994. The company also opened a San Juan, Puerto Rico, office and plans to open offices in Seoul, South Korea, and Lisbon, Portugal, in 1994.

The firm acquired Baars & Baars, a Rotterdam, Netherlands-based benefit consulting firm with a staff of eight, and en-

Continued on page 14

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Top consultants

Continued from page 11

tered into a joint venture agreement with Bern, Switzerland-based benefit consulting firm Chuard.

Looking ahead to 1994, the company will concentrate on enhancing revenue growth, Mr. Southworth said. After working hard to cut costs and increase efficiency, "We are now in a position to increase our marketshare in conventional areas but also to clearly expand in the overall human resource strategy area," he said.

The Wyatt Co.

The Wyatt Co. took several decisive steps in 1993 to return itself to profitability, according to the firm's recently appointed president and CEO.

Wyatt posted 1993 benefit consulting revenues of nearly \$349 million for the fiscal year ending June 30.

While 1993 benefit consulting revenues are a shade below Wyatt's restated 1992 revenues of nearly \$350 million, the company registered a modest profit this year, reversing a major loss the year before (BI, Nov. 29).

The turnaround for the world's third-largest consultant is due in part to controlling internal expenses and streamlining operations, Mr. Smith said. Among other things, the company reduced the number of directors and established 10 regional management centers to track individual offices' activity.

Wyatt is now ready to shift gears and concentrate on getting closer to its clients and expanding certain areas of its business.

'Almost all employers (in Asia) need general human resource consulting services,' says A.W. Smith.

The company has developed a specific process, called Client-First, to help measure client satisfaction. Among other things, Wyatt consultants will gather information from clients about how they measure the consulting firm's performance. "We want to get started with clients right away, even at the request-for-proposal stage," Mr. Smith said.

The company also is putting greater emphasis on training its staff on how to manage client re-

lationships and understand client satisfaction. Wyatt has no plans to add to or reduce staff, which now totals about 3,400 worldwide.

In addition, Wyatt plans to selectively expand its business in 1994.

"There are opportunities in Europe, Asia, the Southeastern United States and New York City," he said. The economies in China, Vietnam and Thailand are expanding, so Wyatt is looking to build up its presence in those areas. "Almost all employers need general human resource consulting services there, and many need retirement consulting services because of legislative changes," Mr. Smith said.

Among key executive changes, Gary T. Hallenbeck joined Wyatt in November as manager of the firm's New York-area consulting offices. He replaces Paul R.

Daoust, who became executive vp and chief operating officer of Wyatt in July.

Hewitt Associates

Stability and stamina reigned at Hewitt Associates in 1993, which estimates benefit consulting revenues will total \$296 million by year end, up 5.7% from a restated \$280 million in 1992.

Hewitt tied for the No. 4 rank this year, unchanged from 1992.

"In retrospect, we felt like it was a pretty solid year," Mr. Gifford said. Much of the company's efforts focused on "things we'd view as investments in the future," he said.

For example, the company continued expanding administrative services, like 401(k) recordkeeping. "Revenues related to recordkeeping were up only modestly," but revenues for automated voice response and related services doubled in 1993, as did the number of new clients requesting those services, Mr. Gifford said.

Meanwhile, Hewitt's 1993 health care revenues rose 18% from fiscal 1992. "That may sound robust, but health care revenues increased 66% in 1991," Mr. Gifford pointed out.

Hewitt consultants spent a lot of time testifying about health care reform in 1993, which did not add to the firm's fee revenues. But, those efforts helped keep the benefit consulting company and its clients abreast of health reform issues.

The firm is increasingly working with clients in the area of life-planning resources, which Mr. Gifford termed "the new name for the next generation of flex." The process attempts to align the human resource needs and goals of employers with the needs of their employees.

Hewitt opened an office in Montreal and increased its staff 11% to 3,466 worldwide.

Looking to 1994, Hewitt will continue to invest in technology and re-evaluate and streamline its processes so it can respond quickly and more efficiently to clients' needs, Mr. Gifford said.

Sedgwick Noble Lowndes

Sedgwick Group P.L.C.'s August purchase of Noble Lowndes & Partners Ltd. propelled the new entity into a tie for the No. 4 spot among the world's largest consulting firms. Sedgwick Noble Lowndes estimates 1993 benefit consulting revenues will total \$296 million.

Last year, Noble Lowndes alone ranked as the sixth-largest consultant, but based on the two companies' combined 1992 consulting revenues of \$286 million, the firm would have ranked fourth in 1992.

Much of next year will be spent integrating the two firms, focusing on client services and quality improvement, boosting sales and marketing efforts and investing in information technology, said Rob White-Cooper, executive chairman.

"Our overall focus is one of consolidating Sedgwick and Noble Lowndes. That's got to work and be a success. Then that will be the engine for further growth," he said.

"We were very conscious of the need to restructure the organization as quickly as possible" in the United States, said Mr. Martin, who heads the firm's North American operations. "The Noble Lowndes side had been through a series of downsizing recently, af-

Continued on page 18

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Top consultants

Continued from page 14
 ter trying to digest some of the acquisitions they made. The anxiety level among colleagues after the Sedgwick acquisition was quite high."

In fact, about 150 positions were cut in November and offices in Knoxville, Tenn., and Troy, Mich., were closed. SNL employs 4,284 people in 98 offices worldwide.

In addition, the company is selling some of its books of business, including those in Cincinnati and Boston, in an effort to improve the efficiency of its operations, Mr. Martin said. "There is no sense in struggling with the merger."

The firm's overseas offices will not be subject to such rigorous restructuring since both companies complement each other well in

terms of services and geography, Mr. White-Cooper said.

The firm does plan to consolidate its consulting operations into Sedgwick's property/casualty offices, though. "We want to operate out of common sites so we can benefit from expense reduction by using the same support staff," he said.

While U.K. pension and retirement consulting revenues are flat, Sedgwick's U.K. health care consulting practice is growing steadily as more employers offer private health insurance above national levels, said Peter Brew, group managing director of American and Asia Pacific operations.

Coopers & Lybrand Human Resource Advisory Group

The acquisition of two compa-

nies boosted Coopers & Lybrand's 1993 benefit consulting revenues to \$237 million, enabling the firm to become the world's sixth-largest benefit consultant.

Last year, the company ranked seventh.

The two acquired firms—Bufete Matematico Actuarial of Mexico City and Harbridge House of Boston—added \$3 million and \$10 million in gross revenues, respectively.

"Our organic growth was just under 12% and we were proud of that growth, under the circumstances," said Mr. Keller, referring to the continued slow economy.

Coopers & Lybrand is strategically planning to become a bigger force among the world's largest benefit consultants. The firm debuted in the *Business Insurance* ranking in 1987 as the ninth-larg-

est firm based on benefit consulting revenues of \$53 million. Mr. Keller is determined to propel his consulting unit into the top five. "Increasingly, both employers and our competition regard Coopers & Lybrand's Human Resource Advisory Group as a force."

The firm is constantly on the lookout for strategic acquisitions or alliances with companies that will increase its international presence or add to its technology practice.

"We budgeted for 20% revenue growth next year," said Mr. Keller, adding that at least 10% to 15% of that will be generated internally. Health care and organizational effectiveness consulting, as well as technology-driven assignments, will fuel much of that growth, he said.

"We'll need to increase staff by 3% to 5% to have any chance to

meet those growth projections," he said. The consulting firm currently employs 2,775 people worldwide.

Alexander Consulting Group Inc.

Under new management, ACG hopes to restore the financial integrity of its benefit consulting operations.

The firm ranks as the world's seventh-largest benefit consultant, based on estimated 1993 benefit consulting revenues of \$198.4 million. Last year, the consultant ranked fifth.

ACG restated its 1992 benefit consulting revenues to \$198.2 million from an estimated \$206 million reported at the end of last year. The firm's 1991 benefit consulting revenues have been restated to \$176.5 million from the \$186 million it reported earlier.

The restatements are due in part to "inadequacies" of the benefit consulting division's former senior management, Mr. Seeley said. Specifically, ACG booked consulting revenues that were never collected from its clients.

"Management had inadequately provided reserves against time and expense recorded as work in progress," he explained. "That's not necessarily a problem if it occurs one year. But this happened over a period of years, so on an accumulated basis it became a problem."

ACG replaced several key executives in an effort to turn things around.

Mr. Seeley, an A&A senior vp who previously was responsible for financial management and strategic planning, took over ACG's benefit consulting operations in November. He succeeded A.M. "Bud" D'Alessandro, who died Oct. 1. Neil Burger, formerly managing director of ACG's technologies practice, was named chairman and chief executive of ACG's U.S. subsidiary, Alexander & Alexander Consulting Group.

"There are a number of items on our agenda" for 1994, Mr. Seeley said. Restoring employee morale is one of them, though "it's in good shape" despite the unit's financial troubles, he said.

"My main areas of concern are the development of emerging practice areas and the management of traditional, mature practices that are still important but aren't growing as much."

Health care consulting, integrated information technology and organizational effectiveness are among the firm's busiest practice areas and "all are capable of double-digit growth next year." More mature practice areas, like actuarial valuations and defined pension plan consulting, are suffering from reduced demand and continued price competition. Therefore, "We'll need to manage our resources and position the business" so that it's oriented more toward overall retirement plan consulting.

A&A's acquisition this month of U.K.-based actuarial consultant Clay & Partners helped boost ACG's U.K. benefit consulting revenues (*BI*, Dec. 6). In fact, ACG reported that 41.5% of its worldwide benefit consulting revenues are generated by non-U.S. locations, up from 27.6% in 1992.

ACG has no plans to reduce staff. "If there is a decrease, it will just be a function of the business climate," Mr. Seeley said. ACG employs 2,074 people in 91 offices worldwide.

Another key goal—and challenge—for 1994 is to identify and

Continued on next page

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Continued from previous page meet clients' needs, which are constantly changing, he said. "At the end of the day, what's important to the client is whether the job is being done well. We want to succeed and do better than the rest of the pack."

Buck Consultants Inc.

Gross revenues at Buck will reach \$166 million by year end, up 5.7% from restated 1992 revenues of \$157 million.

The firm's 1992 revenue estimate of \$161 million was off because of lower-than-expected revenue growth in the United States and fluctuating currency exchange rates, particularly in Canada, Mr. Giegerich said.

Buck ranks as the eighth-largest benefit consultant, the same ranking it held in 1992.

The company continued to expand its health care and administrative services in 1993, in part because of the decline in defined benefit pension plan consulting affecting the industry. "Our pension actuarial business accounts for less than 45% of our total revenues now, whereas several years ago it was at least 75%," Mr. Giegerich explained.

The firm is positioning itself for "whatever opportunities there are in the health and welfare field," he said, noting that the firm added some senior staffers to achieve that goal.

Edward Davey, formerly a principal at Foster Higgins, joined Buck in October as national director of health and welfare services. And, in December, Don Penn, formerly a partner with Coopers & Lybrand's HRAG unit, joined as a benefit consultant in Buck's Chicago office. Mr. Penn also was senior vp and chief financial officer of St. John's Medical Center in Tulsa, Okla.

Buck closed a suburban London office in 1993, but the consultants joined the firm's London operation. Buck opened offices in Barcelona, Spain, and in Cincinnati.

Buck's Canadian subsidiary merged with Toronto-based Actrex Partners Ltd., an actuarial consulting and benefit firm with about 40 employees. Worldwide, the company's staff level remained the same at 1,300.

In 1994, the company hopes to "continue to be successful financially," Mr. Giegerich said. "We believe having a profitable organization is a proper goal."

A. Foster Higgins & Co. Inc.

Foster Higgins ranks as the world's ninth-largest benefit consultant, falling one notch from a tie for No. 8 last year.

The New York-based firm estimates 1993 benefit consulting revenues will total \$164 million, up 3.1% from \$159 million in 1992. Foster Higgins had estimated its 1992 revenues would total \$161 million.

Revenue growth for 1993 "was slightly less than we expected," said Mr. Feldtmose. Business was very sluggish during the first quarter of 1993 but picked up considerably for the firm in the third and fourth quarters, particularly in the Northeast, he said.

While all three of its practice areas grew some in 1993, health care consulting was the main driver of the firm's revenue growth. "We are seeing a boost in (health care) work, including a continuation and enhancement in employer cost containment efforts," Mr. Saveth said. Among other things, the firm developed a video to help employees understand the dynamics of the health

care market and conducted 75 seminars for employers about the political and financial issues surrounding health care reform.

On the international side, Foster Higgins' parent, broker Johnson & Higgins, bought a 25% interest in a Mexico City-based broker, Brockman y Schuh, which has a small benefit consulting operation.

Foster Higgins' biggest challenge for 1994 is "to remain client-focused and to be certain we are adding value through our continuing quality initiatives," Mr. Powell said.

Godwins International

When it successfully digests the consolidation of three separate companies, Godwins International will emerge as a full-scale benefit consulting firm with truly global operations.

The company, owned by Aon Corp., retains its spot as the world's 10th-largest consultant, based on 1993 estimated worldwide benefit consulting revenues of \$139 million, up 13.4% from its 1992 revenues of \$123 million.

Actual revenue growth was flat for the year, Godwins Chairman and CEO Daniel Cox explained, noting that the increase is attributable to the \$30 million to \$35 million added to the firm's benefit consulting operations from Aon's July purchase of Booke & Co.

Aon's U.S. benefit consulting unit, Miller Mason & Dickenson, contributed about \$50 million in benefit consulting revenues to the firm's operations. The 1992 purchase of Godwins International Holdings Inc., the benefit consulting unit of Frank B. Hall & Co. Inc., brought in about \$30 million in U.S. revenues. The remaining

1993 revenue was generated by Godwins' non-U.S. benefit consulting operations.

The company spent part of the year reorganizing its benefit consulting business to reflect its new ownership. Godwins Ltd. is the holding company for Aon's benefit consulting operations. Globally, the firm does business as Godwins International, while its U.S. unit does business as Godwins Booke & Dickenson.

Most of the growing pains resulting from the acquisition have subsided, Mr. Ingram said. In 1992, the company eliminated much of Godwins' former corporate staff in Briarcliff Manor, N.Y. Godwins' former chairman and chief executive, J.D. McLeish, left the company this summer.

In addition, the firm consolidated several small consulting and sales offices into larger, full-

service consulting offices, resulting in the loss of some staff who did not relocate. However, the purchase of Booke & Co. added about 259 additional people, bringing the firm's total employee count to 1,730 worldwide.

Merging the three companies resulted in a "truly integrated" benefit consulting practice, Mr. Ingram said. MM&D contributed a strong health and welfare and managed care practice, while Booke added strong actuarial defined benefit and defined contribution services and Godwins provided an international presence.

Godwins primarily serves employers with 200 to 5,000 employees, he said. Although it works with larger and smaller clients, it will continue its goal to provide a wide range of benefit consulting and administrative services to midsize companies. **BI**

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Long-term disability insurance is still a buyer's market

By DAVE LENCKUS

But higher claims could push rates up next year

Employers likely will continue to find bargains in the long-term disability insurance market despite the economic and claims pressure on insurers to boost premiums.

Rates generally will be flat next year, primarily because new players have triggered a market share brawl and insurers and employers are managing claims more aggressively.

In 1994, insurers want to raise rates 10% to 15%, but rates will be stable, predicted Peter B. O'Brien, a former LTD consultant and now a senior vp with Louis Dreyfus Corp., a Wilton, Conn.-based multinational diversified holding company.

Most LTD insurers agree. In 1993, "We saw the most competitive market, frankly, that we've ever seen" in the past 10 years, said John Wiggin, assistant vp of marketing and strategic planning for ITT/Hartford Group Inc. "And, I don't expect that to change in 1994 either," though rate cuts will be more common for small firms, he said.

Rates for large companies—most of which offer only employee-paid or partially subsidized coverage—will be stable "or up a

touch" because of poor claims experience stemming from recent downsizing, he said.

Contributing to rate stability is the fact that many employers are shunning a liberalized definition of LTD that became popular over the past few years, said Bill Springer, vp in charge of the disability management services division of Metropolitan Life Insurance Co. in Mount Prospect, Ill.

Under that definition, workers are eligible for LTD benefits for five years or even longer if they cannot perform their jobs.

Under the more traditional definition, coverage continues after a two-year period only if workers cannot perform the material duties of any job for which they are reasonably qualified.

Some insurers do not think competition will be as intense next year, but they are not predicting a market turnaround.

For example, UNUM Corp. of Portland, Maine, is looking at increasing rates 5% to 10%, said John S. Roberts, vp of long-term disability.

Mr. Springer expects to see more rate increases on renewal next year because of low interest rates and increased claims.

Rate hikes also are likely throughout California because of the state's down economy. Poor economic conditions traditionally spike LTD claims.

And, rates may rise if the number of complex claims, like chronic fatigue, continues to grow, said Ed Muldoon, president of group life and disability operations at The Prudential Insurance Co. of America in Parsippany, N.J.

The overall stability of LTD rates is surprising in this economy, said Dennis M. Sullivan, a vp with Alexander & Alexander

Benefits Services Inc. of New York.

For example, low interest rates are dragging down insurers' investment income.

In addition, although the U.S. unemployment rate dropped last month to 6.4%—the lowest rate since January 1991—many employers plan huge voluntary and involuntary job terminations.

Employees who are "a walking LTD claim" will likely become an LTD claim" in that kind of economic environment, Mr. Sullivan said.

But, three factors are holding down rates.

Topping the list is the attractiveness of the LTD market, especially to insurers that may not be able to compete in a reformed health care market.

"Carriers, not knowing how that will turn out, are looking for other business to make a profit on," Mr. Sullivan said. "So, they're placing more emphasis on the LTD market."

Even insurers that likely will be players in a reformed health care market—like Aetna Life & Casualty Co. of Hartford, Conn.—are more aggressively pursuing LTD business. A key reason is the potential market is only 60% penetrated, said Michael Welsh, assistant vp and disability product manager at Aetna.

Other insurers already in the market also are trying to shore up their market share.

Insurers also are trying to relieve much of the economic and claims pressure that normally would drive up rates by managing claims more aggressively.

They hope to accomplish this largely through coordinated short-term and long-term disability products. Insurers are pushing this coordinated coverage so they

can identify and work with potential LTD claimants within a week or so of an incident rather than waiting until LTD coverage kicks in six months later. The idea is to slash claims costs by either preventing short-term disabilities from becoming long-term disabilities or by minimizing the severity and duration of LTD claims.

"The overall objective is to get the person back to work. The longer you wait to get involved, the less likely it is to get the person back to work," said Rosanna Milley, a managing consultant with A. Foster Higgins & Co. Inc. in Princeton, N.J.

Some insurers' marketing efforts have been more successful than others, but insurers say more employers are opting for the coordinated coverage. Most employers self-insure their STD risks but do not manage STD claims well, insurers and consultants say.

"They're realizing there's potential there to save more money. But, they don't know what to do," said Mr. Welsh of Aetna, which is introducing its coordinated policy next year.

"Now, employers are looking at disability as they did medical costs 10 years ago," Ms. Milley said.

Typically, employers with coordinated policies will self-insure their STD risk and pay their disability insurers a fee to manage all disability claims. Insurers often will knock 5% to 10% off the LTD premium the employer would have paid had it opted for the LTD coverage alone.

On average, the cost of coordinated coverage may be about 15% more expensive than straight LTD coverage, not including whatever savings result from managing STD and LTD claims more aggressively, insurers say.

Insurers also say they are being more aggressive in their vocational rehabilitation programs to help disabled workers develop new skills that they can bring to potential new employers if their old jobs have been eliminated.

Many insurers say they also have beefed up their efforts to shepherd LTD claimants through the often difficult process of obtaining Social Security disability benefits. Insurers offset LTD benefits by claimants' Social Security disability benefits.

But, Social Security routinely rejects 25% to 50% of claim applications, and many applicants do not bother to appeal, insurers say.

The stable market also may be attributable in part to insurers' "recognition that things will get better," said A&A Benefits' Mr. Sullivan.

For example, computer software firms, advertising agencies, educational services, public administration agencies, banks and some manufacturers would face higher LTD rates if CIGNA Group Insurance did not account for their improving business climate, said Eric M. Reisenwitz, vp of disability operations for the life, accident and disability unit of Philadelphia-based CIGNA Corp. ■



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Managed dental plans flourish

New products aim to make inroads into indemnity market

By DEBORAH SHALOWITZ

Managed dental care plans are becoming increasingly popular as employees become accustomed to managed care in general and employers see premium increases for such plans averaging 5% or less.

Although the fate of dental plans is uncertain in light of health care reform efforts, dental plan vendors remain upbeat.

In fact, several insurers have introduced new managed dental products in anticipation of continued future growth.

While vendors attest to the increasing popularity of managed dental plans—which most often are structured as health maintenance or preferred provider organizations—the majority of employers providing dental benefits still are offering basic indemnity plans, according to a survey of 250 companies by The Wyatt Co.

For example, while 93% of the companies surveyed offered a dental plan in 1992, just 21% offered a dental HMO. And, only 8% of those surveyed said they offered a dental PPO in 1992, the latest year for which figures are available.

"Offering dental HMO plans and trying to push employees into

them isn't necessarily worth the investment," said Mark Strauss, a consultant in Wyatt's Sherman Oaks, Calif., office.

Mr. Strauss said that since dental claims tend to involve relatively small amounts of money, especially compared with medical claims, dollar savings from capitated arrangements will be small. And, employers have to absorb the additional administrative costs of offering and communicating another dental plan, he explained.

Similarly, dental PPO-type arrangements do not really offer the kinds of savings that medical PPOs do, Mr. Strauss contends. "Dentists aren't as willing to be in a network and take less money than doctors," Mr. Strauss said.

And there are several ways to cut costs within indemnity dental plans that many employers have not yet examined, said Dr. David Kogon, a dentist and consultant in the Toronto office of William M. Mercer Cos. Inc.

Dr. Kogon said cost-saving options include reviewing and possibly revising plan design and services; changing a deductible to employee-paid coinsurance, so that employees share in cost increases; offering a specific dollar contribution for coverage instead of covering specific services; and

shifting more costs to employees.

Nonetheless, vendors continue to offer more managed dental programs and cite continuing increases in enrollment.

Delta Dental Plan of California, part of the national Delta Dental Plan organization, provides managed dental care to approximately 12 million people in the state, up about 5% from about 11.4 million last year, said a spokesman.

Nationwide, members of the Chicago-based Delta Dental Plan organization cover 28.8 million people.

Premiums increased 7% this year for the California organization's indemnity and PPO plans, the spokesman said. HMO premium increases were nearly 5%.

At MIDA Dental Plans Inc., enrollment increased nearly 5% in 1993 to 850,000 from 810,000 last year, said David Schmehl, vp, national research and development. Enrollment increased 3% in 1992 for the Southfield, Mich.-based managed care organization, which offers both an HMO- and PPO-type dental program.

Premiums for MIDA dental plans rose nearly 4% this year and have averaged less than 6% annually for the last 10 years, Mr. Schmehl said.

Travelers Corp. next year will

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Continued on next page

Continued from previous page
begin offering employers participating in its PPO-type dental network a guarantee that the cost for a group's existing benefit level within the network will not increase during a three-year period, according to Dr. Alan Vogel, a dentist and divisional vp of Travelers' managed care and benefits operations.

Enrollment in Travelers' managed dental network rose about 38% to 996,000 from 720,000 in 1992, Dr. Vogel said. He said the Hartford, Conn.-based insurer expects enrollment in the dental PPO to increase about 30% next year. Enrollment in the indemnity dental plan remained flat at 4.2 million, the same as 1992.

Average premium increases this year were 10% to 11% for indemnity plans and 4% to 5% for PPO plans, Dr. Vogel said.

CIGNA Corp. recorded 31% growth in enrollment in its HMO-type dental plan to 1.7 million members, according to Aaron Groffman, director of marketing for CIGNA Dental Health Inc. in Plantation, Fla. Mr. Groffman attributed the increase to the insurer's continued emphasis on quality of both administrative personnel and providers and a certain amount of momentum.

About 68,000, or 4%, of the 1.7

Health care reform 'may drive prices down' and increase competition, says Aaron Groffman.

million HMO enrollees are part of the insurer's new point-of-service dental plan. Mr. Groffman said he expects interest in this option to grow.

Premiums are scheduled to increase 4.5% in 1994 over 1993 rates, according to Mr. Groffman.

Prudential Insurance Co. of America is kicking off 1994 with an initial enrollment of 500,000 in a new PPO-type dental network, according to John LeDell, president of Prudential Dental Maintenance Organization in Roseland, N.J. The network will offer subscribers 25,000 dentists in all 50 states, he said.

Prudential's indemnity dental plan enrollment remained stable in 1993 at 8 million members but enrollment in the insurer's dental HMO was up 15% from 1992 to 1.5 million members, Mr. LeDell said.

Premiums for Prudential's indemnity dental plan rose 8% to 9% this year, while premiums for the dental HMO rose only 2% to 3%, according to Mr. LeDell.

While the fate of dental plans under health care reform is uncertain, vendors are optimistic about the future.

Dental benefits under President Clinton's health care reform package would be much more limited—at least initially—than those of many employers now (BI, Sept. 13).

Initially, preventive care would be provided only to children under 18, with 20% coinsurance. It is virtually unheard of for employers to limit non-orthodontic dental benefits to children.

In the year 2000, preventive dental benefits would be expanded to include adults, with employees paying 20% of expenses. In addition, a new orthodontia benefit would be added with 50% coinsurance and a

\$2,500 lifetime maximum benefit. Employer plans now typically impose much lower lifetime limits—in the \$1,000 to \$1,500 range—for orthodontia expenses.

However, after the year 2000, adult dental benefits would be taxable to employees.

Health care reform "may drive prices down" and increase competition among insurers, CIGNA's Mr. Groffman said.

If President Clinton's health care reform package passes, medical benefits basically will be standardized, so ancillary benefits such as dental insurance will become more important in attracting and retaining good employees, said Travelers' Dr. Vogel.

Prudential's Mr. LeDell said he anticipates the number of Americans with dental insurance "expanding over time, not decreasing." **BI**

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Directory of employee benefit consulting firms

A

Actuarial Sciences Associates Inc.

270 Davidson Ave., Somerset, N.J. 08873; 908-302-2100; fax: 908-365-0425

Benefit consulting since: 1985.
Parent: American Telephone & Telegraph Co.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 60% of revenues. Includes plan design consulting, defined benefit plan actuarial work, administration systems consulting, legal document drafting, plan administration consulting, asset/investment consulting.

Welfare plan consulting: 30% of revenues.

Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, funding design consulting for post-retirement benefits.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Coordination of international benefits for multinational corporations.

Locations: Boca Raton, Fla.
Staff: 123 total; 63 professionals, including 21 FSAs, 20 ASAs, three CEBSs, 14 attorneys, 27 EAs.

Clients: 54 total; 90% corporations, 6% government agencies/entities, 4% other.

Compensation: By the project, on retainer, by the hour: senior consultant, \$235-\$315; consultant, \$170-\$195; actuarial/legal, \$115-\$170.

Gross revenues: \$18.1 million from worldwide benefit consulting in 1993;

\$16.3 million in 1992. (97% of revenues are from U.S. locations.)

Non-U.S. benefit consulting: Via correspondents, from the United States.

Officers: Michael J. Gulotta, president/CEO; Scott J. Macey, executive vp/general counsel; Franklin B. Becker, vp/CFO; Kalyan K. Basu, Michael J. Harrison, vps/managing actuaries; Christopher M. Bone, chief actuary.

Contact: W. Randall Palmer, vp/consulting actuary.

The Administrative Management Group Inc.

3800 N. Wilke Road, Suite 250, Arlington Heights, Ill. 60004; 708-577-6000; fax: 708-870-9200

Benefit consulting since: 1982.
Services: 90% of revenues from benefit consulting.

Retirement/savings plan consulting: 70% of revenues. Includes plan design

consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, flexible benefits consulting.

Welfare plan consulting: 10% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, flexible benefits consulting.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive retirement planning software.

Other services: Claims administration.

Staff: 85 total; 70 professionals, including two ASAs, two CPAs, one attorney, three EAs.

Clients: 350 total, all corporations.

Compensation: By the project, on retainer, by the hour: senior consultant,

\$250; consultant, \$150; clerical, \$40; systems consultant/development, \$80-\$120.

Officers: John Salajka, CEO; David Goldenberg, CFO.

Contact: Mark Tucker.

Advanced Benefits & Insurance Marketing Corp.

141 Stony Circle, Suite 220, Santa Rosa, Calif. 95401; 707-523-5990; fax: 707-526-2114

Benefit consulting since: 1981.
Services: 40% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 30% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers.

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit booklet preparation.

Other services: Brokering, claims administration.

Staff: Eight total; three professionals, including two CEBSs, one CLU.

Clients: 251 total; 70% corporations, 10% MEWAs, 20% government agencies/entities. Minimum size client: 25 employees.

Compensation: By the project, commissions.

Gross revenues: \$365,000 from worldwide benefit consulting in 1993; \$346,900 in 1992. \$905,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: James T. West.

Aldrich & Cox Inc.

3075 Southwestern Blvd., Suite 202, Orchard Park, N.Y. 14127-1287, 716-675-6300; fax: 716-675-2098

Benefit consulting since: 1951.
Services: 30% of revenues from benefit consulting.

Welfare plan consulting: 28.5% of revenues. Includes plan design consulting; insurer/broker selection consulting; evaluation of service providers; health care cost containment; plan supervision, including loss review and control, dealing with agents and brokers and annual plan review.

Benefit communications consulting: 1.5% of revenues. Includes communications consulting, benefit statement preparation.

Other services: Risk management consulting.
Staff: 14 total. Four benefit consulting employees; three professionals, including one CEBS, two attorneys.

Clients: 60 total; 85% corporations, 5% individuals, 10% government agencies/entities.

Compensation: By the project, on retainer, by the hour: consultant, \$70-\$125.

Officers: Herbert Cox, chairman; Charles H. Cox, president; James B. Hood, executive vp; Michael B. Coyle, Ernest A. Holfoth, vps.

Contact: Charles H. Cox.

The Alexander Consulting Group Inc.

125 Chubb Ave., Lyndhurst, N.J. 07071; 201-460-6600; fax: 201-460-6677

Benefit consulting since: 1934.
Parent: Alexander & Alexander Services Inc.

Services: 84% of revenues from benefit consulting.

Retirement/savings plan consulting: 34% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, pre-retirement consulting, retirement-related software and systems consulting, audits and compliance, integrated information technologies consulting.

Welfare plan consulting: 34% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, administration services consulting, health strategies/managed care consulting, flexible benefits consulting, international benefits consulting.

Continued on next page

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Guide to listings of benefit consulting firms

The annual directory of employee benefit consultants lists responses to a *Business Insurance* questionnaire.

The directory is published as an editorial service; there is no charge to be included. However, companies must generate at least 30% or \$500,000 of their gross revenues from employee benefit consulting.

Business Insurance defines benefit consulting as providing advice on benefit issues on a fee-for-service basis, excluding health care and other claims administration, compensation consulting and non-benefit related consulting including brokering insurance.

Listings begin with the name and address of the company, followed by the year benefit consulting began and parent company, if any.

The services heading lists the percent of gross revenues a company derives from benefit consulting. This figure is broken down into the percent of gross revenues generated from retirement and savings plan, welfare plan and employee benefit communication consulting. Specific services provided in each area are listed as well as other services from non-benefit consulting activities.

Next are the locations of U.S. and foreign offices conducting benefit consulting. Staff information includes total staff; benefit consulting staff (for companies that do not generate the majority of their revenue from employee benefit consulting); professional staff assigned to employee benefit consulting and professional designations held.

The total number of clients in 1993 is given along with a breakout based on the clients type of business which usually includes of corporations, multi employer plans (pension or welfare plans jointly run by employers in the same industry and a labor union), MEWAs—multiple employer welfare arrangements (welfare plans covering a group of unrelated employers—usually small firms or individuals).

Methods of billing for services are provided under compensation. When reported, estimated 1993 benefit consulting gross revenues and 1992 benefit consulting revenues are listed along with the percent generated from U.S. offices. Estimated 1993 worldwide gross revenues may also be included followed by the manner in which non-U.S. benefit consulting is provided.

Names and titles of principal officers, followed by the name of a contact for those wishing further information, complete the listings.

Although every effort is made to publish complete and accurate listings, *Business Insurance* is unable to verify all information provided by the companies.

The following are the full professional designations for those abbreviated under the staff heading:

ASA—Associate, Society of Actuaries; CEBS—Certified Employee Benefit Specialist; CLU—Chartered Life Underwriter; CPA—Certified Public Accountant; EA—Enrolled Actuary; FSA—Fellow, Society of Actuaries.

Continued from previous page

consulting, human resource systems consulting, employee research.

Benefit communications consulting: 16% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive voice response communications systems; multimedia; training design.

Other services: Compensation consulting, brokering, claims administration, human resource consulting, organizational effectiveness consulting, integrated information technologies consulting, international benefits/compensation consulting.

Locations: Atlanta; Baltimore and Owings Mills, Md.; Boston and Newburyport, Mass.; Buffalo and New York, N.Y.; Chicago; Dallas; Detroit; Green-

wich, Conn.; Lyndhurst, N.J.; Minneapolis; Pasadena, San Francisco and San Jose, Calif.; Philadelphia; Pittsburgh; Richmond, Va.; St. Louis; Tampa, Fla.; Washington; Adelaide, Brisbane, Melbourne and Sydney, Australia; Antwerp and Brussels, Belgium; Calgary, Edmonton, London, Montreal, Ottawa, Saskatoon, Toronto, Vancouver and Winnipeg, Canada; Paris; Frankfurt, Germany; Dublin, Ireland; Milan, Italy; Mexico City; Amsterdam, Netherlands; Auckland and Wellington, New Zealand; Singapore; Madrid; Stockholm, Sweden; Geneva, Switzerland; Birmingham, Bristol, Edinburgh, Glasgow, Leeds, London, Manchester, Potters Bar, Redhill, Southampton, and Woking, United Kingdom.

Staff: 2,074 total, 1,348 benefit con-

sulting employees; 876 professionals, including 86 FSAs, 64 ASAs, 31 CEBSs, 71 CLUs, 13 CPAs, 25 attorneys, 77 EAs.

Clients: 21,000 total; 97% corporations, 0.5% multiemployer plans, 0.5% MEWAs, 1% government agencies/entities, 1% associations and non-profit groups. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour.

Gross revenues: \$198.4 million from worldwide benefit consulting in 1993 (58.5% from U.S. locations); \$198.2 million in 1992 (72.4% from U.S.); \$234.9 million total worldwide 1993 revenues (60.1% from U.S.).

Non-U.S. benefit consulting: Via overseas branches, from the United States.

Officers: Donald L. Seeley, president/CEO-worldwide; Brian E. Kennedy,

chairman/CEO-U.K.; Neil A. Burger, chairman/CEO-U.S.; Robert K. Burden, chairman/CEO-Canada; John L. Goodyear, president/COO-U.S. benefits brokerage.

Contact: Claire E. Crawford, associate director-corporate information.

American Dental Examiners Inc.

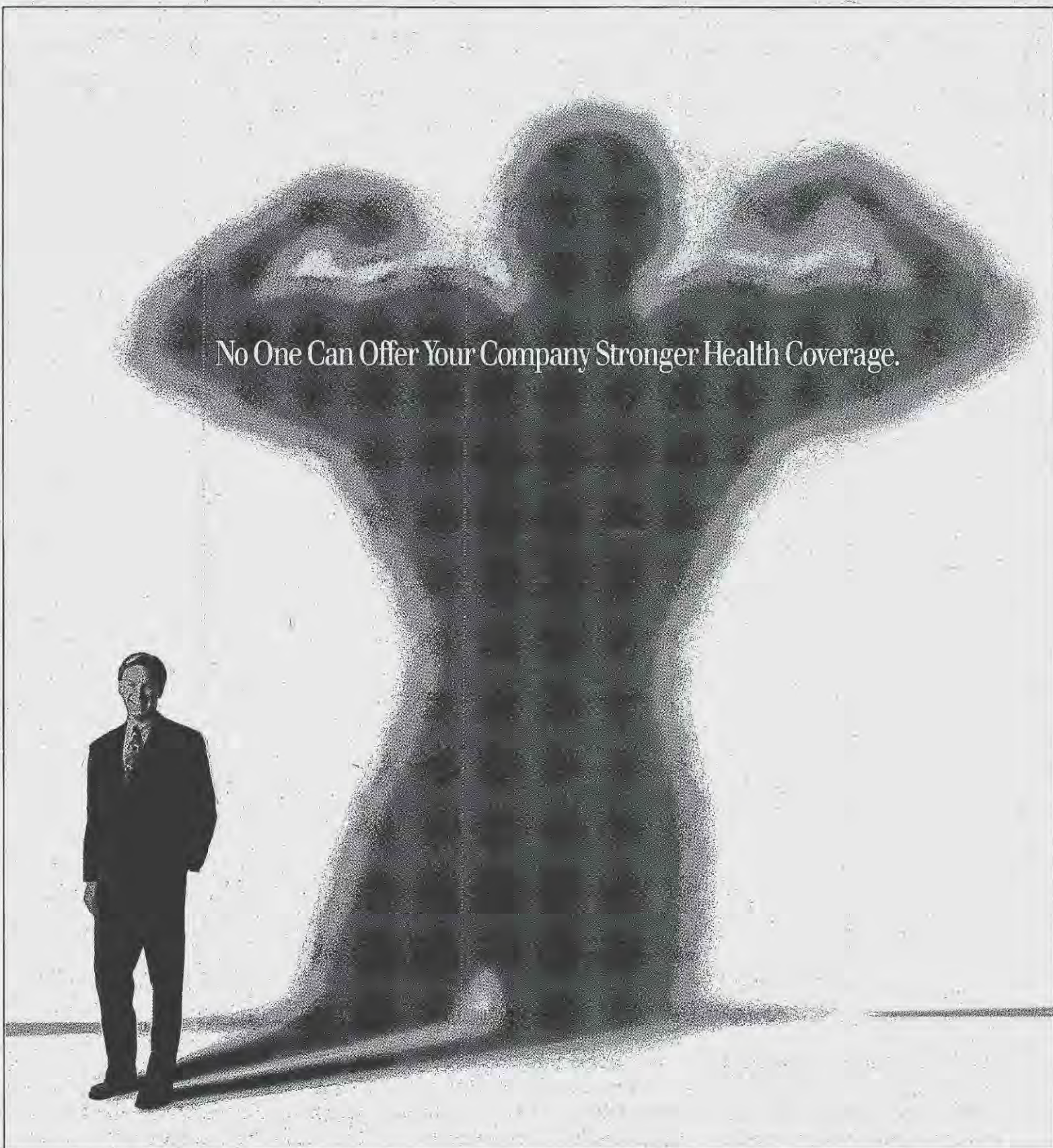
370 Seventh Ave., Suite 1206, New York, N.Y. 10001-3900; 212-465-0900; fax: 212-465-8784

Benefit consulting since: 1976.

Services: 98% of revenues from benefit consulting.


Welfare plan consulting: 98% of revenues. Includes plan design consulting, evaluation of service providers, health

Continued on next page



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 **BlueCross BlueShield of Texas**

Spotlight report

Continued from previous page
care cost containment.

Other services: Management consulting, claims administration.

Locations: Des Plaines, Ill.; Walnut Creek, Calif.

Staff: 75 total; 34 professionals.

Clients: 250 total; 20% corporations, 15% multi employer plans, 65% insurance companies. Minimum size client: 3,000 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$275-\$325; consultant, \$175; president, \$400.

Officers: Dr. Robert J. Leaf, president; Brenda H. Prunty, vp-operations; Dr. Sanford E. Klein, vp; Dr. Steven R. Randall, director-Mid-America region; Dr. Ronald G. Devincenzi, director-western region.

Contact: Gerard J. Vyskocil Jr., vp-marketing.

**Arthur Andersen & Co.-
Compensation & Benefits
Practice**

33 W. Monroe St., Chicago, Ill. 60603;
312-580-0033; fax: 312-507-7210

Benefit consulting since: 1913.

Services: 50% of revenues from benefit consulting.

Retirement/savings plan consulting: 15% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting, ESOP consulting, compliance and executive plans consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, cafeteria plans, plan compliance and executive plans consulting.

Benefit communications consulting: 15% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; workforce reduction.

Other services: Compensation consulting, management consulting, merger and acquisition consulting, actuarial services, pay surveys, incentive plan design,

proxy disclosure assistance.

Locations: 11 offices nationwide.
Staff: 90 benefit consulting employees, 75 professionals.

Compensation: By the hour.

Non-U.S. benefit consulting: Via overseas branches, from the United States.

Officers: Michael S. Kesner, David M. Walker, Alan A. Nadel, partners.

Contact: Michael S. Kesner, 312-507-7014.

Aurora National Corp.

45 Pond St., Norwell, Mass. 02018;
617-878-0085; fax: 617-878-8805

Benefit consulting since: 1971.

Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 90% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, actuarial valuations and opinions for self-funded plans, documentation and disclosure reporting services.

Benefit communications consulting: 10% of revenues. Includes communica-

tions consulting, benefit booklet and audiovisual preparation, welfare plan documentation.

Other services: Compensation consulting.

Locations: Erie, Pa.

Staff: Six total, including one ASA, one CPA, one attorney.

Clients: 115 total, all corporations. Minimum size client: 50 employees.

Compensation: By the project; by the hour: senior consultant, \$150-\$200; consultant, \$100-\$150; clerical, \$35.

Gross revenues: \$800,000 from worldwide benefit consulting in 1993 (100% from U.S. locations).

Officers: G.A. Studer, president; H. James Gorman Jr., principal consultant.

Averbeck Co.

3380 Shelby St., Ontario, Calif. 91764;
909-788-1477; fax: 909-788-1549

Benefit consulting since: 1988.

Services: 50% of revenues from benefit consulting.

Retirement/savings plan consulting: 10% of revenues. Includes plan design consulting, administration systems

consulting, plan administration consulting, asset/investment consulting.

Welfare plan consulting: 35% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, funding.

Benefit communications consulting: 5% of revenues. Includes general consulting on communications programs.

Other services: Executive compensation consulting.

Locations: Riverside, Calif.

Staff: 55 total. 15 benefit consulting employees; five professionals, including one CLU, one attorney.

Clients: 90% corporations, 10% individuals. No minimum size client.

Compensation: By the project, commissions, on retainer.

Gross revenues: \$1.6 million from worldwide benefit consulting in 1993; \$1.5 million in 1992 (100% from U.S. locations).

Officers: Robert E. Lancaster, president; Joy Ward, vp; Don Descombes, chairman.

Contact: Robert E. Lancaster.

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of Canada**

Wellesley Hills, MA 02181

B

BPI Benefits Planning

101 Larkspur Landing Circle, Suite 120, Larkspur, Calif. 94939;
415-461-8383; fax: 415-925-2075

Benefit consulting since: 1978.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 8% of revenues. Includes plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 82% of revenues. Includes plan design consulting, insurer selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit audiovisual preparation, open enrollment, printed materials.

Other services: Brokering.

Staff: 14 total; five professionals, including one CLU, one attorney.

Clients: 95% corporations/partnerships, 3% MEWAs, 2% government agencies/entities. No minimum size client.

Compensation: Commissions, on retainer.

Gross revenues: \$2.6 million from worldwide benefit consulting in 1993; \$3 million in 1992. \$2.6 million total worldwide 1993 revenues.

Officers: Robert J. Christadore, Michael D. Michalski, Victor A. Deksnys, principals.

Edward R. Beil Associates Inc.

6 E. 45th St., New York, N.Y. 10017;
212-697-2740; fax: 212-983-6589

Benefit consulting since: 1974.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 4% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 94% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, physician and hospital claims audits, flex-planning.

Benefit communications consulting: 2% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Brokering, management consulting, executive compensation planning.

Locations: Blue Bell and Radnor, Pa.

Staff: Eight total; four benefit consulting employees, including CEBs, CLUs.

Clients: 80 total, 80% corporations, 20% partnerships or individuals. Minimum size client: 50 employees.

Compensation: Commissions, on retainer, by the hour: senior consultant, \$200; consultant, \$135; clerical, \$45.

Officers: Patrick Hehir, Robert Owen, senior vps; John P. Indelli, treasurer; K.M. Beil, secretary; E.R. Beil, president.

Contact: Patrick Hehir.

Benefit Consultants Inc.

14500 S. Outer Forty Road, Suite 502, Chesterfield, Mo. 63017; 314-434-4620

Benefit consulting since: 1982.

Continued on next page

Continued from previous page

Services: 55% of revenues from benefit consulting.

Welfare plan consulting: 50% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, claims audits, self-administration feasibility studies and self-administration implementation.

Benefit communications consulting: 5% of revenues.

Other services: Brokering, claims administration.

Staff: Nine total; three professionals, including one CEBS, one CLU.

Clients: 30 total; 50% corporations, 47% multi employer plans, 3% MEWAs.

Compensation: By the project, commissions, on retainer, by the hour.

Officers: Alan N. Lemley, president.

Benefit Controls Cos.

910 E. Washington St., Greenville, S.C. 29601; 803-242-9441; fax: 803-232-6655

Benefit consulting since: 1978.

Services: 78% of revenues from benefit consulting.

Retirement/savings plan consulting: 4% of revenues. Includes plan design consulting, legal document drafting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 74% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, health promotion consulting, voluntary plans consulting.

Other services: Compensation consulting, brokering, claims administration.

Locations: Atlanta; Charlotte, Hickory, High Point and Raleigh, N.C.; Columbia, S.C.

Staff: 23 total; 17 professionals, including two CLUs, one attorney.

Clients: 240 total; 95% corporations, 3% individuals, 2% government agencies/entities. No minimum size client.

Compensation: By the project, commissions, by the hour: senior consultant, \$175; consultant, \$150; clerical, \$50; administrative assistant, \$75.

Gross revenues: \$2.2 million from worldwide benefit consulting in 1993; \$2.1 million in 1992. \$2.8 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: William A. Gantt, Donald E. Ward, Edwin Icard, William P. Foster, Douglas Dellinger, Robert Lassiter, Carl Sharpe, Michael A. Hawkins, Richard A. Gantt, principals.

Contact: T. Matthew Gantt, marketing director.

Benefits Corp. of America

140 Sherman St., Fairfield, Conn. 06430; 203-256-1256; fax: 203-255-1269

Benefit consulting since: 1987.

Services: 95% of revenues from benefit consulting.

Retirement/savings plan consulting: 38% of revenues. Includes plan design consulting, defined benefit plan actuarial work, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 48% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 9% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Other services: Brokering, management consulting, claims administration.

Staff: Six total; four professionals, including one FSA, one ASA, one attorney.

Clients: 75 total; 70% corporations, 20% multi employer plans, 10% individuals. Minimum size client: 10 employees.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$200; consultant, \$150; clerical, \$60.

Gross revenues: \$400,000 from worldwide benefit consulting in 1993; \$290,000 in 1992 (100% from U.S. locations). \$440,000 total worldwide 1993 revenues.

Officers: Donald A. Walters, president; Carl S. Swope, vp/actuary; Thomas M. Maloof, vp-consulting services.

Contact: Thomas M. Maloof.

Benefits Plus Inc.

6001 Adams Road, Suite 125, Bloomfield Hills, Mich. 48304-1566; 313-258-0888; fax: 313-258-0890

Benefit consulting since: 1988.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 70% of revenues. Includes plan design consulting; pension plan record keeping; administration systems consulting; legal document drafting; plan administration consulting; investment manager selection consulting; asset/investment consulting; 401(k) plan implementation, service, administration and employee enrollment service.

Welfare plan consulting: 20% of revenues. Includes plan design consulting; cafeteria plan implementation, service and administration.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; meetings with employees with laptop computers.

Staff: 35 total; 21 professionals, including one CEBS, one CLU, two CPAs.

Clients: 200 total, all corporations. Minimum size client: 25 employees.

Compensation: By the project, commissions.

Gross revenues: \$4 million from worldwide benefit consulting in 1993; \$3 million in 1992. \$4 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Mark Wayne, president/owner.

George Beram & Co. Inc.

233 Needham St., Newton, Mass. 02164; 617-965-1200; fax: 617-244-5569

Benefit consulting since: 1975.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 70% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, international benefits consulting.

Welfare plan consulting: 20% of revenues.

Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Staff: 65 total; 45 professionals, including three FSAs, six ASAs, three CEBSs, one CLU, three attorneys, 10 EAs.

Clients: 95% corporations, 5% government agencies/entities. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$200; consultant, \$150; associate consultant, \$100-\$125; clerical, \$55; analysts, \$65-\$90; associate consultant, \$100-\$125.

Gross revenues: \$5.6 million from worldwide benefit consulting in 1993; \$5.2 million in 1992. (100% from U.S. locations.)

Officers: George Beram, president; Nicholas Abdelahad, Philip Bruno executive vps Ruth Ryals, vp.

Contact: William Adams.

R.N. Blomquist & Co.

1 Oakbrook Terrace, Suite 812, Oakbrook, Ill. 60181; 708-620-0200; fax: 708-620-0324

Benefit consulting since: 1960.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 10% of revenues. Includes plan design consulting, defined benefit plan actuarial work, legal document drafting, plan administration consulting.

Welfare plan consulting: 70% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 20% of revenues. Includes benefit booklet preparation, plan document preparation.

Staff: 10 total; six professionals, including CLUs.

Clients: 50 total, all multi employer plans. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant,

Continued on next page

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Clockwise, it doesn't make much difference when an employee gets injured: nine-to-five, or on his own time. Sooner or later it contributes to rapidly rising medical costs. Yours. ■ If you Self Fund your Workers' Compensation and Accident & Health programs with different excess carriers and administration firms, then you might be paying for overlapping services such as Claims Handling, Large Case Management, Rehabilitation, Risk Analysis or actual "Double Dipping" of Claim Payments. ■ ERC offers a timely solution: Place both excess coverages with us and take advantage of a coordinated approach to controlling rising medical costs. Eliminate the needless waste caused by placing these coverages with different carriers. ■ ERC has been writing Excess Workers' Compensation since the 20's, Accident & Health since the 50's. It was only a matter of time before we got around to putting the strengths together for you. To streamline your employee benefit package, give us a call at 1-800-255-6931.

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Continued from previous page
 \$180; consultant, \$145; clerical, \$60.
Officers: Jack Diem, president; Paul Hawkins, executive vp; Kurt Starbuck, vp.
Contact: Jack Diem.

T.E. Brennan Co.
 330 E. Kilbourn Ave., Suite 750,
 Milwaukee, Wis. 53202; 414-271-2232;
 fax: 414-271-0104

Benefit consulting since: 1985.
Services: 40% of revenues from benefit consulting.

Retirement/savings plan consulting: 2% of revenues. Includes plan design consulting.

Welfare plan consulting: 35% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, expert witness.

Benefit communications consulting: 3% of revenues. Includes general consulting on communications programs.

Other services: Management consulting.

Staff: 16 total; six benefit consulting employees; four professionals, including two CEBSSs, two CLUs, one CPA, one attorney.

Clients: 60 total; 60% corporations; 30% government agencies; 10% law firms, CPAs and hospitals. Minimum size client: 50 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$175-\$250; consultant, \$125-\$150; clerical, \$25-\$50.

Gross revenues: \$550,000 from worldwide benefit consulting in 1993; \$105,000 in 1992. \$1.25 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: John Hayes, chairman; Arvid R. Tillmar, CEO; Thomas E. Gold, president; William Siehr, executive vp; William Foran, secretary.

Contact: Arvid R. Tillmar.

Buck Consultants Inc.
 2 Pennsylvania Plaza, New York, N.Y.
 10121-0047; 212-330-1000;
 fax: 212-695-4184

Benefit consulting since: 1916.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, pre-retirement and financial planning seminars, participant education, executive benefits consulting.

Welfare plan consulting: Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, evaluation of post-retirement medical liabilities.

Benefit communications consulting: Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive communication (voice and PC).

Other services: Compensation consulting.

Locations: Atlanta; Boston; Chicago; Cincinnati; Dallas; Denver; Detroit; Fort Wayne, Ind.; Honolulu; Houston; Los Angeles; Pittsburgh; San Francisco; Seacucus, N.J.; Stamford, Conn.; Washington; Melbourne and Sydney, Australia; Brussels, Belgium; Calgary, Montreal and Toronto, Canada; Paris; Hong Kong; Dublin, Ireland; Mexico City; Rotterdam, Netherlands; Singapore; Barcelona and Madrid, Spain; Edinburgh, Leeds and London, United Kingdom.

Staff: 1,300 total; 1,040 professionals, including 69 FSAs, 117 ASAs, 19 CEBSSs, four CLUs, 11 CPAs, 38 attorneys, 140 EAs.

Clients: 2,000 total; 80% corporations, 20% government agencies/entities and non-profit organizations. No minimum size client.

Compensation: By the project, commissions, by the hour.

Gross revenues: \$166 million from worldwide benefit consulting in 1993; \$157 million in 1992. \$166 million total worldwide 1993 revenues. (75% of revenues are from U.S. locations.)

Non-U.S. benefit consulting: Via overseas branches, via correspondents, from

the United States.

Officers: William E. Giegerich, president/CEO.

Contact: Carolee P. Martin, manager-marketing.

Buckman Van Buren Inc.

255 Business Center Drive, Suite 250,
 Horsham, Pa. 19044; 215-674-1200;
 fax: 215-674-3733

Benefit consulting since: 1971.

Services: 35% of revenues from benefit consulting.

Retirement/savings plan consulting: 18% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 15% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 2% of revenues. Includes communications consulting, benefit booklet and audiovisual preparation.

Other services: Compensation consulting, brokering.

Staff: 37 total; 24 benefit consulting employees; 12 professionals, including two CEBSSs, four CLUs.

Clients: 65% corporations, 35% non-profit/professional firms.

Compensation: By the project, commissions, by the hour: senior consultant, \$125-\$250; consultant, \$70-\$125; clerical, \$45.

Officers: Walter H. Van Buren, president/CEO; Michael B. Good, vp/COO; William A. Salmon, Joseph E. Ellis, Robin R. Widdis, vps.

Contact: Michael B. Good.

Burke Group

10 Ontario St., Honeoye Falls,
 N.Y. 14472; 716-624-5500;
 fax: 716-624-2367

Benefit consulting since: 1989.

Services: 95% of revenues from benefit consulting.

Retirement/savings plan consulting: 70% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, plan administration consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes general consulting on communications programs.

Other services: Compensation consulting.

Staff: Nine total; eight professionals, including one FSA.

Clients: 134 total; 95% corporations, 5% government agencies/entities. Minimum size client: 100 employees.

Compensation: By the project, on retainer.

Gross revenues: \$850,000 from worldwide benefit consulting in 1993; \$600,000 in 1992. \$900,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Patrick C. Burke, managing principal; Richard E. Burke, principal.

R.J. Burns & Associates Inc.

1807 W. Sunnyside, Suite 2D,
 Chicago, Ill. 60640; 312-907-9700;
 fax: 312-907-0560

Benefit consulting since: 1979.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues. Includes plan design consulting, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 90% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit booklet preparation.

Other services: Claims administration.
Staff: Two total; one professional.

Clients: 40% corporations, 30% MEWAs, 30% government agencies/entities. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$170-\$240; consultant, \$95-\$160; clerical, \$15-\$50.

Gross revenues: \$310,000 from worldwide benefit consulting in 1993; \$274,000 in 1992. \$310,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Richard J. Burns, president.

Byerly & Co. Inc.

Harlequin Plaza S., Suite 250-S, 7600
 E. Orchard Road, Englewood, Colo.
 80111; 303-220-7575

Benefit consulting since: 1959.

Services: 63% of revenues from benefit consulting.

Welfare plan consulting: 62% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, compliance services.

Benefit communications consulting: 1% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, brokering, management consulting, health care premium administration, service center, flexible spending and COBRA administration.

Locations: Baton Rouge and Metairie, La.; Chicago; Omaha, Neb.; Overland Park, Kan.; Sacramento, Calif.

Staff: 79 total; 23 professionals, including seven CEBSSs, two CLUs, one CPA.

Clients: 508 total; 85% corporations, 2% multi employer plans, 5% MEWAs, 8% government agencies/entities.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$150-\$250; consultant, \$100-\$150; clerical, \$30-\$50.

Gross revenues: \$4.91 million from worldwide benefit consulting in 1993; \$5.84 million in 1992. \$7.8 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Robert N. Morehead, president; Alfred A. Gimbel, executive vp; Mark E. Hogan, senior vp; Gerald Peters, Jane Gruhl, vps.

C

The CBI Group

100 S. Prospect Ave., Park Ridge,
 Ill. 60068; 708-698-1090

Benefit consulting since: 1983.

Parent: Joseph Lemmer & Co.

Services: 65% of revenues from benefit consulting.

Retirement/savings plan consulting: 3% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, legal document drafting, plan administration consulting, investment manager selection consulting, labor negotiations.

Welfare plan consulting: 57% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, cost/risk assessment, claims auditing/arbitration.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; employee benefit survey and evaluation.

Other services: Compensation consulting, brokering, management consulting, claims administration, labor negotiations and arbitration.

Staff: Five total; three professionals, including one FSA, one CPA, one attorney.

Clients: 70% corporations, 10% multi-employer plans, 10% MEWAs, 5% individuals, 5% employee mutual welfare associations trust. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour.

Non-U.S. benefit consulting: Via correspondents, from the United States.

Officers: Joseph Lemmer, president/CEO.

Cammock & Cammock Inc.

5885 Landerbrook Drive, Cleveland,
 Ohio 44124; 216-646-9494;
 fax: 216-646-0046

Benefit consulting since: 1980.

Services: 90% of revenues from benefit consulting.

Continued on next page

Affinity Group Plans, Inc.

Cumulative Preferred Shares
 \$12,000,000

The undersigned acted as financial advisor and agent in the private placement of these securities.

ALLIED Mutual Insurance Company

has exchanged 1,827,222 Common Shares of
 ALLIED Group Inc.
 for a like number of Preferred Stock
 with an aggregate par value of
 \$52,075,827

The undersigned acted as financial advisor to ALLIED Mutual Insurance Company.

The Dyson-Kissner-Moran Corporation

has sold
 Leader National Insurance Company
 to
 The Penn Central Corporation

The undersigned acted as financial advisor to The Dyson-Kissner-Moran Corporation.

Pennsylvania National Mutual Casualty Insurance Company

has sold
 Pennsylvania National Life Insurance Company
 to
 The Ohio National Life Insurance Company

The undersigned initiated this transaction and acted as financial advisor to Pennsylvania National Mutual Casualty Insurance Company.

Alleghany Corporation

has purchased
 Underwriters Reinsurance Company

The undersigned acted as financial advisor to Alleghany Corporation.

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Insurer Topics

A special editorial section
sent exclusively
to insurers and reinsurers

By GAVIN SOUTER

Consolidation among property/casualty insurance companies could help achieve considerable economies of scale and position companies for future success.

But, whether insurers actually follow this course remains to be seen, insurer executives and analysts say.

Many mergers or acquisitions are more likely to be done for strategic reasons, such as increasing geographic presence or boosting capabilities within niche markets, they say.

U.S. insurers shopping for potential acquisitions are expected to face some competition from European insurers which are anxious to expand in the U.S. market.

However, the feeling isn't mutual. U.S. companies are more likely to buy into the Latin American market and companies in the Far East—providing the economies of these regions continue to expand—than to acquire companies in Europe, observers say.

Many people within the insurance industry as well as outside observers have been predicting an increase in mergers and acquisitions for the past five years, said Jay Cohen, insurance analyst at Salomon Brothers Inc. in New York.

"When the banks started about two years ago, people thought that the insurance industry would be next but we really haven't seen much activity" in insurer mergers and acquisitions, he said.

The arguments for consolidation are strong. Insurers with similar businesses can achieve economies of scale by uniting.

"For example, you would have one back office instead of two," thereby lowering expenses while increasing business, said Mr. Cohen.

Some insurers will also consider mergers and acquisitions to more easily meet the demands of new risk-based capital standards, said Alan Levin, senior vp at rating agency Standard & Poor's Corp. in New York.

The National Assn. of Insurance Commissioners adopted a risk-based capital formula and model law for property/casualty insurers during the regulators' winter meeting in Honolulu earlier this month. The measures, which are subject to further definition, will give regulators a tool for gauging whether an insurer's assets are adequate to be writing certain types of business (BI, June 28).

"Some companies will want to get right out of some segments because they are too small whereas other companies will want to acquire other companies so that they can attain an adequate size," Mr. Levin said.

Despite sound arguments for consolidation, some observers do not expect it to occur in the near future.

There are other issues facing the property/casualty industry that are more urgent, according to John P. Mascotte, chairman and chief executive officer of Continental Corp. in New York.

Attempting to achieve adequate pricing will be the overriding challenge for insurers for several years to come, he predicted.

If insurers succeed in increasing prices, then there will be less pres-

Benefits of mergers may tempt insurers

Uniting forces trims costs, increases business

sure to consolidate as insurers will achieve the margins they seek on their own, Mr. Mascotte said.

Any merger and acquisition activity will more likely be strategic moves rather than general mergers to achieve economies of scale, according to Mr. Mascotte.

"Companies are trying to find niches or positions of strength in the marketplace," he said.

While there is a need to improve pricing, there is also pressure on insurers to improve their profitability through consolidation, said Norman Blake, chairman, president and CEO of USF&G Corp. in Baltimore.

Despite that pressure, most mergers and acquisitions are likely to be done for strategic reasons, not to achieve economies of scale, he agreed. "You could have carriers that are not necessarily strong in the market but they do have good risk management facilities or a good geographical presence and that could lead to mergers," Mr. Blake said.

Within 10 years, though, he predicted that mergers and acquisitions could halve the number of insurers

in the United States.

Nevertheless, the U.S. insurance market will not consolidate to the same level that some European markets have, Mr. Blake suggested.

Less governmental involvement in business, the greater emphasis on independence that pervades U.S. business and the state regulatory system will ensure that there will continue to be far more insurers in the United States compared with Europe, he said.

Companies that do decide to acquire insurers are currently in a good position to do so because of low interest rates and the ease with which companies can now raise funds on the money markets, said Henry Tillman, a director at Barclays de Zoete Wedd, the stock brokerage unit

of Barclays Bank P.L.C. in London.

"The relatively inexpensive financing available and the strong capital positions of insurers will lead to a significant increase in activity for the first time since 1990," he said.

In addition to acquiring other insurers, another opportunity for insurers could be to buy contracts to manage state-run insurance funds, Mr. Tillman predicted. For example, Michigan is privatizing its state workers compensation and accident fund, said Mr. Tillman, who is advising the state on the transaction.

The fund had a premium income of \$200 million and earnings of \$30 million in 1993, he said.

A formal bid package will be issued by March 1994 and the winner of the management contract for the

fund will be announced in April, Mr. Tillman said.

If Michigan's privatization is successful other states with similar insurance funds may follow suit, he said.

"We believe that once you do one of these, other states will take a look," he said.

However, the poor performance of accident funds in many states may make them unattractive purchases, he added.

According to Mr. Tillman, U.S. companies are generally in a strong position to acquire other insurers without competition from acquisitive European insurers, which currently are weaker financially.

"It will take another 12 to 24 months for European insurers to put their balance sheets back to levels that they would like," he said.

European insurers will not be inactive for long, said Theresa Stone, senior vp at Chubb Group Insurance Cos. in Warren, N.J.

In particular, newly privatized French insurers that were prevented from expanding outside of France when they were state-owned will seek to enter the large and varied U.S. market through acquisitions, she predicted.

And the problems of dealing with multiple state regulators will not be a sufficient deterrent to stop European companies from trying to take advantage of the numerous opportunities in the U.S. insurance market, said Salomon Brothers' Mr. Cohen.

While U.S. companies make attractive targets for European companies, it is unlikely that many U.S. companies will look to make European acquisitions, said Ms. Stone.

Instead, U.S. companies seeking to buy into other markets are more likely to look to emerging economies in Latin America and the Far East, she said.

"They will probably concentrate on countries that have made good progress economically and politically like Chile and Argentina," Ms. Stone said.

And the recently signed North American Free Trade Agreement makes Mexico an attractive market for U.S. insurers, she said (see story, page 26B).

In the Far East, the huge Chinese economy has great potential for U.S. insurers. "As a long-term proposition, it has to be looked at," Ms. Stone said.

But not every insurer is looking to make acquisitions outside the United States.

The reluctance of most U.S. insurers to look outside their borders for acquisition opportunities could leave them in a poor position in the long run, said S&P's Mr. Levin.

"In 15 to 20 years' time, they could be severely disadvantaged because they will be limited to one

Continued on next page



Mergers

Continued from previous page market," he said.

Industrial companies that are spreading their operations throughout the world will seek to buy their insurance from insurers that are well placed to service accounts globally, Mr. Levin said.

Insurers that have limited foreign facilities will not be able to compete for this business, he said.

Insurers that do decide to acquire or merge with their rivals are not expected to face heavy competition from non-insurance companies trying to buy into the insurance sector.

Historically, outside companies have not received good returns on their investments in insurers.

"Other companies have tried it but

without much success, and I can't see those companies wanting to learn the same lesson twice," said Salomon Brothers' Mr. Cohen.

In fact, Xerox Corp. is in the process of disposing of its Crum & Forster insurance subsidiary to focus on its core document-processing businesses (BI, Sept. 13; Jan. 25).

Even companies that are involved in the financial sector will be reluctant to buy an insurance company because of the difficulty the same management would have in managing two very different cultures, USF&G's Mr. Blake explained. For example, though there might be some synergies in asset management between an insurer and an asset management firm, insurance managers have to work as part of a team whereas asset managers have more individual freedom, he said. **BI**

Insurers' response to NAFTA bordering on cautiousness

By SARA MARLEY

U.S. and Canadian insurers are free to establish wholly owned Mexican subsidiaries after Jan. 1 under the North American Free Trade Agreement, but most are taking a slower approach.

Several insurers that hold minority shares of Mexican insurers are looking to increase their ownership, with the ultimate goal of gaining majority or even total control.

Other insurers are strengthening

less-formal marketing ties with Mexican companies or are contemplating future joint ventures.

"The present \$4.5 billion Mexican market may grow more than tenfold shortly after the year 2000, to \$50 billion, ranking it seventh or eighth in the world," Henry G. Parker III, international insurance adviser to Chubb & Son Inc. and chairman of the American Insurance Assn.'s International Committee, estimated earlier this year.

The final version of NAFTA, approved last month by Canada, Mex-

ico and the United States, provides three options for full ownership of Mexican insurers by foreign investors (BI, Oct. 4). These are:

- U.S. and Canadian companies that owned portions of Mexican insurers as of July 1, 1992, may increase their ownership to 100% by Jan. 1, 1996.

- Insurers that form joint ventures with Mexican companies after July 1, 1992, may increase their equity participation to 30% on Jan. 1, 1994, and incrementally to 100% by Jan. 1, 2000.

- As of Jan. 1, 1994, U.S. and Canadian insurers can establish wholly owned subsidiaries in Mexico, but they are subject to an aggregate limit of 6% of market share and an individual company market share cap of 1.5% through Dec. 31, 1999.

Despite that final provision, industry observers do not expect many foreign insurers to go it alone in Mexico in the immediate future.

"Companies are not going to run down and pump a lot of money" into Mexico without careful consideration, said George Henry, vp-federal affairs of the AIA and secretary of the organization's international committee. "They are going to take a long-term approach, study the markets better and understand their competitive strengths and weaknesses and how they will fit into the Mexican market."

"Insurers are evaluating how and when" to enter the Mexican market, agreed Michael Marchesani, president of Continental International in Cranbury, N.J. "I don't believe there will be a frenzy of local acquisitions."

"Companies not (in Mexico) today are considering going," and NAFTA will prompt them to consider such a move more seriously, said H. Edward Hanway, president of Philadelphia-based CIGNA International Property & Casualty and chairman of the International Insurance Council.

It's difficult to predict whether more insurers will opt for joint ventures or subsidiaries, he said.

"It depends on the particular interest of particular companies," he said. "It's important that (insurers) have the alternatives to do either. They can pick and choose what's best for them."

CIGNA owns 49% of Seguros CIGNA and "expects to increase equity partnership over time as NAFTA allows," Mr. Hanway said.

Corporate philosophy and global strategy are guiding insurers' decisions.

While some companies seek only controlling partnerships or their own subsidiaries, others value the name recognition and brand loyalty a local partner can add.

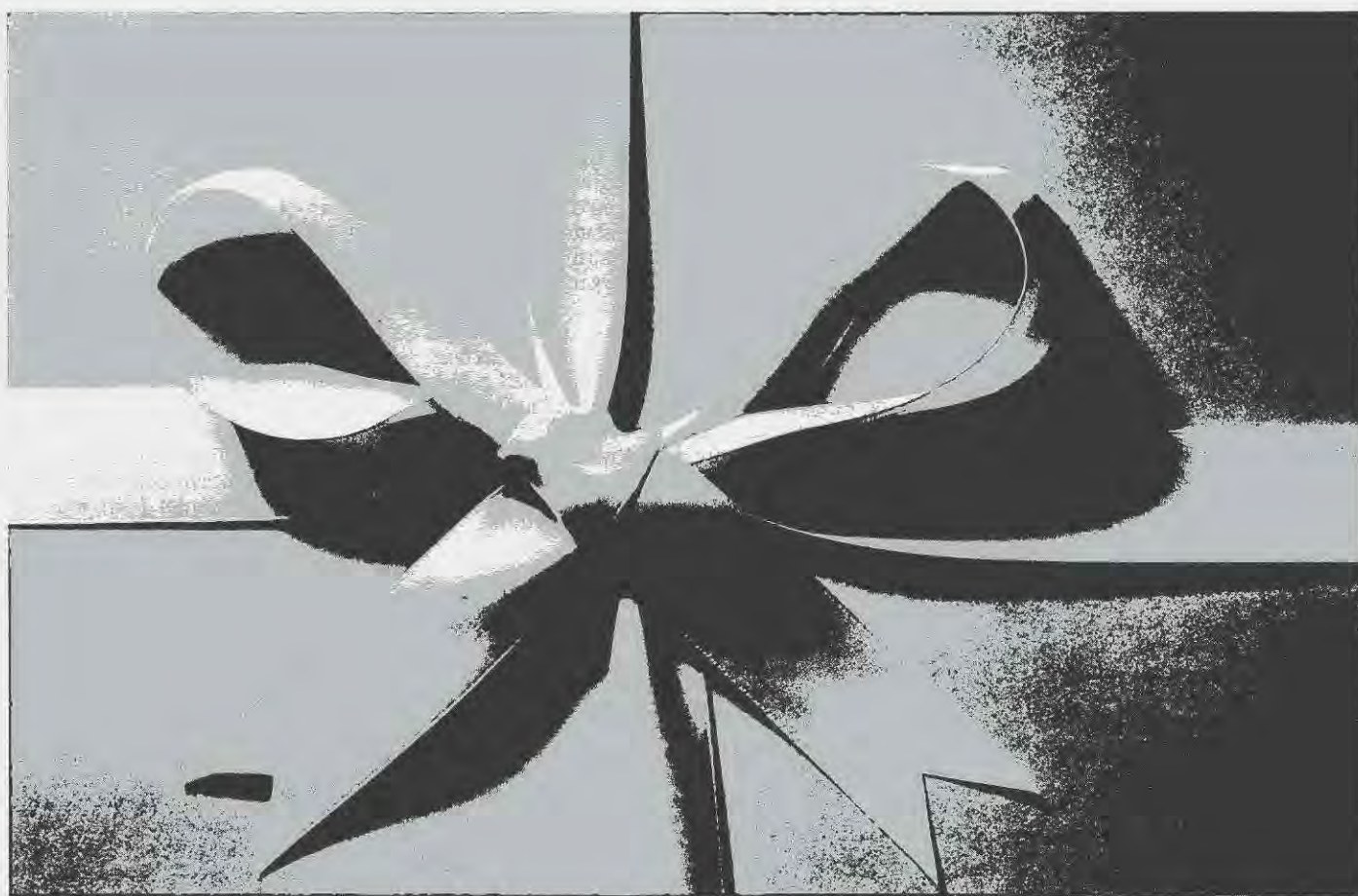
Aetna Life & Casualty Co. applied its strategy of "early entry into emerging markets" when it began negotiating with Mexican partners in 1991, said Richard P. Finn, vp of strategic marketing and business development at Aetna International Inc. in Hartford, Conn.

Aetna currently owns 30% of Seguros Monterrey S.A. and Fianzas Monterrey S.A. and has petitioned the Mexican government to increase its stake in the companies to 44.5%.

The companies recently changed their names to Seguros Monterrey Aetna and Fianzas Monterrey Aetna.

"We saw Mexico as the perfect market. It has size, growth and a stable political environment," Mr. Finn

Continued on page 26D



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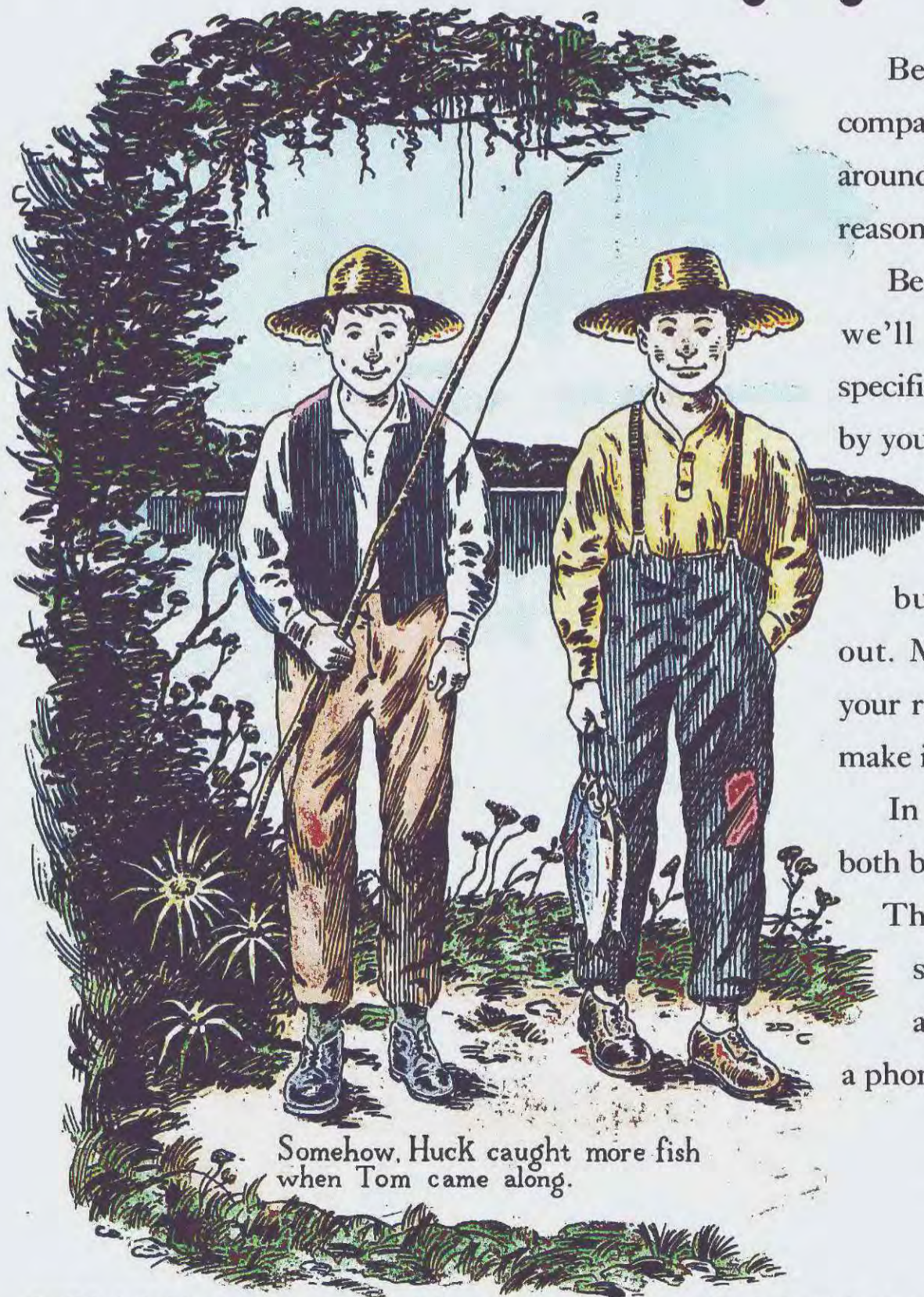
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Mexico

Continued from previous page

Although Aetna wants to increase its ownership of the companies, "we will continue with a joint venture" in Mexico, he said.

Seguros Monterrey, a multiline property/casualty and life insurer, and Fianzas Monterrey, a bond insurer, serve a primarily Mexican clientele. Aetna hopes its reputation will help win over U.S. and Canadian companies as they establish operations in Mexico.

"Aetna does not go into joint ventures as a passive partner," Mr. Finn said. "We have a very active say in the running of the business. They wanted the (expertise) we could bring, not just our money."

In contrast to Aetna, Continental is pursuing a 2-year-old strategy of not competing with indigenous markets, Mr. Marchesani said.

"At the same time, we have strengthened services to our North American customers as they expand overseas," he added.

Wausau Insurance Cos. is pursuing a similar game plan.

"We have no intent of establishing a presence of our own" in Mexico, said Tom Murphy, senior vp of international and strategic partnership development with the Wausau, Wis.-based insurer.

To offer its multinational clients options for its international clients exposures, Wausau formed strategic alliances a year ago with Grupo Nacional Provincial S.A. and Seguros La Comercial S.A., two of the largest insurers in Mexico.

Other insurers are still evaluating their options under NAFTA.

"We share the view of the insurance community that Mexico is rapidly becoming an important player in the international arena," said Ted Hoeh, president of Kemper International Corp. and international insurance officer for Kemper National Insurance Cos. in Long Grove, Ill.

"Mexico will be much more developmental than maturing," Mr. Hoeh said, adding that Kemper wants to act before the Mexican market is fully developed but does not feel pressured to do so immediately.

"The day when the door is closed for making an investment in the country is far off," he said.

Meanwhile, Kemper is continuing its relationship with Grupo Nacional Provincial and Seguros La Comercial, the same Mexican insurers with

whom Wausau and other U.S. companies work.

Indeed, many U.S. companies have partnerships with the same Mexican insurers but see few problems with those arrangements.

Because Wausau has aligned itself with two of Mexico's largest insurers, it does not fear a takeover by a U.S. insurer that could shut it out.

However, Wausau did lose interest in a proposed alliance with Seguros Monterrey when Aetna increased its equity partnership, because Wausau competes with Aetna in the United States, Mr. Murphy said.

Insurers are hailing NAFTA not only for liberalizing the Mexican insurance market but also for the international business they expect the trade pact to bring to Mexico.

Boston-based Liberty Mutual Insurance Co. established a wholly owned

insurance services company in November in Mexico City to provide occupational health and safety and engineering services to Mexican and international companies, said James McCarty, president of Liberty International Operations, Latin America.

Servicios Liberty, which is staffed by U.S. consulting engineers and a Mexican general manager, provides fleet and auto training, air sampling, general safety audits, risk tracking, loss assessment, disaster planning and property inspections.

Liberty Mutual has a similar services company in Canada, Mr. McCarty pointed out.

Liberty Mutual also plans to have a risk-bearing entity in Mexico and will likely announce what form it will take in the next three months, he said.

"We are delighted with the passage of NAFTA," said Gary Petrosino, vp and Latin American zone officer for Chubb Corp. in Miami.

Warren, N.J.-based Chubb owns 30% of Seguros Equitativa S.A. and will consider increasing its stake as NAFTA provisions allow. Equitativa and its bond affiliate, Central de Fianzas S.A., provide business and property/casualty insurance to both Mexico and multinational firms.

Chubb's goal with its Mexican affiliates is "to provide the same level of service in underwriting, claims and loss control as Chubb provides all over the world," Mr. Petrosino said.

But the passage of NAFTA is only the beginning of the challenge, insurers warn.

The Mexican insurance market is dominated by four or five large companies, after which market share drops off rapidly. And establishing an effective distribution system and local credibility is always difficult in a foreign country, Continental's Mr. Marchesani explained.

The already limited market is undergoing some consolidation.

Seguros La Comercial S.A. and Seguros Americas S.A. recently merged to form Seguros Comercial America. The combined entity will be Mexico's largest insurer, with a premium volume of more than \$1 billion.

"Insurers have to enter (Mexico) on a very professional basis," said CIGNA's Mr. Hanway. "It's a competitive market, and it will continue to be."

U.S. companies face operational as well as competitive obstacles.

"The underwriting challenge is extraordinary," including environmental and catastrophe exposures and concerns about loss control and fire protection, Mr. Marchesani said.

"There's a tremendous amount of opportunity, but not many companies will be successful," he said. "After Jan. 1, insurers have the opportunity to compete and that is significant, but they must decide whether they have the capability to be successful."

Despite those hurdles, Mr. Marchesani said he is "bullish" on the Mexican insurance market, which he expects eventually to be among the top insurance markets.

Most insurers said they planned their expansion into Mexico independently of NAFTA but that the trade pact brightened their outlook and reinforced their commitment.

"More and more of our customers are locating in Mexico, and Mexican industrial companies are interested in safety issues," Liberty's Mr. McCarty said. "We were setting up (a Mexican service company) anyway, but NAFTA provides more impetus. It makes our prospects look better in the future."

"Mexico is a good opportunity; NAFTA makes it more attractive," said CIGNA's Mr. Hanway. **■**



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Software firm working to put woes behind it

By DOUGLAS McLEOD

Anyone waiting for Policy Management Systems Corp. to get its financial house in order will have to wait a little longer.

A leader in insurance industry software systems and a perennial Wall Street favorite, Policy Management jolted investors earlier this year when it announced lower-than-expected first-quarter earnings, sending its stock price into a tailspin.

The company then failed to produce second- or third-quarter financial statements, and its auditors withdrew opinions on its results for 1990 through 1992.

Already facing shareholder litigation, Policy Management fired auditor Arthur Andersen & Co. in August and hired Coopers & Lybrand to perform an audit and analysis of its internal controls. A key issue in this review is whether the company's recognition of revenues from multiyear software contracts was properly timed.

Although the results of that audit were expected in November, Policy Management recently notified shareholders that its six-month financials won't be available until January or February.

The delay stems in part from the "unforeseen difficulty" of tracking down internal data needed for the audit, Chairman and President G. Larry Miller said in a Dec. 8 letter to shareholders, customers and employees.

The company also doesn't know how the audit will affect its results for the last three years but says some revisions are likely.

Mr. Miller declined to be interviewed for this story.

Policy Management and some stock analysts who follow the company remain confident about the strength of its core business.

"We intend to continue to invest in market expansions, acquisitions, research and development and technology to bring the best insurance applications solutions to our customers," Mr. Miller said in the letter, which also reported a new contract with a European insurer that is expected to generate \$150 million in revenues over seven years.

"We still believe the core of the company is solid. It's unfortunate there is some irregularity in the financials," said David Soetebier, vpresearch with A.G. Edwards & Sons Inc. in St. Louis.

"They are doing what they need to do to straighten it out," he added.

Without any audited financial data, though, even analysts who have recommended the stock are cautious.

"There's too much unknown to stick our necks out at this point," said Stephen J. Shook, an analyst with Interstate/Johnson Lane in Charlotte, N.C.

Even without the accounting problems, Policy Management faces increasing competition, especially from software vendors offering smaller, personal computer-based systems, said David Tweedy, senior manager with Deloitte & Touche in Hartford, Conn.

"They are really vulnerable unless they make that jump over from the technology standpoint," he said. "The accounting thing hasn't helped them."

For years a Wall Street high-flier, Policy Management reliably racked up double-digit annual increases in revenue and saw its share price soar to \$87.25 in the last year.

Policy Management Systems unable to provide financial data, calm investors

In 1992, the company reported \$497.1 million in revenues and \$59.4 million in net income.

In April, though, Policy Management stunned investors by announcing that its first-quarter earnings would amount to 42 cents per share, down from 59 cents in 1992's first quarter and well below the projected 70 cents per share. Its stock price plummeted 43% in one day, falling to \$47.675 from \$83.875.

It has continued to slide since then and closed last Monday at \$26.125.

The company blamed the first-quarter earnings surprise mainly on

its life/health software business, which has been weakened by uncertainty over the course of health care reform.

Several shareholder lawsuits followed the stock drop, charging among other things that Policy Management inflated its quarterly revenues by including sales made after the end of a quarter. The suits have been consolidated in federal court in Columbia, S.C. Policy Management has denied any wrongdoing.

The company then failed to produce a second-quarter financial report and in August announced that it had dismissed Arthur Andersen

and hired Coopers & Lybrand to audit its first-half results.

Andersen withdrew its audit opinion on Policy Management's 1992 results, and the company's previous auditor, Ernst & Young, withdrew its opinions for 1991 and 1990.

In addition to the first-half audit, Coopers & Lybrand is analyzing Policy Management's internal controls and reviewing more than 10,000 contract items, Mr. Miller said in his Dec. 8 letter.

The main issue of the review is whether the company complied with accounting guidelines in recognizing revenues from multiyear con-

tracts, a Policy Management spokesman said.

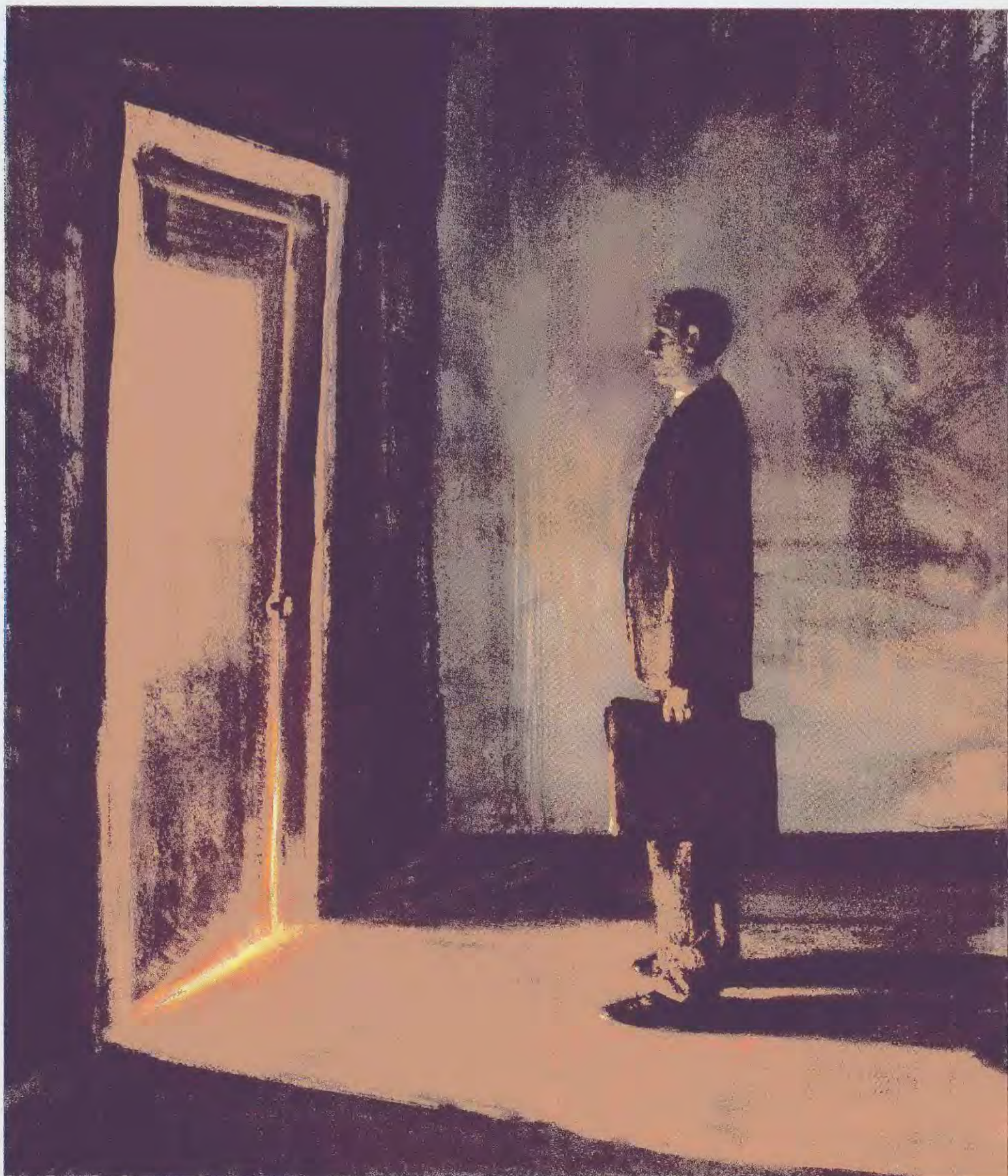
While a second-quarter report was expected last month, Mr. Miller told shareholders that it probably won't be ready until January or early February.

The broad scope of the review is partly responsible for the delay, but Coopers & Lybrand also encountered "unforeseen difficulty in accumulating and verifying certain historical data which extended over multiple accounting periods," Mr. Miller reported.

Policy Management is installing new contract administration and project costing systems "to provide a level of detailed information and control not previously available," he said.

The company is also uncertain

Continued on next page



Reliance Re underwrites through Reliance Insurance Company

Continued from previous page
how the review will affect prior years' financial statements, Mr. Miller said.

Arthur Andersen and Ernst & Young will have to review the Coopers & Lybrand audit and decide whether they will reissue audit opinions for 1990 through 1992, the Policy Management spokesman said.

While Mr. Miller's letter contained positive news about Policy Management's business, some analysts were taken aback by its problems pulling together audit data quickly.

"You read an (announcement) like that and think maybe the accounting system is not what it should be," A.G. Edwards' Mr. Soetebier said. "If you are a \$400 million company, you should have quality accounting standards," especially in the data-processing field.

Analysts are also waiting to see what the impact of the Coopers & Lybrand audit will be.

If the review finds that Policy Management erroneously booked revenues in earlier accounting periods, the effect may be to depress prior years' results while spreading revenues into future years, Interstate's Mr. Shook said.

No restatement of 1992 results may be necessary and, if it is, "the amount may not be significant," Stephen T. McClellan, an analyst with Merrill Lynch Equity Research in San Francisco, wrote this month in a Policy Management update.

Results for 1993 will be "temporarily depressed" by the audit turmoil, cutbacks in the company's health data services business and other factors, he predicted. "The unknown is (earnings) potential in 1994." **BI**

Insurer voices not being heard

Panelists call on insurers to unite to tackle key industry issues

By SALLY ROBERTS

Insurers must use their clout and have their voices heard on issues that affect the industry, an attorney contends.

The recent successful effort to amend the Federal Rules of Civil Procedure is an example of the type of issue insurers need to address, he said.

The amendments became law Dec. 1, despite a vigorous lobbying effort against them by a diverse array of special-interest groups. They are designed to streamline civil litigation by requiring, among other

things, that litigants exchange basic information, including insurance details, before discovery begins (BI, July 26).

"There was no evidence that the insurance industry was actively involved, and this is a concrete example of an issue that they should be involved in," said Ronald A. Jacks, a partner in the law firm Mayer, Brown & Platt in Chicago.

Insurers need to educate their employees and "get them more involved in issues that are inherently important to their jobs," agreed Dennis H. Chookaszian, chief executive officer of CNA Insurance

Cos. in Chicago.

Messrs. Jacks and Chookaszian were panelists during a recent discussion sponsored by Illinois State University's Katie Insurance School and the Illinois Insurance Exchange.

However, the insurance industry has a problem because it is "being attacked on so many fronts," said Mr. Chookaszian. Insurers might feel strongly about broad issues like health care reform and environmental issues, but these issues have many ramifications, he said. For example, environmental issues can range from Superfund to asbestos to lead paint liability.

Insurers need to decide which issues are most important and then act, Mr. Chookaszian said.

However, "there is no easy mechanism to go to Congress and be recognized," he said, referring to an overabundance of insurer lobbying associations.

As a company, CNA doesn't belong to any insurer trade associations because "we can't figure out which one to join," Mr. Chookaszian said.

There are a variety of associations that lobby on the same issues with slightly different variations. Therefore, when members of Congress hear from all the organizations, insurers' voices are eventually lost because the legislators don't remember which group they heard from, he said.

"No one has a significant voice," Mr. Chookaszian said.

And, if an insurer doesn't belong to an association, "does it make a difference if one small voice were to go talk to a congressperson?" he asked.

According to Mr. Jacks, large insurance companies will have a "greater impact if they act through informed representatives rather than a trade association."

"The wave of the future" lies with coalitions made up of major insurers, Mr. Jacks predicted.

In the meantime, more than any other industry, the insurance marketplace has too many trade associations to represent it, Mr. Chookaszian contended.

Although consolidation needs to take place among insurer trade associations, it probably won't happen any time soon, he said. On the other hand, the two main agent groups—the National Assn. of Professional Insurance Agents and the Independent Insurance Agents of America Inc.—will eventually merge on a national level, he predicted.

Having separate national associations is "the silliest situation," Mr. Chookaszian said.

On the state level, the agent associations have begun to merge, he noted. It's the national organizations that cannot get together because a merger would entail having one entrepreneurial staff, which "is not real attractive to those in control," he said.

This same problem also hinders many of the insurance associations from merging, he said.

In the future, as the state associations continue to merge and disaffiliate with one of the national organizations, the PIA and IAA will eventually "collapse into one," Mr. Chookaszian said.

Joyce L. Culbert, an insurance analyst for investment banker The Chicago Corp., was also a panelist at the seminar. **BI**

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Cat losses among forces driving specialization: Marcon

By SALLY ROBERTS

In the next 10 years, a host of factors will lead the property-casualty insurance marketplace toward greater concentration of insurers, according to a leading insurance industry expert.

Two current trends that contribute to this assumption will continue into the year 2003, he said.

"Fewer insurers will try to be all things to all people for all risks, in all states. And, niche marketing, by line of business and by class, will increase dramatically," said Fred R. Marcon, president and chief executive officer of the Insurance Services Office Inc., the insurance statistical and ratemaking organization based in New York.

"There are 10 factors that will push the industry toward greater concentration in various market segments," he explained during a session at the National Assn. of Professional Insurance Agents' 52nd annual conference, which was held recently in Honolulu.

• The pressure to cut costs has led to a rise in direct writers compared to independent agency insurers.

The latest data shows that direct writers account for 66% of personal lines premium volume, Mr. Marcon said. Specifically, direct writers have gained nine points of market share in the past 11 years, which is worth about \$14 billion in premium.

Market share for direct writers in commercial lines however, has remained "basically unchanged" at 24% since 1982, he said.

• Market concentration may be driven by catastrophes.

"Over the past four years, we've witnessed a dramatic increase in catastrophe losses," with the U.S. property/casualty industry incurring \$40 billion in total cat losses from 1989 through 1992, he noted.

"The last four years' worth of cat losses was more than the industry's cat losses of the previous 26 years combined," Mr. Marcon said. In addition, based on the first three quarters of this year—when cat losses totaled about \$4.6 billion—1993 will go down as the third-worst year on record for catastrophes, behind 1992 and 1989.

If cat losses continue at this pace, "smaller, less geographically diversified insurers heavily committed to catastrophe-prone areas will suffer the most," he said.

In addition, insurers' competitive advantage will weaken if catastrophe reinsurance costs continue to rise and availability of cat coverage shrinks, he said. To partially offset those forces, "I believe that government should serve as a backstop by reinsuring catastrophic exposures," he said. This would promote insurance availability by encouraging insurers to commit capital to catastrophe-prone areas.

• Continuing weakness in premium growth—especially in commercial lines—points toward increased market concentration.

Property/casualty premium growth for all lines in 1992 dropped to a record low of 2%, Mr. Marcon said.

"That marks the fifth consecutive year that premium growth remained below 5%—the longest period of such low growth in 40 years."

Commercial lines premium volume fell 2% last year, marking the second consecutive year of decline, he said.

"If the industry continues to ignore the principles of cost-based pricing in the face of increasing losses, overall financial performance will deteriorate, strength will continue to erode, and marginal players will be forced to reassess their book of business," Mr. Marcon said.

To survive, some companies will be forced to choose between merging with a competitor, withdrawing from some markets or continuing to "deliver chronic adverse financial performance," he added.

Agents shouldn't wait for the market to turn, either, Mr. Marcon said. "History is not on our side," he said, referring to the seven-year soft-market cycle. Instead, agents should expect more intense competition, expert specialization and "pinpoint marketing."

• Fraudulent claims could also alter the shape of the industry over the next decade.

In 1992, U.S. insurers lost \$18 billion to fraud, he said.

"Eight cents of the average insurance premium dollar pays for fraud," Mr. Marcon said. "It is in our best interest to fight fraud by educating consumers and exposing it whenever possible."

• Growing litigation and defense

costs may lead to market concentration.

In the late 1950s, general liability defense costs were 13 cents for each dollar of indemnity loss compared with 41 cents now. This is "more than triple the proportion in the '50s," Mr. Marcon said.

In addition to "civil justice reform," larger insurers and agents with sufficient resources can lower expenses by "bringing a great deal of their defense work in-house or negotiating special fee arrangements with outside counsel." This would ultimately give larger insurers another competitive advantage over smaller insurers.

• Increasing consumer pressure may contribute to the changing marketplace.

Consumers have every right to demand that coverage will be available and affordable and that insurers will be there when it is time to pay a claim. However, legitimate consumer expectations "have been exploited by politically motivated officials" who blame insurers instead of addressing the root causes of affordability and availability problems, he said.

The best defense against "shrill demagogues" is a knowledgeable relationship between producer and consumer, he said.

• More direct government involvement may lead to more changes in the structure of the market.

The government could take over some or all responsibility not only for health insurance but also personal auto and workers compensa-

tion insurance, Mr. Marcon said.

"Would someone please tell me how can that kind of regulation promote greater competition?" he asked.

• Rate suppression could also lead to possible thinning of insurer ranks in particular markets.

Due to a "recurring regulatory mindset" in some states that "trades the long-term health of a competitive market for cosmetic changes and dramatic headlines," rate suppression has increased in personal lines and workers compensation, Mr. Marcon said. A hostile insurance environment and inadequate returns "push insurers back from markets they could succeed in."

• Intensifying competition for limited capital may lead to larger insurers.

Risk-based capital requirements that markedly increase capital needs may hasten market concentration, since such requirements are only met by producing more capital or accepting less business, Mr. Marcon said.

• Technology will shape the industry's future.

Not too long ago, electronic access "meant having to own million-dollar mainframes, which were pretty much the province of giant insurers," he noted.

Today, with reasonable system prices available for any small insurer or agent, "those who fail to (buy and use) will become less competitive, and their share of markets will fall to stronger players." ■

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Litigation blurring producers' lines of responsibility

By MICHAEL SCHACHNER

Traditionally, courts have held that agents legally represent insurers, while brokers represent policyholders.

But with the role of the producer expanding in the commercial property/casualty industry, these once clear lines are blurring, according to an insurer attorney.

"Agents and brokers have been around for a long time, but over the last 10 to 20 years their role has ballooned in magnitude due to the amount of dollars they place in the insurance market," said Thomas A. Gordon, an attorney

Do agents and brokers represent the insurer or the insured?

with the Portland, Ore., law firm Bullivant, Houser, Bailey, Pendergrass & Hoffman.

Agents and brokers today are doing more than just acting as simple intermediaries between insurers and buyers, said Mr. Gordon. They are playing an active role in how policies are written and, in some cases, they're actually dictating how the coverage is structured.

As a result, it's not always so clear whom the agent or broker legally represents if and when litigation arises between a policyholder and an insurer.

"Brokers and independent

agents today are making representation to their clients and insurers, they're accepting premiums and loss notices, they're receiving cancellation notices from both parties, they're occasionally committing crimes and they're creating evidence, especially in environmental cases, that may actually cause them to testify or indemnify either the insured or insurer," Mr. Gordon said.

"So, traditional roles may not always be applicable in a court of law."

Speaking at a seminar sponsored by the Defense Research Institute

Inc. in New York earlier this month, Mr. Gordon pointed to three examples of claims that underscore the expanding role of agents and brokers in litigation: directors and officers and errors and omissions liability claims, environmental liability coverage disputes and the World Trade Center bombing in New York.

"Most D&O and E&O claims are arising from policies that were placed by an intermediary. Thus, does the broker represent the policyholder facing a claim or the insurer who may have to pay it?" he asked.

The same confusion may apply to disputes between polluters and their liability insurers as well as businesses harmed by the bombing at the World Trade Center in February.

"Brokers receive commissions from the insurers, but at the same time they represent their clients and provide services for a fee. They also deliver policies. Clearly, they're working both sides of the fence," said Mr. Gordon.

Therefore, the bottom line of duty has been visibly scuffed. "Courts can't pay much attention to the classic definitions of who the agent or broker is working on behalf of. With all the money floating around, the cases are fact-driven and lines of loyalty and duty are blurred," he said.

Most cases of broker and agent responsibility are turning today on whether the broker was acting on actual authority from the insurer or implied authority when it helped place coverage, according to Mr. Gordon.

For example, if a policyholder in the aviation business asks its broker to procure workers compensa-

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'Brokers and agents represent insureds, except when they don't,' quips attorney Thomas A. Gordon.

tion coverage, and the broker obtains coverage for the company's staff pilots but not for charter pilots, who is at fault then when a charter flight crashes, killing a pilot?

"In this case, it would probably be the insured because he put the broker in motion, issued the insurance directives and paid the premiums," Mr. Gordon surmised.

Questions of responsibility also arise when agents and brokers accept premiums.

"Once the agent takes money, he's acting on behalf of the insurance carrier. Once they take money, it's legally equivalent to the insurer (writing the business) directly," he said.

On the subject of giving notice of a claim or canceling a policy, Mr. Gordon said that if the broker is acting as an official intermediary, notice to the broker usually constitutes notice to the insurer. With an agent, notice to the agent almost always constitutes official notice to the insurer.

Broker and agent crime is another issue that has attracted some attention from the courts recently as brokers and agents have been prosecuted for pocketing premiums due insurers or retroactive refunds owed to policyholders. When agents or brokers engage in tortious activity, they are flying solo and cannot bring any involuntary party into the litigation.

"What it boils down to is that brokers and agents represent insureds except when they don't," Mr. Gordon quipped.

"In reality, they can run the show. They're powerful enough to instruct insurers how to write a policy in order to get the business. The question that then arises is whether the broker has taken over responsibility for the policy and the problems that may arise later," Mr. Gordon said.

Agent pulls no punches when it comes to boxing

Referee loves the sport, but hopes political decisions are on the ropes

By MICHAEL SCHACHNER

Judging a world title boxing bout should be no more difficult than underwriting a homeowners policy, says one of the few people with experience in both fields.

Underwriting basic policies is "cut and dried," says Laurence Cole, a Farmers Insurance Group agent in Dallas and aspiring international boxing judge and referee. "You have a risk, you evaluate it and you charge a price. It's simple."

Judging boxing should be just as easy.

"You have two fighters and one outperforms the other. Any qualified judge can see that," says Mr. Cole, a former Gold Gloves amateur who became a full-time insurance agent three years ago.

In a perfect world this comparison might work. The world of professional boxing, though, is far from perfect.

Most novices who pay \$35 to see a championship fight on pay-per-view television can tell who outperformed whom.

Yet often apparently beaten fighters, especially those represented by high-profile managers and promoters, prevail in the eyes of the judges.

Recently Mr. Cole witnessed such an outcome first-hand.

In a Sept. 10 bout, challenger

sionally as a judge for title matches.

Over the past few years, he has met his share of the great ones: Muhammad Ali, George Foreman, Chavez, Evander Holyfield—the list goes on. "A great thrill," he says.

He has already worked as a judge on four world title fights from here to Australia, most recently a controversial super featherweight bout on the Chavez-Whitaker undercard in San Antonio.

In that fight, Mr. Cole cast his ballot for James Leija, a fellow Texan. A Ghanaian judge sided with Azumah Nelson of Ghana. And a third judge amended his scorecard in favor of Nelson after originally calling it a draw.

"It was a mess," he recalled. "But at least I scored the fight properly. That's all I can say. That's what I'm there for."

Although still young in the business, Mr. Cole has seen and heard of plenty of nights like the one in San Antonio. By now, he knows what professional boxing is about, especially when the names Don King, Jose Sulaiman, Lou and Dan Duva and Bob Arum enter the fray.

"Boxing is its own worst enemy. Don't get me wrong—I love the sport and will support it until the day I die—but there is just too much politics. I try my best to stay away from the politics, but it's hard," he said.

If it weren't for politics, it might very well have been Mr. Cole sitting as one of the three ringside judges for the above-mentioned Chavez-Whitaker fight. As a member of the WBC, which hand-selects its judges and ring officials from a pool of about 100 approved individuals, Mr. Cole was approached by Messrs. Sulaiman and King during the fight's planning stages and was offered a chance to score the fight.

It took him virtually no time to politely decline an offer others might view as the opportunity of a lifetime.

"I'm young, I'm credible and I'm seen by most as a person that can't be swayed by the powers that be. I want to keep it that way because in this business you have to be very careful about the fights you select. You can't blow your opportunities, but you can't hurt yourself, either.

"The pressure surrounding this fight was incredible. You're smack in the middle of Chavez country. What if I would have gone for Whitaker? Don King would never offer me another job. With only four title bouts under my belt, I have to keep working. Eventually, I'd like to be the ring referee for one of these big fights and to get there I have to keep working. I'm in this for the love of it, not the money," said Mr. Cole.

Still the money's not bad. "We can make up to \$2,000 for a big fight, but with attending the WBC and other conventions, it's really a break-even hobby for me."

Mr. Cole acknowledges that the opportunities for him in boxing could be enhanced over the short term if he were to acquiesce to the string-pulling and politics that control boxing. However, he swears that he is devoted to taking the high road. "There's a long history of boxing in my family and I want to remain true to that. I do it because it's my love."

When asked if he would ever crumble under the pressure constantly applied by the Sulaimans and Kings of the sport, he quipped, "I guess everyone has a price, but mine is real high and it certainly hasn't been met yet."

So in the meantime, if it's 11 a.m. on a Thursday, Laurence Cole can be found helping Dallas residents with their personal lines insurance needs. But, if it's 11 p.m. on a Saturday, there's a good chance Mr. Cole is refereeing or scoring a Dallas-area professional or amateur fight. And, if it's a special Friday or Saturday night he might even be in Las Vegas or Sydney, Australia, scoring a world title bout.

Mr. Cole says that if everything works out as planned, he'll spend the better days of his career refereeing championship fights for various organizations, including the International Boxing Federation and the North American Boxing Federation.

What is his ultimate dream? Refereeing a multimillion-dollar championship bout and holding up the hand of some future heavy-



When he's not selling insurance, agent Laurence Cole judges championship prizefights put on by promoters like Don King.

weight champion at Caesar's Palace.

But for the time being, life in Dallas with his insurance job, family ties and boxing work is treating Mr. Cole well.

"I'm just now growing into the insurance business. It's a great job

that affords me the flexibility to do my boxing stuff on the side. I can make a few boxing-related calls each week or attend a meeting or a convention when I need to and still earn a steady income. Texas is a good market for direct agents like myself." **EL**

'Fights aren't necessarily fixed, but outcomes can be manipulated. . .,' says Laurence Cole.

Pernell Whitaker by all accounts dominated World Boxing Council welterweight champion Julio Cesar Chavez in front of more than 60,000 pro-Chavez fans in San Antonio, Texas. But when the scorecards were tallied, the champion retained his title in a shocking draw.

"The fight was fixed," yelled boxing fans throughout the country.

"ROBBED!" proclaimed the cover of Sports Illustrated.

Mr. Cole, who refereed one of the preliminary fights that night, offers a simpler explanation. "It's the politics," he says. "Boxing is the most political sport in the world. Fights aren't necessarily fixed, but outcomes can be manipulated and things can certainly be worked along by the right people."

He should know. Much of his 30 years has been spent in and around the ring. Growing up in Dallas in a boxing family—his father is the ratings chairman for the WBC and his grandfather was a barroom prize fighter in New Orleans—Mr. Cole pursued the sport throughout his youth, finally hanging up the gloves for good five years ago.

"I just wasn't any good. I fought with slow hands and a weak chin, which is a terrible combination in this sport," he joked.

Not that Mr. Cole has really left the sport of his youth. He still spends most of his free time around the boxing ring, either as a ring referee for local bouts or occa-

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IT Briefs

IRS audit program

WASHINGTON—Insurers and their agents are among about 60 industries that the Internal Revenue Service plans to include in its market segment specialization program.

Other industries slated for participation in the program include entertainment and bed and breakfasts, the spokesman added.

No date has been set for implementing the program.

—By Mark A. Hofmann

Zurich chief honored

CHICAGO—William H. Bolinder, president and chief executive officer of the Zurich-American Insurance Group in Schaumburg, Ill., has received "The Spirit

of Life" award from the City of Hope.

The award recognizes Mr. Bolinder's years of professional and civic leadership. Mr. Bolinder received the award—the highest bestowed by the City of Hope—at a dinner held in his honor.

The Duarte, Calif.-based City of Hope, which was founded 80 years ago, is engaged in the research and treatment of cancer, including leukemia, as well as diabetes, AIDS, Alzheimer's disease and other disorders.

—By Mark A. Hofmann

IMCA '94 meeting

BOSTON—The use of advertising during catastrophes will be one of the topics of discussion at the Insurance Marketing Communications Assn.'s 1994 Winter Meeting at the San Diego Hilton Beach and Tennis Resort Jan. 15-18, 1994.

The seminar will examine how California-based insurers rapidly deployed advertising messages aimed at getting people to contact catastrophic claims centers during the brush fires this fall in the Los Angeles area.

—By Mark A. Hofmann

Re-engineering advised

NEW YORK—Insurers that don't change their business practices probably won't be around after the turn of the century, according to a management consultant who specializes in the transformation of insurers.

"Insurance companies are moving toward leaner organizations in the face of intense competition. As executives pare down toward core competencies, expect large multi-line insurers to create decentralized operations, with independent strategic business units. Large in-

surers will have to resign themselves to the notion that they simply can't be all things to all people," suggested Mark Klein, senior vp of Gateway Management Consulting, during an address to the Society of Insurance Research in New York.

"A bloated company won't withstand the increasing pressure," said Mr. Klein. As a result, companies will become more and more dependent on new communications technologies "wedded to on-line systems."

—By Mark A. Hofmann

Bank joins IIC

NEW YORK—The International Insurance Council has gained its first banking and financial services member.

Chase Manhattan Bank's Global Insurance Group joined the IIC last month. Sarah Martin, vp and corporate finance client executive for Chase's global insurance unit, said that joining the Washington-based IIC would give the New York bank "numerous" new business opportunities.

—By Mark A. Hofmann

NAIW scholarships

TULSA, Okla.—The National Assn. of Insurance Women has es-

tablished a new foundation to administer annual scholarships for working insurance professionals and college students studying insurance or risk management.

The NAIW Education Foundation was funded through initial member contributions of \$124,000.

The foundation annually will award one or more scholarships of up to \$350 to reimburse professionals for course fees. Applicants must have at least two years' employment in the risk management or insurance field to qualify. Selections are also based on need, professional background, involvement and references.

One or more college scholarships of at least \$1,000 will also be awarded annually. Students must be candidates for a bachelor's or master's degree in a business-related field, with an interest in insurance or risk management.

They must be in at least their junior year of college, and scholarship applications will be judged on need, academic background, activities and references.

The NAIW expects to award the first professional scholarships in June 1994, and the first college academic term.

—By Christine Woolsey

Claim for stolen works ends fraud artist's career

By NANCY P. JOHNSON

Life imitates art, even in the world of insurance scams. Just ask Jack Shaoul, anti-time moviemaker—and now a convicted insurance fraud artist.

In 1991, Mr. Shaoul was hosting a party in the loft above his Manhattan antiques shop. That night, he asked his brother-in-law to bring several pieces of fine art from Mr. Shaoul's home to the party for potential buyers to see.

The brother-in-law, who said he brought several vases and a painting to the party in a station wagon, got into an argument with the doorman at the building. The police were called, and the painting and vases were stolen in the commotion.

Mr. Shaoul reported the loss to Novato, Calif.-based Fireman's Fund Insurance Co., which had written a homeowners policy for his Long Island home. The coverage has limits of \$1.2 million for the building and \$605,000 for its contents, plus numerous scheduled personal fine arts items valued at almost \$1 million.

One of the stolen items was a painting titled "Pirate's Cove," by the 19th century American artist Albert Pinkham Ryder. Mr. Shaoul maintained. Although the painting was not on the insurance schedule, he claimed it was valued at \$1 million, thus exposing the insurer for the full \$605,000 contents limit of the policy as well as \$111,000 in payments for the scheduled vases.

Fireman's Fund thought the claim was fishy: A valuable painting was left unattended in a station wagon; a thief broke into the car while police were present; and the policyholder hadn't bought the piece of art but rather had traded other artwork for it.

In addition, art experts said paintings by Ryder don't sell for more than \$50,000, even though Mr. Shaoul produced a letter from a prospective buyer who offered to buy the painting for \$850,000.

Soon, the story began to unravel.

First, one of Mr. Shaoul's shop assistants told an attorney for Fireman's Fund that the painting was a forgery and still in Mr. Shaoul's possession, and the letter from a prospective buyer was a fake.

Next, Mr. Shaoul contacted Fireman's Fund to report that all of the stolen items had been recovered and that he was withdrawing his claim. He said that two people simply walked into his shop and returned the works.

Then, Fireman's Fund learned that the FBI also was interested in Mr. Shaoul's activities. In fact, Mr. Shaoul and several of his family members were being prosecuted in federal court for allegedly selling phony Tiffany lamps and painting copies of famous art works and then selling them as originals.

Mr. Shaoul was convicted in August for mail fraud—because his claim was mailed to the insurer. He could receive a four-year jail term.

This foiled fraud is the result of the combined efforts of many people: Fireman's Fund's special investigative unit, the FBI, personnel from federal court and art experts, said JoAn Smith, property line manager for Fireman's Fund in Avon, Conn.

"It is really nice to win one—to see the final result of your labor," she said.

Mr. Shaoul's conviction may put a crimp in his antiques dealer career, but he still has his movie-making to fall back on. After all, his movie "Golddigger" is about an antiques dealer who gets involved in an art insurance fraud scheme.

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Continued from previous page consulting.

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Welfare plan consulting: 45% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, actuarial.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Other services: Compensation consulting.

Staff: 15 total; 10 professionals, including one CLU, one attorney, two EAs.

Clients: 50 total; 85% corporations, 5% MEWAs, 10% public schools. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$175-\$210; consultant, \$125-\$150; clerical, \$20-\$45; administrative or actuarial assistant, \$50-\$80.

Gross revenues: \$1 million from worldwide benefit consulting in 1993; \$860,000 in 1992. \$1.15 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

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Welfare plan consulting: 60% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, flexible benefit design, HMO analysis/negotiation, EAP vendor evaluation, managed mental health strategies, financial monitoring system, ERISA compliance, negotiations with insurers/service providers, utilization review study preparation.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit booklet preparation, welfare plan document preparation.

Other services: Brokering, claims administration, educational seminars on money management and estate planning, development of managed care workers compensation programs.

Staff: 32 total; seven professionals.

Clients: 88% corporations, 7% individuals, 5% government agencies/entities. Minimum size client: 50 employees.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$110-\$135; consultant, \$70-\$110; PC programming assistant, \$60.

Gross revenues: \$830,000 from worldwide benefit consulting in 1993; \$826,000 in 1992. \$1.37 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Ronald Reshefsky, president; Richard J. Leonard, president-benefits consulting division; Gary H. Morriss, vp-risk management services; Ellen R. Segal, manager-marketing; Mitchell L. McEwen, manager-benefits consulting division.

Contact: Richard J. Leonard.

Chicago Consulting Actuaries Inc.

216 S. Jefferson St., Suite 600, Chicago, Ill. 60661, 312-454-3222; fax: 312-454-1213

Benefit consulting since: 1991.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 80% of revenues. Includes plan design consulting, defined benefit plan actuarial work, plan administration consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, health care cost containment, actuarial evaluations for post-retirement welfare plans.

Staff: Six total; five professionals, including three FSAs, one ASA, three EAs.

Clients: 40 total, all corporations. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$240-\$290; consultant, \$180; clerical, \$60.

Officers: Tom Terry, president; Harold Cooper, Jim Peard, Lina Hilko, principals.

Contact: Tom Terry.

Chiusano & Co.

10 Thacher St., Boston, Mass. 02113; 617-248-1920; fax: 617-248-1915

Benefit consulting since: 1988.

Services: 40% of revenues from benefit consulting.

Retirement/savings plan consulting: 40% of revenues. Includes plan design consulting, asset/investment consulting with focus on risk/return characteristics of guaranteed insurance contracts and group annuity contracts.

Other services: Brokering.

Staff: Two total; one professional.

Clients: Five total; 80% corporations, 20% investment managers. Minimum size client: 250 employees.

Compensation: By the project, commissions, on retainer.

Continued on page 30

APPLICATIONS FOR THE HAROLD JACKSON SCHOLARSHIP ARE BEING ACCEPTED BY THE COLLEGE OF INSURANCE

The College of Insurance and the American Institute of Marine Underwriters announced that applications for the Harold Jackson Scholarship for the study of ocean marine insurance in London are being accepted by the College. The scholarship, provided for under the will of the late Harold Jackson, former president of Wm. H. McGee & Company Inc. is awarded on a competitive basis.

The scholarship consists of round trip transportation, full tuition for a course of study selected by the successful applicant, housing costs and a stipend for living costs and miscellaneous expenses.

To obtain further information and an application contact: **Margaret Montano, Business Manager, The College of Insurance, 101 Murray Street, New York, NY 10007.** Applications deadline April 30, 1994.

The College of Insurance is accredited by the Middle States Association of Colleges and Schools and is chartered by the New York State Department of Education.



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ASK A RISK MANAGER

Checks and balances help to control fraud

Q

It seems as if workers compensation fraud has become a big issue, especially since workers comp costs are continually escalating. What types of measures have you used to address this problem?

A

Amid the heated controversy over the inefficiencies within the workers compensation industry, the issue of fraud looms as an ever-imposing factor.

As you stated, the subject of fraud is widely discussed. We read about it in virtually all trade

publications and find it exposed on prime-time news programs. Employers are constantly cautioned to protect themselves against the "suspect" employee who is seeking to make a windfall by exploiting the workers compensation system. What further complicates the picture is the support such an employee receives from those attorneys and medical providers who knowingly and blatantly add costs to an already financially burdened system.

While certainly an alarming percentage of cases can be considered fraudulent, I believe the majority of claims are indeed legitimate. Nonetheless, millions of dollars are extorted from employers and the insurance industry each year because of fraud.

Solutions? There are a variety of checks and balances which, when implemented on an ongoing basis, help prevent or control fraudulent claim activity. My company, like many others, uses several techniques to respond to the dilemma. However, before exploring these measures, let's take a moment and identify some reasons for deception, because in doing so the solutions become readily apparent.

The news media constantly remind us that society as a whole has lost much of its moral fiber. As a result, the honest person is often viewed as the "odd man out." Humankind continues to extol the notion that the world owes it something just for existing. Employer/employee relations have suffered immensely because of this attitude and, all too often, the cost of such thinking manifests itself in workers compensation fraud.

Perhaps the most logical deterrent to fraud is to create a work environment in which the employer and employee join as partners to achieve common goals. In such a relationship, an employee is perceived as a person of value. A high level of self-esteem is fostered, with the benefit resulting in an employee actively working to increase his or her company's profitability. Sounds quite simple, doesn't it?

Unfortunately, all of the "right sizing" within companies has taken its toll and perpetuated a "They vs. We" attitude. When the relationship becomes hostile, the employee looks for ways to get even with the boss. An easy way to affect the boss's pocketbook is by filing a fraudulent workers compensation claim.

It has been my experience that practical safeguards against fraud center on the claims management process. It is absolutely critical that every claim be promptly reported and thoroughly investigated both internally and externally. When an accident is initially reported, any suspicions should be clearly noted and flagged to request additional investigation. If the person who receives the accident report has reservations about its legitimacy, find out why. Make certain that any witnesses are identified so statements can be obtained.

In our company, all workers compensation claims are centrally reported to the risk management department. This process allows us a great measure of control in the claims management area.

Advise your claims administrator whenever a claim requires specific investigation and elaborate on the circumstances. The quicker everyone is placed on notice, the better the chances of discovering fraud.

A risk management information system can be an excellent tool to generate internal reports that assist in fraud detection. For example, a listing of workers compensation claimants can be compared against a similar report of employees with group health claims. The result? Identification of employees involved in a practice commonly referred to as "double dipping."

Surveillance is becoming a popular tool in identifying and documenting workers compensation fraud. However, such activity must be handled in a discreet, professional manner. The last thing you want is another employee sneaking around with a video camera to catch a co-worker in the act. Several firms specialize in surveillance. Your claims administrator can recommend a vendor and should control this aspect of the investigation.

Drug testing is also becoming more widespread in the claims investigation process. Many companies require that all workers compensation claimants

submit to a drug test immediately following an accident.

Yet another successful ploy in detecting fraud involves a practice, which has been followed for several years by insurers, that involves the Central Index Bureau. The "index" comprises a massive national data base of claimants who have filed claims within the insurance industry. A check can be made to determine if an individual has a prior claim history and, if so, the information can be evaluated for evidence of suspected fraud. I would recommend that your claims-handling instructions require the indexing of certain cases, such as all of those involving lost time.

Your company's intentions to detect and control workers compensation fraud should be communicated to employees in a straightforward manner. The purpose is not to deny employees what is rightfully theirs, but to identify those who violate the system at the expense of everyone.

Our objective is not to have workers compensation considered a "rubber stamp" toward financial gain. It is hoped that reforms in the insurance industry will further impede the filing of fraudulent claims.

Choosing not to address the problem brings with it a price that is simply too costly for us to pay. **BI**

Would you like advice from an experienced colleague on a risk management, benefits management or actuarial problem? Four quarterly features in the Perspective section of Business Insurance can give you some answers.

Ask A Risk Manager, Ask A Benefits Manager, Ask A Benefit Actuary and Ask A Casualty Actuary answer written questions from readers on risk and benefits management issues and actuarial problems.

This month's column on risk management issues is written by Susan M. Werner, director of risk management at Hardee's Food Systems Inc. in Rocky Mount, N.C. Dennis J. Nirtaut, manager of employee benefits at Continental Bank Corp. in Chicago, answers questions on employee benefit plans. William J. Miner, an actuary with The Wyatt Co. in Chicago, answers actuarial questions on benefits issues. And, Richard E. Sherman, president of Pacific Actuarial Resources (PAR)



Ms. Werner

Excellence in Ashland, Ore., answers actuarial questions in the casualty field.

Ms. Werner's next column will appear in March.

Address your questions to ASK, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Please give us your name, title and employer; however, Business Insurance will consider unsigned letters.

CGL policy does not cover breach of contract

In a case of first impression, the 7th U.S. Circuit Court of Appeals ruled that a commercial general liability insurance policy did not cover an employer's breach of contract in failing to pay into an employee's pension fund.

Baylor Heating & Air Conditioning Inc. and the Sheet Metal Worker International Assn. were parties to a collective bargaining agreement under which Baylor was obligated to make certain payments to an employee pension fund. Baylor decided not to renew the agreement and, on advice of counsel, ceased making payments to the fund on May 1, 1987.

The union sued, claiming a breach of contract and won a \$93,000 judgment against Baylor. Baylor was covered under a commercial general liability insurance policy effective June 14, 1988, issued by Federated Mutual Insurance Co.

This policy covered Baylor's liability to employees for injury or damages caused by any negligent act, error or omission in

Legal Briefs

the administration of the employee benefit program. Baylor claimed that the judgment against it in favor of the union was covered by the policy. Federated denied coverage. Baylor brought this action seeking a declaration that the insurer was liable under the policy. The trial court ruled for the insurer.

The appellate court said that Baylor's liability to the pension fund was contractual. "The fund was awarded amounts owed pursuant to the collective bargaining agreement," the court said, "not damages for negligence, and these payments are not covered by Baylor's policy." The court said that even though Baylor's actions in precipitating the breach may have been careless, they were not covered by the policy. The trial court decision was affirmed.

Baylor Heating & Air vs. Federated

Mutual, 7th U.S. Circuit Court of Appeals, March 1, 1993 (BI/05/Dec.-\$10).

Unlawful recordings not covered

Damages allegedly arising out of unlawful telephone interceptions were not covered by a comprehensive general liability insurance policy, according to the ruling of a Florida appellate court.

Lazzara Oil Co. was covered under a CGL policy issued by Reliance Insurance Co. The policy specified that personal injury did not include injury arising out of the willful violation of a penal statute committed by or with the knowledge of the policyholder. A lawsuit was filed against Lazzara seeking damages for Lazzara's alleged unlawful recordings of telephone conversations. Florida law made it a crime to intercept any wire or oral communication unless all parties had given prior consent. This action was brought seeking a declaration that the

policy covered the damages. The trial court ruled for Lazzara.

The appellate court said that though the suit against Lazzara alleged that the recordings were "intentional" whereas the criminal statute referred to "willful" conduct was of no moment. According to the court, "willful" and "intentional" in the criminal law context were synonymous. Thus, the court concluded that the coverage claimed by Lazzara in this case was excluded by the provision.

*Reliance Insurance Co. vs. Lazzara Oil Co., District Court of Appeals of Florida, June 17, 1992 (BI/01/July-\$10) **BI***

These abstracts were prepared by Mayo H. Stiegler. Copies of these decisions are available by sending a \$10 check payable to Mayo H. Stiegler, to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. List the number for each opinion.

Continued from page 27
Officers: Michael J. Chiusano, president.

COHO Benefits Group Inc.

11499 Chester Road, Suite 2601, Cincinnati, Ohio 45246; 513-772-8622; fax: 513-772-9111

Benefit consulting since: 1993.
Services: 30% of revenues from benefit consulting.

Welfare plan consulting: 27% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 3% of revenues. Includes general consulting on communications programs.

Other services: Brokering.
Staff: Three total; two professionals, including one CLU, one attorney.

Clients: 92% corporations, 2% multi-employer plans, 3% MEWAs, 3% individuals. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$100; consultant, \$60.

Officers: Thomas Colvin, president; Vincent Homan, vp.
Contact: Thomas Colvin.

Comprehensive Benefit Services Inc.

1014 Vine St., Suite 100, Cincinnati, Ohio 45202-1195; 513-333-0909; fax: 513-333-2093

Benefit consulting since: 1988.
Parent: Frederick Rauh & Co.
Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 90% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, budget accounting.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit booklet preparation.

Staff: Four total; three professionals, including one CLU, one CPA.

Clients: 95% corporations, 5% multi-employer plans. Minimum size client: 300 employees.

Compensation: By the project, commissions, on retainer.

Officers: Eugene A. Brown, Frank A. Fiore, principals; Mark A. Stoeber, associate.

Contact: Frank A. Fiore.

Consulting Group Inc.

5 Country View Road, Suite 200, Malvern, Pa. 19355; 215-889-9100; fax: 215-889-9128

Services: 90% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 75% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Other services: Compensation consulting; brokering; human resource planning, training and development.

Staff: 53 total; 10 professionals, including one CLU.

Clients: 100 total, all corporations. Minimum size client: 100 employees.

Compensation: On retainer.

Officers: Alex Johns, chairman; Harriet Hankin, president; David Banet, senior vp; Ruth Ringwood, executive vp; Tamra Walton, vp.

Consulting Managers of California

1633 Old Bayshore, Suite 230, Burlingame, Calif. 94010; 415-692-1414; fax: 415-692-1416

Benefit consulting since: 1975.
Services: 90% of revenues from benefit consulting.

Welfare plan consulting: 80% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, benefit pricing.

Benefit communications consulting: 10% of revenues. Includes benefit booklet preparation, plan document drafting.

Staff: Two total; one professional.
Clients: 16 total; 10% corporations, 20% MEWAs, 70% trade association

plans. Minimum size client: 100 employees.

Compensation: By the hour: senior consultant, \$160-\$200; clerical, \$40.

Gross revenues: \$300,000 from worldwide benefit consulting in 1993; \$250,000 in 1992. (All revenues are from U.S. locations.)

Officers: Larry D. Felion, president/owner.

Coopers & Lybrand Human Resource Advisory Group

1251 Ave. of the Americas, New York, N.Y. 10020; 800-232-2717; fax: 212-536-2163

Benefit consulting since: 1898.
Services: 88% of revenues from benefit consulting.

Retirement/savings plan consulting: 52% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 30% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 6% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive voice response and multimedia communications.

Other services: Compensation consulting, management consulting, claims administration, organizational development, executive training.

Locations: Albany and Syracuse, N.Y.; Atlanta; Baltimore; Boston; Chicago; Cleveland and Columbus, Ohio; Dallas; Detroit; Houston; Los Angeles; Louisville, Ky.; Minneapolis; Parsippany, N.J.; Philadelphia; Pittsburgh; San Francisco; Seattle; Stamford, Conn.; Tampa, Fla.; Washington; Buenos Aires, Argentina; Melbourne and Sydney, Australia; Antwerp and Brussels, Belgium; Hamilton, Bermuda; Sao Paulo, Brazil; Calgary, Fredericton, Halifax, London, Montreal, Ottawa, St. John's, Toronto and Vancouver, Canada; Paris; Berlin, Cologne, Dusseldorf, Essen, Frankfurt, Hamburg, Karlsruhe and Munich, Germany; Dublin, Ireland; Milan, Italy; Mexico City; Utrecht, Netherlands; Auckland, New Zealand; Barcelona and Madrid, Spain; Basel, Lausanne and Zurich, Switzerland; Belfast, Birmingham, Edinburgh, Leeds, London, Nottingham and Reading, United Kingdom; Caracas, Venezuela.

Staff: 2,775 total; 2,258 professionals, including 60 FSAs, 80 ASAs, 12 CEBSS, 21 CPAs, 16 attorneys, 66 EAs.

Clients: 90% corporations, 5% MEWAs, 5% government agencies/entities. Minimum size client: 100 employees.

Compensation: By the project, on retainer, by the hour.

Gross revenues: \$237 million from worldwide benefit consulting in 1993; \$201 million in 1992 (51% from U.S. locations). \$270 million total worldwide 1993 revenues (57% from U.S. locations).

Non-U.S. benefit consulting: Via associates and members.

Officers: Reed A. Keller, vice chairman; Ernest I. Glickman, CEO-Harbridge House/Coopers & Lybrand; Harold Dankner, national technical director; Jerome Y. Halperin, executive partner-international.

Contact: Derek Romanoux, manager-sales/marketing.

Corporate Benefits Resource Inc.

7000 Fitzwater Road, Cleveland, Ohio 44141; 216-838-8644; fax: 216-838-1311

Benefit consulting since: 1990.
Services: 90% of revenues from benefit consulting.

Retirement/savings plan consulting: 18% of revenues. Includes plan design consulting, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, employee education programs, plan audits, form 5500 preparation.

Welfare plan consulting: 36% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, plan audits, form 5500 preparation.

Benefit communications consulting: 36% of revenues. Includes communications consulting; benefit booklet and audiovisual preparation; design and production of summary, descriptions and employee newsletters.

Other services: Compensation consulting, human resources consulting.

Staff: Four total, all professionals. Designations include one CPA.

Clients: 21 total, all corporations. No minimum size client.

Compensation: By the project, on retainer.

Officers: John J. Lakner, president.

Corporate Communicators Inc.

P.O. Box 393, Pleasant Valley, Conn. 06063; 203-738-0033

Benefit consulting since: 1983.
Services: 95% of revenues from benefit consulting.

Benefit communications consulting: 95% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual presentation; payroll stuffers; posters; benefit letters; employee newsletter preparation.

Staff: Five total; three professionals.
Clients: 60 total; 80% corporations, 20% non-profit organizations. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$100; consultant, \$75; clerical, \$35.

Officers: Freeman M. Butland, president.

Corporate Dynamics

100 Atrium Way, Suite 202, Mount Laurel, N.J. 08054; 609-778-4600; fax: 609-778-5962

Benefit consulting since: 1967.
Services: 50% of revenues from benefit consulting.

Retirement/savings plan consulting: 20% of revenues. Includes plan design consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit statement preparation.

Other services: Compensation consulting, brokering, management consulting, claims administration, benefit cost reduction.

Locations: Philadelphia.
Staff: 20 total; eight professionals, including one CEBS, three CLUs.

Clients: 400 total; 80% corporations, 10% individuals, 10% unions. Minimum size client: 50 employees.

Compensation: By the project, commissions, on retainer.

Gross revenues: \$4 million from worldwide benefit consulting in 1993; \$2.7 million in 1992 (95% from U.S. locations).

Non-U.S. benefit consulting: From the United States.

Officers: Richard Seidenberg, president; Eric Raymond, executive vp.

W.F. Corroon/Willis Corroon

26 Century Blvd., Nashville, Tenn. 37214; 615-872-3900

Benefit consulting since: 1905.
Parent: Willis Corroon Group P.L.C.
Services: 54% of revenues from benefit consulting.

Retirement/savings plan consulting: 33% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 18% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 3% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, brokering, management consulting, claims administration.

Locations: Anchorage and Fairbanks, Alaska; Atlanta; Baltimore, Bethesda and Hunt Valley, Md.; Birmingham and Mobile, Ala.; Boston; Chattanooga and Knoxville and Nashville, Tenn.; Chicago; Cleveland and Columbus, Ohio; Fort Worth and Houston, Texas; Eugene and Portland, Ore.; Grand Rapids and Livonia, Mich.; Kansas City and St. Louis, Mo.; Los Angeles, Pasadena, Sacramento, San Diego, San Francisco and San Jose, Calif.; Media and Pittsburgh, Pa.; Milwaukee; Minneapolis; New Orleans; Phoenix; Rochester, N.Y.; Salt Lake City; Seattle; Stamford, Conn.; Wichita, Kan.; Edmonton, Montreal, Toronto and Vancouver, Canada;

Belfast, Birmingham, Bristol, Glasgow, Hemel, Hempstead, Ipswich, Kingston, London, Maidstone, Manchester, Reading and Thatcham, United Kingdom.

Staff: Staff includes FSAs, ASAs, CEBSS, CLUs, CPAs, attorneys, EAs.

Clients: No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour.

Gross revenues: \$70.22 million from worldwide benefit consulting in 1993; \$68.25 in 1992. \$131.05 million total worldwide 1993 revenues (70% of revenues are from U.S. locations).

Officers: Brian Johnson, Rick Hauck, Gerald Facciani, James Finkelstein, William Stanton, Brian Morris.

Contact: Brian Johnson, CEO.

Crosby Benefit Systems

650 Hillside Office Building, 75 Second Ave., Needham Heights, Mass. 02194-2874; 617-449-0500 or 800-462-2235; fax: 617-449-2530

Benefit consulting since: 1978.
Services: 50% of revenues from benefit consulting.

Retirement/savings plan consulting: 25% of revenues. Includes plan design consulting, pension plan record keeping, administration systems consulting, plan administration consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, health care cost containment, flex plan administration.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Brokering, claims administration.

Staff: 15 total. Four benefit consulting employees; two professionals.

Clients: 150 total, all corporations.

Compensation: By the project, commissions.

Officers: Leanne Anderson, president.
Contact: Harvey Crosby.

Frank Crystal & Co. Inc./ Frank Crystal Benefits

40 Broad St., New York, N.Y. 10004; 212-344-2444 or 800-221-5830; fax: 212-269-6612

Benefit consulting since: 1982.
Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 2% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting.

Welfare plan consulting: 93% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Other services: Brokering, executive benefit consulting.

Locations: Fort Lauderdale, Fla.; Houston.

Staff: 20 total; 16 professionals, including one CEBS, two CLUs.

Clients: 250 total; 95% corporations, 5% individuals. Minimum size client: 10 employees.

Compensation: By the project, commissions.

Gross revenues: \$3 million from worldwide benefit consulting in 1993; \$2.4 million in 1992. \$3 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: James W. Crystal, chairman/CEO; Andrew Potash, president; Arthur B. Littmann, executive vp/CFO; Kenneth W. Liebman, executive vp; Vincent Gandolfo Jr., senior vp-benefits.

Contact: Vincent Gandolfo Jr.

Carl A. Curcio & Associates Inc.

6 S. Third St., Suite 302, Easton, Pa. 18042; 215-250-0600; fax: 215-250-9315

Benefit consulting since: 1979.
Services: 38% of revenues from benefit consulting.

Retirement/savings plan consulting: 15% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 15% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 8% of revenues. Includes benefit state-

ment and booklet.
Other services: Brokering.

Staff: One professional benefit consulting employee.

Clients: 77 total; 50% corporations, 25% multi employer plans, 5% individuals, 20% Taft Hartley trusts.

Compensation: By the project, commissions, by the hour: senior consultant, \$125; consultant, \$75; clerical, \$35.

Officers: Carl A. Curcio Jr., president/owner.



DeFrain Mayer Inc.

8300 College Blvd., Suite 330, Overland Park, Kan. 66210; 913-451-9119; fax: 913-451-2876

Benefit consulting since: 1987.
Services: 79% of revenues from benefit consulting.

Retirement/savings plan consulting: 54% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, claims administration, underwriting manager-stop loss.

Staff: 20 total; 10 professionals, including one FSA, two ASAs, three EAs.

Clients: 150 total; 90% corporations, 7% multi employer plans, 3% government agencies/entities. No minimum size client.

Compensation: By the hour: senior consultant, \$150; consultant, \$110; support staff, \$65; clerical, \$25.

Gross revenues: \$1.8 million from worldwide benefit consulting in 1993; \$1.8 million in 1992. \$2.3 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Eric M. DeFrain, president; Howard E. Mayer, vp/secretary.

Deloitte & Touche Human Resource Consulting Group

10 Westport Road, P.O. Box 820, Wilton, Conn. 06897-0820; 203-761-3000; fax: 203-834-2246

Benefit consulting since: 1973.
Parent: Deloitte & Touche.

Services: 44% of revenues from benefit consulting.

Retirement/savings plan consulting: 26% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, FAS 106 and 112 valuations and consulting, retirement planning strategy.

Welfare plan consulting: 15% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, managed care and health reform strategy consulting to purchasers and providers, pricing strategies for providers, claims/utilization review audits, network development.

Benefit communications consulting: 3% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; focus groups; consensus building; communicating corporate changes.

Other services: Compensation consulting; management consulting; human resources consulting, including: core competency studies, strategy development, organizational design, benchmarking best practices, benchmarking costs and change management; insurance actuarial consulting and compliance; human resource information system consulting.

Locations: Boston; Chicago; Dallas; Denver; Detroit; Hartford and Stamford, Conn.; Houston; Los Angeles; Minneapolis; New Orleans; New York; Parsippany, N.J.; Philadelphia; Portland, Ore.; San Francisco; Tulsa, Okla.; Washington; Australia; Canada; France; Indonesia; Japan; Luxembourg; New Zealand; South Africa.

Staff: 1,326 total; 458 professionals,

Continued on next page

Continued from previous page
including FSAs, ASAs, CEBSs, CLUs, CPAs, attorneys, EAs.

Compensation: By the project, by the hour.

Gross revenues: \$81.9 million from worldwide benefit consulting in 1993 (83% from U.S. locations); \$73.02 million in 1992 (82% from U.S.). \$187.47 million total worldwide 1993 revenues from Human Resource Consulting Group (62% from U.S.).

Non-U.S. benefit consulting: Via overseas branches, from the United States.

Officers: Maurice M. Smith, national director; Richard J. Berens, Susan A. Achenbach, Ainar D. Ayala, Jane M. Smith.

Contact: Maurice M. Smith, 213-688-5373.

Robert F. Driver Co. Inc.

1620 Fifth Ave., San Diego, Calif.
92101; 619-238-1828;
fax: 619-699-1378

Benefit consulting since: 1975.

Services: 25% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Other services: Brokering.

Staff: 250 total; 28 benefit consulting employees, including six CLUs.

Clients: 1,000 total; 90% corporations, 10% government agencies/entities. No minimum size client.

Compensation: By commissions.

Gross revenues: \$3.86 million from worldwide benefit consulting in 1993; \$3.33 million in 1992. \$15 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Richard B. Gulley, CEO; Irwin B. Sklar, chairman; Thomas W. Corbett, Roger A. Combe, executive vps; John T. Freeman, vp/secretary/treasurer.

Duley-Bolwar Insurance

2929 E. Camelback Road, Suite 124,
Phoenix, Ariz. 85016; 602-954-7511;
fax: 602-955-8278

Benefit consulting since: 1978.

Parent: Executive Group Consultants Inc.

Services: 12% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 4% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 3% of revenues. Includes general consulting on communications programs.

Other services: Compensation consulting, brokering, management consulting, claims administration, general liability and workers compensation consulting.

Staff: Professional designations include three CLUs.

Clients: 217 total; 95% corporations, 5% individuals.

Compensation: By the project, commissions, by the hour: senior consultant, \$225; consultant, \$175; clerical, \$50.

Gross revenues: \$13 million from worldwide benefit consulting in 1993; \$12.7 million in 1992. (All revenues are from U.S. locations.)

Officers: R. Ed Duley, CEO; D. Andy Bolwar Jr., president; Gary Hardy, CFO/vp; Karen S. Moore, secretary.

Contact: D. Andy Bolwar Jr.

E

EBS/Atlanta Risk Management

3340 Peachtree Road N.E., Suite 710;
Atlanta, Ga. 30326; 800-647-3709;
fax: 404-231-5646

Benefit consulting since: 1982.

Parent: First Benecorp (USA) Inc.

Services: 35% of revenues from benefit consulting.

Retirement/savings plan consulting: 2% of revenues. Includes plan administration consulting.

Welfare plan consulting: 25% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 8% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Brokering, claims administration.

Staff: Nine benefit consulting employees, four professionals.

Clients: 15% corporations, 85% government agencies/entities. Minimum size client: 50 employees.

Compensation: By the project, commissions, on retainer.

Officers: B. Richard Cooper, president/CEO; Wayne C. Wong, executive vp/CFO.

Contact: Dale K. Darracott, director-business development/client relations.

Employee Benefit Services Inc.

Glenpointe Centre East, 300 Frank W.
Burr Blvd., 4th Floor, Teaneck,
N.J. 07666; 201-801-0202;
fax: 201-801-0260

Benefit consulting since: 1986.

Services: 100% of revenues from benefit consulting.

Benefit communications consulting: 100% of revenues. Includes communications consulting, benefit statement and booklet preparation, interactive comput-

erized communication and enrollment.

Locations: Chicago; Dallas; Denver; Harrisburg, Pa.; Los Angeles.

Staff: 20 total.

Clients: 24 total; 15% corporations, 85% government agencies/entities. Minimum size client: 5,000 employees.

Compensation: By the project, commissions.

Gross revenues: \$33.26 million from worldwide benefit consulting in 1993; \$19.93 million in 1992 (100% from U.S. locations).

Officers: Asher Schapiro, chairman; Stuart Schapiro, president; Richard L. Feinstein, CFO; Ronald Kleiman, managing director-communications; JoDelle Roberts, managing director-administration.

The Epler Co.

450 B St., Suite 750, San Diego,
Calif. 92101; 619-239-0831

Benefit consulting since: 1971.

Services: 80% of revenues from benefit consulting.

Retirement/savings plan consulting: 48% of revenues. Includes plan design

consulting, defined benefit plan actuarial work, pension plan record keeping, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 24% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, flex benefit consulting and benefit surveys.

Benefit communications consulting: 8% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; theme design.

Other services: Compensation consulting.

Locations: Los Angeles.

Staff: 15 total; professionals include one FSA, one attorney.

Clients: Minimum size client: 50 employees.

Compensation: By the project, by the hour.

Gross revenues: \$1.5 million from worldwide benefit consulting in 1993 (100% from U.S. locations).

Officers: Jane Barry, CEO/president; Lee Hindenach, executive vp; Lin Ball, Elaine Kalin, vps.

Ernst & Young Actuarial, Benefits & Compensation Consulting Services

277 Park Ave., New York, N.Y. 10172;
212-773-6166; fax: 212-773-5986

Benefit consulting since: 1987.

Services: 80% of revenues from benefit consulting.

Retirement/savings plan consulting: 40% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 35% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, claims audits, managed care studies, flexible benefits plan design and implementation.

Continued on next page

Banker's D&O From The Only People Who Really Appreciate It. Other Bankers.



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Talk to a D&O provider who speaks your language. Ask your agent or broker to contact **Executive Risk Management Associates, 82 Hopmeadow St., Simsbury, CT 06070, 203-244-8900, fax 203-651-8809.**



Continued from previous page

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; voice communications; strategic employee communications.

Other services: Compensation consulting, management consulting, international compensation and benefits consulting, tax planning, personal financial planning.

Locations: 100 offices nationwide and 600 international offices serving 100 countries.

Staff: 65,000 total. 875 benefit consulting employees; 725 professionals, including 59 FSAs, 68 ASAs, six CEBSs, three CLUs, 28 CPAs, 50 attorneys, 36 EAs.

Clients: 2,000 total; 90% corporations, 10% government agencies/entities. No minimum size client.

Compensation: By the project, by the hour.

Gross revenues: \$90 million from worldwide benefit consulting in 1993; \$80 million in 1992. \$112 million total worldwide 1993 revenues. (50% of revenues are from U.S. locations.)

Non-U.S. benefit consulting: Via overseas branches and from the United States.

Officers: Albert J. Kleinberg Jr., national director-actuarial/benefits/compensation consulting services.

F

Findley, Davies & Co.

300 Madison Ave., Suite 1000, Toledo, Ohio 43604-1596; 419-255-1360; fax: 419-259-5685

Benefit consulting since: 1969.

Services: 95% of revenues from benefit consulting.

Retirement/savings plan consulting: 66.5% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 19% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, managed care program evaluation.

Benefit communications consulting: 9.5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting.

Locations: Charlotte, N.C.; Rocky River, Ohio.

Staff: 51 total; 37 professionals, including one FSA, two ASAs, two CLUs, two CPAs, two attorneys, three EAs.

Clients: 800 total; 94% corporations, 1% multiemployer plans, 5% individuals.

Compensation: By the hour: senior consultant, \$175-\$225; consultant, \$80-\$150; clerical, \$35-\$80.

Gross revenues: \$3.68 million from worldwide benefit consulting in 1993; \$3.78 million in 1992 (100% from U.S. locations).

Officers: James B. Findley, chairman; John W. Davies Jr., vice chairman; Robert J. Rogers, president; Gary P. Thiemann, vp; Marc E. Stockwell, treasurer; Brian C. Hubbell, vp; Scott E. Hamner, secretary.

Contact: Lawrence P. Cryan, business manager.

The First Consulting Group-Health Care

7705 Tobemory Court, Suite 100, Ada, Mich. 49301; 616-676-3258; fax: 616-676-8884

Benefit consulting since: 1987.

Services: 90% of revenues from benefit consulting.

Welfare plan consulting: 85% of revenues. Includes plan design consulting, evaluation of service providers, health care cost containment, direct contracting with health care providers.

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Other services: Claims administration, consulting on electronic data interchange and smart cards.

Locations: Detroit and Grand Rapids, Mich.

Staff: Six total; three professionals, including one CPA.

Clients: 10 total; 80% corporations,

20% hospitals and health care providers. No minimum size client.

Compensation: By the project, on retainer, by the hour: managing partner/physician, \$200; senior consultant, \$150; consultant, \$75; clerical, \$20.

Officers: Norman J. Bandemer, managing partner.

G

Gallagher Benefit Services

The Gallagher Center, 2 Pierce Place, Itasca, Ill. 60143; 708-773-3800; fax: 708-285-4000

Parent: Arthur J. Gallagher & Co.

Retirement/savings plan consulting: Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Brokering, management consulting, claims administration.

Locations: Boston; Chicago, Downers Grove and Schaumburg, Ill.; Dallas; Houston; Denver; Kansas City and St. Louis, Mo.; Los Angeles; San Francisco; Miami and Tampa, Fla.; Troy, Mich.; Valhalla and Yonkers, N.Y.

Clients: 50% corporations, 50% public sector.

Compensation: By the project, commissions, on retainer, by the hour.

Officers: J. Patrick Gallagher Jr., president/COO; Robert E. Gallagher, CEO/chairman; John P. Gallagher, vice chairman; Michael J. Cloherty, vp-finance; James W. Durkin Jr., vp.

Gallagher, Flynn & Co.

77 College St., Burlington, Vt. 05401; 802-863-1331; fax: 802-865-4446

Benefit consulting since: 1970.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 30% of revenues. Includes plan design consulting, defined benefit plan actuarial work, administration systems consulting, plan administration consulting, investment manager selection consulting, plan terminations.

Welfare plan consulting: 60% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, plan documents and SPD, flexible benefits, electronic interface with claims administrator, audits.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Deferred compensation consulting.

Staff: Three total; two professionals, including one CEBS, one CLU, one CPA.

Clients: 26 total; 62% corporations, 5% government agencies/entities, 33% non-profit organizations. Minimum size client: 50 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$150; consultant, \$100; clerical, \$35; administrators: \$50-\$75.

Gross revenues: \$200,000 from worldwide benefit consulting in 1993; \$131,000 in 1992. \$200,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Edward Gallagher, Michael Flynn, partners.

Contact: James E. Bushnell, director-employee benefits division.

Garner Consulting

199 S. Los Robles Ave., Suite 560, Pasadena, Calif. 91101; 818-440-0399; fax: 818-440-0496

Benefit consulting since: 1987.

Services: 74% of revenues from benefit consulting.

Welfare plan consulting: 72% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, claims audits.

Benefit communications consulting:

2% of revenues. Includes benefit statement and booklet preparation.

Other services: Brokering.

Staff: Seven total; five professionals, including one CEBS, one CLU, one CPA.

Clients: 29 total; 80% corporations, 3% multiemployer plans, 3% MEWAs, 14% government agencies/entities. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour.

Officers: John C. Garner, president; Gerti Reagan, vp; Roberta Hoffman, secretary.

Contact: John Garner or Gerti Reagan.

Godwins International

123 N. Wacker Drive, Chicago, Ill. 60606; 312-701-4800; fax: 312-701-2313

Benefit consulting since: 1938.

Parent: Aon Corp.

Services: 83% of revenues from benefit

consulting.

Retirement/savings plan consulting: 55% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, investment and tax planning for employees and dependents.

Welfare plan consulting: 24% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, COBRA record keeping.

Benefit communications consulting: 4% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, brokering, claims administration, investment and tax planning for private individuals.

Locations: Atlanta; Boston; Briarcliff and New York, N.Y.; Cedar Rapids, Iowa; Columbus, Ohio; Conshohocken and Pittsburgh, Pa.; Coral Gables, Jacksonville and Tampa, Fla.; Detroit and Grand Rapids, Mich.; Houston; Los Angeles, Palo Alto and San Francisco, Calif.; Minneapolis; Parsippany, N.J.; Portland, Ore.; Providence, R.I.; Seattle; St. Louis; Winston-Salem, N.C.; Melbourne and Sydney, Australia; Amsterdam, Netherlands; Aberdeen, Belfast, Birmingham, Bristol, Cardiff, Chelmsford, Edinburgh, Exeter, Farnborough, Glasgow, Harlow, Harrogate, Ipswich, Kendal, London, Manchester, Newcastle, Northampton, Nottingham, Plymouth, Portsmouth, Sevenoaks, St. Albans, Swindon, Torguay and Truro, United Kingdom.

Staff: 1,730 total. 1,390 benefit consulting employees; 1,087 professionals, including 30 FSAs, 34 ASAs, 58 CEBSs.

Continued on next page

READER REPLY SERVICE

PRODUCTS & SERVICES LISTING

Issue of December 20

Reader Service #	Advertiser	Page #	Reader Service #	Advertiser	Page #
1	Acordia	18	12	ERMA	31
2	American Drug Stores	39	13	Express Scripts	37
3	American Re-Insurance Co.	16-17	—	Fortis Inc.	12-13
3	American Re-Insurance Co.	15	14	Health Risk Management Inc.	19
—	Blue Cross/Blue Shield of TX	23	15	Humana	14
—	Blue Cross/Wellpoint Pharmacy	27	16	Int'l. Found. Empl. Ben.	22
—	Business Insurance	21,44-45	17	Intracorp	9
4	Capitol Special Risks	37	18	Multiplan Inc.	38
5	CNA/General Environ. Mgmt. Corp.	4	19	National Reinsurance	10-11
—	College of Insurance	27	—	Steelcase Inc.	6
6	Conning & Company	26	—	Sun Life of Canada	24
7	Cover X	34	—	Tempest Re	28
8	Dentafits Inc.	20	20	Travelers Insurance Co.	7
9	Duncanson & Holt	52	21	Washington Natl. Insurance Co.	35
10	E B G & Associates	39	22	Wausau Insurance Company	5
11	Employers Reinsurance Corp.	25			



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Issue Date: DECEMBER 20, 1993

Card Expiration: FEBRUARY 14, 1994

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 Union Ins/Reins Co Healthcare Inst
 Government Actry/Conslt
 Educational Inst Attorney Other _____

2. Number of employees:

- 150 or less 151 - 499 500 - 999
 1,000 - 4,999 5,000 or more Unknown

3. My title is best defined as:

- Administrative Mgt Benefits Mgt
 Financial Mgt Loss prevention Mgt
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4. My purchasing involvement for the requested products is to:

- I recommend only I specify I approve

5. Do you now receive a personally addressed copy of Business Insurance?

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

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Title _____

Company _____

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City _____ State _____ Zip _____

Phone () _____

Continued from previous page

29 CLUs, 25 CPAs, 20 attorneys, 55 EAs.
Compensation: By the project, commissions, on retainer, by the hour.

Gross revenues: \$139.33 million from worldwide benefit consulting in 1993 (65% from U.S. locations); \$122.76 million in 1992 (58% from United States); \$167.86 million total worldwide 1993 revenues (69% from United States).

Non-U.S. benefit consulting: Via overseas branches, from the United States.

Officers: Daniel T. Cox, chairman/CEO; Donald C. Ingram, chairman/COO-Godwins Booze & Dickenson; J. Hunter Divine, chairman-Godwins Ltd.
Contact: Donald C. Ingram.

H

HPL&S Inc.

125 S. Wilke Road, Suite 300,
 Arlington Heights, Ill. 60005;
 708-392-2999; fax: 708-392-1053

Benefit consulting since: 1977.

Services: 93% of revenues from benefit consulting.

Retirement/savings plan consulting: 78% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 5% of revenues. Includes plan design consulting.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Other services: Claims administration.
Staff: 24 professionals, including seven CPAs, two attorneys, two EAs.

Clients: 700 total; 85% corporations, 15% individuals. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$125-\$200; consultant, \$60-\$120; clerical, \$40-\$50.

Gross revenues: \$2.21 million from worldwide benefit consulting in 1993; \$2.17 million in 1992. \$2.38 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Mark Schwartz, president; George F. Castillo, vp; William C. Ludwig, treasurer; Ira A. Post, secretary; Thomas Doherty.

Halliwell & Associates Inc.

1800 2 Gateway Center, Pittsburgh,
 Pa. 15222; 412-288-0822;
 fax: 412-288-0863

Benefit consulting since: 1973.

Services: 85% of revenues from benefit consulting.

Retirement/savings plan consulting: 81% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 3% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, FAS 106 consulting, plan documentation, flexible benefit plan design and implementation.

Benefit communications consulting: 1% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; focus group surveys.

Other services: Risk management consulting.

Staff: 35 total; 25 professionals, including two FSAs, three ASAs, three CEBSs, five EAs.

Clients: 450 total; 80% corporations, 10% multiemployer plans, 10% municipalities. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$125-\$165; consultant, \$90-\$110; clerical, \$40-\$65.

Gross revenues: \$2.1 million from worldwide benefit consulting in 1993; \$2.3 million in 1992. \$2.5 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Paul D. Halliwell, president; David B. Thomas, Thomas S. Baily, vps.
Contact: David B. Thomas.

Hay/Huggins Co. Inc.

229 S. 18th St., Philadelphia,
 Pa. 19103; 215-875-2300;
 fax: 215-875-2833

Benefit consulting since: 1911.

Parent: Hay Group.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 50% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 40% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Locations: Atlanta; Boston; Chicago; Los Angeles and San Francisco; New York; Washington; Brussels, Belgium; Toronto; Paris; Utrecht, Netherlands; London.

Staff: 250 total; 100 benefit consulting employees, including 30 FSAs, 15 ASAs, 15 CEBSs, five CLUs, five CPAs, five attorneys, 70 EAs.

Clients: 1,000 total; 70% corporations, 10% multiemployer plans, 10% government agencies/entities, 10% other. No minimum size client.

Compensation: By the hour: senior consultant, \$275; consultant, \$175; clerical, \$100.

Officers: Kenneth Shapiro, president; Mike Cotter, Marie Dufresne, Kurt Fichtorn, Ed Husted, Don Samples, senior vps.

Contact: Kenneth Shapiro.

Hazlehurst & Associates Inc.

400 Perimeter Center Terrace,
 Suite 850, Atlanta, Ga. 30346;
 404-395-9880; fax: 404-512-6230

Benefit consulting since: 1971.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 90% of revenues. Includes plan design consulting; defined benefit plan actuarial work; pension plan recordkeeping; administration systems consulting; plan administration consulting; complete trustee, recordkeeping and investment services.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Locations: Bellevue, Wash.

Staff: 160 total.

Clients: 220 total, all corporations.

Compensation: By the project, by the hour.

Officers: James G. Pope, president; R. David Parsons, chairman; David M. Gladstone, T. Ray McKinney, executive vps.

Contact: Steve Martin.

Health Information Management

355 Oak Trail Drive, Lewisville,
 Texas 75067; 817-491-3593;
 fax: 817-491-3593

Benefit consulting since: 1986.

Services: 50% of revenues from benefit consulting.

Welfare plan consulting: 40% of revenues. Includes evaluation of service providers, health care cost containment, physician performance assessments.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit statement preparation.

Other services: Management consulting, provider reimbursement and contracting.

Staff: Two total, including one CEBS.

Clients: 12 total; 100% corporations. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$80-\$150; clerical, \$20-\$40.

Officers: Frederic R. Curtiss, president.

Health Systems Management Inc.

2840 W. River Parkway, Minneapolis,
 Minn. 55406; 612-729-1733;
 fax: 612-724-9586

Benefit consulting since: 1986.

Services: 60% of revenues from benefit consulting.

Welfare plan consulting: 48% of revenues.

Benefit communications consulting: 12% of revenues.

Other services: Management consulting.

Clients: 100% corporations. No minimum size client.

Compensation: By the project, by the hour.

Officers: Laird L. Miller, president; Joanne E. Miller, partner.

Contact: Laird L. Miller.

HealthPlan Management Services Inc.

2 Paces W., 2727 Paces Ferry Road
 N.W., Atlanta, Ga. 30339;
 404-433-4160; fax: 404-434-6043

Benefit consulting since: 1986.

Parent: John Hancock Financial Services Inc.

Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 75% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 25% of revenues. Includes communications consulting; benefit statement and booklet preparation; enrollment services, including telephone assistance lines.

Other services: Management consulting, HMO program management.

Staff: 30 total; 10 professionals.

Clients: 100% corporations. Minimum size client: 5,000 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$200-\$250; consultant, \$125-\$200; clerical, \$45-\$60.

Gross revenues: \$3.9 million from worldwide benefit consulting in 1993; \$3.2 million in 1992 (100% from U.S. locations).

Officers: Joseph Zupc, COO; Marc Gottlieb, director-administration; Thomas Blunk, director-financial services; Diana Wietcha, director-health services; Karen Richardson, director-marketing.

Hewitt Associates

100 Half Day Road, Lincolnshire,
 Ill. 60069; 708-295-5000;
 fax: 708-295-7634

Benefit consulting since: 1940.

Services: 85% of revenues from benefit consulting.

Retirement/savings plan consulting: 55% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; investment education.

Other services: Compensation consulting, claims administration.

Locations: Atlanta; Bedminster, N.J.; Boston; Charlotte, N.C.; Chicago; Cleveland and Dayton, Ohio; Dallas, Houston, San Antonio and The Woodlands, Texas; Denver; Detroit; Los Angeles, Newport Beach, San Francisco and Walnut Creek, Calif.; Milwaukee; Minneapolis; New York; Philadelphia and Pittsburgh; Phoenix; Richmond, Va.; Rowayton, Conn.; St. Louis; Seattle; Tampa, Fla.; Washington; Buenos Aires, Argentina; Adelaide, Brisbane, Melbourne, Perth and Sydney, Australia; Brussels, Belgium; Montreal and Toronto; Paris; Wiesbaden, Germany; Dublin, Ireland; Milan, Italy; Mexico City; Eindhoven, Rotterdam and Utrecht, Netherlands; Auckland, Christchurch and Wellington, New Zealand; San Juan, Puerto Rico; Singapore; Madrid; Geneva, Neuchatel and Zurich, Switzerland; Tokyo; Bangkok, Thailand; St. Albans, United Kingdom.

Staff: 3,466 total, including 142 FSAs, 138 ASAs, 29 CEBSs, 8 CLUs, 78 CPAs, 39 attorneys, 147 EAs.

Clients: 2,500 total. No minimum size client.

Compensation: By the hour.

Gross revenues: \$296 million from worldwide benefit consulting in 1993; \$280 million in 1992. \$350 million total worldwide 1993 revenues. (92% of revenues are from U.S. locations.)

Non-U.S. benefit consulting: Via overseas branches, via correspondents, from the United States.

Officers: Dale L. Gifford, CEO.

A. Foster Higgins & Co. Inc.

125 Broad St., New York, N.Y. 10004;
 212-574-9000; fax: 212-574-9100

Benefit consulting since: 1927.

Parent: Johnson & Higgins.

Services: 67% of revenues from benefit consulting.

Retirement/savings plan consulting: 26% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, retiree health care, administrative consulting, executive benefits consulting.

Welfare plan consulting: 36% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, managed care consulting, flexible compensation and worker's compensation consulting.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive voice response systems.

Other services: Compensation consulting, brokering.

Locations: 50 U.S. offices and 80 worldwide offices, including: Atlanta; Chicago; Cleveland; Dallas; Costa Mesa, Los Angeles and San Francisco, Calif.; Hartford and Stamford, Conn.; Miami; Minneapolis; Philadelphia; Princeton, N.J.; Richmond, Va.; Seattle; Washington; Montreal, Toronto, Vancouver and Winnipeg, Canada.

Staff: 1,891 total; 1,294 benefit consulting employees, including 49 FSAs, 58 ASAs, 45 CEBSs, six CPAs, 22 attorneys, 68 EAs.

Compensation: By the project, commissions, on retainer, by the hour.

Gross revenues: \$164 million from worldwide benefit consulting in 1993; \$159 million in 1992 (79% from U.S. locations in 1992 and 1993). \$245 million total worldwide 1993 revenues (85% from U.S. locations).

Non-U.S. benefit consulting: Via overseas branches, via correspondents, from the United States.

Officers: Robert F. Powell, chairman/CEO; John N. Feldtmose, president.
Contact: Ed Emerman.

Hogg Robinson Inc./Hogg Robinson Benefit Services

20 Custom House St., 7th Floor,
 Boston, Mass. 02110; 617-330-5100;
 fax: 617-330-6940

Parent: Hogg Group P.L.C.

Services: 25% of revenues from benefit consulting.

Retirement/savings plan consulting: 10% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, FAS 106, one-on-one retirement plan consulting, strategic benefit planning, executive benefits consulting.

Welfare plan consulting: 12.5% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, actuarial review of pricing and contributions.

Benefit communications consulting: 2.5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive software programs; investment literature, videos, slide shows and enrollment meetings.

Other services: Compensation consulting, brokering, claims administration.

Locations: Atlanta; Bloomington, Minn.; Boca Raton, Fla.; Chicago; Culver City, Calif.; Irving, Texas; New York; Pepper Pike, Ohio; Philadelphia; Southfield, Mich.

Staff: 294 total; 70 benefit consulting employees; 40 professionals, including one FSA, four ASAs, two CEBSs, one CLU, one CPA, three EAs.

Clients: 225 total. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour.

Gross revenues: \$5.7 million from worldwide benefit consulting in 1993; \$4.7 million in 1992. \$23 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Non-U.S. benefit consulting: Via overseas branches, via correspondents.

Officers: Richard I. Citron, president; Gerard E. Desmond, president/CEO-consulting group; Thomas D. Ucko, senior vp.

Contact: Thomas D. Ucko, 212-682-7500.

Hunter & Associates

RR 1, Box 169-E, Derby, Vt. 05829;
 802-766-4717

Benefit consulting since: 1984.

Services: 95% of revenues from benefit consulting.

consulting.

Retirement/savings plan consulting: 2% of revenues. Includes plan design consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 63% of revenues. Includes plan design consulting, plan document drafting.

Benefit communications consulting: 30% of revenues. Includes communications consulting, benefit booklet preparation, summary plan description drafting.

Other services: Management consulting, claims administration, general business consulting, claims policy manual drafting.

Staff: Five total; three professionals.
Clients: 110 total; 99% corporations, 1% multiemployer plans. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$160; consultant, \$80.

Officers: David H. Gluck, president; Susan L. Waybourn, vp; D. Bentley, director-operations.

Contact: David H. Gluck.

I

Independent Dental Consultants

301 N. Harrison, Building B, Suite 173,
 Princeton, N.J. 08540; 908-286-9210

Benefit consulting since:

Services: 90% of revenues from benefit consulting.

Welfare plan consulting: 81% of revenues. Includes dental plan design consulting, evaluation of dental service providers, dental care cost containment.

Benefit communications consulting: 9% of revenues. Includes general consulting on communications programs.

Other services: Compensation consulting, management consulting, claims administration.

Clients: 50% corporations, 45% ME-WAs, 5% individuals. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$125; consultant, \$100.

Officers: Kenneth O'Connor, D.M.D., president.

Insurance Management & Planning

110 Cottage Hill, Suite 250, Elmhurst,
 Ill. 60126-3369; 708-832-1330;
 fax: 708-834-7878

Benefit consulting since: 1989.

Services: 50% of revenues from benefit consulting.

Welfare plan consulting: 40% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Staff: One total.

Compensation: By the project, by the hour: senior consultant, \$195; clerical, \$55.

Officers: James F. Goodman, managing director.

Isenberg & Associates Inc.

1316 Rockbridge Road, Suite J,
 Stone Mountain, Ga. 30087;
 404-381-0359; fax: 404-381-5226

Services: 90% of revenues from benefit consulting.

Welfare plan consulting: Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, PPO development.

Other services: Compensation consulting.

Staff: 12 total; 10 benefit consulting employees.

Clients: 100% corporations. Minimum size client: 500 employees.

Compensation: By the project, by the hour: senior consultant, \$125; consultant, \$100; case management, \$75-\$90; clerical, \$45.

Continued on next page

For an explanation of directory terms and methodology, see guide on page 23.

Continued from previous page

Officers: Walter G. Isenberg, president; Lois Parrott, treasurer; Nancy Durden, vp; Donna Katona, director.
Contact: Nancy Durden.

J

Howard Johnson & Co.

1111 Third Ave., Suite 1700, Seattle, Wash. 98101; 206-625-1040; fax: 206-682-8562

Benefit consulting since: 1965.
Services: 98% of revenues from benefit consulting.

Retirement/savings plan consulting: 80% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 15% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 3% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting.

Locations: Chicago; Los Angeles; New York; Portland, Ore.; San Francisco; Spokane, Wash.; Washington.

Staff: 228 total; 183 professionals, including six FSAs, six ASAs, one CPA, four attorneys, 15 EAs.

Clients: 1,000 total; 98% corporations, 1% multi employer plans, 1% government agencies/entities.

Compensation: By the hour.
Gross revenues: \$20.5 million from worldwide benefit consulting in 1993; \$20.5 million in 1992. \$21 million total worldwide 1993 revenues.

Non-U.S. benefit consulting: From the United States

Officers: Howard J. Johnson, president/CEO; Brendan O'Farrell, executive vp; Nancy B. Greer, CFO; Charles R. Southall, vp; John R. Claus, vp/secretary.

Contact: Howard J. Johnson.

K

KBC Inc.

919 Third Ave., New York, N.Y. 10022; 212-688-9700; fax: 212-319-7509

Benefit consulting since: 1983.
Parent: The Kornreich Organization.
Services: 28% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 19% of revenues. Includes plan design consulting;

insurer/broker selection consulting; evaluation of service providers; health care cost containment; financial consulting and negotiation; managed care availability, provider and network analysis.

Benefit communications consulting: 4% of revenues. Includes communications consulting, benefit statement preparation.

Other services: Brokering, administration of FSAs and flex plans, COBRA administration, centralized HMO billing administration.

Locations: West Palm Beach, Fla.

Staff: 23 total. 14 benefit consulting employees; nine professionals, including two CEBSS, two CLUs, one CPA, one attorney.

Clients: 200 total; 95% corporations, 5% multi employer plans. Minimum size client: 75 employees.

Compensation: By the project, commissions, on retainer.

Gross revenues: \$700,000 from worldwide benefit consulting in 1993; \$745,000 in 1992. \$2.5 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Philip Ruggieri, senior vp; Steven Grossberg, executive vp/COO; William Kornreich, James Kornreich, Thomas Kornreich, executive vps.

Contact: Philip Ruggieri.

KM Consulting Group

346 Westbury Ave., Carle Place, N.Y. 11514; 516-333-2001; fax: 516-333-2253

Benefit consulting since: 1902.
Parent: Kalvin-Miller International/Whitehall Financial Group.

Services: 80% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues. Includes plan design consulting, defined benefit plan actuarial work, legal document drafting, plan administration consulting.

Welfare plan consulting: 65% of revenues. Includes plan design consulting, evaluation of service providers.

Benefit communications consulting: 10% of revenues. Includes communications consulting, booklet and audiovisual preparation.

Other services: Compensation consulting, brokering, management consulting, claims administration, auditing.

Locations: Los Angeles, New York.

Staff: 180 total; 18 professionals, including 11 FSAs, two CLUs, two CPAs, two attorneys, three EAs.

Clients: 220 total; 90% corporations, 5% multi employer plans, 5% MEWAs. Minimum size client: 50 employees.

Compensation: By the hour: senior consultant, \$150-\$250; consultant, \$125-\$175; clerical, \$50-\$75.

Gross revenues: \$4.5 million from worldwide benefit consulting in 1993; \$3.1 million in 1992. (All revenues are from U.S. locations.)

Officers: David Moross, chairman; Robert Munao, president/CEO; Myrna Feinman, executive vp; Susan White, vp.

Contact: Susan White.

KPMG Peat Marwick-Compensation & Benefits Practice

767 Fifth Ave., New York, N.Y. 10153; 212-909-5000; fax: 212-909-5299

Benefit consulting since: 1961.
Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 75% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, tax consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, evaluation of service providers, health care cost containment, managed care analysis.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Locations: Atlanta, Boston, Chicago, Cleveland, Dallas, Houston, Los Angeles, San Francisco, Washington.

Staff: 300 professionals, including 20 FSAs, 20 ASAs, 10 CEBSS, 12 CPAs, 22 attorneys, 25 EAs.

Clients: 3,000 total.

Compensation: By the hour.

Officers: Robert K. Decelles, managing partner; Lester L. Oliver, national partner in charge; James T. Colburn, actuarial practice leader; Charles E. Humphrey, DCS practice leader; James E. Buckley, group benefits practice leader.

Contact: Lester L. Oliver, 213-955-8837.

Keenan & Associates

P.O. Box 4328, Torrance, Calif. 90510; 310-212-3344; fax: 310-328-6793

Benefit consulting since: 1972.
Services: 32% of revenues from benefit consulting.

Welfare plan consulting: 32% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Other services: Brokering, claims administration, adjusting, risk management, insurance pools administration.

Locations: Campbell, Emeryville, Fresno, Riverside, Sacramento, San Diego, Santa Ana and Westlake Village, Calif.

Staff: 348 total. 77 benefit consulting employees; 53 professionals, including three CEBSS, five CLUs, three CPAs, two attorneys.

Clients: 9% corporations, 91% government agencies/entities. Minimum size client: 100 employees.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$175; consultant, \$150; clerical, \$40.

Gross revenues: \$11.23 million from worldwide benefit consulting in 1993; \$10.4 million in 1992. \$31 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: John R. Keenan, CEO/president; Harwood J. Bren, executive vp/COO; David J. DeWenter, executive vp/chief administrative officer; Keith R. Pippard, CFO.

Kennedy Consulting Group

1460 Renaissance Drive, Suite 310, Park Ridge, Ill. 60068; 708-299-7000; fax: 708-299-7071

Benefit consulting since: 1990.
Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 95% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, PPO network development, HMO rate negotiation.

Benefit communications consulting: 5% of revenues. Includes communications consulting, medical plan open enrollment and flexible benefits consulting.

Staff: Five total; four professionals, including one CLU, one attorney.

Clients: 60 total. 82% corporations; 5% multi employer plans; 3% government agencies/entities; 10% schools, municipalities, professional associations. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$175; consultant, \$130; plan documents/summary plan description, \$150.

Gross revenues: \$500,000 from worldwide benefit consulting in 1993; \$550,000 in 1992. \$500,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: James P. Kennedy, president.

Kimball, Akins & Bigwood Inc.

800 South St., Waltham, Mass. 02154; 617-894-2111; fax: 617-894-3781

Benefit consulting since: 1970.
Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 85% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, legal document drafting, plan administration consulting, introduction to investment managers.

Welfare plan consulting: 10% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, flexible benefits consulting, COBRA compliance, post retirement benefits design measurement (FAS 106).

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit statement and booklet preparation, flex benefit enrollment forms.

Staff: 25 total; 22 professionals, including four ASAs, one CLU, one CPA, one attorney, four EAs.

Clients: 80% corporations, 20% multi employer plans. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$165; consultant, \$135; clerical, \$60-\$90.

Gross revenues: \$1.5 million from worldwide benefit consulting in 1993; \$1.5 million in 1992. \$1.5 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: C. Charles Akins Jr., president; Emmet M. Bonner, Joanne O'Donnell, Richard S. Fitts, vps.

Contact: Richard S. Fitts.

The Kooper Group

770 Lexington Ave., New York, N.Y. 10021; 212-755-0800; fax: 212-755-0831

Benefit consulting since: 1966.
Services: 80% of revenues from benefit consulting.

Welfare plan consulting: 75% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes communications consulting, computer services.

Other services: Brokering.

Staff: 26 total; 15 professionals.

Clients: 525 total; 95% corporations, 5% government agencies/entities.

Compensation: By the project, commissions, on retainer, by the hour.

Gross revenues: \$3.8 million from worldwide benefit consulting in 1993; \$3.4 million in 1992. \$4.4 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Michael Kooper, president; Susan Crocker, executive vp.

Joseph Kozlowski-JGK Associates

14464 Kerner Drive, Sterling Heights, Mich. 48313; 313-247-9055

Benefit consulting since: 1986.
Services: 100% of revenues from benefit consulting.

Continued on next page

NEW

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Continued from previous page
 efit consulting.

Welfare plan consulting: 90% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, advice on direct contracting and strategic health.

Benefit communications consulting: 10% of revenues. Includes general communications consulting.

Staff: Four total; three professionals.
Clients: 12 total; 76% corporations, 8% multiemployer plans, 16% MEWAs. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$100; consultant, \$25; clerical, \$20.

Officers: Joseph Kozlowski, principal consultant.

Kral Goodenough Kral

1250 W. Northwest Highway, Suite 400, Palatine, Ill. 60067; 708-934-1104; fax: 708-934-3157

Benefit consulting since: 1991.

Services: 51% of revenues from benefit consulting.

Retirement/savings plan consulting: 18% of revenues. Includes plan design consulting, pension plan recordkeeping, administration systems consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 28% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit statement and booklet preparation, surveys for feasibility of flex plans.

Other services: Compensation consulting, brokering, non-qualified compensation business succession planning, estate planning, financial planning.

Staff: Nine total; three professionals, including one ASA, one CEBS, two CLUs, one CPA.

Clients: 110 total; 96% corporations, 4% individuals.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$150-\$200; consultant, \$75; clerical, \$28-\$35.

Gross revenues: \$280,000 from worldwide benefit consulting in 1993; \$248,000 in 1992. \$560,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Terry Kral, Larry R. Goode-nough, Marianne T. Kral.

Kushner & Co. Inc.

141 E. Michigan Ave., Suite 400, Kalamazoo, Mich. 49007; 616-342-1700; fax: 616-342-1606

Benefit consulting since: 1982.

Services: 67% of revenues from benefit consulting.

Retirement/savings plan consulting: 16% of revenues. Includes plan design consulting, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 41% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit booklet and audiovisual preparation.

Other services: Compensation consulting, management consulting, claims administration.

Locations: Grand Rapids, Mich.; Washington.

Staff: Seven total; five professionals.
Clients: 440 total; 85% corporations, 15% government agencies/entities.

Compensation: By the project, by the hour: senior consultant, \$225; consultant, \$175; clerical, \$50.

Gross revenues: \$449,000 from worldwide benefit consulting in 1993; \$467,000 in 1992. \$650,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Gary B. Kushner.

Contact: Jackie Justice.

Kwasha Lipton

2100 N. Central Road, Fort Lee, N.J. 07024; 201-592-1300; fax: 201-592-9012

Benefit consulting since: 1944.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 64% of revenues. Includes plan design

consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 18% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 18% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Staff: 440 total; 330 professionals, including 25 FSAs, 32 ASAs, one CEBS, two CLUs, three CPAs, five attorneys, 40 EAs.

Clients: 325 total; 98% corporations, 2% multiemployer plans.

Compensation: By the project, on retainer.

Non-U.S. benefit consulting: Via correspondents, from the United States.

Officers: David A. Skovron, chief executive partner; Robert S. Byrne, chief operating partner; James T. Brickman, chief recording partner.

Contact: Lance D. Tane or Sid Mendelson.

L

Legacy Enterprises L.P.

7400 Shoreline Drive, Suite 3, Stockton, Calif. 95219; 209-957-3185; fax: 209-957-7843

Benefit consulting since: 1990.

Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 100% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Staff: Six total.

Clients: 10 total; 7% corporations, 1% individuals, 92% municipalities.

Compensation: By the project, com-

missions, on retainer, by the hour.

Officers: Charlynn Musick, president.

A.J. LePenske & Associates Ltd.

907 N. Elm St., Suite 201, Hinsdale, Ill. 60521; 708-323-0336; fax: 708-323-0421

Benefit consulting since: 1989.

Services: 35% of revenues from benefit consulting.

Welfare plan consulting: 30% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes communications consulting, booklet preparation.

Other services: Brokering.

Staff: Three total; two professionals, including one CEBS, one CLU.

Clients: 95% corporations, 5% individuals.

Compensation: By the project, commissions, on retainer.

Officers: Fred LePenske, president.

M

MG Communications

94 Paterson Road, Fanwood, N.J. 07023-1056; 908-322-4176; fax: 908-322-4176

Benefit consulting since: 1991.

Services: 89% of revenues from benefit consulting.

Retirement/savings plan consulting: 9% of revenues. Client communications for consultants.

Welfare plan consulting: 80% of revenues. Client communications for consultants and managed care organizations.

Other services: Marketing communications for consultants and managed care organizations.

Staff: One total.

Clients: Four total; 25% corporations, 75% benefit consultants and publications. Minimum size client: 100 employees.

Continued on next page

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Continued from previous page
Compensation: By the project, by the hour: senior consultant, \$70-\$100.
Gross revenues: All revenues are from U.S. locations.
Officers: Marc Grobman, principal.

Mahoney & Associates Inc.

1500 Main St., Suite 2116, Springfield, Mass. 01115; 413-788-7303; fax: 413-781-0701

Benefit consulting since: 1963.
Services: 30% of revenues from benefit consulting.

Retirement/savings plan consulting: 10% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 10% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, brokering.

Locations: Fort Lauderdale, Fla.
Staff: 30 total; 11 professionals, including two CEBSS, two CLUs, one CPA, one attorney.

Clients: 200 total, all corporations. Minimum size client: 200 employees.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$175; consultant, \$125; clerical, \$35.

Gross revenues: \$1 million from worldwide benefit consulting in 1993; \$1.1 million in 1992. \$3 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: William E. Mahoney Jr., president; Martha L. Mahoney, executive vp; Larry Brand, vp.
Contact: William E. Mahoney Jr.

Mammel, Schropp, Swartzbaugh, Engler & Jones Inc.

9110 W. Dodge Road, Suite 175, Omaha, Neb. 68114; 402-397-7000; fax: 402-398-2458

Benefit consulting since: 1959.
Parent: Redland & Associates.
Services: 27% of revenues from benefit consulting.

Retirement/savings plan consulting: 24% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, plan administration consulting, asset/investment consulting.

Welfare plan consulting: 2% of revenues. Includes plan design consulting, insurer/broker selection consulting.

Benefit communications consulting: 1% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Brokering, claims administration.
Staff: 120 total; 28 professionals, including three FSAs, four CEBSS, eight CLUs, four CPAs, five attorneys, three EAs.

Clients: 3,000 total; 55% corporations, 15% multiemployer plans, 30% individuals. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$130-\$200; consultant, \$100; clerical, \$20-\$50.

Gross revenues: \$2.5 million from worldwide benefit consulting in 1993; \$2.07 million in 1992. \$8.9 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Non-U.S. benefit consulting: From the United States.
Officers: Carl Mammel, chairman; Gary Hurley, vice chairman; Donn B. Jones Jr., senior vp; Tony Sorrentino, Mark A. Weber, vps.

Contact: Bailie Johnson, accounting manager.

Don Mayes & Associates

360 Maple Ave., Hershey, Pa. 17033; 717-533-1681; fax: 717-533-5954

Benefit consulting since: 1990.
Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 100% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, dental HMO/PPO network development, quality improvement/assurance and evaluation.
Staff: Four total.
Clients: 15 total; 89% corporations,

11% multiemployer plans. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$200-\$250; consultant, \$160; clerical, \$40.

Officers: Don Mayes, D.D.S., principal.

William M. Mercer Cos. Inc.

1166 Ave. of the Americas, New York, N.Y. 10036-2708; 212-345-7000

Benefit consulting since: 1975.
Parent: Marsh & McLennan Cos.
Services: 89% of revenues from benefit consulting.

Retirement/savings plan consulting: 64% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, single-source administrative servicing with unbundled investment managers.

Welfare plan consulting: 21% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, health care data analysis, electronic claims audits, workers compensation medical management.

Benefit communications consulting: 4% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive benefit communications systems, including voice response systems.

Other services: Compensation consulting, human resources management consulting and actuarial consulting on issues unrelated to employee benefit plans.

Locations: Albuquerque, N.M.; Anchorage, Alaska; Atlanta; Baltimore; Birmingham, Ala.; Boston; Charlotte, N.C.; Chicago and Deerfield, Ill.; Cincinnati, Cleveland and Columbus, Ohio; Dallas, Fort Worth and Houston, Texas; Denver; Detroit; Indianapolis; Irvine, Los Angeles, Orange, San Francisco and San Jose, Calif.; Kansas City and St. Louis, Mo.; Louisville, Ky.; Memphis, Tenn.; Milwaukee; Minneapolis; Morristown, N.J.; New Orleans, La.; Philadelphia and Pittsburgh, Pa.; Phoenix; Portland, Ore.; Richmond, Va.; Rochester, N.Y.; San Juan, Puerto Rico; Seattle; Stamford, Conn.; Tampa, Fla.; Washington, D.C.; Adelaide, Brisbane, Melbourne, Perth and Sydney, Australia; Antwerp and Brussels, Belgium; Rio de Janeiro and Sao Paulo, Brazil; Calgary, Halifax, London, Mississauga, Montreal, North York, Ottawa, Quebec City, St. John's, Saskatoon, Toronto, Vancouver, Victoria and Winnipeg, Canada; Copenhagen, Denmark; Paris; Budapest, Hungary; Cork and Dublin, Ireland; Frankfurt and Stuttgart, Germany; Hong Kong; Kuala Lumpur, Malaysia; Lisbon, Portugal; Mexico City, Milan, Italy; Rotterdam, Netherlands; Auckland, Christchurch and Wellington, New Zealand; Seoul, South Korea; Singapore; Barcelona and Madrid, Spain; Stockholm, Sweden; Geneva; Taipei, Taiwan; Tokyo; Birmingham, Brentwood, Chichester, Douglas (Isle of Man), Edinburgh, Glasgow, Leatherhead, Leeds, Liverpool, London, Manchester, Watford and Windsor, United Kingdom.

Staff: 6,400 total; 4,352 professionals, including 560 FSAs, 350 ASAs, 50 CEBSS, 150 attorneys, 100 EAs.
Clients: 15,000 total; 87% corporations, 3% multiemployer plans, 1% MEWAs, 9% government agencies/entities. Minimum size client: 100 employees.

Compensation: By the project, on retainer, by the hour.
Gross revenues: \$600 million from worldwide benefit consulting in 1993; \$637 million in 1992 (59% from U.S. locations). \$859 million* total worldwide 1993 revenues (63% from U.S. locations).

Non-U.S. benefit consulting: Via overseas branches, via correspondents, from the United States.
Officers: Peter Coster, president; Jean-Louis Bourbeau, Peter E. Felton, Ronald M. Walker, Thomas R. Waylett, executive vps.

* Figure includes revenues from William M. Mercer Cos. and other Mercer Consulting Group entities.

Compensation: By the project, on retainer, by the hour.

Gross revenues: \$600 million from worldwide benefit consulting in 1993; \$637 million in 1992 (59% from U.S. locations). \$859 million* total worldwide 1993 revenues (63% from U.S. locations).

Non-U.S. benefit consulting: Via overseas branches, via correspondents, from the United States.

Officers: Peter Coster, president; Jean-Louis Bourbeau, Peter E. Felton, Ronald M. Walker, Thomas R. Waylett, executive vps.

* Figure includes revenues from William M. Mercer Cos. and other Mercer Consulting Group entities.

Meridian Resource Corp.

2 E. Mifflin St., Suite 12, Madison, Wis. 53703; 608-258-3350; fax: 608-258-3359

Benefit consulting since: 1991.
Parent: United Wisconsin Services Inc.
Services: 80% of revenues from benefit consulting.

Retirement/savings plan consulting: 10% of revenues. Includes plan design consulting.

Welfare plan consulting: 40% of revenues.

Includes plan design consulting, evaluation of service providers, health care cost containment, health care claims auditing, hospital bill audits.

Benefit communications consulting: 30% of revenues. Includes communications consulting, employee surveys, patient satisfaction surveys.

Other services: Management consulting, claims administration, feasibility studies, economic analyses, health care data analysis, investigation and recovery services.

Locations: Milwaukee.
Staff: 12 total; nine professionals, including one FSA.

Clients: 70% corporations, 30% health care coalition and government units. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$150-\$200; consultant, \$100-\$150; clerical, \$65.

Non-U.S. benefit consulting: Via correspondents, from the United States.

Officers: Roger A. Formisano, president; Mike Miller, director-health care audits; Mark Phelps, director-data analysis; Susan van Duyne, director-consulting services.

Contact: Kate M. Nisbet.

Metro Benefits Inc.

5000 McKnight Road, Pittsburgh, Pa. 15237; 412-367-4555; fax: 412-367-7579

Benefit consulting since: 1986.
Services: 98% of revenues from benefit consulting.

Retirement/savings plan consulting: 93% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting.

Benefit communications consulting: 5% of revenues. Includes benefit statement, booklet and audiovisual preparation.

Other services: Claims administration.
Staff: Nine total; five professionals, including one FSA, one EA.

Clients: 210 total; 95% corporations, 4% individuals, 1% government agencies/entities. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$150; consultant, \$90; clerical, \$25.

Gross revenues: \$430,000 from worldwide benefit consulting in 1993; \$371,000 in 1992. (All revenues are from U.S. locations.)

Officers: David M. Lipkin, president; Joyce E. Lipkin, executive vp; Diane M. Maier, vp.

Milliman & Robertson Inc.

1301 Fifth Ave., Suite 3800, Seattle, Wash. 98101-2605; 206-624-7940; fax: 206-340-1380

Benefit consulting since: 1947.
Services: 37% of revenues from benefit consulting.

Retirement/savings plan consulting: 24% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 12% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 1% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, claims administration.

Locations: Albany and New York, N.Y.; Atlanta; Boston; Chicago; Cincinnati; Dallas and Houston; Denver; Hartford, Conn.; Indianapolis; Irvine, Los Angeles, San Diego and San Francisco; Milwaukee; Minneapolis; Omaha, Neb.; Philadelphia; Phoenix; Portland, Ore.; St. Louis; Salt Lake City; Washington; Tokyo.

Staff: 900 total; 333 benefit consulting employees; 132 professionals, including 205 FSAs, 114 ASAs, two CPAs, two attorneys, 88 EAs.

Clients: 5,000 total; 80% corporations, 10% multi employer plans, 5% MEWAs, 5% government agencies/entities.

Compensation: By the project, on retainer, by the hour: senior consultant, \$180-\$305; consultant, \$120-\$225; clerical, \$25-\$90.

Gross revenues: \$48 million from worldwide benefit consulting in 1993; \$45 million in 1992 (100% from U.S. locations). \$128 million total worldwide 1993 revenues (99% from U.S. locations).

Officers: Daniel J. McCarthy, chair-

man; Robert L. Collett, president/CEO; L. Jerry Lee, treasurer.

Contact: Lloyd B. Robinson, director-marketing support.

Lawrence Mitchell Inc.

5525 Oakdale Ave., Suite 450, Woodland Hills, Calif. 91364-2614; 818-888-3344; fax: 818-347-9251

Benefit consulting since: 1964.
Services: 99% of revenues from benefit consulting.

Retirement/savings plan consulting: 39% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: 50% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 10% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Staff: One total, a FSA and EA.
Clients: 90% corporations, 5% multi-employer plans, 5% government agencies/entities. No minimum size client.

Compensation: By the hour: senior consultant, \$280.

Officers: Lawrence Mitchell.

Mockenhaupt, Mockenhaupt, Cowden & Parks Inc.

1 Gateway Center, 11th Floor, Pittsburgh, Pa. 15222-1416; 412-394-9300; fax: 412-261-1207

Benefit consulting since: 1940.
Services: 59% of revenues from benefit consulting.

Retirement/savings plan consulting: 50% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, mergers and acquisitions, compliance management.

Welfare plan consulting: 8% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, special studies per client request.

Benefit communications consulting: 1% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, claims administration, specialized data processing.

Staff: 111 total; 31 benefit consulting employees; 24 professionals, including three FSAs, two ASAs, three CEBSS, two CLUs, two CPAs, two attorneys, five EAs.

Clients: 1,103 total; 50% corporations, 30% MEWAs, 20% government agencies/entities. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$150; consultant, \$120; clerical, \$60.

Gross revenues: \$5.22 million from worldwide benefit consulting in 1993; \$4.8 million in 1992. \$10 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: John P. Parks, president; Richard C. Mockenhaupt, Jere L. Cowden, vps; Paul A. Mockenhaupt, treasurer; Barbara A. Klaczak, secretary.

R.C. Morris Inc.

7209 Chagrin Road, Suite A, Chagrin Falls, Ohio 44023; 216-247-1221; fax: 216-247-1215

Benefit consulting since: 1988.
Services: 95% of revenues from benefit consulting.

Retirement/savings plan consulting: 45% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, plan administration consulting.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, flex plan administration.

Benefit communications consulting: 30% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Management consulting.

Staff: Three total, all professionals, including one EA.

Clients: 70 total; 95% corporations, 5% government agencies/entities. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$100; consultant, \$85; clerical, \$40.

Off cers: Robyn C. Morris, president; Catherine Wolford, vp.

Contact: Robyn C. Morris.



Nagler & Nagler/Sierra Benefits

2140 Federal Ave., Los Angeles, Calif. 90025-5327; 310-444-9991; fax: 310-444-9760

Benefit consulting since: 1957.
Services: 50% of revenues from benefit consulting.

Retirement/savings plan consulting: 32% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 10% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 8% of revenues.

Other services: Compensation consulting, brokering, management consulting, claims administration.

Locations: Bakersfield, Fresno, Sacramento, San Bernardino, San Diego, San Francisco and Stockton, Calif.

Staff: 37 total; 16 professionals.

Clients: 2,080 total; 80% corporations, 5% multiemployer plans, 5% MEWAs, 10% individuals. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$150; consultant, \$100; clerical, \$25.

Gross revenues: \$3 million from worldwide benefit consulting in 1993; \$4.8 million in 1992. \$6 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Lawrence Nagler, CEO; David Nagler, executive vp; Elise Barrett, Lee Rossello, vps; Jon Wolin, CFO.

National Benefit Consultants Inc.

28900 Orchard Lake Road, Suite 210, Farmington Hills, Mich. 48334; 313-539-4000; fax: 313-539-4012

Benefit consulting since: 1968.
Services: 44% of revenues from benefit consulting.

Retirement/savings plan consulting: 29% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 10% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, brokering, management consulting, claims administration.

Locations: Chicago.

Staff: 25 total. Seven benefit consulting employees; three professionals, including one FSA, two CPAs.

Clients: 666 total; 77% corporations, 9% multiemployer plans, 5% MEWAs, 9% individuals.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$200; consultant, \$100; clerical, \$50.

Officers: Harold H. Lambert, president; Brian V. Stevens, secretary/treasurer; Michael T. Stacey, vp.

The Nemirow Group

3662 Katella Ave., Suite 211, Los Alamitos, Calif. 90720; 310-430-8231; fax: 310-799-1377

Benefit consulting since: 1988.
Services: 25% of revenues from benefit consulting.

Welfare plan consulting: 22.5% of revenues.

Benefit communications consulting: 2.5% of revenues.

Staff: Two total, including one CPA.

Clients: 100% corporations. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$175; consultant, \$100.

Officers: Lawrence H. Nemirow, president.

Continued from previous page

Northeast Benefit Plan ServicesP.O. Box 703, Milford, Mass. 01757;
508-478-6214; fax: 508-478-3199**Benefit consulting since:** 1990.**Services:** 32% of revenues from benefit consulting.**Retirement/savings plan consulting:** 21% of revenues. Includes plan design consulting, pension plan record keeping, investment manager selection consulting.**Welfare plan consulting:** 11% of revenues. Section 125 consulting.**Other services:** Brokering.**Staff:** Two total, both professionals, including one CEBS, one CLU.**Clients:** 39 total; 90% corporations, 5% individuals, 5% partnerships. No minimum size client.**Compensation:** By the project, commissions.**Officers:** J. Paul Freniere, principal; Robert J. Bogue, associate.**Contact:** J. Paul Freniere.**Northeast Consulting Group**11 Commerce Drive, Cranford,
N.J. 07016; 908-709-1600;
fax: 908-709-1615**Benefit consulting since:** 1972.**Services:** 100% of revenues from benefit consulting.**Retirement/savings plan consulting:** 94% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.**Welfare plan consulting:** 5% of revenues. Includes plan design consulting, health care cost containment, medical reimbursement accounting administration.**Benefit communications consulting:** 1% of revenues. Includes communications consulting, benefit statement and booklet preparation.**Other services:** Claims administration.**Staff:** 29 total; 23 professionals, including one FSA, two EAs.**Clients:** 980 total; 93% corporations, 1% multi employer plans, 6% individuals. No minimum size client.**Compensation:** By the project, by the hour: senior consultant, \$250; consultant, \$100; clerical, \$35.**Gross revenues:** \$2.15 million from worldwide benefit consulting in 1993; \$2.01 million in 1992. \$2.15 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)**Officers:** Marvin A. Scharb, president/actuary; Stephen Dolce, vp/actuary; Daniel Perrine, vp/managing actuary.**P****Parsons, McKee, Sommers & Co.**2001 Crocker Road, Suite 300,
Westlake, Ohio 44145; 216-871-8611;
fax: 216-871-7485**Benefit consulting since:** 1976.**Services:** 100% of revenues from benefit consulting.**Retirement/savings plan consulting:** 55% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, plan administration consulting.**Welfare plan consulting:** 20% of revenues. Includes plan design consulting, flexible benefits consulting.**Benefit communications consulting:** 25% of revenues. Includes communications consulting, benefit statement and booklet preparation, interactive touch-screen communications.**Locations:** Charlotte, N.C.**Staff:** 23 total; 20 professionals, including three attorneys, two EAs.**Clients:** 90% corporations, 10% multi employer plans.**Compensation:** By the project, by the hour: senior consultant, \$200; consultant, \$120; clerical, \$50.**Gross revenues:** \$1.5 million from worldwide benefit consulting in 1993; \$1.5 million in 1992. \$1.5 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)**Officers:** John R. Parsons, chairman; Mark S. Sommers, president; Annette Abramczyk, Richard S. Wargo, principals.**Contact:** John R. Parsons.**Pension Resources-Division of Friedman, Eisenstein, Raemer & Schwartz**401 N. Michigan Ave., Suite 2600,
Chicago, Ill. 60611-4240;
312-245-1740; fax: 312-644-4423**Benefit consulting since:** 1972.**Services:** 100% of revenues from benefit consulting.**Retirement/savings plan consulting:** 95% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, legal document drafting, plan administration consulting.**Benefit communications consulting:** 5% of revenues. Includes benefit statement and booklet preparation.**Staff:** 375 total. 24 benefit consulting employees; 20 professionals, including one ASA, two CPAs, one EA.**Clients:** 700 total; 98% corporations, 2% sole proprietorships and partnerships. No minimum size client.**Compensation:** By the project, by the hour: senior consultant, \$200; consultant, \$140; clerical, \$60; plan administrator, \$100.**Gross revenues:** \$1.7 million from worldwide benefit consulting in 1993; \$1.7 million in 1992. \$1.7 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)**Officers:** Michael Schwartz, principal; Irwin Steinberg, managing partner; Irwin Friedman, chairman.**Contact:** Michael Schwartz.**Pension Review Services**45 Executive Drive, Plainview,
N.Y. 11803; 516-349-0505;
fax: 516-349-0015**Benefit consulting since:** 1975.**Services:** 99% of revenues from benefit consulting.**Retirement/savings plan consulting:** 90% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, legal document drafting, plan administration consulting.**Welfare plan consulting:** 4.5% of revenues. Includes plan design consulting and health care cost containment for flexible spending accounts.**Benefit communications consulting:** 4.5% of revenues. Includes benefit statement, booklet and audiovisual preparation.**Other services:** Flexible spending accounts.**Staff:** Seven total; five professionals, including one FSA, one ASA, one attorney, two EAs.**Clients:** 400 total; 60% corporations, 40% individuals. No minimum size client.**Compensation:** By the project, on retainer.**Officers:** Benjamin E. Feller, president; Martin A. Einhorn, director-technical services; J. Carl Shrader, manager-compliance services.**Contact:** Benjamin E. Feller.**Pharmaceutical Horizons Inc.**1580 Fishinger Road, Columbus,
Ohio 43221; 614-442-3080;
fax: 614-442-3070**Benefit consulting since:** 1989.**Services:** 30% of revenues from benefit consulting.**Welfare plan consulting:** 27% of revenues.**Benefit communications consulting:** 3% of revenues.**Other services:** Claims administration.**Staff:** Three total; two professionals.**Clients:** 10 total; 40% corporations, 20% multi employer plans, 40% ME-WAs. No minimum size client.**Compensation:** By the project, on retainer, by the hour: senior consultant, \$100.**Officers:** Allan F. Zaenger, president; Michael C. Deminski, vp.**Post & Kurtz Inc.**111 John St., Suite 2400, New York,
N.Y. 10038; 212-766-8800;
fax: 212-766-8807**Benefit consulting since:** 1932.**Services:** 100% of revenues from benefit consulting.**Retirement/savings plan consulting:** 5% of revenues. Includes plan design consulting.**Welfare plan consulting:** 85% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, association plans.**Benefit communications consulting:** 10% of revenues. Includes communications consulting, benefit statement and booklet preparation.**Staff:** 10 total; nine professionals, including four CLUs.**Clients:** 35% corporations, 5% ME-

WAs, 10% individuals, 50% partnerships. No minimum size client.

Compensation: By the project, commissions.**Gross revenues:** All revenues are from U.S. locations.**Officers:** W.J. Kuhn Jr., executive vp/CFO; W.H. Agnew, G. LaGrassa, executive vps; P.T. Agnew, executive vp/secretary.**Price Waterhouse- Employee Benefits**1801 K St. N.W., Washington,
D.C. 20001; 202-296-0800;
fax: 202-331-0281**Services:** Less than 10% of revenues from benefit consulting.**Retirement/savings plan consulting:** Includes plan design consulting, defined benefit plan actuarial work, legal document drafting.**Welfare plan consulting:** Includes plan design consulting, evaluation of service providers, health care cost containment.**Benefit communications consulting:** Includes communications consulting, booklet preparation.**Other services:** Compensation consulting, workers compensation, risk management.**Locations:** Atlanta, Chicago, Dallas, Houston, Los Angeles, New York, Pittsburgh, San Francisco, St. Louis.**Staff:** 140 benefit consulting employees; 113 professionals.**Clients:** 95% corporations, 5% other.**Compensation:** By the project, on retainer, by the hour.**Officers:** Richard Stanger, Lawrence Leisure, Michael Sirkin, Curtis B. Muncy, John D. Caplan.**Contact:** Lawrence B. Leisure.**Professional Life Planning Ltd.**P.O. Box 629, Avon, Conn. 06001;
203-677-2808; fax: 203-678-8041**Benefit consulting since:** 1974.**Services:** 50% of revenues from benefit consulting.**Welfare plan consulting:** 45% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.**Benefit communications consulting:** 5% of revenues. Includes booklet preparation.**Other services:** Brokering.**Staff:** 12 total; three professionals.**Clients:** 12 total, all corporations. Minimum size client: 100 employees.**Compensation:** By the project, commissions, on retainer.**Gross revenues:** \$500,000 from worldwide benefit consulting in 1993; \$500,000 in 1992. \$1 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)**Officers:** Leonard Cutler, president/treasurer; Arlene Cutler, vp/secretary.**Contact:** Leonard Cutler.**R****Retirement Plans of America-Division of Benefit Dynamics Inc.**10 Grove St., Cherry Hill, N.J. 08002;
609-662-7100; fax: 609-662-7228**Benefit consulting since:** 1977.

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evaluation of service providers, health care cost containment, wellness initiatives.

Benefit communications consulting: 25% of revenues.**Staff:** Three benefit consulting employees.**Clients:** 17 total; 80% corporations, 20% government agencies/entities.**Compensation:** By the project, on retainer, by the hour.**Non-U.S. benefit consulting:** From the United States**Officers:** Jerry Brecke, president; Patty Bruce, director-employee benefit consulting.**Contact:** Patty Bruce.**Risk Management Consulting Associates**400 W. Main St., P.O. Box 39,
Wyckoff, N.J. 07481; 201-847-0200;
fax: 201-847-9244**Benefit consulting since:** 1990.**Services:** 40% of revenues from benefit consulting.**Retirement/savings plan consulting:** 5% of revenues. Includes plan design consulting.**Welfare plan consulting:** 35% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, negotiation and implementation of programs.**Staff:** Five total; three professionals.**Clients:** 95% corporations, 3% multi employer plans, 2% MEWAs.**Compensation:** By the project, on retainer.*Continued on next page***PROFESSIONAL
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Officers: Gary D. Salt, president.

Risk Management Group Inc.

940 W. Valley Road, Suite 1203, Wayne, Pa. 19087; 215-971-1776; fax: 215-971-0218

Benefit consulting since: 1984.

Services: 80% of revenues from benefit consulting.

Retirement/savings plan consulting: 20% of revenues. Includes plan design consulting, administration systems consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting, pre-retirement planning, elder care.

Welfare plan consulting: 50% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, disability risk assessment and management.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement,

booklet and audiovisual preparation.

Other services: Brokering, management consulting, claims administration.

Staff: Nine total, including one CLU, one attorney.

Clients: 100% corporations.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$165; consultant, \$95; clerical, \$45.

Officers: Jerald D. Adair, president/CEO; Don V. Barbuto, executive vp; Gregory Marquardt, vp.

Contact: Jerald D. Adair.

S

San Diego Associates Inc.

3550 Camino Del Rio N., Suite 206, San Diego, Calif. 92108; 619-283-7800; fax: 619-283-8686

Benefit consulting since: 1984.

Services: 40% of revenues from benefit

consulting.

Retirement/savings plan consulting: 22% of revenues. Includes plan design consulting, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting, custom administration software.

Welfare plan consulting: 15% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, custom administration software.

Benefit communications consulting: 3% of revenues. Includes communications consulting, benefit statement and audiovisual preparation.

Other services: Brokering, claims administration.

Staff: Six total; four professionals, including one CLU.

Clients: 95% corporations, 5% individuals. Minimum size client: 10 employees.

Compensation: By the project, commissions, on retainer, by the hour: composite rate, \$100-\$200.

Gross revenues: \$390,000 from world-

wide benefit consulting in 1993; \$382,000 in 1992. \$975,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: David N. Peterson, president; Bruce N. Kesler, director.

Contact: Bruce N. Kesler.

Savoy Associates

15 James St., P.O. Box 239, Florham Park, N.J. 07932; 201-377-2220; fax: 201-377-6887

Benefit consulting since: 1971.

Services: 75% of revenues from benefit consulting.

Retirement/savings plan consulting: 5% of revenues.

Welfare plan consulting: 65% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes general communications consulting.

Other services: Brokering, claims administration.

Staff: Six total; four professionals,

including one CEBS.

Clients: 130 total; 95% corporations, 5% individuals. No minimum size client.

Compensation: By the project, commissions, by the hour: consultant, \$125.

Gross revenues: \$412,500 from worldwide benefit consulting in 1993. \$550,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Donald C. Savoy Jr., president.

Schmidt, Long & Associates Inc.

4 Seagate Building, 5th Floor, Toledo, Ohio 43604; 419-249-7220; fax: 419-249-7221

Benefit consulting since: 1984.

Services: 80% of revenues from benefit consulting.

Retirement/savings plan consulting: 4% of revenues. Includes plan design consulting, pension plan recordkeeping, administration systems consulting, plan administration consulting.

Welfare plan consulting: 64% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 12% of revenues. Includes communications consulting, benefit statement and audiovisual preparation, interactive PC and telephone enrollment of plans and recordkeeping/data management.

Other services: Claims administration, health claims audit services.

Staff: 10 total; six professionals.

Clients: 16 total; 82% corporations, 6% MEWAs, 12% government agencies/entities. Minimum size client: 500 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$200; consultant, \$125-\$175; clerical, \$35-\$50.

Gross revenues: \$1.5 million from worldwide benefit consulting in 1993. \$1.8 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Ralph Long, chairman; Tim Schmidt, president/COO; Jim Mauntler, Deborah Grenlund, vps; Ted A. Long, president-Digital Horizons.

Contact: Tim Schmidt.

Sedgwick Noble Lowndes

5350 Poplar Ave., P.O. Box 171377, Memphis, Tenn. 38187-1377; 901-761-1550; fax: 901-761-0408

Benefit consulting since: 1858.

Parent: Sedgwick Group Ltd.

Services: 88% of revenues from benefit consulting.

Retirement/savings plan consulting: 68% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan recordkeeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 18% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 2% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, brokering, claims administration, financial planning, executive benefits, life insurance, workers compensation.

Locations: Arlington, Va.; Atlanta; Boise, Idaho; Boston; Charlotte, N.C.; Chicago; Cincinnati; Dallas; Denver; Detroit; Dover, Del.; Fort Lauderdale, Fort Myers, Naples, Orlando and West Palm Beach, Fla.; Garden City, New York and Rochester, N.Y.; Harrisburg, Newtown, Philadelphia and Pittsburgh, Pa.; Hato Rey, Puerto Rico; Irvine, Los Angeles and San Francisco, Calif.; Kansas City and St. Louis, Mo.; Knoxville, Tenn.; Minneapolis; Oklahoma City; Phoenix; Portland, Maine; Portland, Ore.; Reno, Nev.; Roseland and Short Hills, N.J.; Seattle, Spokane and Yakima, Wash.; Washington, Adelaide, Brisbane, Melbourne, Perth and Sydney, Australia; Antwerp and Brussels, Belgium; Lille and Paris, France; Frankfurt and Munich, Germany; Budapest, Hungary; Cork, Dublin and Galway, Ireland; Montreal, Toronto and Vancouver, Canada; Amsterdam and Rotterdam, Netherlands; Auckland, Christchurch, Dunedin and Wellington, New Zealand; Madrid; Aberdeen, Belfast, Birmingham, Bristol, Cambridge, Cardiff, Chelmsford, Croydon, Edinburgh, Glasgow, Guildford, Leeds, Leicester, Liverpool, London, Manchester, Newcastle, Northampton,

Continued on next page

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MultiPlan
Savings Nationwide



Continued from previous page

Norwich, Nottingham, Reading, Redditch, Redhill, Sheffield, Slough, Solihull, Southampton, Tonbridge, Watford and Witham, United Kingdom.

Staff: 4,284 total. 3,691 benefit consulting employees; 1,731 professionals, including 124 FSAs, 26 ASAs, 40 CEBSS, seven CLUs, eight CPAs, 11 attorneys, 27 EAs.

Clients: 16,885 total; 80% corporations, 6% multi employer plans, 2% ME-WAs, 7% individuals, 5% government agencies/entities. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour.

Gross revenues: \$296.45 million from worldwide benefit consulting in 1993; \$286.4 million in 1992 (26% from U.S. locations). \$335.01 million total worldwide 1993 revenues (27% from the United States).

Non-U.S. benefit consulting: Via overseas branches, via correspondents, from the United States.

Officers: Rob White-Cooper, executive chairman; John A.V. Montague, group finance director; Peter R. Brew, group managing director-Americas/Asia Pacific; David F. Strauss, group managing director-Europe; Kenneth G. Martin, CEO-North America.

Contact: Kenneth G. Martin.

The Segal Co.

1 Park Ave., New York, N.Y.
10016-5895; 212-251-5000;
fax: 212-251-5490

Benefit consulting since: 1939.

Services: 96% of revenues from benefit consulting.

Retirement/savings plan consulting: 47% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, plan administration consulting, investment manager selection consulting, investment performance services.

Welfare plan consulting: 43% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 6% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; Segal/Voice-telephone active response system.

Other services: Compensation consulting, brokering, computer and management consulting, flex administration software.

Locations: Atlanta; Boston; Chicago; Cleveland; Denver; Hartford, Conn.; Houston; Los Angeles; Minneapolis; New Orleans; Phoenix; San Francisco; Seattle; Washington; West Palm Beach, Fla.; Edmonton and Toronto, Canada.

Staff: 649 total; 500 professionals, including 15 FSAs, 29 ASAs, 45 EAs.

Clients: 3,000 total; 48% corporations, 52% multi employer plans.

Compensation: By the project, on retainer, by the hour.

Gross revenues: \$75.1 million from worldwide benefit consulting in 1993; \$71.9 million in 1992.

Non-U.S. benefit consulting: Via Canadian offices; in Europe via the Multinational Group of Actuaries and consultants.

Officers: Robert D. Paul, chairman; Robert D. Krinsky, president; Howard Fluhr, Dale B. Grant, executive vps.

Contact: Mary L. Feldman, vp-public affairs, 212-251-5029.

* BI estimate.

Siver Insurance Management Consultants

P.O. Box 21343, 9400 Fourth St. N., Suite 119, St. Petersburg, Fla. 33742; 813-577-2780; fax: 813-579-8692

Benefit consulting since: 1975.

Services: 21% of revenues from benefit consulting.

Retirement/savings plan consulting: 4% of revenues. Includes plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 15% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 2% of revenues. Includes communications consulting, benefit statement and audiovisual preparation.

Other services: Management consulting.

Staff: 26 total. 12 benefit consulting employees; 10 professionals, including one FSA, four CLUs, five attorneys.

Clients: 335 total; 20% corporations, 80% government agencies/entities. No

minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$150-\$175; consultant, \$100-\$125; clerical, \$35.

Gross revenues: \$284,289 from worldwide benefit consulting in 1993; \$261,000 in 1992. \$1.5 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Edward W. Siver, president; Robert F. McBurney, senior vp; Jim Marshall, executive vp; Stephanie M. Barnhill, secretary.

Contact: Edward W. Siver.

Donald F. Smith & Associates

3120 Princeton Pike, Lawrenceville, N.J. 08648-0509; 609-895-1616; fax: 609-895-1511

Benefit consulting since: 1961.

Services: 19% of revenues from benefit consulting.

Retirement/savings plan consulting: Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting.

Welfare plan consulting: Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: Includes communications consulting, benefit statement and booklet preparation.

Other services: Brokering, management consulting, claims administration.

Locations: Norfolk and Richmond, Va.; Wallingford, Conn.

Staff: 61 total; 12 benefit consulting employees.

Clients: 76 total, all corporations. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$200-\$250; consultant, \$100-\$200; clerical, \$40.

Officers: Donald F. Smith, chairman; William B. Stephenson, president; R.M. Neumann, senior vp; Ronald G. Keefe, Gerald A. Lister, vps.

Contact: R.M. Neumann.

Smith Kazazian Inc.

350 W. Arden Ave., Suite 201, Glendale, Calif. 91203; 818-409-0622

Benefit consulting since: 1987.

Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 100% of revenues.

Staff: Six total, all professionals.

Clients: 15 total, all corporations. No minimum size client.

Compensation: By the project, on retainer, by the hour: consultant, \$215.

Officers: Vine H. Smith, president.

Stasica Associates

603 E. Prospect Ave., Mount Prospect, Ill. 60056; 708-255-8207

Benefit consulting since: 1986.

Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 80% of revenues. Includes plan design consulting; insurer/broker selection consulting; evaluation of service providers; health care cost containment; wellness program planning, design and evaluation.

Benefit communications consulting: 20% of revenues. Includes general communications consulting, benefit audiovisual preparation.

Staff: 1.5 total; all professionals.

Clients: 150 total; 80% corporations, 20% government agencies/entities. No minimum size client.

Compensation: By the project, on retainer, by the hour: senior consultant, \$95-\$150.

Gross revenues: \$100,000 from worldwide benefit consulting in 1993; \$100,000 in 1992. \$100,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Edward R. Stasica, president/owner.

J.E. Stone & Associates Inc.

5555 San Felipe, Suite 550, Houston, Texas 77056; 713-622-8930; fax: 713-622-6705

Benefit consulting since: 1987.

Services: 88% of revenues from benefit consulting.

Retirement/savings plan consulting: 41% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection

consulting, asset/investment consulting, voice response system, pre-retirement seminars.

Welfare plan consulting: 42% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, FAS 106 and 112 consulting.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; survey work.

Other services: Compensation consulting, management consulting, systems consulting, international benefits consulting.

Staff: 23 total; 17 professionals, including three ASAs, two CEBSS, two EAs.

Clients: 42 total; 83% corporations, 17% government agencies/entities. Minimum size client: 100 employees.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$210; consultant, \$165; clerical, \$45.

Non-U.S. benefit consulting: From the United States.

Officers: J.E. Stone, director; John E. Ford, managing director; Kenneth L. Haynes, Thomas F. McCord, Craig R. Rennpage, principals.

Contact: John E. Ford.

Strategic Health Development Corp.

9315 N.E. Sixth Ave., Suite A-1, Miami Shores, Fla. 33138; 305-754-7933; fax: 305-751-1029

Benefit consulting since: 1985.

Services: 50% of revenues from benefit consulting.

Retirement/savings plan consulting: 10% of revenues. Includes plan administration consulting.

Welfare plan consulting: 35% of revenues. Includes health care cost containment.

Benefit communications consulting: 5% of revenues. Includes general communications consulting.

Staff: 36 total, including one attorney.

Clients: 60 total; 70% corporations, 30% multi employer plans. Minimum size client: 50 employees.

Compensation: By the hour: senior consultant, \$150; consultant, \$100; clerical, \$25; registered nurse, \$85 (plus hotel and travel).

Gross revenues: \$2 million from worldwide benefit consulting in 1993; \$1.8 million in 1992 (90% from U.S. locations).

Non-U.S. benefit consulting: From the United States.

Officers: Alfred J. Karniewicz Jr., CEO; Nigel D. Wallbank, president.

T

Towers Perrin

245 Park Ave., New York, N.Y.
10167-0128; 212-309-3400;
fax: 212-309-0950

Benefit consulting since: 1934.

Services: 67% of revenues from benefit consulting.

Retirement/savings plan consulting: 45% of revenues. Includes plan design

consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 14% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment.

Benefit communications consulting: 8% of revenues.

Locations: Atlanta; Austin, Dallas, Houston and San Antonio, Texas; Boston; Charlotte, N.C.; Chicago; Cincinnati; Cleveland; Denver; Detroit; Irvine, Los Angeles, San Diego and San Francisco, Calif.; Kansas City, Kan.; Milwaukee; Minneapolis; Valhalla, N.Y.; Philadelphia; Pittsburgh; Saddle Brook, N.J.; St. Louis; Seattle; Stamford, Conn.; Tampa, Fla.; Washington. Argentina; Australia; Belgium; Brazil; Canada; France; Germany; Hong Kong; Italy; Japan; Mexico; Netherlands; Singapore; Spain; Switzerland; United Kingdom; Venezuela.

Staff: 4,713 total. 3,145 benefit consulting employees; 2,468 professionals, including 283 FSAs, 280 ASAs, 71 CEBSS, 11 CLUs, 17 CPAs, 34 attorneys, 205 EAs.

Clients: 93% corporations, 7% government agencies/entities.

Compensation: By the project, commissions, by the hour.

Gross revenues: \$450 million from worldwide benefit consulting in 1993; \$432 million in 1992. \$673 million total worldwide 1993 revenues. (75% of revenues are from U.S. locations.)

Officers: John T. Lynch, president/CEO; J. Russell Southworth, managing director-North America; John G. Kneen, managing director-Towers Perrin International; Alan H. Dugan, vp/managing director-health/welfare; Marvin H. Green, vp/managing director-retirement; C. Roland Stichweh, vp/managing director-human resources/communication; Michael Tuohy, managing director-Tillinghast; Philip Mitchell, managing director-Towers Perrin Reinsurance.

Contact: George McMoran, director-media relations, 914-745-4179.

Tribus Financial Group Inc.

65 Willowbrook Blvd., Fifth Floor, Wayne, N.J. 07470; 201-890-1818; fax: 201-891-7841

Benefit consulting since: 1967.

Services: 77% of revenues from benefit consulting.

Retirement/savings plan consulting: 0.8% of revenues. Includes plan design consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 76.2% of revenues. Includes plan design consulting, evaluation of service providers, health care cost containment.

Locations: Jamesburg and Lakewood, N.J.

Staff: 38 total, including one FSA, one CLU, one CPA, two attorney.

Clients: 9,000 total; 90% corporations, 10% individuals. No minimum size client.

Compensation: By the project, com-

Continued on next page

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Spotlight report

Continued from previous page

Gross revenues: \$7 million from worldwide benefit consulting in 1993; \$6 million in 1992. (All revenues are from U.S. locations.)

Officers: Donald M. Tribus, president; Robert A. Musto, CFO; Howard Maltzma, senior vp; Jeffrey Schwarzwald, vp.

Contact: Robert A. Musto.

V

VJT Associates Inc.

2182 E. Fifth St., Brooklyn, N.Y.
11223-4827; 718-627-0700;
fax: 718-375-3389

Benefit consulting since: 1991.

Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 45% of revenues. Includes plan design consulting, plan administration consulting.

Welfare plan consulting: 50% of revenues. Includes plan design consulting, insurer/broker selection consulting, health care cost containment.

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit booklet preparation.

Staff: One total.

Clients: 11 total, all corporations. No minimum size client.

Compensation: By the project, on retainer, by the hour.

Gross revenues: 100% of revenues are from U.S. locations.

Officers: Vincent J. Tomo, president.

A.W. Vidmer & Co.

214 Overlook Court, Suite 250,
Brentwood, Tenn. 37027;
615-373-1851; fax: 615-370-0351

Benefit consulting since: 1988.

Services: 80% of revenues from benefit consulting.

Benefit communications consulting: 80% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; interactive communication.

Other services: Advertising and graphic design.

Staff: Six total.

Clients: 25 total, all corporations. No minimum size client.

Compensation: By the hour: senior consultant, \$150; consultant, \$120; clerical, \$40-\$80.

Gross revenues: \$500,000 from worldwide benefit consulting in 1993; \$300,000 in 1992. \$580,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Antony W. Vidmer, president.

W

Walston & Addicks-Benefit Division

2424 Herodian Way, Suite 100,
Smyrna, Ga. 30080; 404-980-9423;
fax: 404-980-1181

Benefit consulting since: 1986.

Parent: Walston & Associates Inc.
Services: 100% of revenues from benefit consulting.

Retirement/savings plan consulting: 15% of revenues. Includes plan design consulting, administration systems consulting, plan administration consulting.

Welfare plan consulting: 80% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, TPA audits for self-insureds.

Benefit communications consulting: 5% of revenues. Includes communications consulting, benefit booklet preparation.

Staff: Three total; two professionals.

Clients: 11 total; 70% corporations, 30% government agencies/entities. Minimum size client: 25 employees.

Compensation: By the project, by the hour: senior consultant, \$145; consultant, \$125; clerical, \$45.

Officers: Thomas F. Walston II, president; Ray Addicks Jr., Jim Wiley, vps-benefit consulting; Terri Josey, consultant.

Contact: Ray Addicks Jr.

J.B. Walton Co. Inc.

Chesley Office Campus, 108 Chesley Drive, Media, Pa. 19063-1712;
215-566-8001; fax: 215-566-8001

Benefit consulting since: 1990.

Services: 50% of revenues from benefit consulting.

Retirement/savings plan consulting: 1.5% of revenues. Includes plan design consulting, plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 43.5% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, self-funding analysis, employee voluntary plans selection, cafeteria plan design, strategic benefit analysis.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation; employee surveys.

Other services: Brokering, executive benefit plan design and funding.

Staff: One total.

Clients: 88% corporations, 8% MEWAs, 4% individuals. Minimum size client: 20 employees.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$150-\$175.

Officers: John B. Walton, president.

Williams, Thacher & Rand

630 Third Ave., New York, N.Y. 10017;
212-949-1344; fax: 212-682-0024

Benefit consulting since: 1975.

Services: 90% of revenues from benefit consulting.

Retirement/savings plan consulting: 46% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: 34% of revenues. Includes plan design consulting,

insurer/broker selection consulting, evaluation of service providers, health care cost containment, flexible benefit plans consulting and administration, physician network management.

Benefit communications consulting: 10% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, management consulting, claims administration.

Locations: Baltimore and Bethesda, Md.; Indianapolis; Richmond, Va.; Philadelphia.

Staff: 170 total; 130 professionals, including two FSAs, 13 ASAs, three CEBSS, two CLUs, one attorney, 15 EAs.

Clients: 67% corporations, 5% multi-employer plans, 10% government agencies/entities, 18% partnerships and associations. Minimum size client: 50 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$200-\$300; consultant, \$140-\$190; clerical, \$38-\$60; administrative, \$60-\$125.

Gross revenues: \$17 million from worldwide benefit consulting in 1993; \$16.6 million in 1992. \$18 million total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Charles Thacher, Robert Williams, Thomas Rand, Terry Stoker.

R.H. Wohl & Associates/In Plain English

14501 Antigon Drive, North Potomac, Md. 20878; 301-340-2821;
fax: 301-279-0115

Benefit consulting since: 1977.

Services: 30% of revenues from benefit consulting.

Benefit communications consulting: 30% of revenues. Includes communications consulting, benefit booklet and audiovisual preparation, audience research and analysis.

Other services: Management consulting, readability analysis, strategic market analysis, financial analysis, human resource policy development, plain English writing, business writing seminars, diversity support.

Locations: Alexandria, Va.; Columbia and Gaithersburg, Md.; Washington.

Staff: Eight total; five professionals.

Clients: 23 total, all corporations. Minimum size client: 150 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$250; consultant, \$150-\$200; clerical, \$40; artists, \$100-\$125.

Gross revenues: All revenues are from U.S. locations.

Officers: Ronald H. Wohl, president.

W.R. Wood & Co.

5605 Glenwood Road, Bethesda, Md. 20817; 301-907-0170;
fax: 301-907-0172

Benefit consulting since: 1992.

Services: 100% of revenues from benefit consulting.

Welfare plan consulting: 100% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, health care consumer education.

Staff: One total.

Clients: Seven total; 42% corporations, 44% multiemployer plans, 14% government agencies/entities. No minimum size client.

Compensation: By the project, by the hour: senior consultant, \$180; consultant, \$90.

Gross revenues: \$136,800 from worldwide benefit consulting in 1993; \$51,800 in 1992. \$136,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: Walter R. Wood, president.

The Wyatt Co.

601 13th St. N.W., Suite 1000,
Washington, D.C. 20005-3808;
202-508-4600;
fax: 202-508-4688

Benefit consulting since: 1943.

Services: 85% of revenues from benefit consulting.

Retirement/savings plan consulting: Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, legal document drafting, plan administration consulting, investment manager selection consulting, asset/investment consulting.

Welfare plan consulting: Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, health care/managed care consulting.

Benefit communications consulting: Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting, surveys, risk management, organizational research, software development/implementation.

Locations: Anchorage, Alaska; Atlanta; Chicago; Cleveland and Columbus, Ohio; Dallas and Stafford, Texas; Denver; Honolulu; Grand Rapids and Southfield, Mich.; Irvine, Los Angeles, San Diego, San Francisco and Santa Clara, Calif.; Little Falls, N.J.; Memphis, Tenn.; Miami; Milwaukee; Minneapolis; New York; Philadelphia; Phoenix; Portland, Ore.; Seattle; Stamford, Conn.; Washington; Wellesley Hills, Mass. Buenos Aires, Argentina; Melbourne and Sydney, Australia; Barbados, West Indies; Brussels, Belgium; Calgary, Montreal, Ottawa, Toronto and Vancouver, Canada; Bogota, Colombia; Paris; Dusseldorf and Munich, Germany; Hong Kong; Jakarta, Indonesia; Milan, Italy; Tokyo; Kuala Lumpur, Malaysia; Mexico City; Amsterdam, Netherlands; Auckland and Wellington, New Zealand; Oslo, Norway; Manila, Philippines; San Juan, Puerto Rico; Singapore; Barcelona and Madrid, Spain; Stockholm, Sweden; Geneva; Taipei, Taiwan; Edinburgh, Glasgow, Guildford, London, Manchester and Warwick, United Kingdom.

Staff: 3,400 total; 2,350 professionals, including 180 FSAs, 275 ASAs.

Clients: 16,000 total. No minimum size client.

Compensation: By the hour.
Gross revenues: \$348.6 million from worldwide benefit consulting in 1993 (80% from U.S. locations*); \$349.9 million in 1992. \$410.1 million total worldwide 1993 revenues (77% from U.S.).

Non-U.S. benefit consulting: Via overseas branches, from the U.S.

Officers: A.W. Smith Jr., president/CEO; Paul R. Daoust, executive vp/COO.

* BI estimate.

Y

Yaffe & Co. Inc.

409 Washington Ave., Suite 700,
Towson, Md. 21204; 410-494-4100;
fax: 410-494-4152

Benefit consulting since: 1976.

Services: 95% of revenues from benefit consulting.

Retirement/savings plan consulting: 70% of revenues. Includes plan design consulting, defined benefit plan actuarial work, pension plan record keeping, administration systems consulting, plan administration consulting, cash balance plans.

Welfare plan consulting: 20% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, flexible benefits consulting.

Benefit communications consulting: 5% of revenues. Includes communications consulting; benefit statement, booklet and audiovisual preparation.

Other services: Compensation consulting.

Staff: 20 total; 16 professionals, including three ASAs, two CEBSS, three EAs.

Clients: 30 total, all corporations. Minimum size client: 100 employees.

Compensation: By the project, on retainer, by the hour: senior consultant, \$150-\$200; consultant, \$100-\$150; paraprofessional, \$50-\$100.

Officers: Rian M. Yaffe, president.

David K. Young Consultants

12500 San Pedro, Suite 655, San Antonio, Texas 78216; 210-494-9955;
fax: 210-494-9967

Benefit consulting since: 1992.

Services: 75% of revenues from benefit consulting.

Retirement/savings plan consulting: 7.5% of revenues. Includes plan design consulting, administration systems consulting, plan administration consulting, investment manager selection consulting.

Welfare plan consulting: 52.5% of revenues. Includes plan design consulting, insurer/broker selection consulting, evaluation of service providers, health care cost containment, policy handbooks.

Benefit communications consulting: 15% of revenues. Includes communications consulting, benefit statement and booklet preparation.

Other services: Compensation consulting, brokering, claims administration, human resources.

Staff: Two total, one professional.

Clients: 25 total; 90% corporations, 10% government agencies/entities. No minimum size client.

Compensation: By the project, commissions, on retainer, by the hour: senior consultant, \$85-\$125; clerical, \$20.

Gross revenues: \$50,000 from worldwide benefit consulting in 1993; \$40,000 in 1992. \$70,000 total worldwide 1993 revenues. (All revenues are from U.S. locations.)

Officers: David K. Young, owner. **BI**

HMO study

Continued from page 2

141,600 patients. The patients were covered by three forms of health insurance: traditional indemnity policies, HMOs and Medicaid.

The study indicated the overall level of cardiac treatment for HMO patients was more appropriate than for indemnity plan patients, although the researchers did not address the issue directly.

In addition, the study found that fewer HMO patients than indemnity patients died in the hospital after undergoing one of the two cardiac procedures.

"Our study supports the idea that HMOs use more limited resources and outcomes are no worse than those in (traditional indemnity plans)," said co-author Kenneth Langa, a lecturer and fourth-year medical student at the University of Chicago.

Resource use in the study was defined as the average number of the two cardiac procedures performed

per hospital admission.

Mr. Langa pointed out, however, that given the limited clinical information on the patients and a lack of post-discharge data, it is difficult to determine the clinical importance of the disparity in death rates between indemnity and HMO patients.

"The study shows there is clearly a significant difference in terms of utilization of the procedure for (indemnity) vs. HMO patients," said Dr. Burton VanderLaan, medical director of Blue Cross of Illinois' managed care programs in Chicago. "HMOs are able to reduce unnecessary utilization that occurs in the (indemnity plan) setting," he said, noting that a reduction in inappropriate procedures could lead to better health outcomes as well as cost savings.

The presence of treatment guidelines is one reason HMOs are more likely to use medical resources more efficiently, Dr. VanderLaan noted.

Indeed, according to the study's authors: "The rate at which 'discretionary' procedures are performed

among patients enrolled in HMOs is lower than that among patients with (indemnity) insurance, perhaps indicating a more appropriate use of procedures in HMOs."

Others agree: "HMO patients are probably (undergoing) more appropriate procedures than (indemnity) plan patients because they are more carefully managed," said Dr. Lee Newcomer, medical director at Minneapolis-based United HealthCare Corp., which operates HMOs.

In an indemnity plan setting, there is wide variation among physician practice patterns because they typically don't use treatment guidelines, he said.

"When physicians don't have a uniform set of criteria they use to make a decision about whether a patient should have surgery, they base their decision on their experience or anecdotal experience," Dr. Newcomer explained. That can lead to unnecessary procedures and increased costs.

However, Dr. Newcomer noted, utilization rates can vary widely

even within HMOs that follow treatment guidelines. Citing a study of United HealthCare HMO members who underwent coronary-artery bypass grafts, he said utilization rates among Minneapolis cardiologists ranged from 58 per 1,000 patients to 611 per 1,000 patients.

"Care in HMOs may be better managed than in (indemnity plans) because of greater emphasis on utilization review, greater emphasis on appropriateness and financial incentives," Mr. Langa noted.

Physicians practicing in a fee-for-service, or indemnity plan, environment tend to perform more procedures since they are reimbursed for every service they provide, Dr. VanderLaan said. Physicians in an HMO setting, however, are paid a capitated fee per patient and therefore are encouraged to be more cost-efficient.

Better control over utilization may be one reason why HMO premium increases remain consistently lower than indemnity plan premiums. Average HMO premium in-

creases will decline, for the fifth straight year, to 5.6% in 1994, according to the Group Health Assn. of America (see story, page 3).

The study's findings come in the midst of discussion over national health care reform. The researchers, like most proponents of managed care, indicate HMOs should replace traditional indemnity plans as the prominent form of health care delivery.

"Our findings also provide evidence in support of a central theme of present efforts to reform health care—that the health care delivery arrangements of HMOs encourage a less resource-intensive style of medical care than fee-for-service insurance," the authors stated.

Reprints of "The Effect of Cost-Containment Policies on Rates of Coronary Revascularization in California" are available by writing co-author Dr. Elliot J. Sussman at Lehigh Valley Hospital, Cedar Crest and I-78, P.O. Box 689, Allentown, Pa. 18105-1556.

Fiduciary liability

Continued from page 2

been split over whether those amounts would be governed by ERISA or by state insurance laws. ERISA would require the money to be used solely for the benefit of plan participants and beneficiaries, while state laws require insurers to act in the best interest of policyholders, shareholders and creditors.

This is "a tremendous victory for pension plans," said Harris Trust's attorney, Lawrence Kill of Anderson Kill Olick & Oshinsky in New York. It gives "a degree of safety and security" for retirees that are depending on their pensions, he said.

Not many plan sponsors will be directly affected by the ruling, benefit experts say, but the few companies that still have participating group annuities do tend to have large amounts invested in them.

Insurance companies, though, will have to segregate hundreds of billions of dollars in plan assets that now are commingled with their general accounts.

Traditionally, insurers mix group annuity premiums—including those not needed to pay guaranteed benefits—with premiums from other contracts in a general account. Some investment gains from that account are then used to pay business expenses.

Arguing against extending a fiduciary duty to its management of general accounts, John Hancock claimed that ERISA fiduciary duties would pose irreconcilable conflicts between state and federal regulatory regimes. Federal law gives states primary responsibility for insurance regulation.

Writing her first majority opinion for the court, Justice Ruth Bader Ginsburg rejected that argument. "ERISA leaves room for complementary or dual federal and state regulation, and calls for federal supremacy when the two regimes cannot be harmonized or accommodated," she wrote.

Being governed by ERISA means that insurers have a heightened liability exposure when investing plan assets.

In a statement, John Hancock said it is disappointed in the decision and was unable last week "to predict precisely what impact the ruling will have on us and the industry."

Other big life insurers like CIGNA Corp., Aetna Life & Casualty Co., and Metropolitan Life Insurance Co. say they are still reviewing the decision. Spokesmen for these insurers could not comment on whether it would affect their fiduciary liability insurance buying practices.

One consultant, though, said the ruling would force insurers to set up group annuity arrangements more carefully to minimize their

potential liability. "I think the case is going to force insurers to be very careful in drafting contracts to make sure that they don't have the discretion that would make them fiduciaries for pension plans," said John Woyke of Towers Perrin in Valhalla, N.Y.

Plan sponsors are unlikely to feel major effects from the ruling.

Participating group annuities "come out of a prior era," said Henry Saveth, a principal for A. Foster Higgins & Co. Inc. in New York. Today, many larger employers have their own trustees, investment advisers and trusts that hold plan assets, and thus do not rely on insurers for these services.

Most current annuity contracts are non-participating, agreed Karen Smith, a consultant with The Wyatt Co. in Portland, Ore. But, she added, while the ruling affects "a relatively small group, there is a fairly large amount of money in old contracts."

"Ultimately it is not a big win for plan sponsors," contends Dennis Coleman, a partner at Kwasha Lipton in Fort Lee, N.J.

If insurers are forced to invest more conservatively, pension plans may not do as well financially because the money will not grow as much, Mr. Coleman said. In addition, plan sponsors could ultimately have to pay more to purchase the annuities, he said.

Other consultants say insurers have already been turning to low-

High court to hear Superfund case

WASHINGTON—The U.S. Supreme Court will decide whether plaintiffs can recover attorneys' fees in private suits filed under the Superfund law.

Key Tronic Corp., a Spokane, Wash.-based manufacturer of computer keyboards, had agreed to pay for the cleanup of chemicals at a landfill in Spokane County. The company then sued the U.S. Air Force, which had also dumped chemicals at the landfill. Among other damages, the suit sought the attorneys' fees Key Tronic spent on the cleanup and in trying to compel other potentially responsible parties to contribute to the cleanup.

Lawyers for Key Tronic argued in the 9th U.S. Circuit Court of Appeals that such fees were included in allowable expenses for enforcement activities under the Comprehensive Environmental Response, Compensation and Liability Act, better known as Superfund. But the appeals court ruled that such fees can be recovered only if Congress explicitly authorized them, and held that there was no such explicit authorization in CERCLA.

The 9th Circuit decision contradicts an earlier decision by the 8th U.S. Circuit Court of Appeals in *General Electric Co. vs. Litton Automation Systems Inc.*

Key Tronic appealed the 9th Circuit ruling to the Supreme Court, which agreed on Dec. 13 to hear the case. No date has been set for arguments in the case.

—By Mark A. Hofmann

er-risk investments so the ruling ultimately will not further reduce returns.

"Most insurance company investments currently satisfy fiduciary rules for ERISA," said Foster Higgins' Mr. Saveth.

"Generally, carriers are more conservative today anyway," agreed Brian Ternoy, a principal in the Princeton, N.J., office of Foster Higgins.

Consultants do agree that if Executive Life Insurance Co. and Mutual Benefit Life Insurance Co. were to have been governed by ERISA, they may not have failed. Both insurers failed under the weight of risky investments while holding annuity contracts for thousands of pensioners.

Associate Editor Mark A. Hofmann contributed to this article.

Pollution coverage disputes

Continued from page 1

pollution was either unintended or at least occurred under different pollution protection standards than exist today.

Policyholder attorneys often are winning these cases by convincing juries that because a company's activity that caused pollution 20 or 30 years ago was acceptable or common at the time, it is unreasonable to apply today's more stringent pollution standards to these cases.

"Obviously, we've been successful at steering juries through the clouds the insurance industry has created. Hindsight for us is a helpful tool. Times and standards have changed significantly since the 1950s and 1960s," when much of the pollution at issue in these cases occurred, said David Steuber, a policyholder attorney with Hill, Wynne, Troop & Meisinger in Los Angeles. Mr. Steuber earlier this year successfully represented Northrop Corp. in a pollution coverage suit against various insurers.

But insurers will continue to battle policyholders over pollution coverage because there are other issues on which they can win their cases, insurer attorneys say.

Indeed, the majority of pollution liability coverage cases never even see a courtroom. In most cases, judges dismiss the action on motions for summary judgment because of weak arguments by policyholders or on legal issues such as:

- The pollution occurred gradually, and thus coverage for cleanup costs is barred by the pollution exclusion in comprehensive general liability policies.

- The pollution did not occur during the applicable policy periods.

Other cases are settled before courtroom litigation begins.

"The courts have made it clear that they don't want to decide fact issues on summary judgment. What's getting funneled through to the juries are these complex cases that require interpretation of fact. It's no mystery that we're not doing very well here," said Floyd H. Knowlton, an assistant vp with ITT/Hartford Group Inc. But, he added, "The cases that are being de-

ecided on legal questions, like whether sudden has a temporal meaning or whether there were actual damages are being decided favorably for us, and usually without a trial.

"What we have to do is work harder at the initial stages of the case. If we end up (before a jury) with the burden of proof to show that pollution that occurred 30 years ago was expected and intended, it's a tough task."

With policyholders scoring victories in front of juries, insurer attorneys say they will concentrate on having the more than 400 pollution coverage disputes pending nationwide dismissed early in the litigation process.

"We are seeing just the first wave of hundreds of environmental cases, all of which have different facts. The cases that have gone to a jury have centered around the question of expected and intended, which admittedly is coming in favor of policyholders. What you're not seeing are all the cases that insurers are winning on summary judgment by invoking the pollution exclusion, which most courts accept to be plain and unambiguous," said Victor Harwood of Harwood Lloyd in Hackensack, N.J., which represents Aetna Casualty & Surety Co. in pollution coverage cases.

"Some jurors seem to have difficulty believing that in 1965 these policyholders knew everything about what they were doing to the environment. That's the argument that's being made on the policyholders' behalf and the numbers show juries are willing to accept this," said Gary Centola, an insurer attorney with Rivkin, Radler & Kremer in Uniondale, N.Y.

But Mr. Centola, who earlier this year unsuccessfully defended Fireman's Fund Insurance Co. in an Iowa case won by policyholder ACC Chemical Co., contends that policyholders knew much more 30 years ago than they admit in court. "By 1966, most states had codes protecting groundwater from contamination. So, to say policyholders knew nothing about the potential pollution damage they were doing is a

stretch. My God, we had a man on the moon by 1969."

Even though insurers are taking their lumps in court, Mr. Centola contends that a more profound trend in pollution coverage cases can be found at the summary judgment level.

"The real trend isn't found in the handful of cases that have gone to trial; it's in the large number of cases that are resolved or settled before getting to court. I've had more than two dozen of these cases and only one went before a jury," he said.

Policyholder attorney Eugene Anderson of Anderson Kill Olick & Oshinsky in New York acknowledged that only a small percentage of pollution coverage cases make it past a judge's review, often because the cases are viewed as long, complex ordeals that can eat up an inordinate amount of court time.

But even though relatively few pollution coverage cases get a jury trial, Mr. Anderson and other policyholder attorneys maintain insurers aren't too happy with the out-

comes of the trials that do take place.

Insurers initially believed juries would side with them against industrial polluters, especially after a California court in 1988 ruled against Shell Oil Co. in its ongoing battle for coverage with hundreds of insurers, the attorneys say.

"Historically, insurers thought juries would find polluters to be a less sympathetic figure than 1993 trial results would suggest," said Michael F. Aylward, an insurer attorney with Morrison, Mahoney & Miller in Boston.

As cases continue to go to juries, policyholders will be the winners, several policyholder attorneys predicted.

"Juries have an uncanny ability to cut through the smear campaigns put on by insurers. They're capable of not applying modern-day standards to activities that took place in the 1960s," said Thomas Mielenhausen of Popham Haik Schnobrich & Kaufman in Minneapolis.

Mr. Mielenhausen, who won a case before a Minnesota state court

jury on behalf of Schloff Chemical & Supply Co. (BI, July 19), said once policyholders get past the summary judgment stage, their prospects improve considerably. "It's imperative for us to prepare our cases early and thoroughly. You have to be on top of your facts to convince a judge you deserve your day in court. The insurance company strategy is to get cases thrown on summary judgment."

"No trial is automatic, but hopefully standards for these cases are getting fleshed out to the point that insurers will stop fighting these cases," added Mr. Steuber.

That's wishful thinking, many others say.

"At the trial court level, insurers are less well received than other litigants, but we have every reason to believe that insurers won't fold up their tents and quit. They'll continue to try these cases on their merits because on the pollution exclusion and on appeal, we're doing well," said insurer attorney Thomas Brunner of Wiley, Rein & Fielding in Washington. **BI**

M&G Re wins latest round in Spanno case

NEW YORK—New York's highest court has thrown out a \$14.7 million award against Mercantile & General Reinsurance Co. P.L.C., finding that a pair of disputed M&G reinsurance treaties were obtained through misrepresentation.

In the latest twist in a tortuous 11-year legal battle, a unanimous New York Court of Appeals on Nov. 18 granted M&G's request to rescind treaties under which the reinsurer guaranteed appraisals of aircraft resale values by Spanno Corp. of Melville, N.Y.

Spanno obtained residual value insurance policies in the early 1980s from the now-insolvent Colonial Assurance Co. of Elkins Park, Pa., and Union International Insurance Co., a former unit of Frank B. Hall & Co. Inc. The two insurers ceded 100% of the risks to M&G.

M&G sued Spanno and others in

1982, charging that Spanno and its London intermediary misled M&G about Spanno's practice of appraising aircraft at their full market value, and that Spanno failed to disclose the previous criminal conviction of one of its principals (BI, May 6, 1985).

Spanno argued in a counterclaim that it should be able to collect directly from M&G after the collapse of Colonial and Union International. A jury agreed, finding that Spanno had not misrepresented the risks and awarding the company \$14.7 million.

A state trial court judge threw out the award in 1991, ruling that the jury's finding on misrepresentation was only "advisory" and that Spanno had in fact misrepresented the risks (BI, March 18, 1991). An appellate court then reversed this order, ruling that the jury's conclusions were not advi-

sory and that the award should stand.

Ultimately, though, the seven-judge Court of Appeals reinstated the trial judge's ruling, finding that the misrepresentation claim was an issue that should have been decided by the judge rather than a jury.

"The judge's finding of material misrepresentation was the dispositive determination on that issue and...binding on this court if there is evidence in the record to support it. The evidence here satisfies that standard and therefore the trial court's decision granting rescission of the contract should be sustained," the court wrote.

M&G was hit with five claims totaling \$15 million under the Colonial and Union International treaties. Four were settled separately while the Spanno case was pending.

—By Douglas McLeod

Malpractice insurance

Managed health care poses challenges to underwriters

By NANCY P. JOHNSON

CHICAGO—The increased use of managed care is ushering in sweeping changes to the medical liability insurance industry, law and insurance experts say.

And, those changes are on course regardless of whether the Clinton health care reform plan—or any other reform plan—is passed by Congress, according to a panel that spoke on medical malpractice underwriting at the Professional Liability Underwriting Society's 1993 International Conference, held last month in Chicago.

Managed care is already here, regardless of the Clinton health plan, observed Bonnie G. Lederman, a partner at Peterson & Ross in Chicago who specializes health care law. Changes in the industry will have a profound effect on the liability market and especially on third-party liability, she added.

If the Clinton plan is implemented, liability questions will be raised by the health security card alone, said Lawrence E. Smarr, executive director of Physician Insurers Assn. of America in Washington, which includes 46 member companies covering 210,000 physicians.

If an individual's entire health record is to be encoded on the card, failure to correctly update that information will produce new liability claims, he said.

The issue of liability is evolving under health reform, the panelists agreed.

Indeed, under health reform, the liability issue between doctors and hospitals will blur, added Philip E. Reischmann, vp-underwriting at Western Indemnity Insurance Co. in Houston. "We could see both the patient and physician team up against the health plan," he added.

"The days of garden-variety medical policies are over," he added. "We will see in the managed care environment causes of action like delay of treatment" and improper use of utilization review and case management.

The panel also discussed whether medical malpractice insurance products will be marketed to individual health care providers or to the network. "We think liability will all come to roost under health plans rather than on providers," said Robert F. Groen Jr., director-risk management at Humana Inc. in Louisville, Ky. "Doctors may start demanding a credit on their malpractice premium."

'The days of garden-variety medical policies are over,' says Philip Reischmann.

Institutions will look at ever-higher retentions, Mr. Reischmann suggested.

As companies continue to become very large, "they will form more captives, which will totally eliminate (malpractice) coverage as we know it, which is on a first-dollar basis. I think a lot of people will be left out" of the process, said E. Dow Walker Jr., senior vp-national accounts services division of Willis Corroon in Nashville, Tenn.

But Mr. Groen countered that companies will pursue joint ventures, and corporate capital will go into acquisitions, not captives.

The Physician Insurers Assn. of America member companies will

likely evolve if the medical liability environment is no longer controlled by physicians, the panelists agreed.

The PIAA companies are considering reorganization, writing other property/casualty lines and considering business combinations with managed care companies, Mr. Smarr said.

And, the PIAA companies are gearing up for an onslaught of claims against primary care physicians.

"We are seeing an alarming number of claims for primary care physicians, like failure to diagnose cancer," he said. If, under health reform, there is an increase in the number of primary care physicians, there will be a corresponding increase in such claims, he said.

Rating and exposure factors, too, would change under health reform, the panelists said. For physicians, ratings will no longer be based just on specialty but on patient volume factors, like the number of patient encounters and the number of birth deliveries or surgeries, Mr. Smarr predicted.

The role of health care professional liability insurers in the realm of health care financing will change, too, panelists said.

"Successful underwriters will expand into the financing arena and pick up some type of stop-loss coverage, in addition to related lines like workers compensation," said Mr. Reischmann.

Some very large companies will expand to offer many lines of coverage, he predicted. "The buyer and the broker want to come to one person" to buy multiple lines of insurance, he said.

But Mr. Walker disagreed. "I'm suspicious that one company can provide the best expertise in all lines of coverage." **BI**

NCCI study

Continued from page 1
hour coverage program could produce large savings.

The NCCI study is based on a much broader set of data than the Minnesota studies, said David L. Durbin, assistant vp for claims research at the NCCI office in Hoboken, N.J. He conducted the new research jointly with Daniel Corro, the NCCI's director of claims research, and Nurhan M. Helvacian, senior research economist at the NCCI.

The researchers reviewed 1,300 closed and open lost-time claims paid by the 15 largest workers comp insurers in Florida, Illinois, Oregon and Pennsylvania from 1988 through 1992. They then compared those claims to group health data from Fortune 200 companies that had been collected from more than 100 insurers.

Price discrimination in the workers comp system was not found to be the major drivers of cost increases. "(There was) little or no difference in the unit costs of the services provided" between the workers comp and the group health claims, explained Mr. Durbin.

Over the past six years, fees received for workers comp medical services grew by an average of 8.7% annually, compared with a 7.9% rise for overall medical fees. Researchers arrived at this conclusion after developing a workers compensation price index.

"What is different is the volume, duration and mixture of the services consumed by injured workers," Mr. Durbin explained.

"Workers comp claims have lower payments to hospitals for general services, but pay more than eight times as much for supplies and three times as much for diagnostic tests and professional services" because utilization is much greater among workers comp claimants.

Workers comp claimants are much more likely to use physical therapy procedures—35% of workers comp claimants utilize these services, compared to 4% of the group health claimants—and to pay more for them because of increased utilization: \$1,177 on average compared to \$597. A similar trend was observed for radiology, chiropractic services and orthopedic surgery.

"Back claims demonstrate the larger trend," Mr. Durbin said. "Workers compensation back claims last an average of 241 days, compared to 68 days for back claims covered under group health. Almost half of the workers compensation claimants will use inpatient hospital services, though less than a quarter of non-work-related claims do. However, among cases with hospitalization, there is no statistical difference in average payments."

"The difference in total payments is the result of outpatient care, driven by much higher usage of physical therapy, radiology and orthopedic surgery, combined with treatment over much longer periods. Workers comp claimants can be treated as much as three to four times longer than general trauma victims," the NCCI found.

"I think this (study) is very significant," Mr. Durbin said. It challenges conventional wisdom and the studies that confirmed it. In addition, it challenges one concept underlying the national health insurance proposal: Folding in workers comp medical will save employers and insurers money by eliminating price discrimination by providers, he said.

Calling the results "unexpected," John F. Burton Jr., director of the Institute of Management and Labor Relations at Rutgers University in New Brunswick, N.J., said he did not know how the NCCI study data could be reconciled with earlier studies.

If confirmed by future research, the NCCI findings will be quite important, said Mr. Burton.

Similarly, Richard Butler, a Brigham Young University economics professor in Provo, Utah, described the research as "very credible."

The NCCI plans to publish follow-up studies on state-specific results early next year, Mr. Durbin said. Researchers also plan to study related issues including attorney involvement and the link between medical treatment and indemnity costs.

Copies of "Workers Compensation Medical Expenditures Price vs. Quantity: Implications for a Medical Price Index" are available for an as-yet undetermined charge. Contact Edward Furey, NCCI, 5 Marine View Plaza, Hoboken, N.J., 07030; 201-222-0500, ext. 2139.

For the Record

Firm's benefit coverage an ERISA plan: Court

RICHMOND, Va.—A closely held corporation that subsidized health insurance policies for several of its employees established an employee welfare plan under ERISA, a federal appeals court has ruled.

Affirming a U.S. District Court's decision, the 4th U.S. Circuit Court of Appeals also ruled in *Virginia Madonia vs. Blue Cross & Blue Shield of Virginia* that a sole shareholder employed by the corporation and insured under the policy provided by the corporation is a participant in the company's ERISA plan.

In 1981, Dr. Eugene Madonia, who was the founder and sole shareholder of Martinsville Neurological Associates Inc., purchased a health insurance plan under a group plan offered by Blue Cross & Blue Shield of Virginia.

His wife Virginia brought the suit after BC/BS refused to cover the high-dose chemotherapy with an autologous bone marrow transplant that her physician recommended to treat her breast cancer.

She sued BC/BS in state court for breach of contract, bad faith breach of contract, intentional infliction of emotional distress and unfair trade practices. BC/BS removed the case to federal district court on the ground that the suit was governed by the Employee Retirement Income Security Act of 1974.

Ms. Madonia contended that her state law claims are not pre-empted by ERISA because an "employee benefit plan" as defined by ERISA did not exist. One of her claims was that her husband's status as the sole shareholder and owner of the company prevented him from being a benefit plan "participant" under ERISA.

The appellate court's rejection of her argument "confirms the broad pre-emptive scope of ERISA," said James P. McElligott Jr., an attorney with McGuire, Woods, Battle & Boothe in Richmond who represented Blue Cross/Blue Shield.

This decision should serve to caution small businesses "how easily they may unwittingly create an ERISA-protected employee benefit, thereby saddling the professional corporation or association with obligations never anticipated," said David C. Franceski Jr., an attorney with Stradley Ronon Stevens & Young in Philadelphia.

Gold theft not covered by jewelers block policy

MIAMI—Two companies that claimed to have lost \$7.5 million in a gold theft in Miami are not covered under a jewelers block policy issued to the trading partner who stole the gold, an appeals court has ruled.

Massachusetts-based Leach & Garner Co. and Englewood Cliffs, N.J.-based Westway Metals Corp. consigned gold with Suisse Gold and Golden Door in Miami in 1983.

On Feb. 10, 1983, \$9 million worth of gold in a variety of forms was stolen from a Suisse Gold and Golden Door warehouse. Sanford Credini, co-owner of the companies, was convicted in 1988 of fraud and theft relating to the robbery and is now in prison.

Meanwhile, Leach & Garner and Westway made a claim under a Lloyd's of London policy that covered both Suisse Gold and Golden Door.

The U.S. District Court for the Southern District of Florida ruled

that the policy covered the consignors. However, that decision was overturned earlier this month by the 11th U.S. Circuit Court of Appeals, which ruled that the Lloyd's underwriter had not intended to cover the consignors.

Video dating firm seeks cover above settlement

MARTINEZ, Calif.—Video dating service Great Expectations is insured for a tentative settlement, valued at more than \$2.1 million, of a class-action suit that charged the company violated its customers' privacy when it secretly taped membership interviews.

The 1989 suit, filed in Contra Costa County Superior Court in Martinez, Calif., charged that the audio tapes were used to titillate the sales staff at Great Expectations and three franchises. The defendants said the tapes were used for quality control purposes and as a sales training tool. The firm stopped taping the interviews in 1989, said defense attorney Jack Friedman of Carroll, Burdick & McDonough in Walnut Creek, Calif.

The settlement is subject to court approval, and Great Expectations may try to annul it if the firm faces too many additional individual suits. The class could total 70,000, but Mr. Friedman doubts that many will file claims.

Under the settlement, general liability insurer Scottsdale Insurance Co. would pay \$2 million. Three other general liability insurers would pay a total of \$125,000, Mr. Friedman said.

The dating service, though, is suing Transamerica Corp., which wrote \$1 million of general liability coverage for the firm for three years. The dating service also is negotiating with Maryland Casualty Co., which wrote \$1 million of coverage. Any recoveries from these insurers would be added to the settlement.

Northern Trust to buy benefit consultant

CHICAGO—Northern Trust Corp. plans to acquire Atlanta-based retirement benefit plan consulting firm Hazlehurst & Associates Inc. in exchange for about \$22.5 million in shares of Northern common stock.

Hazlehurst employs 160 people and reported 1992 revenues of \$15.5 million and net income before taxes of \$1.6 million. The firm, which specializes in providing services to defined contribution plans, also has an office in Seattle.

Privately-held Hazlehurst will become a wholly-owned subsidiary of Northern Trust Corp., a Chicago-based bank, upon regulatory and shareholder approval of the purchase. The deal is expected to be finalized in the second quarter of 1994.

Information in brief

The Pension Benefit Guaranty Corp. will pay a maximum monthly benefit of \$2,566.82 to participants of underfunded pension plans that terminate in 1994, up from the 1993 maximum of \$2,437.50. . . A federal jury in Tulsa, Okla., earlier this month ordered Insurance Co. of North America to pay \$5 million in pollution coverage to Williams Pipeline Co. after finding that ground water contamination at a Williams facility was "sudden and accidental."

CIGNA Corp., the parent of INA, will appeal the verdict. **BI**

INTERNATIONAL

Chatset sounds alarm over Lloyd's reserves

By ADRIAN LADBURY

LONDON—Lloyd's of London currently is underreserved for future claims by 8.6 billion pounds (\$12.80 billion), compared with a gap of only 5 billion pounds at year-end 1992 (\$7.57 billion), according to Chatset Ltd. analysts.

Analysts John Rew and Charles Sturge, who also are Lloyd's members with losses, published this dire

assessment of worsening reserve adequacy in Chatset's 1993 guide to Lloyd's syndicate runoffs.

In the guide, Mr. Sturge questions the long-term solvency of Lloyd's and its ability to maintain its claim of never failing to pay a valid claim. "In our opinion, names' losses—as more and more names are burnt out—will fall back on the society, which will not have the resources to cover them," he wrote.

Continued deterioration among syndicates with exposure to U.S. long-tail pollution and asbestos-related risks, the pound's dramatic fall against the dollar between 1991 and 1992, and the overall growth in the number of Lloyd's syndicates with open years of account—to 255 this year from 163 in 1993—are to blame for Lloyd's current level of underreserving, the analysts said.

Drastic action is needed if Lloyd's

is to avoid calamity, according to Chatset. "Lloyd's must commute asbestos and pollution policies by acting unilaterally instead of just talking about it. Or, Lloyd's policies could be allowed to pay in the proportion of the names behind those policies who have the ability to pay," Mr. Sturge wrote.

Chatset also calculates that NewCo., the reinsurer that Lloyd's plans to set up in January 1996 to

reinsure all pre-1986 liabilities, could be underreserved by up to 5.6 billion pounds (\$8.33 billion) and may ultimately be too expensive to set up. Lloyd's has projected that NewCo. will be capitalized at about 5 billion pounds (\$7.4 billion) (BI, Aug. 30).

They estimate that open syndicate accounts with pre-1986 liabilities are underreserved to the tune of 6.6

Continued on page 45

Members agents lose appeal of liability ruling

By ADRIAN LADBURY

LONDON—A U.K. Court of Appeal ruling last week deals a blow to the out-of-court settlement between Lloyd's of London members and the managing and members agents they are suing for billions of pounds of underwriting losses.

By throwing out the agents' appeal of an Oct. 11 High Court ruling, the appeals court gave the Lloyd's names the green light to tap the agents' errors and omissions coverage.

The High Court had ruled that members agents are contractually responsible for the negligence of managing agents with which they placed the members' ill-fated investments (BI, Oct. 18).

LONDON

Had the agents succeeded in their appeal, Lloyd's names would have gained little from taking now mainly defunct managing agents to court alone.

The appeals court also directed the agents to pay costs again and refused to let them appeal to the House of Lords.

"This is a wonderful Christmas present for our members. This was the only legal loophole that might have allowed the members agents to escape their responsibilities," said Michael Deeny, chairman of the Gooda Walker Action Group. "We

Continued on next page

French insurers will gain from privatization: Analyst

By ALINE SULLIVAN

PARIS—Despite a number of strategic challenges that will face newly privatized French insurance companies, the outlook for investors in these companies is high, an industry analyst says.

In fact, dividends paid to shareholders of French insurers could rise as high as 40% of earnings after privatization, compared with the current level of about 25%, according to the analyst.

In the interim, though, state-owned insurance companies face a number of strategic challenges, according to Tim Dawson, insurance analyst at Lehman Brothers in London.

These challenges include continued competitive pressure in French non-life business from mutual insurers and new direct-writing private insurers, and competition in life insurance sales from banks.

Among the newly established private insurers is Direct Assurances, owned by Groupe AXA, set up last year to write automobile insurance.

The large state-owned insurers are unable to compete effectively with direct writers because of their entrenched relationships with agents, according to Mr. Dawson.

Union des Assurances de Paris, France's largest state-owned insurer, is being prepared for privatization sometime next year (BI, June 7; April 19). The French government has yet to decide the exact timing of the public offering.

Mr. Dawson said much of newly privatized French insurers' efforts to attract investors is likely to be aimed at U.S. institutional investors.

"A surprisingly large number of international investors, particularly

in the United States, do not hold shares in the (French insurers)," said Mr. Dawson in a recent report to clients. He attributed this lack of interest to the historically low stock market profile of the French insurance industry.

Mr. Dawson forecasts UAP's earnings at 20.4 francs (\$3.48 at current exchange rate) per share this year and 29.0 francs (\$4.95) per share in 1994, up from 12.9 francs (\$2.33 at the appropriate exchange rate) per share in 1992.

Assurances Generale de France, France's second-biggest insurance company and the most profitable of the three state-owned insurers last year, is expected to be the first insurer up for sale, followed by JAP.

AGF is likely to earn 39.4 francs (\$6.72) per share this year and 47.7 francs (\$8.14) in 1994, compared with 27.0 francs (\$4.89) per share in 1992, according to Mr. Dawson.

Groupe des Assurances Nationales, the country's third-biggest state-owned insurer, is unlikely to be privatized in the near future because the company is heavily burdened by real estate losses at its retail banking subsidiary, Credit Industriel & Commercial.

Mr. Dawson expects the company to produce earnings of 22.6 francs (\$3.86) per share this year and 36.1 francs (\$6.16) in 1994, up from 9 francs (\$1.63) per share in 1992.

GAN "has the greatest recovery potential in both earnings and share price," Mr. Dawson said. However, he warned that investment in the company is riskier than in the others in the sector.

Of the remaining companies, Mr. Dawson said, "Each group has its own merits." **BI**

Issues in Australasia

CEOs see the light on risk management

By KATE McILWAINE

ADELAIDE, South Australia—Only 7% of major Australian companies have an internal risk manager who has overall responsibility for the function, a new survey of Australian chief executives shows.

Yet 45% of chief executive officers surveyed said their organizations had experienced major incidents that may have been reduced if appropriate risk management strategies had been in place.

The survey, conducted by broker Rollins Hudig Hall and accountant KPMG Peat Marwick, was presented Nov. 30 at the Assn. of Risk & Insurance Managers of Australasia Ltd.'s annual conference by Andrew Marr, director-risk management for RHH.

The survey polled 163 CEOs at Australia's largest companies.

Despite the low percentage of firms with internal risk managers, the CEOs generally regard risk management as more than an insurance purchasing job.

Forty-five percent of the respondents view the primary function of risk management as a strategic tool to improve corporate performance, 40% as a way of eliminating the negative consequences of risk, and only 10% as the placement of insurance programs.

Overall responsibility for corporate risk management is held by the CEO at 68% of the companies surveyed, by a management committee at 10%, by a business unit manager at 9%, and by an internal risk manager at only 7% of the companies. External risk management consultants had responsibility at 1% of companies.

When it comes to business planning, risk management is always considered part of the planning process. **Continued on next page**



Product liability law a growing concern for Japanese firms

By KATE McILWAINE

ADELAIDE, South Australia—Consumer pressure for product liability legislation is building in Japan, creating new concerns for risk managers there, says J.A. "Tony" Bridger, president of the Risk & Insurance Management Society Inc.

Mr. Bridger, risk manager for the Bank of Montreal in Toronto, had just come from Japan when he spoke to bankers and risk managers at the Assn. of Risk & Insurance Managers of Australasia Ltd. conference, held Nov. 28-Dec. 1 in Adelaide, South Australia.

A report by Japan's Economic Planning Agency, released in October 1992, recommends that strict liability be adopted when product liability legislation is drafted, but opposition from the business community has delayed a final decision by the Diet, Japan's parliament (BI, Nov. 30, 1992).

While Mr. Bridger was in Japan, consumer union members held a rally in Tokyo demanding new product liability laws and had collected 3.2 million signatures on a petition.

The experience of U.S. companies demonstrates the need for concern among risk managers in Japan and elsewhere, Mr. Bridger noted. U.S. firms currently pay a total of \$100 million a year in liability judgments for perceived defects in products, and the broadening definition of reckless manufacturing decisions is costing U.S. businesses billions of dollars, he

Continued on next page



Adapt role to a changing world: Bridger

By KATE McILWAINE

ADELAIDE, South Australia—Risk managers around the world must re-engineer their roles within their organizations to survive difficult times, a risk manager advises.

"Worldwide, companies are pressed to reduce costs, to do more with less or face dire economic consequences," said J.A. "Tony" Bridger, risk manager at the Bank of Montreal in Toronto.

"Mergers, acquisitions and corporate downsizing have cost hundreds of thousands of jobs, including those of many risk managers," he said.

Australia, too, has experienced an increasing tendency to outsource risk management functions, he observed. "Worldwide, we're all in the same boat."

Mr. Bridger, who is also president of the Risk & Insurance Management Society Inc., delivered a keynote address at the 17th annual conference of the Assn. of Risk & Insurance Managers of Australia, held in Adelaide, South Australia Nov. 28-Dec. 1.

But, as the magnitude of risk facing companies reaches "unprecedented proportions," there are opportunities for risk managers to demonstrate their impact on bottom-line corporate results, he said.

He said re-engineering is a process by which organizations painstakingly examine their reason for be-

ing, identifying key elements critical to the business.

"If we, as risk managers, intelligently engage in re-engineering, we will quickly and dramatically demonstrate our impact as an essential factor in our organization's success," he told the Australian risk management group.

Mr. Bridger said risk managers must determine how they impact on an organization's strategies and objectives and "harshly assess the extent to which we are part of the solution or, conversely, part of the problem."

Risk managers must do more with less, he noted.

"Negotiating more favorable rates on existing coverage, while commendable, is an inadequate response. In re-engineering, we are obliged to ask, 'Is insurance coverage the right answer, at any price? Maybe the exposure should be eliminated, because the cost simply outweighs the projected benefit.'" he said.

"We must discover where the next generation of risks are likely to occur, and work consultatively with top management policymakers, as well as our functional counterparts throughout the company, to head off problems before they become losses."

Mr. Bridger said speaking in terms management understands is critical for risk managers trying to gain recognition in the corporate executive suite.

The message has to be delivered not in technical terms, nor jargon, but in the language top management understands: impact on the bottom line. **BI**



LONDON

Continued from previous page
now only have to prove that the Gooda Walker Underwriters were negligent."

The Gooda Walker Action Group and Feltrim Names' Assn. were used to test the preliminary issue of the members agents' potential contractual liability at the October hearing. The ruling will now apply to all action group cases. Gooda Walker has the first major trial scheduled for April, unless Lloyd's settlement offer is accepted.

But that looks increasingly unlikely, and this latest ruling will not help.

Mr. Deeny and most other action group leaders say they intend to advise their members to reject the settlement offer and try their luck in the courts. This latest victory may spur members on to the court battle.

"The judgment will have an important impact on the reactions of all Lloyd's names to the settlement offer," he said.

Gooda Walker Action Group members will decide whether to accept the settlement offer at a Jan. 17 meeting.

About 31% of the 900 million pounds (\$1.34 billion) now being offered would go to Gooda Walker Action Group members; Feltrim members would get about 28.1% of the total. That means that either membership could doom the offer, which Lloyd's said would require 70% acceptance.

Ex-Merrett team

Methuen (Lloyd's Underwriting Agents) Ltd. is the latest agency to benefit from the demise of the Merrett underwriting empire.

A spokesman for Methuen announced last week that the managing agency has hired a fine art and coin underwriting team from syndi-

Risk managers

Continued from previous page
cess at 44% of the companies, the survey found. Another 53% said it is sometimes considered, while only 2% said risk management is never considered.

Asked to what extent CEOs believed company managers understand risk in their own areas of responsibility, 21% consider managers to have a full understanding, 73% said managers had some understanding and 6% said managers had very little understanding.

The survey also found that risk management is part of a training program at 45% of the companies.

Mr. Marr said the survey shows that risk managers have a long way to go to exert their influence in Australian corporate structure.

"There is hope that CEOs are seeing risk management as a profession that really can help improve strategic performance, rather than just help save insurance premiums," he said. **BI**

Japan

Continued from previous page
said.

He also suggested that Japanese risk managers should be as concerned about insurer solvency as U.S. risk managers. The Japanese Finance Ministry is creating a standard to measure the financial position of life insurers and a similar standard is being considered for non-life companies.

The solvency margin would be introduced in 1995, along with new regulations for insurers. **BI**

cate 1133, considered for administrative purposes a subsyndicate of syndicate 418, the now defunct former flagship of Merrett Underwriting Agency Management Ltd.

Led by underwriter Phil Davis, the team will join Methuen marine syndicate 483, which is underwritten by Peter Chandler.

Syndicate 483 lost 4.5 million pounds (\$6.8 million) in 1990 (the last closed year of account under Lloyd's three-year accounting system) on gross premiums underwritten of 70.8 million pounds (\$107.2 million). The syndicate's 1990 stamp capacity was 113.6 million pounds (\$183.4 million). The syndicate's capacity was 116 million pounds (\$175.7 million) in 1993. Mr. Chandler predicts a return to profit in the 1991 year of account.

Methuen did not stop there. It also collected the underwriters from two

other syndicates placed in runoff.

Alan Clare, ex-underwriter of non-marine syndicate 10, which is managed by Octavian Syndicate Management Ltd., will join non-marine syndicate 47 along with his former colleagues at syndicate 10—David Le Grys and Simon Anthony.

Mr. Clare's underwriting specialties are: professional indemnity; banks and financial institutions; kidnap and ransom; personal accident insurance; and health coverage.

Syndicate 47 made a profit in 1990 of just more than 2 million pounds (\$3.3 million) on gross written premiums of 18.7 million pounds (\$28.3 million) and a stamp capacity of 34.1 million pounds (\$55 million).

Octavian announced in the summer that syndicate 10 will cease underwriting in 1994. Mr. Clare will continue as underwriter of syndicate 10 for the management of the run-

off.

Lloyd's voting rules

Lloyd's of London has adopted "interim voting arrangements" for its general meetings that it hopes will appease traditional individual unlimited liability members and the new limited corporate members.

Both old and new members have been pressuring the Council of Lloyd's to protect their rights under the new capital regime.

The old membership feared that even if corporate money was still a minority of total capacity, the new money would dominate the society if the one member, one vote principle were abandoned and voting rights were based on the amount of capital invested by each corporate member. Such a move would give corporate investors huge blocs of

votes at general meetings.

The new money feared that a lack of voting clout could leave it vulnerable to excessive marketwide levies to compensate longtime members.

Lloyd's temporary solution is to grant corporate capital votes at general meetings proportionate to their aggregate allocated capacity. Based on current estimates, this would give the new capital slightly less than 20% of the total vote next year. The 20% of the voting rights would then be divided among the corporate investors according to the capital invested. The remaining 80% would go to the individual members, and then be divided up on a "one name, one vote" basis.

NAC Re subsidiary

NAC Re Corp. has been granted
Continued on next page

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CONFERENCE AGENDA

WEDNESDAY, JANUARY 19

6:00 – EARLY REGISTRATION & COCKTAIL RECEPTION
7:30 p.m. Hosted by Business Insurance and International Business Forum

THURSDAY, JANUARY 20

8:00 a.m. Continental Breakfast & Registration

9:00 a.m. OPENING REMARKS BY CONFERENCE CHAIRMEN

Kathryn J. McIntyre
Vice President, Publisher & Editorial Director
Business Insurance

James M. Burke, Editor
Business Insurance

9:15 a.m. KEYNOTE ADDRESS

Russell C. Coile, Jr., President
The Health Forecasting Group

9:45 a.m. HEALTH CARE REFORM: WHAT THE MAJOR PLAYERS WANT

Panel Moderator:
Jerry Geisel, Editor-at-Large
Business Insurance

Larry Milroy
Director – Benefit Management and Health Services
Rockwell International Corp.

William H. Sharkey, Jr.
Senior Vice President, National Marketing
CIGNA Corp.

G. Rodney Wolford, President & CEO
California Healthcare System

10:45 a.m. Mid-Morning Refreshments & Table-Top Exhibits

11:15 a.m. CONTROLLING EXPENSIVE CASES: PRENATAL & WELL BABY CARE

Maureen Corry
Director of Education & Health Promotion
The March of Dimes

Beverly King, Director of Human Resources
Los Angeles Department of Water & Power

12:15 p.m. LUNCHEON FOR SPEAKERS AND ATTENDEES
Hosted by CIGNA Corp., Intracorp and MCC Behavioral Care

1:15 p.m. KEYNOTE LUNCHEON SPEAKER

Jerry D. Gardner, M.D.
Professor of Internal Medicine
Associate Chairman, Department of Internal Medicine
School of Medicine
St. Louis University Health Sciences Center

INTERNATIONAL

Continued from previous page approval by the U.K. government Department of Trade and Industry to set up a London reinsurance subsidiary just in time for the January renewal season.

The new company will be called NAC Reinsurance International Ltd. and is capitalized at 50 million pounds (\$73.9 million). Charles J. Catt, former assistant manager at London market reinsurer NWR, which is now in runoff, has been appointed managing director.

"The opportunities already presented to NAC Re Corp. in the U.S. through its London contact office have confirmed our view that the international marketplace presents NAC Re with an exceptional opportunity to expand and diversify our client base," said Ronald L. Bornhuetter, chairman and chief executive officer of NAC Re Corp. **BI**

Chatset

Continued from page 43 billion pounds (\$9.77 billion). Post-1985 liabilities account for 1 billion pounds (\$1.49 billion) of that amount, hence the 5.6 billion pounds shortfall that will be transferred to NewCo., Chatset estimates.

Lloyd's syndicates show a worrisome imbalance in their reserves for long-tail U.S. pollution and asbestos exposures compared with top U.S. insurers, Mr. Rew said.

He estimates that while Lloyd's syndicates have about twice the exposure and twice the reserves of the 12 leading U.S. insurers, about 45% of Lloyd's total reserves relate to this business, compared with less than 5% for the U.S. companies.

Mr. Rew said both the U.S. companies and Lloyd's are seriously underreserved for pollution and asbes-

tos-related claims, "but Lloyd's has the problem in a very much more concentrated form."

Lloyd's reacted quickly to the Chatset report and questioned the validity of the figures.

Heidi Hutter, recently appointed as project director of NewCo., has just begun the job of calculating the sums needed to create the new reinsurer. She has hired three teams of actuaries to help determine the necessary capital level for NewCo.

NewCo., which would segregate all pre-1986 losses so they would not affect new members, is a central component of Lloyd's bid to attract corporate capital.

Days after the analysts revealed their figures, Lloyd's Chairman David Rowland suggested that Messrs. Rew and Sturge visit Lloyd's to explain their methodology. No date has been set yet, but

Mr. Sturge told *Business Insurance* he would be happy to meet with Lloyd's as long as the corporation did not expect him to do all its work for it.

A Lloyd's spokeswoman also cited recent U.S. court rulings that, especially in pollution cases, have been decided in insurers' favor and could minimize insurers' ultimate liability.

Among the rulings mentioned were the June decision in the Texas Eastern Transmission Corp. case, in which the 3rd U.S. Circuit Court of Appeals ruled that insurers don't have to contribute to a \$750 million PCB cleanup because the policyholder did not file a timely claim (*BI*, June 7); a New Jersey Supreme Court's decision in July in a case involving Morton International Corp., which found that pollution damage to a river in the state was expected; and the U.S. Supreme Court's re-

fusal to hear an appeal of a ruling denying Shell Oil Co. coverage in the Rocky Mountain Arsenal case.

But, despite the mystery surrounding the compilation of the figures and the vagaries of the U.S. courts, Chatset's predictions have proven consistently close to the truth. If anything, the predictions have tended to be conservative. For example, Chatset had predicted Lloyd's global loss for 1989 would be 1.3 billion pounds and the 1990 loss would be 1.1 billion pounds. The actual losses announced by Lloyd's were 2 billion and 3 billion pounds, respectively.

Moreover, Mr. Sturge said that the quotes that CentreWrite, the Lloyd's reinsurer established to offer reinsurance to close coverage so syndicates can close their accounts, have included estimate of deteriorations up to 150% higher than Chatset's own predictions.

CentreWrite estimated syndicate 518, managed by R.H.M. Outhwaite (Underwriting Agencies) Ltd., would deteriorate by 250% whereas Chatset estimated only 100%, and the Lloyd's reinsurer estimated syndicate 700, managed by Posgate & Denby (Agencies) Ltd., would deteriorate by 19%, compared with Chatset's prediction of no deterioration. In fact, the analysts calculate that on the basis of CentreWrite's quotations, Lloyd's reserves would be deficient by nearly 15 billion pounds (\$22.35 billion).

The 8.6 billion pound figure used by Chatset has three components: 6.6 billion pounds (\$9.82 billion) for open-year syndicates with exposure to 1985 and prior liabilities, mainly related to pollution and asbestos; 769 million pounds (\$1.14 billion) for Lioncover, the company created in 1987 to reinsure the huge liabilities of syndicates managed by PCW Underwriting Agencies Ltd.; and 1.28 billion pounds for open-year syndicates with no exposure prior to 1985 (\$1.90 billion), mainly short-tail liabilities.

Chatset believes that Lioncover is woefully underreserved and could prove a serious threat to Lloyd's Central Fund, which is used to help cover its losses. Lloyd's members currently owe the Central Fund more than 700 million pounds (\$1.06 billion) for 1990 losses.

The fund paid Lioncover 150 million pounds (\$227.2 million) between 1987 and 1992, and another 51 million pounds (\$75.9 million) was paid last month. Lioncover managers currently are in dispute with a number of property/casualty reinsurers over more than 400 million pounds (\$595.1 million) in reinsurance recoverables.

Meanwhile, managing agency Sturge Holdings P.L.C. has filed a suit against Mr. Rew in his capacity as chairman of the Sturge Names Action Group and co-editor of Chatset.

Sturge accuses Mr. Rew of breaching a confidentiality agreement he entered into with the agency when, acting as chairman of the action group, he was allowed access to information about certain Sturge syndicates.

The agency contends that it allowed him access to the information for the purposes of submitting a claim on behalf of Sturge names to the legal advisory panel set up by Lloyd's to gauge the amount of money sought by litigating members (*BI*, Dec. 13). But, Sturge Holdings alleges that he also used the information in the runoff guide, which the agency believes could be damaging to both Sturge Holdings and possibly the names on the syndicate.

Mr. Rew had not seen the writ as of late last week and could not comment on the charges. **BI**

1:45 p.m. *Break*

2:15 p.m. **COMPLYING WITH ADA & EEOC REGULATIONS WHILE CONTROLLING COSTS**

Michael J. Lotito, Managing Partner
Jackson, Lewis, Schnitzler & Krupman

3:00 p.m. *Mid-Afternoon Refreshments & Table-Top Exhibits*

3:30 p.m. **ALLIANCES IN THE MANAGED PRESCRIPTION DRUG INDUSTRY**

Panel Moderator:
Christine Woolsey, Associate Editor
Business Insurance

Managed Health Care Director
The Upjohn Company

Dennis J. Nirtaut, Manager of Employee Benefits
Continental Bank

4:30 p.m. **COCKTAIL RECEPTION**
Hosted by The Upjohn Company

FRIDAY, JANUARY 21

8:00 a.m. *Continental Breakfast & Table-Top Exhibits*

9:00 a.m. **OPENING REMARKS BY CONFERENCE CO-CHAIR**

James M. Burke, Editor
Business Insurance

9:15 a.m. **FAIR & ADEQUATE MANAGED MENTAL HEALTH CARE COVERAGE**

Panel Moderator:
Joan Pearson, Principal
Towers Perrin

Ann Collins, Director
Employee Benefits North America
Philip Morris Management Corp.

Stephen Connor, M.D., Medical Director
PacifiCare Behavioral Health/LifeLink

William M. Glazer, M.D.
Associate Clinical Professor of Psychiatry
Yale University School of Medicine

10:15 a.m. *Mid-Morning Refreshments & Table-Top Exhibits*

10:45 a.m. **EMPOWERING EMPLOYEES TO MAKE WISE HEALTH CARE CHOICES**

Carson E. Beadle, Managing Director
William M. Mercer, Inc.

Dorothy E. Dugger, M.D.
Chief Medical Officer, Intracorp

Paula Roe, Vice President - Compensation & Benefits
Norwest Corp.

11:45 a.m. **OUTCOMES MEASUREMENT: CAN IT REDUCE HEALTH CARE COSTS?**

Lucy Johns, Independent Consultant
Health Care Planning & Policy

William J. O'Neil
Manager of Health Care & Wellness Programs
Procter & Gamble Co.

12:30 p.m. **LUNCHEON FOR SPEAKERS AND ATTENDEES**

1:30 p.m. **KEYNOTE LUNCHEON SPEAKER**

Ellen M. Sanders, Partner
Innovative Health Care Services, Inc.
First Vice President
American Nurses' Association

2:00 p.m. *Break*

2:30 p.m. **DEBATING THE COVERAGE OF EXPERIMENTAL TREATMENT**

Panel Moderator:
James M. Burke, Editor
Business Insurance

Terry Rogers, M.D.
Senior Vice President - Medical Affairs
King County Medical Blue Shield

Lawrence J. Schneiderman
Professor - Department of Family & Preventive
Medicine and Department of Medicine
University of California-San Diego

3:30 p.m. **WELLNESS PROGRAMS: ARE THEY REALLY EFFECTIVE AT CONTROLLING COSTS?**

Panel Moderator:
William E. Hembree, Director
Health Research Institute

William B. Baun
Manager - Health Promotion Department
Tenneco, Inc.

Kurt P. Hobbs
Supervisor - Preventive Health Education
Southern California Edison

Ronald Komers, Personnel Director
County of Ventura

4:30 p.m. **CONFERENCE ADJOURNS**

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CIGNA Corp.

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The Upjohn Company

NAIC accreditation

Continued from page 2
 non-accredited states are effective. States not accredited by Jan. 1 will not have their insurer examination reports accepted by accredited states. However, this will be waived if an examiner from an accredited state significantly participates in the non-accredited state's exam. An indirect result of this sanction will be that insurers domiciled in non-accredited states may have a

tougher time getting a license in an accredited state, said the Alliance's Ms. Marema. But others disagree that the sanction will have a real impact on non-accredited states. Jeffrey Johnson, an attorney and former Vermont commissioner who now represents captives and risk retention groups, described the sanction as "window dressing." For example, at least two non-accredited states planned their examination schedules in an effort to

avoid the sanctions in 1994. Non-accredited Vermont examined the largest insurer domiciled in the state before the sanction takes effect, said Insurance Commissioner Elizabeth R. Costle. In addition, Connecticut has started all examinations scheduled for 1994 in advance of the Jan. 1 effective date, thereby avoiding the sanction, said Insurance Commissioner Robert Googins. Both states hope to be accredited in 1994.

Another factor that could minimize the sanction's impact is that regulators typically invite their counterparts in neighboring states to jointly examine large insurers. The NAIC divides the United States into four geographic zones. Because of the geographic distribution of accredited states, it ought to always be possible to have an examiner from an accredited state as part of the group of regulators conducting such a zone examination, said Bradley Kading, vp and director of

state relations for the Reinsurance Assn. of America in Washington. He added that the sanction is "appropriate" because the NAIC is in a transition period as states become accredited. "It is not a loophole." "It is not as toothless as it seems," said Rodger Lawson, president of the Alliance of American Insurers. "You don't want a hurdle you can't overcome." In addition, NAIC officials have indicated that they plan to take a
Continued on next page

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LEGAL NOTICE

JONATHAN F. BANK (State Bar No. 43210)
 PAMELA WEBSTER (State Bar No. 105937)
 PAUL S. ARROW (State Bar No. 136870)
 BUCHALTER, NEMER, FIELDS & YOUNGER
 A Professional Corporation
 601 South Figueroa Street, Suite 2500
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 (213) 891-0700

Attorneys for Philip J. Singer and Christopher John Hughes, as Joint Administrators of RMCA Reinsurance Limited

**UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA**

In re

Petition of Philip J. Singer and Christopher John Hughes, as Joint Administrators of RMCA Reinsurance Limited,
 Debtor in Foreign Proceedings.
 Bk. No. MI 93 00140 ER
 In a Case Under Section 304 of the Bankruptcy Code

Philip J. Singer and Christopher John Hughes, as Joint Administrators of RMCA Reinsurance Company Limited,
 Plaintiffs

v.
 Creditors of RMCA Reinsurance Limited identified in Exhibit 1,
 Defendants.
 Adv. No. LA1 064892
NOTICE OF PRELIMINARY INJUNCTION
 Date: December 1, 1993
 Time: 9:00 a.m.
 Ctrm: 1445
 Roybal Federal Building
 255 E. Temple Street
 Los Angeles, California

NOTICE IS HEREBY GIVEN that on November 8, 1993, Philip J. Singer and Christopher John Hughes, as Joint Administrators (the "Joint Administrators") of RMCA Reinsurance Limited (the "Company") filed a petition for relief under 11 U.S.C. §304.

NOTICE IS FURTHER GIVEN that pursuant to a preliminary injunction (the "Preliminary Injunction") issued by the Bankruptcy Court all creditors and subsequently identified parties with interests adverse to the Company (the "Subsequent Claimants") are preliminarily enjoined and restrained from:

1. commencing or continuing any judicial, administrative or regulatory actions against the Company or its property in the United States;
2. commencing or continuing any act or any judicial, administrative or regulatory proceeding to create, perfect or enforce any lien, set-off or other claim against the Company or its property; and
3. relinquishing any property of the Company in the United States to any persons other than the Joint Administrators.

NOTICE IS FURTHER GIVEN that the Subsequent Claimants may file a motion with the Bankruptcy Court, with not less than 21 days notice to counsel to the Joint Administrators at the address set forth in the upper left-hand corner of this Notice, requesting a hearing to vacate or modify the Preliminary Injunction.

NOTICE IS FINALLY GIVEN that all persons affected by the Preliminary Injunction or desiring a copy of the relevant documents may contact Paul S. Arrow at the address set forth in the upper left hand corner of this Notice.

DATED: December 1, 1993
 BUCHALTER, NEMER, FIELDS & YOUNGER
 A Professional Corporation

PAUL S. ARROW
 Attorneys for Philip J. Singer and Christopher John Hughes, as Joint Administrators of RMCA Reinsurance Limited

LEGAL NOTICE

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 (213) 891-0700

Attorneys for Philip J. Singer and Christopher John Hughes, as Joint Administrators of ICS Reinsurance Limited

**UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA**

In re

Petition of Philip J. Singer and Christopher John Hughes, as Joint Administrators of ICS Reinsurance Limited,
 Debtor in Foreign Proceedings.
 Bk. No. MI 93 00139 ER
 In a Case Under Section 304 of the Bankruptcy Code

Philip J. Singer and Christopher John Hughes, as Joint Administrators of ICS Reinsurance Company Limited,
 Plaintiffs

v.
 Creditors of ICS Reinsurance Limited identified in Exhibit 1,
 Defendants.
 Adv. No. LA1 064881
NOTICE OF PRELIMINARY INJUNCTION
 Date: December 1, 1993
 Time: 9:00 a.m.
 Ctrm: 1445
 Roybal Federal Building
 255 E. Temple Street
 Los Angeles, California

NOTICE IS HEREBY GIVEN that on November 8, 1993, Philip J. Singer and Christopher John Hughes, as Joint Administrators (the "Joint Administrators") of ICS Reinsurance Limited (the "Company") filed a petition for relief under 11 U.S.C. §304.

NOTICE IS FURTHER GIVEN that pursuant to a preliminary injunction (the "Preliminary Injunction") issued by the Bankruptcy Court all creditors and subsequently identified parties with interests adverse to the Company (the "Subsequent Claimants") are preliminarily enjoined and restrained from:

1. commencing or continuing any judicial, administrative or regulatory actions against the Company or its property in the United States;
2. commencing or continuing any act or any judicial, administrative or regulatory proceeding to create, perfect or enforce any lien, set-off or other claim against the Company or its property; and
3. relinquishing any property of the Company in the United States to any persons other than the Joint Administrators.

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DATED: December 1, 1993
 BUCHALTER, NEMER, FIELDS & YOUNGER
 A Professional Corporation

PAUL S. ARROW
 Attorneys for Philip J. Singer and Christopher John Hughes, as Joint Administrators of ICS Reinsurance Limited

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 Vice-Presidents, General Managers and Other Administrative Personnel 4,140

Financial:
 Chief Financial Officers and Vice-presidents of Finance 2,495
 Secretaries, Treasurers, controllers and other Financial Personnel 3,702

Risk/Employee Benefits:
 Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 15,094

Sub-total 28,112

Associations 385
 Government, unions and Educational Institutions 1,075

Commercial Consumers

Sub-total 29,572

Insurance Agents and Brokers 8,714
 Insurance Companies . . . 7,981
 Accountants, Actuaries, Attorneys & Consultants 3,532
 Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers 1,936
 Others Allied to the Field 1,081

TOTAL 52,816

* Source Business/Occupational breakdown of qualified circulation, May 31, 1993 issue, as submitted to BPA for June 1993 BPA Publisher's Statement.

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Continued from previous page
hard look at how the sanction is enforced.

"This is not an off-the-cuff 'borrow an examiner' scheme," said the NAIC's president, Alaska Insurance Commissioner David Walsh.

Accreditation overseers also are concerned that non-accredited states will begin examinations in 1993 to avoid the deadline without planning to complete them in a timely manner.

The NAIC "will not look kindly if an exam is begun and then suspended for 15 months," said William McCartney, Nebraska insurance director and chairman of the NAIC's Committee on Financial Regulation Standards and Accreditation.

In addition to making the accreditation process work, there are other challenges to effective state insurance regulation.

Two accredited states have taken specific legal action to protect insurers domiciled within their borders from adverse or inadequate regulation in other states.

Texas has adopted a law to protect its domestic insurers by threatening to retaliate in kind against any state that takes action against them. Florida, meanwhile, has adopted a law that requires all licensed insurers to comply with Florida's holding company act unless the insurer is domiciled in an accredited state.

This apparent distrust of other states' regulation also was evident at

this month's NAIC meeting during a discussion about determining the amount of credit a ceding company can take for reinsurance.

Industry representatives generally favor allowing the regulator in the ceding company's accredited domicile to make the determination, as is the rule under portions of the NAIC's model holding company act, said Edmond F. Rondepierre, senior vp, general counsel and secretary for General Reinsurance Corp. in Stamford, Conn. He is chairman of the resource group discussing the issue.

However, some regulators balked at the idea, revealing a lack of confidence in determinations made by fellow regulators, he said.

Another area of discord among regulators concerns the NAIC's reg-

ulation of risk retention groups.

Vermont's Ms. Costle and NAIC leaders are working to settle a disagreement over Vermont's unusual approach to regulating captives and risk retention groups, which is one hurdle in the state's path to accreditation (BI, Sept. 27).

A spokesman for the National Risk Retention Assn. lambasted the regulators for their "backroom machinations" on the issue, which he says unfairly shut out risk retention groups formed under federal law from the discussion.

Mr. Johnson, Vermont's former commissioner, said he has similar concerns about the negotiations between Ms. Costle and the NAIC's Risk Retention Working Group. He also repeated earlier warnings that

unless progress is made by mid-January in Vermont's effort to become accredited, a lawsuit will be filed against the NAIC by a risk retention group or one of the associations supporting them. The Coalition of Alternative Risk Funding Mechanisms will not be a plaintiff, though it plans to support any lawsuit against the commissioners.

The NAIC also must achieve a balance between its desire to improve solvency regulation and the capacity of state legislatures and insurers to absorb all the changes.

NAIC leaders say they plan to be more deliberative and sensitive to this concern in the future. They reject the idea, however, that "a moratorium" or "slowdown" on new model laws is in effect. **BI**

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D&O ruling

Continued from page 2

Jan. 11 in U.S. District Court in Grand Rapids, Mich., by Ameriwood Industries International Corp. of Grandville, Mich.

Ameriwood, which previously conducted business as Rospatch Corp., purchased two one-year claims-made D&O policies from American Casualty Co. of Reading, Pa., a unit of CNA Financial Corp. Ameriwood had \$5 million of annual limits, subject to a \$500,000 retention per loss, from October 1988 until October 1990.

Ameriwood is trying to recover the \$10 million in policy limits to defray nearly \$8.2 million of net costs it incurred in settling fraud claims against Rospatch and its officers and directors and \$7.1 million of defense costs. Defense costs were included within the policies' limits.

Judge Douglas W. Hillman rejected American Casualty's arguments that three 1989-1990 policy exclusions barred coverage for four fraud lawsuits filed against Rospatch during the policy year.

A securities acquisition exclusion barred coverage for claims against

directors and officers arising from efforts to prevent third parties from acquiring company stock.

Judge Hillman ruled the exclusion did not bar coverage for the four fraud suits because the suits alleged Rospatch and its officials unlawfully tried to prevent others from gaining "control of Rospatch." Control can be achieved by means other than acquiring stock, like controlling the board of directors, the judge said.

American Casualty also argued Rospatch had not proved that it was required to indemnify, or already had indemnified, its officials for losses resulting from settlements of the fraud cases.

While Rospatch's articles of incorporation and bylaws authorize such indemnification when officials have acted in good faith, the company's board never made such a determination, the judge ruled.

As a result, a jury still must resolve whether the Rospatch officials were entitled to indemnification.

Another exclusion barred coverage for any action that a named shareholder, Atlantis Group Inc., filed against Rospatch during the 1989-1990 policy year. Atlantis had filed previous fraud suits against the

company and its officials.

But, Judge Hillman ruled that the exclusion did not bar coverage of a class-action complaint against Rospatch in which Atlantis was one of many plaintiffs.

Rospatch is not covered, though, under its 1988-1989 policy for any losses or defense costs stemming from the four fraud suits and several other earlier claims for which it sought coverage, the judge found.

The company argued that the 1988-1989 policy also should cover the four fraud suits because the alleged wrongdoings in those cases "relate back to" allegations in other litigation that was already under way during the earlier policy period.

But, Judge Hillman ruled that losses and defense costs stemming from litigation under way during the 1988-1989 policy period were not covered by that policy. That litigation either was part of other lawsuits or arose from the same facts and circumstances underlying other lawsuits filed before the policy's inception, he found.

As a result, the four fraud suits filed during the 1989-1990 policy period are not covered under the earlier policy, the judge ruled.

Judge Hillman's rulings at this stage of the litigation ordinarily cannot be appealed, said Ameriwood attorney Gregory L. Curtner, a partner with Miller, Canfield, Paddock & Stone in Detroit.

Saying Judge Hillman did "a very careful job" in writing the decision, Mr. Curtner believes it "could certainly help people think through coverage issues."

"To me, the overriding message that comes out for carriers is to carefully draft policy language," said D&O litigation expert Dan A. Bailey, pointing to the judge's interpretations of the 1989-1990 exclusions. "It's as good an opinion to demonstrate that point as any I've seen in a while," said Mr. Bailey, a partner with Arter & Hadden in Columbus, Ohio, who generally represents insurers.

For underwriters, "I find the opinion instructive as far as the language used" by American Casualty in the securities acquisition and prior pending litigation exclusions, said John Morrison, a partner with Altheimer & Gray in Chicago, who primarily represents insurers.

Judge Hillman's narrow interpretation of the 1989-1990 policy ex-

clusions is a "helpful interpretation that confirms how insurance policies should be interpreted" and confirms general insurance contract principles, said policyholder attorney Carolyn H. Rosenberg of Sachnoff & Weaver Ltd. in Chicago.

Ms. Rosenberg said that other D&O policyholders may be able to avoid potential defense cost and indemnification challenges by their insurers by following the procedures outlined in their corporate bylaws and in governing state law in authorizing and documenting indemnification of corporate officials.

American Casualty attorney Peter D. Sullivan of Hinshaw & Culbertson in Chicago agreed.

In addition, he said, policyholders "are more likely to reserve their rights under their policies" if settlements of litigation against corporate officials specifically obligate the corporation "to pay on behalf of officers and directors."

Ameriwood Industries International Corp., f/k/a Rospatch Corp. vs. American Casualty Co. of Reading, Pa., U.S. District Court for the Western District of Michigan, Southern Division; No. 1:92-CV-658.

How the Grinch...

Continued from page 51

He got lost only once, but the rest was a cinch. For if Santa could do it, so could the Grinch. And before he could utter a scant "Ho, ho, ho,"

He slipped into the office of the CEO.

His desk was piled high with memos and papers

Detailing the CEO's cover-up capers.

In fact, said one note to the industry bosses,

This was the third-worst year for catastrophe losses.

The CEO had written, completely dejected,

That insured values were up much more than expected.

One memo offered these honest disclosures:

It was harder to withdraw from P/C exposures;

And marking to market would be tricky. After all,

If the equity base rose, the returns on it would fall.

The Grinch gathered these papers and snickered with glee—

Why, here was a mention of the SEC:

Unforeseen toxic and environmental loss

Had mounted to near-insurmountable costs!

And the changes in Superfund that might be unloaded

Meant reserve deficiencies would have to be noted.

The Grinch rubbed his hands. He was truly elated.

Why, things were much worse than he'd anticipated.

And although the CEO held himself quite aloof,

This desk offered up undeniable proof

That in spite of what management said to impress,

This company was in a terrible mess.

Then the Grinch turned around to the office's back

And he noticed a towering, colossal stack

Of shareholders' annual December mailings

Saying, "WE'RE GREAT!" (In spite of the failings

The CEO knew, it seemed he had fear

That telling the truth dampened holiday cheer.)

The Grinch glanced about—saw the document shredder.

And he grinned ear to ear. Well, now, what could be better?

He'd rid those number-fudged annual reports

And send something guaranteed to cause retorts.

He plucked out one envelope—Mr. Julius Fitzgibbons'

Annual report was now sliced into ribbons.

And he stuffed the envelope instead, in defiance,

A note on the failure of American Reliance.

And so the Grinch worked through the rest of the mailings,

Replacing reports with hints of firms' failings.

He worked and he worked 'till he almost was done,

'Till the envelope he held was the very last one.

He had opened it up, turned the shredder on once more,

When he heard a small sound, like the squeak of a door.

He turned around fast, and wouldn't you know?

There stood Almost DoNothing, the firm's CEO.

The man walked to his desk and he reached in a drawer

Until he found what he'd been looking for.

He waved his tight fists, holding rows of pink slips

And a grin crept across his thin, lying lips.

"I'll lay more of 'em off," he crowed. "More jobs lost

Is the easiest way for the firm to cut costs." The Grinch blinked, dumbfounded. As if this

foolish slicing

Might actually solve the main problem of pricing!

He must have exhaled, or moved just a hair,

Because suddenly DoNothing noticed him there.

He looked at the ribbons of paper in fear.

He glanced at his desk, which was practically clear.

He stared at the Grinch and said, "Santa Claus, why?"

Why are you doing this to me? Why? WHY?"

But you know, that old Grinch was so smart and so slick,

He thought up a lie and he thought it up quick.

"My dear boy," the fake Santa Claus said, his eyes glinting,

"The annual report has had a misprinting. I'm saving you all a logistical terror

By simply destroying the ones with the error."

DoNothing grinned broadly and hugged Santa Claus.

"Wouldn't send to the stockholders something with flaws!"

He winked, and nudging Santa, came forward a step,

"We surely don't want them to think we're inept!"

"No, of course not," the Grinch cooed with a smile.

"Now you run along to the party a while." And he guided DoNothing through the office door,

Turned off the shredder and swept up the floor.

He stuffed all the paper right into his sack

And crept to his sled with it slung o'er his back.

And all that he left in the CEO's folders

Were envelopes addressed to all the shareholders

Full of memos and notes that would reach them this Christmas

And truthfully tell them the state of the

business.

Then he did the same thing at each P/C firm

Leaving letters to make all their shareholders squirm.

He packed high his sled and climbed the Sears Tower,

Planning to dump at the next sunrise hour

Those annual reports with numbers all fudged

By which industry health had been sorely misjudged.

"Ho, ho, ho, CEOs!" he was Grinch-ishly saying.

"They're finding out I know the game they've been playing!

They're just waking up! I know how it will go!

Their mouths will hang open a moment, like so,

And then each CEO will start yelling, *OH NO!*

That's a noise," grinned the Grinch,

"That I simply *MUST* hear!"

So he paused. And the Grinch put his hand to his ear.

And he *did* hear a sound rising over the city.

He laughed, listening close for the wails of self-pity.

But the sound wasn't *sad*! Why, this sound sounded *merry*!

"It couldn't be so." But it *was* merry! *Very*!

The Grinch popped his eyes as he peered down a tad:

And saw business going on as it *always* had.

Every CEO in P/C-ville was saying that never

Had things been so good. Why, they're better than ever!

The Grinch felt his eyebrows shoot up through the roof.

He *hadn't* exposed the sad shape of these firms,

In spite of uncapping this huge can of worms.

In spite of his efforts, in spite of his trying,

The slick CEOs had continued their lying.

And the Grinch, with his Grinch feet

ice-cold on the roof

Stood puzzling: "How could they ignore the bald truth?"

I showed them their problems! I made them discover

The losses from which they could barely recover!

I told them how low pricing must be addressed!

I showed capital markets they couldn't access!

And recognizing the deficient reserves

Should give the most hearty a case of raw nerves!"

Yet in spite of the papers he stole on the sly,

Those foolish CEOs believed they'd squeeze by.

Though prosperity wouldn't return, the Grinch feared,

'Till the problems on their balance sheets had been cleared.

"Maybe business," he mused, "is just sour to the core.

Maybe it's too far gone to be saved anymore."

There *had* been some hope—just the tiniest smidgen—

But accountants and actuaries who'd gotten religion

And the rating agencies with the best of intentions

Could not staunch the flow of slick tricks and inventions.

He wondered if each re-stuffed shareholder letter

Might make a faint stab at a change for the better.

Though for every shareholder who voiced a query,

The management would surely offer a theory

Suggesting that this was a trend that would pass,

That prosperity truly was coming... and fast!

The Grinch faced his failure, and started to moan.

He simply could not buck the system alone.

And what happened then? In P/C-ville they say

That the Grinch tossed his hope for recovery away.

It was suddenly clear that change would not come about

'Till companies restructured, inside and out.

With his Grinch shoulders drooping, his face pinched and thin,

The Grinch let a tear fall for what might have been.

And he ate Christmas dinner alone in his cave,

Lost in the thoughts of the industry he could not save.

And the sense that these firms had no clue in the least,

Took the pleasure from eating the finest roast beast.

So, hoping to bolster his holiday mood,

The Grinch looked around for some more tempting food.

He stacked favorite yummys up high in three bowls:

Things like marzipan, pasta twists, hot pecan rolls,

Christmas pudding and fruitcake and fresh-baked plum pie—

But they all made him queasy. And he knew why.

The Grinch pushed his plate back and shuddered with fear:

He had no appetite for the upcoming year.

Myron M. Picoult is managing director 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. Jodi Picoult Van Leer is his daughter.

Clinton plan

Continued from page 1

documents spelling out some of the plan's revenue assumptions that it would require all employers to be the primary payer of health insurance for employees and their spouses who stay on the job after age 65. Medicare would become the secondary payer.

Currently, this "working aged" provision, which Congress enacted in the early 1980s to shift billions of dollars in costs to employers from Medicare, only applies to employers with at least 20 employees.

This provision has been an administrative nightmare for employers because hospitals often improperly bill Medicare for older employees' expenses that actually should be paid by employer plans.

The Health Care Financing Administration, which administers the Medicare program, has forced employers to dig through their records to try to determine their financial liability.

And, HCFA has sent out several hundred million dollars in bills to employers to recover Medicare overpayments.

If the under-20 employee exemption is removed, "small em-

ployers can expect the same headaches that the provision has caused larger employers," said Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York.

Meanwhile, small business executives, who have been among the most outspoken opponents of the Clinton health care plan, show no sign of easing their criticism.

Last week, the 610,000-member National Federation of Independent Business warned that the Clinton plan would lead to substantial job loss among the nation's smallest firms.

Individual NFIB members, who appeared at a press briefing, also said the costs of the Clinton plan, like so many other entitlement programs, have been underestimated. As a result, special subsidies promised by the administration to small employers to offset some of the expense of paying workers' health care premiums will almost certainly be reduced or eliminated, they maintained.

"If it (the financing) doesn't work, employers will be charged more money. Benefits won't be cut. But I fear the (small employer) subsidy won't hold up," said NFIB member Dale Gilliland, the owner

of American Foam Center, an Arlington, Va.-based mattress and cushion firm employing 10 people.

The administration did get some good news last week on the health reform front: 10 physician groups, including the American Academy of Family Physicians and the American Academy of Pediatrics, told Mr. Clinton they support the thrust of his proposal.

That eased some of the sting from the decision earlier this month by the American Medical Assn., the nation's largest physician group, to drop formal support of an employer health care mandate. Instead, the AMA's Board of Delegates said, all financing options should be given equal weight (BI, Dec. 13).

The extent of employer distrust of the financial underpinning of the Clinton plan, as well as other concerns about the package, are evident in a new Buck Consultants Inc. survey of 64 employee benefit and human resource executives at Fortune 1,000 companies.

None of the surveyed executives said the revenue provisions in the Clinton plan, which include cuts in projected increases in Medicare spending as well as a new cigarette tax, are sufficient to cover the cost of the plan.

"No one believes the numbers," said John O'Donnell, Buck's director of health care policy and legislation in Secaucus, N.J.

Instead, the employers say, new broad-based taxes will be necessary to finance the Clinton plan. Forty-eight percent of employers say a new payroll tax will be required, while 39% said a new payroll and value-added tax will be necessary to assure universal coverage by 1998 as the plan proposes.

Employers also say that the inclusion of a big windfall for companies that offer medical coverage to early retirees isn't enough for them to support the Clinton plan. Under that provision, the government would pay 80% of the cost of health care premiums for workers retiring between age 55 and 64.

Seventy-one percent of employers said the early retiree provision would not lead them to support the Clinton plan.

"They've seen so many negative aspects of the Clinton plan that the early retiree provision is not enough to overcome employer opposition," Mr. O'Donnell explained.

Many employers are skeptical

that they would be able to reap all the early retiree savings the administration has promised.

Under a so-called temporary assessment provision, employers generally would have to return—over a three-year period—50% of their annual savings after the government begins paying the bulk of early retiree health care costs (BI, Nov. 8). The assessments would end after the three years.

However, 51% of the employers responding to the Buck survey predicted that the temporary assessment will be extended beyond three years. Forty-six percent of employers said they didn't know if the temporary assessment would

Employers surveyed by Buck Consultants say new taxes will be needed to finance the Clinton reform plan.

be extended, while only 3% of employers said the assessment would be limited to three years.

Under another provision in the Clinton plan, generally only employers with more than 5,000 employees would be allowed to opt out of public health care alliances and establish their own corporate health alliances.

But the flexibility to establish a corporate alliance is something smaller companies want as well: all 24 employers with fewer than 5,000 workers that responded to the Buck survey said they want the option to establish their own alliance, assuming corporate alliances are viable alternatives.

Smaller employers want to opt out of regional alliances because of a lack of confidence that government would be able to efficiently run the entities, Mr. O'Donnell explained. "No one likes to surrender control and yet have to pay the bills."

None of the respondents said the Clinton plan would pass without significant modifications, while just 8% said the bill is likely to pass with moderate modifications. Another 25% said the proposal would pass, but only with major modifications, while 22% said other health care reform proposals are more likely to pass than the administration's. Forty-five percent say it is unlikely that health

reform legislation will pass in 1994.

Meanwhile, 63% of benefit executives responding to a survey by Ernst & Young expect that enactment of health reform legislation will mean higher costs for their companies, while 28% expect to pay about the same. Just 9% predict that they would pay less because of health care reform.

The Ernst & Young survey, in which 546 benefit executives were interviewed, also found that employers expect to continue to aggressively manage health care costs rather than waiting to see how health care reform legislation will force them to change their health benefit programs.

When asked what posture their company would take to control medical plan costs in light of impending health care reform, 63% said they would continue to aggressively manage costs, while 22% said they would make minor modifications and 16% said they would take a wait-and-see attitude.

Employers believe it will be a long time before health care reform is enacted, so they believe they must press forward now with managed care to control costs, said Dr. Ed Lipson, national director of managed care consulting in Ernst & Young's San Francisco office.

Meanwhile, a Wall Street Journal/NBC News telephone poll of 1,002 Americans conducted last week found that most Americans favor the Clinton health plan over health proposals that would not provide universal coverage.

Sixty-nine percent of respondents said they favored the Clinton plan, while 20% said they supported a plan that relies on a less expensive plan that relies on market competition, but would still leave millions of people without health insurance. The others were either undecided or favor another plan.

Free single copies of *National Health Care Reform Panel: Survey III Results*, are available from Buck Consultants Inc., 500 Plaza Drive, Secaucus, N.J. 07096; 201-902-2555.

Free single copies of the Ernst & Young survey, "Health Care and its Effect on Employer Cost Management Initiatives," will be available in late January from Ingrid Warner, Ernst & Young, 787 Seventh Ave., Seventh Floor, New York, N.Y. 10019; 212-773-522.

Superfund

Continued from page 1

Protection Agency. The Treasury and several other agencies concerned with economic development advocated a total overhaul of Superfund's liability system, including elimination of retroactive, strict and joint and several liability for site cleanups (BI, Oct. 11).

Insurers backed the Treasury proposal.

EPA and Justice Department opposed sweeping liability changes, and favored retaining the "polluter pays" principle even if the pollution was legal when it occurred.

Under a compromise the two camps worked out late last week under the guidance of the National Economic Council, insurers would be subject to an annual tax of at least \$500 million. That's \$200 million more than property/casualty insurers already had indicated they'd be willing to pay in return for eliminating retroactive liability for pollution that occurred before Superfund took effect in 1980 (BI, Oct. 11).

In return for paying more taxes, insurers would get less than they'd initially sought, though the proposal claims it would eliminate 95% of the litigation over insurers' liabilities for pollution that occurred before 1980.

Under the proposal, a federally administered pool funded by the insurer tax would pay cleanup costs on behalf of policyholders now demanding coverage from their insurers. However, the pool could pay for only 80% of a polluter's liability, thus maintaining, in part, the principle of polluter pays.

Without having seen the fine print, insurer stock analysts said that the proposal looks promising.

"It sounds like a premium the industry would want to take a good hard look at," given the amount of money individual insurers have paid for environmental liabilities, said Charlie Titterton, a director at Standard & Poor's Corp. in New York.

The proposal is positive for two major reasons, said Gloria Vogel, first vp at Lehman Bros. in New York. First, it is likely to reduce the number of lawsuits, she said. Second, by paying a predetermined amount into the pool each

year, insurers would trade a "certain environment for an uncertain one," she noted.

She cautioned, however, that it is impossible now to say how this proposal would affect individual companies.

But other sources close to the negotiations called the possibility of eliminating 95% of the litigation from pre-1980 dumping "wildly optimistic," noting that the still-hazy proposal would not prevent policyholders from suing insurers over the 20% of cleanup costs not paid by the federal fund.

Those sources also said the \$500 million annual tax—which could increase—was based on the Office of Management and Budget's recalculation of EPA estimates that cost of cleaning up pre-1980 pollution could run as high as \$930 million annually for the foreseeable future. The OMB estimated the cost at about \$600 million, \$500 million of which would come from the insurers. The remaining \$100 million would probably be raised by some new taxes on smaller businesses.

The proposal followed a meeting last Wednesday between business and insurance representatives and administration officials. Sources close to the discussions said at the time that a version of the so-called "hybrid" approach to Superfund liability—which would combine site-specific proportional liability with a new tax on insurers to pay for cleanup—appeared to be gaining support as an alternative to the EPA and Treasury approaches (BI, Dec. 6).

Superfund must be reauthorized in 1994 or the federal government will lose its ability to levy existing special taxes on certain industries, including the petroleum industry, to pay for the cleanup of sites for which no responsible parties can be found. A White House reauthorization bill is expected soon.

If the administration adopts the compromise on retroactive liability, it may run into trouble on Capitol Hill. Powerful lawmakers, including House Energy & Commerce Committee Chairman John D. Dingell, D-Mich., have warned that major changes in Superfund's liability structure could upset the chances that the law will be reauthorized next year. ■

Rise in uninsured adds impetus to reform

By JERRY GEISEL

WASHINGTON—A new report showing a sharp increase in the number of people without health insurance underscores public support for improved access to health care coverage.

Last year, 38.5 million non-elderly individuals—those under age 65—were uninsured for health care expenses, said the report released last week by the Employee Benefit Research Institute, a Washington-based benefits think tank. That number is an increase of 2.2 million from 1991, when 36.3 million people were uninsured.

In all, 17.4% of the non-elderly population was uninsured at any given time in 1992, up from 16.6% in 1991.

Employees and dependents of employees working at small firms accounted for more than half of the increase in the non-elderly uninsured population. Of the additional 2.2 million uninsured, 1.3 million were employees or depen-

dents of employees at companies with workforces of fewer than 100 people. Just 6,000 of the newly uninsured either were employees or dependents of workers employed at companies with more than 1,000 workers.

Among the reasons for the surge of uninsured workers at smaller firms is the high rate of formations and closures of small businesses, speculated EBRI Research Director Bill Custer. Small, start-up companies are much less likely to offer health care coverage than established firms that are closing down, he reasoned.

The rise in the number of uninsured last year explains why health care reform has become a "hot" political issue, he said. "The impetus for health insurance reform has gotten stronger," Mr. Custer said, referring to the increased number of people who are uninsured.

The EBRI report also underscores how an employer health care mandate, which has been proposed by President Clinton,

would make inroads in the ranks of the uninsured since slightly more than half of the uninsured are either workers or dependents of workers employed at companies with fewer than 100 employees.

The percentage of the population without health care coverage varied considerably by region. For example, 11.8% of the non-elderly population in New England were uninsured at any given time in 1992. On the other hand, 25.5% of people living in the West Central states—Arkansas, Louisiana, Oklahoma and Texas—were uninsured.

EBRI's estimates are based on tabulations of statistics from the U.S. Bureau of the Census.

Copies of "Sources of Health Insurance and Characteristics of the Uninsured: An Analysis of the March 1993 Current Population Survey," will be available in early January for \$25 from EBRI, 2121 K St. N.W., Suite 600, Washington, D.C. 20007; 202-659-0670.

GATT resolution

Continued from page 1

serves the right to retaliate against countries that have not opened their insurance markets to U.S. companies. What form that retaliation will take—or what will be allowed under GATT, which requires the United States to treat all nations equally in matters of trade—is not known.

"The United States sought a financial services agreement in which countries provided substantial market access and national treatment, which would allow us to undertake an unconditional most-favored-nation obligation and provide unlimited access to our market now and in the future," U.S. Trade Representative Mickey Kantor said Tuesday, one day before a final GATT agreement had to be presented to the U.S. Congress.

"Many countries are unable or unwilling to make good offers," Mr. Kantor continued. "We could not and would not open our market fully to all comers under these circumstances."

Insurance industry officials who sought to have all insurance trade barriers eliminated see a victory of sorts in that insurance, banking and securities are at least mentioned in the final draft. Any mention of the entertainment sector, by contrast, was dropped in the final hours of negotiation.

"For the first time, (insurance) is inside the door," said Henry G. Parker III, international insurance adviser to Chubb & Son Inc. and chairman of the American Insurance Assn.'s international committee. "Eight years ago, they thought 'services' meant somebody flipping hamburgers, but now they see it means \$960 billion in annual trade. We're bigger than anybody else."

"Obviously this doesn't finish the issue, but it's important that financial services and insurance were a part of the final agreement. Because of their complexity, they sometimes get pushed out," said

Roger M. Singer, senior vp and general counsel of Commercial Union Insurance Cos. in Boston.

Those who had been following the talks closely said the fate of financial services did not surprise them.

"We came out just about where we expected to," said Gordon Cloney, president of the International Insurance Council in Washington, who spent much of last week in Geneva. "It would have been nice to see more, but no one gets 100% of what they want. I came away very satisfied."

"I would have preferred to have gotten greater market access, but the fact that we didn't doesn't mean the round is negative for us," said George H. Henry, vp-federal affairs for the American Insurance Assn. in Washington.

"We consider it a first step with positive elements," agreed Jacques Leglu, deputy general secretary of the Comité Européen des Assurances, an insurer trade group based in Paris.

Insurance brokers will benefit from GATT because their industrial and manufacturing clients will benefit—enjoying tariff cuts of 30% in some areas.

"To the extent that GATT opens some markets, our clients will see growth in their international business," said Teresa L. Pahl, executive vp of RHH International in Chicago, a unit of Rollins Hudig Hall Group Inc. "Our hope is that in future rounds of trade negotiations financial services are more adequately addressed."

The financial services compromise gives negotiators two more years to try to reach bilateral or regional agreements on access to international markets.

"Very encouraging developments have taken place outside of the GATT negotiations," such as moves towards liberalization of laws in Vietnam, India and some African nations, said Arthur Saunders, overseas manager of the Assn. of British Insurers in London.

In addition, Eastern European countries like Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia "openly want foreign investment in their markets," he said.

Some countries simply couldn't meet the Dec. 15 deadline to fully include financial services, including insurance, in GATT.

For example, a committee in India is preparing to make recommendations on privatizing that nation's insurance industry, while Brazil currently is rewriting its constitution, which restricted foreign insurers.

"There is a trend of countries moving away from a managed-economy model to a free-market system," Mr. Henry of the AIA said. "I anticipate that within two years, countries will be making better offers."

"Countries are beginning to realize that allowing foreign financial services in brings capital and services into their economies," Commercial Union's Mr. Singer said. "Mexico is a good example of a developing country opening its market to bring in capital. I expect other nations over the next two years to do the same."

Future negotiations are expected to focus on Brazil, India, Indonesia, Japan, Malaysia, Thailand and China, which is expected to apply for membership in GATT.

However, freedom of international financial services could cause the U.S. system of state insurance regulation to come under fire for hindering trade. "There will be additional pressure to get some sort of federal system, at least for alien insurers," Chubb's Mr. Parker said.

Entry into other open insurance markets is generally less complicated and is becoming even easier. The European Community recently approved a measure to make a license from any E.C. country valid in the other member nations.

Another potential stumbling block for the United States is that about 30 states will not license insurers owned by foreign governments. However, some state-owned insurers—like those in France—are in the process of being privatized. State-owned companies from smaller countries like Costa Rica probably have little interest in doing business in the United States.

Insurers are focusing more on future negotiations than on why this round of world trade talks failed to make more progress, but they agree that time constraints and a lack of cooperation are contributing factors.

"The fact that negotiations took as long as they did suggests that the total agenda may have been overly ambitious," said Harold D. Skipper, professor of risk management and insurance at Georgia State University in Atlanta.

And, few attempts were made during the negotiations to leverage different trading sectors against one another, Mr. Parker said.

For example, the U.S. textile industry might have made concessions in return for India liberalizing some insurance regulations. Conversely, other industries could have used the open U.S. insurance market as a bargaining chip.

Now, the United States and 116 other members of GATT must approve the agreement. Insurance industry sources that lobbied for GATT predict approval by congress will be easier than last month's approval of the North American Free Trade Agreement.

Because GATT concluded by Dec. 15, Congress must vote on the entire package without making any amendments under a so-called fast track arrangement.

Updates

Lutine Capital fate uncertain

Continued from page 2

vestors (BI, Nov. 1). If it does not raise the capital, it will be the latest in a list of U.S. ventures that have failed to gear up for Lloyd's 1994 underwriting year of account. Salomon Brothers Inc., which also planned to raise \$300 million in capital, announced earlier this month that it has shelved the trust it launched with Johnson & Higgins (BI, Dec. 13).

A spokesman for Phoenix Securities Ltd., Lutine's London stockbroker, confirmed that it had abandoned its initial public offering in New York last week because of lack of time and insufficient U.S. investor interest. Phoenix and the other Lutine partners, Donaldson, Lufkin & Jenrette Inc. and Lloyd's agency Anton Members Agency Ltd., have opted instead to raise the trust's minimum capital of \$200 million through a private placement. The spokesman said it had a "pretty firm" pledge from one investor for \$100 million and two \$20 million commitments from other investors. However, he admitted that the time for the offer is running out and managing agents will not keep capacity open forever.

The deadline for Lloyd's capacity allocations was Dec. 15.

Insurers sue over comp plan

JEFFERSON CITY, Mo.—A lawsuit by dozens of insurers writing about 70% of all workers compensation coverage in Missouri has halted implementation of the state's plan to reduce the size of the residual market by requiring insurers to cover safe employers that meet specific criteria (BI, Sept. 6).

A state judge last week issued a preliminary order of prohibition to prevent the Missouri Insurance Department from filing an emergency rule to implement the plan Jan. 1 as state law requires.

Insurers allege in the lawsuit that the Legislature's adoption of the plan was marred by procedural errors. They also say that the plan will be "ineffective" and create customer service problems. The proposal's merits are not discussed in the lawsuit.

The Insurance Department plans to fight the lawsuit, which "has no merit," a spokesman said.

The department plans to file a response before the end of the year to meet the court's Jan. 5 deadline.

\$37.6 million bad faith award

NEW ORLEANS—Aetna Casualty & Surety Co. and Federal Insurance Co. must pay National City Bank, Kentucky about \$37.6 million stemming from insurance claims over loan losses, a federal district court jury found.

In the second of two parts of the trial, the jury found Dec. 10 that Aetna and Federal acted in bad faith in their handling of and refusal to pay the bank's \$20 million claim. The claim stemmed from losses linked to a former bank officer later convicted of falsifying loan documents. National City was awarded \$17.6 million.

On Nov. 22, the jury found Aetna and Federal liable for \$17.8 million under a blanket fidelity bond. The judge further found the insurers liable for \$2.18 million in attorneys' fees.

In 1987, National City, then known as First National Bank of Louisville, filed a \$20 million claim for losses stemming from dishonest loans made by a loan officer in 1985 and 1986. The bond had a \$20 million limit, said the bank's attorney, Mary L. Wolff of Wolff Ardis in Nashville, Tenn. The insurers did not pay the claim and tried to settle for \$5.5 million, she said.

An Aetna spokesman said the insurers will appeal the decision.

In 1990, the bank was awarded \$21.7 million, but the insurers appealed that award and won a new trial.

Briefly noted

National Medical Enterprises Inc. will pay \$89.9 million to settle suits in which 13 insurers charged the hospital chain filed fraudulent psychiatric claims. This agreement and a \$125 million settlement in September conclude litigation between NME and insurers that began in June 1992 (BI, Oct. 4; July 27, 1992). A federal fraud investigation continues. . . . A sequel to the House Energy and Commerce Committee's 1990 report, "Failed Promises: Insurance Company Insolvencies," is likely to be issued next year. The original report blasted state insurance regulation as being inadequate to prevent insurer insolvencies (BI, Feb. 26). . . . The scheme of arrangement for the KWELM companies became effective Dec. 15 after it was approved by courts in London, New York and Bermuda (BI, Nov. 22). Liquidators of the five failed insurers hope to notify creditors of the level of initial payments by the end of June. . . . A federal judge has dismissed Exxon Corp.'s challenges to the \$98 million settlement reached this summer between Alyeska Pipeline Service Co. and thousands of fishermen, native Alaskans and others harmed by the 1989 Exxon Valdez oil spill. Exxon now has 30 days to appeal U.S. District Judge H. Russel Holland's decision. . . . Privately held Johnson & Higgins has expanded its ownership ranks by naming nine new managing principals. They join 35 J&H directors and 10 other managing principals as sole owners of the company. . . . A U.K. High Court has ruled in a combined case that Lloyd's members must pay up their personal losses which have been temporarily paid by Lloyd's central fund. . . . Lucky Stores Inc. says two employment liability insurance policies will cover a substantial portion of a sex discrimination settlement of up to \$75 million in damages to 14,000 women who claimed the company purposely stuck them in dead-end jobs. The Dublin, Calif.-based grocery chain also agreed to invest \$20 million in affirmative action programs for female employees, to revise its personnel practices under court supervision and to meet specific hiring targets over the next 10 years or face a additional penalty of \$13 million.

A.M. Best Co. sues newsletter

OLDWICK, N.J.—A.M. Best Co. is suing "The Insurance Forum" newsletter and its editor, Joseph M. Belth, claiming publication of Best life/health ratings infringes on Best's copyrights.

Best filed the suit earlier this month in a New Jersey federal court.

A.M. Best previously allowed Mr. Belth, a retired insurance professor, to publish a limited

amount of its ratings as part of his "rating criteria for conservative consumers." It balked earlier this year when he listed a substantial portion of Best's new and changed ratings for the last six months of 1992, because it was "directly competitive."

Mr. Belth said he plans to fight the suit, which he called an attempt to interfere with First Amendment rights. **BI**

Managed comp care bill drafted

ALBANY, N.Y.—After months of wrangling, Gov. Mario Cuomo and the New York Legislature emerged from an all-night negotiating session Thursday with a workers compensation reform bill that would allow employers to channel injured workers into managed care.

The bill, which was drafted by Republican Sen. Joseph Lack and Democratic Assemblyman Michael Bragman, is expected to gradually reduce employers' workers comp medical costs in New York by permitting employers to select less expensive care settings for their employees.

Previously, state law barred employers from denying injured workers access to the doctor of their choice. But under the bill, which was expected to be passed Friday, employers will be allowed to enroll as of Jan. 1 in a managed workers comp medical program. The program will require employers to offer injured workers at

least two managed care plans, and employees will be able to seek a private doctor after two weeks if they are unsatisfied with a managed care physician.

The bill also contains language that would allow the state's hospital rate setting board to waive a 13% surcharge insurers pay on all hospital bills if a patient is in the managed care workers comp plan.

"We're trying to give employers a chance to make a difference. If they apply for managed care, theoretically medical costs will come down over time, and the need for further drastic rate increases will be reduced," said a spokeswoman for Sen. Lack.

The bill does not require employers to opt for managed care. However, employers have expressed anger over the inability to control escalating workers comp medical costs, which led to a 14.4% workers comp rate increase in October (BI, July 26).

—By Michael Schachner

How execs outfoxed the Grinch

By MYRON M. PICOULT
and JODI PICOULT VAN LEER

Special to *Business Insurance*

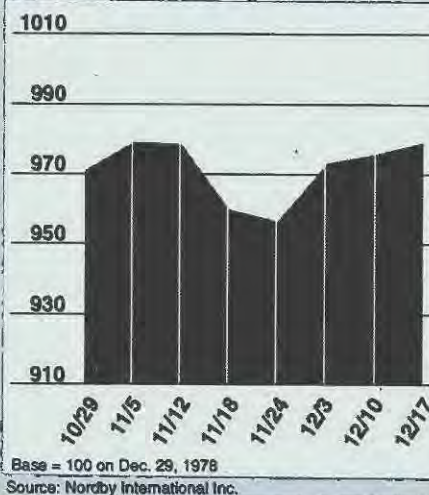
Execs in P/C-ville said things were top-grade. But the Grinch knew the numbers were all a charade. The Grinch *hated* business! He'd been carefully spying. Those slick CEOs had been—once again—lying. And in spite of these falsehoods so patently current, The Grinch saw these companies for what they weren't. He watched and he grumbled and sometimes he'd curse. As the industry went from *horrific* to *worse*. No one else seemed to care—though it wasn't clear why. No, the Grinch, he alone, could not turn a blind eye. It *could* be his head wasn't screwed on just right. It *could* be, perhaps, that his shoes were too tight. But I think the Grinch simply understood. There was no longer a way to make earnings look good. Whatever the reason, the Grinch had been caught, And he scanned the 10-Q's, completely distraught. He stared from his cave with a sour, Grinchy frown. At the rich corporate buildings that littered downtown. Where the boards of directors fought, nail and tooth, To keep their shareholders from learning the truth. "The reserve base is dwindling! Paid losses, they're climbing! Raising capital's harder in this market's timing, And the stock and bond markets—why can't these fools see That the next years will be nothing like the past three? Where else will they cull all their capital gains?" The Grinch shook his head, overwhelmed by

the pain. "Investment income's low, with yields steadily sinking..." The Grinch knew the outcome would be beyond thinking— That the high cost of being careless and corrupt Was joining those firms that had gone belly up. Then he growled, with his Grinch fingers nervously drumming, "I *must* find a way to prevent this from coming!" For soon, he knew, those P/C employees, From the chief actuaries to the secretaries, Would dress in their best and would trudge, hale and hearty, Back to the annual Holiday Party To receive bonus checks and to bask in the story That corporate-like things were just plain hunky-dory. Meanwhile, end-of-year mailings were altered, so clever, So shareholders saw things as better than ever. But the Grinch knew retention levels continued to increase. They'd *increase* and *increase*, *increase* and *increase!* And those poor shareholders would keep getting fleeced! Which was something the Grinch couldn't stand in the least. Then the firms did one thing he liked least of all. Every CEO in P/C-ville, the tall and the small, Would stand close together, in a confident line, They'd stand hand-in-hand and pretend things were fine. They'd *LIE* and they'd *LIE* and they'd *LIE LIE LIE LIE!* And the more the Grinch thought of these broad Christmas lies, Of the management pulling the wool over his eyes, The more the Grinch thought, "I'll cut them down to size! Why, for years upon years I've put up with it now. I must make these firms face the sad truth—but *HOW?*"

Then he got an idea. *An awful idea!* The Grinch got a wonderful, awful idea! "I know just what to do!" the Grinch laughed in his throat. And he made a quick Santa Claus hat and a coat. And he chuckled and clucked, "What a great Grinchy trick! With this coat and this hat, I look just like St. Nick! But instead of arriving with Dasher and Dancer, I'll corner those CEOs, and I'll press them for answers. I'll sneak into their parties, and I'll make them learn! I'll steal each false number, each inflated return! I'll show them their earnings are bound to be cursed. "Till reinsurance recoverable deficiencies reverse!" Then, glancing outside at the swift-falling snow, The Grinch pulled his Santa Claus cap way down low. "All I need's an umbrella," he casually spoke. He found one, upside down, with its ribs sadly broke. Shrugging, he turned from the too common sight. "We'll" some had it lucky, not all found white knights— So he climbed on his sled and struck out in the snow To the corporate buildings a-twinkling below Where sly CEOs dreamed of prices increasing And investment incomes so wonderfully pleasing. All the windows were bright. All the punch bowls were filled. At these holiday parties, the employees milled. And the Grinch set the brakes on his sled 'till it stilled. "This is firm No. 1," the old Grinchy Claus hissed, And he walked right inside, empty sacks in his fist.

Continued on page 48

BI Insurance Index



Insurance stocks rose last week, as the *Business Insurance Index* rose 4.0 points to 979.5 Dec. 17 from 975.5 on Dec. 10. Advancing issues were led by: Sierra Health Services, up 16.0%; Seibels Bruce Group, up 12.5%; and Safeguard Health Enterprises, up 8.7%. Declining issues followed: Phoenix Re Corp., down 8.2%; Lawrence Insurance Group, down 7.9%; and American Re Corp., down 7.6%. The most active issue was TIG Holdings, 8.1 million shares. The *BI Index* rose 0.4%; the Dow Jones 30 Industrials rose 0.3%; the NYSE Composite rose 0.3%; and the S&P 500 rose 0.3%.

British Issues

Dec. 16	Price	P/E	Div.	Yield	1 week High—Low
Companies	pence	pence	%	pence	pence
Comml Union	648	N/M	29.8	4.6	654—641
Genl Accident	717	N/M	33.8	4.7	724—706
Gdn Royal Exch	218	N/M	9.0	4.1	218—212
Royal	317	N/M	8.0	2.5	323—311
Sun Alliance	373	N/M	17.8	4.8	373—365

Brokers	Price	P/E	Div.	Yield	1 week High—Low
	pence	pence	%	pence	pence
Bradstock	144	17.0	6.4	4.4	144—143
CE Heath	367	17.6	20.0	5.4	375—367
Hogg Group	151	16.7	10.4	6.9	153—151
JIB Group	171	16.8	9.5	5.5	172—171
Lloyd Thmpson	272	18.3	8.4	3.1	277—272
Lowndes Lmbt	433	15.6	16.8	3.9	434—433
PWS Holdings	71	10.5	5.0	7.0	71—71
Sedgwick Grp	182	21.8	7.5	4.1	186—179
Steel Bri Jones	117	N/M	15.0	12.8	135—117
Willis Corroon	219	20.5	8.3	3.8	225—219

Source: Philip Olsen, London * Estimated

BI Industry Stock Report

DEC. 10, 1993 THROUGH DEC. 17, 1993

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									
Accordia Inc.	NYS	24.00	2.13	11.63	27.63	18.38	23	0.44	1.83	14	9.57	25.1	-1.29	6.02	32.75	21.16	47	0.26	0.98	20	11.39	2.51			
Alexander & Alexander	NYS	18.63	0.68	-29.72	28.88	17.63	416	1.00	5.37	34	5.02	3.71	-3.36	-29.01	44.75	28.00	85	0.16	0.56	16	17.23	1.67			
E.W. Blanch Holdings Inc.	NYS	19.00	-3.80	N.A.	23.50	16.50	16	0.32	1.68	18	3.60	5.28	-4.20	5.91	39.63	28.38	121	0.12	0.38	10	14.18	2.21			
Gallagher Arthur J. & Co.	NYS	36.50	3.18	29.20	37.38	25.50	68	0.72	1.97	18	6.26	5.83	2.86	-10.77	39.00	28.50	13	0.00	0.00	20	16.99	2.12			
Hibb, Rogal & Hamilton	NYS	13.25	-0.93	-15.20	16.88	11.38	83	0.48	3.62	20	2.73	4.85	-1.59	31.91	8.25	5.26	33	0.00	0.00	3	6.84	1.13			
Marsh & McLennan	NYS	80.50	2.38	-11.90	97.63	77.00	655	2.68	3.33	18	15.03	5.36	5.74	26.78	38.75	24.25	449	0.80	2.48	14	21.65	1.49			
Poe & Brown	OTC	18.50	2.78	10.45	21.25	16.00	98	0.40	2.16	32	2.60	7.12	-0.42	-5.74	72.00	57.63	183	2.84	4.77	11	45.85	1.30			
BROKERS AVERAGE	AVERAGE		0.9	-0.9					2.9	22			0.00	-9.55	27.63	21.50	494	0.44	1.96	9	21.06	1.07			
ACE Ltd.	NYS	28.63	-2.97	N.A.	36.00	25.50	468	0.40	1.40	6	25.37	1.13	-8.23	68.25	38.25	14.00	805	0.28	1.06	-	11.88	2.23			
Acceptance Insurance Cos.	NYS	11.75	-4.08	22.08	15.63	8.25	72	0.00	0.00	13	9.11	1.29	3.81	7.46	31.75	25.63	146	1.04	3.40	12	30.72	1.00			
AEGON N.V.	NYS	54.75	-0.23	31.53	55.25	41.13	52	1.22	2.23	11	32.78	1.67	-3.64	-13.64	16.63	13.25	66	0.28	1.96	15	16.88	0.84			
Aetna Life & Casualty	NYS	59.88	-2.24	28.76	66.25	43.38	670	2.76	4.61	21	65.43	0.92	-3.28	20.41	10.38	5.63	614	0.32	4.34	3	2.99	2.47			
Allied Group Inc.	OTC	27.13	-1.36	28.15	32.75	19.66	144	0.52	1.92	8	10.45	2.60	1.90	8.08	28.63	24.13	27	0.56	2.09	13	18.62	1.44			
Allmerica Prop. & Casualty	NYS	61.25	5.15	21.29	62.50	47.75	112	0.48	0.78	5	46.94	1.30	-1.29	15.91	98.00	75.00	273	2.80	3.14	-41	52.24	1.71			
Allstate Corp.	NYS	29.38	2.62	N.A.	34.25	27.13	1516	0.72	2.45	14	12.26	2.40	-0.22	-1.10	66.75	54.63	1067	1.80	3.21	11	38.95	1.44			
American General	NYS	26.75	-5.31	-6.14	38.50	26.25	2176	1.08	4.04	11	21.31	1.26	-7.27	-27.14	20.75	12.75	65	0.32	2.51	20	14.69	0.87			
American Heritage Life Ins.	NYS	18.38	0.00	-8.88	25.34	17.25	61	0.60	3.27	12	12.44	1.48	0.00	-40.00	2.38	0.31	186	0.00	0.00	0	1.90	0.59			
American Indemnity/Fin'l	OTC	12.75	0.00	112.50	16.25	5.88	216	0.12	0.94	4	16.18	0.79	-0.41	38.64	31.00	20.50	45	1.12	3.67	21	22.92	1.33			
American International	NYS	88.38	-0.14	14.28	100.25	73.41	2873	0.40	0.45	15	40.25	2.20	0.00	N.A.	-21.63	15.50	327	0.12	0.73	17	N.A.	N.A.			
American Re Corp.	NYS	28.88	-7.80	-21.96	41.75	25.75	582	0.00	0.00	24	6.67	4.33	-2.02	1.04	15.72	9.75	268	0.16	1.32	6	8.65	1.40			
Aon Corp.	NYS	47.50	-3.06	-12.04	58.50	47.00	621	1.80	3.79	15	31.79	1.49	0.58	N.A.	28.00	20.25	8092	0.20	0.94	-9	17.14	1.24			
Argonaut Group	OTC	31.88	1.19	4.51	35.50	28.25	89	1.00	3.14	11	25.52	1.25	-2.58	18.23	67.00	45.90	12	0.37	0.65	-	57.72	0.98			
AVEMCO Corp.	NYS	18.63	2.76	-20.32	25.50	16.75	23	0.44	2.36	16	7.75	2.40	2.29	-21.15	64.75	41.13	908	1.12	2.50	13	15.15	2.95			
Baldwin & Lyons Inc.	OTC	15.25	-4.69	25.34	16.00	11.16	5	0.20	1.31	11	34.75	0.44	-4.17	-7.80	61.50	49.00	116	0.36	0.70	13	24.57	2.11			
Berkley W.R. Corp.	OTC	35.75	-2.39	-16.86	50.00	32.00	209	0.40	1.12	13	26.31	1.36	0.00	-4.29	39.00	-4.00	49.75	37.63	162	0.88	2.26	12	26.00	1.50	
Berkshire Hathaway Inc.	NYS	16800.00	-4.00	42.98	17800.00	11000.00	1	0.00	0.00	43	7742.67	2.17	8.33	-6.02	39.00	34.75	4	1.08	2.77	-	28.96	1.35			
Chandler Insurance	OTC	5.63	2.27	18.42	5.75	3.50	10	0.00	0.00	13	8.87	0.63	-1.82	-5.26	40.50	-1.82	-5.26	46.75	39.00	200	1.40	3.46	14	37.69	1.07
Chubb Corp.	NYS	79.00	0.32	-11.11	96.38	76.00	1193	1.72	2.18	16	45.65	1.73	-0.73	-4.01	80.13	47.75	797	0.80	1.57	13	21.25	2.39			
CIGNA Corp.	NYS	64.00	1.99	9.17	68.38	55.50	656	3.04	4.75	11	79.82	0.80	0.00	12.50	14.00	6.50	64	0.00	0.00	10	10.48	1.07			
CNA Financial Corp.	NYS	79.38	3.42	-19.01	102.88	74.25	142	0.00	0.00	-15	75.07	1.06	1.49	3.03	19.63	11.13	1871	0.20	1.57	-	9.63	1.32			
Continental Corp.	NYS	28.50	-1.72	6.05	34.63	24.38	911	1.00	3.51	12	34.73	0.82	0.00	-5.56	20.00	15.00	32	0.24	1.41	-6	23.61	0.72			
EXEL Ltd.	NYS	45.63	3.99	-3.44	52.25	42.00	620	1.20	2.63	7	29.54	1.54	-0.66	3.45	37.50	-0.66	3.45	45.75	35.75	137	1.24	3.31	10	39.84	0.95
Fremont General Corp.	NYS	23.13	-1.60	-32.97	28.75	19.84	74	0.72	3.11	8	19.81	1.17	-1.48	8.70	28.00	21.75	59	1.08	4.32	11	28.84	0.87			
Frontier Insurance Group	NYS	42.50	-3.95	-2.30	50.00	36.72	28	0.60	1.41	14	14.78	2.88	-1.69	10.76	29.25	18.50	42	1.00	4.57	11	15.82	1.38			
Gaisco Inc.	ASE	9.00	2.86	-36.28	17.69	8.25	200	0.04	0.44	12	3.27	2.75	-6.44	N.A.	36.38	27.25	906	0.00	0.00	-	23.99	1.14			
General Re Corp.	NYS	107.50	-1.83	-7.13	133.38	107.00	1363	1.88	1.75	14	49.90	2.15	0.00	N.A.											
Guaranty National Corp.	NYS	19.00	-0.65	-3.80	24.75	17.75	129	0.48	2.53	11	10.44	1.82													
Harleysville Group	OTC	28.00	0.90	-0.88	32.75	22.63	41	0.64	2.29	14	18.35	1.53													
Hartford Steam Boiler	NYS	44.00	-1.40	-23.81	59.88	43.75	170	2.12	4.82	51	18.03	2.44													
HCC Insurance Holdings	OTC	31.75	2.42	56.79	35.75	16.50	58	0.00	0.00	22	10.12	3.14													
ITT (Hartford Group)	NYS	93.25	0.27	29.51	94.75	69.00	1660	1.98	2.10	-8	33.69	1.69													
Kemper Corp.	NYS	34.88	-4.78	17.72	43.00	26.13	586	0.92	2.64	-8	33.69	1.05													
Lawrence Insurance Group	ASE	4.38	-7.89	-49.28	8.75	4.00	11	0.00	0.00	-	4														

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