

# business insurance®

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



Santa Clause and reindeer huddled after it was learned that landing on rooftops was too risky for underwriters. —Wide World photo

## A Christmas cancel

# Santa will fly despite current capacity crunch

By SUSAN TRAUSSCH

**NORTH POLE**—North Pole Casualty (NPC) has dropped all coverage on Santa Claus, *Business Insurance* learned last week. According to an NPC spokesman, the risk factor is just too high these days.

"We went along with Mr. Claus in the beginning," the NPC man said. "He was only in the gingerbread and candy cane end of the business then and worked in a couple of thousand homes. But now he's in and out of millions of chimneys in one night. He's running around with exploding submarine models and real chemistry sets. We just don't think a man over 65 should be handling that stuff."

**THE INSURANCE** official said that roof landings are a tremendous problem and that liability claims for aluminum siding dam-

age had tripled in the past 25 years.

"Modern construction materials can't take the weight," he said. "We told him to get a station wagon and start going in the front door or we'd cancel the policy. He wouldn't go along with us."

"Ho, ho, ho," Mr. Claus told reporters at a special news conference here. He said that all NCP employes were on his Naughty List.

"My risk manager has been calling other carriers," he noted. "But they hang up when he mentions flying reindeer."

Mr. Claus has decided not to worry about it, however, and will make his 1969 trip without coverage.

"When you've been in the business this long, nothing stops you," he said, "not even the lack of capacity in the insurance industry."

# Mergers of brokers aimed at better service for big clients

**CHICAGO**—Insurance brokerage firms ended 1969 with a flurry of mergers and acquisitions that were announced as efforts to provide improved service for corporate accounts.

Among the marriages were:

- An agreement in principle for the acquisition of Chicago-based Alexander & Co. by Corroon & Black Corp., international insurance brokers headquartered in New York.

- Acquisition of Schinnerer & Co. Inc., Washington D. C. brokerage firm, by Marsh & McLennan, the country's largest insurance brokerage.

- Merger of Fred S. James & Co., a national firm, with the Chicago-based Joseph K. Dennis Cos., a brokerage that specializes in mass merchandising in professional association group insurance.

- Merger of Alexander & Alexander, a national firm, and the Detroit Insurance Agency with offices in its home city, Chicago and New York.

Of the merger with Alexander & Alexander, John Grey, executive vp of DIA, said that it brings A&A with \$21 million annual income from commissions and fees together with DIA with \$4 million in annual business. DIA, he added, brings to A&A special expertise in the automotive field. Dealers, suppliers and auto manufacturers, including General Motors, rely on DIA for specialized insurance brokerage service, the executive explained. The brokerage firm also specialized in industrial and aviation covers.

DIA's Detroit operations will continue under management of President David Maranette, but DIA offices in Chicago and New

York will be physically merged with A&A offices in those cities.

**ARTHUR M. JENS JR.**, president of Fred S. James & Co., said the Dennis operation will give his company "a base for expansion and development of modern concepts of mass merchandising. Many leading insurance companies," he added, "are reorganizing to mass solicit insurance of individuals not only relating to health, life and disability, but also properties and liabilities."

Schinnerer & Co., which was established in Washington in 1938, will continue to operate under the direction of Victor O. Schinnerer, president. Henry W. Otis, president of Marsh & McLennan, said the transaction involved an exchange of shares.

Acquisition of Alexander & Co.

gives Corroon & Black Corp. its first foothold in the Middle West and in Chicago where Alexander & Co. was the largest single office brokerage firm.

**RICHARD** Corroon, president of Corroon & Black Corp., recently told *Business Insurance*, "We're talking to different people at different times. At present we're talking to three or four firms." He made the comments shortly before the affiliation with Alexander & Co. was announced.

Parties to all four affiliations emphasized that there is a shortage of good personnel in the brokerage business today and that mergers and acquisitions are ways to gather expertise and manpower needed to serve major insureds with special insurance problems.

# Ask NLRB to quash strike insurance plan

**LOS ANGELES**—Local 12 of the AFL-CIO International Union of Operating Engineers has charged that the Associated General Contractors' strike insurance program violates the union's contracts with individual contractors.

The charge was filed with the National Labor Relations Board here, and the NLRB "is expected to issue a complaint," according to a lawyer working to initiate the strike insurance program.

The established procedure for dealing with NLRB violations is that the complaining party files charges with the NLRB, which, in turn, notifies the party charged. The board then makes a determination, which can result in the dismissal of charges or the issuance of a complaint.

**THE MOVE** by the operating engineers came just as the AGC was trying to get the strike insurance program off the ground

with Arch Insurance Co. Ltd. of Bermuda.

Arch hopes to handle the program exclusively, if enough AGC members of different size join the plan.

As a guideline, the AGC insurance policyholders advisor committee had decided that 1,000 members would be needed to start the program. So far, according to AGC sources, "a great number of people have applied. We are now determining if there is the proper distribution of contractors."

The AGC contends that it "was never selling the insurance." Spokesmen also hold that the benefits from the strike fund are not truly of an insurance nature, and that the fund is a "mutual fund, if you please."

**MEANWHILE**, *Business Insurance* acquired a copy of the premium schedule for the AGC strike insurance.

Continued on page 30

## Bl's merger report on A & A erroneous

**NEW YORK**—Alexander & Alexander said a front page report in the Dec. 8 issue of *Business Insurance* that Corroon & Black was about to make a bid to purchase A&A was "completely erroneous."

Kenneth W. S. Soubry, A&A president, said that there have been no discussions of any kind between Corroon & Black and A&A regarding any purchase or merger.

The editors of this publication, after checking with both parties, have verified that the report of such merger activity has no basis in fact. We regret the error.

# Asks for safer toys

**WASHINGTON**—Rep. James O'Hara (D., Mich.) is leading a push in the House to pass a resolution which would give immediate effect to the provisions of the Toy Safety Act, passed by Congress earlier this year, but not in time to become effective before Christmas.

"When the toy safety act originally passed the house, there was a general feeling that it would be a wonderful step forward to clean unsafe toys off the shelves before the big toy season at Christmas," Rep. O'Hara told the House.

"It would be a splendid thing to be able to go through one Christmas season feeling that there might be a few less stories about children being electrocuted or burned or poisoned or accidentally stabbed to death with the Christmas toys we buy and put under the trees as expressions of our love for our children," he said.

## Late news

### Boeing takes 10% liability on 747s

**SEATTLE**—Boeing Aircraft Corp. will take a 10% pro rata share of every liability loss on the new jumbo 747s, *Business Insurance* has learned. Boeing, according to reports, will carry a \$100 million liability policy on every plane it delivers to the airlines. "It will be sliced vertically," one informed aircraft insurance source said, "with Associated Aviation Underwriters, U.S. Aviation Insurance Group, the London market and Boeing each taking a percentage of a loss above the first dollar of coverage. Boeing will retain 10% of it, which means that on a \$1 million loss its share would be \$100,000."

It was also learned that the aircraft corporation, which recently had a VIP-press demonstration flight from Seattle to New York, only has liability coverage on planes in its own possession for 200 persons. The 747s carry upward of 400 passengers but only 191 were on board the VIP trip. A source at Boeing said, "It's a policy we've had for quite a spell and at this juncture we're not interested in getting more."



# Watch GE, says consultant: Everyone will have to follow suit

CHICAGO—"The big thing to watch now is the situation at General Electric. If GE capitulates and changes its offer substantially it will mean one thing. If it can hold the line it will mean another. It's going to be very interesting to watch."

This is the assessment of Donald E. Sullivan, a consultant with Towers, Perrin, Forster & Crosby Inc., who was elaborating on a recent speech he delivered to employe benefits people here.

Mr. Sullivan spoke on collective bargaining trends in group insurance and pension plans. The trend in bargaining for these benefits is up, he said. However, he is not quite sure just how up will be. The current labor-management dispute at General Electric may provide the key.

"EVERYONE HAS his eye on GE," Mr. Sullivan told *Business Insurance*. "If GE can hold out it will give other managements encouragement when they sit down at the bargaining table next year."

Next year, the consultant noted, is an extremely important one for the men responsible for bargaining wages and benefits. Many of the other major "trend-setting" industries are in the midst of contracts which end in 1970 or 1971.

In January railroads will be in the middle of the negotiation stream. Part of the garment industry and some communications workers in the midwest will also begin negotiating new contracts. Then, in March, the over-the-road Teamsters have a go at it, with the rubber workers joining the fray in April. In May, Mr. Sullivan continued, some of the building trades will join in and in September the United Auto Workers sit down across the table from the Big Three auto manufacturers.

JUST WHAT all this might

## Social security link threat to U.K. pensions

LONDON—Company pension schemes for 12 million workers are threatened in Britain by a political move by the Wilson Government to link them financially with the state-run social security schemes.

There is a big row brewing between private employers and the government as a result of the proposals that are expected to be enforced by the present Socialist majority party in Parliament.

More than 65,000 private schemes, some operating in big industrial corporations, and others even within the civil service, police and fire services, are involved.

THE PLAN IS to merge them with state schemes unless their operators wish to run them on their own by staying partly outside the social welfare proposals.

Parliament will have a chance to debate the proposals, which are due to come into effect in 1972, when their details are examined by legislators late this year, or in early 1970. But prominent business and corporation chiefs, who have invested extensively in the provision of company pensions, are protesting that they are unfairly being made the target of political motives.

The government's bid is to raise the level of present nationwide social welfare pensions for

mean for the employe benefits man is a moot question at this point, the Chicago consultant said.

"I'm sure there will be no editing in the list of demands from a benefits standpoint," Mr. Sullivan asserted. "It will take the first few negotiating sessions to shake off some of the window dressing and get down to the heart of the unions' demands."

Asked if he would agree with a recent report in *Business Insurance* that some of the heat may be off employe benefit buyers in the new decade ahead, Mr. Sullivan commented: "I'll buy that. If I was on the union side of the table I would be after the biggest cash settlement possible."

IF THERE is a push for increased employe benefits on the part of the unions Mr. Sullivan believes it will be in the area of improved pension plans. However, he would not go out on a limb on the subject, speaking instead of the increased concentration of the labor force with younger workers. "Pensions are so far down the road for the guy 25 or 35. He's not interested in what his pension is going to be."

In other areas, Mr. Sullivan sees "no major pushes" for increased benefits. He cited the fact that unions have already negotiated fairly sophisticated medical and group life packages in this decade ending.

However, as if to provide himself with a hedge against any inflationary predictions, Mr. Sullivan told an American Management Assn. meeting:

"THE FRINGE benefit spiral—where will it end? It's a question that's asked by many employers. No one knows. But one thing is sure. It is a trend of more, more, more."

"The inflationary economy sets the stage for these demands and trends," he went on. "Employers

all types of workers to a higher scale over the next five to seven years, and so on over the next 20 years. This is accepted by all political parties as being necessary to keep pace with increased cost-of-living and other factors.

It is over the way in which the government insists on tapping the pockets of all workers, and their employers, to pay for the scheme that anger is rising.

THE EXTENT to which pro-Wilson Labor politicians want to "soak the economy" (as forecast in *Business Insurance*, London Line, July 21) by attacking corporate pension funds, which have no less than \$2 billion tied up in them, has caused astonishment.

Social security political chief Richard Crossman, who needs millions of pounds from taxpayers to meet the costs of the new scheme, says that private employers and their workers must help towards the contributions as a national budgetary need.

They will gain some exemption from full contributions if they run their own corporate schemes, many of which are linked with insurance schemes. But they will only be allowed a small deduction in payments, and this will mean much less money will be available for corporate pension

## Court rules on bonuses

AKRON, O.—Company Christmas bonuses may be gift horses, but unions are allowed to look them right in the mouth and demand more, a court here has ruled.

The case involved typographers, stereotypers and other Akron Beacon-Journal employes who protested when the Ohio publishing company decided to stabilize holiday bonus checks in 1965. Instead of giving workers an extra two weeks pay as in previous years, the company set the rate at the 1964 salary level.

The unions demanded arbitration on the decision, even though bonuses weren't written into contracts. The company refused, but the court ruled the problem did deserve a labor-management discussion.

The Beacon-Journal appealed to the U.S. Supreme Court, but the court refused to review the case.

have no desire to stop their plants and fight for moderations. Times are good; therefore, it's a point of bowing to demands—with some concessions.

"There are many new benefits that haven't as yet gotten wide distribution, but are the wave of the future," the consultant noted, citing as examples group auto insurance, group homeowners' and the buying of mutual funds on a payroll deduction basis.

Just how big that wave of the future may be or at what rate of speed it may descend on the employe benefits man is an uncertainty at the moment, Mr. Sullivan noted.

Only one thing is certain: "It is going to cost you dollars," he said.

## Saving for corp. officers

SAN DIEGO, Cal.—A substantial saving is now available for California builders who are officers and stockholders of small corporations.

Contractors who work in the field, and who actually own small corporations, had been paying the total amount for workmen's compensation. Now they can decide if they want to be covered and therefore save up to \$1,300 per year—the construction carpentry rate.

The saving is a result of an amendment in the state Labor Code made by the California Builders Council.

arrangements in future.

Savings chiefs estimate that pension fund investments will drop by \$5 million if the scheme gets into full swing.

BUT BRITAIN'S Conservative party, under Edward Heath, which hopes to win the 1971 elections, plans to attack the new proposals vigorously.

Expressed in percentages, the new scheme will provide for both employers and workers to pay contributions at a basic rate of between 4.5% and 4.75% of their earnings to the state. But firms that run their own pension schemes will pay at the lower rate of 3.2% to 3.45%.



An explosion during Halo Carbon Products' lab safety day left one dead and four injured as it leveled one of the company's leased buildings. Dr. Robert Ehrenfeld, president of the company, estimated that building and equipment damage would reach \$100,000. In addition, approximately \$3,000 damage was done to automobiles parked nearby. Some 15 insurance companies share in the property and equipment liability coverage. The cause of the explosion is being investigated.

—Wide World Photo

## Profs study accident compensation areas

WINNIPEG, Manitoba—Are there forms of injury to victims of car accidents which courts for various reasons don't or can't take into account when assessing claims for damages?

Is the injured person in all cases getting adequate compensation for his actual injuries? Is it possible that, in many cases, court awards are insufficient? And if so, how can such claims be established?

These and related questions are subject of a unique project started in mid-1969 by a University of Manitoba research team headed by Prof. A. Burton Bass of the law faculty, assisted by two psychologists, Dr. Morgan Wright and Dr. Terance Hogan.

ONE BASIC problem applies to types of injury which cannot be medically proved or disproved.

Prof. Bass suggests that judges, juries, doctors, lawyers and insurance adjusters may be inclined to minimize awards because they assume the pain or other after effects of injury may diminish or disappear after a plaintiff receives his cash award. For this reason, they may be inclined to seek and make, reduced settlements.

Certain types of injury, he admitted may be imagined but in some cases may be real and have sound legal basis for compensation.

NECESSARILY there will be cases in the suspicious category.

These include some in which the accident victim may have neck pains from whiplash, migraine headaches, buzzing in the

ears, prolonged fatigue or other disorders.

There may be no visible physical injury to account for them but nonetheless they may be real. If evidence can be adduced to support them, lawyers might seek larger settlements in the hope judges and juries might grant them.

Even though it could mean added cost to insurance companies the Insurance Bureau of Canada has shown interest by giving \$1,000 to the research project. Another grant of \$4,200 has been made by Canada Council.

IN THEIR WORK, researchers are examining court records in Manitoba and other provinces, sorting out those they think might warrant investigation.

Accident victims are being contacted and asked to give confidential information by answering a questionnaire to describe injury symptoms both before, and after, court settlements.

The psychologists who drafted the questionnaire claim the answers in most cases will determine whether the complainant is telling the truth. Prof. Bass and his associates will assess them and attempt to establish which are genuine and which not.

A secondary phase of research is an attempt to discover whether some persons suffer more than others from after-accident disorders. If so, this raises the question whether they should receive larger settlements.

Report of the researchers is scheduled for completion next year.

## Ross takes IGA risk post

CHICAGO—Don Ross has been named insurance director of the Independent Grocers' Alliance Distributing Co. headquartered here.

Mr. Ross replaces Roger Simpson, who took a post as vp with Ellerman Development Co.

The IGA insurance director administers an employe benefit program that includes employes at the IGA staff office here as well as participating employes at IGA-franchised supply depots and IGA food stores. Presently, the benefit program is placed with Federated American Insurance Co. and Minnesota Mutual Life Insurance Co.

Mr. Ross will also work with Marsh & McLennan on a program to revive property and liability insurance protection as a group program for IGA supply depots and stores.

Prior to joining IGA, Mr. Ross was with Prudential Insurance Co. and Occidental Life Insurance Co. as an insurance broker.



Don Ross



# washington watch

## Montreal-Warsaw air liability difference may not be resolved soon

WASHINGTON — International airlines will probably have to live for at least another year, and maybe even two, with the harsh dual liability standards that resulted from superimposing in 1966 the Montreal agreement over the Warsaw Convention. This may be the case even if all goes smoothly with on-going efforts to establish more equitable international air carrier liability rules by amending the Warsaw Convention and thus doing away with the Montreal

agreement. This is so because of the miles of international red tape involved in amending an international treaty, interested Washington observers told Washinton Watch. The first major hurdle comes in February when the International Civil Air Organization's (ICAO) legal committee meets in Montreal to attempt to negotiate revisions to the Warsaw Convention. Even if the committee reaches complete agreement on

proposed revisions—an accomplishment that would surprise many observers—these revisions would still have to be agreed upon at a diplomatic conference of participating nations and then ratified by a substantial portion of the governments of these nations. Such international diplomatic cooperation takes a great deal of time under the best circumstances. But, with the current state of the world, time-absorb-

ing politics are certain to come into play in any such proposed treaty talks.

**THE WARSAW** Convention was opened for signature in 1929 and entered into force in 1933. More than 100 nations signed the agreement. The U.S. did not, but has adhered to it since 1934.

The treaty established an \$8,300 limit on passenger liability, but it allows a claimant to break this ceiling and recover unlimited damages by showing that the airline was guilty of "willful misconduct"—recklessness or gross negligence.

The Convention was first modified in the 1950's by another treaty known as the Hague Protocol. It raised the liability limit to \$16,500, but was never approved by the U.S.

The U.S., meanwhile, was conducting its own study and in June, 1965, the Senate Foreign

Relations Committee recommended adoption of the Hague treaty if it were coupled with legislation requiring carriers to provide passengers with \$50,000 of insurance.

The committee also recommended that the U.S. denounce the Warsaw Pact if the proposed reform was not adopted.

**INTENSIVE** international negotiations followed and finally on Apr. 15, 1966, 136 airlines from all over the world agreed upon to so-called Montreal arrangement as a stopgap measure against U.S. threats to denounce Warsaw.

Under the Montreal agreement, the airlines voluntarily agreed to waive the \$8,300 liability limit of Warsaw and accept a limit of \$75,000 in the case of air transport to or from the U.S.

In addition—and herein lies the catch—the airlines agreed to go beyond the Warsaw convention by accepting absolute liability for passenger death and injury. That is, the airlines agreed to admit legal liability for all accidents, regardless of actual fault, despite the Warsaw provision that an airline shall be free of liability if it proves that it did everything possible to avoid the accident.

Thus, a claimant can now first collect the automatic \$75,000 limit under the Montreal agreement, then use this money to finance litigation to collect unlimited additional damages under Warsaw.

**AT THE UPCOMING** Montreal talks in February, the U.S. proposal to straighten out this obvious inequity will be to amend the Warsaw Convention to provide an absolute limit of \$100,000 on the amount that a victim of a crash or his survivors could collect.

The disagreements in the U.S. over this proposal highlight the difficulties that will certainly be faced in trying to get more than 100 nations to agree on a new convention.

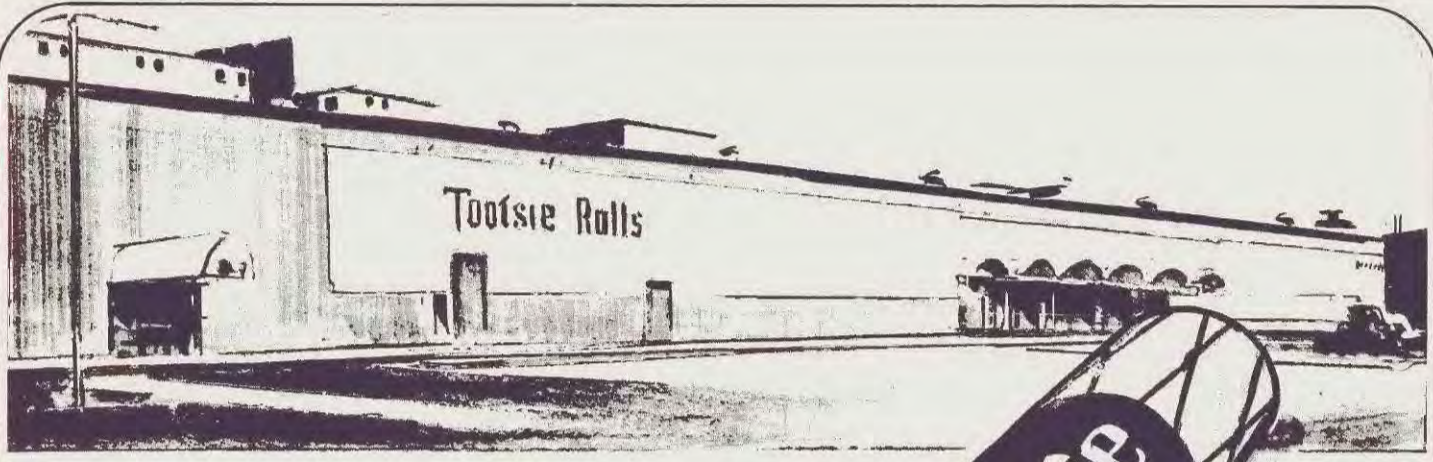
The American Trial Lawyers Assn. says that the U.S. proposal is "so blatantly an abandonment of the passenger interest in favor of the airlines that responsible U.S. Senators will never accept it."

The association is against the absolute liability concept, pointing out that individual death settlements and judgments following U.S. air accidents exceeded \$100,000 in 20% of the cases in the period from 1958 through 1967. A few recent settlements have ranged between \$800,000 and \$1 million, the association holds.

U.S. airlines on the other hand, tend to feel that the U.S. proposal is a little stiff. They support the International Air Transport Assn. proposal for an absolute liability limit of \$83,000. This, the transport association says, would be adequate in most cases to cover the full loss. And, it adds, in those minority of cases in which it would not be, passengers would be free to obtain insurance coverage to any excess amount they consider necessary. ■

### New firm opens

Donahue, Robinson and Co., with offices in the First National Bank Building, Denver, has been formed by Robert C. Donahue and Jerry B. Robinson, formerly assistant treasurer and business manager for Mullins Broadcasting Co. The new partnership will specialize in real estate, business brokerage, counseling and insurance. Mr. Donahue, past president of General Investment Co. and former president of Donahue and Co., has been active in real estate, mortgage banking and insurance here since 1959.



**Tootsie Roll Industries enjoys the good taste of an insurance package from**

**Paige O'Brien Russell**



Last year Tootsie Roll Industries completed its big move to a new, highly automated plant in Chicago. With the vastly increased capacity, lower direct costs and plenty of room for further expansion, the future looks sweet. Tootsie Roll's insurance calls for packaged protection by...

**Paige O'Brien Russell**

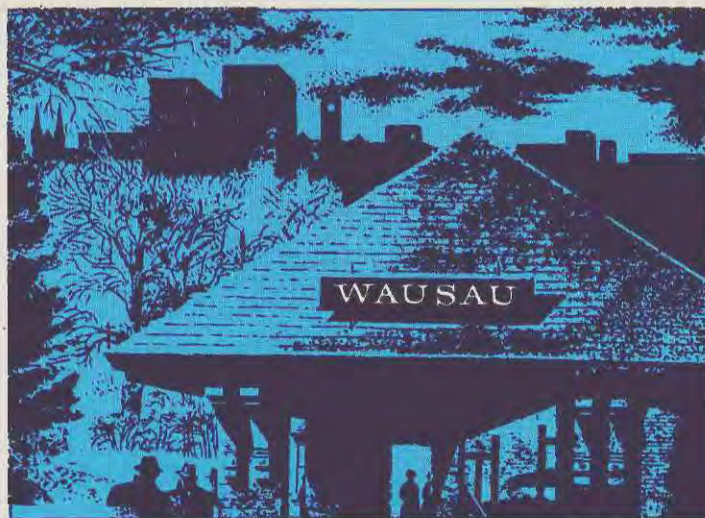
# Touchy Question #137

## Are you trading premium dollars for dividend nickels?

That's the way most mutual insurance companies write retro plans. The greater the premiums developed under the plan, the higher the dividend returned to the policyholder. The insurance buyer with the worst experience gets the biggest dividend.

That's crazy.

Employers Insurance of Wausau pays its retro policyholders exactly the same dividends they would have received under guaranteed cost plans.



Employers Insurance of Wausau

Unlike our competitors, we do not *penalize* our customers for good experience and *reward* them for bad experience under our dividend program.

If you're right in your decision to buy a retrospectively rated insurance policy at all, you're better off with us.

Of course if you shouldn't buy retro in the first place, by all means buy it from another mutual insurance company.

**We think insurance  
ought to work for  
a living.**

# Frank B. Hall fifth national broker to go public

NEW YORK—Apparently 1969 is the year for insurance brokerages to go public. Alexander & Alexander and Fred S. James & Co. tendered offers earlier. The most recent to announce intentions is Frank B. Hall & Co. Inc.

Frank B. Hall executives are offering 350,000 shares to the public through Allen & Co. Inc. and American Securities Corp. An aggregate of 75,000 shares is being reserved by the underwriters for sale to employees of the brokerage firm. Frank B. Hall will not receive any proceeds from the offering.

According to the prospectus filed in conjunction with the proposed offering, Hall had revenue from commissions, fees and other income in 1968 of \$9,081,102, up from \$6,306,522 in 1967.

OF THE 1968 income from commissions, fees and other sources, \$3,460,906 was from marine business, \$3,970,928 from casualty and property, \$915,856 from average adjusting and \$733,412 from employee benefits and life business.

Net income in 1968, the prospectus further states, was \$549,930, up from \$515,912 the previous year. The largest single customer's account represented less than 4% of the brokerage's total revenues in 1968, according to the prospectus, which further notes that the ten largest customers' accounts represent less than 20% of such revenues.

Frank B. Hall & Co. is the fifth insurance brokerage to go public. In addition to A&A and Fred S. James, other publically held firms

are Corroon & Black, which made its initial offering in 1929, and Marsh & McLennan, which went public in 1962.

SINCE THE beginning of the year, Hall has acquired a total of nine insurance brokerage and agency businesses "pursuant to a program of expanding and developing its national operations," the prospectus goes on. Four of the acquisitions contributed an aggregate of \$2,464,437 of commission revenue but not significantly to earnings for that year. In the nine months period ended Sept. 30 of this year, Hall concluded five additional acquisitions. One was not material in size and two did not contribute significantly to revenue for the first six months of this period,

the offer states.

The highest paid executive of Frank B. Hall during 1968 was B. Lytton Johnston, president and director, who resigned on Dec. 27, 1968. Mr. Johnston received \$128,100 in direct remuneration, the prospectus states. In addition, he is entitled annual estimated benefits upon retirement of \$20,690. He had another \$113,972 coming to him from the firm's profit-sharing plan.

Other Hall executives and their salaries, incentive pay and bonuses, with amounts from pensions and profit-sharing plans in parenthesis, are as follows:

**JAMES F. STATHAKOS**, vp and director, \$112,500 (\$25,031 and \$62,567); **Ira S. Brander**, director and president of Brander

& Co., a Hall affiliate, \$93,672 (his pension benefit is not calculable since it is based upon the date of termination of employment and the business in force for a period thereafter. His profit-sharing account for 1968 was \$7,450); **Egon H. Ottinger**, chairman of the board who retired on March 19, 1968, received a salary of \$72,500 for the year (\$4,532 and \$71,186).

Also: **James Stewart**, vp secretary and director who became chairman when Mr. Ottinger retired, \$72,500 (\$15,647 and \$62,877); **Melvin A. Holmes**, vp and director who became chairman when Mr. Johnston resigned in Dec., 1968, \$72,500 (\$18,843 and \$45,885); **Charles A. Severs**, vp, assistant secretary and director, \$72,500 (\$13,332 and \$57,822).

Also: **James J. Innes**, vp and director, \$72,500 (\$13,207 and \$64,640); **Edwin G. Stephens**, vp and director, \$71,225 (\$8,835 and \$41,823); **Roger D. Lapham Jr.**, director and president of Hall's California operation, \$70,632 (\$12,246 and \$5,603); and **Thomas Livingstone**, vp and director, \$46,580 (\$13,131 and \$28,829).

ACCORDING TO the prospectus, the aggregate direct remuneration for executive officers and directors consists of base salary, incentive remuneration and bonuses. In addition the company has paid special and year-end bonuses, the amounts of which are wholly within the discretion of the board of directors. "Although no formal bonus plan exists, such bonuses are normally based on length of service and performance," the prospectus explains. "The company has accrued for the nine months period ended Sept. 30, 1969, \$511,325 for such bonuses. In 1968 a total of \$679,703 was paid in bonuses. No person received more than \$66,000 in bonuses and the bonuses listed . . . averaged approximately \$29,000," it adds.

Hall's retirement program is a partially funded, contributory pension plan. The normal retirement benefit payable monthly for life beginning at 65 is an annuity purchased each year during the employee's participation in the plan based on his prior years earnings. It is equal to 1% of the first \$4,800 of earnings and of earnings over \$20,000 plus 1½% of earnings between \$4,800 and \$20,000. All employees between age 25 and 65 are eligible to participate in the plan after two years of continuous service, the prospectus states.

Employee contributions are made at the rate of 3% annual earnings up to \$20,000 and company contributions are made annually in amounts actuarially determined to be necessary to fund the benefits being provided. Vesting of 50% of the annuity purchased with company contributions takes place when an employee reaches age 40 or more, with 10 years of service, and employees are fully vested at age 50 or more with 20 years of service.

IN ADDITION, Hall has had a noncontributory, trusted profit-sharing plan for salaried employees since 1947. The company contributes an amount not to exceed 15% of the salaries and bonuses paid to participating employees. Employees with three years service or who have reached age 45 are eligible to participate. Contributions are deposited in trust for the participants and vesting is immediate. During the last five years, according to the prospectus, contributions have averaged 8.2% of salaries and bonuses. ■

## Can your company profitably set up its own insurance company?

Even though we're best known as brokers, J&H has also helped organize and manage captive insurance companies for over 20 years. Therefore, we're in a position to give you not one, but two answers to the question of owning your own insurance company: "Yes." And "no."

This is neither facetious nor flippant. To meet the particular needs of some clients, our answer has been "yes." We have then helped to organize and have often aided these clients in the management of their insurance companies.

In other cases, our evaluation has indicated that setting up a captive company is not in the client's own best interests. So we have devised another, and better, solution. We have no special axe to grind.

To us as brokers, a captive company is simply one more way to handle a corporate insurance program. We examine every aspect impartially. Objectively. In the light of your industry's insurance needs. And in the light of achieving maximum profitability for you.

So whether it's "yes" or "no," you can be sure of one thing: Our answer will be based solely on what is demonstrably best for you.

Our approach as insurance brokers and employee benefit consultants has one aim—protecting your profits.

# Johnson & Higgins

In major cities in the United States, Canada, around the world, and at 63 Wall Street, New York.

# financial briefs

**NINE MONTH** earnings for the Fred S. James & Co., Inc., Chicago, rose to \$446,958 from \$329,566 for 1968.

The national insurance brokerage firm announced an increase in income for the first nine months of 1969 to \$7,480,942 from \$6,557,046 in 1968.

**THE RECENTLY** formed holding company of Lone Star Life Insurance Co., Great Republic Corp., Dallas, Tex., has announced the acquisition of Going Places Inc., Dallas, for an unannounced exchange of stock. The acquisition is subject to the approval of the boards of directors of both firms.

**CONSOLIDATED** net profits for the first nine months were reported at \$777,000 or 78 cents per share by the Houston-General Insurance Group, Fort Worth, Tex. Investment income for the same period of 1969 amounted to \$1,003,000 compared to \$817,000 for the same period in 1968.

**AN ADJUSTED** underwriting gain of \$1.3 million in 1969 compared to an underwriting loss of \$1.7 million for the same period of 1968 has been reported by Chubb Corp. Net income was valued at \$13.2 million or \$2.82 per share.

**NINE** month earnings for North American Life & Casualty Co., Minneapolis, increased 24% to \$1.5 million, or 30 cents per share for 1969 from \$1.2 million, or 24 cents for 1968. Adjusted net gain fell from \$2 million to \$1.9 million.

**THE** acquisition of Arthur Wiesenberg Services Corp., New York, by NN Corp., Milwaukee, has been completed. The newly acquired firm has been divided into two units, Wiesenberg Financial Services, Inc., to report on the mutual fund industry, and Arthur Wiesenberg & Co., which will be established as a member of the National Association of Security Dealers and leading regional stock exchanges.

**AN AGREEMENT** for St. Paul Fire & Marine Insurance Co., St. Paul, Minn., to acquire Cravens, Dargan & Co., Houston, Tex., has been reached. Cravens, Dargan is a general insurance agency and has represented the St. Paul Cos. for 63 years. The acquisition does not include other Cravens family insurance and financial interests or the Cravens, Dargan & Co., of the Pacific Coast.

**THE ACQUISITION** of Transport Life Insurance Co., a subsidiary of Transport Insurance Co., both of Dallas, Tex., was announced by United International Corp. for a reported \$5.9 million in United International Stock. United is a financial services holding company with interests in life insurance, finance and other areas.

**GL ENTERPRISES** Inc. has agreed in principle to acquire Bankers Mortgage Corp. and Continental Bankers Life Insurance Co. both of St. Paul, Minn. dependent on the tendering of 80% of outstanding stock of the St. Paul firms.

**AETNA** Insurance Co., Hartford, an affiliate of Connecticut General Insurance Corp., reported a nine-month statutory gain from operations of \$4.225 million, down from \$6.098 million for the same period in 1968. Nine-month figures include Aetna's \$4.5 million

losses from Hurricane Camille.

Parent Connecticut General, while it does not report earnings on a quarterly basis, said group life sales in the period totaled \$2.2 billion, up 30%. Group life insurance in force was up 16% in the nine-month period, a 16% increase.

**ALEXANDER & Alexander**, New York, reported net earnings for the three months ended Sept. 30 of \$270,324, up from \$235,105 for the same period last year. Nine months' net income reached \$962,944, as against \$712,119 for the comparable 1968 period.

Total income from commissions and fees in the nine months was \$18.4 million, up from \$15.7 million in the 1968 period, A&A said.

New insurance sales of \$878 million for the first nine months of the year were reported by Connecticut Mutual Life Insurance Co., Hartford, up 6.5% over the same period last year.

**MARLENNAN** Corp., Chicago, holding company for Marsh & McLennan, reported an 8.2% increase in third quarter earnings to \$4.6 million. Revenues rose 14.8% to \$33.3 million. Nine month earnings were up 10.5% to \$13 million on volume of \$92.1 million, a 13.4% increase. Figures were at record highs.

**GENERAL** Reinsurance Corp. reported an increase of \$26.8 million over its 1968 written premium volume level of \$144.2 million. The company reported that due to the increase in premium volume they suffered a statutory underwriting loss of nearly \$1.3

million for that period.

**INA CORP.**, Philadelphia, reported net income of \$40.8 million for the nine months, up from \$40.4 million in 1968. Total revenues reached \$700 million, up from \$641 million in the first nine months of the previous year. INA's property and liability insurance subsidiaries produced an adjusted underwriting loss of \$22.6 million, down from a loss of \$23.5 million in the same period last year. The '69 figures included a \$3.5 million loss from Hurricane Camille. Life insurance subsidiaries reported statutory operating income of \$1.36 million, up from \$425,000 in the same interval of 1968. Life insurance in force at Sept. 30 totaled \$3.9 billion, up from \$2.9 billion a year earlier.

**CORROON & Black** Corp., New York, reported net income of \$1.5 million in the first three quarters

of the year, down from \$12.6 million in the same period of 1968 (the '68 figures included the sale of the broker's Reliance insurance stock). Commissions and fees in the nine months were \$6.2 million, up from \$4.9 million for the same period in 1968.

**INDIVIDUAL** life insurance sales, earnings and premiums and investment income were up during the first nine months of 1969, compared with last year's corresponding time span, reported The Travelers Insurance Cos., Hartford.

Despite August's Hurricane Camille, total underwriting losses in casualty-property were \$18.3 million lower in the 9-month period than last year.

Net earnings for first 9 months totaled \$38,211,000, or 84¢ a share (common), up from \$22,404,000, or 47¢ a share last year.

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# Employers who don't dig out dishonesty can pay for it in court

NEW YORK—It is up to the employer to rout out dishonesty in his business and he could suffer in court if he doesn't.

Norman Jaspan, president of Norman Jaspan Associates, international management engineering firm, told the Bond Underwriters Assn. that recent court decisions show a trend to hold executives responsible "for failing to aggressively pursue evidence of dishonesty."

"Industry is unduly relying on insurance for protection rather than preventive measures to safeguard its assets," he said. The resultant situation he described is one of prohibitive premiums and, in some cases, refusal of cover-

age. "Nevertheless," he added, "many insurance companies report they are paying \$2 in claims for each dollar in premiums received."

Mr. Jaspan noted that fewer than 25% of the companies victimized by employee dishonesty are covered by fidelity bonds and, what he considered more significant, that in many cases in which there was coverage, employees and employers were not aware that coverage existed.

"IN THIS DAY and age, it is a privilege to be bonded," he told the association, and any organization that does not publicize the privileges and penalties of this

fails "to reap the vital psychological benefits that come from bonding."

He warned that excellence in control and performance in one area can be nullified by neglect in another area. Mr. Jaspan advised estimating the capabilities of employees and setting realistic standards for them.

"Requiring them to achieve a goal, quota, or budget while denying them the means of accomplishing these ends leaves employees with the alternatives of failing or resorting to dishonesty. Employees are no better than their supervision," he said, and "as a rule, problems start from the top and work down." ■

## info for buyers

Info for buyers offers material that *Business Insurance* believes will be of value to its readers. The complete name and address of each supplier of information which has a price is listed so that readers can write directly to the publisher, simply saying that they saw the item in *Business Insurance*. Free literature is numbered so that the reader can fill in the appropriate information on the reader service card.

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

• Blue Shield has published a color-illustrated book, **Drug Abuse: The Chemical Cop-out**. The item is based on authoritative research and is aimed at dispelling the romantic illusions of drugs and separating the facts from the myths for both adults and young people. A pertinent comment from Dr. Alfred Freedman of the New York Medical College is included: "It's not so much the physical dangers of drugs which do exist or that they (young people) will become criminally insane, which is ridiculous, but rather it's the fact that they are developing an inward reality that is most meaningful to them rather than maintaining a concern with society in general. We are in very difficult times, it seems to me, and the participation of everyone, particularly the younger people, is extremely important. If the focus of their lives becomes centered upon drugs, which often happens, then I think we are losing something." The literature is available at 13¢ per copy from the communications department, National Assn., of Blue Shield Plans 211 E. Chicago Ave., Chicago, Ill. 60611.

• Copies of a four-page article by Warren G. Brockmeier, manager of client services for EBS Management Consultants Inc., are free by writing number 59 on the reader service card. **Settling Losses before They Occur** deals with seven common causes of uncertainty in loss recovery and is limited to property losses and not concerned with third-party claims.

• **Ten Ways to Increase Profits with Concord Video Tape Recorders** is a brief, illustrated brochure covering use of recorders in time-and-motion studies, employee orientation and surveillance systems. It is free by writing number 45 on the reader service card.

• **Bibliography—Fidelity and Surety Law: 1946 to 1966** contains a listing of all writings on the subjects of fidelity and surety law which were published during these years and is a useful reference tool. Cost is \$1 (prepaid) from the Defense Research Institute, Inc., 1212 W. Wisconsin Ave., Milwaukee, Wis. 53233.

• **Alcoholism in Industry—Modern Procedures** is a pamphlet published by the *Christopher D. Smithers Foundation Inc.* #1 E. 57th St., New York, N.Y. 10022. The item, designed for top management down through the ranks of supervisors and foremen, deals with the essentials which are encountered and must be treated by all company supervision in handling alcoholism as an employee illness. For details on price, write the foundation.

• **Defense Research Institute What it is . . . What it does . . . What it needs . . .** is a free brochure available by writing number 56 on the reader service card.

• *Computal Corp.* offers two example booklets explaining their **Business Insurance Analysis** and **Computer Report** services. The format of the literature is that of a questionnaire, which would be filled out by the customer, and the actual analysis he would receive. For further information indicate number 11 on the reader service card.

### General Educational

• **Collective Merchandising of Automobile Insurance: The Employers' View** is a 50-page report prepared by Bernard L. Webb, assistant professor of actuarial science and insurance, Georgia State College as a part of a study on behalf of the subcommittee on antitrust and monopoly of the Senate Committee on the Judiciary. The survey is an estimate of the current status and future progress of the movement toward collective merchandising of private passenger automobile insurance and a definition of terminology is contained in the foreword. Copies are available for \$1 from the Bureau of Business and Economic Research at the college at 33 Gilmer St., S.E., Atlanta, Ga. 30303.

• Most businessmen are familiar with accounts receivable insurance that protects their written records against physical damage, but they may not realize that they can also insure the actual risk of extending credit. An eight-page booklet, **Credit Insurance: Protection against Accounts Receivable Losses**, discusses this highly specialized cover, available for all but retail credits, and designed to back up the credit manager. Single copies are free by indicating number 48 on the reader service card.

• Honeywell Inc. has compiled information on the use of computers in transportation in a booklet concerning a railyard switching system built by Wabco. There is the possibility that the switching system helps reduce accidents in the yard, although there are no statistics available. To obtain the booklet, indicate number 78 on the reader service card.

• **Exploring New Insurance Horizons . . .** presents the history and philosophy of Eliel and Loeb Co. In its booklet, the brokerage firm lists case-history type summaries of work completed for various kinds of companies. For a free copy write number 64 on the reader service card.

• *Computer Claims Control* has published a new brochure entitled **Facts in Motion for IMPACT**. IMPACT stands for Insurance Management + Accident Control Technique, an information control system to relate the total costs of accidental loss to each operating division of a company. Monthly computer reports are designed to communicate with divisional management to motivate correction of cost-causing conditions. To obtain a Facts Pack on IMPACT, write number 15 on the reader service card.

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### General Educational

• An eight-page item of interest to captive insurers, self-insureds, brokers and consultants has been offered by Eastman Kodak Co. **Information Systems for Insurance Companies** explains the use of microfilm systems for effective, economical information management. The item is free by requesting number 61 on the reader service card.

• The **Boeckh Building Valuation Manual**, a three-volume set, will help insurance managers make decisions on proper coverage and valuations without the help of outside counsel. Each volume discusses depreciation and valuation of land and includes information on land description and measurements. Material is organized according to occupancy and computer-produced cost tables reflect all unit-in-place costs converted to costs per square foot of floor or ground area. The complete set is \$99 Individual volumes are: Vol. I, Residential & Agricultural, \$38; Vol. II, Commercial, and Vol. III, Industrial & Institutional, \$44 each. To order the manual or to get additional information, write the Boeckh Div., The American Appraisal Co., 525 E. Michigan St., Milwaukee, Wis. 53201.

• **Recommended Safe Practices for Outside Storage of Logs** (NFPA No. 46B-T), a new, tentative text designed to minimize the fire hazard in log yard storage areas, has been published by the National Fire Protection Assn. The 16-page work, which does not yet have official status, resulted from requests of industries that use logs and on occasion must store them for various periods of time. Provisions of this work apply to log yard areas containing saw, plywood and pulpwood logs stores in ranked piles. The text covers controlling the arrangement and spacing of log piles and exposures to and from these piles, adequate fire prevention and protection, and prompt detection and suppression of fire. Copies of the item are 75¢ each from the association at 60 Batterymarch St., Boston, Mass. 02110.

• **What Is the Emergency Petroleum and Gas Administration?** has been published by the Office of Civil Defense to demonstrate how the petroleum industry, which supplies three-fourths of the nation's energy, could resume effective operations following a nuclear attack if adequate defense precautions were taken now. Elements of company emergency planning are set forth in the book, but the principal focus is on the cooperative, pre-emergency planning steps the government has taken to back up the efforts that individual companies make on their own. The establishment of a company emergency program, including continuity of management and protection of personnel and installations and records, is covered in **Civil Defense and Emergency Planning for the Petroleum and Gas Industries**. Both books were prepared by the National Petroleum Council, Washington, D.C. 20006.

• Several films on traffic safety, crime prevention and training are presented in a brochure from Edcom Productions. All films are 16mm and can be purchased directly from Edcom or through the Highway Safety Foundation. The price listing is available by requesting item number 62 on the reader service card.

• The dilemma of the modern businessman in trying to provide a true employe "benefit" program is faced in **Operation Claimtrack**. The 12-page booklet points out that claims analysis and control can prevent the costly drain of premium dollars resulting from ignorance and abuse of the group insurance program, and that Operation Claimtrack's objectives are to: provide a comprehensive picture of the operation of the group plan and participate in protecting its efficiency. For a free copy of the item, write number 47 on the reader service card.

• **Ten Ways to Increase Profits with Concord Closed-circuit Television Systems** is an illustrated brochure depicting the use of surveillance systems for security measures and theft prevention. The information is free by writ-

ing number 44 on the reader service card.

• Bayly, Martin & Fay, Inc., international insurance brokers, have published a booklet entitled **Engineered Insurance and Risk Management Counsel**. A table coordinating loss exposure and available protection is included, as well as a chart explaining what the client should expect from the broker and what the broker expects from the client. For a free copy, write number 37 on the reader service card.

• Computer Claims Control, with risk analysis systems in operation across the country, has put together **Facts Pack**. The kit contains a sample report on the loss control system, which operates as an independent, cooperative effort involving the insured

company, his agent, the insurance carriers and a specialized computer service. Pertinent facts on all accident losses are provided management of the insured company on a monthly or quarterly basis. A copy of the annual report and a list of representative accounts are also included. Indicate number 43 on the reader service card.

• A 32-page book, illustrated with charts and tables, has been published by the AFL-CIO, department of Social Security. **Security in Time of Need** explains the role of trade union institutions in these categories: old age, survivors, disability and health insurance; public welfare; workmen's compensation; unemployment insurance, and health programs. The book is designed to review not only the past but also

the steps which the AFL-CIO feels must be taken in the future to complete this country's social welfare structure. Write number 27 on the reader service card.

• A 12-page booklet from Commercial Loan Insurance Corp. discusses **Lease Guarantee Insurance** as a new concept in rental income security. A premium rate chart is used to illustrate the item and information concerning the corporation's reserves is included. For a copy write number 42 on the reader service card.

• **Don't Be Half Insured** is offered free by Lansing B. Warner Inc. The literature is directed toward the corporate insurance manager and discusses inflation's effects and the subject of coin-surance. Write number 101 on the reader service card.

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## General Educational

• Combined Insurance Co. of America offers a brochure of special interest to association officers or brokers who deal with associations. It details the company's attitude that high membership participation is achieved by tailoring programs to individual association needs. **Insurance and the Association** includes comments from association officers. Write number 41 on the reader service card.

• A 16-page brochure outlining in case-history form services that corporation counsel may obtain from Lawyers Title Insurance Corporation is offered free. Cases in land acquisition, refinancing, merger, and employe transfer are presented. For a copy of **What Is**

a **National Division**, write number 89 on the reader service card.

• A five-step plan for organizing a property control system and putting it into effect is described in a comprehensive 16-page booklet, **How to Plan a Profitable Property Control Program**. Offered by Metal Craft Inc., the brochure also stresses the growing importance of property control in today's economy, fixes responsibilities for smooth operation of the system, and describes eight benefits resulting from an efficient plan. Components of the suggested plan include property tags and individual record cards (illustrated in the booklet). Samples are available with the literature by writing number 93 on the reader service card.

• **Breakthrough in Housekeeping Maintenance** is a free brochure describing how the "KEX" rental dust control system has been used to eliminate dust and reduce labor costs. It details a ten-point checklist of time- and money-saving methods as well as four "KEX" claims, concerning anti-microbial effectiveness, which have recently been accepted by the U. S. Department of Agriculture. The item is free by writing number 88 on the reader service card.

• **Information Management for Financial Industries** is a 10-panel brochure from Moll Associates that explains how information management techniques can help a firm use all its data to best advantage. All the techniques mentioned are feared toward making data relevant and useful

in terms of realizing corporate goals. For a free copy indicate number 95 on the reader service card.

• Notifier Co. offers guidance in planning protection systems that are designed into building plans. An engineer follows the progress of each system and provides any assistance needed from conceptual planning through installation to final check-out. For information on this service write number 99 on the reader service card.

• **Protect Your Property from Vandalism . . . Burglary . . . Arson!** is a four-page, illustrated brochure free from Improved Risk Mutuals by writing number 81 on your reader service card. The list of precautions is aimed at making all property owners, regardless of location or occu-

pancy, aware that the increase of vandalism and crime in the U. S. has brought about a need for better protection. It deals with glass, fencing, floodlights, locks, alarm systems, watchman services and fire prevention.

• Alexander & Alexander has released a booklet describing their firm and its services. **A Complete Insurance Service for Business**, 16 pages, points out that of all businesses forced to close their doors because of fire or other disaster, more than "43% fail to re-open—despite adequate property insurance coverage," and comes to the conclusion that "obviously, the standard forms of property insurance are not always sufficient to give companies the protection they need." Complimentary copies are available by writing number 22 on the reader service card.



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• Alexander International, a professional service organization providing coordinate advisory, actuarial, banking, investment, and administrative services in the international employe benefit field, has released an explanatory brochure describing its principles and services. Information also includes a list of the board of directors and backgrounds of the board members. For a free copy, write number 24 on the reader service card.

• **The Competitive Edge** has been released by the American Credit Indemnity Co. of New York. The purpose of the booklet is to dispel some of the reasons for "thinking of credit protection in restrictive terms . . . as little more than a method for recovering unexpected losses." Ways in which it can strengthen a company's competitive edge are listed. Indicate number 25 on the reader service card.

• When a disaster hits a plant or factory, what is done in the precious few minutes before public assistance arrives makes the difference between life or death and serious loss or preservation of property. **Emergency Organizations for Industry and Commerce** tells how to organize, staff, equip, train and maintain in constant readiness an emergency organization capable of coping with the situation. Free copies of the booklet may be obtained by indicating number 85 on the reader service card.

• The Sperry and Hutchinson Co. has compiled a folder of materials explaining the use of Green Stamps to build incentive for safety, cost reduction and job efficiency. **A New Dimension in Motivation** also presents examples of many different types of companies who have used or are presently using this program. Indicate number 114 on the reader service card.

• **The Fundamental Concepts of Industrial Hygiene** are presented in a six-page, illustrated, fold-out brochure published by the National Safety Council. This definitive item is available by indicating number 134 on the reader service card.

• A non-slip material that conforms to any surface has been developed by the 3M Co. **Safety-Walk** is made of mineral coating and is applied by removing its paper liner and setting in place. Write number 6 on the reader service card for a free sample and descriptive literature.

## General Educational

• **101 Ways to Save Money on Your Car** is an eight-page brochure released by the National Auto Club. Points covered include: getting more miles per gallon; making tires last; saving money on insurance; maintaining the appearance of the auto; saving on engine repairs; getting longer battery life. The item would be useful and appreciated as an employe-handout and would be especially valuable to drivers of fleet cars. For each copy send 35¢ in coins to the club at Box 2368, Elmont, N. Y. 11003.

• **The Story behind Underwriters' Laboratories Inc.** discusses the background and facilities of the organization and steps in testing for public safety and follow-up services. This booklet and a smaller one, **Facts about Underwriters' Laboratories Inc.**, are free by writing number 119 on the reader service card.

• Information on do-it-yourself safety program material is free from the Statesman Group. Items include bulletins for management, supervisors, employes and drivers as well as safety posters and speeches. Designate number 132 on the reader service card.

• **Effects of Sonic Boom** is a 174-page book recently published by Dr. J. H. Wiggins Jr., who heads his own firm of consulting researchers and professional engineers. The book is a synthesis of information and data resulting from various sonic boom overflight test programs and other research in that field of interest. The book sells for \$16 and is available from the author at 2516 Via Tejon, Palos Verdes Estates, Cal. 92074.

• Grayarc Co. Inc. offers information on its pressure-sensitive **Packing List and Invoice-enclosed Envelopes**. The waterproof, polyethylene envelopes come in fluorescent red and samples are available. Write number 152 on the reader service card.

• The American Home Group has prepared a brochure, **Sorry You're Not Covered**, which explains in detail the need for umbrella protection as well as its market potential. It is available free by indicating number 28 on the reader service card.

• **Building Codes, Their Scope and Aims** is a booklet prepared by the engineering and safety department of the American Insurance Assn. It traces the development of building code concepts from the Babylonian era to the present and also discusses fire prevention, detection and extinguishing. Suggestions for stricter enforcement of existing codes are also made. The illustrated item is available for 20¢ from the association at 85 John St., New York, N.Y. 10038.

• A revision of the 1955 edition of the **Safety in Quarry Operations Standard** has been completed by the National Safety Council. The 43-page document contains an illustrated appendix and sells for \$5 per copy. (Discounts are allowed for larger orders.) Write the American National Standards Institute, 1430 Broadway, New York, N. Y. 10018.

• **Standard for the Installation of Gas Appliances and Gas Piping** (NFPA No. 54) clarifies physical damage from which such installations must be protected. Copies of the 152-page document are \$1.25 from the National Fire Protection Assn., 60 Battery March St., Boston, Mass. 02110.

• The 24-page **Tentative Code for the Storage and Transportation of Oxidizing Materials and Organic Peroxides** is available from the National Fire Protection Assn. for \$1. The code (NFPA No. 499-T) discusses reactions to extinguishing agents and heat, shock and friction. Copies are available from the association at 60 Battery March St., Boston, Mass. 02110.

• The public information office of Underwriters' Laboratories Inc. has made available an illustrated brochure that explains how the non-profit laboratory tests for public safety. The literature explains the significance of the UL symbol on a product and how its use is carefully controlled. For a free copy, write number 118 on the reader service card.

• **Absenteeism Hurts** is a 16-page, pocket-size booklet published by the Drumcliff Co. The item is designed to re-awaken in the employe a sense of responsibility not only to his company but also to himself—because, as the booklet points out, absenteeism costs money and lowered profits lead to lower salaries. The booklet is available in quantity for use as an employe handout. Prices are available by writing number 2 on the reader service card.

• An illustrated brochure is available from Certified Portfolios Inc. explaining their function as originators and administrators of tax-sheltered plans for individuals and corporations. Biographical material on key officers is also included. To receive the item designate number 128 on the reader service card.

• A 27-page booklet, illustrated with 11 charts, has been published by American Credit Indemnity Co. of New York. **Signs of the Times** looks at economic events in the U.S. since 1951 and their effect on sound business management. It is free by writing number 26 on the reader service card.

• Information on the nationwide facsimile network operated by the Transceiver Corp. of America is now available. This network makes it possible for insurance executives to send or receive policy or claims documentation or any printed, written, drawn, typed or photographed material to or from major cities of the United States in minutes. For further information write number 124 on the reader service card.

• A two-page pamphlet introducing Starr Technical Risks Agency Inc. as a new insurance market for oil and petrochemical risks is free from the agency by writing number 115 on the reader service card. It explains why the agency was formed and gives examples of installations and typical perils covered.

• A concise, 12-page glossary of reinsurance terms is free from J. H. Lea & Co. Inc. by writing number 90 on the reader service card.

• **Financial Services—Putting More Venture into Capital** is a 16-page industry survey discussing trends in the insurance and financial fields and the development of the financial services company. Explanatory tables are included. To obtain a copy write number 4 on the reader service card.

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# opinions

## We blush to admit . . .

We hate to go into the new year with egg on our face, but it looks like that's what we're about to do. In our Dec. 8 issue we printed an item—on the front page—indicating that Corroon & Black was about to make a bid for Alexander & Alexander.

This has caused A&A to be bombarded with calls from all across the country, creating no little embarrassment and consternation for the insurance brokerage firm. For, in simple truth, our report was just plain wrong.

It's not particularly easy for us to admit this. But since our first issue in October of 1967 we have tried to bring important news of the insurance industry out in the open, for all to comment on and benefit by. We have never liked the way the industry has been clouded by its own particular brand of mumbo jumbo, and we have tried to cut through the obfuscation with straightforward and unbiased accounts of what's happening.

That's why we have taken special pains to set the record straight in regard to Alexander & Alexander, and we trust our readers will forgive us this one miscue. We apologize to A&A for having made their executives spend the better part of a week answering phone calls from incredulous clients.

A&A's reaction to our "news" item was the model of enlightenment compared to the hysteria we've encountered from others in the industry who didn't like the way we interpreted certain developments during the past year.

One broker, for instance, not only canceled its advertising with us but also stopped sending us its press releases after we published a story not to its liking. They claimed we "double crossed" them by not printing their handout just the way they wrote it.

And, just recently, we are sad to report, an insurance manager was fired by his boss because he didn't first clear some remarks he submitted to us. The boss said that the views expressed, while clearly the opinion of the writer, nevertheless reflected back on him, to his possible detriment. However, despite this unfortunate incident, we will continue to seek out insurance managers and ask for their candid views on any issue that needs airing. And, as we have judiciously for the past two years, we will continue to protect the identity of our sources when necessary.

The insurance industry is a big-money business, and we are charged with reporting all sides of the news as accurately as we can, representing all shades and variations of opinion. We are not doing our job unless we continue to poke into areas some in the industry would just as soon leave unexplored.

We have already uncovered several instances of out-and-out dishonesty and corruption, and these exposés have been of direct benefit to insurance buyers concerned about the probity of insurance companies, brokers and state regulators of insurance. Other insurance frauds are now under investigation by our staff in cooperation with law enforcement officials. We will continue to do our job without fear or favor. We think that's why our readers have made us the most successful new insurance publication in the history of the industry.

# business insurance

for buyers of employe, property and liability protection

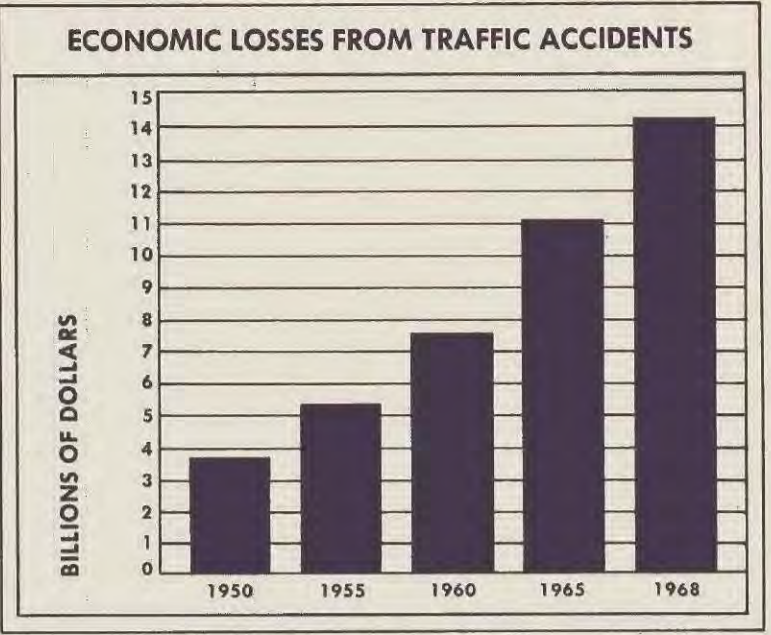
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Economic losses from traffic accidents in 1968 mounted to a record \$14.25 billion, a figure that represents \$71 for every man, woman and child in the nation. This figure represents cost of property damage (both insured and uninsured) as well as legal, medical, surgical and hospital costs, some of which are covered by insurance, loss of income and the administrative costs of insurance. The tabulation includes losses from all traffic accidents on public highways and private property.  
 Source: Insurance Information Institute

## National health insurance?

Corporate executives, especially employe benefits administrators and insurance managers, should play key roles in the determination of national policy regarding health insurance.

Organized labor, the medical profession and politicians of diverse persuasions are taking sides in a countrywide debate that will deeply affect the course of health care and the employe benefit structure.

At issue are decisions concerning the financing, delivery, insurance, administration and cost of health care. And the opinions on revisions of these basic functions are as widespread as those taking part in the debate.

Walter Reuther, president of the United Auto Workers, is the leader of a national committee that seeks to have the Federal government adopt a compulsory program financed by employers, employees and the Federal government that would be administered by a Federal agency. Cost of this national health care plan, which would eliminate Medicare and Medicaid, is estimated at \$40 billion annually. A similar program, costing an estimated \$33 billion annually, is proposed by the AFL-CIO.

A program incorporating the compulsory and Federally insured aspects of organized labor's programs has been offered by Sen. Jacob Javits (R.-N.Y.).

Voluntary state-administered programs designed to finance medical care through private insurance with a system of Federal income tax credits are proposed by the American Medical Assn. and some members of Congress.

New York's Gov. Nelson Rockefeller, on the other hand, advocates a compulsory system of health care payments administered by state governments that would be financed by employers, employees and the states.

Advantages and disadvantages of these proposals are too many to be easily weighed. The point is that the nation in the next few years will settle health care questions that vitally affect employe benefits, and those who provide and administer these benefits should be at the center of the debate.

## New 'rug rule'

Would a proper host not be embarrassed at his guest's viewing dirty dishes in the sink, unmade beds, or clothing and rubbish scattered about the furniture and floors. These are but the niceties that distinguish a host's attitude toward his invited guests, as opposed to the barest of licensees. This is the recent opinion of a judge (N. Y. Cir. Ct. Queens City. *Hirsch v. Hade* 8/21/69), considering the case of a guest who tripped over a curled up throw rug at the front doorway and was injured. On this basis of modern hospitality, the court creates an entirely new class of persons to whom an owner owes a duty.

The court notes that the guest did not examine every inch of the rug before stepping on it, but the court goes much further than the old rug cases, and says that the duty to a guest is a higher duty than one owes to his family. The social guest appears to be in a class by himself, and the host's duty to him is a much different duty than that owed to a trespasser, an invitee or a licensee.

While we would be glad to be the recipient of such royal treatment, we are mindful that this is placing a very heavy burden on the home owner. He may never have known of the defect in the rug or the stairs. In any event, it might serve as a real legal deterrent, should your wife want to fill the house with too many weekend guests. Everything appears to be going up, even your duty to a house guest and the answer seems to be added insurance protection against the slips and falls of those "nice people."

# letters

## Airway coverage

To the editor: Your quoting me in the recent issue of *Business Insurance* (Nov. 24) was fine except for the fact that you apparently lifted my comment out of context.

What I referred to as being "absurd" was the confusion that has arisen over the Civil Aeronautics Board part 298 aircraft liability requirements in that this matter has been under discussion for a year and a half and too few people understand it.

I did not say or imply that CAB officials were not cooperative; as a matter of fact CAB at times seems to understand the problem more clearly than do underwriters. It may be interesting for you to note that as of last week the matter still remains unresolved and will probably not be thoroughly thrashed out for at least several months because what insurance companies are now requiring may very well call for a major change in the regulation, which must be announced to the public with proper comment time allowed before it can be effective.

On page 12 of your Nov. 24 issue is a very interesting statement with regard to aircraft insurance and that is *Business Insurance* was "surprised" to learn the Federal Aviation Administration has no concern about indemnification to air disaster victims; one reason for this is that indemnification for air travelers is not the responsibility of FAA but does come under the jurisdiction of the Civil Aeronautics Board, and I can assure you CAB does have minimum liability requirements for trunk airlines.

And \$10 million liability insurance (other than passenger liability) would not cost anywhere near the \$10,000 premium quoted. We recently wrote an aircraft with a \$20 million legal liability limit—the premium was \$1,100.

Jay Lavenson  
 Vice President, Harlan Inc. of Pennsylvania, Philadelphia.

Editor's Note: Our Nov. 24 article that quotes Mr. Lavenson did not mean to imply that CAB officials were uncooperative. As Mr. Lavenson said when interviewed—and as he repeats in his letter—several meetings of CAB officials, brokers, underwriters and air taxi operators have failed to resolve their differences.

This situation arose because those who are involved in the CAB regulation failed to take advantage of the Administrative Procedures Act, under which the CAB is bound to solicit comment from industries involved in their proposed rule making. It was not until the CAB regulation was promulgated that many air taxi operators, brokers and underwriters discovered there were problems.

For good reason, we did express surprise in our Nov. 24 editorial about the lack of insurance requirements for small aircraft and the majority of licensed pilots.

The FAA was singled out for not having concern for small aircraft and private pilot liability insurance requirements.

As to the price of the aviation liability coverage, we were referring to coverage that not only would include public liability protection but also passenger liability coverage, hull insurance and property damage.

Public liability protection for  
 Continued on page 23



## Why does Champion Spark Plug insure with AFIA?

Because Champion Spark Plug demands the skill and expertise of specialists for their overseas insurance programs. People who are totally involved in underwriting foreign insurance. All the time. To whom it isn't merely another class of business but the only type of insurance they write.

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## General Educational

• **What Everyone Should Know about Mutual Funds** is a new booklet from Fund Aids Inc. that explains what mutual funds are and how they operate in easy-to-understand terms. Types of funds, withdrawal plans and legal obligations are among the subjects discussed. The color-illustrated booklet is available from the corporation for 50¢ by contacting them at 1007 Fifth Ave., San Diego, Cal. 92101. Quantity discount prices can be obtained.

• United Coverage Consultants Inc. has offered reprints of its article **Risk Management Techniques Solve Business Problems**, by Philip M. Schulussel. Single copies of the three-page article are free by writing number 120 on the reader service card.

• Copies of **Fringe Benefits in the Conglomerate Company**, an eight-page address by Geoffrey N. Calvert of Alexander & Alexander Inc., are available by signifying number 23 on the reader service card. The talk details, with examples, pitfalls affecting mergers and problems peculiar to the conglomerate.

• A pamphlet issued by the Kemper Insurance Group contains a complete check list to be followed in winterizing plant buildings and yards and roadways and fire protection systems and equipment. **Winterizing Your Plant** also lists action to take when a freeze-up does occur. Copies may be obtained by writing number 139 on the reader service card.

• EBS Management Consultants Inc. offers a pamphlet entitled

**The Captive—an Important Technique for Management**. Nine general questions on the captive insurance company are answered and information on EBS services is provided. For a free copy write number 144 on the reader service card.

## Fire Safety

• **If You Don't Believe in Astrology . . .** is a fold-out brochure published by State Farm Insurance Cos. Based on a zodiac theme, the item would make an interesting and informative employe handout because it deals with fire prevention safety tips for members of the household. It is available through any of State Farm's 22 regional offices or the main office in Bloomington, Ill. 61701.

• A revised edition of the **In-**

**dustrial Fire Brigades Training Manual**, 150 pages, is available for \$5.00 a copy from the *National Fire Protection Assn.*, 60 Battery March St., Boston, Mass. 02110. It covers organizing and training a property fire brigade, fire fighting practice with automatic sprinklers, fire causes and hazards, fire extinguishers, and many other subjects important for plant protection. The book is illustrated with photos and drawings. For information on quantity order discounts, contact the association.

• An illustrated release from Shaw Walker, **Only the Victims Know . . .**, describes Fire Files, which protect records and files from disintegration during fires. For a free copy of the item, write number 110 on the reader service card.

• National Automatic Sprinkler

and Fire Control Assn. Inc. has released **Automatic Sprinklers in Building Codes**, a 16mm, color sound film. Narrated by Lowell Thomas, the film is directed primarily toward building officials, architects, engineers, fire prevention officers and urban renewal planners. The film details the basic principles of building codes and the part that automatic sprinklers play in providing for maximum public safety, design flexibility and reduced construction cost. Copies may be purchased directly from the association at 2 Holland Ave., White Plains, N.Y. 10603 for \$10 per print. Or you may contact one of the 28 nation-wide offices of Modern Talking Picture Service Inc.

• The thirteenth edition of **Fire Protection Handbook** has just been published by the National Fire Protection Assn. Each of the 117 chapters has been exhaustively reviewed by experts in the specific subject dealt with and updated to incorporate the latest fire experience, research and technical developments. The illustrated book is divided into 20 sections, which give a progressive understanding of fire and its control. Among additions to the current book are an entire new section on industrial and manufacturing process hazards and a table on state and provincial fire laws. The book is available at \$22.50 from the association at 60 Battery March St., Boston, Mass. 02110. Discount prices apply to orders for six or more copies.

• A 12-page booklet, **Tentative Standard for Explosives Motor Vehicle Terminals**, is available for 75¢ from the National Fire Protection Assn., 60 Battery March St., Boston, Mass. 02110. The material discusses terminals defined as "interchange lots" where explosives vehicles are parked, "less-than-truck-load lots" for unloading and reloading partial loads, and vehicle maintenance shops, and/or driver rest facilities. The material is being submitted for official adoption by the association. The item is NFPA number 498-T.

• **Fire Foil**, a fire-retardant paint, has been introduced by the Valspar Corp. The paints insulate coated surfaces through the process of intumescence, a chemical reaction forming tiny cells on top of the surface when exposed to temperatures of about 400 degrees or higher. Fire Foil is available in alkyd flat and semi-gloss and in a range of decorator colors. There is a possibility of lower insurance premiums as a result of the greater fire protection provided by this type of paint. For more information on the product write number 122 on the reader service card.

• **Fire Protection That Pays for Itself** is an eight-page brochure illustrated with charts and photos and released by Hodgman Manufacturing Co. Inc. It is free by indicating number 148 on the reader service card. Sprinkler installations are made without disturbing daily activities and the manufacturer states that 75% of the work is completed prior to arrival at the installation site.

• Pyrotronics Inc. offers two books, **Pyr-A-Larm Fire & Smoke Protection for Air Conditioning and Ventilation Systems** and **Pyr-A-Larm Fire & Smoke Protection for Computers and EDPM Systems**. Illustrated with pictures and diagrams, the books also include listings of organizations presently using the plans. For copies, write number 106 on the reader service card.



## The corner office has its dangers.

And one of the scariest dangers the man in the corner office faces today is a personal law suit by a disgruntled shareholder.

As scores of recent suits have shown, any shareholder can sue any of "his" officers or directors, for practically any reason at all—from a minor misstatement to a major misjudgement.

And regardless of the outcome, such a suit can spell personal disaster for the unprotected company executive and his company. Fortune, Forbes, Business Week and The Wall Street Journal have spelled out the danger in major articles, and most

corporate officers are now ready, and anxious, to hear your solution to this growing problem: Directors' and Officers' Liability coverage issued through Geo. F. Brown & Sons, Inc.

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## Fire Safety

• Information on a line of fire alarm equipment is now available from the *Standard Electric Time Corp. Alarm-matic* is a brochure describing the basic control panel module featuring low voltage operation, automatic DC standby, low voltage trouble signals and station circuits which provide positive trouble and alarm annunciation. Modular components to make up a variety of systems for a variety of applications are illustrated and detailed. Dimensional data and description of accessories are also included. Request item 12 on the reader service cards.

• Produced by the Fire Protection Assn. London, *The Nature of Fire* provides basic facts about fire and its control. Behind the film is the idea that if people know what fire is, they will more readily know how to avoid the acts which lead to fire. Dramatized situations and laboratory demonstrations illustrate the points made. To purchase the 19-minute film (cost is \$140) write Publications Dept., *National Fire Protection Assn.*, 60 Batterymarch St., Boston, Mass. 02110. Checks should be made payable to NFPA. For information on rentals, contact the association.

• Alarm Lock Corp., manufactures *Safety Alarm Lock*, which provides full-time locking of emergency exit doors while complying with standard safety, fire and building department codes. The first person to reach the door releases the lock with slight pressure on the clapper, automatically opening the door and sounding the alarm. A brochure describing units for different types of doors is free by indicating number 19 on the reader service card.

• *The General Fire, Extinguisher Selection Chart* categorizes 13 types of extinguishers, their operating principles and the classes of fires for which they are suitable. This color-coded flier is available free by writing number 72 on the reader service card. Categories are based on the basic recommendations of Underwriters' Laboratories, Inc., Factory Mutual, and National Fire Protection Assn.

• A compact, self-contained fire-protection system, about the size of a portable television, is now available from Fenwal Inc. The new *FIREPAC* system is adaptable to the protection of personnel working in confined areas (such as bank vaults, laboratories or libraries) or for use in areas where equipment, documents or furnishings of high values are concentrated. The fire extinguishant Freon FE 1301 does not damage papers, furnishings or electronic equipment. The unit can be used singly or in connection with other units and has its own fire detectors. Each unit can protect 1,500 cubic feet of space. For information write number 69 on the reader service card.

• An illustrated 16-page booklet has been released by the sprinkler division of "Automatic" Sprinkler Corp. of America. *The High Cost of Burning* describes, through statistics and specific examples, how sprinkler systems can pay for themselves through reduced insurance premiums. The item also examines the pos-

sible advantages to companies of leasing fire protection systems. Methods of analyzing and protecting against special hazards are also described. Indicate number 32 on the reader service card in this issue.

• *Guide to the Prevention of Fuel Explosions for Gas- and Oil-fired Boiler Furnaces* is a booklet produced by Kemper Insurance Cos. It makes recommendations for safety supervisory devices designed to eliminate many hazardous conditions and to effect a fast shutdown of equipment when a hazardous condition does exist. The recommendations are for boilers having steam capacities generally not exceeding 200,000 pounds per hour. A free copy of the guide is available by writing number 84 on the reader service card provided in this issue.

• Hundreds of lives are lost every year because families have no way of escaping from their burning homes. Nearly all of the tragedies could have been prevented if there had been rehearsals on how everyone was to get out of the house in case of a fire-at-night emergency. Reports indicate that most lives are lost because of bewilderment, fear and panic. The Institute for Safer Living has published *If Fire Breaks Out at Night*. The pamphlet, which discusses practices and drills, is suitable for use as an employe handout and is available free by signifying number 30 on the reader service card.

• The Mill Mutual Fire Prevention Bureau has published an illustrated, 22-page guide on *Standards for the Installation of Nonautomatic Sprinkler Systems for Grain and Milling Properties*.

Since automatic sprinklers for grain and milling properties are often impractical because of inadequate water supply and high relative cost, the development of the nonautomatic system has proven invaluable. The information is broken down into supply, distribution and maintenance considerations and is available by writing number 94 on the reader service card.

• Information on a new EDP record vault is available from Wright Line, a division of Barry Wright Corp., by writing number 102 on the reader service card. The vault, manufactured by Schwab Safe Co., carries the Underwriters' 150°, two-hour label for storage of EDP media. Interior temperature and humidity can be held well below the 150°F 85% R.H. limit at which read out errors and losses can occur even

when the vault is exposed to a raging fire for up to two hours. For material on the *Data-bank Safe* use the reader service card in this issue.

• A catalog illustrated with diagrams and photographs explains *Honeywell Fire Alarm Systems and Components*. It is free by writing number 77 on the reader service card.

• *Fire Escape for Office Workers* is an educational folder published by the National Fire Protection Assn. Emphasis is on knowing areas of refuge and exit in the building and case histories stress the need to avoid panic. Copies are \$2.50 per 100 and \$20 per 1,000 from the NFPA Publications Service Dept., 60 Batterymarch St., Boston, Mass. 02110.

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That's why our Loss Control Engineers use computer data in analyzing accident potential. This helps policyholders reduce the severity and frequency of accidents.

Computerized accident control, from Kemper Insurance, is one way to help you reduce the amount you pay for Workmen's Compensation insurance. Our computers help pin down the exact locations and causes of accidents in your plant. They tell you what those accidents are costing you, too. When these facts are compared with experience of similar businesses, we have a sound basis for a joint program to help you make your business safer . . . and bring down your Workmen's Compensation insurance premium.

Our Loss Control Engineers have years of experience in a variety of industries and in such specialized areas as industrial hygiene, technical engineering, occupational health, and educational training. These services, combined with computerized accident control, have proven that "Accidents can be controlled."

To learn more about this program, see the Yellow Pages listing of your local independent Kemper Insurance Agent, or write Walter White, Vice-President, Kemper Insurance, 4750 Sheridan Road, Chicago, Illinois 60640.



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## Fire Safety

- **Contelco-Guard**, an alarm unit designed by Continental Telephone Supply Co. Inc., offers three-dimensional protection against fire and break-ins. An optional emergency dialer silently dials the proper authorities with pre-recorded emergency messages. For more information on the device indicate number 50 on the reader service card.

- The Cookson Co. offers its **Catalog 6801** on rolling steel doors. Each type (fire doors counter doors, coiling grilles and operable walls) is presented in detail to define its scope of function and security aspects. These closures are **not** designed for home installations. To receive a free copy of the 28-page book, write number 51 on the reader service card provided in this issue.

- A 16mm film with sound and color, **Testing—Requisite for Fire Safety**, has been released by Underwriters' Laboratories Inc. The 17½-minute story is based on the interdependence of architects, building inspectors, contractors, insurance interests, testing laboratories and manufacturers. The film is available without charge, but must be ordered at least six weeks in advance. Write number 117 on the reader service card.

- **Firehold "10"** is a fire-retardant intumescent paint, bearing an Underwriters' Laboratories label certifying a flame spread of 10. It is manufactured by the Debevoise Co. **Firehold "40"** is also available, for Class B specifications, as is **Firehold Misty Clear**, which is intended to provide higher abrasion resistance when used over either of the pigmented products. Color card and technical information

may be obtained by writing number 140 on the reader service card.

- A four-page, Illustrated brochure on **Data-Vault, Walk-In Computer Media Vault** is available from *Data-American Equipment Co.* by writing number 13 on the reader service card. It explains the need for vault protection of computer tapes against fire, steam, explosion and flood. The new vault protects tapes with a temperature less than 140°F. for at least six hours in a fire exposure equal to the American Standard Time and Temperature Test reaching 2,250°F.

- The Factory Mutual Engineering Corp. offers **The Automatic Sprinkler**, Firesafety Fundamentals Vol. 4. The need for sprinklers and how they control fires are among topics illustrated in the

book. Types of sprinklers and systems and sprinkler temperature ratings are explained through diagrams. A sample copy is free of charge by indicating number 1 on the reader service card.

- **INFIGHTER** is a man-powered emergency vehicle, designed to squelch fires in the first critical moments. Bulletin 96810, from the Young Fire Equipment Corp., illustrates **INFIGHTER**, which has compartments for storage of fire extinguishers and additional emergency equipment specific to the hazards of an individual building or worksite. Indicate number 123 on the reader service card.

- A specification sheet detailing the safety and performance features of **Ansul Carbon Dioxide Extinguishers** is available by writing number 31 on the reader

service card. The extinguishers come in 5, 10, 15 and 20 pound capacities and are suited for indoor use where winds and drafts do not affect discharge of the gas or where an extinguishing agent leaving no residue is required. Carbon dioxide units are well suited for use with flammable liquid, gas and electrical hazards.

- The National Fire Protection Assn. has published in pamphlet form its **Proposed Standard for Fire Tests of Window Assemblies** (NFPA No. 257-T). The text has not yet been officially adopted by NFPA and is still subject to major revision. The item applies to window assemblies including glass block and other light-transmitting assemblies for use in wall openings to retard passage of fire. Copies are available from the association for 75¢, at 60 Batterymarch St., Boston, Mass. 02110

- A useful manual on fire protection is available from the Albi Manufacturing Co. The brochure explains technical aspects of fire protection and their relation to code and insurance requirements. **Specifying Fire Protection with Intumescent Coatings** also provides a quick reference to the area of operations of leading organizations involved in fire prevention and fire protection activities. It is free by writing number 20 on the reader service card.

- **Prestressed Concrete Resists Fire!** is a 10-page brochure describing the material's inherent resistance to fire damage and the insurance cost factors involved in its use. Building problems are also covered in the literature and a table illustrated insurance costs for four typical buildings which use prestressed concrete. Write number 105 on the reader service card for a free copy from the Prestressed Concrete Institute.

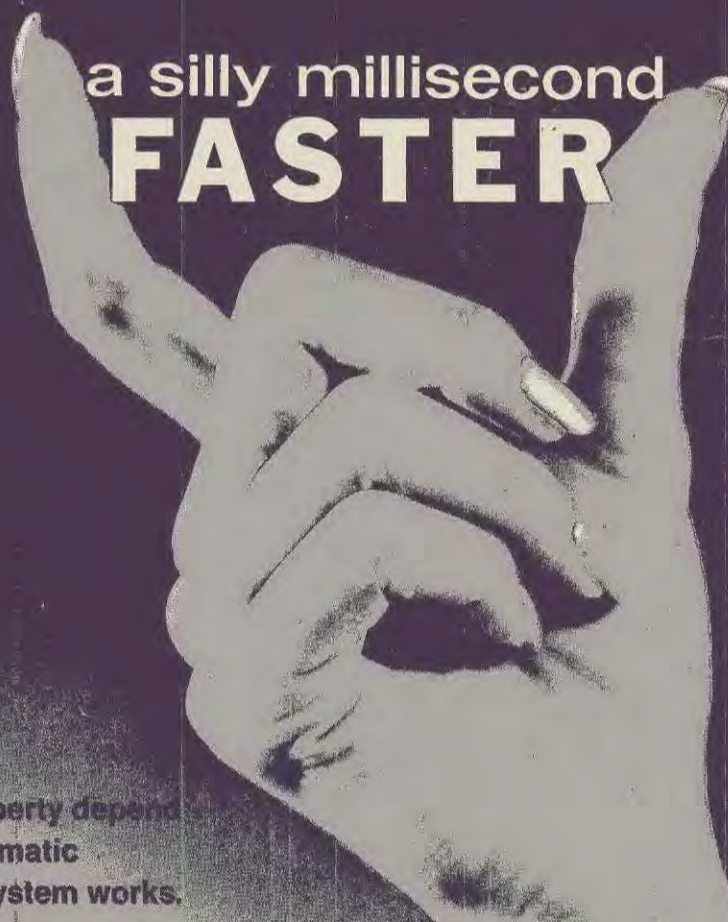
- Single copies of **Rain . . . Snow . . . Floods Hamper Firemen!** are free from Improved Risk Mutuals by writing number 80 on your reader service card. The four-page brochure discusses the fact that floods and fires go hand-in-hand and tells what to do before and during a flood. Precautions for flooded buildings and tips for safety through long-term planning and maintenance are highlighted.

## Road Safety

- Ayer Public Relations has released a 12-minute, 16mm, color-sound film, **Grooving for Safety**. The film, available on loan, explains tire hydroplaning during periods of rain and its relation to automobile and aircraft skid accidents and illustrates a new technique currently being employed to prevent hydroplaning. For more information write number 150 on the reader service card.

- A 28-page text, **Standard for Type Designations, Areas of Use, Maintenance and Operation of Powered Industrial Trucks** (NFPA No. 505), is available for 75¢ from the National Fire Protection Assn., at 60 Batterymarch St., Boston, Mass. 02110. Recommendations on the use of industrial trucks powered by LP-Gas have been clarified to give basic guidelines for safety while filling, storing, removing and handling the fuel containers. The current text was adopted at the 1969 NFPA annual meeting.

- **Five to Drive By** is a brief, illustrated pamphlet released by the National Safety Council to discuss the five features of the professional driving job. Indicate item 97 on the reader service card.



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# SAFETY FIRST

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## Security

• **Fidelity and Deposit Co.** of Maryland offers a 40-page book, **Embezzlement Controls for Business Enterprises.** The book's eight chapters discuss control of cash receipts and disbursements, merchandise and a program for small businesses. Also included is a check list of internal control procedures. For a copy of the item write number 9 on the reader service card.

• Specific measures required to assure continuity of corporate management in a post-disaster period must include a system to protect vital documents. **Protection of Vital Records** is a 24-page publication prepared by a special committee of the Assn. of Records Executives and Administrators, Inc. It enumerates, among other things, the information required to develop a program: (1) determination of what information is vital; (2) knowing what records reflect the information, and (3) learning how to protect the records. The booklet may be obtained by indicating number 57 on the reader service card.

• Information on the **Reid Report** is free from John F. Reid and Associates. The report was developed for use as a written examination in conjunction with or in place of polygraph (lie detector) tests in screening employees for jobs necessitating a high degree of honesty. The initial information explains attitudes toward honesty and application of the report and contains comments from various companies that have used it in hiring employees. Write number 107 on the reader service card.

• A catalog and 12-minute record entitled **Instant Photo ID Systems** have been released by Avant Inc. The catalog gives detailed cost analyses for four basic instant photo ID systems, including the initial equipment, supplies and estimated labor involved. The record analyzes pitfalls to be avoided and is based on eight years experience with more than 65,000,000 users to date. The information is available by writing number 33 on the reader service card.

• The Folger Adam Co. has supplied prisons with locking devices for nearly three-quarters of a century. Since these locks are designed for detention institutions where long, hard use and abuse are expected, they are also applicable in banks, hospitals, offices, factories, schools and commercial establishments as well as government and military facilities. They provide features not available with conventional builders' hardware. An informational brochure may be obtained by writing number 70 on the reader service card.

• The Chamber of Commerce of the United States has released a 72-page book telling businessmen how to detect organized crime in their own companies. **Desk Book on Organized Crime** points out the symptoms of organized crime techniques and suggests what businessmen can do to combat them. The book gives details on how to fight dummy or fraudulent associations, gambling, labor racketeering, loan sharking, monopoly and coercive competitive practices, illegal uses of stocks, bonds, credit cards, and illegal takeover of a legitimate business. For a copy write number 14 on the reader service card.

• A new booklet from Kemper Insurance compiles eight case histories of employe theft or embezzlement. These claim briefs will help employers spot areas in which measures can be taken to prevent serious loss due to employe dishonesty. **Enterprise and Imagination as Applied by Employers to the Detriment of Employers** may be obtained by indicating number 125 on the reader service card.

• Four illustrated items are available from Honeywell Automation. **The Honeywell Vibration-detection System; The Honeywell Audio-detection System; Honeywell Secret Sentry Capacitance Detector; Honeywell W840 Five-zone Alarm Receiver.** Literature has also been released on a single-zone console alarm receiver, the **W840E.** Indicate number 76 on the reader service card.

• In 1968 a bill requiring that adequate security measures be taken by all financial institutions under the jurisdiction of Federal regulatory agencies went into effect. One of the security standards called for was automatic recorded visual surveillance for all banking areas carrying on cash transactions. A closed-circuit tv video surveillance system, providing 60 hours of continuous bank surveillance, has been jointly developed by Diebold, Inc. and the Ampex Corp. The videotape recorder can scan a complete line of teller stations providing surveillance for up to two weeks on a single role of tape. For further information, write number 55 on the reader service card.

• **Holmes the Protectors and Automation on Guard** are two pamphlets explaining the background and services of Holmes

Electric Protective Co. Light, sound and vibration detectors are covered briefly, as well as vault protection and use of a silent alarm. To obtain the booklets, write number 75 on the reader service card.

• Museums and businesses that display items such as paintings, sculpture, gems, stamps and coins can obtain information on the **Extra Sensory Perceptor** by writing number 121 on the reader service card. The ESP is designed with all solid-state circuitry to assure reliability and minimum maintenance. It contains a rechargeable emergency battery unit in case of an AC power failure. Various computer panel and auxiliary connections are available to fit individual needs.

• **Model 934** solid state, micro-wave intruder alarm system is a

simple detector developed by Burlingame Scientific. It can cover a rectangular area up to 10,000 square feet or a corridor 20 feet wide and 300 feet long and is ideal for protecting warehouses, manufacturing and storage areas, and garages. Model 934 can sense a three-square-foot target moving in the protected area at a rate of three inches per second and ten miles an hour. Price is \$697 F.O.B. Burlingame, Cal.

• **50 Ways to Reduce Crime Losses** is a check list of proven accounting safeguards for crime protection published by Kemper Insurance. It stresses a company's obligation not only to provide proper crime loss coverage but to take reasonable means to stop losses before they happen through internal controls. Copies are available by writing number 87 on the reader service card.

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With old style business insurance packages, you often pay for more insurance than you really need. With CustomPAK, Aetna's new business insurance package, your insurance is designed to fit your needs. CustomPAK is comprehensive. It's flexible. It's simplified. And it's economical. You have a wide choice of money-saving rating plans, not just a single "package" discount.

We'll even finance the premiums to keep your working capital working. For all the details on CustomPAK, call an Aetna agent. Or talk to your broker.



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### Security

• The Arrowhead **Panoramic Surveillance Camera** and processing system have been designed for photographic surveillance of banks and other locations where security is critical. The camera may be set for stationary photography or for a sweep of up to 180°. The remote control unit features exposure interval selector, scan indicator, film footage and battery voltage indicators. For further information indicate number 135 on the reader service card.

• The **American Telephone Alarm** is a free brochure explaining the security reporting system developed and manufactured by A.T.A. Control Systems Inc. The alarm can be programmed to call authorities in case of burglary, fire, medical emergency or equipment failure. Added protection for situations such as hold-ups can be obtained by a pocket-sized remote control or hidden buttons. Indicate number 16 on the reader service card.

• Royal-Globe Insurance Cos. have compiled a 52-page publication entitled **How to Reduce Embezzlement Losses**. The material is handled in a question-and-answer form that can be easily adopted for use in any type business and flow charts are used to trace handling of incoming and outgoing funds, purchasing and receiving inventory handling of petty cash, and checks on shipping and stock in storage and withdrawal. The item, which costs \$1; may be obtained from the fidelity-burglary department of the companies, 150 William St., New York, N.Y. 10038.

• Psychological theft prevention is possible through use of **Model N. SG 454, Simulated Closed Circuit Television Camera**, designed by Shield-Guard Corp. Several models of this crime-prevention device are available and if it is used in conjunction with live cameras the units can be placed inside the simulated camera. Write number 130 on the reader service card.

• **A Practical Safety and Security Program for Small and Medium-size Plants** is a 38-page book published by Dartnell. It deals with the causes of accidents and where responsibility falls as well as covering elements of a successful safety program and avoiding false claims. Product liability and its relation to safety and preparations for dealing with civil disorders are also discussed. Copies are \$2 from Theron Miller, Executive Consultant, 228 N. LaSalle St., Suite 1964, Chicago, Ill. 60601.

• Advance Data Systems Corp. has released a four-page brochure, **Access**. Illustrated with photographs and a table, the item discusses automatic card control entrance security systems and compares the critical security system (which codes up to 16 areas) to the general security system (which codes up to five

areas). Write number 17 on the reader service card.

• A six-page brochure and accessory list is available from the Alarm Lock Corp concerning its **Series 2000 Monitor Console**. Write number 13 on the reader service card. The unit is connected by low-voltage wiring to the doors in question and unauthorized opening of a door or cutting of a wire results in a buzzer alarm or flashing light on the unit.

• The electric wastebasket **Executive Furniture Model** is a teakwood basket that performs ordinary duties and can also shred important papers immediately after use. For an illustrated brochure write number 63 on the reader service card.

• **Camera Surveyor** automatic

hold-up cameras are available in 35mm and 70mm for use in financial, retail, industrial and other types of installations for protection against robbery, theft, pilferage and unauthorized entry. The cameras offer a 65 degree angle of view, a stop-action shutter, and may be set to run only while a special switch is held. They may also be used in conjunction with hold-up alarm systems. A specification sheet is free from Photo-Control Corp., by writing number 104 on the reader service card.

• Johnson Service Co. has released several pieces of information on its **G-T Microwave Motion Detector** and associated components. The manufacturer states that the detector is not affected by noise, air motion or temperature variations and that the alarm relay connection can

be made to a local alarm device or to a telephone line for remote monitoring. Indicate number 33 on the reader service card.

• A tamper-proof screw system, developed by Pan-L-Fast, is described in its booklet **Pan-L-Fast Systems**. The system is re-usable, but can be permanently installed by torquing the screw and filling the head. Filling the head also enables easy detection of any attempts to remove the screw. To receive the booklet, write number 103 on the reader service card.

• Robot Industries Inc. has released an eight-page catalog describing a variety of safety gates. Specifications, applications and outstanding features of each model are discussed. Indicate number 106 on the reader service card.

J. H. Welsh & Son Contracting Co. is currently installing the sewage system for the town of Youngtown, Arizona—a \$700,000 project.



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## Security

• Information on the **Sonitrol Security System** is available by writing number 112 on the reader service card. One of the features of the system is that every sound in a building is picked up, processed, and sent to a central monitoring point so that entry cannot be gained through walls or roof. In case of line breakage or deliberate jamming attempts a signal is given to notify the operator. No warning is given to scare burglars away, assuring convictions. Equipment is completely automatic and each unit is fully interchangeable and self-contained.

• **Amerada Glass Co.** has released a 12-page booklet concerning its various types of glass, which are designed for: sound control, glare elimination, heat exclusion, bullet resistance and

defense, security and ultra-violet ray fade protection. Information is also available from Amerada on 25% to 50% insurance premium reductions for buildings whose contents are protected by Secur-Lite glass. The booklet is free by writing number 143 on the reader service card.

• **Mardix Security Systems** has released an illustrated, eight-page booklet explaining personnel entrance control with its **Video-guard Entrance Model VG-300**. Positive identification checks are possible with split-screen television views of both the subject's face and his ID card. To receive the booklet indicate number 136 on the reader service card.

• The **Shredmaster Corp.** offers a free folder, **Record Retention Schedule**, graphically showing

the minimum periods that business records must be retained for government and business purposes. Also offered is literature explaining how to destroy obsolete records quickly, quietly and efficiently. Indicate number 111 on the reader service card.

• Information on two oscillating cameras designed for the prevention of shoplifting, employe theft, holdups and bad checks is available from the manufacturer of **Photo-Scope Model E** and **Photo-Scope Model Z**, by writing number 109 on the reader service card.

## Personal Safety

• A 27-page pocket-size booklet, **Logging Safety**, has been prepared by the safety engineering department of **Hewitt Coleman & Associates Inc.** Free sin-

gle copies of the color-illustrated item are available from the company by writing number 10 on the reader service card.

• A detailed four-page article, reprinted from *Journal of the American Society of Safety Engineers*, explains **How the Loss Prevention Consultant Can Serve the Safety Professional**. The article, written by John Gausch, principal consultant, risk management department of **EBS Management Consultants Inc.**, also contains a chart illustrating the scope and functions of the professional safety position. Copies are free by writing number 60 on the reader service card.

• A 16-minute film, in color, has been released by the American Red Cross **Breath of Life** shows scenes of mouth-to-mouth resuscitation drills and could be

used for emergency first-aid, employe-training classes. The film is for sale and price information is available from your local Red Cross office.

• Engineering representatives of the Glens Falls Group have embarked on a program of developing loss control and safety pamphlets. Engineering personnel across the country will write pamphlets on topics with which they have had experience. The first booklet to be printed is **Safety for Electric Utility Linemen**. Write number 73 on the reader service card.

• **EBS Inc.** has announced an improved line of air hoses and fittings for respiratory protection equipment. The line is approved by the U.S. Bureau of Mines. The new hose is green, the accepted color for air and oxygen, and has a cover of synthetic rubber to resist oil, abrasion and weather. It is available with pre-fitted couplings and clamps already installed. For further information, indicate number 7 on the reader service card.

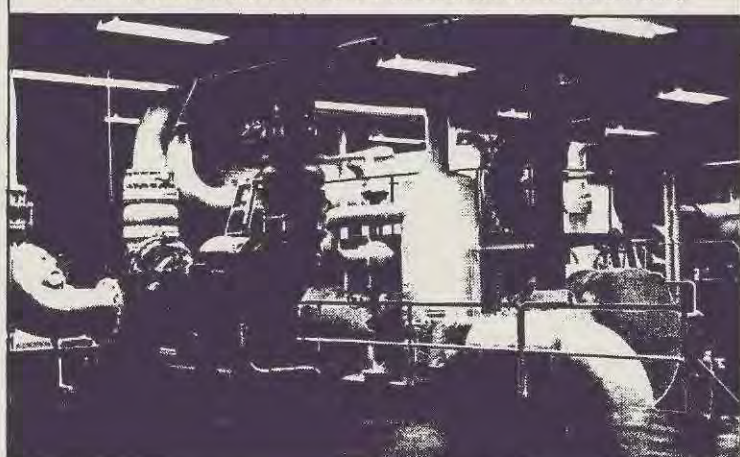
• A new line of safety self-ejecting keys has been introduced by **Miracle Instrument Co.** A patented spring-loaded ejection device prevents 'Flying key' injuries caused by chuck keys accidentally left in power and machine tools when the units are activated. Information on the keys, which range in price from \$2 to \$5.95, is available by writing number 3 on the reader service card.

• What should the safety engineer dealing with problems of industrial hygiene know about respiratory protective equipment? An eight-page item compiled by **D. E. Albert**, **Mine Safety Appliance Co.**, Pittsburgh, Pa., and released through the National Safety Council covers the subject. The illustrated pamphlet is titled **Respiratory Protective Equipment** and is accompanied by revision **Data Sheet 444**, also illustrated. For information on quantity prices and member discounts, write number 98 on the reader service card.

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**J. H. Welsh & Son Contracting Company of Phoenix, Arizona gets the protection and savings it wants with The Home's Industrial Policy**

Another area of specialization is central heating and cooling systems. Below: A portion of the 1/2 million-dollar installation at Arizona State University.



John H. Welsh (left) worked with Home Agent Herb Reimann of Wusich-Reimann Insurance Co. in the creation of his Industrial Policy.

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16924 N.E. 19th Ave. (305) 945-6338

Memphis, Tenn.  
(Roddy and Sarasohn, Inc.)  
651 South Cooper St. (901) 274-2305

Scranton, Pa.  
129 N. Washington Ave. (717) 342-8230

Kansas City, Mo.  
10th & Walnut Streets (816) 421-7070

### Personal Safety

• Card Key Systems has published its product catalog CC-6-69 containing information on security lock access-control systems and machine readable credentials. The six-page illustrated brochure describes the two elements of the system—a **Card-Key** identification card that acts as a magnetic key, and a **Securiti-Lock**, which is magnetically actuated by the card. Indicate item 39 on the reader service card.

• Information on **Survivair Supplied-air Systems**, self-contained protective breathing equipment, is available by indicating number 151 on the reader service card. The items are illustrated with pictures and diagrams describing proper use of equipment.

• **Safety Color That Shouts** is a 30-minute, oral-visual presentation featuring numerous accident-prevention applications for fluorescent color. It is offered by the Day-Glo Color Corp. The presentation shows how color can contribute to increased safety, explains what fluorescent color is, demonstrates its uses and explains application procedures. Indicate number 54 on the reader service card.

• A new line of wrenches featuring a spring-loaded ejection device has been manufactured by Miracle Instrument Co. The devices prevent the tools from remaining in position after a chuck has been tightened and pressure on the wrench has been released. The items sell for between \$10.80 and \$34, depending upon size. Write number 138 on the reader service cards.

• **Dusts, Fumes, and Mists in Industry** is a 16-page data sheet published by the National Safety Council. The illustrated item covers 157 points for control of hazards and evaluation of industrial situations involving air contaminants. To obtain a copy, indicate number 133 on the reader service card.

• The Mine Safety Appliances Co., Pittsburgh, has developed a plastic bump cap that has been successfully tested by employees of Continental Airlines and is endorsed by that company's director of safety. A suspension between the cap and the head allows cool air to circulate and the items can easily be color coded for quick identification of employees. More information is available by indicating number 127 on the reader service card.

• Computer work in the area of safety is illustrated in a free brochure from the Honeywell computer control division. **What's a Honeywell Computer Doing to Help People Get a Grip on Things?** tells of Case Institute of Technology, which uses remote control manipulators designed to take the place of human hands for dangerous of superhuman tasks. For a copy of the literature, write number 79 on the reader service card.

• An illustrated brochure from Willson Products Div., ESB Inc., describes **Air-supplied Respirators** used in a wide range of industrial environments as a non-emergency device to combat the long-range cumulative effects of dusts, vapors and mists. For more information, write number 137 on the reader service card.

• The Administration on Aging has released a publication entitled **Handle Yourself with Care**. The 46-page book is an instructor's guide for an accident-prevention course for older Americans and would make a useful employe handout or could be explained in classes through the company personnel or benefits department. The item is 50¢ and is for sale through the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402.

• Those responsible for safety in plant operation will be interested in an item from Lansing B. Warner Inc. The brochure covers two safety topics: **Cutting and Welding Can Be Made Safe and Operate Power Lift Trucks Safely**. A total of 17 safety precautions are detailed and an explanation of the Warner specialist and loss prevention service is also given. A free copy is available by writing number 100 on the reader service card.

• A 20-page bulletin on press and press brake safety is available free from Dreis & Krump Manufacturing Co. by indicating number 58 on the reader service card. **Before It's Too Late . . .** embodies much of the safety experience and many safety precedents as established by major metalforming manufacturers and universally recognized safety-minded organizations. Common hazardous practices are specifically mentioned and the latest safety controls are shown or indicated in the bulletin.

• **Property Protection since 1898** is an information kit describing the various services of Central Watch Service Inc. Literature on surveillance and fire detection equipment is included, as well as facts about the protection, maintenance and investigation departments of the company. Indicate number 40 on the reader service card.

### Civil Disorder

• **Riots—Potential and Preparedness** is an illustrated paper released by the Kemper Insurance combined property department. It defines an emergency program as one which will "establish procedures to insure an orderly transition from a state of normality to one of readiness, with a minimum of confusion, when confronting emergency situations." Topics covered include starting points, riot potentials, local emergency plans and drills. For a free copy write number 86 on your reader service card.

• The engineering and safety department of the American Insurance Assn. has published an eight-page brochure entitled **Riots**. The item points out that: at present the normal means for protecting life and property are rendered ineffectual during civil disorders; an occupied premise is less apt to be attacked, and a definite order of looting targets exists, among other things. To obtain a copy write number 29 on the reader service card.

• **Property Protection during Civil Disturbances** is a detailed check list from Factory Insurance Assn. Organizational planning and protective equipment are the two main topics of the brochure, which was designed to help plant managements develop appropriate emergency plans. Copies may be obtained by writing number 68 on the reader service card.



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guage most comfortable for him...they can counsel in U.S.-style procedures most effective for your situation.

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### Social Security, Pensions, Saving Plans, Profit Sharing

- **A Study of the Financial Significance of Profit Sharing** is available for \$5 from the Council of Profit-sharing Industries, 29 N. Wacker Dr., Chicago, Ill. 60606. The book answers the question "What can profit sharing do for my company?" The study covers 175 companies in nine major industries during the years 1948 through 1966.

- The National Foundation of Health, Welfare & Pension Plans, Inc. has published a collection of statements and opinions on **Trustees' New Responsibility in the Medicare Age**. The comments in the 113-page book are gleaned from seminars held by the foundation and do not necessarily represent the views of the foundation. Copies of the book are \$2.75 for members and \$3.75 for non-members. Write Mr. Lee R. Polacheck, president, P.O. Box 898, Elm Grove, Wis. 53122.

- The Council of Profit Sharing Industries has released a 158-page, hard-bound book, **Successful Profit Sharing Plans, Theory and Practice**. Material is presented from the point of view of existing theory and management objectives, and a review of current practices and actual plans of the Council's 1,500 member companies are presented. The book is designed to be used by those concerned with management and operation of profit sharing plans and for those considering installation of a profit sharing plan. It sells for \$6.00. Write the Council at 29 W. Wacker Dr., Chicago 60606.

- **How 325 Companies Control Their Group Insurance and Pension Costs** is a survey of current policies and practices which representative companies are using to increase the effectiveness of their group insurance and related employe benefits. Emphasis is placed on cost reduction techniques. The survey may be examined on an approval basis and is priced at \$39.50 per copy. Write: *Dartnell Corp.* 4860 Ravenswood Ave., Chicago 60640.

- **Reciprocity-Portability** contains highlights of regional seminars held by the National Foundation of Health, Welfare & Pension Plans Inc. on reciprocity and portability between pension funds, including case studies, forms, provisions, legal and legislative considerations. Copies are available to members at \$2.75 each; \$3.75 to nonmembers. Write: *National Foundation of Health, Welfare & Pension Plans*, P.O. Box 898, Elm Grove, Wis. 53122.

- **Employe saving plans and the integral role they play in building and maintaining a work force with high morale and productivity are explored in *Employe Savings Plans—The Coming Trend in Retirement Planning***, written by Bion Francis, manager of benefits and planning at Colt Industries, Inc., and a regular *Business Insurance* columnist. The 320 page book covers topics such as: retirement plans and inflation, encouraging individual initiative, employe planning before and after retirement and a draft of a model saving plan for tomorrow. The book at \$12.95 per copy, may be purchased by writing: *Info for Buyers Business Insurance*, 740 Rush St., Chicago, Ill. 60611.

- The *National Foundation of Health Welfare and Pension Plans* has released its research report **Measuring and Reporting Investment Performance of Pension Funds**. The 34-page book attempts to formulate professionally acceptable guidelines which boards of trustees could use to measure accurately the investment performance of their pension trust funds. Single copies are \$1.25; five or more copies are 75¢ each. Write Lee R. Polacheck, president P.O. Box 898, Elm Grove, Wis. 53122.

- A 640-page book, the result of six years of research, examines the investment policies, administrative practices, and holdings of 1,300 profit-sharing funds. Individual fund growth and performance and certain comparative pension data are also presented in **Investment Practices, Performance, and Management of Prof-**

**it-sharing Trust Funds**. The book is divided into two parts: Part I is based on research done by the *Profit-sharing Research Foundation* (20 chapters) and Part II is based on work done by professionals in finance, retirement fund administration, insurance, mutual funds, investment counseling, stocks and mortgages. The price of the volume is \$16 from the foundation at 1718 Sherman Ave., Evanston, Ill. 60201.

- **Certified Portfolios Inc.** has released **How to Establish a Flexible Corporate Retirement Plan**. The brochure is a guide to the development of a plan for the corporate employer based on CPI's variable master plans. A worksheet is also provided for the reader. To obtain your copy indicate number 131 on the reader service card.

- **Comparing and Appraising Investment Performance of Pension Funds** is an 80-page book offered by the National Foundation of Health Welfare & Pension Plans. It is the sequel to **Measuring and Reporting Investment Performance of Pension Funds** and attempts to correct the fact that, often, invalid and/or inappropriate measurements are made and used for purposes of comparison. This research study explains how to reach valid conclusions drawn from valid comparisons. Single copies are \$1.25, five or more are 75¢ by writing Mr. Lee R. Polacheck, president, P.O. Box 898, Elm Grove, Wis. 53122.

- Based on a series of studies prepared by the Bureau of Labor Statistics **Private Pension Plan Benefits** deals primarily with the types and levels of benefits

available for normal, disability, and early retirement. It also covers vesting provisions, supplementary pension plans and death benefits. The 104-page book is available for 55¢ from the Superintendent of Documents, U.S. Government Printing Office Washington, D.C. 20402.

- The American Society of Pension Actuaries has released a new instruction manual, **Actuarial Calculations of the Auxiliary Fund in Pension Plans Utilizing Whole Life Insurance**. The manual is written to enable the layman to compute the annual costs of any combination plan using simple arithmetic and is supplied free of charge to ASPA members. Single copies may be purchased for \$12 by writing: American Society of Pension Actuaries, 304 Sinclair Building, Fort Worth, Tex. 76102.

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## Social Security, Pensions, Saving Plans, Profit Sharing

• The Life Insurance Agency Management Assn. has released a research report entitled **Mutual Funds: Soundings from the Marketplace**, which attempts to answer the question: "who buys mutual funds and why?" It delves into buyers' attitudes and examines the reasons some people prefer investing in mutual funds instead of in other saving devices. For more information on the report, indicate number 5 on the reader service card.

• The second edition of **Profit Sharing in Perspective**, by B. L. Metzger, has been published by the Profit-sharing Research Foundation. The up-dated information places primary emphasis on: unionized profit-sharing companies; problem-solving through profit sharing; profit improvement tied to profit sharing; incentive methods, today and in the future; cash-deferred options in profit-sharing plans and increased productivity through joint participation. The study costs \$8.50 and is available by writing the foundation at 1718 Sherman Ave., Evanston, Ill. 60201.

• The Mutual Benefit Life Insurance Co., has released a 12-page booklet free to corporate insurance buyers, employee benefit plan managers, insurance brokers and consultants. **Developing the Company's Retirement Plan** explains in non-technical terms the essential elements involved in establishing a corporate pension plan. It covers tax advantages from the standpoint of both the company and the employee, standard and optional provisions that can be included, factors responsible for short- and long-term costs, and the different contracts and services provided by a life insurance company for un-

derwriting the plan. Several auxiliary pamphlets are included. Write number 36 on the reader service card.

• Three informational items are available from the Council of Profit sharing Industries, 29 N. Wacker Dr., Chicago, Ill. 60606. **COPSI** describes the three basic services of the council: legal and legislative, communications, technical. **Profit Sharing and How It Can Help You!** details the growth in the number of U.S. profit-sharing plans, reasons behind the increase and its effect on the national economy. **Setting Forth Some Essential Facts to Consider either in Reviewing an Existing Profit-sharing Plan or for Establishing a New Plan** is a 12-page worksheet prepared by the council and can be adapted for use by any business. These items are free by signifying number 33 on the reader service card.

• **The Handbook on Negotiated Multi-Employer Pension Plans** serves as a basic guide on plans negotiated between employers and trade unions. This 56-page booklet, published by the Institute of Life Insurance, includes legal requirements, plan design, cost analysis, financing, administration and a brief history of the development of such pension plans. For a free copy write number 82 on the reader service card.

• The principal aspects of the A. G. Becker & Co. Inc. funds evaluation program are summarized in a 23-page, illustrated booklet. **Measuring Performance of Corporate Pension and Profit-sharing Plans** explains why and

how investment performance is measured and ends with a question-and-answer section. Copies are available by indicating number 38 on the reader service card.

• **Getting More Mileage from Profit Sharing: How Better Reporting Can Help** is a booklet by Hewitt Associates. It relates, in outline form, the need to report to employees, what should be reported and how to make the reports. Copies are free by indicating number 74 on the reader service card.

• A 40-page case study of a profit-sharing program has been published by the Center for the Study of Productivity Motivation at the University of Wisconsin. **The Utilization of a Total Systems Incentive: A Case Study of a Cash Profit-sharing Program at Merrill Manufacturing Corp.** costs \$1 and contains interviews with company executives, professional, office, supervisory and plant employees plus an analysis of results of the program. The center also publishes a quarterly **Productivity Letter**, free on written request. The address to write is Rm. 856, Van Hise Hall, Madison, Wis. 53706.

• **How to Establish a Flexible Keogh Retirement Plan** is a 24-page booklet issued by Certified Portfolios Inc. Four different sample formulas for use of the plan are included as well as legal forms necessary to initiate a CPI Keogh Plan and sample purchase and sell orders. To receive the book indicate number 129 on the reader service card.



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### Social Security, Pensions, Saving Plans, Profit Sharing

• The Council of Profit-sharing Industries and Towers, Perrin, Foster & Crosby have published results of a study of **Effective Profit-sharing Plans**. The research consists of 142 personal interviews with managers and employees of companies that use profit sharing. The three major objectives of the study were to determine: how management and employees look at profit sharing; how effectively management communicates profit sharing; and how much of a motivator profit sharing is. For further information indicate number 149 on the reader service card.

• The revised edition of **Code of Federal Regulations (Title 38—Pensions, Bonuses, and Veterans' Relief)** is available in paperback form by writing the *Superintendent of Documents*, U.S. Government Printing Office, Washington, D.C. 20402. The book is 796 pages and is priced at \$2.25.

### Employee Benefits, Workmen's Compensation

• **Living Insurance for Business from Equitable** is a 20-page leaflet which discusses key-man insurance, employee benefits, the family business and fifth dividend option. Copies are free by indicating number 66 on the reader service card.

• Buyers of benefit plans will be interested in two booklets published by Charles D. Spencer & Associates Inc. Under the heading of **Understanding Benefits**, the two informational items cover group disability benefits and group term life insurance. For information on quantity prices, write number 113 on the reader service card.

• A free 12-page booklet, **FLEXI-GUARD—A Breakthrough in Group Ordinary Protection**, is offered by the Michigan Life Insurance Co. Flexi-Guard gives

the employee the opportunity to purchase permanent life insurance at rates well below those of privately purchased policies and still enjoy equivalent cash and other permanent values. It also guarantees the employer his cost will never be more than is normally paid for group life insurance coverage. Write number 92 on the reader service card.

• A new employee and association-members benefits program, to help the small businessman or trade association manager compete for people or members at little or no cost, is described in **Pick and Choose Personalized Insurance Protection Plans**. Published by Bankers Life & Casualty Co., the color brochure explains various coverages and options and lists ways in which other organizations have used the program to strengthen employee/member relations. A worksheet

is included. Write number 35 on the reader service card provided in this issue of *Business Insurance*.

• **Split Dollar—Simple and Useful** is an article reprinted from the *Journal of the American Society of Chartered Life Underwriters*. The split dollar concept and revenue rulings pertaining to it are reviewed, and illustrated with tables, in the 15-page item. The concept of the split dollar plan is usually that the insured is a key business employee who is helped by the employer to insure his life by "splitting" the cost of the premium. This is done in accordance with a formula by which the employer will make some recovery if the employee dies or terminates employment. The reprint is free by indicating number 46 on the reader service card.

• Arizona's newly revised

workmen's compensation act, which became law Jan. 1, may have national significance in similar legislation being considered by other states. A digest, compiled by Employer Insurance of Wausau, highlights important points and emphasizes changes which form an emerging national pattern. **Changes in Arizona Workmen's Compensation**, nine pages, is free to Arizona companies by writing to Employers at 4502 N. Central Ave., Phoenix, Ariz. 85012. Interested firms and individuals in other states may request item number 65 on the reader service card.

• Companies that spend as much as 30% of payroll on a wide range of employee benefits should at least receive a reciprocal benefit from these employees—that of recognition. **Benefacts** is a folder of sample brochures and reports, aimed at the individual employee,

and explanatory material on the services of Benefacts Inc. in an effort to reduce the benefit communications gap. It is their contention that each employee must be given a dollars-and-cents value to place on his personal benefits before realization of them occurs. This, the company believes, is far more effective than a general information brochure or film, which offers the worker only general knowledge of his company's benefit program. For your folder write number 8 on the reader service card.

• **50 Answers That Help You Get to Know Your Life and Health Insurance Coverage** is a free pamphlet published by the Bankers Life. Types of life insurance are explained as a prelude to the 50 questions, which apply to individually owned and group insurance policies. Write number 34 on the reader service card.

## letters

*Continued from page 12*  
aircraft is not unreasonably priced. One underwriter sells a limited policy of public liability protection for pilots—licensed and students—with a \$1 million limit for \$50 a year.

### Pacific, not Chubb

To the Editor: The article in your Oct. 27 issue regarding entertainment risks inadvertently will mislead your readers as to the involvement of Chubb & Son Inc.

Chubb & Son Inc. is a management company managing the Federal Insurance Company and its subsidiaries and the American business of the Sun Alliance and London Group.

The entertainment risks described in your article are being written by the Pacific Indemnity Company that, although it is affiliated with Chubb & Son through a holding company, is not managed by Chubb & Son.

Mr. Lawrence Grant is an underwriter for the Pacific Indemnity and is housed in the offices of Chubb & Son Inc. in New York merely as a matter of economy and convenience.

**C. Convers Goddard**  
Vice President, Chubb & Son,  
New York

# Barbara Putnam said safety belts made her feel strapped in.



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Incidentally, Mutual Benefit has a new booklet, “Developing the Company’s Retirement Plan.” Very informative. Write for your free copy.

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# business insurance / perspective

## Reading your extended coverage endorsement

by George L. Head,  
director of educational publications,  
Insurance Institute of America  
Bryn Mawr, Pa.

The reader may recall that a two-part article "How to Read Your Standard Fire Insurance Policy," which appeared previously in *Business Insurance*, presented a framework for analyzing any life, property or liability insurance policy. The heart of this framework was that any provision in any insurance policy is either (1) a declaration, identifying the insurer, insured, or property or other value insured; (2) an insuring agreement, binding the insurer to indemnify the insured for specified losses; (3) an exclusion, denying coverage for certain losses; or (4) a condition, spelling out procedures the insured must comply with as conditions precedent to the insurer's duty to pay.

Taken together, these declarations, insuring agreements, exclusions, and conditions answer 11 questions about any insurance policy:

- What perils are covered?
- What losses are covered?
- What property is covered?
- What locations are covered?
- What persons (or interests) are covered?
- What time period is covered?
- What hazards exclude or suspend coverage?
- What is the amount of coverage?
- After a loss, what are the insured's rights?
- After a loss, what are the insured's duties?
- What are the insurer's options in settling a loss?

The present article applies this framework to the extended coverage endorsement, an endorsement which is very fre-

quently added to the 1943 New York Standard Fire Policy on both business and residential exposures to provide insureds with coverage against some, but not all, damage to the insured property caused by windstorm, hail, explosion, riot, riot attending a strike, civil commotion, collision with aircraft, collision with land vehicles, and smoke. Like the New York "standard" fire contract, the extended coverage endorsement (ECE) is not entirely uniform across the country, and the reader should check the working of his ECE's before applying this article to any particular situation.

**AS IS TRUE** of all endorsements, the ECE is not a complete insurance contract, that is, it does not itself answer all 11 questions posed above. The ECE is effective only when it is attached to another policy, such as the standard fire contract.

However, again like all endorsements, the ECE can override any provision in the policy to which the endorsement is attached. For example, the exclusion on lines 36 and 37 of the fire contract denies coverage for losses which are "a result of explosion or riot, unless fire ensue, and in that event for loss by fire only" is at least partially overridden by the ECE coverage against riot and explosion.

Because the ECE alone is not a complete policy, its analysis does not require answers to each of the 11 questions above. The ECE contains only insuring agreements for the perils it covers and exclusions to more carefully define that coverage. The declarations and conditions applicable to the ECE coverage are in the underlying standard fire contract. Thus, the standard fire contract continues to spell out:

- property covered

### 'The insured's total amount of coverage is not increased when an ECE is added to his fire insurance . . .'

The wording on lines 38 through 40 of the 1943 New York Standard Fire Policy, stating that "any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement hereon . . .," meshes with the ECE provision that "whenever the word 'fire' appears there shall be substituted there for the peril involved or the loss caused thereby, as the case requires." The effect of these joint provisions is to provide coverage against ECE perils under the same terms and conditions that fire, lightning, and removal are insured under the standard fire contract.

- losses covered
- persons (interests) covered
- locations covered
- time period covered
- amount of coverage
- insured's duties
- insured's rights
- insurers' options.

The two remaining questions—regarding • perils covered and • hazards excluding or suspending coverage under the ECE are answered by the insuring agreements and exclusions in the endorsement itself. These questions will be answered momentarily.

But first, two points—one about losses covered by the ECE, and the other about the amount of coverage—need to be made.

**LIKE THE STANDARD** fire contract, the ECE covers only direct losses caused by a covered peril, that is property damage, not consequential loss. Thus, if rioters break into and damage the merchandise of an urban furniture store, forcing it to close for one month, the dealer's ECE will pay, within policy limits, for the damage to the store and its contents, but the endorsement will not pay for the loss of revenue during the one-month shutdown. Only a business interruption policy will pay for this consequential loss of income.

The insured's total amount of coverage is not increased when an ECE is added to his fire insurance. The face amount of the fire policy remains the maximum amount the insured can collect for any loss caused by one or any combination of fire and ECE perils working together. For example, if rioters cause \$20,000 of insured damage, a covered explosion simultaneously causes a \$60,000 loss, and a fire arising from the same event does \$40,000 damage, an insured with a \$75,000 fire policy with an ECE endorsement can collect no more than \$75,000—not \$120,000 (\$20,000 + \$60,000 + \$40,000).

Windstorm and hail coverage are both provided in the same paragraphs of the ECE. The insurer's intent is to cover all direct property damage caused by wind (regardless of velocity) or by hail, and to exclude any damage which results from other climatic events. Thus, "frost, cold weather, ice (other than hail), snow, and sleet . . . whether driven by wind or not" are excluded perils. However, rain, snow, water, or ice damage to the interior or contents of a structure is covered *if these elements enter the structure through an opening created by wind or hail*, but not if the opening is made by some other force or if the opening is an unclosed door, window, drain, or flue. The italicized phrase in the last sentence has spawned some very difficult chicken-and-egg problems, and perhaps a few unjust loss settlements, during floods and hurricanes in which it could not be definitely determined whether wind, water, wind-driven water, or some other force

*Continued on following page*

## Risk management and systems analysis

by Donn P. McVeigh,  
Warren, McVeigh & Assoc.,  
San Francisco, California

We sometimes hear risk management described as a systems approach to risk control, but what is meant by this description? What is systems analysis and how does it relate to risk management?

Systems analysis had its origins just prior to World War II with the development of radar by British scientists. The use of radar was extended to military evaluation techniques and became known as operations research. As large problems became broken down into smaller components, or systems, the technique of systems analysis was developed. But it wasn't until Robert McNamara became secretary of defense that this technique became popular and widely recognized. At

about the same time, the risk management approach to risk control was being developed, although its origins were quite different. The risk management concept developed from a handful of enlightened corporate insurance managers who envisioned risk control as a technique of proper selection of well-thought-out alternatives.

### 'Systems analysis, or the systems approach, is a method by which the major objectives of a problem are identified and defined . . .'

Systems analysis, or the systems approach, is a method by which the major objectives of a problem are identified and defined and then alternatives are developed and evaluated with these objec-

tives in mind. It minimizes undue attention to the smaller problems, and focuses attention where it belongs, on an organization's long term goals and interests. Because of this emphasis, it forces people to face issues previously ignored or glossed over. A more detailed description of the steps involved with systems analysis would include:

- Defining objectives.
- Formulating alternative systems to achieve these objectives.
- Evaluating these alternatives in terms of their effectiveness and costs.

- Questioning the objectives and other assumptions underlying the analysis.
- Establishing new objectives.
- And again through the same cycle.

This cycle of steps followed in a systems approach revolves around four basic fundamental principles: Identify objectives; Define them precisely; Design all alternatives for achieving these objectives; and Examine the side effects of these alternatives, i.e., their effect on other alternatives.

**ANYONE** familiar with risk management can see the similarities of systems analysis and risk management, for risk management is truly a systems approach. The risk manager's primary and basic task is to identify and define his goals or objectives. One nationally prominent risk manager (James C. Cristy, now manag-

*Continued on following page*

# perspective

## Head...

first breached the walls of a structure.

ECE coverage for hail has been justified by the assertions that hail is particularly destructive in some areas and that a hail storm is a more clear-cut and verifiable event than are some other meteorological phenomena which are usually less destructive than hail.

**WIND AND HAIL** cause most ECE losses, and exposure to these perils is the greatest determinant of ECE premium rates. To reduce this influence of wind and hail losses, most of which are small and within the insured's ability to absorb the loss himself, deductibles, typically \$50 to \$100 per storm per structure, have been introduced in most states, and made mandatory in numerous jurisdictions. This deductible often applies separately to the aggregate of all personal property not in an insured structure.

In addition in some states some or all of the following types of property, all highly susceptible to wind or hail damage, are specifically excluded from ECE wind/hail coverage: (1) grain or crops in the open; (2) windmills or wind pumps; (3) silos; (4) buildings under construction, unless fully enclosed; (5) smokestacks; (6) awnings, signs, and antennas; and (7) outside plantings. These protections may be insurable against wind or hail loss, but only for a special premium much higher than the wind and hail components of the ECE rate.

Explosion coverage under the ECE has both broad and narrow aspects. The broad feature of this insuring agreement is that the explosion need not occur on the insured's premises, he is protected from fire, concussion, or flying debris resulting from a covered explosion wherever it may occur. The narrow aspect of this coverage stems from the events which are excluded from the term "explosion." Not covered are: (1) explosions of steam boilers, pipes, or steam turbines owned, operated, or leased by the insured (other boiler explosions are covered); (2) sonic booms; (3) electric arcing; (4) breakage or breakdown of machinery from centrifugal force; or (5) bursting of water pipes or water containers. Another exclusion, inserted after a court decision which found this type of loss to be an "explosion," is "water hammer," the momentary, violent increase in the pressure of any rapidly flowing fluid immediately after its flow has been suddenly halted.

The explosion coverage dovetails with the protection under the standard fire contract to fill a gap which previously existed in the fire coverage. Before the ECE explosion coverage, the fire policy was held to cover property damaged by an explosion if fire directly caused that explosion, but the policy covered only the

fire loss resulting from an explosion followed by a fire, not the explosion loss. Now, when the ECE with its explosion coverage is endorsed onto the standard fire contract, the entire loss is insured, regardless of whether the explosion comes first or last. Of course, if the explosion comes first, that explosion must not be excluded by the ECE.

Insurance against some of the explosion-like perils not included in the ECE may be obtainable, but only at an extra premium.

**RIOT, RIOT** attending a strike, and civil commotion are so similar, perhaps indistinguishable, that they can be discussed together. None of these perils is defined in the ECE. The insurance definition of "riot" is the same as the definition in the statutes or court decisions of the jurisdiction in which the loss occurs. While these definitions are not uniform, in most states a riot consists of three elements: (1) three or more persons acting simultaneously (2) whose violent unlawful acts or lawful but tumultuous acts (3) directly cause damage to the person or property of another.

"Riot attending a strike" is simply a type of riot, so the only function of this phrase is to quell any argument that property damage caused by rioting strik-

**' "Riot attending a strike" is simply a type of riot, so the only function of this phrase is to quell any argument ... '**

ers is not within the intended scope of coverage. The wording of the ECE makes clear that the endorsement also covers damage to the insured's property by strikers occupying that property. This damage need not be done violently or tumultuously, and the strikers apparently need not be employees of the insured. However, in no case is loss of income from business interruption insured by this ECE coverage.

If "civil commotion" has a separate meaning apart from riot, it denotes a large riot with the additional characteristic of defiance of civil authority, such as the police or fire department. However, this defiance is negative and stops short of the positive warlike attempt to establish another civil authority. Warlike acts, including insurrection, are excluded by the standard fire contract and, since the endorsement is silent on this point, by the ECE as well.

Readers may recall that 1967 events in Detroit and elsewhere created some serious questions whether insurers would deny liability for losses there on the ground that these losses stemmed from insurrection rather than from riot or civil commotion. In view of the fact that the participants in these disturbances generally did not attempt to impose a rival civil

authority, insurers were probably correct in agreeing to pay these losses as riot or civil commotion losses without litigating the riot-insurrection question.

Riot and civil commotion are usually clearly distinct from vandalism and malicious mischief. Vandalism and malicious mischief are almost always acts of stealth, perpetrated without violence or uproar at night to prevent immediate detection. Vandalism and malicious mischief are insurable—but by a different, more costly endorsement to the standard fire contract, the Vandalism and Malicious Mischief Endorsement (V&MM in insurance shorthand).

**THE PERIL OF** damage to the insured's property due to collision with a vehicle encompasses direct loss from any vehicle, however powered, which normally runs on land or tracks attached to land—with two important exceptions. One exception is damage caused by a vehicle owned or operated by the insured or his tenant. The other exception is loss to the insured's trees, lawn, shrubs, fences or driveways, regardless of who owns or operates the vehicle doing the damage. Apparently, insurers deem these types of losses to be too routine and too minor to be economically insurable. For a vehicle loss to be covered,

the vehicle itself must touch the damaged property; thus, damage done by stones, mud, or water flung by a passing vehicle is not insured.

This physical contact requirement is somewhat more liberal under the aircraft collision coverage afforded by the ECE. Damage to the insured's property due to physical contact with an aircraft, or with things falling from it, is covered. However, sonic boom is by interpretation not covered, just as it is not insured under the ECE explosion peril.

The aircraft coverage is also broader than the vehicle protection in that the damage caused by the insured's own aircraft, or anyone's aircraft, is covered, and no classes of property are excluded. This means, for example, that if the insured crashes his plane into his back fence, the ECE covers the loss to the fence; but the fence is not insured if his wife backs into it with the family car.

The last ECE peril, smoke, is very narrowly and very precisely defined by the endorsement itself. Smoke damage includes only property damage from smoke resulting from (1) faulty operation of a heating or cooking unit (2) located on the premises insured by the underlying standard fire contract, (3) when the heating or cooking unit is connected to a chimney,

smoke pipe, or vent. If any one of these three conditions is not met, the ECE provides no coverage for the smoke loss (although an accompanying fire may be insured under the attached standard fire contract). Furthermore, smoke emitted by a fireplace or by any industrial apparatus is not insured. Otherwise, there are no exclusions.

Let us close with a note on the economic logic of the extended coverage endorsement. At one time or another, insurers have offered coverage against each of the ECE perils separately, and today there are occasions when these perils are separately insured. For example, the policyholder may desire protection against only one or two of these perils or the property may not qualify for the extended coverage endorsement. These exceptional cases aside, insurers found that an insured would buy windstorm, riot, or explosion coverage only when he had an above average exposure to that particular peril. Because insurers based their premium rates on loss experience throughout the country or rating territory—including the experience of properties with an average or below average exposure to each peril—the insurer's income was inadequate to pay the losses on the highly exposed properties of those who actually bought insurance against a particular peril. These insurers were suffering from a very severe instance of "adverse selection" by insureds who knew they were particularly subject to loss. To combat this adverse selection, insurers created the extended coverage endorsement—an early example of a packaged policy under which the insured bought all coverages or none, and under which the same amount of insurance applied to each peril.

But insureds have benefited from this forced choice, because the premium for the extended coverage endorsement, based on an average rate for all perils over all the eligible properties in the rating territory, is a small fraction of what the insured would have to pay for separate coverage against those few perils to which he thought he was particularly subject. Furthermore, the set combination of coverages makes it less likely that the insured will overlook an important exposure. In a sense, the elimination of this instance of adverse selection—a phenomenon which takes many forms throughout insurance—has provided more insurance for more people for less money. ■

*This article is drawn from material in the Insurance Institute of America program of studies leading to the Diploma in Risk Management, the most widely recognized symbol of professional attainment among risk managers. For more information on how to attain this diploma, write to the Insurance Institute of America, 270 Bryn Mawr Avenue, Bryn Mawr, Pennsylvania 19010.*

## Mc Veigh...

er-finance. The Upjohn Co.) has stated that the basic purpose of risk management is to contribute to profits by minimizing and stabilizing the cost of risk. A corporate buyer of insurance, as distinguished from a risk manager, may be able to stabilize his cost of risk by insuring all exposures from first dollar, thus spreading the cost of risk over several fiscal periods, but this certainly doesn't minimize the cost of risk. This premise assumes that the corporate buyer is insured and evaluated the risk exposures with which his organization is faced, and that they are all insurable.

After stating and defining his goals, and then identifying and measuring risk exposures, the risk manager then formulates the various alternatives for treating these risks. By examining the interrelationship of these alternatives, he hopes to optimize each alternative in terms of their contribution to total risk management costs.

Only in this way can he hope to minimize total costs.

Another problem inherent with a limited insurance approach to risk control is the necessity of almost complete reliance on the insurance market for determination of alternatives that properly should have been pre-determined by the risk

**'Another problem inherent with a limited insurance approach to risk control is ... reliance on the insurance market ...'**

manager. For example, his risk retention level would probably be a sole function of insurance company deductible credits, or lack of insurance market, and his loss prevention program might consist of just those services provided by his insurance companies. This kind of approach is solely concerned with short-term economics at the costly expense of long-term economics.

Consciously, or unconsciously, the

development of risk management has roughly paralleled systems analysis as measured in terms of time. However, many of the operations research people have refined the state of the art far beyond the current development of risk management. The surface has barely been scratched in the progress and develop-

ment of risk management. Many decisions today are based on judgment input data that, with more research, could be quantified—more use of expanded computer technology should be utilized. Examples of these kinds of operations research techniques are: regression analysis of loss probabilities; discounted cash flow analysis of marginal cost expenditures, such as loss prevention systems; critical path

scheduling of risk measurement, such as multi-site business interruption values; and quantified financial analysis of risk retention capabilities. Some individual corporate risk managers have made progress in some of these areas, but much is yet to be accomplished.

The insurance industry will not provide solutions. Further development will have to be made by corporate risk managers, risk management consultants and risk management academicians. ■

*Donn P. McVeigh, a partner in Warren, McVeigh & Associates, San Francisco risk management consultants, was formerly a consultant with EBS Management Consultants. He has been a fire underwriter, insurance agent and an executive with an insurance brokerage firm. A Chartered Property & Casualty Underwriter, Mr. McVeigh has taught insurance at San Jose State College, his alma mater. Mr. McVeigh also holds a master's degree in business administration from San Jose State.*



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• **The Variable Annuity** is a four-page item dealing with the background of a variable annuity, how it was developed, how it works, and how it can be used. It covers the operations of an annuity investment—from the regular contribution made by the investor while he is working to the computation of the monthly in-

come he will receive when he retires. The literature is free by writing number 141 on the reader service card.

• **Corporate Policyholders Counsel** has released a brochure describing group benefits as well as dealing with all aspects of risk management. **Your Insurance Program: An Impartial View** explains reasons for using an insurance consultant and presents the objectives of the team approach to developing a property and liability program. For a free copy write number 52 on the reader service card.

• **Restore** is a four-page pamphlet explaining Continental National American's comprehensive rehabilitation program. The goal of Restore is to help the individual achieve maximum effectiveness permitted by the existing handicap. The program, the booklet states, was designed for use on all types of claims involving bodily injury. For a free copy write number 49 on the reader service card.

• **Major Decisions Management Must Face Sooner or Later** deals with lost-time benefits which can be provided through the employer with or without cost to the employee. The plan is operated on a payroll deduction principle from Bankers Security Life In-

surance Society. The four-page booklet is free by writing number 36 on the reader service card.

• Johnson & Higgins has released an illustrated brochure entitled **People Keep Asking Us . . .** describing how they work with clients in planning and coordinating employee benefits. It is available free by indicating number 146 on the reader service card.

## Liability

• Stewart Smith has published an **S.E.C. Liability Insurance** brochure to help protect those concerned with the public offerings of securities. It explains the nature and requirements of the Federal Securities Acts of 1933 and 1934, the scope of liability insurance coverage and why it is needed. Supplies of the brochure can be obtained by insurance brokers and agents from any Stewart, Smith office in New York, Chicago, Los Angeles, Philadelphia, Boston or Miami.

• HEC Industries Inc. has developed a cassette tape recorder for use with their blast monitoring shockorder. **Model TR-103 Ta-Data Recorder** records the complete vibration and shock signals received by the shockorder's sensing element. The records may be played back and analyzed for complete signal information including frequency, displacement, acceleration and velocity, using standard visual recorders. The basic model is priced at \$685. For additional information indicate number 126 on the reader service card.

• A recent article in Forbes magazine states that the courts are becoming increasingly sympathetic to the shareholder and that "it is definitely easier to bring a shareholder suit today than it used to be." Protection against loss and heavy legal costs from these suits has been available for several years and the Stewart, Smith companies have updated their brochure on the subject of directors and officers liability insurance to include new information on IRS tax rulings on these premiums, policy forms and recent data on stockholder suits. Copies are free from any Stewart, Smith office in New York, Chicago, Los Angeles, Philadelphia, Boston, or Miami.

• A 20-page booklet, **The Liberty Mutual Products Liability Seminar**, is free from Liberty Mutual by writing number 91 on the reader service card. It covers current history of products liability exposure and how it has mushroomed; what its effect can be on any company; establishing a basis for evaluating the liability hazards and potential loss exposure and insurance protection; the problem of strengthening market position, maintaining profit margin and curbing increasing government control; and it evaluates recent trends in controlling potential losses and establishing business procedures for product liability claims.

• The Machinery and Allied Product Institute has published **Directors' and Officers' Liability Insurance . . . Some Management Considerations**. The item reviews in general terms the source and nature of the liabilities of corporate directors and officers, corporate indemnification arrangements, some pertinent public policy considerations and available liability insurance. The publication is available to MAPI member companies at \$1 and to nonmember companies at \$2 by writing MAPI at 1200 Eighteenth St., N.W., Washington, D.C. 20036.

• A report examining the reasons for the influx in products liability exposures, claims and procedures has been prepared by John L. McMahan, consultant and president of Exemplar-McMahan. For a free copy, write number 67 on the reader service card.

## Foreign Insurance, Benefits, Pensions

• **U.S. Trade Expansion through FCIA Export Credit Insurance** is a free brochure explaining the services offered by the Foreign Credit Insurance Assn. and what FCIA insurance covers. Also included is a brief discussion of recent program innovations. To obtain a copy, write number 71 on the reader service card.

• Materials explaining International Benefits Information Service offered by Charles D. Spencer & Associates Inc., is free by indicating number 147 on the reader service card. A monthly briefing service is also available.

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• An eight-page outline entitled **Advantages and Disadvantages of Various Methods of Financing German Pensions** is free from Swiss Life Insurance and Pension Co., International Dept. Topics covered include book reserves, pension funds, support funds, and direct and indirect group insurance. Indicate number 116 on the reader service card.

• **International Insurance and Employee Benefit and Pension Management** offers seven separate articles highlighting various phases of international insurance. Published by American Management Assn., copies are \$4.50 to nonmembers and \$3 to members. Write: American Management Assn. 135 W. 50th St., New York 10020.

• **Social Security and Employee Benefit Plans in Europe** answers questions related to insurance legislation, supervisory authorities, contracts and rules, and tax regulations, encountered while establishing multi-national insurance plans. The item is published by the international division of Winterthur Group, associated with the insurance subsidiaries of CNA Financial Corp. For a copy, write number 142 or the reader service card.

• **Are Your Company's Assets Abroad as Safe as Those at Home?** is a booklet on international insurance and employee benefits from Alexander & Alexander's international division. It emphasizes that foreign laws and customs need not create a mystery about insuring foreign risks. It is free by writing number 21 on the reader service card.

## \$250,000 fire award

ROCHESTER—Verdicts totaling nearly a quarter of a million dollars have been awarded by a New York State Supreme Court jury in negligence suits over property damage in a fire May 18, 1965, that wrecked a trucking terminal here.

The jurors voted 11 to 1 that the defendants were negligent and on the basis of that answer to a specific question submitted to them by the court, Justice William G. Easton directed them to return verdicts amounting to \$191,754.32 plus about \$50,000 interest.

The awards were in favor of Charles A. Bomrad of Greece, N.Y., and Van Curler Trucking Corp. of Rochester, of which Mr. Bomrad is president.

**THE VERDICTS** were against CABY Transportation Co., Inc., of Cleveland and a former CABY employe, Joseph Ross of West Webster, N.Y.

The fire broke out while Ross was refueling with gasoline a fork-lift truck inside the one-story cinder block building. The building was owned by Mr. Bomrad. CABY then had a branch office there as a tenant.

The verdicts were \$94,639 plus interest to Mr. Bomrad for destruction of the building and loss of rental; \$49,418.05 plus interest to Van Curler Trucking for loss of contents of the building and \$47,697.27 plus interest to Van Curler Trucking for loss of cargoes in several trucks.

# Safety gear makers liable to rescuers

NEW YORK—Manufacturers of safety equipment can be held liable for the injuries sustained by rescuers of a victim wearing a defective piece of that equipment, even though the rescuers may not be protected by the same equipment, according to a state court of appeals ruling handed down here.

In upholding a 98-year-old doctrine of law that "danger invites rescue," the court confirmed a damage award of \$185,000. In addition, interest during the 12 years the case has been pending was included in the award, raising the total to \$375,000. The award went to the family of a sewer worker killed while trying to rescue two co-workers overcome by sewer gas.

The history of the case goes

back to October, 1957, when John J. Rooney, a city engineer of the bureau of sewage disposal, and another engineer, both wearing gas masks, were overcome while checking a sewer in Long Island City.

**TWO SEWER** workers who were members of Mr. Rooney's crews, Stephen Guarino and Joseph Messina, jumped into the sewer to rescue the engineers. Neither man wore a gas mask. The four were extracted from the sewer unconscious. Mr. Rooney and the two sewer workers subsequently died. The other engineer recovered.

A N.Y. supreme court ruled that the gas masks worn by the two engineers were defective and ordered the Mine Safety Appli-

ance Co., manufacturers of the masks, to pay \$55,000 to Mr. Rooney's family.

Attorney Aaron J. Broder then began a campaign that lasted more than a decade to obtain damage awards for the families of the two dead would-be rescuers, Messrs. Guarino and Messina.

The original trial awarded \$300,000 to the wife and children of Mr. Guarino and \$70,000 to the brothers and sisters of Mr. Messina.

**THE MINE** Safety Appliance Co. appealed the Guarino award on the grounds that the amount was excessive. The appellate division reduced it to \$185,000.

The safety equipment manufacturer next went to the state

court of appeals, claiming that it could not be held liable for the deaths of the two sewer workers since neither wore a gas mask during their abortive rescue attempt.

Mr. Broder, attorney for the plaintiffs, invoked the "danger invites rescue" doctrine to refute this argument.

In upholding the doctrine for the first time in the history of its existence, the court of appeals held that the whole incident stemmed from the defective masks worn by the engineers.

"**BY VIRTUE** of this defendant's culpable act," the court said, "Rooney was placed in peril thus inviting his rescue by plaintiffs who were all members of Rooney's crew."



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# Maritime laws seen lagging in area of nuclear liability, mariners hear

LONDON—In their ponderous language of tonnage, hulls, and dead weight, marine insurance underwriters have discovered some hot, new words—nuclear material.

Marine shipping of nuclear reactor fuel and nuclear waste will

double every year for the next five years, according to N. Kihlbom, Swedish representative at the International Union of Marine Insurance.

He made his remarks at the annual union conference held here.

Mr. Kihlbom said that little progress has been made in changing maritime law and conventions to embrace the demands of the nuclear age. He said the main problem was trying to decide if nuclear reactor operators or carriers were liable in nuclear transport casualties.

**HE REPORTED** that Germany recently passed an amendment making reactor operators fully responsible and excluding nuclear damage from operators' liability policies. According to a report given at the 1968 European Nuclear Agency meeting, however, many marine insurance markets favored giving shipowners liability coverage.

During the four-day IUMI conference, members also heard reports of liaison work between maritime safety bureaus and insurance companies, the improvement in cargo containers, and the problem of poorly trained marine personnel.

Leonard Locke, IUMI chairman, said that most 1968 collision damages were caused by "the negligence, inexperience or incompetency of crews."

The Rumanian representative suggested that shipowners improve personnel training programs and supervise workers more closely.

## More New Yorkers have shorter illnesses

NEW YORK—Although New York employes were on sick leave for shorter periods of time in 1968, more of them were ailing and their medical costs were higher than in 1967.

According to a report compiled by the New York insurance department, the average employe disability period in 1967 was 7.39 weeks. Last year it dropped to 7.23 weeks.

The number of employes receiving disability benefits however, rose from 6.04 per 100 people to 6.09 per 100. Likewise, weekly payments went up from \$41.04 to \$43.82.

The report notes that maximum weekly benefits rates had been increased seven times since 1950 when they were \$26. The latest increase, put into effect on July 1, 1968, brought payments up from \$55 to \$65 per week.



Homer E. Rathbun (left), manager of insurance for the Union Oil Co. of California, addressed the Los Angeles chapter of Chartered Property and Casualty Underwriters on the insurance problems that resulted from the Santa Barbara channel oil seepage incident. He is a past president of the Southern California chapter of the American Society of Insurance Management. Mr. Rathbun is greeted by Robert E. Butler, assistant insurance manager, Lockheed Aircraft.

## Lost oil rigs uninsured

LONDON—Two offshore oil drilling rigs—both uninsured—sank into rough seas off the coast of Europe late last month in unrelated incidents that occurred within three days of each other. Total loss is expected to be in the neighborhood of \$14 million.

The first rig to go was the Scorpion, owned by the Houston-headquartered Zapata Drilling Co. Valued at about \$4 million, the rig went down in stormy seas about 500 miles west of Gibraltar, Spain, according to reports received here.

International Drilling Co., a subsidiary of the Offshore Co. of the U.S., is the owner of the second rig lost three days later. The Constellation, as it was named, went down in the North Sea as it was being towed to Amsterdam for improvements. The rig had been the busiest driller operating in Britain's rich North Sea gas fields.

**ASKED IF IT** was unusual for oil drilling rigs such as the two lost to be uninsured, a well-informed oil insurance source commented:

"I guess they thought they couldn't lose one of them. Offshore Co. hasn't lost one in 10

years or more.

"This will shake up the world markets," the source told *Business Insurance*. "And it will certainly shake up those oil drilling companies without insurance on their rigs.

**"I GUESS THE** answer we'll get from them is, 'Oh, well, it couldn't happen to us.' Offshore Co. is as well-managed a company as any of them," the source added.

The Constellation had been battered for 36 hours before it succumbed to 30-foot waves which pounded the platform. A skeleton crew of 19 men was rescued by helicopters shortly before the rig went down.

## Claims books offered

Morton R. Colvin, chairman of the California workmen's compensation appeals board, has announced publication and distribution of a new special directory designed to expedite administration of workmen's compensation claims. Basic purpose of "Claims Personnel Directory for Workmen's Compensation Litigation Reduction" is to help eliminate "unnecessary or premature" litigation.

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# following the funds

## Old-line firm redirects thrust and goes after the institutional investor

By STEPHEN GILKENSON

NEW YORK—What happens when an old-line and well-established stock brokerage house finds itself floundering in rather turbulent retail sales waters?

McDonnell & Co.—“established 1905,” as it says in the Yellow Pages here—was such a firm. During June and July of this year the company locked the doors on some of its 27 retail offices and sold all but one of the rest. The company decided, some time earlier this year, that it was going to regear its operation and go after strictly institutional business such as pension investments and a “complete range of institutional services.”

Comments along Wall Street are that McDonnell & Co. has had a very good year in the area of institutional investments.

“WE’RE ON OUR way back,” said Lee Muller, who heads the institutional sales department for the firm. In an interview with *Business Insurance* recently Mr. Muller confirmed that sales are up over those in 1968. But, he admitted candidly, “I really don’t know what else I can say to you positively” in view of recent market conditions.

“The decision (to redirect its sales thrust) was dictated by what has happened on Wall Street,” the department head noted. “When you sell or write 100 shares of stock the commission barely covers the expense involved to process it. And that’s exclusive of the salesman’s commission.”

To illustrate his point, Mr. Muller slid a memo across the desk in his office on the 14th floor at 120 Broadway. Sent to employes, the memo noted that on a recent Friday McDonnell & Co. “crossed” 125,000 shares of Jim Walter Corp., a Florida construction firm listed on the New York Stock Exchange. Crossing shares is the process in which broker represents both buyer and seller in a transaction.

“THIS IS known as block business. It doesn’t cost any more for this type of transaction to be processed than it does to cross 100 shares,” he said. The deal, one of the largest in the firm’s history, represented about \$8 million in round figures, he said.

Obviously this is the type of business Lee Muller and others at McDonnell hope to get more of.

In addition the firm is attempting to redirect some of its sales punch in the area of pension investments. McDonnell has been the prime broker for one of the Big Three auto pension accounts for the past 20 years. Chase Manhattan Bank administers the fund, he noted, and while refusing to be pinned down on the subject of returns he did say it had consistently run in the area of 10% to 20%. The firm also handles several other “small” pension accounts and is unabashedly looking for more.

REFUSING TO PLAY the role of a sage with any bright predictions for the future, the McDonnell executive noted that “pensions have suffered along with mutual funds in the recent market decline. But probably not

as drastically as the mutuals.” Punching a set of figures on the gadget at his left elbow he got an immediate quote on General Motors. It was down two points at 2:10 on a recent afternoon. “When you see a decline like this you know pension plans are suffering,” he said.

Another area McDonnell hopes to get into in the future is that of an advisory role for pension investments.

“Companies like Donaldson, Lufkin & Jenrette have been

staffed up for this for some time. This is where you play the role of discretionary broker,” he said, adding that with the addition of staff McDonnell hopes for more customer contact and aggressiveness in the area.

AFTER SUFFERING the initial pangs of seeing a business floundering after 65 relatively successful years, the outlook at McDonnell & Co. is rather optimistic. And youthful. Bodies over 35 are rare to find during a walk

through one of the firm’s suites of offices.

“We’ve made a commitment to become a high quality and professional house,” Mr. Muller says in characteristic low-key fashion.

“We like to look at the total picture, at the technical position of a stock. I think this is an area that has been overlooked in the past by institutional investors and I think more emphasis will be placed on it in the future.

“THE TREND is to think in groups of stocks,” he went on. “Six months ago it was mobile homes. Now I think drugs are the so-called favorites. We have to single out one, two or three good stocks in a group and try to make a sound recommendation.”

Calling on his New England background, Mr. Muller illustrated his point with a couple of small food service chains that went public—Vallee’s Steak

Houses and Friendly Ice Cream parlors, New England based firms. Both started low and moved steadily up to respectable prices on the exchanges.

“What you’ve got to do is get a small, promising company to go public with 100,000 shares and sell a block of, say, 25,000 to a company pension fund. Once this happens you’ll get the pension funds to come to you. You won’t have the barriers you had initially.”

Mr. Muller mentioned that McDonnell has about five or six similar deals in the works at the moment.

### Reject union demand

Middleton, Conn., Mayor Kenneth Dooley has rejected a Local 466, municipal employees union, request seeking a 25-year, no-age retirement benefit for more than 200 members.

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## Captive medical program discontinued as futile

ENDICOTT, N.Y.—In a gesture of futility, Endicott Johnson Corp. has decided to discontinue its captive medical services program in favor of a complete Blue Cross and Blue Shield plan for its employes, including \$100 deductible, \$10,000 maximum individual limit, major medical coverage policy financed by the company, *Business Insurance* has learned.

In addition, the company will

make available a voluntary \$2,-000 life insurance policy (written by Prudential) for a 25¢ weekly employe contribution. At retirement, the policy reverts to a \$500 paid-up life policy. The \$500 paid-up life policy will also be given to all currently retired Endicott Johnson employes at company expense.

Previously, Endicott Johnson had provided a death benefit of up to \$1,000 payable only to the surviving spouse, or, in the event of no survivors, the benefit was applied to burial expenses.

ENDICOTT JOHNSON has been operating its own medical facility with a staff of general practitioners, with specialists available on a part-time basis, since the early 1900's. A source at the company explained that "employe charges were limited by the company to \$2 for regular office calls.

"Over the last few years we have experienced increased difficulty in replacing our medical staff. Doctors just aren't interested in working on a company basis," the source said. "We had to resort to part-time help from resident doctors at our local Wilson Memorial Hospital." Most of the resident medical personnel were elderly general practitioners. "Doctors simply aren't available," he said.

Another problem has been the distance of employes from plant facilities. "Several years ago," the source said, "most of our employes lived within walking dis-

## Matheson bemoans 300% insurance hike

MONTEBELLO, Que.—Risk managers, if you think you have troubles, consider the case of R. H. Matheson, general traffic manager of Domtar Ltd., a paper products manufacturer in Montreal:

Mr. Matheson told a meeting here recently that insurance rates for ocean shipping of some pulp and paper products have risen 300% in the past two or three months.

Domtar, he said, carries full insurance coverage from warehouse to warehouse of the products it ships, including newsprint, linerboard, pulp, draft, coarse and fine papers.

The manager said that it is likely other companies have had their rates raised because of recent claims, and that Domtar is investigating the reason.

He noted, however, that there have been recent instances of some malicious damage to cargo and gave the example of 16 hook punctures in a roll of paper from another company that was checked when loaded in Montreal but found damaged on inspection in Northern Ireland.

tance of the plant. Now some employes must drive as much as 20 miles to get to work in the morning. The Blue Cross and Blue Shield Plan is more adaptable to the employe's increased mobility. He will also have his choice of doctor and hospital. Previously, hospitalization was limited to Wilson Memorial."

Endicott Johnson has offered the building it previously used for medical services to a group of local doctors. "They have indicated interest in setting up a clinic open exclusively to Endicott Johnson's employes and their dependents. The doctors will have discretion over their fees. Endicott Johnson recognizes the difficulty of obtaining a family doctor in today's difficult medical service situation. We feel that this move will help to alleviate this condition."

## Auto show insured for \$1 million

SALT LAKE CITY—The first annual Utah Auto Show, recently held in Salt Lake City's new civic auditorium, the Salt Palace, carried \$1 million of liability insurance.

Issued by the United States Fidelity and Guaranty Co. of Baltimore, Md., the policy provided \$1 million of protection against lawsuits for bodily injury of spectators and \$1 million against property damage of the 1970 autos. Cost of the three-day policy was \$150.

An estimated 100,000 persons filed through the doors to view the 150 cars and trucks, valued at \$1 million.

PRICE RANGE for the various vehicles, featured in 26 separate displays of domestic and foreign makes, started at \$1,995 for the Ford Maverick and went all the way up to \$14,900 for the Mercedes-Benz 300 SEL.

The three-day show was sponsored by the Newspaper Agency Corp., which publishes Salt Lake City's two daily newspapers, and the Utah Automobile Dealers Assn.

Bill Northrup, promotion manager of the newspaper agency, said the sponsors were required to have at least \$300,000 of liability insurance.

## Forms tell benefit \$'s like it is to employes

NEW YORK—When employes look at their paycheck deductions they may feel as though they're personally supporting the company, the city and all the Apollo moon shots.

Now, V. W. Eimicke Assoc. Inc. here has come up with a way to let them know the men upstairs give as well as take.

Dr. Eimicke, head of the firm that publishes personnel forms, said he is offering companies fringe benefit report certificates. Management can use them to give each employe an individual tabulation of his company-paid benefits.

"COMPANIES USUALLY pay about 25% in excess of the payroll for benefit programs," Dr. Eimicke told *Business Insurance*. "But employes don't hear about it."

He explained that the forms, which can be purchased for \$5 per 50, list all insurance, retirement, social security and vacation plans separately so that a worker can see exactly how much the company is contributing to what. Companies can also buy plain forms if they wish to print in their own benefit list.

"Companies would issue these at the end of their fiscal year," Dr. Eimicke said. "There would be no extra computation because the information is all part of payroll records."

HE SAID he has received about 200 orders in response to the program begun last month.

"We think it's a great idea," said a spokesman for the First National Bank of Yonkers, which will give its 300 employes the report forms this month. "It will enlighten employes and improve management-worker relationships."

## Court ruling disappoints stevedores

WASHINGTON—The U.S. Supreme Court has ruled that longshoremen injured or killed while working on a pier permanently attached to the shore are not entitled to Federal compensation.

The decision came as a disappointment to longshoremen since Federal workmen's compensation awards are about twice the amount given under most state acts.

WRITING the majority decision, Justice Byron R. White stated, "There is much to be said for uniform treatment of longshoremen injured while loading or unloading a ship." However, he declared, Congress "by its very choice of language" has distinguished between land injuries and water injuries. When it limited Federal recovery to injuries on navigable waters, he went on "it did not mean injuries on land."

## Trash strike over pensions

NEW YORK—It's winter again in New York and time for another garbage strike.

Over 2,000 drivers and helpers are seeking, in addition to sizable wage increases, a weekly addition of \$13.52 per man in the private sanitation companies' contribution to the pension fund. The strike will affect some 100,000 business establishments, private hospitals and luxury apartment buildings which are not serviced by the city's sanitation department.

The increased contribution to the pension fund, according to a spokesman of Local 813 of the United Brotherhood of Teamsters, will result in a doubling in the monthly pension to \$400 a month.

THE UNION has requested cooperation from the city sanitation men. The move was aimed at counteracting the city's recourse if the strike comes. If the refuse piles up enough for the city to declare a fire hazard, the public sanitation department would be called in to remove the refuse. The private sanitation companies account for the removal of 7,000 tons of refuse from the city daily.

Prolonged build-up of refuse caused by a strike does not affect a building's fire rating, however. Said Robert J. Vairo, supervisor of the commercial property department for Fireman's Fund American, "Only poor housekeeping caused by insured's negligence is taken in account."

## classified advertising

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