

Business Insurance

Reporting Weekly on Corporate Risk, Employee Benefit and Managed Health Care News / \$4

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RIMS endorses disclosure of broker compensation deals

NEW YORK—A corporate policyholder has a right to know all details about its broker's compensation arrangements with each insurer the broker recommends as a source of coverage, according to a new policy statement from the Risk & Insurance Management Society Inc.

"All sources of broker compensation, direct and indirect, should be disclosed," regardless of whether that compensation is specific to the policyholder or contingent on factors such as business volume, profitability or
See Updates on next page

Fairfax to buy TIG Holdings for \$840M

By GAVIN SOUTER

of Fairfax.

NEW YORK—The prospects for troubled insurer and reinsurer TIG Holdings Inc. will sharply improve with its \$840 million purchase by the acquisitive Fairfax Financial Holdings Ltd., analysts say.

TIG will benefit from a reduction in expenses and increased financial backing as a result of the deal, they say.

Fairfax will benefit from buying, for a relative bargain, yet another distressed company to turn around, analysts say.

Although Fairfax is expected to maintain TIG's primary units as independent operations, TIG Reinsurance is expected to be merged with Odyssey Reinsurance Corp., the existing reinsurance operation

While the operational management of TIG is expected to be kept in place, the future of corporate senior management has not been determined.

The deal will end the uphill battle TIG has been fighting to turn itself around in a soft market since its initial public offering in 1993, said Mary Hennessy, president and chief operating officer.

"This could have been a much more successful company except that ever since the IPO, industry conditions have deteriorated," she said.

Over that period, TIG has shifted the focus of its primary business from general property and casualty business to program business.

See Fairfax on page 47

Chookaszian out as CNA's CEO

By DOUGLAS McLEOD

CHICAGO—Dennis H. Chookaszian's surprise departure as chairman and chief executive officer of CNA Insurance Cos. will not alter CNA's strategic direction or change its restructuring efforts, the company's executives say.

Instead, the appointment of Executive Vp and Chief Operating Officer Bernard L. Hengesbaugh to succeed Mr. Chookaszian reflects an intent to carry out strategic changes Mr. Chookaszian has made, the two



Mr. Hengesbaugh



Mr. Chookaszian

executives say. These have included staff reduction, expansion into new businesses and turning over more authority to the heads of CNA's operating units.

"We are strategically very well positioned, and it's now time to operationalize and get these things implemented in an appropriate way," Mr. Chookaszian said, describing his strength as strategic planning and Mr. Hengesbaugh's as operations. "It's an affirmation of the strategy we have in place."

Carrying out CNA's plans "takes a lot of focus on ind-
See CNA on page 47

EEOC cases to challenge pre-employment testing

By AMANDA MILLIGAN

CHICAGO—Two related federal cases in Illinois are poised to reshape employers' approach to pre-employment medical testing.

Both cases allege that a pre-employment medical test was improperly used to deny jobs to applicants whom the employers believed, as a result of the tests, could develop repetitive stress injuries.

The cases were brought by the U.S. Equal Employment Opportunity Commission on behalf of approximately 72 claimants denied employment at a Centralia, Ill., manufacturing plant owned by Rockwell International Corp., and at least 11 claimants rejected by Cambridge Industries Inc., which purchased the facility from Rockwell on Aug. 1, 1994.

The Rockwell plant testing was not different from other pre-em-

ployment tests conducted by other corporations, said Gerald L. Maatman Jr., partner and chairman of the U.S. labor, employment law and employee benefits practice groups at the law firm of Baker & McKenzie.

But, he said, the Chicago office of the EEOC has made it clear that it considers this a very important issue. "This is a district office that is flexing its muscle,"

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Fairfax to fold in TIG

In U.S. millions, 9/30/1997 through 9/30/1998

	FAIRFAX FINANCIAL HOLDINGS LIMITED	TIG HOLDINGS	Combined
Gross premiums written	\$1,764.6*	\$2,144.0	\$3,908.6
Net premiums written	1,313.9*	1,392.0	2,705.9
Net income (loss)	186.6*	(47.0)	139.6
Assets†	6,654.1*	6,867.0	13,521.1

* Canadian dollars converted at \$0.6519.

† As of year-end 1997.

Source: Fairfax Financial Holdings Ltd., TIG Holdings Inc., B/estimate.

Spotlight on

Risk Management Systems

&
Online Resources

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Canal's risks redefined as Panama takes over

By ROBERTO CENICEROS

BUENOS AIRES, Argentina—Terrorists, the accidental release of radioactive materials from a passing ship, flooding, and shifting mountainsides are just a few of the potential catastrophes weighing on Jose L. Salinas, risk manager for the Panama Canal.

Mr. Salinas assumed his current assignment earlier this year. The Panama Canal Commission hired him to revamp risk management efforts in preparation for the final passing of the waterway's control to the Republic of Panama. By treaty, canal control will pass to Panama on Dec. 31, 1999. Operation of the canal is now a joint U.S.-Panama operation.

The Panama Canal Commission is a U.S. agency with about \$3.5 billion in assets. It pays more than \$4 million in annual insurance premiums for a package policy divided into property, liability, loss of revenue and nuclear catastrophe coverages,
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ALARYS

More coverage of the
ALARYS conference
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PHOTOS COURTESY OF THE PANAMA CANAL COMMISSION

The Gatun (upper right) and the Miraflores locks are integral components of the Panama Canal system.

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Updates

RIMS supports broker disclosure

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 individual primary and reinsurance placements, according to the one-and-a-half-page statement.
 "RIMS supports the spirit of the New York Insurance Department's Circular Letter No. 22, which states: All such compensation arrangements should be disclosed to insureds prior to the purchase so as to enable insureds to understand the costs of the coverage and motivation of their broker in placing the business."
 This RIMS policy statement represents a broad consensus of leaders' views, said Anne Allen, the organization's director of governmental affairs. However, individual members may have different thoughts about the amount of desired disclosure, she added.
 The policy statement also addressed corporate consolidation in the insurance industry, noting that this trend among global brokers is being offset by "intense competition" among other types of firms seeking to provide risk management services, including consulting firms and large reinsurers.
 "Risk managers should act as proactive consumers in this transitional period to ensure that the new market will meet their needs," RIMS recommends.
 RIMS began looking at these issues after receiving questions about them from a variety of sources.

Active storm season predicted

FORT COLLINS, Colo.—In 1999, the U.S. can expect another active hurricane season, comparable to this year's season, according to the hurricane forecast team at Colorado State University.
 The team predicts 14 named storms, nine hurricanes and four intense hurricanes will form in the Atlantic Basin during the 1999 season, which lasts from June 1 through Nov. 30.
 "We feel the 1999 season will be comparable to the one just past and not too much weaker than the 1995 and 1996 seasons, both of which were very busy," William Gray, the CSU professor of atmospheric science who leads the forecast team, said in a release. "Climatic evidence strongly suggests that we are embarking on a new era of enhanced major hurricane activity."
 The number of intense Saffir-Simpson Category 3, 4 and 5 storms will increase in 1999, the team forecasts, because of a stronger Atlantic "conveyor belt."
 "Our concern is that, because of the population buildup along the U.S. East Coast, property damage could be severe," Mr. Gray said in the release, adding that these storms cause more than 80% of all property damage.
 Compared to long-term averages, the team predicts the U.S. Atlantic coast has about twice the chance of experiencing a storm with winds of 111 mph or greater in 1999. The Gulf coast also holds a 150% greater probability of a major hurricane making landfall, compared with long-term averages.

LTV Corp., PBGC reach deal

WASHINGTON—A new agreement announced last week between the Pension Benefit Guaranty Corp. and LTV Corp. will allow the steelmaker to follow a standard schedule in making contributions to its underfunded pension plans, rather than using a complex schedule of fixed and variable payments.
 The new agreement replaces a 1993 pact, which established the complex funding schedule. That earlier agreement resolved years of controversy going back to 1986, when LTV said it could no longer afford to contribute to the plans, which then had about \$2.5 billion in unfunded benefits.
 Several months later, the PBGC took over the plans and then, after LTV set up new, lower-cost pension plans, returned the underfunded plans to LTV. LTV then sued the PBGC to prevent the agency from returning the plans, which set off a lengthy legal battle that ended in 1990, when the Supreme Court ruled that the PBGC had the right to restore the plans to LTV.
 Since the earlier agreement, LTV has contributed \$2.8 billion to the plans, which, according to PBGC interest rate and other assumptions, have about \$1.5 billion in unfunded benefits and about 78,000 participants, including 52,000 retirees.
 Aside from making the funding schedule simpler to administer, the new agreement ties the pension contributions of LTV—like other employers—to how well the plans are funded, and not to the overall health of the company.

Study clears breast implants

MIDLAND, Mich.—The Tort Claimants Committee is disputing the findings of a report released last week that there is no causal link between silicone breast implants and disease.
 "Nowhere in the report does the Pointer panel say that silicone is safe in the body," Sybil Niden Goldrich, an implant recipient and spokeswoman for the committee, said of the study, conducted by a four-member panel appointed by U.S. District Judge Sam C. Pointer Jr., who is overseeing the multidistrict breast implant litigation.
 Despite the Tort Claimants Committee's response, Victor Schwartz, a product liability expert and counsel to the American Tort Reform Assn. in Washington, said plaintiffs lawyers likely will think twice before recommending their clients opt out of the latest settlement offered by Dow Corning Corp. (BI, Nov. 16). The panel's report "could persuade some women to participate in the settlement," he said.
 The report backs the Midland, Mich., company's unwavering position that the implants are safe.
 Regardless, the report will have no effect on the settlement proposal, which is included in the company's bankruptcy reorganization plan, a Dow Corning spokesman said.

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RRG may increase onshore reciprocals

By **RODD ZOLKOS**

BURLINGTON, Vt.—A reciprocal risk retention group formed recently in Vermont might herald a new direction for health care captives.
 The Virginia Health Systems Alliance Interinsurance Exchange, A Risk Retention Group, was set up as a reciprocal RRG by Inova Health System Foundation. VHSAX initially will provide hos-

pital professional liability and general liability coverages for the five tax-exempt Virginia health systems that make up Inova.
 A reciprocal operates as a group captive in most respects except that it is not structured as a corporation. Rather, it has subscribers and is managed by an attorney-in-fact. The arrangement has been permitted in offshore domiciles for a number of years, though it is relatively new in the

United States. Vermont and Hawaii both adopted laws last year allowing captives to form as reciprocals (BI, Aug. 24, Feb. 16).
 The ability to form a reciprocal RRG provides both tax benefits for Inova's subscribers and the opportunity to affiliate with other health systems to take advantage of economies of scale in their insurance programs as well as other potential benefits.
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Y2K negotiations agreed on

Fourteen major companies to mediate before litigating

By **ROSEANNE WHITE**

NEW YORK—Several multinational corporations have pledged to take the sting out of solving Year 2000-related problems by agreeing in advance to negotiate and mediate disputes before litigating.
 In an effort spearheaded by the New York-based CPR Institute for Dispute Resolution, 14 major corporations have signed a commitment to use alternative dispute resolution to resolve Year 2000 disputes. The companies pledge to

negotiate first, proceed to mediation if negotiation is unsuccessful, and only litigate if mediation fails to satisfy the parties.
 The commitment lists four categories that could lead to Year 2000 disputes, arising from: remediation of Year 2000 problems; losses arising from Year 2000 problems; contracts for information technology products and services; and "claims relating to Year 2000 problems, by, against or between insurers, and arising from policies of insurance."
 The commitment states: "The

company seeks to avoid the expense, uncertainties, delays, loss of control and unnecessary animosities that frequently accompany litigation of business disputes, particularly when those disputes involve valued current or potential business relationships."
 A signer does not intend to "relinquish its legal rights of redress or that of any insurance policyholder," according to the commitment.
 The CPR Institute undertook this campaign "because of the
See Mediate on page 45

Comp reforms pending in D.C.

Bill would limit some benefits

By **MARK A. HOFMANN**

WASHINGTON—The final vote on a bill that would reform the District of Columbia's workers compensation system should occur next week.
 Although the limited reform bill approved by the D.C. City Council last week falls short of what employers and insurers had hoped to achieve, the bill is generally viewed in a positive light by businesses.
 "It's a first step, and we're happy to see them make the first step, although it appears from the markup that a lot of work remains to be done," said Tom Soles, leader of the Risk & Insurance Management Society Inc.'s federal task force. Mr. Soles also is group director-market sector councils for the Sheet Metal & Air Conditioning Contractors' National Assn. in Chantilly, Va.
 The measure would place a 667-week limit on benefits for permanent partial disability, base benefit levels on Medicare rates, reduce some benefits by 25%, abolish the second injury fund and smooth some administrative procedures. The measure would not, however, require that claimants be treated through managed care mechanisms chosen by employers. The bill also retained a provision that mandates rate reductions for employers with workplace
See D.C. on page 42

Insurers seek NAIC hearing on pricing

By **MEG FLETCHER**

ORLANDO, Fla.—Encouraged by recent successes in easing the regulation of large commercial policyholders, four major insurer groups are asking regulators to consider relaxing model pricing laws.
 In fact, the American Insurance Assn. is leading an effort to encourage the National Assn. of Insurance Commissioners to discuss "fair market pricing" for nearly all other lines of property/casualty insurance, especially personal lines coverages.
 Insurer groups want the NAIC to designate a committee to hold a public hearing on the topic at the NAIC's spring meeting, which will be held March 6-10 in Washington. Joining in the request are the Alliance of American Insurers, the National Assn. of Independent Insurers, and the National Assn. of Mutual Insurance Cos.
 But these insurer groups may be moving too far and too fast with their latest proposal, judging
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Risk Management Systems & Online Resources

Loophole in Y2K law may help plaintiffs

Measure does not offer D&O protection in federal securities suits

By DAVE LENCKUS

While a new federal law offers some legal safeguards to companies that share their experiences in resolving their millennium bug computer problems, it does not offer much protection to directors and officers, attorneys agree. But executives can utilize the

law in concert with some protections offered in securities reform laws to do a better job of staving off liability over Y2K computer problems, attorneys said.

A murkier issue is how useful the new Y2K law may be to some D&O liability policyholders that run into coverage disputes.

Attorneys disagree over whether the new law will help any policyholder whose insurer claims it was misled by the policyholder's answers in a Y2K readiness

questionnaire that accompanied a coverage application.

The hastily fashioned and enacted law, the Year 2000 Information and Readiness Disclosure Act, became effective when President Clinton signed it Oct. 19.

Under IRDA, businesses that share information about their Y2K computer compliance status are protected from antitrust claims as well as from non-securities-related liability claims over the companies' Y2K-related pro-

nouncements. IRDA applies to non-securities claims filed under federal or state law.

IRDA classifies Y2K-related pronouncements under two categories that give business different degrees of protection against liability claims:

- A Y2K statement, which is any oral or written communication "by a party to another or to the public" regarding assessments, projections or other aspects of the Y2K processing capabilities of any person, entity, product or service.

IRDA grants limited immunity

from non-securities-related liability civil claims to the makers of allegedly false, inaccurate or misleading Y2K statements issued on or after July 14.

Companies lose that protection if plaintiffs can show by clear and convincing evidence that the companies knowingly or recklessly made false, material statements. Still, that is a tougher standard than the preponderance-of-evidence standard plaintiffs faced before IRDA was enacted.

- A Y2K readiness disclosure, which is a more specific type of

See Y2K on next page

Expert-testimony case may affect Y2K suits

By JOANNE WOJCIK

The U.S. Supreme Court today is hearing arguments in a case that could decide what kind of expert testimony can be used in millennium bug suits.

The case, *Kumho Tire Co. vs. Carmichael*, is being heralded as one of the most important evidence cases of the decade because it likely will clarify how widely the court's earlier decision in *Daubert vs. Merrell Dow Pharmaceuticals* should be applied.

The case is significant to anyone involved in litigation because the use of expert testimony often can make or break a case, according to Victor Schwartz, a leading product liability expert and counsel to the American Tort Reform Assn. in Washington. ATRA filed an amicus brief in the case.

The American Insurance Assn. and the NAIH have also filed an amicus brief asking the court to broaden the application of *Daubert* to include applied sciences, including the computer scientists who will be called upon to testify in Year 2000 litigation (*BI*, Sept. 14).

"This case really gets down to the basics of trial," Mr. Schwartz said. "You really only have two kinds of witnesses: lay witnesses and experts. Experts are given a lot of power in the courtroom.

They're like Supermen and Superwomen. They can give their opinion on ultimate issues, unlike other witnesses."

But with these powers "has to go some responsibility on the part of the judge to screen out those experts who really only are lay witnesses," he said.

Mr. Schwartz explained that the court found in *Daubert* that federal judges should serve a "gatekeeper" role in deciding which evidence should be presented to a jury and which should be excluded.

In *Daubert*, the high court ruled that a trial judge must ensure "that an expert's testimony both rests on a reliable foundation and is relevant to the task at hand." While acknowledging that "many factors" may bear on the inquiry, the court identified four guideposts a court may consider in evaluating the reliability of expert testimony:

- Verification: whether findings can be or have been tested;
- Publication: whether findings have been subjected to peer review and publication;
- Normalization: whether findings are subject to professional standards;
- Acceptance: whether findings have been accepted within the relevant discipline.

Since that 1993 decision, however, many courts around the country have

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Database replication a plus in more ways than one

RMIS technique offers efficiency, access to more users

By ROSEANNE WHITE

Generating risk management reports used to be more time-consuming and costly for Jamesport Associates, a risk management group for real estate owners in the United States and Canada.

Jamesport's computer system network previously accommodated only three users simultaneously. If any of the other five users needed to generate part of a report, they had two options: wait until someone else signed off the network or work with data on a disk at a PC workstation separate from the network. When work was saved to a disk, the user had to later convert the data on the disk to enter it into the database.

Then, in the fall of 1995, Rochester, N.Y.-based Jamesport began the process of upgrading its risk management information system software for database replication. Because Jamesport already had two servers, no new hardware was needed.

Now, all eight users can access the network simultaneously, with the database split between two servers. Each server is dedicated to users handling different claim functions, and each allows a user to conduct both data entry and analysis and reporting. The main database is updated as data is entered, and replication occurs twice daily.

When an executive needs a report, "we

can provide it to them in a very short time," said Barbara Gogoll, Jamesport's risk manager. "The data is there, it's current, we're able to manipulate it."

The database replication approach was presented to Ms. Gogoll by the group's RMIS vendor, Blackburn Group Inc. of Rochester. Jamesport has used Blackburn's RiskPro system since 1991.

Database replication has increased the simplicity and accuracy of managing the risk management group's self-insurance program. "It's easy to see what you have at any particular moment," Ms. Gogoll said. The risk management group also handles claims administration and loss prevention, among other tasks.

The cost for the software and database replication was about \$50,000, Ms. Gogoll said. While it's difficult to estimate the cost savings that result from using the database replication approach, the reduction in errors and lost information and the increased speed probably save \$50,000 annually, she said.

Database replication involves copying a database and synchronizing the copies. From that point, changes to the main database are distributed to, or reflected in, all other replicas of the database at predetermined intervals. All data or just selected information can be replicated, depending upon a risk management department's needs.

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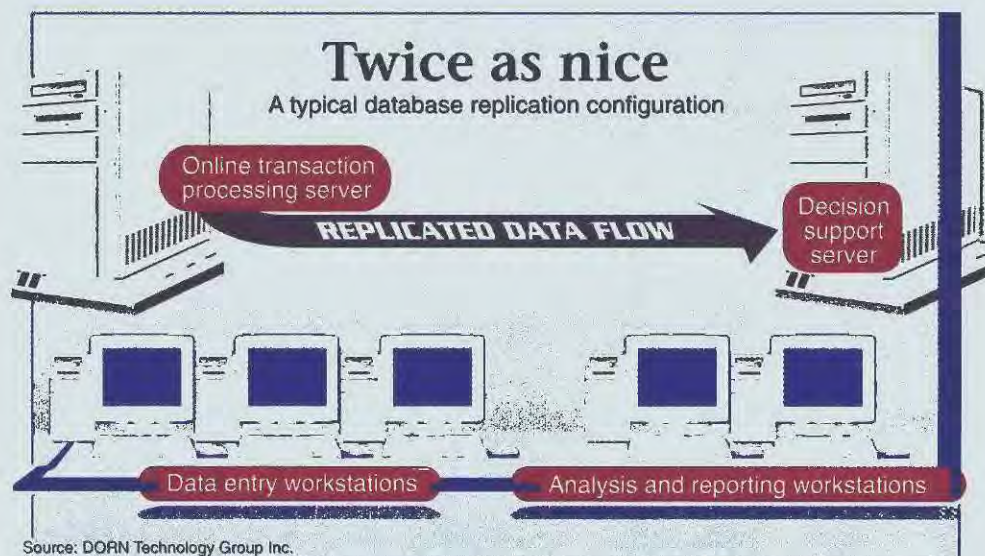
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Software product could help define new role for risk managerspage 16

Service a key consideration for RMIS buyerspage 18

Directory of Risk Management Information Systemspage 20

Spotlight editor: Dave Lenckus



Y2K

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Y2K statement that includes essentially the same type of Y2K status information but applies only to the statement's maker. Such a disclosure must be issued in writing or in an electronic format and must be identified clearly on its face as a disclosure.

IRDA bars plaintiffs from using readiness disclosures issued on or after Oct. 19 "to prove the accuracy or truth" of any Y2K statement included in the disclosures.

That means plaintiffs in non-securities-related Y2K preparedness lawsuits against companies generally cannot introduce into evidence readiness disclosures in which companies admit they are having problems debugging their

computer systems of the Y2K problem. A key exception is in cases involving claims of anticipatory breach of contract.

Because readiness disclosures are a subset of Y2K statements, they also receive the limited liability protections that apply to Y2K statements.

Until last week, companies also could have retroactively designated as readiness disclosures Y2K statements that were issued as early as Jan. 1, 1993.

But, for such retroactively designated statements that originally were issued before July 14, IRDA provides only the evidentiary protection and not any limited liability immunity. Retroactively designated statements that originally were issued on July 14 or later would have both protections under the act.

But, those who received the Y2K statements originally still have time to object to a retroactive designation as a readiness disclosure.

The lack of protection against claims alleging violations of fed-

'From a D&O perspective, IRDA's exemptions seem to swallow the protections offered by the statute,' says Dan A. Bailey.

eral securities laws is the biggest loophole in plaintiffs' favor under IRDA. Traditionally, those are the most common types of claims directors and officers face.

But exactly where IRDA's protections end is unclear, say attorneys, who rail over what they say is a badly worded law.

For example, they say they cannot tell whether the act withholds its protections in securities-related litigation in state courts.

Some attorneys do not understand how the act would apply if lawsuits allege violations of non-securities laws as well as federal securities law.

Also unclear is whether plaintiffs pursuing non-securities-related claims can use material a defendant has included in documents filed with the U.S. Securities Exchange Commission and whether a company may label its SEC filings as readiness disclosures.

That is significant because the SEC is requiring companies to

disclose in their securities filing additional and more detailed information about their Y2K computer readiness status.

Because of how IRDA was pushed through Congress, there is no drafting history on which to rely for guidance.

The SEC referred questions to the President's Council on Year 2000 Conversion. A council spokesman could not be reached for comment.

While IRDA will somewhat help companies that face non-securities-related litigation over their Y2K preparedness, the value of the law's evidentiary protection is limited, said policyholder attorney Douglas E. Phillips of Covington & Burling in Washington.

Plaintiffs likely will be able to introduce the same evidence through other material they obtain during discovery, he said. Mr. Phillips also is the Y2K counsel for the Assn. of Publicly Traded Companies, which played a role in crafting IRDA.

To insurer attorney Dan A. Bailey, IRDA largely "is a non-event" for directors and officers. "There is some benefit to corporations," said Mr. Bailey, a partner with Arter & Hadden of Columbus, Ohio. "From a D&O perspective, IRDA's exemptions seem to swallow the protections offered by the statute."

The little help IRDA gives directors and officers should not necessarily stop companies from divulging their Year 2000 computer compliance experience efforts and status to help the business community resolve its computer problems, attorneys said.

But companies then must take greater care in following up on their Y2K audits, said policyholder attorney Robert L. Carter Jr., a partner with McKenna & Cuneo L.L.P. in Washington.

In addition, directors and officers should stay on top of company Y2K compliance efforts, attorneys said. That could minimize their liability if compliance efforts fail.

Meanwhile, business groups are questioning IRDA's value. Several groups, including the U.S. Chamber Institute for Legal Reform, a unit of the U.S. Chamber of Commerce, and the Information Technology Assn. of America, plan to lobby Congress for much stronger protection against Y2K liability (*BI*, Nov. 30).

Even now, though, companies may be able to forge stronger shields against Y2K liability for their directors and officers by combining the safeguards provided by IRDA and securities reform laws passed this year and in 1995.

The Private Securities Litigation Reform Act of 1995 offers a critical safeguard that some companies have not used as much as they could have, attorneys said.

The act, which was designed to discourage frivolous securities fraud lawsuits, protects companies from liability for remarks made in forward-looking statements.

A statement that discusses a company's Y2K compliance status is "a classic forward-looking statement" that could be an "important" protection for directors and officers, Mr. Bailey said.

"But, companies are not doing a good job of complying with that safe harbor," he said.

One major mistake companies make is not adequately identifying their projections as forward-looking statements, Mr. Bailey said.

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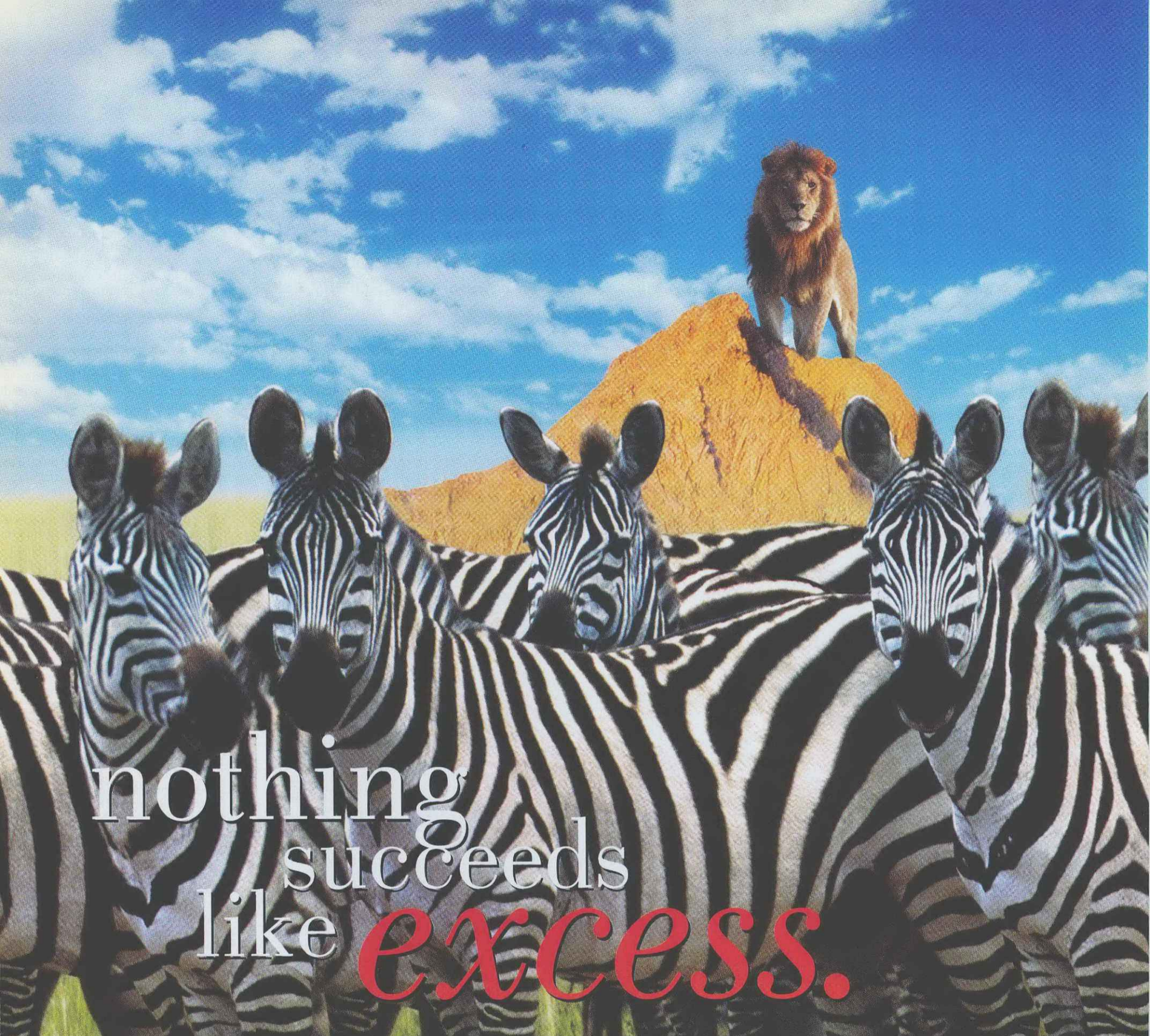
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ZURICH

Y2K

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"Equally important, a forward-looking statement has to have a meaningful cautionary statement" that warns readers that the company's projections may fall short, he said. The cautionary statement should specify why those projections may not pan out.

Some companies also make the mistake of writing the statements in present tense, which can nullify the safe harbor, pointed out attorney Julia Frost-Davies of Bingham Dana L.L.P. in Boston. Bingham Dana typically is a policyholder defense firm, but it has represented insurers as well as policyholders in securities-related coverage disputes.

Ms. Frost-Davies advised com-

panies to maintain "an element of uncertainty" in forward-looking statements by avoiding assertions that the company is Y2K compliant or that it will be compliant by a certain date. "Anytime you say, 'We will be doing something,' it's pretty risky," she said.

Discussing what the company "expects" or "plans" is a safer approach, she said.

Some plaintiffs attorneys have been trying to circumvent the 1995 securities reform act by filing their cases in state court, where the act's protections do not apply.

But the Securities Litigation Uniform Standards Act of 1998 is designed to block attempted runs around the 1995 law. The 1998 act requires that class-action securities fraud lawsuits against nationally traded companies be filed in

federal court.

Companies should designate pronouncements about their Y2K readiness as both forward-looking statements and readiness disclosures, advised Lino Lapinsky, a

Companies, though, may not retroactively designate previously issued pronouncements as forward-looking statements.

The IRDA protection issue over which attorneys probably dis-

their insurance applications.

IRDA could provide policyholders important coverage protection if they label those questionnaires as readiness disclosures, policyholder attorneys say.

"As I read the act, if the questionnaire is not part of the contract, it could protect the policyholder," Mr. Lapinsky said.

"But, it doesn't minimize policyholders' liability for fraud," he noted.

Even so, with a questionnaire labeled as a readiness disclosure, insurers would face a higher standard for proving policyholder fraud, Mr. Lapinsky said. Insurers would face a clear-and-convincing evidence standard rather than the preponderance-of-evidence standard they otherwise would have to meet.

Attorney Andrew Pegalis, president of Next Millennium Consulting, an 18-month old independent risk management consulting firm that provides only Y2K risk management services, was more equivocal.

"An appropriately marked questionnaire cannot be used to deny a claim," he said. But, unclear under IRDA is whether policyholders would be protected if they submitted their questionnaires before IRDA's Oct. 19 enactment date and retroactively designated them readiness disclosures, Mr. Pegalis said.

The information that policyholders provide in Y2K questionnaires also should be consistent with information they have released in Y2K readiness disclosures, said policyholder attorney Carolyn Rosenberg, a partner with Sachnoff & Weaver Ltd. in Chicago. To that end, Ms. Rosenberg advised submitting a previously released Y2K readiness disclosure in place of a questionnaire.

But, insurer attorney Amy Paulus adamantly asserted that IRDA does not apply to insurers' Y2K questionnaires. "Any disclosure made by a company in an insurance application does not fall under the gamut of IRDA," said Ms. Paulus, a partner with Clausen Miller P.C. in Chicago.

Y2K readiness disclosures, both as defined by IRDA and as required by the SEC in securities filings, pertain to information disclosure responsibilities that directors and officers have to third parties, Ms. Paulus observed. "That's unrelated to the issue of what companies have to disclose to insurers to obtain D&O coverage."

Ms. Frost-Davies, whose firm has represented both policyholders and insurers, also said she was not sure whether questionnaires could be included in the statements that IRDA classifies as readiness disclosures.

More important, she suggested, is that companies accurately describe in their Y2K pronouncements how they are trying to correct their millennium bug computer problems.

She advised companies to set up committees responsible for disseminating Y2K-related information so that employees do not release conflicting information or reports that are not couched in the proper legal terms.

In addition, she warned of the dangers of internal memos and e-mails that contain off-the-cuff comments about a company's Y2K preparedness. Plaintiffs can recover that material—including deleted e-mails—fairly easily during discovery, Ms. Frost-Davies said. **BI**

Companies should avoid assertions that they are or will be Y2K compliant, says Julia Frost-Davies. 'Anytime you say, "We will be doing something," it's pretty risky.'

policyholder attorney with McKenna & Cuneo. That way, companies have greater protection against both securities fraud claims and non-securities-related liability claims, he said.

agree most is whether the law could bar insurers from denying coverage based on inaccurate information that policyholders provided in the Y2K compliance questionnaires that accompanied

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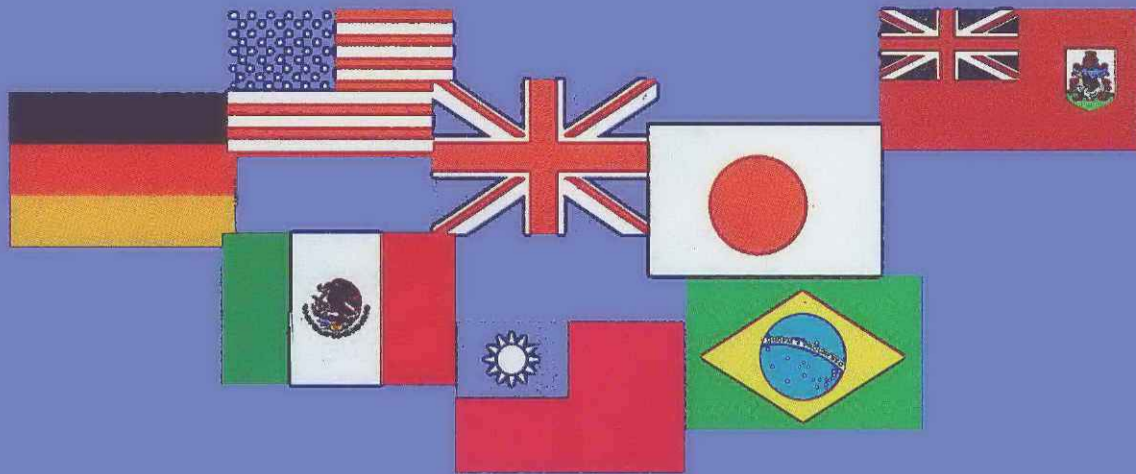
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Opinions

Trend is no temporary setback

EMLOYERS' BENEFIT COSTS COULD skyrocket—or benefits themselves could disappear—if a disturbing trend among courts and regulators mandating that temporary workers receive benefits is not checked.

Such mandates ignore the fact that an employer is not required by law to provide group health care or other benefits to its workforce. If the courts force companies to expand their voluntary benefit programs to cover temporary workers, many employers—particularly small ones—could find such benefits too expensive to provide and choose to terminate those programs altogether.

Unfortunately, there's no evidence the trend is abating, and some signs indicate that it is accelerating.

The first major legal decision on the issue was handed down in 1996 by the 9th U.S. Circuit Court of Appeals, when a majority of a three-judge panel held that freelance workers for Microsoft Corp. were eligible for various employee benefits. Only a few weeks ago, another group of temporary workers filed a lawsuit seeking the benefits Microsoft provides to permanent employees. Other courts had weighed in on the subject between the initial suit and the latest filing, coming down on both sides of the issue.

The U.S. Department of Labor also has entered the fray. Last month, the department sued Time Warner Inc., Time Inc., its subsidiaries and its benefit plan administrators, charging that the companies had misclassified certain workers as temporary employees or independent contractors, thus denying them benefits.

The Supreme Court has yet to accept for review any federal cases extending benefits to workers for whom such benefits were never intended. We can only hope—given the importance of the issue and the need for legal guidance—that the justices take up the issue.

Absent high court review, employers would do well to lobby Congress for clarification of this issue. Surely lawmakers can see that placing significant roadblocks to the hiring of lower-cost temporary workers could harm the nation's economy and swell the ranks of the unemployed.

But obtaining legislative action will take time. Meanwhile, as employers seek strategies for winning legislative relief, they should also be looking very carefully at how they define exactly who is an employee for benefit purposes.



es. Courts haven't always ruled against employers in these disputes, as a 1997 decision involving E.I. du Pont de Nemours & Co. shows. DuPont had spelled out clearly who was and was not covered by its plan, and it won the case.

Expansive legal and regulatory interpretations of benefit contracts that make employers provide benefits to workers whom they never intended to cover will ultimately hurt the very people benefits programs were intended to provide for in the first place.

Unless the trend is reversed, employers will be faced with several choices, all of them unattractive: pay more for the same level of benefits; provide fewer benefits; provide the same level of benefits with greater employee contributions; or simply stop providing benefits at all.

None of those choices is appealing. Although the Supreme Court—or perhaps Congress—could have the final say on who is and who is not entitled to benefits, for the time being, employers would do well to make sure that their plan language is as clear, consistent and unambiguous as is possible to avoid being swept under a tide of expanded eligibility and obligation.

Letters

Equitas pays most of its claims without dispute

To the editor: I was surprised to read Eugene R. Anderson's letter in the Nov. 30 issue of *Business Insurance*, in which he made the unsupported—and unsupportable—assertion that Equitas has "caused immeasurable damage to U.S. policyholders" and referred to Equitas as an "anti-policyholder litigation machine seething with completely unjustified rage at policyholder claims."

Leaving aside Mr. Anderson's emotive language, the facts paint a different picture. As

disclosed in our most recent report and accounts, in its first 19 months of operations, Equitas paid nearly \$8 billion in claims to policyholders. Most of this money was paid without dispute once proof of a covered loss was presented. Where coverage or cost issues are not clear-cut, we seek to resolve them at the earliest appropriate moment. Less than 5% of our claims payments are the result of court judgments or arbitration awards.

More generally, as we have said publicly

on numerous occasions, Equitas welcomes principal-to-principal dialogue with policyholders to develop comprehensive solutions to complex claims issues. Litigation is rarely a cost-effective way to settle differences, and our policy is to work hard to find alternative solutions.

Michael J. Crall
Chief Executive Officer
Equitas Ltd.
London

Gerling has expertise in environmental risks

To the editor: I am writing in response to your Nov. 16 article "Gerling to Cover Political Risks." In the past, the German monopoly on political risk insurance by Hermes Kreditversicherungs A.G. has not only been challenged by competitors such as Ger-

ling A.G. but also by a coalition of more than 110 organizations, representing more than 1 million members and supporters nationwide.

This coalition has been struggling for two years to establish environmental and social guidelines for Germany's export credit agencies. One major benchmark in this effort has been the Overseas Private Investment Corp.'s draft "Environmental Handbook," which will shortly be published in its final version.

The coalition's work also has been recognized and supported by the new government in Germany. The new governing coalition has stated, "The new federal government will initiate a reform of the foreign trade support, especially of the export credits (Hermes), according to ecological, social and developmental criteria."

In contrast with Hermes, Gerling is highly

committed to environmental issues. It has taken a leading position as a signatory to the United Nations Environment Program's "Statement of Environmental Commitment by the Insurance Industry." Gerling CEO Juergen Zech was decorated this week by the World Wide Fund for Nature and a major German business weekly as a leader in the field of business and the environment. Hermes, by contrast, does not claim to have any in-house environmental expertise, nor does it have any other background in this field.

Gerling, on the other hand, is wisely advised to prove that its credit insurer can also skillfully deal with the environmental and social risks of the projects it insures.

Caroline Zuniga
Urgewald
Sassenberg, Germany

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Witnesses

Continued from page 10

tell us 20 years ago what DNA testing criteria should be used. Technology is developing at such a rapid pace."

Samuel A. Thumma, a director of Brown & Bain P.A. in Phoenix, concurred with Ms. Barrett.

"If you're in an industry like medicine, you're likely to have an academic background. You go to medical school to practice medicine. Studies are done in peer review publications that have some perception of reliability. That may or may not be the case in other areas where expertise is based more on skill and knowledge."

For example, "say you're using a tracking dog and it lifts one ear

when it detects a certain scent. That may not be in any textbook or study," he said.

Applying *Daubert* to criminal cases could strike the testimony of detectives who often speak from their experience, observed Joseph Sellers.

"The effect would be profound. It would lead to wholesale exclusion of a wide body of experts whose fields don't lend themselves to that reliability test," he said.

"The approach we've advanced recognizes that as we get into increasingly complex litigation and use more experts... you can't have a one-size-fits-all approach to determine the reliability of expert testimony," he said, referring to Carmichael's position in the case before the high court.

"It must be reviewed on a discipline-by-discipline basis," he asserted. **B1**

Databases

Continued from page 3

Other RMIS vendors, consultants and risk managers also are finding advantages to this approach.

"Replication server technology is becoming easier to use, more automated and more prevalent in (computer network) operating environments," said Mark Dorn, president of DORN Technology Group Inc., an RMIS vendor based in Livonia, Mich.

Several different hardware and software configurations can be used for database replication. Mr. Dorn said a typical arrangement for a risk management department would be to have one server, called the OLTP server, dedicated

to the PC workstations of those employees processing transactions online and a second server, called the decision support server, dedi-

With database replication, volume is 'less likely to clog the communication pathway,' says DORN Technology's Mark Dorn.

cated to the PC workstations of those performing analytical or reporting functions (see story, page 15). Specified data would be marked for replication and distributed at predetermined intervals—depending upon the department's needs—from the OLTP

server to the decision support server.

The intervals for replication generally can be programmed into the database. Such a setup can maximize the performance of both groups of system users, because the volume is "less likely to clog the communication pathway," Mr. Dorn said.

Additionally, this arrangement helps build the foundation for taking advantage of online analytical processing technology being incorporated into some databases, such as Microsoft's SQL Server 7.0, according to Mr. Dorn. This technology would allow risk managers to go beyond just sorting data for reports; it would enable them to "drill down" into the data in different ways to generate three-dimensional models for analysis, he said. For example, with OLAP technology risk managers could build financial models showing a variety of policy and retention levels.

Database replication also can be used to transmit data between a corporate headquarters and regional offices around the globe, or between one local office and another, explained Robert J. Blackburn, managing principal of Blackburn Group. A local area network, or LAN, in a corporate headquarters could connect to a wide area network, or WAN, to which regional office servers, personal computers or LANs are linked. The data would then be distributed from the WAN to the corporate LAN at intervals that meet the company's needs.

Such a design gives risk managers a solution to the problem of sharing data and software updates with all company locations, Mr. Blackburn said.

Perhaps the most significant benefit of replication is load balancing. The data is split between two server systems in order to separate transaction processing from analytical functions so that the system doesn't slow from the traffic burden. Otherwise, said Mr. Dorn, "You could have one person doing heavy-duty reporting and analysis slowing up 20 people doing data entry."

The load-balancing function is increasingly important, he said, as risk managers now want to integrate human resources data, accounting data and other information into their systems.

When data is split between server systems, then users also can limit who has access to each server, he said.

Another key advantage is pure risk management—you have a duplicate database to rely on if something happens to one copy, said Mr. Blackburn. "It really is a fail-safe means of saving and keeping data with a high degree of integrity and certainty."

David P. Duden, national RMIS practice leader in Hartford, Conn., for Deloitte & Touche L.L.P., cited another reason for database replication.

Additional quality audits could be done on a replicated database without having to run them on the transactional database, particularly if a greater history were kept on the replicated database.

The technology needed for database replication boils down to having a network operating system such as Windows NT that can accommodate multiple users simultaneously, as well as the applications software and the databases, Mr. Dorn said. Then users must determine whether

See Databases on page 14



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Databases

Continued from previous page
communication between the servers can be done through an external physical connection, such as a wire, or through a system of hubs and routers in the network, he said.

Experts say risk managers must take a close look at their departments and companies in determining whether database replication will be effective.

Mr. Dorn says database replication is appropriate for companies with more than 20 computer system users and an annual claims volume of 20,000 or more.

The size or organization of a company may make replication suitable, said Fred Greifenstein, senior vp-software development at risk management consultant EQE International in Oakland, Calif. In a decentralized organizational structure, or a structure in which geographic areas have significant autonomy, replication may be a smart approach.

Risk managers must make their needs known and then make decisions in the context of the company's information technology strategy, Mr. Greifenstein said.

Other factors may indicate that database replication is not the right approach. "We'd steer a client away from replication if there were a large number of record updates" at a large number of sites and data consistency were paramount, Mr. Blackburn said, using overnight delivery companies as an example. Such companies may want to work in real time with one database in which all sources are updated immediately as new data is entered, he said.

Mr. Blackburn said database replication is best used if you have a LAN with 15 to 25 users and regional offices worldwide that may total five to 10 LANs connected to WANs.

But not everyone is sold on the database replication concept.

"The percentage of people we see doing this is still a small percentage," said Patrick O'Neill, vp/sales manager in Atlanta for Risk Management Technologies, a division of J&H Marsh & McLennan Inc.

Although more clients are talking about replication, they are the largest clients that must share data with dozens of operations, Mr. O'Neill said. Those clients are interested in maintaining server speed with a high volume of users and enhancing security by being able to distribute to other users only the data they need, he said.

David J. Undis, managing director of Risk Management Technologies, said some of the reasons for database replication, such as load balancing and access issues, are no longer concerns as companies move to more powerful systems in order to make more data accessible via the Internet.

Rather than database replication, clients are interested in data warehousing and freeing themselves of hardware concerns by outsourcing system performance and maintenance issues to their RMIS vendors, said Messrs. Undis and O'Neill. Data warehousing involves consolidating into one repository data from different databases in order to facilitate analysis.

RMIS vendors can respond to risk managers' demand to incorporate more types of information, such as human resources and accounting data, into their databases by making the RMIS systems able to handle duplicate data from oth-

er corporate systems, or by enabling the RMIS system to communicate with other corporate systems. "It makes more sense to integrate these systems rather than duplicate them," he said. "It's a better business strategy."

The first step for risk managers interested in the database replication approach is to draft a plan that indicates what types of reports are desired and what types of online procedures are being performed, Mr. Dorn said. Risk managers also must determine the frequency of replication that meets their needs.

Risk managers must decide whom the risk management department wants to serve and by whom the risk management department needs to be served, said Mr. Blackburn.

Replicating everything may not be practical, said Deloitte &

Touche's Mr. Duden. Some companies replicate only key financial figures, rather than all notes in a claim file, he said.

To ensure that replication helps

independent computer consultant to corporate senior management, who specializes in Year 2000-related problems.

Several factors can determine the

Database replication can be much less expensive than trying to increase system responsiveness by buying more powerful central processing units, says Jonathan Marin.

avoid bottlenecks to the greatest possible extent, the database must be organized in accord with usage patterns, so that certain transactions won't tie up a large portion of the database, advises Jonathan Marin, a New York-based indepen-

dent computer consultant to corporate senior management, who specializes in Year 2000-related problems.

The price of hardware has been dramatically reduced, Mr. Dorn said. He estimates the initial cost to

set up a system, including the hardware, software and consulting services, to be between \$20,000 and \$60,000.

Mr. Duden of Deloitte & Touche estimates that for a small database, the initial cost can be \$2,000 to \$3,000; for large companies, between \$50,000 and \$70,000.

Database replication can be a much less expensive alternative to the load balancing problem than, for example, trying to increase system responsiveness by buying more powerful central processing units, said Mr. Marin.

"At a certain point," Mr. Dorn said, implementing replication "becomes less expensive than disrupting 20 people" by high-traffic volumes on the system.

"This architecture is what we think the future looks like for risk management," he said. **BI**



System is server to two masters

Replication allows for simultaneous entry and analysis of data

By ROSEANNE WHITE

Jim Tallant's mission is to create what he describes as a "robust" computer system that meets the growing reporting and analysis demands of a Colorado risk retention group.

To attain this goal, he had to balance the needs of two types of system users so they wouldn't cause each other frustrating delays.

Database replication is proving to be a cost-effective solution to that problem, according to Mr. Tallant, the management information

systems project manager. That approach allows anything that occurs

intervals (see story, page 3). Aurora, Colo.-based National

The cost of implementing database replication boiled down to staff time, the incurred costs from consultants and some minor overhead, says Jim Tallant.

in a database to be automatically distributed from a main source to multiple sources at predetermined

Home Insurance Co. (A Risk Retention Group) has data entry staff, called online transaction process-

ing users, who demand availability and performance from the system, Mr. Tallant said. The online analytical processing users, who are managers and executives studying corporate information and trends, require sophisticated reporting and summarization capabilities from the system, he said.

"If you have both those kinds of users on the same database, many times there's a constraint on server resources," Mr. Tallant said. Executives don't want to be told that "the report is going to take X minutes longer because we have high volume right now."

After a survey of approaches pointed to database replication as the one best suited for the risk retention group's number of computer system users—an anticipated 50 by mid-1999—a separate reporting server was dedicated to those doing

data analysis and reporting. The online transaction processing database functions as the main database.

Now, when someone is entering data into the system, it is written into the OLTP database, and every two minutes it is replicated to the OLAP database using Microsoft SQL Server database technology. All data is replicated, so the only difference between databases is that the OLAP copy is a read-only copy, meaning the reader cannot change it.

The risk retention group has implemented the database replication approach in conjunction with the selection of a new risk management information system. Prior to the RMIS selection, National Home's MIS staff spent seven months assessing its requirements by documenting its business processes and studying work flows. The risk retention group ultimately selected DORN Technology Group Inc.'s RISKMASTER system.

In August, Livonia, Mich.-based Dorn helped National Home launch a pilot installation of the RISKMASTER system, with several workstations set up in a conference room.

National Home is now using Dorn programs to reformat its claims, events, reserves and adjuster data so that the data can be entered into the RISKMASTER system.

While other priority projects at National Home have delayed going live with the RISKMASTER system beyond the pilot program, database replication has been up and running for several months.

The replication is really transparent to users, Mr. Tallant said. Dorn spent one week training the risk retention group's database administrators. Training "was not a huge matter, but not a trivial matter," Mr. Tallant said.

"The main difficulty in the whole matter is getting the databases synchronized before replication," he said. Synchronization, a preparatory step to replication, involves ensuring that two or more databases are exactly the same before the process of automatic distribution of the data at regular intervals occurs.

Dorn wrote a complex program to synchronize the databases, Mr. Tallant said. When a server goes down, precautions must be taken to ensure that the servers remain synchronized. "Now that the script is written, it's not the hurdle that it was," he said.

Before settling on database replication, National Home considered building a data warehouse. Database replication offered a more cost-effective solution that was easier to implement, according to Mr. Tallant.

Data warehousing generally requires a more complex design because, rather than distributing transactions that occur during the workday, it involves either enabling the database to perform certain analyses on data before or after storing it, or simply storing the data in bulk, according to Mr. Tallant.

Mr. Tallant said the cost of implementing database replication really boiled down to the cost of staff time, the incurred costs from the consultants and some minor overhead to maintain the duplicate database. National Home already licensed Microsoft SQL Server software, so all that was needed was the additional server.

Mr. Tallant sees no real downside to database replication. "We have so much functionality and so much depth," he said. **BI**

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RMS project aims to expand risk management

By ROBERTO CENICEROS

A software system developed to help Microsoft Corp. managers gain a broad understanding of their risks soon could help risk managers at other companies learn more about the downsides of their businesses.

Insurance industry titans are betting big on it, they said.

Chief among them is X.L. Insurance Co. Ltd. The Bermuda-based insurer unit of EXEL Ltd. has teamed up with a unit of Microsoft Corp., Microsoft Consulting Services and others to create the system. Their idea is to help risk managers expand their

realm from managing just event-oriented risks, such as catastrophes, to handling the risk costs associated with a company's day-to-day processes and decision-making. Such a system also would make managers outside of risk management more knowledgeable about the risks their companies face.

Plans now call for X.L., several major insurance brokers, consultants and possibly other insurers to create an independent company that will oversee the continued development and distribution of the system, sources familiar with the project said.

A name for the company has not been selected, but the first version of the product could be available early in 1999. Its supporters stand to gain

from the future products and services that will need to be developed to meet a broader universe of understood risks, the sources said.

Some of those products likely will require the participation of financial institutions other than insurers.

EXEL President and Chief Executive Officer Brian O'Hara announced the initiative in his keynote address last month at the World Captive Forum in Miami (BI, Nov. 30). Aon Corp. also is involved in developing and financing the project.

Project developers already have spent more than a year compiling information gathered from universities, consulting firms, accounting firms and brokers in order to infuse the system with knowledge about business

decision-making and associated risk costs.

The project is guided in part by the research finding that bad or wrong operating decisions now cost companies much more than the losses associated with bad events, said Jay Deragon, chairman of The Deragon Group in Nashville, Tenn., and executive director of the Quality Insurance Congress.

Mr. Deragon also is involved in the development of the product.

Supporters say the end product could help define a new role for risk managers and speed the adoption of "holistic" or "enterprise" risk management.

The product could move risk managers into a role similar to that of a

consultant, advising and coaching other managers within their company about how to use the knowledge the system generates, Mr. Deragon said.

"What we have traditionally viewed as risk and focused on is just the tip of the iceberg," he said. "So we are hoping it does accelerate marketplace change."

Project research has established that 15% of a company's risks are currently being addressed through insurance products or risk transfer mechanisms, Mr. Deragon said. But the remaining 85% of a company's risks are not being dealt with because of a lack of knowledge or understanding of what those risks are, he said. For example, corporations typically do not know the cost of making a wrong decision, such as when the human resources department makes a bad hire.

Researchers involved in the project have identified 180 operational processes that present risk if not executed or managed effectively, Mr. Deragon said.

One of the first challenges will be to get risk managers to adopt the idea.

"We are finding a lot of risk managers are still doing event stuff," Mr. Deragon said. "One of the challenges of this is catching the marketplace up to the depth of knowledge it takes to understand this. So there will be a lot of educational support and servicing."

The first version of the product is already in a testing stage; it has been tailored to address the educational issue. It will provide company decision-makers with educational information on the broad array of risks companies face, the decision-making processes and where help can be found.

A second version is expected to address the risks of specific industries. The developers are currently focusing on 16 industries. And a third version will be company-specific; developers are working with unnamed corporations to develop a model that these corporations can put on their intranet systems.

That was the original idea when Microsoft first began to develop an internal system to help spread risk management information throughout the company. Microsoft's director of risk management, Scott K. Lange, wanted an intranet site that would guide any manager within the organization through quantitative and anecdotal information on the risks associated with the business activities of his or her unit (BI, Dec. 1, 1997).

A prototype site was called "Risk Information System for Knowledge Sharing." Part of the idea was to allow unit managers to gain access with the click of a mouse—to everyone within the company who in some form manages risks, whether in the legal department, human resources or in an auditing unit.

It would help risk management become a function of all managers, not just the risk management department.

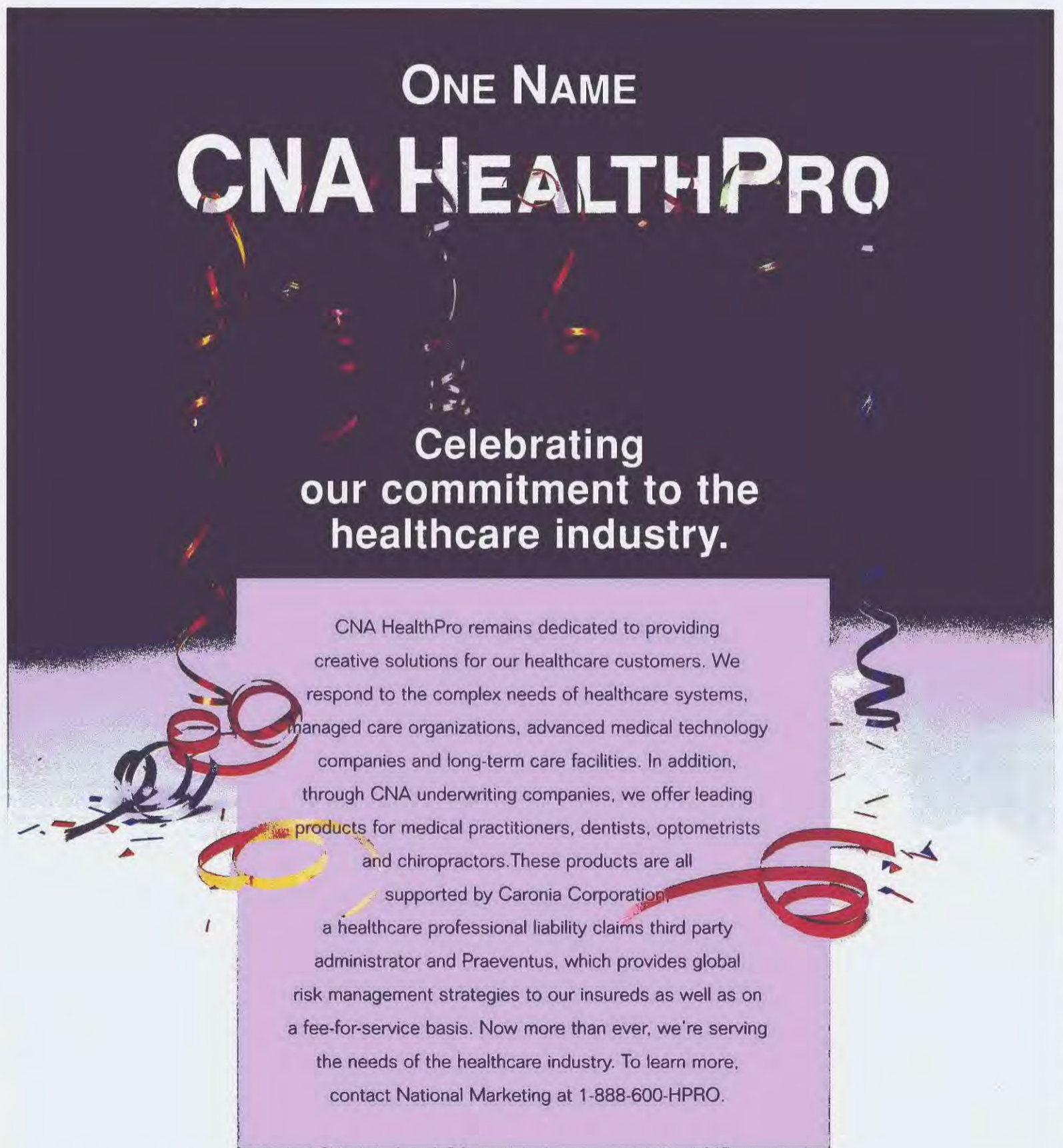
Today, Microsoft is still looking at applying the program throughout the organization, Mr. Lange said. But the implementation strategy now calls for full development of the product to take place outside of Microsoft before it is brought back in.

"The initial investment hurdle going in is pretty extensive, and trying to draft off of what is created in the commercial venture saves us a ton of time and development costs," he said.

Mr. Lange recently announced he will retire from Microsoft to spend more time with his family (BI, Nov. 2). But he said he will invest some of his time in the project's commercial development.

"All I will say is I will be giving my support on a consulting basis initially to help bring this product to the marketplace because I believe in it from the standpoint of bringing better tools to people in my profession," Mr. Lange said.

See Project on page 18



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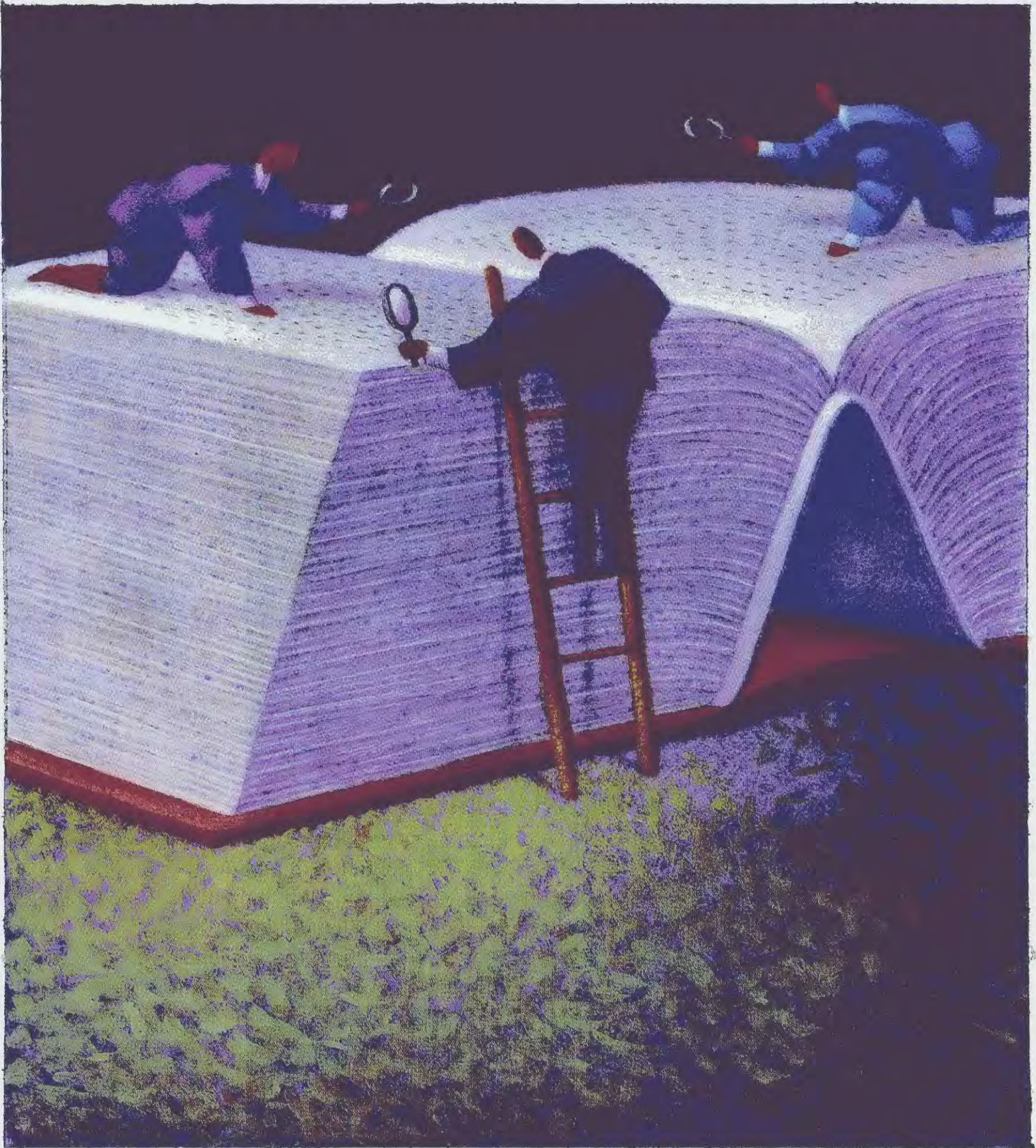
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BI directory of risk management information systems

A

AIG Insurance Services Inc.

400 Interpace Parkway, Building A,
Parsippany, N.J. 07054;
800-767-2524; fax: 973-402-2895
www.aig.com

Risk management systems since: 1988.
Parent: American International Group Inc.

Software products:

■ IntelliRisk.
Price: \$12,000.

System requirements: IBM-compatible PC system. Online system.

Customization optional.

First installation: 1994.

Total installations: 750; 500 in corporate risk management departments.

Claims/coverages managed: General liability, property, workers comp, auto.

Features: Real-time online access to claim in-

formation; claim analysis tool; payment analysis tool; adjuster activity notes; point-in-time view; e-mail; profiling; quick status report; standard and ad hoc reports; customization; claim and payment detail; user notes; online risk management reference manual; quick search; continuous product development; help center with toll-free number; training (onsite); online help. Optional modules include certificates of insurance; cost of risk analysis and allocation; loss development and forecasting; self-administered claims; OSHA reports; user security.

User support: User groups/meetings*, onsite training*, telephone assistance 12 hours per day*.

Staff: 93 total, 89 professionals.

Clients: 749 total, including 495 corporate risk management departments. Sold systems to 166 clients in 1997.

Branch offices: Costa Mesa, Los Angeles, and San Francisco, Calif.; Atlanta; Cleveland; Parsippany, N.J.; New York; Dallas; Seattle; London; Frankfurt, Germany.

Officers: Robert Sandler, chairman; Anthony Galio, president; Kevin Murray, vp-systems development; Alan Louison, vp-RMIS; Marian Manganiello, director-multinational business solutions.

Contact: Alan Louison, 800-767-2524.

* Included in system price.

AMI Risk Consultants Inc.

11410 N. Kendall Drive, Suite 208,
Miami, Fla. 33176-1031;
305-273-1589; fax: 305-274-4706
www.amirisk.com

Risk management systems since: 1985.

Software products:

■ CLAIMSYS.

Price: \$12,000.

System requirements: IBM-compatible PC system; operates in Windows.

Customization optional.

First installation: 1995.

Total installations: Four; all in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Three versions are available: workers comp, general/auto liability, dental/health. Claim file processing; management reports; first report of injury and other regulatory form requirements; integrated with scheduler; integrated notepad; mail merge/automatic letters; financial management reporting; safety management reporting; "as of" reporting; terminal security; loss development reporting (triangles); experience modification factor cir-

ulation. Optional modules include computer check generator; risk management cost allocation; policy tracking; litigation management reporting; vocational rehabilitation reporting.

User support: User groups/meetings*, onsite training*, telephone assistance nine hours per day*, software upgrades*.

Staff: Eight total, six professionals.

Clients: Two total, both in corporate risk management departments. Sold systems to one client in 1997.

Officers: Bob Ingco, president; Carie Ingco, vp.

Contact: Bob Ingco.

* Included in system price.

American Technical Services Inc.

28050 U.S. Highway 19 N.,
Suite 400, Clearwater, Fla. 33761
www.atrmis.com

Risk management systems since: 1986.

Software products:

■ ATS Comp for Windows.

Price: \$20,000 to \$45,000.

System requirements: IBM-compatible PC system; operates in Windows, Citrix Winframe.

Customization optional.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, life and health, employers liability, short- and long-term disability, ERISA.

Features: Standard report suites, diary, notepads with templates, transactional history drill down, legal tracking/reporting, autopay, check/voucher processing, HMO/PPO discounting, automated wage calculation (including recoveries/cola), dependent and vendor liens, vendor tables, auto diary and closure capabilities, processing scheduler, flexible policy formats, four-tiered help indices, trust fund reconciliation, OSHA tracking/reporting, partitioned data viewing, secure and audited system tables.

■ ATS MED for Windows.

Price: \$20,000 to \$45,000.

System requirements: IBM-compatible PC system; operates in Windows, Citrix Winframe.

Customization optional.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, ERISA, short- and long-term disability.

Features: Eligibility and enrollment, usual and customary/fee schedule bill repricing, ICD-9 coding, HMO/PPO discounting, diary, notepads, transactional history drill down, autopay, check/voucher processing, vendor tables, processing scheduler, flexible policy formats, three-tiered help indices, trust fund reconciliation, partitioned data viewing, secure and audited system tables.

■ ATS PAC for Windows.

Price: \$20,000 to \$45,000.

System requirements: IBM-compatible PC system; operates in Windows, Citrix Winframe.

Customization optional.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, D&O/E&O, fidelity, medical malpractice, crime, inland marine, personal lines.

Features: Standard report suites, automated diary and pend dates, notepads, transactional history drill down, legal tracking/reporting, loss/cause analysis, electronic forms packages, check/voucher processing, vendor tables, auto diary and closure capabilities, processing scheduler, flexible policy formats, four-tiered help indices, trust fund reconciliation, partitioned data viewing, secure and audited system tables.

First installation: 1987.

Total installations: 150; 100 in corporate risk management departments.

User support: User groups/meetings*, onsite training, telephone assistance 12 hours per day, database analyst support, Internet support, implementation support.

Staff: 16 total, 15 professionals.

Clients: 150 total, including 100 corporate risk management departments. Sold systems to 15 clients in 1997.

Branch offices: San Francisco.

1997 revenues: 5% from hardware sales, 80% from software sales, 20% from software services.

Officers: Cheryl Wing, president/CEO.

Contact: Cory Wilkinson, ext. 26 or George Moore, ext. 22.

* Included in system price.

Aon Risk Management Information

123 N. Wacker Drive,
Chicago, Ill. 60606;
312-701-4553; fax: 312-701-4564

Risk management systems since: 1970.

Parent: Aon Corp.

Software products:

■ Aon Omega.

Price: \$25,000.

System requirements: IBM-compatible PC system; operates in Windows.

Customization optional.

First installation: 1994.

Total installations: 65; 48 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Loss development; loss forecasting; loss prevention; policy tracking; reserve tracking; risk analysis; diary; notes; report generation, including more than 70 reports; online help; exposure tracking; multiple currency; password user privileges; data analysis; customized fields and codes. Optional modules include cost-of-risk allocation; bond tracking; certificate of insurance; loss triangles.

User support: Onsite training*, telephone assistance, custom report design, report distribution, outsourced RMIS consulting.

Staff: 29 total, 26 professionals.

Branch offices: San Francisco, Atlanta, Chicago, New York, Dallas.

Officers: Kathy Burns, senior vp; Steve Keogh, Terry Colburn, Tom Kane, Ann Ganti, vps.

Contact: Kathy Burns.

* Included in system price.

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Benefit Software Inc.

212 Cottage Grove Ave., Suite A,
Santa Barbara, Calif. 93101;
800-522-5265; fax: 805-568-0239
www.bsiweb.com

Risk management systems since: 1988.

Software products:

■ CompWatch.

Price: \$995.

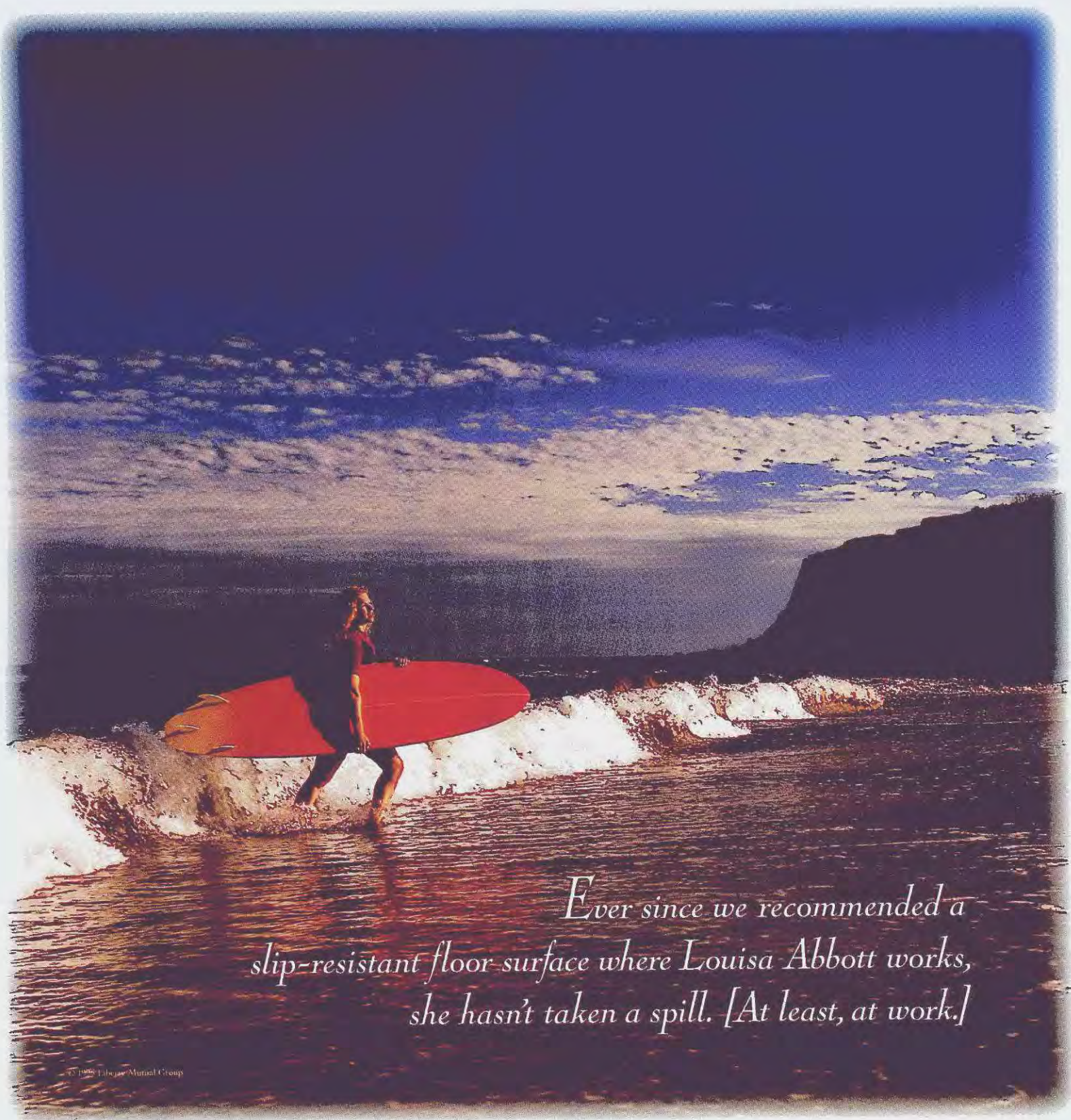
System requirements: IBM-compatible PC system; operates in DOS, Windows.

Continued on page 22

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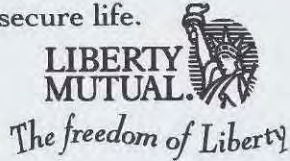


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Continued from page 20

Customization optional.
First installation: 1988.
Total installations: 1,500; 1,250 in corporate risk management departments.
Claims/coverages managed: Workers comp.
Features: Claims case management; incident reporting; OSHA log; first report of injury; loss prevention; loss trending; severity and frequency trending; unlimited notes; diary tickler; injury/summary graphs; red flag for claims with certain cost increase; repeaters report; electronic transmission of claims from field office to home office or TPA. Optional modules include claims import/export; employee database.
User support: Onsite training, telephone assistance eight hours per day*.
Staff: 17 total, nine professionals.
Clients: 1,000 total, including 950 corporate risk management departments. Sold systems to 400 clients in 1997.
1997 revenues: \$1,123,000 total. \$500,000 from risk management information systems sales and service, 60% from software sales, 40% from software services.
Officers: Larry Du Bois, president/CEO; Kim Rajala-Blood, vp-technical support; Richard Diamond, vp-programming.
Contact: Bill Bertha, director-sales.
 * Included in system price.

Blackburn Group Inc.
 Sibley Tower Building,
 Suite 1110, 25 Franklin St.,
 Rochester, N.Y. 14604;
 716-586-4530; fax: 716-586-7479
 www.blackburngroup.com
Risk management systems since: 1991.
Software products:
 ■ RiskPro.
Price: \$25,000.
System requirements: IBM-compatible PC system; operates in DOS, Windows.
Customization optional.
First installation: 1991
Total installations: 136 all in corporate risk management departments.
Claims/coverages managed: General liability, property, casualty, workers comp, auto, short- and long-term disability, health, life, employment practices liability.
Features: Multiline insurance policy administration; claim administration, loss development; loss forecasting; loss prevention; policy tracking; experience rating; reserve tracking; allocation of premium; risk analysis; self-insurance comparisons and analysis; loss trending; safety and loss control; incident reporting; standard and ad hoc report generation; data analysis; check processing; diary; litigation management. Optional modules include advanced network systems, including intranet and Internet applications; advanced imaging systems; custom

analysis; custom reporting.
User support: User groups/meetings*, onsite training*, telephone assistance 24 hours per day*, customized system manual.
Staff: 12 total, 11 professionals.
Clients: 186 total, all corporate risk management departments. Sold systems to 13 clients in 1997.
Officers: Robert J. Blackburn, managing principal.
Contact: Judith Magin.
 * Included in system price.



CertainCert L.L.C.
 150 E. Wilson Bridge Road, Suite
 300, Worthington, Ohio 43085;
 614-781-0954; fax: 614-781-0789
 www.certaincert.com
Risk management systems since: 1995.
Software products:
 ■ CertainCert.
System requirements: IBM-compatible PC system; operates in Windows, including Windows 95, NT.
Customization optional.
First installation: 1996.
Total installations: 100; all in corporate risk

management departments.
Claims/coverages managed: General liability, property, casualty, workers comp, auto, marine.
Features: Assists in managing and issuing certificates of insurance. Optional modules include incoming certificate management, outgoing certificate issuance and combination package.
User support: Onsite training, telephone assistance 10 hours per day, e-mail support, Web site support.
Staff: Six total, all professionals.
1997 revenues: Of revenues, 80% from software sales, 20% from software services.
Officers: Jim Smith, president; Wesley A. Herczeg, vp.
Contact: Wesley A. Herczeg.

CommCore Consulting Group
 888 17th St. N.W., Suite 1200,
 Washington, D.C. 20006;
 800-659-4177 or 202-659-4177;
 fax: 202-331-0679
 www.commcoringconsulting.com
Risk management systems since: 1995.
Software products:
 ■ Crisis Plan wRiter (CPR).
Price: \$1,200.
System requirements: IBM-compatible/network compatible PC system; operates in Windows.
Customization optional.
First installation: 1995.

Total installations: 100.
Claims/coverages managed: External/internal communications.
Features: Crisis plan creation, including issue identification, forms, crisis manuals and crisis plan creation.
User support: Onsite training, telephone assistance 24 hours per day*.
Officers: Andrew D. Gilman, president.
Contact: Emily Cohen, 212-213-7603.
 * Included in system price.

Control Software Group Inc.
 5918 Sharon Woods Blvd., Suite
 230, Columbus, Ohio 43229; 800-
 336-7475; fax: 614-882-5570
 www.sunline.net
Risk management systems since: 1986.
Software products:
 ■ Risk-Control Plus.
Price: \$595.
System requirements: IBM-compatible PC system; operates in DOS, Windows.
Customization optional.
First installation: 1988.
Total installations: 208.
Claims/coverages managed: Multiple database to track various exposures.
Features: Safety management software tracks

Continued on page 24

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Explanation of terms used in this directory

The 13th annual *Business Insurance Directory of Risk Management Information Systems* lists companies that provide and supply proprietary software products to corporations in response to their risk management needs.

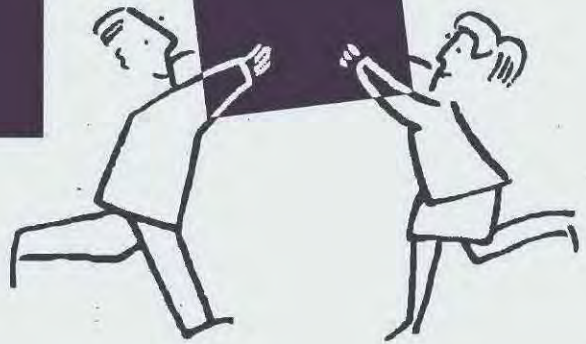
To be listed in the directory, an organization must complete and return a *BI* directory questionnaire. The directory is published as an editorial service; there is no charge for companies to be listed.

The listings are organized by company; each begins with the date the organization began offering risk management information systems and the name of the organization's parent company.

Information on specific software products follows. Included in the description for each product are the average price for a completely installed system and the type of hardware and the operating system needed. Customization options are noted when applicable. Also included are the year of the first installation, the total number of installations to date since the product's introduction and the total number of installations in corporate risk management departments. Next are the types of claims or coverages managed by the products and their risk management features.

After the product summaries, information on optional modules available is included. Types of user support and risk management system staff figures are provided next. The clients section details the total number of risk management system clients in 1997, the number of those clients that are in risk management departments and the number of new clients that purchased systems in 1997. Next are branch office locations, followed by 1997 gross revenues and the names and titles of principal officers. The name of the person to contact at the organization completes each listing.

Every attempt is made to publish complete and accurate listings; however, *BI* is unable to verify all information supplied by the companies.



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Continued from previous page

risk exposures and customizes databases for exposures tracked; user-defined custom reports; management, statistical and budget reports; OSHA 200 Log and 101 reports; data transfer between systems. Optional modules include workers comp first report of injury.

User support: Onsite training, telephone assistance*.

Staff: Six total, four professionals.

Contact: John P. Nippes, president.

* Free for first 90 days.

Corporate Systems Inc.

1200 Corporate Systems Center,
Amarillo, Texas 79102;
806-376-4223; fax: 806-376-4077
www.csedge.com

Risk management systems since: 1967.

Software products:

■ CS Knowledge.

System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Claims and bill repricing application, including querying, reporting and drill analysis; integration of data from multiple data sources; graphical representations of data; multidimensional analy-

sis; saves files with HTML extensions.

■ CS Knowledge Net.

System requirements: IBM-compatible PC system; operates in Windows; browser: Netscape 4.3 or higher or Internet Explorer 4.0 or higher.

First installation: 1998.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Browser-based, drag and drop analytical tool; tracks user access, query time, size of result sets returned; files saved with HTML extensions; security to protect transferred data.

■ CS + Managed Care.

System requirements: IBM-compatible PC system; operates in Windows. Mainframe utilizing both text and browser-based presentation. Online system.

Customization optional.

First installation: 1989.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Analysis of the quality, quantity, necessity and cost of medical service; adjudicates physician, hospital, pharmacy, and anesthesia bills for workers compensation and auto claims; automated application of appropriate state fee schedules; EDI-compliant for state reporting; supports transmission of medical bills for integration with managed care, PPO and claims payment systems.

■ CS TeleClaim.

System requirements: IBM-compatible PC system; operates in Windows. Macintosh presentation, utilizing both text and browser-based mainframe.

Online system.

Customization optional.

First installation: 1984.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, crime.

Features: Capture information for various types of loss reporting, bilingual operator service; state form production for all states; custom report production for property, liability, and crime claims; customer-specific account design; user-defined questions and codes; employee and vehicle demographic interface capabilities; single-point reporting and catastrophic loss protocols. Optional modules include interface with employee census and location coding database.

■ Claims Administration System.

System requirements: IBM-compatible PC system; operates in Windows. Mainframe utilizing both text and browser-based presentation. Online system.

Customization optional.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Administers and tracks claims for property/casualty lines including workers comp, auto liability, general liability and crime; graphical user interface.

■ Disability Claims Management System.

System requirements: IBM-compatible PC system; operates in Windows. Mainframe with both text and browser-based presentation. Online system.

Customization optional.

Claims/coverages managed: General liability,

property, casualty, workers comp, auto.

Features: Data-driven system to track all non-work-related injuries; benefit cost-containment solutions; short- and long-term disability administration in conjunction with workers comp; allows offsets, pre-tax adjustments, after-tax adjustments; calculation of federal and state taxes; online tax reporting.

■ PRISM for Windows.

System requirements: IBM-compatible PC system; operates in Windows. Mainframe AS/400.

Customization optional.

First installation: 1998.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Claims administration and tracking; custom-defined criteria, such as coverage, location, cost center hierarchy structures, nature of injury, body-part-injured codes; check processing; notes; diary; claim file management; vocational rehabilitation tracking; word processing; interface; policy management.

■ TeleClaim Net.

System requirements: IBM-compatible PC system; operates in Windows; browser: Netscape 4.0 or higher, Internet Explorer 4.0 or higher.

First installation: 1998.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, crime.

Features: Graphical user interface application for Internet or intranet reporting of casualty losses.

User support: User groups/meetings, onsite training, 450 total, 225 professional eight hours per day*.

Staff: 450 total, 225 professionals.

Clients: 275 total.

Branch offices: Lisle, Ill.

1997 revenues: \$42,600,000 total. \$42,600,000 from risk management information systems sales and service, 100% from software sales.

Officers: Johnny Mize, president/CEO; John Champlin, vp/COO; Michael Unruh, vp/CFO; Marco Sollosy, vp/chief information officer.

Contact: Carolina Cogdill, marketing manager, 806-377-3554.

* Included in system price.

Crawford Risk Sciences Group (RSG)

1900 E. Golf Road, Suite 700,
Schaumburg, Ill. 60173;
847-619-2525; fax: 847-619-0534
www.crawfordandcompany.com

Risk management systems since: 1978.

Parent: Crawford & Co.

Software products:

■ ParaRisk.

Price: \$75,000.

System requirements: IBM-compatible PC system; operates in Windows.

Customization optional.

First installation: 1994.

Total installations: 39; all in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto; all other lines of coverage accommodated.

Features: Claims administration, incident tracking, pre-claim and first report of injury, reserving, check writing, diary, notes and statements, multi-currency option, notes processing and spreadsheets, standard reports and graphs, ad hoc reporting, multi-entity location structure, data consolidation and integrity checking, data query tool. Optional modules include property and asset valuations, inspection location, certificates of insurance, 800 number call intake.

Clients: 39 total, all corporate risk management departments. Sold systems to four clients in 1997.

Branch offices: San Francisco; Atlanta; Chicago; Mahwah, N.J.

■ Sigma for Windows.

Price: \$50,000.

System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.

First installation: 1978.

Total installations: 295; all in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto; all other lines of coverage accommodated.

Features: Claims tracking, database query, adjuster notes, diary, Excel interface, risk analysis, loss development, loss triangles, loss control and safety reporting, financial summaries, ad hoc reporting, period-to-period comparisons, exposure-based reporting, claim entry/editing, flexible location structure, data consolidation and validity checking. Optional modules include cost of risk/premium allocation, loss forecasting, report packaging and distribution, customized applications, data interfaces.

User support: User groups/meetings*, onsite training*, telephone assistance eight hours per day*.

Clients: 295 total, all corporate risk management departments. Sold systems to 22 clients in 1997.

Branch offices: San Francisco; Atlanta; Chicago; Mahwah, N.J.; Dallas.

1997 revenues: \$17 million total. \$17 million from risk management information systems sales and service, 10% from software sales, 90% from software services.

Officers: Michael Saladino, managing director/senior vp.

Contact: Kenneth C. Ancona.

* Included in system price.



DORN Technology Group Inc.

38705 Seven Mile Road, Suite 450,
Livonia, Mich. 48075;
734-462-5800; fax: 734-462-5807
www.dom.com

Risk management systems since: 1984.

Software products:

■ RiskMaster/World.

Price: \$50,000.

System requirements: IBM-compatible PC system; operates in Windows, NT server. Online system.

Customization optional.

First installation: 1984.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Claims management; productivity management; adjuster/case management; funds management; data analysis/custom reporting; administrative tracking; policy management; litigation management; exposure management. Optional modules include general claims; sortmaster/WIN; data director system; riskmaster/WIN; vehicle accident; administrative tracking; workers compensation; event/incident; bill review system; data validation system.

User support: User groups/meetings*, onsite training*, telephone assistance 12.5 hours per day*, online support 24 hours per day*.

Staff: 46 total, 32 professionals.

Clients: 400 total. Sold systems to 82 clients in 1997.

Branch offices: Scottsdale, Ariz.; Tampa, Fla.; Livonia, Mich.

1997 revenues: \$8.4 million total. \$8.4 million from risk management information systems sales and service, 50% from software sales, 50% from software services.

Officers: Mark E. Dorn, president.

Contact: Ron Peterson.

* Included in system price.



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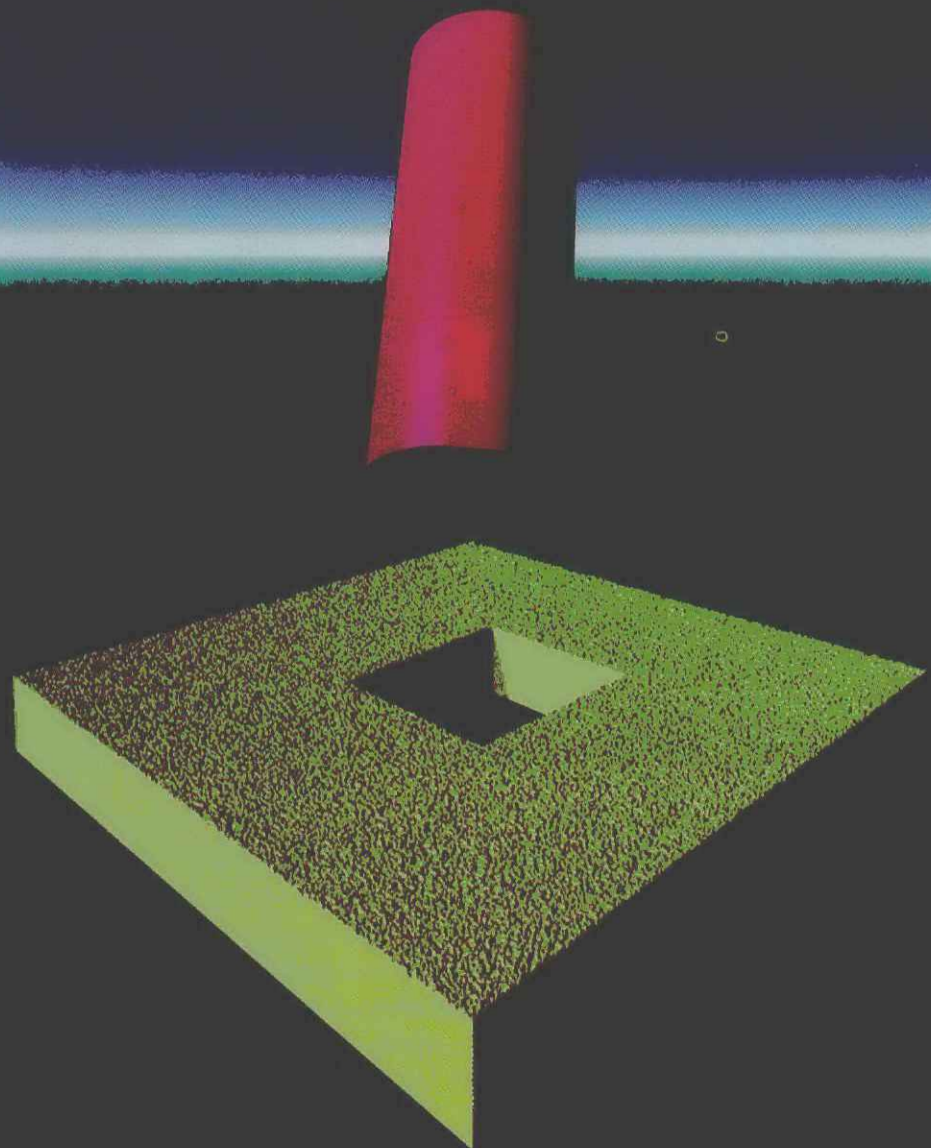
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Niche Marketing



Specializing to meet the needs of clients

Alternative market arrangements offer options to help smaller agents compete

By AMANDA MILLIGAN

For small and midsize agents, one defense against megabrokers and the soft market may be a good alternative market offense.

In the past, agents have shied away from alternative market opportunities for a variety of reasons, consultants and agents say. A lack of education on the alternative market

left many agents with the impression that it was only for the large brokers or was a facility for bad risks.

But, as insurers look to the Internet, direct mail and banks as potential distribution channels beyond the hometown agent, agents must become aggressive or risk losing business, said Rob Ekern, president of Phoenix-based agency consulting firm C.R. Ekern & Co.

"Agents are saying, 'If you're going to experiment with the differ-

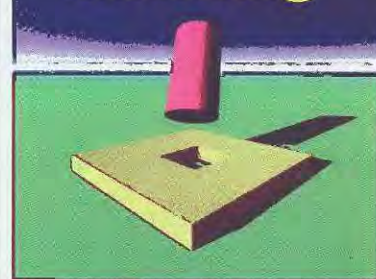
ent distribution methods, then maybe we should experiment with the risk financing mechanisms,'" said Mr. Ekern. "Everybody is out there chasing a shrinking dollar."

Some of the standard alternative market products, such as integrated risk management programs, portfolio transfers and finite risk insurance, are not available to the smaller agents, said Gregory Berg, national practice leader for consultative placement services for Tillinghast-

Towers Perrin in Hartford, Conn. Obstacles for small and midsize agents include a lack of education about these products and not having the staff resources to handle these types of business.

Additionally, many of the large brokers are setting up branch offices in midsize markets where agents traditionally have not had to worry about competition from them, Mr. Berg said. This trend has led some insurers to set up ways to protect the

Niche Marketing



regional agent.

"A lot of these carriers are sort of scrambling to help these agents hold on to their accounts," he said, and forming rent-a-captives and self-insured retentions could be a way for small and midsize agents to participate in the alternative market.

Thomas Flynn, executive vp of J.W. Flynn Co., an Indianapolis-based agency, said he views the alternative market as part of an evolution of offering a wider array of insurance products. "The sheer momentum of how much of the common marketplace is in the alternative market—agents need to be aware of opportunities to their clients and take advantage of it."

One way for agents to take advantage of alternative market opportunities is to find several partners and pool their expertise. This helps foster education that agents need to compete successfully in the alternative market, experts say.

"I think education is still an important key for agents," said Madelyn Flannagan, manager of information services for the Alexandria, Va.-based Independent Insurance Agents of America Inc.

An example of agencies working together in the alternative market is the partnership of 200 agencies affiliated with Group 500, a division of Los Angeles-based Insurance Marketing & Management Services. IMMS owns six captives and plans to become involved in five more captives in the next year, said George Nordhaus, chairman of Group 500 and IMMS. Two of the larger captives are domiciled in the Cayman Islands.

In some captive arrangements, the agent stands to gain more by placing the business in the captive rather than in the traditional market, Mr. Nordhaus said. This is because most captive risks are financed through multiyear contracts, and therefore the agent saves money and time on fewer renewals.

"It's a huge potential gain if the business is good," he said. "The agent's not having to defend (the risk) every day against the guy down the street."

In January 1996, E.K. McConkey & Co. Inc., an agency based in York, Pa., decided to join one of Group 500's captives after losing a couple of accounts to captives. By joining the network of agents, the agency was able to offer workers compensation coverage, general liability and auto policies through the captive, said Steve Buterbaugh, alternative marketing manager. "The best way

Continued on next page

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Finding, creatively meeting market needs will determine winners in the long run

By Kimberly Paterson

A/BT Perspective

THE INSURANCE INDUSTRY is steeped in competition, and relief is nowhere in sight. Yet even with the adverse business conditions and immeasurable pressures of today's market, the opportunity exists for agents and brokers to flourish.

One way they can do so is by adopting a creative approach to developing and delivering products and services.

All too often in insurance, creativity means fitting a risk into a class where it isn't traditionally written or finding a way to write an account at a lower price.

But these solutions are temporary at best. The long-term answer—and, ultimately, what will distinguish the winners from the also-rans—is the ability to identify real market needs and find creative ways of meeting them.

Examples of this abound in other industries. In a good business hotel, for example, every aspect of the service delivered is based on an acute knowledge of

business travelers' needs and a commitment to fulfilling them.

Because the hotel knows I don't have time to wait in line in the morning, I can check out via the TV in my room. (Imagine the looks that went around the room when some brave employee first made that suggestion.) What's more, if I have a fax to send or need an extra phone line for my

See **Creativity** on next page

Continued from previous page

for an agent to get involved is to become involved with an established captive."

Once clients go into a captive arrangement, they seldom leave, said George Rusu, president of Captive Resources Inc., a captive management company based in Schaumburg, Ill.

When a group of agencies forms a captive, the agents take on some risk but stand to make a profit by pooling their "better" risks. Because of the soft market, commissions paid by insurers may be reduced, and placing more business into a captive gives the agent more opportunity to profit on the business, Mr. Rusu said.

Ironically, the trend in captive formations originally began as a way to counterbalance the hard market of the mid-1980s, experts noted, when capacity was more important than pricing.

For Rick Davis, the decision to enter the alternative market in 1993 "was really crisis-driven." Mr. Davis, president of Needham, Mass.-based Provider Insurance Group Inc., said he believed there were better ways to offer workers compensation coverage than what he found available in the traditional market.

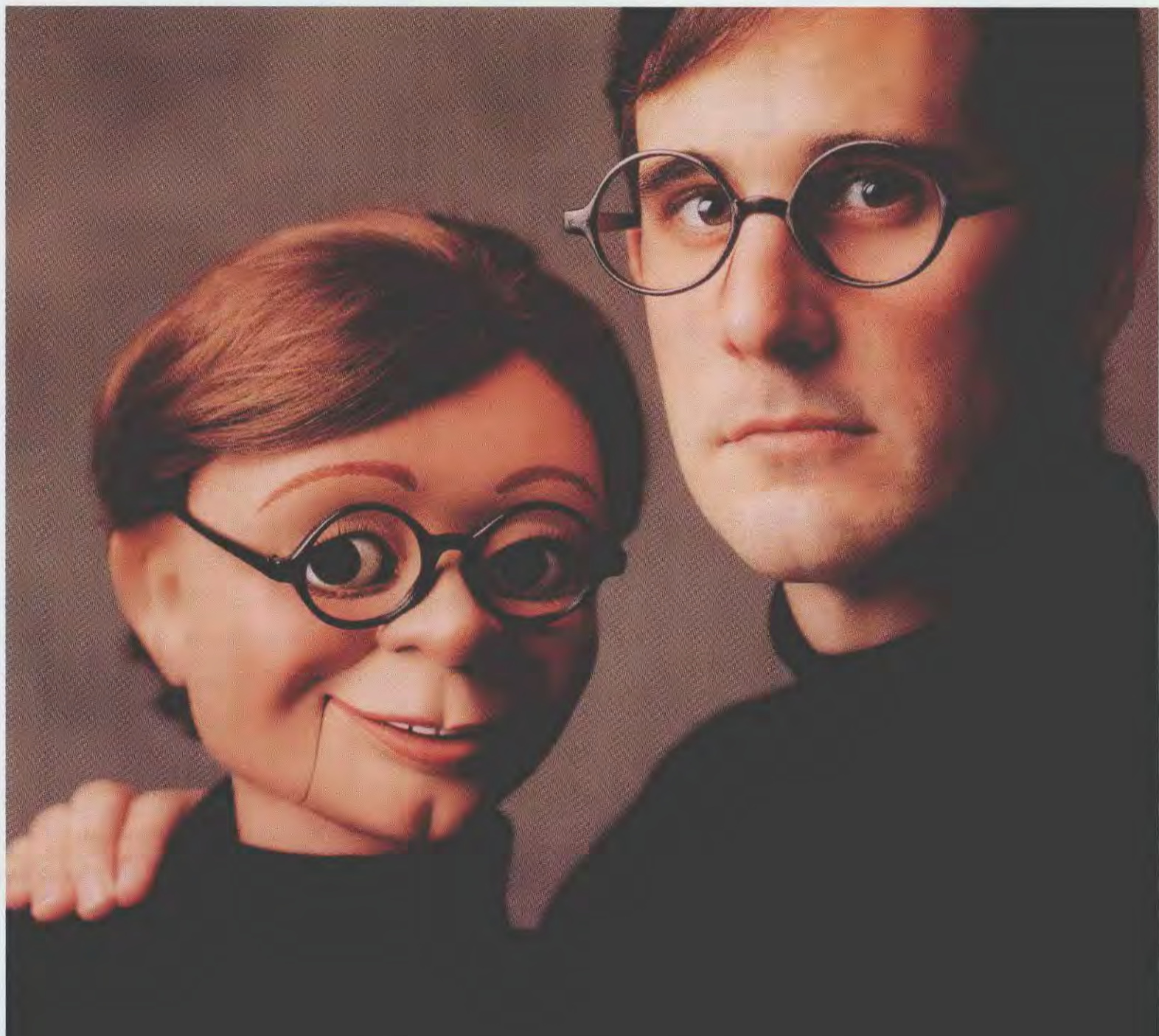
Now, 150 Massachusetts agents can sell workers comp coverage in Massachusetts through two subsidiaries of the Meadowbrook Insurance Group. A percentage of this business is ceded to a Bermuda-based reinsurer, Minuteman Insurance Co. Ltd., that a group of the Massachusetts agents owns. Mr. Davis said this arrangement gives the group of agents more risk control.

Mr. Davis' advice to agents wanting to become involved in similar alternative arrangements is to be careful of "being asked to wear two hats," one of broker and the other of insurer. "The two don't mix at all times."

Agents are taught to be good sellers, Mr. Davis said, but that doesn't mean they will succeed in the more entrepreneurial role of making sure the risk they are insuring is profitable. Agents that want to set up alternative market arrangements should make sure to have enough partners so that the program can get off the ground. But they should take care to ensure selected agents have similar underwriting philosophies, Mr. Davis warned. He also said it is important to respect the long-term goals of the alternative program and to be careful not to let a desire for short-term growth undermine them.

Mr. Ekern also urged a thorough investigation into whom the key players of an alternative market opportunity are to guarantee legitimacy of the arrangement and stability of the coverage. Additionally, he said to make sure client services such as loss control can be administered by the alternative arrangement.

In general, "For agents and brokers to get into this marketplace consistently, they really need to broaden their horizons. It goes well beyond selling an insurance policy," Mr. Ekern said. **BI**



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Creativity

Continued from previous page
modem, my room is probably equipped appropriately. If not, the hotel's business center surely has what I need.

Now, contrast that to the insurance industry. In the 20 years I've been buying business insurance, the four major insurers I deal with—and they're all household names—have done little to improve their products and services from a customer perspective.

As it was two decades ago, billing remains a hassle. Not only are

statements difficult to read but if I have a change on my policy, it can take months to get the billing straightened out.

A small organization that can't afford a full-time product developer should create a process to bring out the creative side of its staff.

What's more, every year at renewal, I have to fight with companies to prove our

subcontractors are independent businesspeople and not employees of our firm. I fill out the same forms for the same people and submit them to the same companies each year. It's as if they have no prior knowledge of me or my business.

Aside from these "service" issues, the companies that insure my business have done so with basically the same products for 20 years. They've made minor changes in policy wording—usually new exclusions—but nothing that represents a real improvement in terms of products and services. To me, that would be like checking into a business hotel and finding your room outfitted with a black-

and-white TV and rotary-dial phone.

As more and more banks, investment firms and other outsiders get their hands in the insurance pie, it's inevitable that someone is going to turn the industry upside down. So the challenge facing the industry is to beat them to the punch.

To do that, insurers, agents and brokers need to focus on and nurture creativity in their organizations. Here are some ways to do that.

Make a commitment to product development

Creating products and services that fill a real need in the marketplace requires a steadfast commitment to product development. Yet, all too often, product development isn't anyone's primary job. Usually, it's a secondary responsibility at best. When that's the case, product development doesn't get the attention it deserves, and little or no ground is gained in terms of creating new products that fill a void.

One way to gain ground, however, is by giving product development responsibilities to people who aren't bogged down by insurance tradition. People who don't know "how it's always been done." People who don't simply rely on other companies' filings as their sole inspiration for new products. Often, these individuals are a source of fresh thinking and new ideas that lead to innovative products and services.

Hire creative talent

The industry needs to start hiring creative people to breathe new life into the product development process. People who have different skills than those of the typical industry insider.

For example, most agency personnel are focused on expanding their sales skills and getting the technical training they need to properly advise their clients.

With that in mind, large agencies and brokerage firms might want to consider hiring individuals with proven product development skills.

A small organization that can't afford a full-time product developer should create an internal process that helps bring out the creative side of its existing staff. For example, it's possible to teach effective brainstorming techniques that can help people come up with creative ideas and concepts.

Provide an environment that lets creativity flourish

Agents and brokers that consistently come up with fresh, creative products do so, in part, because their workplaces facilitate creative thinking.

At these places, top management

develops and demonstrates a creative attitude that is reinforced throughout their organizations. They encourage risk-taking and never frown upon people who put new ideas on the table.

When you're trying to establish a creative atmosphere, one concept that's especially effective is to outlaw what I refer to as "bazookas," otherwise known as "idea killers."

Whether it's with a comment, a joke or body language, bazookas are people who always seem to be saying, "We can't do that" or "We tried that" the moment someone comes up with a new idea. Their actions can totally shut down the creative process. I highly recommend mandating zero tolerance of their type.

Use a brainstorming process

At creative services companies, brainstorming is a carefully structured, planned process that's designed to generate the best possible results. It's not just a group of people sitting around a table discussing the issues.

Who attends the session is a key concern. To get fresh thinking and creativity, invite people from other areas of the company who have responsibilities unrelated to the specific task at hand.

If you're brainstorming for solutions to a marketing problem, don't invite only the people who've traditionally handled your marketing efforts. While you want a few people who know marketing well, you also want several who don't, because they won't be encumbered by past experiences or preconceived notions.

As far as how many people to include, we always try to involve from eight to 12 people. In our experience, a dozen or so people is a large enough group to generate numerous ideas, yet it's also small enough to get good interaction among everyone in the room.

As the session progresses, the goal is to come up with as many ideas as possible. There are a few tricks of the trade you can use to keep the stream of ideas flowing.

Make sure you've got the right resources and stimuli in the room. For example, as the ideas start to dry up, display an essential fact, figure or trend that is affecting your business and customers. Post it in a place where everyone can see it, then discuss it for a few moments. When things get slow again, post another fact and talk about it for a while. This is a process that should bring out new ideas as long as there are facts, figures and trends to post.

Sometimes taking a few steps away from the insurance industry can help you see things in a new light. For example, make use of analogies from other industries. Consider how automakers solve product development problems, or think about how Nike would address a particular market need.

Later on, when the new ideas are really getting thin, try introducing completely unrelated thoughts to

See **Creativity** on next page

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Survey finds wide range in producer compensation

By SALLY ROBERTS

The average insurance agency owner pulled in \$133,092 in salary and bonus in 1997, and the average experienced producer made \$47,556, according to a new survey.

Business Management Group, the insurance agency consulting unit of The Hartford, polled just under 500 insurance agency owners all over the United States for its first-ever

owner and producer compensation survey. The survey responses are categorized by region and 1997 total agency revenue, ranging from the smallest—\$500,000 and less—to the largest—\$5 million and more.

Because this is the first time the survey was conducted, no comparable compensation information is available.

However, the survey was meant to be a tool to allow agencies to "get an idea of what their peers are doing," said Kathleen Young, a BMG vp and one of the authors of

the survey. "Agencies are in competition for producers," she said. They are either hiring producers away from other agencies or they are bringing in new producers. In either case, agencies compete in terms of the compensation packages they offer, she said.

The survey showed that agency size, location and profitability all affect compensation levels. For example, while the average owner made \$133,092 in 1997, agency owners in urban locations made \$163,053, or 22.5% more than

the average; while agency owners in suburban locations made \$109,222, or 18% less.

Furthermore, average compensation was found to be the highest in the Great Lakes, Mid-Atlantic and North Central regions and the lowest in the Southeast.

The survey also found that 65% of the respondents indicated that the value of an owner's book of business and his or her percentage of ownership are the most important considerations in determining salary levels. Other considerations include

management responsibilities, job description/ title and length of time with the agency.

Forty-three percent of the surveyed agencies pay new producers differently from seasoned producers. Experienced producers are typically paid straight commissions, even when they are hired as new employees because they generally bring books of business with them, the survey said.

The median compensation for a new, inexperienced producer sell-
See **Survey** on next page

Creativity

Continued from previous page
free your mind. Ask people to describe their favorite movie scene, for example. Once everyone has taken a turn, try to connect the scenes to the task at hand. Although this technique may seem a little bizarre at first, it has stimulated more than a few unique product ideas through the years.

Whatever happens in a brainstorming session, it's essential to completely suspend judgment on any of the thoughts and ideas presented until a later time. Here again, it's the no-tolerance-for-bazookas concept.

While a careful and thoughtful evaluation process is critical, the initial brainstorming session is not the time or place for it. The challenge in a brainstorming session is to get as many ideas as possible on the table, no matter how far-fetched or off-the-wall they may be. Tell participants that idea killers and negative comments have no place in a brainstorm, and be sure to enforce that rule.

Conclusion

Finally, your ability to generate products and services that benefit from creative thinking ultimately stems from management's commitment to the creative process. Management that has a tendency to play the bazooka role sends a signal that can completely squelch creativity throughout the company.

On the other hand, demonstrating a top-down commitment to creativity and showing that it's part of your organization's daily approach to the business will help foster the consistent development of creative products and services. **B1**

Kimberly Paterson is president of Creative Insurance Marketing Co., a Red Bank, N.J.-based consulting firm that specializes in insurance industry issues.



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Survey

Continued from previous page
 ing commercial lines products was \$30,000 in 1997, according to the survey. Thirty-one percent of the agencies expect these employees to validate their salaries—achieve production expectations—within 36 months; 17% expect validation within 24 months; and 13% expect validation within 12 months. Production expectations for new, inexperienced producers vary by agency size but range between \$30,000 and \$50,000 a year. The average compensation for

experienced producers with books of business in 1997 was \$47,556, the survey found. The level of compensation is directly related to agency size, with the smallest agencies averaging \$22,932 per producer and the largest agencies averaging \$73,164 per producer.

Because finding and recruiting new producers is a difficult task for agency owners today, BMG asked the survey respondents to rate the sources that they have used to find and hire new producers.

According to the survey, agencies most often find good producers by hiring them away from other agencies.

"For this reason, it is in the best interest of agency owners to compensate their producers well and offer the opportunity for experienced producers to build some asset value for their retirement in exchange for a long-term commitment to the agency," the survey said.

The second source most often used is in-house advertising, the survey respondents said. BMG said in the survey that because many agencies are requiring customer service representatives and account managers to sell as well as service accounts, many are eager to move into producer roles.

The remaining six sources to

find new producers, as ranked in order by the respondents, are: other insurance sources; insurance companies; community or industry networking groups or associations; recent graduates; other industries; and employment agencies.

Among the survey's other findings:

- Sixty-one percent of the agencies are not planning on increasing owner salaries in 1998, and 53% are not planning to increase non-owner producer salaries.

According to BMG, this finding was consistent with the trend toward lower profits and the notion that many agencies are attempting to hold salaries at current levels or award small cost-of-living raises in order to remain profitable.

- The average management fee paid to agency owners was \$49,417, though it varied from \$5,000 to \$400,000. The survey points out that the wide variation is due to the amount of time owners spend on management duties.

- To calculate bonuses for agency owners, 30% of the respondents said that agency profit was the most important consideration, and another 30% said percentage of ownership was most important. Eighteen percent said

that personal production was the leading determining factor, while 10% said agency growth and 2% said management contribution.

- Depending on the size of the agency, for medium to large commercial accounts, producers received, on average, commissions ranging from 32% to 44% for new business and between 29% to 35% for renewals. On small commercial accounts, producers received between 30% to 43% for new business and between 29% and 36% for renewal business.

BMG did not define what constituted a large, medium or small commercial account.

- While producers generally want some type of ownership in their agencies, very few agencies offer stock options or have established employee stock ownership plans. Of the agencies that do offer ESOPs, most are agencies that generate more than \$5 million in annual revenues. However, only 9% of the agencies with more than \$5 million in annual revenues offer such plans.

Copies of the BMG 1998 Owner & Producer Compensation Survey are available from BMG for \$80 each plus shipping and handling. For more information, call Kathleen Young at 800-772-0208.

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Family-owned broker celebrates 100 years as an independent

Byrne, Byrne & Co.'s client-centered focus has paid off for four generations

By RICHARD TROUT

Ever wonder whether it's possible for a company to survive without making any mergers or acquisitions and while ignoring market doctrine such as economies of scale and downsizing?

It is. One company has been doing it for 100 years.

Byrne, Byrne & Co., a Chicago-based insurance broker and consultant, this year is modestly celebrating its 100th anniversary and its 100th year without a single buyout, merger or acquisition.

"We have not lost or distorted our identity by acquisition, merger or expansion into services other than insurance coverages," said 83-year-old Richard Byrne, chairman emeritus of Byrne.

In this David vs. Goliath environment, Byrne is thriving with only 17 employees. Indeed, "since 1939, all years except three have shown an increase in agency income... Even 1998 will show an 8% increase," said Mr. Byrne.

How do they do it?
 "Treating the clients properly," said Chairman and President Stephen Byrne, who is Richard

Byrne's fourth child. A client-centered approach has led to an enormous number of referrals over the years, Stephen Byrne said. "That is how we survive. Frankly, it's referral business."

The firm was started in 1898 by a single broker, Thomas J. Byrne, who was soon joined by his father, William, and his brother Frank. Richard, the son of Frank Byrne, saw his own son Stephen enter the firm in 1970, two weeks after his college graduation. Daniel Byrne, the youngest of Richard's seven children, joined in 1985 after serving as area manager in Philadelphia for Washington National Insurance Co.

Treating the client properly, according to the Byrnes, entails being committed to the client and sharing their brokerage knowledge and expertise in face-to-face encounters.

"We have a somewhat unique and rather hands-on approach with our clients," Stephen Byrne said. "Once we get a client, they typically stay with a Byrne for as long as we keep that client. We don't give it to an account rep or a customer service rep," he said. The broker has some substantial

See Byrne on next page

Byrne

Continued from previous page

accounts, and if the Byrnes were to turn over some of that business to someone else, "I don't think we would be as successful as we are," Stephen Byrne said.

"In a nutshell, it's a principle of the agency to retain control of the account—forever," he said.

Daniel Byrne, executive vp, said most of the new business the company picks up consists of clients who are rejecting the lack of hands-on service at bigger brokerages.

"There's a third-string guy at the larger house handling the account, and then when they drop down to our size shop, they're going to get a first-string guy handling it," he said.

Although intense competition hasn't compelled Byrne to change its fundamental structure, it nevertheless remains a pervasive influence.

During Stephen Byrne's 28-year tenure, serving the customer hasn't been easy. Competition has made growth the primary factor in the company's survival, he said. "You have to scratch and claw and continually prove yourself" to the buyer, he said. The company's job is constantly suggesting ways to reduce the client's exposures, losses or premiums. "You have to show the buyer that you can give him something that he's not going to get somewhere else," he said.

"Or that he can't do himself," added Daniel Byrne.

Like an investor who succeeds through a diversified portfolio, Byrne, Byrne & Co. is a lesson in asset allocation. The broker's longevity is partially the result of a gentle balancing act: an older, more conservative generation of Byrnes gradually passing the torch to a younger, risk-taking set.

As both Stephen and Daniel Byrne observed, each generation complements the other. In the past few months, the broker has brought in three experienced individuals with their own books of business, Stephen Byrne said. "We're, in effect, buying their business as they go along and providing them with markets that they wouldn't have on their own, or didn't have from where they came from," he said.

The broker is also looking to younger agents, said Daniel Byrne. "We financed a guy last year who doesn't have a block (of business), to see what he could conjure up out there," he said.

And, based on the eldest Byrne's observations, those newer agents have some heavy-duty role models. "If we are unique... it is that we work at a high level of education and experience," Richard Byrne said. "Most of the producers and the principal marketing people are officers and stockholders," he said.

The company's more recent success is due to an awareness of the balancing between the old guard and the new. "From what I've seen over the past 15 years, we're going through a transformation now with a new generation of ownership," Daniel Byrne said. "I think the gen-

eration that owns the business now has a more vested interest in aggressive growth" from the standpoint of bringing in new blocks of business and new producers, he said.

In addition, the broker has taken advantage of vigorous markets, such as health care. "The premium growth in the last five years is largely due to group life, long-term disability and medical premiums, both with buyers of our services on property and casualty and new clients who only need help in plan design and marketing," said Richard Byrne.

Despite fluctuations within the insurance market, all three Byrnes agree that the broker will not stray from its classic business approach.

"We try to be educated, informed and concentrated on all commercial converges, resisting the boutique idea and maintaining our posture as an all-line broker consulting facility," Richard Byrne explained.

And while the broker handled some very large accounts in the past, it found those cumbersome and difficult to manage, Stephen Byrne said. Thus, Byrne will continue to specialize in the middle market. Despite its small size, the broker has access to any insurer, he emphasized. Byrne, Byrne & Co. had more than \$2 million in gross revenues in 1997.

Although the broker has turned down several offers in the past, Stephen Byrne said the company

hasn't taken a stance against merging or even a buyout. However, while growth is important, the family wants to retain control of the company for as long as possible, he said.

"But if somebody wants to offer us 10 times our revenue, we'll seriously consider it," he quipped.

If that were to happen, Byrne, Byrne & Co. would have many disappointed clients and business associates.

Both Steve and Dan "are really great to work with," said Terry Duff, secretary/treasurer and controller with Lombard, Ill.-based Schermerhorn Bros. Co., a binding products wholesaler that is even older than its

broker. "I get calls every week from insurance people trying to get our business, but I don't even entertain their quotes," Mr. Duff said. "The Byrnes are very personable guys, and I believe in their honesty and integrity."

And, based on the savings Byrne has afforded its clients, it appears that nice guys don't necessarily finish last.

Schermerhorn, for example, had so many retirees in its medical program that it was very difficult to find coverage. Several years ago, the broker suggested the company use separate policies for the retirees and current employees to reduce its medical

See Byrne on next page



The advertisement features a central graphic with a stylized key and a pair of glasses. The word "Frontier" is written in a large, bold, italicized font, with "IS" below it in a very large, bold, sans-serif font. Below "IS" is the phrase "specialty insurance" in a bold, sans-serif font. The entire graphic is framed by a double-line border. At the bottom, there is a call to action and contact information.

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Byrne

Continued from previous page expenses. Once the coverages were separated, Schermerhorn was better able to shop around for its current employees' medical coverage and significantly reduce its health care expenses.

Byrne, Byrne & Co. also made a significant difference at Des Plaines, Ill.-based Schnadig Corp., said John Podczewski, vp-finance and chief financial officer. About five years ago, the furniture manufacturer's workers compensation costs were soaring. Following Richard Byrne's suggestion, Schnadig revamped its workers comp program, which included developing a formal safety program at each of its five manufacturing sites and hiring a new workers comp insurer and administrator.

Previously, safety was not a big issue at Schnadig, but Byrne made it a part of the company's everyday concerns, Mr. Podczewski said. "Our current workers comp costs are 15% of where they were in 1991, a seven-figure savings," he said.

The Byrnes are "truly interested in our well-being and not here to line their pockets," said Don Belgrad, Schnadig's chairman and chief executive officer. "Dick had nothing to gain from our comprehensive approach to workers comp."

"The thing I like about Dan is he's always aggressive with the insurance companies," said Jeffrey Rosolio, vp-human resources with e.spire Communications Inc., an integrated communications provider based in Annapolis Junction, Md.

"Dan always puts the customer first. He shops our insurance every year to make sure we've got the best deal and to keep the incumbent honest," said Mr. Rosolio.

Unlike other brokers that use a skeleton crew to simply churn out insurance contracts, Byrne has "a large staff of people who really understand benefits business, as well as the insurance industry, so they're a really good resource for us to turn to," he said.

"They're a very nice group of people to work with," said Michael Klingenberg, vp and chief financial officer with Spring Grove, Ill.-based

Scot Forge & Co., a manufacturer of open-dye and rolled-ring forgings for heavy equipment industries. "They've taken the time to learn our business and work with us as business partners."

Working with Byrne has helped Scot Forge & Co. minimize its costs while protecting against catastrophic losses, Mr. Klingenberg said. The broker's people promote insurance products where they think such products are necessary but understand that Scot Forge & Co. prefers to take risks in areas it thinks may be better to self-insure.

The broker's style of working on a consulting basis has been key to its success with his company, said Mr. Klingenberg. "They take the time to not only know our business but to help explain and help us understand the insurance products we're dealing with," he said.

ENESCO Corp., a giftware and collectibles company based in Itasca, Ill., has been using Byrne as its group benefits and workers compensation broker for about 15 years, said Patrick Gebhardt, treasurer for ENESCO. "One of the things that I like most about them is they're really, really helpful on the service end

of the business," he said.

"I started working with Dick, and he is really a wealth of knowledge," Mr. Gebhardt said.

"He's been around for a lot of years, and he really knows the insurance business," Mr. Gebhardt said.

Byrne has significantly reduced ENESCO's premiums, according to Mr. Gebhardt.

"We had some runaway claims experience in our warehouse, and also problems with clerical staff having carpal tunnel, and they've been able to step in with assistance from the outside," as well as Byrne's own expertise, he said.

Keeping the business in the family is important for the Byrnes. Richard Byrne has worked 52 years for Byrne, Byrne & Co. and still regularly goes to the office at the age of 83.

For anyone who might not understand why the Byrnes want to remain independent, Stephen Byrne has a simple answer: "We like working for ourselves," he said. "Who wants to take orders from somebody else?"

"The autonomy is wonderful," he said. **BI**

Virtual courses offer new option

By RICHARD TROUT

Career advancement for some insurance professionals has just gotten a little easier.

The American Institute for CPCU and the Insurance Institute of America this fall started offering two classes over the Internet on a pilot basis, providing a wealth of opportunity for people who have deferred pursuing education and advanced degrees, perhaps because of their location, demanding work and travel schedules, and family obligations.

The online classes aren't meant to replace the classroom versions of 60 or so courses, but they instead will provide an alternative for people who find it difficult to attend classes, according to the Malvern, Pa.-based institutes.

The courses being offered online are INS 22, personal insurance, which is part of a three-course program in general insurance; and CPCU 9, economics, which is part of the 10-course CPCU designation program. Eighteen students are enrolled in each online course.

If the pilot program is successful, the institutes plan to offer the same two online courses in the spring, along with INS 23, commercial insurance, and CPCU 6, the legal environment of insurance.

The institutes decided to go online with the two courses for several reasons.

In an increasingly Internet-savvy world, the institutes felt some pressure to compete with colleges, universities and other educational organizations that provide classes or even entire programs online, said Ken Dauscher, the AICPCU's vp of educational services.

Also, while a class using the formal structure may be canceled for a lack of registered students, an "Internet class can pull students together from all over the country," making cancellation unlikely, Mr. Dauscher said.

And in the past five to eight years, the ratio of students studying independently vs. taking formal classes has changed dramatically in favor of independent study, he said. "Increasingly, it's because people feel they're working longer and harder, and they don't want to commit to a special time and a special place. So they go with independent study because it's more flexible."

A telemarketing survey also showed high interest in Internet classes.

Independent study through the
See Courses on page 24J



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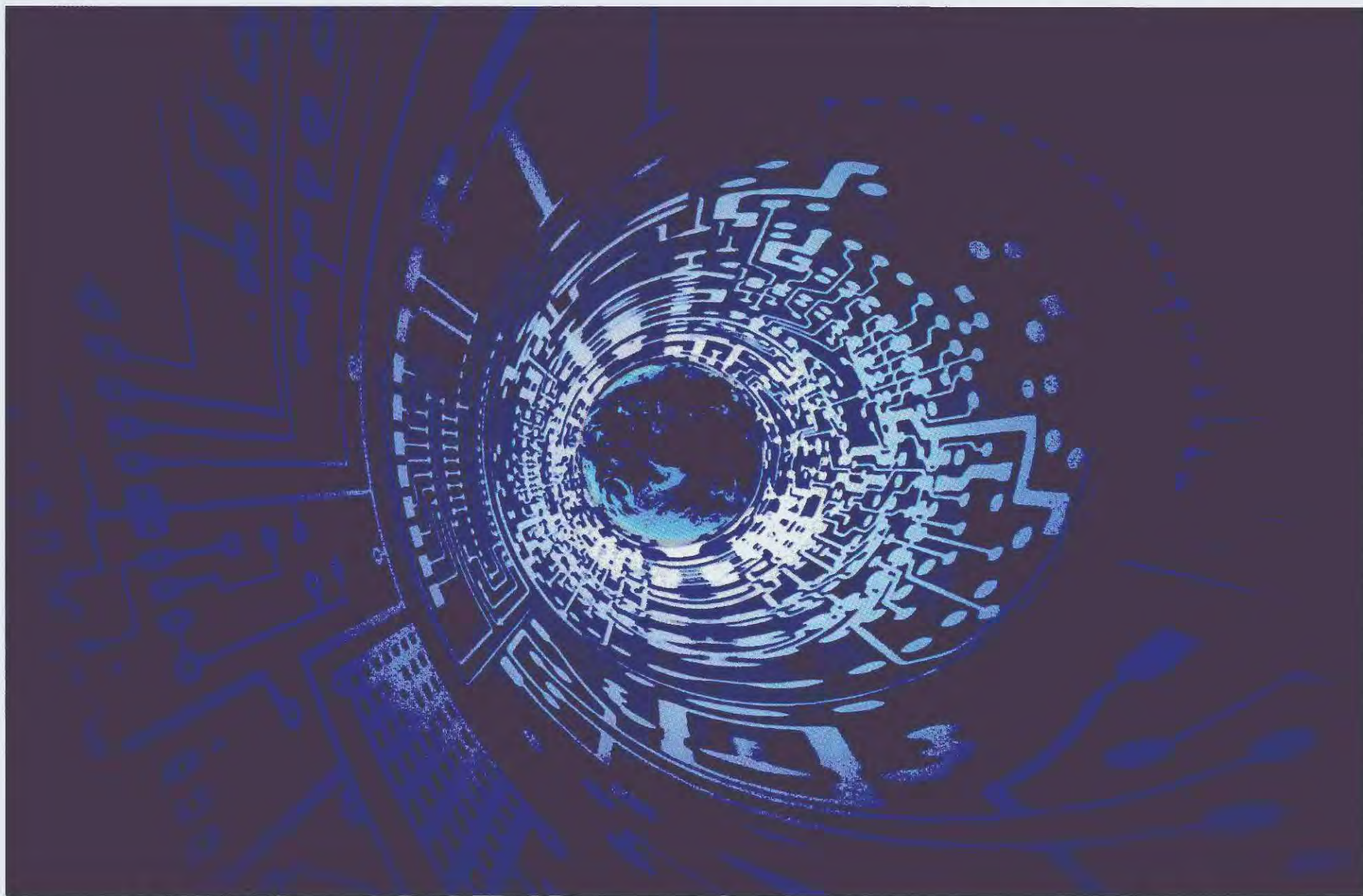
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Courses

Continued from page 24H

Internet offers even more flexibility and enhances learning by providing an environment where students can receive feedback from their instructors and other students. This helps those students with "learning principles or concepts or knowing if they've mastered the material," Mr. Dauscher said.

The advantage of immediate feedback is readily apparent after teaching the CPCU for only one week, said Jim Sherlock, a principal consultant in the training department at CIGNA Property & Casualty in Philadelphia. Mr. Sherlock, who has been teaching CPCU courses in the classroom for 15 years, is the CPCU 9 instructor.

"You have access to the teacher every day, and that's something I didn't have in the traditional classes. . . . If you have a question while you're reading the book, you can just get into the Internet and post a message for me," he said.

Because he responds to his e-mail every night, Mr. Sherlock said access to the instructor is probably better in the virtual classroom than in a traditional classroom. "With this course, I

just take my laptop with me. I could be anywhere in the country and just plug in and I'm in the classroom," he said.

Students taking the online classes first must go into the institutes' World Wide Web site at www.aicpcu.org. From there, the students use a password to log into a special class site that contains three sections where the students and instructor communicate. The "assignments" section has the textbook reading assignment and questions for the coming week, the "course work" section has the exercises in addition to the textbook assignment, and the "discussion" section provides a forum where students post answers to assignments and respond to other students' answers.

The virtual class brings more participation, said Mr. Sherlock. "With this, you can't not participate," he said.

Traditional classrooms may have passive students who don't get involved in the discussion despite instructors' techniques to try to get them involved. "Here, you got an assignment, you have something specific you have to do. And the way the class is structured, other students are depending on you getting your work done. So, it's a little motivating in that regard."

Indeed, Mr. Sherlock has found

that typically some students have trouble even making it to a traditional class because of other obligations and time constraints. An online class, however, "allows people to sit down and attend the class when it's convenient for them, rather than when it's convenient for me," he said.

However, building social ties on the Internet is no easy task, admits Mr. Dauscher. "The challenges are many because you do have to try to establish a sense of community on the Internet with the students in the class. You have to get them to communicate with each other as well as with the instructor. But it can be done, and it can be done effectively," he said.

Mr. Dauscher added that the institutes expect students will go into the class site at least three times a week to read what's been posted and to add to the discussion.

Another advantage to online learning is that it sharpens the students' writing skills. The writing-intensive nature of the online class is conducive to the writing-intensive CPCU exams, Mr. Sherlock said. "The CPCU exams are written exams, and a course like this is all writing," he said. "We're sitting down and we're writing our ideas out, and that's the structure of the CPCU exam. People get a problem, and they have to write an answer."

Two students taking the other online course, INS 22, are pleased with the experience thus far, though both admit using the Internet has its challenges.

Pamela Orr, a part-time insurance specialist in the Colorado Springs, Colo., regional office of United Services Automobile Assn., said she prefers the traditional

class setting, but this semester not enough students registered for an onsite class at USAA.

"A lot of people like the flexibility of the online course, and so far that has been a big plus," Ms. Orr said. "I miss the social interaction, because you're not talking one-on-one, but the instructor has been very encouraging online so far in trying to get you involved in what they call discussions."

Marylorette Buckley, project manager at the Austin, Texas-based Financial Services Group of Computer Sciences Corp., which sells property and casualty insurance software, is a self-described "techie." She is taking the entire INS series of courses to increase her knowledge and better communicate with her company's business analysts and customers. Ms. Buckley said the online course meshes well with her heavy workload and occasional travel.

"Our teacher so far has done a very good job of answering questions and giving very positive feedback. It's an incentive to keep on reading and keep on doing your homework," Ms. Buckley said. Although the assignments are due Wednesdays, students can turn the homework in ahead of time and get immediate feedback, she added.

However, working online has its own quirks, to which both educators and students must adjust. "There obviously are technical challenges," said Mr. Dauscher. "The software can work very well, but depending on what version Web browser somebody has or who their Internet service provider is, you can find that there are problems there," he said.

Additionally, some companies' system configurations don't use

certain computer languages, though only one or two students have encountered problems getting to the institutes' Web site, he said.

The writing-intensive nature of the class also poses a challenge. For example, the institutes had to work with the instructors ahead of time to create lesson plans that take into account the online setting, where communication is based solely on writing, Mr. Dauscher said.

He did note that online classes do not offer other forms of communication, such as body language and eye contact.

"The only thing that's been a little difficult is that once everybody has been (online) and they get the discussion going back and forth, you go in and there's 56 e-mail messages," Ms. Orr said. To get a thorough overview of the course and know the answers to the other educational objectives, she said, it's necessary to read through all the questions and be involved in the discussion.

"During orientation, everybody said it was 'a new experience,'" Ms. Orr recalled. "Now we're just into the second week and I'm much, much quicker and it's much less frustrating, whereas the first week I would say it was a little frustrating," she said.

As the Internet's presence becomes more encompassing, the ability to adjust smoothly to online learning is definitely an asset, but those who prefer the traditional classroom shouldn't worry. "The Internet is an alternative means to study. It's not for everybody, at least not for now. But we're amazed at the level of interest that there is," said Mr. Dauscher. **BI**

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Educational partnership unites banking, insurance, investment

Three groups will offer programs to financial services professionals

By **RODD ZOLKOS**

The ongoing integration of the financial services industry has led a Boston college to partner with insurance and mutual fund organizations to provide the kind of academic cross-training executives and educators say is needed in the new business environment.

In fact, the New England College of Finance changed its name to that earlier this year from the New England Banking Institute in recognition of the convergence of banking, insurance and investment interests.

More recently, the college took an even more significant step, forming a partnership with the Boston-based Insurance Library Assn. and the National Investment Company Service Assn.

Through the partnership, the

three organizations will be able to draw on each institution's resources to offer educational programs that will fit the needs of financial services professionals of the future.

"With banks and insurance merging and, really, mutual funds getting involved as well, it no longer made sense for us to market ourselves as a banking education institution," said Kate Crowell, development manager for the NECF. "Basically, we are doing it in response to market demand."

And in the months ahead, the college plans to take the new courses online in partnership with the University of Wisconsin, so that any financial services professional with Internet access will be able to take advantage of its course offerings. UW will handle the details of putting the courses online.

"The pending Citicorp-Travel-

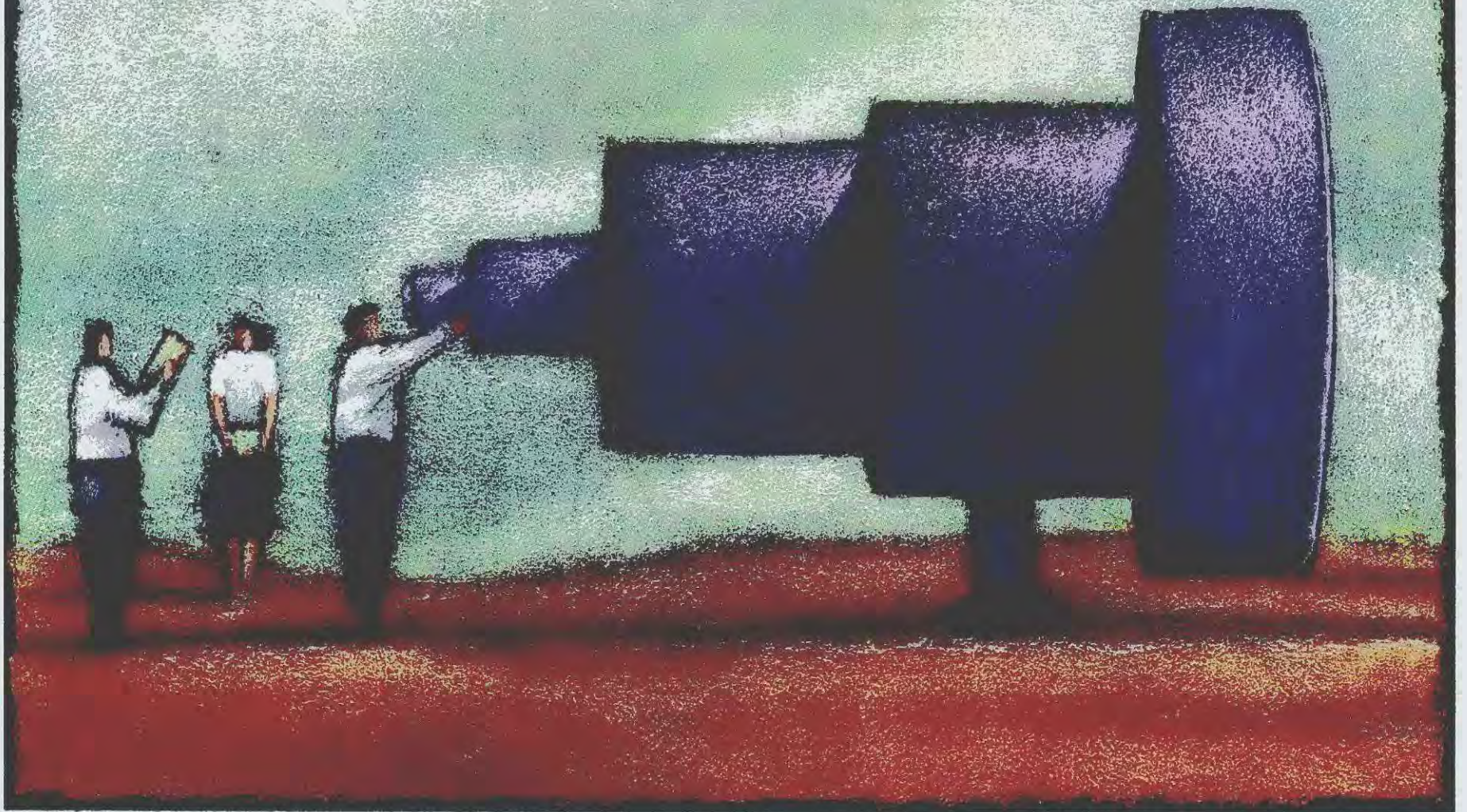
ers merger and other consolidations within the industry demonstrate to all of us the financial services industry is very much one sector, and we have to think of ourselves as one sector, not as subsets," said Phillip J. Edmundson, president and chief executive officer of Boston-based insurance broker William Gallagher & Associates and chairman of the ILA's board of trustees.

The ILA is a Boston-based education and research association with more than 800 corporate members; it provides literature, information services and professional education in insurance and related areas.

Working with the New England College of Finance, the ILA will develop licensing programs for banks to sell insurance, and together they will provide degree and certificate programs for

See **Partnership** on page 24L

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Partnership

Continued from page 24J

insurance personnel at all levels. "Clearly, the history of the New England College of Finance has been to provide learning opportunities for entry-level and early-level employees in the banking and financial services industries," Mr. Edmundson said. "In that same way, this will be an attraction to those in the insurance industry. I think it will be very similar."

"There are a few colleges or associations that may provide some learning as regards banks in life insurance, but this is an opportunity to bring all this together," said Robert Goldberg, president and chief executive of-

Mr. Edmundson sees the partnership as being an important step in recruiting, retaining and developing key insurance industry personnel.

ficer of the Wellesley Hills, Mass.-based NICSAs.

"The resources are there. It's a question of how to put the resources in the proper place, and this is what's happening," Mr. Goldberg said.

Mr. Edmundson sees the partnership as being an important step in recruiting, retaining and developing key insurance industry personnel.

"The partnership probably has a couple of benefits. One is that it will essentially allow the students at the Insurance Library to receive college credit for the classes that we conduct," he said.

The college grants associates' degrees and now has the capacity to offer bachelors' degrees through partnerships with other educational institutions in the Boston area, as well as a graduate certificate program through Boston University.

"We are able to work with (the ILA) to develop a new curriculum with college credit attached," Ms. Crowell said.

According to Mr. Edmundson, the ILA and the New England College of Finance will develop college-level programs in insurance and risk management that will lead to degrees and certificates through the college and the academic institutions with which it has partnerships.

"A second benefit is that the library has as one of its core missions providing education on insurance topics to anyone," the ILA chairman said. "We have had banks as members of our organization for many years," he added. The potential for offering on-

line educational opportunities to insurance professionals throughout the world is yet another plus of the partnership, Mr. Edmundson said.

"That is certainly another attraction," Mr. Edmundson said. "The New England College of Finance has devoted a significant amount of time to developing those distributed education programs."

Ms. Crowell said she expects the College of Finance Online to be up and running in January or February of 1999.

"It's a full-fledged college credit course, so it's not easy," she said. The online program was beta-tested by approximately 10 students this summer, and "we really got some excellent feedback," Ms. Crowell said.

The college initially plans to offer three courses online: Fundamentals of Banking, Fundamentals of Insurance and Fundamentals of Mutual Funds.

"Then we will be rolling out courses to fulfill the requirements of our associate degree online," Ms. Crowell said.

Ultimately, the college also plans to offer custom-designed training and development programs to interested insurance, banking and investment companies.

The College of Finance's typical student taking courses on campus "tends to be late 30s, early 40s, has a family, doesn't have time to go to school," Ms. Crowell said.

"We try to make it as convenient as possible," she said, emphasizing that courses have been offered on weekends and in evenings to accommodate the schedules of individuals who work full time.

The program will become more convenient still with the debut of the online courses, though the profile of online students might differ somewhat from those on campus, Ms. Crowell said, because they'll need to have strong backgrounds in using the Internet.

"I would see people in pretty highly technical positions who really need a basic knowledge of these three areas," she said.

But, she said, as the convergence of banks and insurance continues, she expects to see professionals in each of the three areas making up the new program—insurance, banking and investments—taking equal advantage of the opportunities the partnership will afford them to learn more about the other two areas.

"We're expecting to have interest across all three layers of the financial services industry," Ms. Crowell said.

"We're really excited about all these opportunities that are coming up and all the people who have been knocking on our door," she said. "We do really kind of want to roll out gradually, make sure we're hitting the right people." **BI**

A/BT Briefs

Moves at HRH

GLEN ALLEN, Va.—Broker Hill, Rogal & Hamilton Co. recently completed two mergers.

The broker completed its acquisition of substantially all of the operating assets of Roebuck-Roberts Bros. Insurance in Mobile, Ala. It also opened an office in Huntsville, Ala. Brad McMurray, formerly with Marsh & McLennan Cos. Inc. in Birmingham, is heading the new office.

HRH also has completed the merger with Hunt Insurance Group Inc., a Tallahassee, Fla.-based agency that specializes in a wide variety of services to sheriffs' offices throughout Florida.

IIAA lobbying

WASHINGTON—The Independent Insurance Agents of America Inc. is the 12th most powerful lobbying group in Washington, according to Fortune magazine's annual survey of Washington influence.

Fortune mailed questionnaires to nearly 2,700 people, including every member of Congress, various senior White House aides and professional lobbyists.

"The Fortune ranking is a testament to the tireless efforts of agents and IIAA's professional lobbying staff to press Congress to approve comprehensive financial services modernization legislation over the last year," IIAA Government Affairs Committee Chairman Thomas A. Flynn said in a statement.

Council venture

WASHINGTON—The Council of Insurance Agents & Brokers has formed an industry partnership with Greenwich, Conn.-based IVANS Inc., endorsing IVANS' NetConnect strategy for improving agency/company communications.

One of the first advantages for members, according to the Council, will be preferred rates on multiprotocol leased lines from IVANS. These leased lines are dedicated, 24-hour circuits that offer continuous, high-speed transfer of data among various locations. They support mainframe

and Internet communications.

"This industry initiative will provide our members with the leverage they require to create affordable and powerful e-commerce solutions for their businesses," Council President Ken A. Crerar said in a statement.

Master agencies

KEENE, N.H.—Agency network Satellite Insurance Agency Alliance recently established two new master agencies.

The Beimdick Insurance Agency of Carthage, Mo., established Missouri Insurance Network L.L.C. and will build the SIAA network in southwestern Missouri. And Kingsport Development Co. Insurance Inc. of Kingsport, Tenn., established Appalachian Satellite Insurance Alliance and will build the SIAA network in eastern Tennessee, southwestern Virginia and eastern North Carolina.

SIAA has master agency affiliates in 31 states that help smaller area agencies gain additional company access, increase their earnings and compete successfully with larger regional agencies. **BI**

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Continued from page 24

E**Effisoft USA**

250 Boylston St., Boston, Mass. 02116;
617-437-0660; fax: 617-437-0812
www.effisoft.com

Risk management systems since: 1988.
Parent: Effisoft S.A.R.L.

Software products:
■ Gestrisk/Webrisk.
Price: \$12,500.

System requirements: IBM-compatible PC system; operates in Windows.

Customization optional.
First installation: 1988.
Total installations: 120; 100 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Claims administration; loss development; loss forecasting; loss prevention; policy tracking; policy coverages and premiums; experience rating; reserve and payment tracking and triangulation; allocation of premium; certificate tracking; risk analysis; self-insured losses and policies; reporting with text or graphs with ability to report to Microsoft Word, Excel, Lotus, e-mail, HTML; diary ability; multilingual, including French, German, Spanish and Dutch; multicurrency; loss control; location values; contact address book.

User support: User groups/meetings*, onsite training*, telephone assistance eight hours per day*. **Staff:** 30 total, 29 professionals.

Clients: 80 total, including 60 corporate risk management departments. Sold systems to 15 clients in 1997.

Branch offices: Boston; London; Paris; Amsterdam, Netherlands.

1997 revenues: \$1.8 million total. \$1.1 million from risk management information systems sales and service.

Officers: Marc Accos, Olivier Adler, Pascal Stopnick.

Contact: Olivier Adler or Phil Monahan.
* Included in system price.

Envision Technology Solutions L.L.C.

6975 S. Union Park Center,
Suite 120, Midvale, Utah 84047;
801-568-1818; fax: 801-586-5179
www.envision-ts.com

Risk management systems since: 1994.
Parent: CNA and Near North National Group.

Software products:

■ RiskEnvision.
System requirements: IBM-compatible PC system; operates in Windows.
Customization optional.
First installation: 1994.

Claims/coverages managed: General liability, property, workers comp, auto, professional liability.

Features: Claims administration; policy management; litigation tracking; loss reserve analysis; experience rate modification calculator; document linkage; payment processing; over 200 standard reports; diary, ToDo (diary) and log functionality. Optional modules include remote reporting capability through LAN, WAN and the Internet; option to purchase each module individually, including a professional liability module.

■ HealthVision.
System requirements: IBM-compatible PC system; operates in Windows.

Customization optional.
First installation: 1995.

Claims/coverages managed: General liability, workers comp, auto, professional liability.

Features: Claims administration; policy management; litigation tracking; loss reserve analysis; experience rate modification calculator; document linkage; payment processing; over 200 standard reports; diary, ToDo (diary) and log functionality. Optional modules include remote reporting capability through LAN/WAN and the Internet; tracks sentinel events, occurrence screens and potentially compensable exposures in real time; option of purchasing five modules individually.

■ CompVision.
Price: \$3,995.

System requirements: IBM-compatible PC system; operates in Windows.

First installation: 1994.

Claims/coverages managed: Workers comp.

Features: First report of injury for all states; OSHA 200 log production; calculates and tracks experience modification rates; fax; e-mail; workers compensation cost-containment advisor, including lost work day calendar; claim status, including days open, days closed; ToDo (diary) and unit statistical report filing date functions; query functions for common injury descriptions, medical glossary and abbreviations; lag time reporting. Optional modules include remote reporting capability through LAN, WAN, and the Internet.

User support: User groups/meetings*, onsite training**, telephone assistance nine hours per day**.

Staff: 30 total, 28 professionals.
Branch offices: Phoenix; Chicago; Nashville, Tenn.; Seattle.

Officers: Michael Segal, CEO/chairman; Eileen Oswald, senior vp/national sales manager; Scott Harper, senior vp-product development; Bob Carter, vp-professional services.

Contact: Michelle Bentley.

* RiskEnvision and HealthVision only. ** Included in system price.

ESIS Inc.

1601 Chestnut St., TL32G,
Philadelphia, Pa. 19192-2325;
215-761-6779; fax: 215-761-5476

Parent: INA Financial Services Corp.
Software products:

■ Risk Advantage Loss Management.
System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.
First installation: 1998.
Total installations: 450; 350 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Property loss development; as-of, financial and repeater analysis; time duration; frequency and severity analysis; drill down; financial stratification; safety and loss control; insured and self-insured analysis; red flagging capability; claims data and real-time adjusters' notes access; downloading and exporting; ad hoc report generation.

User support: User groups/meetings, onsite training*, telephone assistance 12 hours per day*.

Staff: 60 total, 55 professionals.
Clients: 2,500 total, including 500 corporate risk management departments. Sold systems to 400 clients in 1997.

1997 revenues: \$175 million total. \$18 million from risk management information systems service, 100% from software services.

Officers: Ray Hafner, president; Brian P. O'Hara, vp/CFO; Sharon E. Simpson, vp-sales; Jim Young, vp-claims; Larry Keough, vp-information products/services.

Contact: Larry Keough, 215-761-6767.
* Included in system price.

F**Frasin Ltd.**

27/33 Artillery Lane, London E1
7LP, England; 44-171-661-2456;
fax: 44-171-426-0409
www.frasin.com

Risk management systems since: 1996.
Parent: HSBC Gibbs.

Software products:
■ SOFWIN.
Price: \$150.

System requirements: IBM-compatible PC system; operates in Windows.

Customization optional.
First installation: 1997.

Total installations: Six; all in corporate risk management departments.

Claims/coverages managed: Fraud and computer crime; directors and officers liability; employment practices and professional liability.

Features: Identify and manage operational risk exposures; data collection; comparative tools to compare existing situation with ideal profile; exception reporting to determine security weaknesses; generates bond and computer crime insurance forms.

User support: User groups/meetings*, onsite training, telephone assistance*.

Staff: Five total, four professionals.
Clients: Six total, all corporate risk management departments.

Officers: Philip Martin, CEO; Keith Jones, chairman.

Contact: M. Jafri; Philip Martin.
* Included in system price.

G**GAB Robbins North America Inc.**

9 Campus Drive, Suite 7, P.O. Box
316, Parsippany, N.J. 07054-0316;
888-888-2422; fax: 973-993-3595

Risk management systems since: 1988.
Parent: SGS, Societe Generale de Surveillance.

Software products:

■ Clientell.
Price: Silver: \$3,500 annual fee/\$500 one-time set up fee; Gold: \$5,500 annual fee/\$1,000 one-time set up fee; Platinum: \$8,500 annual fee/\$1,000 one-time set up fee.

System requirements: IBM-compatible PC system; Online system (Clientell Silver).

Customization optional.
First installation: 1995.

Total installations: 163.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Available in three versions. Clientell Silver: on-line claims administration and management, access to claims information including reserving, payments, financial history, adjuster notes, claimant data, monitoring on a claim-by-claim basis, reviewing and modifying non-financial information, e-mail, diary notes. Clientell Gold: includes the Silver features as well as view claims data and accessing standard local reporting, running customized intelligence reports with user-defined criteria, local database connection for new claims and modifications, review and analyze results on-screen. Clientell Platinum: includes silver and gold features as well as ad hoc reporting and data exporting using Microsoft Access or a Windows-compatible report writer, customized loss analysis reports, user-controlled data exporting of claims data and integration capability into spreadsheets or other cus-

tomizer database, month-end point-in-time analysis. Optional modules include assistance in development of ad hoc reports, localized data consolidation, specialized information processing.

User support: User groups/meetings*, onsite training, telephone assistance 8.5 hours per day*, 24-hour paging service, e-mail via Internet.

Staff: 18 total.
Clients: 112 total.

Branch offices: Parsippany, N.J.

1997 revenues: \$1.5 million from risk management information systems sales and service, 75% from software sales, 25% from software services.

Officers: David W.J. McGirr, president/CEO; Al Shahade, vice chairman; David R. Brown, vp-new business development/sales; Rebecca West, vp-client services operations; Paula Maguire, vp-eastern region; Gary Munsterman, vp-western region.

Contact: Jay Lehotay, project leader, 973-993-3463.

* Included in system price.

Gallagher Bassett Services Inc.

The Gallagher Centre, 2 Pierce
Place, Itasca, Ill. 60143;
630-773-3800; fax: 630-285-4000
www.gallagherbassett.com

Risk management systems since: 1962.
Parent: Arthur J. Gallagher & Co.

Software products:

■ RISX-FACS.
System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.
First installation: 1983.

Total installations: 1,226; 17 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Claims administration; loss forecasting and trending; reserve tracking (MIRA); loss trending; incident reporting; check processing; diary; litigation management; claim notes; claim payment; recoveries tracking; reports: summary loss reports, loss & claim experience reports, specific excess, activity summary, claim activity report, claim register, accident loss analysis report, claim loss analysis report. Optional modules include RISX-FACS for Windows.

■ RISX-FACS for Windows.
System requirements: IBM-compatible PC system; operates in Windows, Windows NT. Online system.

First installation: 1996.
Total installations: 234.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Inquiries including, total payments, recoveries, reserves and expenses by category; type, source, nature, part of body; handling adjuster; listing of check payments; history of changes in total reserves; reported data; accident date and time; location and description of loss; client location and who the claim has been assigned to; claim notes; SELEX-FACS; built-a-record. Optional modules include GB mail and other mail systems using the X400 Gateway.

User support: Onsite training*, telephone assistance 24 hours per day*, manuals*.

Staff: 112 total, 105 professionals.

Clients: 1,144 total. Sold systems to 13 clients in 1997.

1997 revenues: \$126 million total. \$9,169,000 from risk management information systems sales and service.

Officers: Peter Durkalski, president; Jack Campbell, chairman; Wally Gawaluch, Richard McKenna, executive vps; Emil Bravo, senior vp.

Contact: Emil Bravo.
* Included in system price.

GenSource Corp.

25572 Ave. Stanford, Valencia,
Calif. 91355-1102;
805-294-1300; fax: 805-294-1310
www.gensourcecorp.com

Risk management systems since: 1977.
Parent: Incomnet Inc.

Software products:

■ GenRIS—Integrated Risk Information System.
System requirements: IBM-compatible PC system; operates in Windows, Windows NT or mainframe, IBM RS/6000.

Customization optional.
First installation: 1977.

Total installations: 300.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, group medical, risk management.

Features: Twenty-four-hour claims administration system providing fully integrated processing of workers comp, property and casualty, disability management and group medical claims; modules for managed care and risk analysis; customized for specific client needs; available on multiple platforms, including AIX on IBM's RS/6000, Windows NT and other UNIX platforms. Optional models include additional third-party products.

■ GenCOMP—Workers' Compensation Claims Administration.
System requirements: IBM-compatible PC system; operates in Windows, Windows NT or mainframe, IBM/RS 6000.

Customization optional.
First installation: 1977.

Total installations: 300; 106 in corporate risk management departments.

Claims/coverages managed: Workers comp.

Features: Claims management system; integration with GenSource's other claims management systems to provide a 24-hour claims system; claims adjudication; reserve analysis; bill re-pricing; PPO discounts; state reporting; claims notes; diary/calendar; online ad hoc access to all claims information; variety of standard and custom management re-

ports; archival and retrieval system (GenARS) for scanning, storing and retrieving documents stored via optical disks. Optional modules include additional third-party products.

■ GenRISK—Risk Analysis and Reporting System.
System requirements: IBM-compatible PC system; operates Windows NT or mainframe, IBM/RS 6000.

Customization optional.
First installation: 1977.

Total installations: 50; all in corporate risk management.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, risk management.

Features: Analyzes and controls total risk exposure; serves as a central data storage system for claims processed by an in-company system, an insurance company and/or a third-party administrator; accepts data from multiple sources; builds loss triangles using any combination of user-specified parameters. Optional modules include additional third-party products.

■ GenDIS—Non-occupational Disability Claims System.
System requirements: IBM-compatible PC system; operates in Windows, Windows NT or mainframe, IBM/RS 6000.

Customization optional.
First installation: 1997.

Total installations: Six.

Claims/coverages managed: Non-occupational disability.

Features: Adjudicates all non-occupational short and long-term disabilities; by teaming with GenCOMP, is an integrated lost time management system that combines occupational and non-occupational claims administration to permit consolidated management of disabilities; facilitates use of common treatment protocols and return-to-work disciplines; local check issuance/voucher interface; automated tax withholding; specific and aggregate reinsurance tracking; flexible benefit plan set-up; treatment and back-to-work programs; optional payroll/HR, W-2 and actuarial system interfaces. Optional modules include additional third-party products.

■ GenMED—Group Medical Claims Software.
System requirements: IBM-compatible PC system; operates in Windows, Windows NT or mainframe, IBM/RS 6000.

Customization optional.
First installation: 1980.

Total installations: 15.

Claims/coverages managed: Group medical.

Features: Manages and administers group medical programs, including all medical, dental, vision, prescription drug, online eligibility, hospital certification, online history review, cost containment, duplicate payment edit, adjustments, billing, EOB, COBRA, PPO and DRG/ICD9. Optional modules include additional third-party products.

■ GenPAC—Property and Casualty Claims System.
System requirements: IBM-compatible PC system; operates in Windows, Windows NT or mainframe, IBM/RS 6000.

Customization optional.
First installation: 1977.

Total installations: 40.

Claims/coverages managed: General liability, property, casualty.

Features: Claims administration, handles multiple lines of coverage, including general liability and automotive; controls reserve practices; assists in setting reserves; calculates and verifies payments; eliminates duplicate payments with online payment history; tracking and reporting on reinsurance levels by policy period; tracking subrogation information, including recoveries; automatically produces Form 1099 reports in both hard copy and tape form. Optional modules include additional third-party products.

User support: User groups/meetings*, onsite training*, telephone assistance nine hours per day*.

Staff: 45 total, 39 professionals.

Clients: 300 total. Sold systems to 20 clients in 1997.

Branch offices: Cocoa Beach, Fla.

1997 revenues: 5% from hardware sales, 45% from software sales, 50% from software services.

Officers: Eric Hoffberg, president; John Carolan, director-sales/marketing; Nora Kenner, vp-consulting services.

Contact: John Carolan.
* Included in system price.

■ HMT Return.
Price: \$35,000.

System requirements: IBM-compatible PC system; operates in client-server.

Customization optional.
First installation: 1988.

Total installations: 300; 200 in corporate risk management departments.

Claims/coverages managed: Workers comp, auto, short and long-term disability, group benefits, auto medical liability.

Features: Medical case management documentation, all states' employers' first response forms and physicians' treatment reports, flow case management documentation, estimated cost savings from activities, utilization review, repricing, standard letters, ad hoc reports, hard-coded reports, case outcome analysis, provider and network performance analysis, connectivity to claims systems (all types), full occupational medical system.

User support: User groups/meetings, onsite training, telephone assistance 24 hours per day*, twice annual upgrades*.

Staff: 25 total, 12 professionals.

Clients: 200 total, including 50 corporate risk management departments. Sold systems to 75 clients in 1997.

Branch offices: Silver Springs, Md.

Officers: K.J. Wolfe, president; J.W. Wolfe, senior vp-marketing.
* Included in system price.

I**ITT Specialty Risk Services Inc.**

Goodwin Square, 16th Floor, 225
Asylum St., Hartford, Conn. 06103;
860-520-2500; fax: 860-520-2503

Risk management systems since: 1992.
Parent: The Hartford.

Software products:

■ LASER—Loss Analysis System to Evaluate Risk.
Price: \$0-25,000.

System requirements: IBM-compatible PC system, operates in Windows. Online system.

Customization optional.
First installation: 1992.

Total installations: 480; all in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, products.

Features: Claim management and risk analysis via online inquiry; access to adjuster's notes; e-mail; formatted and ad hoc report generation; as-of reporting. Optional modules include formatted and ad hoc risk financing (triangles and development factors); benchmarking; data conversion/consolidation (current and historical); customer/vendor data interfaces.

User support: User groups/meetings*, onsite training, telephone assistance 10 hours per day*, computer-based training (self-contained tutorial)*.

Staff: 41 total, 36 professionals.

Clients: 250 total, all corporate risk management departments. Sold systems to 230 clients in 1997.

Branch offices: Los Angeles; Hartford, Conn.; Chicago; New York; Dallas.

1997 revenues: \$7.5 million total. \$7.5 million from risk management information systems sales and service, 100% from software services.

Officers: Dennis Replogle, president; Stephen Holcomb, senior vp; Jim Leonard, senior vp-account management; Annette Sanchez, vp-sales/product development; Patsy Baumgartner, vp-field operations.

Contact: Ruth Grande, vp-risk management information services, 860-520-2528.

* Included in system price.

Industrial Health Strategies L.L.C.

206 Waterman St.,
Providence, R.I. 02906;
401-351-5511; fax: 401-351-5522
www.industrialhealth.com

Risk management systems since: 1996.
Software products:

■ ACES (Accelerated Case/Claim Evaluation System).
Price: \$25,000 to \$100,000.

System requirements: IBM-compatible PC system; operates in Windows. Mainframe, 100% ODBC compatible.

Customization optional.
First installation: 1996.

Claims/coverages managed: Workers comp, auto, group health.

Features: Claims administration, workers compensation, group health, works in conjunction with existing claims systems, automated claims profiling/triaging to identify high risk or delayed recovery claims, short and long-term disability management, case management resource allocation, computerized worksite assessments, job data banking, recovery/RTW planner, claims management report generation, automated communication links to providers integrated loss prevention, provider profiling/benchmarking, clinical/medical data manager, return to work cost/benefit modeling, administrative report manager. Optional modules include short and long term disability, group health.

User support: User groups/meetings*, onsite training*, telephone assistance*, online website*, question and answer groups*, future upgrades

Contact: William F. Cesare.
* Included in system price

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through Internet, images of insurance certificates available online. Optional modules include tracking of contracts, licenses, brands.

User support: Onsite training*, telephone assistance 18 hours per day.

Staff: 30 total, 30 professionals.

Clients: 50 total, including 40 corporate risk management departments. Sold systems to 22 clients in 1997.

Contact: Lee Roth, vp, 800-996-9964, ext. 109.
*Included in system price.

J

J&H Marsh & McLennan Inc.

1166 Avenue of the Americas,
New York, N.Y. 10036-2774;
212-345-6000; fax: 212-345-4808
www.jhmarshmc.com
www.starsinfo.com

Risk management systems since: 1990.
Parent: Marsh & McLennan Cos. Inc.

Software products:

■ STARS.
Price: \$50,000.
System requirements: IBM-compatible PC

system; operates in Windows.

Customization optional.

First installation: 1990.

Total installations: 1,100; all in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, incident tracking, professional liability, employers liability, E&O, D&O, products liability.

Features: Data conversion and consolidation; executive reporting; risk analysis; safety and loss control; financial/actuarial reporting; loss triangulations; policy management; total cost of risk allocations; diary functionality; litigation management; graphical reporting; client/server architecture; Internet connectivity; online help; object linking and embedding; clipboard support; scanning functionality. Optional modules include STARSTCV, STARSLookup, STARCube.

User support: User groups/meetings, onsite training*, telephone assistance 12 hours per day*, dial-up support/training*, e-mail*.

■ STARSWeb.

System requirements: IBM-compatible PC system; operates in Windows, intranet/Internet.

Customization optional.

First installation: 1998.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Internet/intranet based tool to manage risk information; supports basic claim review and report production.

User support: User groups/meetings, onsite

training*, telephone assistance 12 hours per day*.

■ StarGate.

System requirements: IBM-compatible PC system; operates in Windows, Oracle.

Customization optional.

First installation: 1990.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Collection, consolidation, and enhancement of risk information from one source to another; data processing, mapping, quality routines to ensure valid data.

User support: User groups/meetings, onsite training*, telephone assistance 12 hours per day*.

Staff: 130 total, 115 professionals.

Clients: 375 total, all in corporate risk management departments. Sold systems to 45 clients in 1997.

Branch offices: Los Angeles; San Francisco; Hartford and Stamford, Conn.; Atlanta; Chicago; Detroit; Minneapolis; New York; Cleveland; Philadelphia; Pittsburgh; Nashville, Tenn.; Dallas; Toronto; London.

1997 revenues: \$16 million total. \$16 million from risk management information systems sales and service, 100% from software services.

Officers: Robert G. Petrie III, Dave Undis, managing directors; Patrick J. O'Neill, vp.

Contact: Patrick J. O'Neill, 404-586-8340; Jeff Markowitz, 44-171-945-7820 (Europe).

*Included in system price.

Jury Verdict Research

747 Dresher Road, P.O. Box 980,
Horsham, Pa. 19044-0980;
215-784-0941; fax: 215-784-9639
www.lrp.com

Risk management systems since: 1987.

Parent: LRP Publications.

Software products:

■ Case Evaluation Software and Basic Settlement Module.

Price: \$890.

System requirements: IBM-compatible PC system; operates in Windows.

Claims/coverages managed: General liability, casualty.

Features: Claims administration; value determination; loss forecasting and development; comparisons; claim reserving.

User support: Telephone assistance nine hours per day*, initial training available by a product representative*.

Branch offices: West Palm Beach, Fla., Horsham, Pa.

Officers: Kenneth F. Kahn, CEO/president.

Contact: Gary Bagin, 215-784-0941 ext. 370.

*Included in system price.

The RMIS spotlight begins on page 3.

L

Lindsey Morden

3910 Brookside Drive,
Tyler, Texas 75711;
903-561-6700; fax: 903-561-7013
www.adjst4.com

Risk management systems since: 1997.

Parent: Lindsey Morden Group Inc.

Software products:

■ Flex System.

Price: First installation is free, subsequent installations are \$2,000 annually.

System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.

First installation: 1992.

Total installations: 140; all in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Access by view only to claims information administered by Lindsey Morden; collection of risk management reports; exporting of data to Excel, Lotus 123, ASCII and Access available; data can be refreshed using daily download or monthly CD features. Optional modules include special reports geared to client specifications and ad hoc report capabilities.

User support: User groups/meetings, onsite training, telephone assistance 12 hours per day*.

Staff: 39 total, 19 professionals.

Clients: 130 total, all corporate risk management departments. Sold systems to 45 clients in 1997.

Branch offices: Chicago; Kansas City, Kan.; New York; Dallas and Houston; Fairfax, Va.; Toronto.

1997 revenues: \$170 million total. \$40 million from risk management information systems sales and service.

Officers: Paul Maggi, Jim Stewart, Bob Morris, Cathy Harmon, Farid Nagji.

*Included in system price.

M

MBA Inc.

36 Midvale Road, Suite 1G,
Mountain Lakes, N.J. 07046-1330;
973-335-6423; fax: 973-335-9665
www.mbainc.to

Risk management systems since: 1988.

Software products:

■ Customized systems.

System requirements: IBM-compatible PC system; operates in DOS, Windows.

Customized system.

First installation: 1988.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, ocean marine, inland marine.

Features: Customized systems including loss transaction database management, loss development triangle production, IBNR projections, future loss cost projections, workers compensation long-term disability and survivors' benefits, experience rating plan testing and development; management reports.

User support: Onsite training, telephone assistance eight hours per day.

Staff: Five total; five professionals.

Officers: Charles Cook, president.

Contact: Peter Bennett.

MountainView Software Corp.

1133 N. Main St., Suite 103,
Layton, Utah 84041;
888-533-1122; fax: 801-544-3138
www.mvsc.com

Risk management systems since: 1996.

Software products:

■ Workers Companion.

Price: \$695.

System requirements: IBM-compatible PC system; operates in Windows.

Customization optional.

First installation: 1996.

Total installations: 3,000; 2,500 in corporate risk management departments.

Claims/coverages managed: Workers comp.

Features: Claims administration; loss/run information; reserve tracking; risk analysis; incident reporting; first report of injury for all 50 states; OSHA 200 log; claim management; ad hoc reporting; financial tracking; calendar/tickler; to-do list; import/export; Internet e-mail claims.

User support: Onsite training, telephone assistance eight hours per day*.

Staff: Five total, four professionals.

Clients: 2,500 total. Sold systems to 2,500 clients in 1997.

Officers: Steve Schmutz, president; Terry

Continued on page 30

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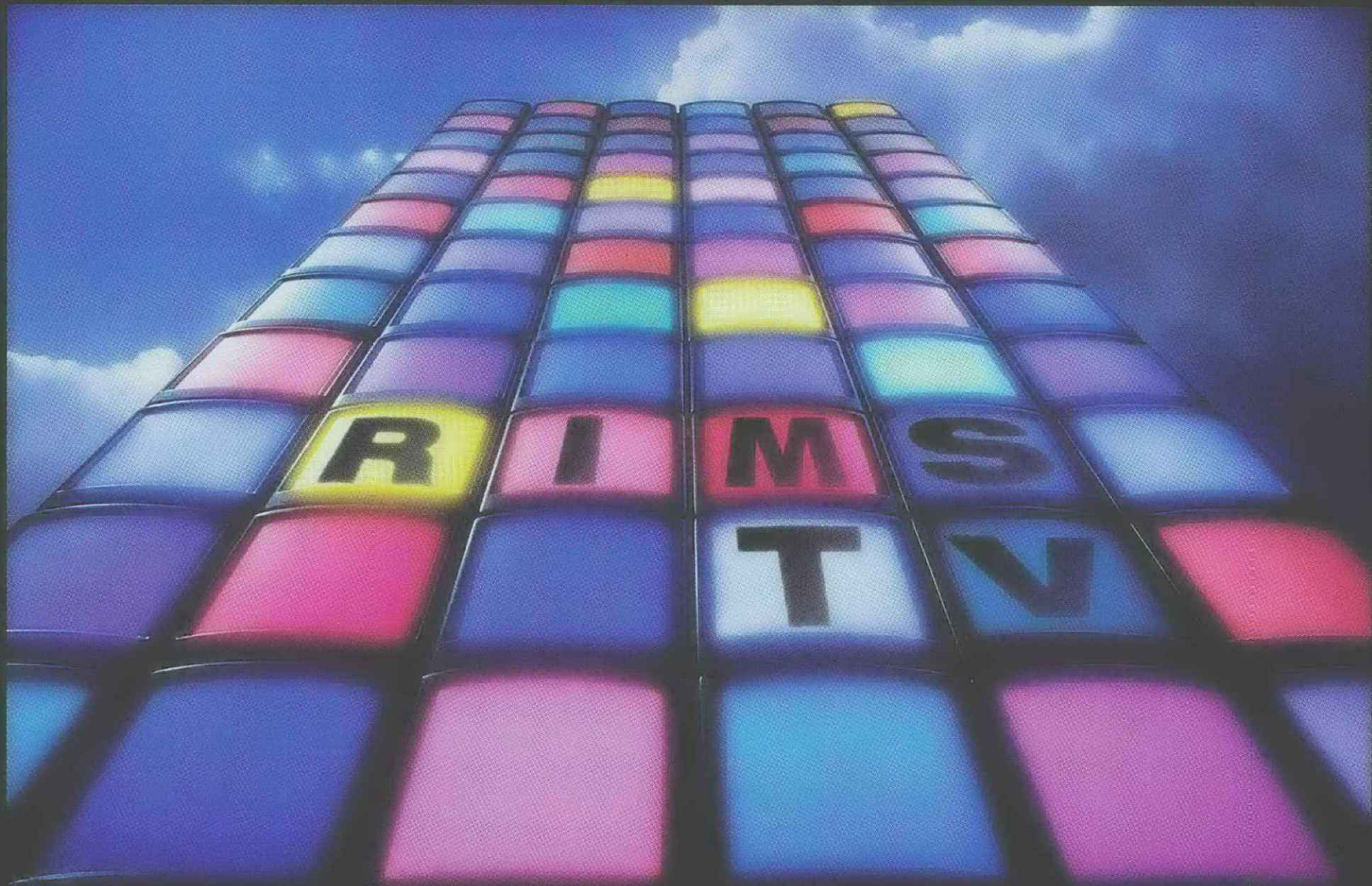
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Preece, vp.
 Contact: Steve Schmutz.
 *Included in system price.



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 www.nnng.com

Risk management systems since: 1995.
Parent: Near North National Group.
Software products:
 ■ WorldLink.
Price: \$475 per subscription group; subscription available.
System requirements: IBM-compatible PC system; operates in DOS, Windows, Macintosh. Online system.
First installation: 1996.
Total installations: 385.
Features: Information on more than 180 cour-

tries regarding insurance changes, general insurance, property and casualty regulations, bonding and marine regulations, captive domiciles, social security legislation; customized reports.
User support: Telephone assistance eight hours per day*, e-mail assistance*.
Staff: 30 total, 28 professionals.
Clients: 85 total.
 ■ Easy Actuary.
System requirements: IBM-compatible PC system; operates in Windows.
Claims/coverages managed: General liability, casualty, workers comp, auto.
Features: Performs casualty loss analyses, including forecasts and liability accruals; analyzes alternative retentions on deductible levels and identifies loss trends; loss triangulation capabilities for company-specific loss development factors for incurred and paid losses and number of claims.
User support: 30-day support, telephone assistance eight hours per day*.
Staff: Three total, all professionals.
Branch offices: Los Angeles, Washington, Chicago, New York, Dallas, Houston.
Officers: Michael Segal, chairman/CEO; Ruth Tave, Sheila Kelly, Matt Walsh, group executive vps/managing directors.
Contact: Kristen Restivo.
 *Included in system price.

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Nichols InfoTec

6360 I-55 N., Suite 300,
 Jackson, Miss. 39211;
 601-957-7400; fax: 601-899-7013
 www.nicholsinfotec.com

Risk management systems since: 1985.
Parent: Nichols Research.
Software products:
 ■ Paccasso.
System requirements: IBM-compatible PC system; operates in Windows, including 3.1, 95. Mainframe: AS/400.
Customization optional.
First installation: 1985.
Total installations: 70; 60 in corporate risk management departments.
Claims/coverages managed: General liability, property, casualty, workers comp, auto, marine, cargo, crime, professional liability.
Features: Administration and risk management functions on more than 120 hardware platforms. Handles loss development; loss forecasting; subrogation; experience rating; reserve tracking; allocation of premium and risk; medical bill analysis; self-insurance comparisons; loss trending; safety and loss; PPO repricing; OSHA 200 reports; diary; notes; litigation; check processing and report generation. Optional modules include utilization review; unit stat reporting, IAIABC data collection.
User support: User groups/meetings, onsite training, telephone assistance, maintenance.
Staff: 200 professionals.

Clients: 60 total. Sold systems to 10 clients in 1997.
Branch offices: Birmingham, Ala.; Jackson, Miss.



PerDatum Inc.

4098 Main St., Hilliard, Ohio 43026;
 614-777-4636; fax: 614-777-4650
 www.perdatum.com

Risk management systems since: 1994.
Software products:
 ■ PROGNOS-Administrator 2.0.
Price: \$5,000 to \$10,000.
System requirements: IBM-compatible PC system, ODBC compliant client/server application; operates in Windows, including 95, 98, NT.
First installation: 1997.
Total installations: 63.
Claims/coverages managed: Workers comp, OSHA compliance, safety, case management, employee health.
Features: Manages information for safety, workers comp and occupational health programs; claims administration; case management; loss development, forecasting and prevention; safety and loss control; itemized cost allocation; reserve tracking; recording and tracking of diagnostic data and al-

lowed conditions; treatment plans; provider profiling; online ICD-9, CPT and HCPCS code databases; customized reports; first reports of injury; OSHA reporting; frequency and severity rates; employer/facility/provider databases; diary and notification systems. Optional modules include state-specific first reports of injury; employee health; nurses' log; training management; treatment planning; check writing; fee bill repricing; EDI for first reports of injury and cost information.
 ■ PROGNOS-Compliance 2.0.
Price: \$199.
System requirements: IBM-compatible PC system, ODBC compliant client/server application; operates in Windows, including 95, 98, NT.
First installation: 1997.
Total installations: 21.
Claims/coverages managed: Workers comp, OSHA compliance.
Features: Records incident data and creates OSHA compliance reports, including forms 101, 200, 300, 301 and the National Standard First Report of Injury. Optional modules include state-specific first reports of injury.
 ■ PROGNOS-MCO 2.0.
Price: \$25,000.
System requirements: IBM-compatible PC system, ODBC compliant client/server application; operates in Windows, including 95, 98, NT.
First installation: 1997.
Total installations: 132.
Claims/coverages managed: Workers comp.

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Continued from page 30

claim management, case management, managed care.

Features: Manages information for workers comp managed care organizations; claims administration; case management; fee bill recording and processing; recording and tracking of diagnostic data and allowed conditions; treatment plans; provider profiling; online ICD-9; CPT and HCPCS code databases; customized reports; first reports of injury; employer/provider/employee databases; diary and notification systems. Optional modules include state-specific first reports of injury; employee health; nurses' log; treatment planning; check writing; fee bill repricing; EDI for first reports of injury and fee bills.

PROGNOS-Professional 2.0.

Price: \$750 to \$5,000.

System requirements: IBM-compatible PC system, ODBC compliant client/server application; operates in Windows including 95, 98, NT.

First installation: 1997.

Total installations: 188.

Claims/coverages managed: Workers comp, OSHA compliance, safety, case management, employee health.

Features: Manages information for safety, workers comp and occupational health programs; claims administration; case management; loss development, forecasting and prevention; safety and loss control; summary cost recording and reserve tracking; customized reports; first reports of injury; OSHA reporting; frequency and severity rates; employee/facility/provider databases; diary and notification systems. Optional modules include state-specific first reports of injury; employee health; nurses' log; training management; EDI for first reports of injury.

User support: Onsite training, telephone assistance 10 hours per day.

Staff: Eight total, seven professionals.

Clients: 400.

1997 revenues: 85% from software sales, 15% from software services.

Officers: Mark Tochtenhagen, president; Leo Renner, CFO; Mike Hedge, chief information officer; Mark Vermeulen, vp-marketing.

Contact: Mark Vermeulen.

Policy Management Systems Corp.

P.O. Box 10, Columbia, S.C. 29202; 803-333-4000; fax: 803-333-5563 www.pmsc.com

Risk management systems since: 1998.

Software products:

Claims Outcome Advisor.

System requirements: IBM-compatible PC system; operates in Windows, including Windows 95, 98, NT.

Customization optional.

First installation: 1998.

Claims/coverages managed: Workers comp.

Features: Return-to-work plans. Optional modules include medical dictionary

Claims WorkStation.

System requirements: IBM-compatible PC system; operates in Windows. Mainframe: IBM. Online system.

Customization optional.

First installation: 1992.

Total installations: 15.

Claims/coverages managed: General liability, property, casualty, workers comp, auto.

Features: Diary, check processing, incident reporting, reserve tracking.

User support: User groups/meetings*, onsite training, telephone assistance 24 hours per day*, workflow or business needs analysis.

Staff: 15 total, 10 professionals.

Branch offices: Auburn, Campbell, Encinitas, and San Ramon, Calif.; Sarasota, Fla.; Bloomingdale, Ill.; Indianapolis; Boston; Manchester, N.H.; Lawrenceville, N.J.; Charlotte, N.C.; Columbia, S.C.; Bryan, Dallas and Waco, Texas; Toronto.

1997 revenues: \$600,000,000 total.

Officers: G. Larry Wilson, president/CEO; Tim V. Williams, David Bailey, Steve Morrison, Paul Butare, executive vps.

* Included in system price.

Presidium Inc.

10911 White Rock Road, Suite 100, Rancho Cordova, Calif. 95670-6029; 800-920-3541; fax: 916-853-5901 www.presidium.com

Risk management systems since: 1996.

Software products:

PreMIS.

System requirements: Mainframe: IBM AS/400. Online system.

Customization optional.

First installation: 1996.

Total installations: 50; all in corporate risk man-

agement departments.

Claims/coverages managed: Workers comp, short- and long-term disability, medical management.

Features: Claims administration; loss development; reserve tracking; loss trending; incident reporting; standard reports, including check register, claim listings, claim summary/experience analysis, transaction history, frequency/severity, payment summary by type, injury demographics, repeater reporting, loss triangle, short-term disability; ad hoc reports; client-specific data extracts; fourth generation data warehouse; check processing; diary; adjuster and client notes; litigation management; support of client-specific coding; integrated workflow with medical management. Optional modules include bill review system.

User support: Onsite training, telephone assistance nine hours per day*.

Staff: 35 total, 30 professionals.

Clients: 450 total, including 50 corporate risk management departments.

Branch offices: Rancho Cordova, Calif.; Mount Clemens, Mich.; Oklahoma City.

1997 revenues: \$41,000,000 total, \$5,200,000 from risk management information systems sales and service, 100% from software sales.

Officers: Paul Glover, CEO/president; Rick Rothman, senior vp-business development; Hamilton Chaffee, chief information officer; Maryellen Peters, senior vp-West Coast operations; Ed Holleran, senior vp-East/Midwest operations.

Contact: Tracy Mock, vp-marketing; 847-543-1681.

* Included in system price.

Pyramid Services Inc.

39 Old Ridgebury Road, Danbury, Conn. 06810; 203-743-6000; fax: 203-743-6003 www.pyramidservices.com

Risk management systems since: 1987.

Parent: Kemper Insurance Cos.

Software products:

Pyramid.

Price: \$50,000.

System requirements: IBM-compatible PC system; operates in DOS, Windows.

Customization optional.

First installation: 1988.

Total installations: 350; 140 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, professional liability, disability.

Features: Claims administration; first report of injury; medical cost containment; medical bill review; health care information management and non-occupational disability management; loss control; reserve tracking; check processing; diary/notes; litigation management; paperless office; cost allocation; actuarial statistics; policy issuing; billing; standard and ad hoc report generation.

User support: User groups/meetings, onsite training, telephone assistance, upgrades and future releases*.

Staff: 95 total, 85 professionals.

Clients: 150 total. Sold systems to 18 clients in 1997.

Branch offices: Danbury, Conn.; Coral Gables, Fla.

1997 revenues: \$8,750,000 total, \$4,000,000 from risk management information systems sales and service, 60% from software sales, 40% from software services.

Officers: Bill Kuebler, CEO; James Hatch, chief technology officer; Bill Chesley, COO; Tami Cramer, director-sales/marketing.

Contact: Denise Carson.

* Included in system price.



Risk Enterprise Management Ltd. (REM)

59 Maiden Lane, New York, N.Y. 10038; 800-347-2599; fax: 800-634-0425 www.remld.com

Risk management systems since: 1991.

Software products:

Risk Options.

System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.

First installation: 1991.

Total installations: 200; 40 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, specialty

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- | | |
|---|--|
| <input type="checkbox"/> Administrative Mgt | <input type="checkbox"/> Benefits Mgt |
| <input type="checkbox"/> Financial Mgt | <input type="checkbox"/> Loss Prevention Mgt |
| <input type="checkbox"/> Risk Mgt | <input type="checkbox"/> Other |

4. My purchasing involvement for the requested products is to:

- | | | |
|---|----------------------------------|----------------------------------|
| <input type="checkbox"/> recommend only | <input type="checkbox"/> specify | <input type="checkbox"/> approve |
|---|----------------------------------|----------------------------------|

5. Do you now receive a personally addressed copy of Business Insurance?

- | | |
|------------------------------|---|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No, so please send subscription info |
|------------------------------|---|

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Continued from previous page

lines.
Features: Loss development, loss trending, report generation, data analysis, allocation of losses, downloading of databases, exportation of data to other PC formats. Optional modules include consolidation of data from multiple insurers; REMNET.

■ **REMNET.**
System requirements: IBM-compatible PC system; operates in Windows. Online system.
Customization optional.
First installation: 1991.
Total installations: 200; 75 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, specialty lines.

Features: Claims administration; payments; reserves; recoveries; interactive adjusters' notes; diary. Optional modules include Risk Options.

User support: User groups/meetings*, onsite training*, telephone assistance 12 hours per day*, client services center*.

Clients: 75 total.
Branch offices: Brea, Calif.; Orlando, Fla.; Atlanta; Chicago; Florham Park, N.J.; New York; Philadelphia; Nashville, Tenn.; Milwaukee.

1997 revenues: \$95,852,000 total.
Officers: Michael Riney, president; Tim Callahan, CFO; Joseph Campbell, executive vp; Barry Beknap, senior vp-sales; Matt Craig, vp-sales.

Contact: Bill Cassidy.
 *Included in system price.

Risk Laboratories L.L.C.

278 N. Marietta Parkway N.E.,
 Marietta, Ga. 30060-1456;
 770-590-5173; fax: 770-590-5174
 www.risklabs.com

Risk management systems since: 1994.
Software products:

■ **RiskFolio 3.3.**
Price: varies.
System requirements: IBM-compatible PC system; operates in Windows 95 or Windows NT (32-bit).

Customization optional.
First installation: 1994.
Total installations: 110; 90 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, all other claim and coverage types.

Features: Database server location options; interface with internal applications; utilize company intranet/intranet, e-mail and faxing; integration with output options spreadsheets; word processing; multi-user, multi-location, remote access capability; color graphics/charts; document imaging; asynchronous processing; comprehensive help system; standard and ad hoc reports; claims triangulation; loss development, trending and forecasting; premium allocation; budgeting; aggregate analysis of limits and retentions; program/TPA monitoring; cost-of-risk analysis; loss stratification; loss analysis; acquisition and divestiture analysis; program options analysis; self-insurance comparisons and analysis; contract and renewal negotiation; international program analysis; reinsurance/captive cession analysis; frequency and severity analyses; "value as of" analysis; executive information system; HTML/Internet reporting; policy/exposure tracking and management; incoming/outgoing insurance certificate processing and management; claims management for property, casualty and all industry-specific coverages; hierarchy, text and value data flexibility; claims reporting; workers comp first report of injury; litigation management; reserve and values history; notes/diary; scheduling; task creation; distribution and management; safety audit tracking; OSHA

record keeping and reporting; data archiving; data integration, import, export, consolidation; EDI.

User support: User groups/meetings*, onsite training*, telephone assistance nine hours per day*, upgrades*.

Staff: 16 total, 14 professionals.
Branch offices: Marietta, Ga.
Officers: George B. Netherton, president; Robert C. Morrell, vp-research/development; Jim Gibson, assistant vp-client services; Hugh Nunnally, manager-data services; Tom Pickhardt, director-business development.

Contact: Tom Pickhardt, ext. 315.
 *Included in system price.

Risk Technologies Inc.

2480 Highway 287 N., Suite 400,
 Mansfield, Texas 76063;
 817-447-2197; fax: 817-473-7610
 www.riskvision.com

Risk management systems since: 1988.
Software products:

■ **RiskVision.**
Price: \$75,000 to \$250,000.
System requirements: IBM-compatible PC system, Macintosh; operates in Windows, including 3.11, 95, 98, NT; UNIX, Novell.

Customized system.
First installation: 1988.
Total installations: 200; 150 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, injury benefits, hospital incidents, medical malpractice, accident and health.

Features: Claims administration; check processing; custom claim-input screens; laser check writing; vendor management; electronic transmission of 1099 information to IRS; electronic bank reconciliation transmissions and fund management; custom reports; ad hoc report generation; report writer; data export/import to SQL/ASCII/DBase/WK1 files; remote access; portability to laptop PCs and laptop PC updates; reports to diskette; reserve worksheets; notes/diary routines; exposure information management; premium management; policy management; cost allocation; loss development; loss control and OSHA reporting/record keeping; state fee schedule verification and payment discounting; form letter generator. Optional modules include real-time integration with human resource systems; RiskVision EAS for customer-specific SQL query tools for reporting, analysis and graphing.

■ **RiskVision EDI.**
Price: \$75,000 to \$500,000.
System Requirements: Web-enabled browser and Internet access. Online system.

Customized system.
First installation: 1992.
Total installations: 150; 75 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, Longshoremen's and Harbor Workers Act, medical malpractice, injury benefits, hospital incidents, accident and health.

Features: Electronic data consolidation and conversion to client-specific formats; policy/coverage verification; data review, analysis, reporting via the World Wide Web. Optional modules include real time interface with insurance company, TPA or client's database, integration with human resource systems.

User support: User groups/meetings*, onsite training*, telephone assistance 12 hours per day*.

Staff: 15 total, 11 professionals.
Clients: 250 total. Sold systems to 25 clients in 1997.
1997 revenues: 5% from hardware sales, 60% from software sales, 35% from software services.

Continued on next page

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Tokyo



Hong Kong

Continued from previous page

Officers: Chuck Allen, president; R.J. Mallette, vp-product development/marketing; Ron Watts, vp-customer services.
*Included in system price.

RISKTRAC Inc.

230 Commerce Way,
Portsmouth, N.H. 03801;
603-422-0444; fax: 603-433-4676
www.risktrac.com

Risk management systems since: 1982.
Parent: Liberty Mutual Group.
Software products:

■ **RISKTRAC LINKS.**
System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.
First installation: 1987.
Total installations: 1,700; 1,360 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, group short- and long-term disability.

Features: Claim inquiry; real-time access to adjuster notes; daily updates of claim and payment information; access to managed care rehabilitation nurse information; reserve changes and calculations; customized data capture with unlimited user-defined fields; communication; data consolidation; 36 standard reports; report scheduler; ad hoc reports, including graphics, downloads of data into word processing, spreadsheets and database formats. Optional modules include RISKTRAC EIS.

■ **RISKTRAC SA.**
System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.
First installation: 1996.
Total installations: 150.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, group short- and long-term disability.

Features: Claim inquiry; data consolidation; 26 standard reports; report scheduler; ad hoc reports; customized data capture with unlimited user-defined fields; reminders; linking and storing of documents associated with claims; supports worldwide currencies.

■ **RISKTRAC EIS.**
System requirements: IBM-compatible PC system; operates in Windows. Online system.

Customization optional.
First installation: 1998.
Total installations: 100.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, group short- and long-term disability.

Features: Review claims and loss information; provides ability to drill-down into information to generate graphical/tabular presentation of claims information for single or multiple lines of business; trends and patterns in claims data; e-mail distribution of important-event notifications.

■ **RISKTRAC.nxt.**
System requirements: IBM-compatible PC system; operates in Windows. Online system.
Customization optional.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, group short- and long-term disability.

Features: Web-enabled RMIS products available through a browser, including claim inquiry, real time access to adjuster notes, daily updates of claim detail and supplemental information, monthly updates of financial valuations, customized data capture, standard reports and data consolidation.

User support: User groups/meetings, onsite training, telephone assistance 13 hours per day, on-line help system.

Branch offices: Portsmouth, N.H.
Contact: Alicia Rawnsley.

RSKCo

333 S. Wabash, Chicago, Ill. 60685;
312-822-2013; fax: 312-817-1638

Risk management systems since: 1996.
Parent: CNA Insurance Cos.

Software products:

■ **Clearview.**

Price: \$12,000.
System requirements: IBM-compatible PC system; operates in Windows, including 3.1, 95, 98. Online system.

First installation: 1996.
Total installations: 815; 275 in corporate risk management departments.

Claims/coverages managed: General liability, property, casualty, workers comp, auto, integrated disability management, prior carrier data.

Features: Individual claims viewing; real time adjuster notes; loss development, including loss triangles; 19 standard reports; custom reports; drill down features providing analysis and supportive information for claims loss prevention, safety and loss control; customer-specific data can be input or imported into the database and accessed through the custom reporting function; view and print location structures; communicate with adjusters directly through notes and e-mail; diary notes. Optional modules include cost allocation module.

User support: User groups/meetings*, onsite training*, telephone assistance*, RMIS consultant*.

Staff: 70 total, 25 professionals.
Clients: 275 total. Sold systems to 150 clients in 1997.

Branch offices: San Francisco; Duluth, Ga.; Chicago; New York; Dallas.

1997 revenues: \$791,800,000 total. \$11,000,000 from risk management information systems sales and service, 100% from software sales.

Officers: Robert Kulbick, CEO; Thomas Donnelly, president; George D. Keebler, Virginia Keck, Randall Hollenbeck, senior vps.

Contact: Melinda Mitrovic, director-consulting services, 312-822-7465.
*Included in system price.

If your company produces or supplies risk management software products directly to corporations and was not included in this directory, please call John Keagy at 312-649-5313 to be added to the mailing list for next year.



**SAC 3 Star Advanced
Communications
Concepts Co.**

3322 Memorial Parkway, Suite 42,
Huntsville, Ala. 35801;
256-882-1610; fax: 256-882-1810
www.sac3.com

Risk management systems since: 1993.

Software products:

■ **National Industrial Injury Data System.**

System requirements: IBM-compatible PC system; operates in DOS, Windows, Windows NT. Online system.

Customization optional.

First installation: 1994.

Total installations: 200; 100 in corporate risk management departments.

Claims/coverages managed: Workers comp.

Features: Provides employers, providers, TPAs and payers with the electronic data interchange link to state or multiple states' jurisdictions; speeds process for first reports of injury, subsequent reports of injury, medical bills and premium audits; integrates with most risk management systems. Additional modules activated based on clients' needs. Optional modules include Premium Audit, Doev Link, Visit Link, Return Link, Plan Link.

User support: User groups/meetings, onsite training*, telephone assistance 10 hours per day*, techsupport@sac3.com.*

Staff: 30 total, 18 professionals.

Clients: 100 total. Sold systems to 100 clients in 1997.

Officers: Ance Sherrard, CEO; Rober Pruett, vp;

Scott Lund, vp-marketing.

Contact: Scott Lund.

*Included in system price.

**Sedgwick Information
Systems**

1000 Ridgeway Loop Road,
Memphis, Tenn. 38120;
901-761-1550; fax: 901-761-0408
www.sedgwick.com

Risk management systems since: 1979.

Parent: Sedgwick Group P.L.C.

Software products:

■ **INFORM for Windows.**

System requirements: IBM-compatible PC system; operates in Windows 95, Windows NT. Online system.

Customization optional.

First installation: 1979.

Total installations: 200; all in corporate risk management departments.

Claims/coverages managed: General liability,

Continued on page 36

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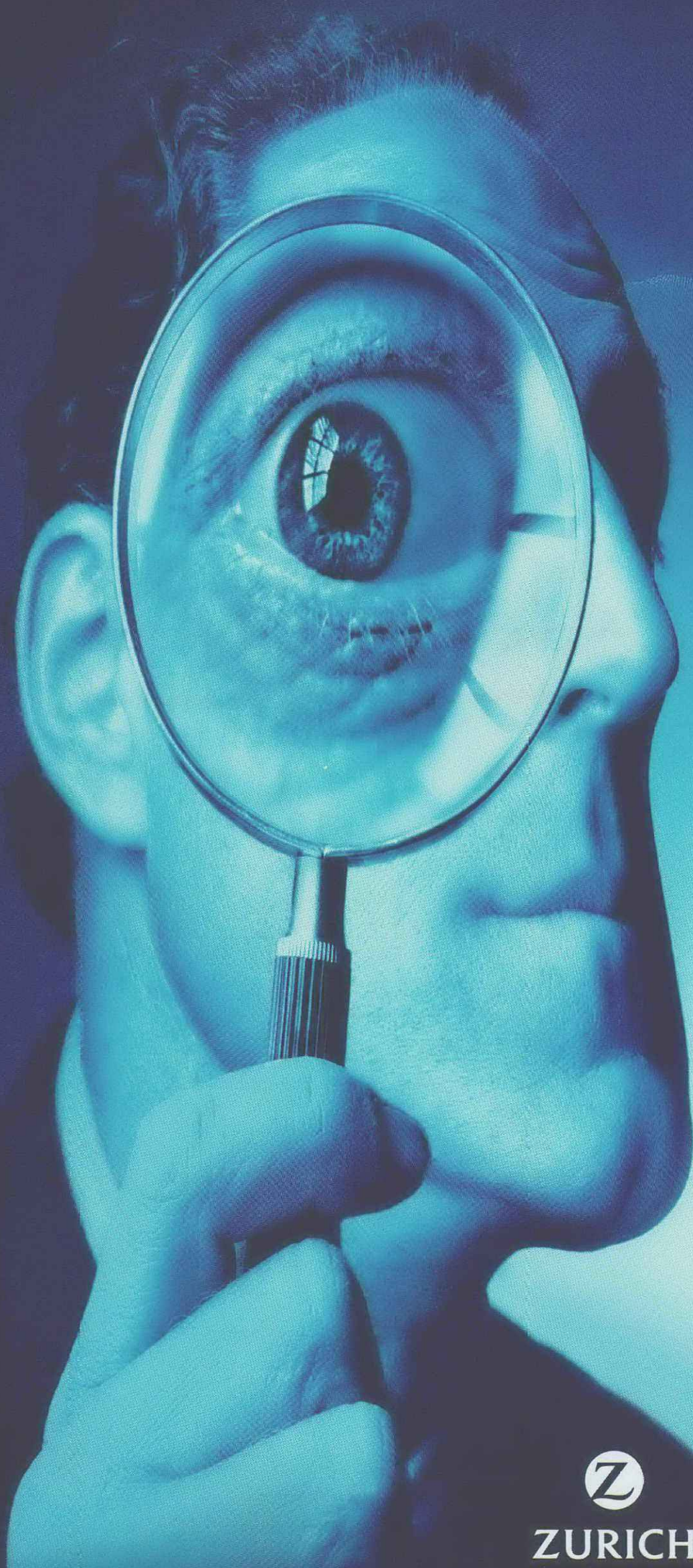
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ZURICH

Continued from page 34

property, casualty, workers comp, auto, crime.
Features: Client/server risk management information system; color graphics; claims management; premium allocations management; actuarial loss forecasting; exposure tracking; customized and ad hoc reports; risk finance; risk control. Custom modules and reports available.
User support: User groups/meetings, onsite training*, telephone assistance eight hours a day* (amount depends on contract).
Staff: 15 total, 13 professionals.
Clients: 150 total, including 25 corporate risk management departments. Sold systems to five clients in 1997.
Branch offices: Melville and New York, N.Y.; Memphis, Tenn.; 73 distribution offices.
1997 revenues: \$1.6 billion total**, 40% from software sales, 60% from software services.
Officers: Joe Labetti, managing director-information systems; Alan Josefsek, executive vp; Frank Fantigrossi, senior vp.
Contact: Alan Josefsek, 516-425-3224; Frank Fantigrossi, 516-425-3230.
 *Included in system price.
 **Reflects parent company statistics.

Seligman Information Systems
 234 Garden St.,
 Roslyn Heights, N.Y. 11577;
 516-484-5177; fax: 516-621-2154

Risk management systems since: 1985.
Software products:
 ■ **CTRACK** - Certificates of Insurance Tracking.
Price: \$695.
System requirements: IBM-compatible PC system or local area network; operates in DOS, Windows.
Customization optional.
First installation: 1988.
Total installations: 160; 130 in corporate risk management departments.
Features: Tracks certificates received by businesses; follows up for renewal certificates as policies expire; can mark certificates that do not meet requirements; requests corrections; management reports for tracking past, current and future activity; data entry service available.
 ■ **Advanced CTRACK**—Certificates of Insurance Tracking.
Price: \$1,195.
System requirements: IBM-compatible PC system or local network; operates in DOS, Windows.
Customization optional.
First installation: 1989.
Total installations: 100; 90 in corporate risk management departments.
Features: Includes basic features of CTRACK; automatically checks certificates for compliance requirements; coverage clauses and policy limits checked and recorded for future use; corrections requested for unacceptable certificates; ratings available for property and casualty insurance companies; can be customized to track and verify any type of form; single-and multiuser versions available;

data entry services available.
 ■ **ACCESS**—The Claims Information System.
Price: \$5,000.
System requirements: IBM-compatible PC system, local network; operates in DOS, Windows.
Customization optional.
First installation: 1986.
Total installations: 20; eight in corporate risk management departments.
Features: Services accounts that are insured, have claims handled by third-party administrators or are self-administered; general liability, auto liability, auto physical damage and workers compensation coverages are supported; financial and safety reporting systems; check/voucher writing system available for issuing payments; data entry services available.
 ■ **CERTS**—Certificates of Insurance Issuing.
Price: \$900.
System requirements: IBM-compatible PC system or local network; operates in DOS, Windows.
Customization optional.
First installation: 1987.
Total installations: 19; 14 in corporate risk management departments.
Features: Issues large volumes of certificates of insurance forms and custom forms and letters; full audit trail maintained of all certificates issued; management reports to help control issuing process; data entry services available.
User support: Training and consulting support, telephone assistance 12 hours per day.
Officers: Thomas Seligman.

Specific Software Solutions L.L.C.
 P.O. Box 1007, Brentwood,
 Tenn. 37024-1007;
 800-929-4052; fax: 615-376-5117
 www.modmaster.com
Risk management systems since: 1991.
Software products:
 ■ **ModMaster 2000.**
Price: \$299 to \$699.
System requirements: IBM-compatible PC system; operates in Windows.
Customization optional.
First installation: 1991.
Total installations: 1,500; 300 in corporate risk management departments.
Claims/coverages managed: Workers comp.
Features: Computes and analyzes workers compensation modification factor; new experience rating adjustment, reports, graphs, what-if analysis.
 ■ **Loss Forecaster II.**
System requirements: IBM-compatible PC system; operates in Windows.
Customization optional.
First installation: 1997.
Total installations: 200; 75 in corporate risk management departments.
Claims/coverages managed: General liability, workers comp, auto.
Features: Actuarial tools, produce loss projections, reserve analysis, payout schedules.
User support: Onsite training, telephone assistance eight hours per day*.
Staff: Five total, five professionals.
1997 revenues: 100% from software sales.
Officers: Timothy L. Coomer, president; Kory Wells, vp; Al Rhodes, senior actuary.
Contact: Timothy L. Coomer.
 *Included in system price.

StarTech Software
 26555 Evergreen Road, Suite 1750;
 Southfield, Mich. 48076;
 248-350-9664; fax: 248-350-2223
 www.startechsoftware.com
Risk management systems since: 1997.
Parent: FDI Group.
Software products:
 ■ **Eclipse.**
Price: \$35,000.
System requirements: IBM-compatible PC system.
Customization optional.
First installation: 1997.
Total installations: 50; 50 in corporate risk management departments.
Claims/coverages managed: General liability, property, casualty, workers comp, auto, short and long term disability, bill review.
Features: Integrated suite of claims management and cost containment software; modules include workers comp, automotive and general liability claims, short and long term disability claims, bill review with multiple PPO options; claims administration; loss development; loss forecasting; risk analysis; report generation; data analysis; check printing; claim notes; legal and reinsurance modules; bill review.
User support: User groups/meetings*, onsite training, telephone assistance eight hours per day*.
Staff: 14 total, 10 professionals.
Clients: 70 total. Sold systems to 50 clients in 1997.
Branch offices: Tampa, Fla.; Novi and Southfield, Mich.
Officers: Mark Churella, Scott Settle, Pam Shaw, Suzanne Bernardo, John Roach.
Contact: John Roach.
 *Included in system price.

Synergistic Solution Technologies Inc.
 2301 W. Anderson Lane, Suite 100,
 Austin, Texas 78757-1249;
 512-467-2100; fax: 512-452-3002
Risk management systems since: 1990.
Software products:
 ■ **RiskSmart.**
Price: \$30,500.
System requirements: IBM-compatible PC system; operates in UNIX.
Customization optional.
First installation: 1997.
Claims/coverages managed: General liability property, casualty, workers comp, auto, error and omissions, law enforcement, liability, crime.
Features: Integrates loss, exposure, policy, human resources, financial data into single database to support analysis of risk information; data can be summarized, accessed and analyzed in drill-down analysis, multi-dimensional analysis, reporting, charting; historical financial data to support as-of-reporting, loss triangles, calculation of loss development factors based on actual experience; monitors TPA performance, develop internal benchmarks, allocate costs, identify drivers of cost of risk. Optional modules include outside data conversion, consolidated and integrated and then sent to customer on cd-rom or e-mail for loading into RiskSmart.
User support: Onsite training*, telephone assistance eight hours per day*.
Staff: Eight total, seven professionals.
Clients: Two total. Sold systems to two clients in 1997.
1997 revenues: \$600,000 total. \$600,000 from risk management information systems sales and service, 20% from software sales, 80% from software services.
Officers: John Sederberg, president; Steve Lowell, treasurer; Dan Williams, vp.
Contact: Dan Williams, 512-467-2100, ext. 17.
 *Included in system price.

T
TecnoRisk L.L.C.
 1319 Dexter Ave. N., Suite 300,
 Seattle, Wash. 98109;
 206-282-6077; fax: 206-282-5939
 www.technorisk.com
Risk management systems since: 1996.
Parent: Risk Management Services Inc.
Software products:
 ■ **TECHNO Claims P&I Plus.**
Price: \$25,000 to \$45,000.
System requirements: IBM-compatible PC system; operates in Windows.
Customization optional.
First installation: 1996.
Total installations: 14; 11 in corporate risk management departments.
Claims/coverages managed: General liability, workers comp, maritime, including crew injury, passenger/tp injury, cargo damage, hull 2 equipment damage.
Features: Claims administration, loss prevention, reserve tracking, incident reporting including marine index bureau reports, retention analysis, check processing, diary, litigation management. Optional modules include safety department analysis of recordable cases and follow up on accidents, incidents and non-conformities with safety management system.
User support: Onsite training, telephone assistance eight hours per day*.
 *Included in system price.

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 RJF@CENTURYCAP.COM



Continued from previous page

...ance 10 hours per day*.
Staff: Six total, five professionals.
Clients: 10 total, including eight corporate risk management departments. Sold systems to five clients in 1997.
Officers: Roger Phillips, president; Michael Wilt, Elizabeth Seymour, vps.
Contact: Roger Phillips.
* Included in system price.

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Risk management systems since: 1983.
Parent: Citigroup Inc.
Software products:
■ CARMA/CARMA On-Line.
System requirements: IBM-compatible PC system; operates in Windows, Windows 3.1, Windows 95, Windows 98, Windows NT and all Window-based web-enabled. Online system.
Customization optional.
First installation: 1983.
Total installations: CARMA: 965. CARMA On-Line: 1,365; CARMA: 235. CARMA On-Line: 739 in corporate risk management departments.
Claims/coverages managed: General liability, property, casualty, workers comp, auto.
Features: Claims manager/loss analysis including adjuster's notes; workers comp lost time analysis, managed care and integrated disability analysis, loss development and forecasting, loss prevention, reserve tracking, premium allocation, risk analysis, self-insurance comparisons and analysis, loss trending and safety/loss control; ad hoc reporting; utilize data from other sources (prior insurer/TPA/self-administered data, including loss information and disability information); employee benefits; short term disability; benchmarking and drill-down analysis; insurance and risk management analysis available through actuarial, loss control/safety, claim and underwriting staff, all accessing same information source as client and broker. Optional modules include exposure, OSHA.
User support: User groups/meetings*, onsite training*, telephone assistance*, newsletter*, indi-

vidual account information representative for all accounts*.
Staff: 105 total, 78 professionals.
Clients: 1,961 total, including 265 corporate risk management departments.
Branch offices: Los Angeles; Hartford, Conn.; Atlanta; Chicago; Minneapolis; Dallas.
Contact: Matthew L. Carden, second vp-PMIS.
* Included in system price.

Trinity Risk Systems Inc.

300 First St., Waxahachie,
Texas 75165;
972-923-2171; fax: 972-923-2889
www.trinityrisk.com

Risk management systems since: 1994.
Software products:
■ Trinity Risk System.
System requirements: IBM-compatible PC system; operates in Windows.
Customization optional.
First installation: 1994.
Total installations: 27; 21 in corporate risk management departments.
Claims/coverages managed: General liability, property, casualty, workers comp, auto, medical malpractice, cargo liability.
Features: Claims administration, policy tracking, experience rating, reserve tracking, allocation of

premium, risk analysis, self-insurance comparisons and analysis, loss trending, safety and loss control, incident reporting, report generation, data analysis, check processing, diary, litigation management, automatic indemnity payments. Optional modules include underwriting, certificate of insurance, internet first report of injury, fee scheduling.
User support: Onsite training*, telephone assistance 12 hours per day.
Staff: Eight total, six professionals.
Clients: 26 total, including 21 corporate risk management departments. Sold systems to four clients in 1997.
Contact: Ben Glacken.



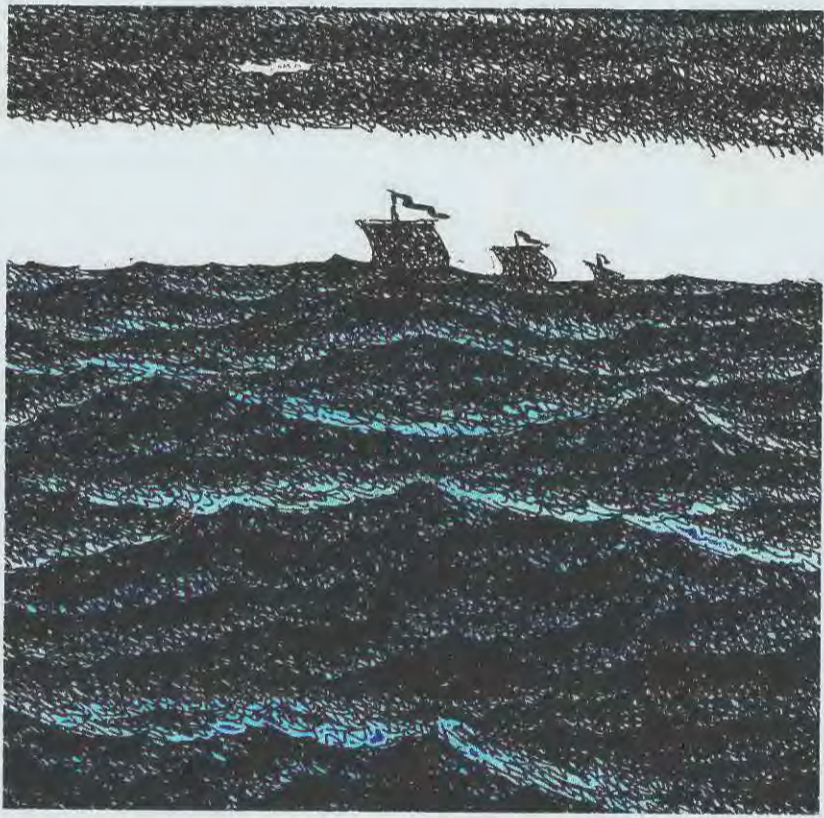
Valley Oak Systems Inc.

3189 Danville Blvd.,
Suite 255, Alamo, Calif. 94507;
925-552-1650; fax: 925-552-1656
www.valleyoak.com

Risk management systems since: 1995.
Software products:
■ VOS Portal.
Price: \$125,000.

System requirements: IBM-compatible PC system; operates in Windows. Mainframe, Client Server.
Customization optional.
First installation: 1995.
Total installations: 15; five in corporate risk management departments.
Claims/coverages managed: General liability, property, workers comp.
Features: Comprehensive claims administration system including workers' compensation, general liability, and property claims, multi-state workers' compensation with state specific forms, letters and reports. Feature list applies to all types of claims. Document imaging, diary, notepad, payment processing, laser checks, reserve tracking, litigation, integrated electronic law library, medical management, incident reporting and correspondence generating and tracking. Certificate issuance/tracking, policy tracking, vendor tracking that includes 1099, OSHA, and other state and federal reporting. Risk analysis, safety and loss control use a comprehensive integrated report generation module.
User support: User groups/meetings, onsite training, telephone assistance.
Staff: Six total, five professionals.
Clients: 12 total. Sold systems to 10 clients in 1997.
1997 revenues: 5% from hardware sales, 75% from software sales, 20% from software services.
Officers: Randy Wheeler, president; David Turner, vp-development.

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Datebook

JANUARY

JAN. 11-12. Convergence and Consolidation in the Insurance Industry conference in New York, sponsored by the Institute for International Research; \$1495. Customer Service, Institute for International Research, P.O. Box 102914, Atlanta, Ga. 30368-2914; 941-951-7885.

JAN. 18-20. The Congress on Managed Medicaid & Medicare in Washington, sponsored by the National Managed Health Care Congress; \$1495. NMHCC, P.O. Box 102713, Atlanta, Ga., 30368-2713; 888-882-2500.

JAN. 20-21. Directors' and Officers' symposium in New York, sponsored by the Professional Liability Underwriting Society; \$675 for members and \$825 for non-members before Dec. 11 and \$795 for members and \$950 for non-members after. PLUS, 4248 Park Glen Road, Minn-

neapolis, Minn. 55416; 612-928-4644.

JAN. 20-21. Enterprise-Wide Risk Management conference in New Orleans, sponsored by the International Quality and Productivity Center; \$1395. IQPC Customer Service, 150 Clove Road, Little Falls, N.J. 07424; 800-882-8684.

JAN. 21-22. Integrated Risk Financing forum in New York, sponsored by the Institute for International Research; \$1395. Customer Service Manager, Institute for International Research, P.O. Box 102914, Atlanta, Ga. 30368-2914; 888-670-8200.

JAN. 24-26. 1999 National Insurance Risk Management conference in Orlando, Fla. sponsored by the American Bankers Assn.; \$795 for members and \$975 for non-members. ABA, Customer Service Center, 1120 Connecticut Ave. N.W., Washington, D.C., 20036; 202-789-0300.

JAN. 25-26. Insurance Risk Securitization forum in New York, sponsored by the Institute for International Research; \$1,395. IIR, P.O. Box 102914, Atlanta, Ga. 30368-2914; 888-670-8200.

JAN. 27-28. Weather Risk Management conference in Houston, sponsored by the International Quality and Productivity Center; \$1,495. IQPC Customer Service, 150 Clove Road, Little Falls, N.J. 07424; 800-882-8684.

JAN. 28. 1999 Illinois Workers Compensation seminar in Oakbrook, Ill., sponsored by Lorman Education Services; \$209 for single registrants and \$199 for two or more registrants from the same organization. Lorman Educational Services, P.O. Box 509, Eau Claire, Wis. 54702-0509; 715-833-3959.

JAN. 28-29. Reinsurance for Property/Casualty Insurance seminar in Philadelphia, sponsored by the Fells Road Group Inc.; \$1,000. Also **April 29-30** in Philadelphia. Fells Road Group Inc., 271 Route 46 West, Suite D-207, Fairfield, N.J. 07004; 973-227-5955.

JAN. 31-FEB. 3. Interactive Disability Forum in Hartford, Conn., sponsored by Life Buena Life and Disability Consulting Group Inc.; \$945. Disability

Consulting Group Inc., Jami Berube, meeting coordinator, 66 Pearl St., Suite 300, Portland, Maine 04101; 207-756-8551.

FEBRUARY

FEB. 4-5. Eighth Annual Managed Care Health Care Conference in Longboat Key, Fla., sponsored by the Florida West Coast Healthcare Coalition; \$175. West Coast Healthcare Coalition, 6637 Superior Ave., Suite C, Sarasota, Fla. 34231; 941-923-1697.

FEB. 7-10. Annual meeting in Dana Point, Calif., sponsored by the Professional Insurance Marketing Assn.; \$625 for members and \$750 for non-members. PIMA, c/o Debra Kaufman, 4733 Bethesda Ave., Suite 330, Bethesda, Md. 20814; 301-951-1260.

FEB. 16-19. The World Insurance Forum in Hamilton, Bermuda, sponsored by the Bermuda Insurance Symposium; \$725 for CFOs, risk managers and treasurers, and \$975 for all others. Suzie McKeegan, Project Coordinator, The Bermuda Insur-

ance Symposium, 61 Front St., P.O. Box HM 2550, Hamilton, HM KX, Bermuda; 441-292-6386.

FEB. 17-19. Advanced Pension conference in Orlando, Fla., sponsored by Corbel; \$750. Corbel, 1660 Prudential Drive, Suite 400, Jacksonville, Fla. 32207; 800-326-7235, ext. 1237.

FEB. 25-26. Optimizing Your Environmental Management System seminar in Orlando, Fla., sponsored by Government Institutes; \$999. Government Institutes, 4 Research Place, Suite 200, Rockville, Md. 20850; 301-921-2345.

MARCH

MARCH 1-3. Techniques of Risk Management course in Atlanta, sponsored by the Risk & Insurance Management Society; \$675 for members, \$775 for associate members and \$825 for non-members. Also **May 3-5** in Denver, **Aug. 2-4** in Calgary, Alberta, and **Dec. 8-10** in Boston. RIMS, Professional Development Department, 655 Third Ave., New York, N.Y. 10017-5367; 212-286-9292.

MARCH 3-4. 1999 Annual Issues and Research conference in Cambridge, Mass., sponsored by the Workers Compensation Research Institute; \$475 for members and \$595 for non-members before Jan. 29 and \$495 for non-members after. WCRI, 955 Massachusetts Ave., Cambridge, Mass. 02139; 617-661-9274.

MARCH 8-9. Captive Insurance Companies from A-Z conference in Brussels, Belgium, sponsored by Management Centre Europe; BEF 85.500 for members and BEF 95.000 for non-members. Also **July 6-7** in Brussels. Management Centre Europe, rue de l'Aqueduc 118, B-1050 Brussels, Belgium; 32-2-543-2100.

MARCH 10-11. Alternative Risk Financing conference in Brussels, Belgium, sponsored by Management Centre Europe; BEF 85.500 for members and BEF 95.000 for non-members. Also **July 8-9** in Brussels. Management Centre Europe, rue de l'Aqueduc 118, B-1050 Brussels, Belgium; 32-2-543-2100.

MARCH 17-19. Reinsurance Accounting seminar in Philadelphia, sponsored by the Fells Road Group Inc.; \$1,250. Also **June 9-11** in Philadelphia. Fells Road Group Inc., 271 Route 46 West, Suite D-207, Fairfield, N.J. 07004; 973-227-5955.

MARCH 17-19. Claims Management course in Atlanta, sponsored by the Risk & Insurance Management Society; \$675 for members, \$775 for associate members and \$825 for non-members. Also **June 7-9** in San Francisco and **Oct. 20-22** in Washington, D.C. RIMS, Professional Development Department, 655 Third Ave., New York, N.Y. 10017-5367; 212-286-9292.

MARCH 18-19. Annual Petroleum Insurance and Environmental Protection conference in New Orleans, sponsored by the Professional Development Institute at the University of North Texas; \$595. PDI, University of North Texas, P.O. Box 310769, Denton, Texas 76203-0769; 940-565-2483.

MARCH 24-26. Reinsurance Auditing seminar in Philadelphia, sponsored by the Fells Road Group Inc.; \$1,250. Also **June 14-16** in Philadelphia. Fells Road Group Inc., 271 Route 46 West, Suite D-207, Fairfield, N.J. 07004; 973-227-5955.

MARCH 29-31. The Fundamentals of Finance for Non-Financial Managers in the Insurance Industry conference in Brussels, Belgium, sponsored by Management Centre Europe; BEF 99.000 for members and BEF 110.000 for non-members. Management Centre Europe, rue de l'Aqueduc 118, B-1050 Brussels, Belgium; 32-2-543-2100.

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INTERNATIONAL

Global Briefs

Insurance regulation in China has been moved from the People's Bank of China to a new body, the **China Insurance Regulatory Commission**. Headed by Ma Yongwei, the former head of the People's Insurance Co. of China, the organization will form policy, enforce laws, protect policyholders' rights, promote competition and set up a risk evaluation system. . . **Ina Barker**, former executive director of the Assn. of Insurance & Risk Managers in the United Kingdom, has been appointed a lifetime vp of the organization. . . Members at **Lloyd's of London** have defeated proposals put forward at an extraordinary general meeting that certain bylaw amendments be revoked to protect traditional names' rights. Of the 5,738 valid votes cast, 3,396 opposed the proposals directed at increasing names' representation on the ruling Council and changing voting arrangements for Council elections. However, the names who called the meeting have accused Lloyd's of obstruction by not circulating a statement from the EGM Initiative, and say they are considering legal action. . . The Indian government has pledged to push through **deregulation of the insurance sector** in the current Parliamentary session. Foreign investors will be allowed to own up to 40% of domestic insurance companies, depending on the investors' status, and the Insurance Regulatory Authority will become a statutory body under the proposals. . . Tom Faerovik has been appointed director-Northern Europe at **ACE London**, to develop business in the region. Mr. Faerovik was previously general manager of Marsh & McLennan, Denmark. . . U.K. insurers are paying out £645 million (\$1.08 billion) in **fraudulent claims** this year, according to figures released last week by the Assn. of British Insurers. Motor fraud made the biggest contribution to the overall cost of fraud to the insurance industry, and commercial property fraud is estimated to have risen by £3 million (\$5 million) to £43 million (\$71.7 million). As part of an initiative to reduce the problem, the ABI has launched a confidential telephone hotline for whistleblowers. . . Estimated profits at the three syndicates managed by **Hiscox Syndicates Ltd.** are on the up for the 1996 year of account. All three are showing improved profit figures on previous estimates, with syndicate 33 now expected to make profits of between 10% and 15% of capacity, syndicate 52 anticipated to post between 15% and 20% profits, and syndicate 625 showing profits of between 10% and 15% of capacity. The final results will be issued next year under Lloyd's three-year accounting system. . . Eiji Kasuya has been appointed head of Japan at **Aon Group Inc.** Mr. Kasuya is responsible for coordinating all Aon's activities in Japan. . . Brett Warburton-Smith has been appointed an underwriter at **Harvey Bowring Credit Underwriting Ltd.**, a specialist trade credit insurer at Lloyd's of London. . . South African broker **Forbes Group Ltd.**, the eighth-largest in the world, has acquired a majority stake in Hong Kong-based Fairlead Pacific Insurance Brokers through subsidiary Nelson Hurst. Fairlead Pacific was set up in 1994 and specializes in marine business. Terms of the deal were not disclosed. . . The **London Insurance Market Network** recently established a single access point into both U.K. and U.S. industry networks. LIMNET's new facility uses international standard connections allowing subscribers to connect into other systems such as the Reinsurance Network and the U.S.-based IVANS through one point, rather than needing a separate subscription for each one. LIMNET estimates the enhanced network will result in savings for 60% of London market subscribers who are now able to access a number of services including those offered by Lloyd's of London and the London Processing Centre. LIMNET is working toward bringing the World Insurance Network into the facility, said a spokeswoman.

FSA champions policyholders

U.K. regulator proposes additional standards to protect Lloyd's clients

By SARAH GODDARD

LONDON—Policyholder protection is the prime focus of proposed changes to the regulatory system covering Lloyd's of London.

In a consultation paper published last week, the Financial Services Authority put forward a number of changes to Lloyd's current regulatory system, particularly championing policyholders' rights.

Howard Davies, chairman of the FSA, said in a statement: "The government's intention is to ensure that policyholders at Lloyd's benefit from the same level of protection available elsewhere in the insurance market. We hope that the proposals in this paper would achieve that objective."

The change in regulatory focus is intend-

ed to ensure that Lloyd's policyholders are protected by regulation similar to that applied to U.K. insurance companies.

Although the proposals are still in the consultative stage, the consultation paper makes clear that the FSA favors conducting some regulatory functions itself and directing Lloyd's in exercising regulatory power. "In the areas of direct FSA supervision, we shall make rules and issue guidance applying to certain types of activity and market participant, and we shall monitor and enforce these requirements ourselves," states the document. "Where we believe it would be more appropriate to place requirements on Lloyd's, we shall set clear standards for the society's regulatory activities, closely monitor its compliance with these, take en-

forcement action if it fails to meet the standards we have set and, if necessary, take back certain functions."

Policyholders, already protected from syndicate failure by Lloyd's Central Fund, which underpins the market's solvency, also will have access to a general policyholder compensation fund under proposals outlined in the document. In addition, they will be given access to the new Financial Services Ombudsman Scheme, which adjudicates disputes between insurers and policyholders, and the FSA will "be able to use its powers of intervention in a much wider range of circumstances than the Treasury can now." The Treasury currently is responsible for regulating Lloyd's.

See FSA on next page

Reputational risk needs managing

ROME—Risk managers are becoming increasingly aware that reputational risk is one of consequence that needs to be managed, a management consultant says.

Mike Seymour, director of risk management at London consulting firm First & 42nd, explained that communication is one of the vital elements in controlling crisis situations and preventing them from getting out of hand. "Facts are the first things that go out of the window when something hits," Mr. Seymour said recently at Management Centre Europe's 29th International Insurance & Risk Management Conference in Rome. "Perceptions become important."

Measuring corporate reputation is very difficult to judge. "Increasingly, regrettably, many of the external judgments are made on non-business parameters" and are "perceptual and highly emotive." Mr. Seymour has worked on a number of crisis management cases as a communications adviser, including the 1988 Piper Alpha oil rig explosion, the Perrier mineral water recall and a worldwide Heineken beer recall.

Over the past 10 to 15 years, the spotlight has progressively focused on corporate executives, said Mr. Seymour, and when an organization catches the public eye during a crisis, managers are in a "fishbowl environment," he said. "It is terrifying."

What's more, globalization means crisis situations are immediately in the international arena, he added.

Additionally, the requirement for transparent management and corporate governance means organizations are "judged by a series of really bewildering different yardsticks,"

said Mr. Seymour.

He says the yardsticks of corporate reputation are:

- Financial and product performance.
 - Legal and regulatory standards.
 - Ethical behavior.
 - Environmental impact.
 - Personal and human rights.
- These include workers, shareholders, local communities and interest groups.

• Political correctness, or respect for local customs and expectations.

Corporate reputation is defined by a diverse group that includes stockholders, employees, industry experts, financial analysts, politicians and the media, each with a different perspective, said Mr. Seymour.

Although every crisis is different, all crises have similar characteristics. For example, organizations often are caught off guard, have a heightened desire to address the crisis but lack information and many adopt a siege mentality.

Three things must be done immediately, advised Mr. Seymour. The initial problem must be addressed, communications must be controlled, and the rest of the business needs to be managed, he said.

To do this successfully, the organization needs "preparedness plans," said Mr. Seymour. These are more complex and detailed than contingency plans, because they must include the company's ability to manage in the public arena. The plans should use trained crisis teams working with tested plans, procedures and systems, he said, as well as systems to handle information and communications.

—By Sarah Goddard

U.K. industry group to review benefits for deafness claims

By CAROLYN ALDRED

LONDON—The state-provided benefit for occupational deafness is under review as a result of proposed changes to simplify and update the criteria for claiming state-provided industrial injury benefits.

After seeking comment from industry, the Industrial Injuries Advisory Council plans to publish a consultation paper, "Occupational Coverage of Occupational Deafness," which will be the first in a series due to be published as part of the IAC's major review of industrial injuries disability benefits.

The Industrial Injuries Benefit Scheme provides non-contributory, no-fault benefits for disability resulting either from workplace accidents or one of more than 70 industrial diseases accepted as a particular risk of an occupation.

The IAC is an independent advisory body made up of employer and employee representatives as well as occupational health specialists. Its role is to provide advice to the government department for social security about the diseases for which employees can get benefits.

A major review, begun last year, aims to identify any

changes needed to reflect current scientific knowledge. The review also seeks to identify measures that will improve the speed and ease of processing claims and reduce the administrative costs of the plan.

Occupational deafness was identified by the IAC as one of the occupational diseases "requiring early consideration," the consultation paper notes.

On the recommendation of the IAC, the U.K. government first listed occupational deafness as an industrial disease for a select number of occupations in 1974. To make a successful claim for occupational deafness, the claimant must have worked in a listed occupation for ten years and make a claim within five years of leaving the job.

A key thrust of the IAC's review is to "simplify and clarify the list of diseases," according to the consultation paper.

"Prescribed disease A10 (occupational deafness) has the longest and most complex list of occupations of all the prescribed diseases, and any simplification of this list would help claimants, their advisers and those who have to administer the (plan)," the paper points out.

See Deafness on next page

Steel Burrill Jones undergoes MBO

Competition, illiquidity, low valuation cited as reasons

By EDWIN UNSWORTH

LONDON—Steel Burrill Jones Group P.L.C., one of Britain's largest independent insurance and reinsurance brokers, announced last week it had accepted a management buyout, which will lead to a delisting of its shares.

The London-based company will be acquired by five senior executives who have formed a company, Issuemove P.L.C., for the buyout. The executives are George Boden, SBJ chief executive; Christopher Bir-

rell, finance director; and Bill Barratt, Jim Clark and Peter Gray, all SBJ executive directors. Once the MBO is completed, other SBJ executives will be invited to subscribe for shares in Issuemove.

Their bid price of 35 pence (58 cents) per share, against SBJ's closing price on the London Stock Exchange the day before the bid of 24.5 pence (40 cents), values SBJ at £19.2 million (\$31.7 million).

So far, Issuemove owns or has received acceptances for 38.2% of SBJ's shares. It said in a statement that the reasons for the

MBO and delisting stem from the competitive pressures in the brokerage sector, culminating in a number of mergers and acquisitions over the past two years. It said that despite increasing its retail brokerage business, withdrawing from its underperforming marine and energy business and focusing on specialized London market business, "SBJ remains one of the smallest quoted U.K. insurance brokers and has to support the additional management and administrative overhead inherent in a quoted company." It also maintained that SBJ suffers from an illiquid market for its shares and from the low valuation the stock

See Delisting on next page

Deafness

Continued from previous page

For example, the listed occupations include very detailed descriptions of the types of tools and materials used, such as work involving "the use of circular saws for cutting concrete blocks during manufacture." Suggestions for simplifying the definitions include "work with or close to noisy industrial machinery or tools

Deafness claims have been a primary concern for employers liability insurers for decades, says Derek Howie.

producing a noise level above 90 decibels—defined as damaging to hearing in the European Commission Noise at Work directive."

In addition, the IAC will look at comments on whether other occupations such as professional musicians, printers, road maintenance workers and general factory workers should be added to the list of eligible occupations, or whether existing occupations may now be removed from the list because current working practices and health and safety measures have made those occupations quieter and safer.

Any change in state benefits for oc-

cupational injuries will affect employers and insurers, as employees are able to claim compensation from their employers in addition to state benefits. And it is easier to make a successful claim if the injury is a state-listed disease, noted Derek Howie, a liability underwriter for Eagle Star, a subsidiary of Allied Zurich.

"Occupational deafness claims have been one of the main issues for employers liability insurers for decades now. In the traditional industries such as ship building and heavy engineering, (occupational deafness) is well recognized, and better protection and a decline in these industries has led to a reduction in deafness claims," according to Mr. Howie.

However, there have been several recent high-profile cases where employees in industries not listed under the state benefit program have won compensation from their employers for work-related hearing impairment.

Earlier this fall, the High Court awarded a former detective damages of £175,000 (\$291,000) from the Metropolitan Police Service; the detective suffers from tinnitus—a ringing in the ears—as a result of wearing an earpiece and radio receiver.

A police spokeswoman said that, since the claim, the MPS has developed "programs of audio testing to ensure officers using audio equipment are properly protected." The MPS is considering appealing the ruling.

Reinsurer runoffs close to closing

LONDON—The estates of two insolvent Singapore reinsurers could be closed sometime next year.

The estates of ICS Reinsurance Private Ltd. and RMCA Reinsurance Ltd. are being resolved under a scheme of arrangement that involves estimation of creditors' claims.

ICS Re and RMCA Re predominantly wrote London market excess-of-loss business but stopped writing new business in 1991 when it became clear that a string of catastrophic losses had exhausted their reinsurance.

Both companies became insolvent in 1992, and schemes of arrangement, administered by Philip Singer and Chris Hughes of what is now PricewaterhouseCoopers, started in 1994. In the intervening period, PwC actuaries had agreed to the underlying data supporting creditors' claims and then applied estimation techniques to produce the overall estimates of liabilities in what Mr. Singer called a "crystallation," or cutoff, scheme.

In the fourth annual report for the two schemes, the joint scheme administrators announced that, since the first payment was made to creditors in July 1996, a total of 75% of liabilities has been distributed to creditors. "Funds distributed to scheme creditors of ICS Re and RMCA Re total \$50 million and \$55 million, respectively," says the report.

Over the past year, the scheme has recovered \$7 million on behalf of RMCA Re and \$5 million for ICS Re. Almost \$8 million was collected from Equitas Ltd., the runoff reinsurer for pre-1993 Lloyd's of London liabilities.

Additional debts have been collected since the last reporting year closed on April 25, 1998, and a few debts remain. But scheme administrators note that by the end of September, they had collected 113.2% of the estimated collectible debts of ICS Re, originally assessed as \$7.2 million, and 108.8% of the estimated \$8.4 million on behalf of RMCA Re.

"The success of this exercise illustrates that debt collection is not only possible under a crystallization scheme but, in practice, is easier than with other types of scheme," commented the report.

Mr. Singer said critics of the process question the ability of actuaries to establish realistic estimates and the ability to make collections from reinsurers based on those estimates.

"Reinsurers have, in practice, welcomed estimation, since it gives them the opportunity to achieve finality in relation to their dealings with the companies, both on an inwards and outwards basis, in a single transaction," he said. "This yields significant benefits to them, including savings on administration costs."

Mr. Singer anticipates the schemes will make at least one more payment to creditors before they are concluded. They are expected to be wound down sometime next year.

—By Sarah Goddard

FSA

Continued from previous page

Closer regulatory scrutiny of underwriting standards and concentrations of risk also should protect the insurance buyer, according to the FSA document.

Other proposals include licensing the society of Lloyd's as a whole and authorizing members' agents in the same way that other financial advisers are authorized.

In addition, Lloyd's capital providers could, for the first time, be subject to regulatory approval by the FSA. "The FSA will have a reserve power requiring members of Lloyd's to be authorized but does not intend to invoke that power at present," the authority said in a statement.

The FSA suggests the auction process—allowing members to buy and sell syndicate participations—should be amended to bring it into

line with the regulations for Recognized Investment Exchanges, and it proposes to review the rules currently governing the process.

In a statement, Lloyd's Chairman Max Taylor welcomed the FSA's consultation document. He pointed out the FSA's recognition that Lloyd's has improved its own regulatory system. "The consultation paper sets out the options for the future in a clear and balanced way. We shall continue our dialogue with the FSA during the consultation period with the aim of achieving the most effective regulatory regime."

Although the insurance brokerage community is to become self-regulated under recent legislation, Lloyd's brokers will be answerable not only to the new broker-led regulator but also will continue to be overseen by Lloyd's. The consultative document notes that Lloyd's brokers now are governed by more stringent rules than are other U.K. brokers, and the ruling Council of Lloyd's ultimately is responsible for

broker regulation under the Lloyd's Act 1982.

Lloyd's management recently has been debating the issues of broker access to the market and regulation, and at an Insurance Institute of London meeting last week, Lloyd's Chief Executive Officer Ron Sandler proposed that the market permit more intermediaries. "We are seeking to remove financial barriers to accessing the Lloyd's market," said Mr. Sandler. "This means allowing relationships between Lloyd's underwriters and brokers to be shaped by commercial forces, rather than by central regulations and administrative requirements."

This would mean that broker regulation at Lloyd's would need to be changed, said Mr. Sandler. It could mean that the General Insurance Standards Council—the body set up to take over broker regulation from the Insurance Brokers' Registration Council—eventually will take over regulating brokers with access to the Lloyd's market, he said.

Delisting

Continued from previous page

market places on many smaller companies.

Mr. Boden, chief executive of Issue-move, said he was "confident that this move will be welcomed by SBJ's clients and staff and will ensure SBJ's success as an independent company."

SBJ said in the MBO announcement that it now expects its results for

the full year to be marginally below its expectations in September, when it issued its interim results. SBJ had said then that while trading conditions would continue to be competitive, its retail operations and London market non-marine business should continue to make progress during the remainder of the year.

The delisting of Steel Burrill Jones' shares on the London Stock Exchange will take place as soon as possible after the takeover offer becomes

unconditional.

During the summer, Willis Corroon Group P.L.C. unveiled plans to go private after being acquired by a consortium led by Kohlberg Kravis Roberts & Co. L.P. In addition, C.E. Heath P.L.C. delisted after an MBO in 1997.

SBJ's delisting will leave just four quoted U.K. insurance brokers: Jardine Lloyd Thompson Group P.L.C., Lambert Fenchurch Group P.L.C., Bradstock Group P.L.C. and PWS Holdings P.L.C.

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Testing

Continued from page 1
he said.

"(The Rockwell case) is going to create law where no case law authority presently exists. . . I expect employers, risk managers and human resource managers will be following the case very closely."

In both cases, the EEOC alleges that the test was used to detect the potential for a condition an employee might develop later, while Rockwell said it was testing for existing problems.

The medical test in question in both cases is a nerve conduction test. The test screens for "basically all clinical neuromuscular problems," said David R. Cornblath, professor of neurology and director of neuromuscular and electromyography units at The Johns Hopkins University School of Medicine in Baltimore, in response to written questions.

The most standard type of nerve conduction testing procedures involves electrical stimulation of the nerve, recording from either further along the nerve or from a muscle, he said, adding that he thinks these tests are very conclusive.

Nerve conduction testing was integrated into the pre-employment testing procedures at Rockwell's plant, which manufactured automotive parts, in the mid-1980s upon the advice of doctors, said Nina Stillman, lead counsel for Rockwell at Vedder, Price, Kaufman & Kammholz in Chicago. There had been a high number of upper-extremity injuries from a specific group of manufacturing jobs—for example, those of assembler and trimmer.

"The jobs were a specific group of factory jobs that happen to have very significant ergonomic stressors as part of those jobs," said Ms. Stillman.

But Gordon Waldron, a Chicago-based senior trial attorney for the EEOC, said that "what Rockwell was really trying to do was to predict

the future."

"There is, from our point of view, no correlation between having an abnormal nerve test and having something wrong with the ability to use their hands," said Mr. Waldron, noting that Rockwell also had applicants take a test to measure grip strength, the results of which, he said, were "totally ignored."

"Even if someone's hands were in fine shape, they rejected them anyway," he said.

But the defense claims that "we were not testing for the potential or predisposition." Rather, Pittsburgh-based Rockwell was testing for the impairment of a nerve, Ms. Stillman said.

It is not known how long the nerve conduction test was required of job applicants, but Ms. Stillman notes the case pending against Rockwell examines those tests conducted only from June 26, 1992, when the Americans with Disabilities Act became effective, to midnight July 31, 1994, when Rockwell sold the Illinois plant.

Other tests required for employment at Rockwell were what Ms. Stillman described as "post offer" tests, such as a routine physical exam and a drug test. The defense made no mention of the grip test.

According to Mr. Waldron, only two or three of the 72 unhired claimants may have acquired carpal tunnel syndrome thus far. But "if you wanted to predict that, you could have done better by flipping a coin," he said.

In July of this year, the EEOC filed a separate case against Cambridge Industries Inc. of Lapeer, Mich., because it contends that the new factory owner continued Rockwell's practice of nerve conduction testing for about a year or so after purchasing the plant, said Diane Smason, a Chicago-based trial attorney for the EEOC in the case against Cambridge.

"Our position is that pre-employment tests cannot be given to screen out applicants for employment based on a disability that they do not

have at that time but may develop," she said. "These people were not disabled."

The number of applicants rejected from employment at Cambridge because of unacceptable nerve conduction test results is unknown due to shoddy recordkeeping, said Ms. Smason. So far, 11 people have been identified, but "there may be more out there," she said. "We're still looking."

Attempts to reach Cambridge Industries Inc. for comment were unsuccessful.

Lance J. Ewing, director of insurance and loss prevention for GES Exposition Services in Las Vegas and team leader for legislative and external affairs for the New York-based Risk & Insurance Management Society Inc., agrees that the outcome of the cases will be very relevant for employers. He said employers should be able to hire the employees most qualified for avail-

able positions but also should be willing to make reasonable accommodation to those applicants with impairments.

"There are other positions available. . . An employer has an obligation to protect the hired employee from future or potential injury or harm, as well as fellow employees and for the good of the public."

"A lot will turn on the technical validity of that test. The test is fraught with difficulties," said David Weinstein, a Chicago-based labor lawyer with Wildman, Harrold, Allen & Dixon. But, he said, "the significance of the particular litigation will go beyond this particular test."

This case should serve as a warning to employers to examine pre-employment testing procedures. "Any company involved in pre-employment testing would be prudent to have competent counsel evaluate whether there is an exposure," Mr.

Weinstein said.

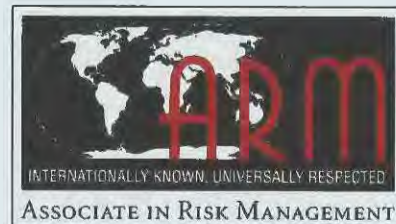
The EEOC's Ms. Smason agrees. "It's going to be a warning to employers about what kinds of tests they give and how they use those tests."

U.S. Equal Employment Opportunity Commission and Keith Braddy et al. vs. Rockwell International Corp., Cambridge Industries Inc., International Union United Automobile, Aerospace and Agricultural Implement Workers of America and Local 1766 of United Automobile, Aerospace & Agricultural Implement Workers of America; and U.S. EEOC vs. Cambridge Industries Inc., International Union United Automobile, Aerospace and Agricultural Implement Workers of America and Local 1766 of United Automobile Aerospace & Agricultural Implement Workers of America, U.S. District Court for the Northern District of Illinois; 95 C 3824 and 98 C 4413.

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D.C.

Continued from page 2
safety programs.

The council also first adopted, then rejected an hour or so later, an amendment that would have set the compensation levels for Maryland and Virginia residents who work in the District at the levels of their home states. Both states mandate considerably lower benefits than the District.

"The great irony of the D.C. Council's vote is that it reversed itself on an amendment that would have cut the benefits to Maryland and Virginia residents who are employed in the District, and who make up 65% of the work force in the District. In effect, those who opposed the original amendment seem to be protecting Maryland and Virginia workers to the detriment of District businesses. In any event, the council made a Herculean effort to reduce the cost of do-

ing business in the District of Columbia and should be commended for their efforts," said A. Scott Bolden, president of the D.C. Chamber of Commerce.

The council also approved an amendment that would roll back workers comp rates by 11.3%.

Under District law, the bill must be approved in substantially the same form in two successive legislative sessions at least two weeks apart. Final action is expected Dec. 15.

"The final bill represents four separate bills, so it is a major, major piece of legislation," said Anthony Rachal, the American Insurance Assn.'s D.C. counsel. He said reform efforts began about two years ago, adding that the District government historically has taken up the issue about once every 10 years.

The effort picked up steam this spring when Jack Evans, a Democratic council member, offered a measure that the National Council on Com-

ensation Insurance estimated would lower workers comp costs significantly, bringing D.C.'s costs more in line with those in Maryland and Virginia.

The D.C. Municipal Control Board, a congressionally created body charged with overseeing the city's budget, called on the council to approve the Evans bill or equivalent legislation in late May. But the bill underwent considerable changes in following months. A version of the measure, approved by the council's Government Operations Committee on Oct. 29, pulled back from the initial reforms, notably omitting any limit on the duration of combined permanent or temporary partial disability benefits for one injury.

The full council, however, ultimately endorsed reform much closer to the original bill. Employers make clear that, despite the bill's limitations, it represents a definite improvement over the status quo.

"Our reaction is pretty positive for

the bill as it now stands. The bill that came out of the first reading was really disastrous," said Mr. Rachal.

"I think the bill provides a mixed bag for District of Columbia employers and businesses. On one hand, you have some significant cuts at the heart of the highest cost driver for doing business in the district, which is workers comp benefits. Those are meaningful cuts that businesses ought to feel and be paying less for," said the Chamber's Mr. Bolden.

"On the other, the recommendations of the control board and original bill contemplated a 21% cut across the board on worker compensation benefits," he said, noting that there is approximately a 10% disparity between the cuts that would have been achieved with the original bill and those in last week's measure.

"In broad terms, what the council succeeded in passing yesterday was more of a balance of the interests of all of the stakeholders. We had a lot of

concerns with the committee print." The committee print had removed many of the cost-savings provisions that were present in the original bill, said Laura Trevino, legislative assistant for the Alliance of American Insurers' Mid-Atlantic region in Washington.

"They passed several amendments that restored some of the cost-saving provisions. While I wouldn't say this was an ace for us, they certainly did restore the much-needed balance," she said.

The AIA's Mr. Rachal said it's not clear when the measure will take effect if the council gives its final approval next week. If the council approves, Mayor Marion Barry has 10 days in which to sign or veto the bill, which will also be reviewed by the control board. If the control board approves the measure, it will be sent to Congress for final approval, which Mr. Rachal said could happen by early spring.

RRG

Continued from page 2

Beyond those advantages, VHSAX represents a potential new avenue of growth for Vermont as a domicile. The new Inova RRG is the fourth captive to take advantage of Vermont's law change.

"The existing captive infrastructure there, the fact we can do the reciprocal risk retention group there, made it an easy place to do business," Charles A. Buikema, assistant vp-risk and insurance management for Falls Church, Va.-based Inova said in explaining the choice of Vermont as a domicile for the new entity.

George A. Chaffee, president of Skandia International Risk Management (Vermont) Inc. in Burlington, Vt., which will serve as attorney-in-fact to the VHSAX reciprocal, noted that a reciprocal doesn't have a tradi-

tional corporate structure but instead is run by a subscribers' advisory committee that acts as a board.

The committee appoints the attorney-in-fact, "who acts like an MGA," Mr. Chaffee said. The attorney-in-fact represents the reciprocal in the domicile and handles the usual captive management activities.

"You'll see a lot of reciprocals formed where there are non-profit owners of captives," he said.

Because a reciprocal's earnings flow through to its parents without taxation at the insurance company level, both non-profit and for-profit organizations can avoid taxation on their captive activities altogether.

Inova also has a Bermuda captive through which it will continue writing a fronted physicians program. "That has been our primary facility until we formed this facility," Mr. Buikema said. "We're going to keep our physicians program out there in Bermuda."

The Bermuda captive also will become one of the Vermont company's reinsurers. Together, the facilities will give Inova "almost total control" of its insurance program, Mr. Buikema said.

"We also want to use (the reciprocal) as an affiliation tool with other organizations," Mr. Buikema said. "This is just another way we can affiliate to reduce our insurance costs."

"This captive has some definite risk management purposes for the Inova health care system, but it also will serve as a very important affiliation tool," said Michael Maglaras, principal with the consulting firm Michael Maglaras & Co. in Stamford, Conn., who worked with Inova on the new RRG's formation.

It's in that latter fashion that Mr. Maglaras said he thinks Inova's approach with its new Vermont RRG could have particularly dramatic results. In fact, it "should breathe new

life into captive formations," he said.

Saying that health care systems are increasingly looking for ways to affiliate with one another, Mr. Maglaras suggested that the opportunities to do so through groups such as VHSAX could mark the start of a trend toward group health care captives being formed onshore.

"I've always maintained that health care captives would eventually gravitate onshore, because it costs less to run them onshore," he said.

And, if the reciprocal can also be formed as an RRG, as Inova was able to do in Vermont, it affords the health care system that formed it a natural vehicle for affiliating with others to address risks common to the industry.

"What Inova has done is really a cutting-edge use of an RRG," Mr. Maglaras said.

He noted that Inova's Vermont-domiciled reciprocal does differ at the outset from the typical reciprocal.

While most reciprocals would be made up of independent entities, the five Inova systems are the VHSAX group's originating subscribers.

"But once the structure is in place, Inova can walk across the street to another system and say, 'I've got the structure in place. Let's pool our resources,'" he said.

Such affiliations could benefit participants by reducing their insurance costs, Mr. Maglaras said, largely by providing greater negotiating power with reinsurers.

Another potential benefit for health care systems participating in such arrangements would be the ability to share data on loss causes, exposures, quality improvement and the like, Mr. Maglaras said.

"I really forecast that we'll see a lot more of this kind of thing," he said. "I really think this will be an enormous boon to the captive industry in Vermont."

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IN THE SUPREME COURT OF BERMUDA COMPANIES (WINDING-UP) 1998: No. 325

IN THE MATTER OF BELVEDERE INSURANCE COMPANY LIMITED
AND IN THE MATTER OF THE INSURANCE ACT 1978
AND IN THE MATTER OF THE COMPANIES ACT 1981

NOTICE TO CREDITORS OF FIRST MEETING

(Under the Order of the Supreme Court of Bermuda for winding-up the above-named Company dated 9 October 1998 and the Order of the Supreme Court of Bermuda Court of Bermuda dated 19 November 1998)

NOTICE IS HEREBY GIVEN that the first meeting of Creditors in the above matter will be held at the Hamilton Princess Hotel, Pembroke Parish, Bermuda at 10:30 a.m. on the 18th day of December 1998.

Proxy forms to be used at the meeting have been mailed to all Creditors and must be lodged with the Joint Provisional Liquidators at the offices of KPMG Peat Marwick, P.O. Box HM 906, Hamilton, Bermuda HM DX not later than 5:00 p.m. Bermuda time on 16th December 1998.

To entitle you to vote at the meeting your Claims Table(s) for voting purposes must be lodged with the Joint Provisional Liquidators at the offices of KPMG Peat Marwick, P.O. Box HM 906, Hamilton, Bermuda HM DX not later than 5:00 p.m. Bermuda time on 16th December 1998.

Dated this 19th day of November 1998

Malcolm L. Butterfield and Anthony McMahon
Joint Provisional Liquidators

NOTES

At the first meeting of the Creditors they may amongst other things -

1. By resolution determine whether or not an application is to be made to the Court to appoint Liquidators and, if so, who the liquidators are to be.
2. By resolution determine whether or not an application shall be made to the Court for the appointment of a Committee of Inspection to act with the Liquidators, and if so, who the members of the Committee are to be.

If a Liquidator or Liquidators is/are not appointed by the Court the Official Receiver will be the Liquidator.

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Secretaries, Treasurers, controllers and other Financial Personnel	3,927
Risk/Employee Benefits:	
Vice Presidents, Directors, Managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations	13,774
Sub-total	32,926
Associations	259
Government, Unions and Educational Institutions	931
Commercial Consumers	
Sub-total	34,116
Insurance Agents and Brokers	7,735
Insurance Companies	6,668
Accountants, Actuaries, Attorneys & Consultants	2,520
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers	1,432
Others Allied to the Field	759
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Non-qualified/Paid Subscriptions	17
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Canal

Continued from page 1

because "the potential for a serious, expensive accident exists," Mr. Salinas told the Third Latin American Risk & Insurance Management Congress.

But an emphasis on insurance purchasing is expected to give way to a broader concept of risk management as the canal's operations change.

"Commission management is closely following the evolution of the financial and capital markets, the insurance market and the myriad of alternative risk management and risk transfer products currently being offered," Mr. Salinas said.

"The traditional financial and insurance industries are merging and involved in the design and implementation of specialized products to suit their client's individual needs," he said. "The Panama Canal plans to benefit from these evolutions as it prepares for a new century of service to the world."

The canal's existing insurance coverage is set to expire concurrently with the end of the U.S.-Panama partnership. Consequently, all policies and reserves face re-evaluation as the canal's risks are redefined, Mr. Salinas said.

Currently, insurance for the 51-mile long canal is underwritten by a group of local Panamanian insurers led by ASSA Compania De Seguros S.A. Reinsurance is placed in the London market, Mr. Salinas said in a private interview. There are about 30 participants underwriting the canal's risk, with the coverage placed by AON.

Coverages include the cost of clearing the canal of sunken vessels and of cleaning and removing contamination from accidents, as well as the reimbursement of lost revenue from the

complete or partial closure of the canal or from a shutdown of the commission's utility systems.

Multiperil coverage applies to the accidental release of radioactive materials from passing ships. "Although this is a very improbable event, we are prepared for it," Mr. Salinas said.

The canal's property insurance has limits of \$400 million and about \$200 million for floating equipment. A main liability policy—which includes the canal's workers compensation coverage—has limits of \$100 million plus three excess layers of \$50 million, \$100 million and \$125 million.

Properties include buildings, vessels, locomotives, power plants and the locks that help ships traverse two natural lakes and the Continental Divide.

The U.S. treaty with Panama requires that the canal be transferred free of debt and liens, and the commission has already taken steps to limit its liabilities in preparation. As examples, a statute of limitations for third parties to bring claims was shortened from two years to one year and non-vessel third-party claims were limited to \$50,000 per claim.

Aside from insurance, about 500 Canal Commission employees and workers from other government agencies now participate in various risk management efforts, Mr. Salinas said. They include personnel from the U.S. Army Corps of Engineers; the U.S. National Response Team; and the Commission's own safety, environment and security workers.

Safety and maintenance programs account for about 35%, or \$230 million, of the canal's yearly operating budget. They include a landslide control program, watershed and flood management, vessel inspection and emergency responses for fires and hazardous material spills. Drills and employee safety meetings are com-

mon.

Part of Mr. Salinas' job is to evaluate how those responsibilities might be consolidated and improved. His three-person department could eventually grow to oversee more of those functions, along with the evolving risk transfer methods.

"In short, we expect the risk management office to more effectively manage existing efforts and develop a risk economy through the right balance of protective measures and risks assumed," Mr. Salinas said.

Other practices, such as in-house claims handling and employee benefit design, may also become a possibility.

Once the canal's transfer takes place, there will be other risks as the new owners pursue business development opportunities. The canal's ship repair facilities, for example, may become commercial profit centers. Presently, the Panama Canal Treaty prohibits the Commission from performing commercial activity not directly related to transit operations.

"Clearly, these potential business ventures will expand the scope of our risk management needs," Mr. Salinas said.

But with all the changes afoot, Mr. Salinas said his current responsibilities include calming insurers' nerves and convincing them that some things, such as the canal's safety record, will not change drastically.

"It is no coincidence that we are able to sustain, and even improve, our transit-accident ratio," Mr. Salinas said. "An average of 13,000 oceangoing vessels transit the canal every year. Only 35, on average, require a formal investigation by our board of local inspectors. It is with this very favorable track record that we approach the insurance community to present our risk in light of the year 2000." **BI**

Comprehensive risk builds a following in Latin America

By ROBERTO CENICEROS

BUENOS AIRES, Argentina—Latin American risk managers are grappling with many of the same issues their U.S. counterparts face.

While risk managers and insurers said Latin America's risk management landscape is different in many aspects, they also admitted that issues such as emerging risks related to high technology, holistic risk management, Year 2000 computer concerns and business globalization bear down on them just as they do on U.S. risk managers.

There are also the challenges of economic instability and rapidly expanding insurance markets, while at the same time investment in Latin America by multinational companies continues to expand.

The insurance industry "is undergoing a deep crisis" because of high development and marketing costs and accumulated underwriting losses over the past few years, said Daniel Di Nucci, Argentina's superintendent of insurance, the country's top regulator.

His office is taking several steps to ease concerns, including the development and implementation of a European- and U.S.-style regulatory system. That will give regulators and insurance buyers better opportunities to evaluate con-

tracts and the financial strength of insurers, Mr. Nucci told the congress.

The sophistication of Latin American risk managers rivals that found in the United States, noted Mark A. DeLillo, president of the New York-based Risk & Insurance Management Society Inc. and vp-risk management for Tampa, Fla.-based Celotex Corp. But insurers do appear to exert more influence in the region than they do in the United States, he said.

Several Latin American risk managers said they agree that their practice is dominated by insurers. But there are plenty of signs that interest is growing in alternative risk transfer methods.

Not long ago, it was common for Latin American risk managers to talk exclusively about insurable events, said Javier Mirabal, a risk engineer and technical director for energy industry adjusters Steege Kingston de Venezuela, based in Caracas. Now, the capital markets and financial markets are wooing Latin American risk managers, allowing them to deal with comprehensive risks.

"The idea of risk management for the year 2000 is that we may include every risk the company has, no matter where it comes

See Risks on next page



FTR FOR THE RECORD

OSHA, center settle over death

A tentative settlement was reached last week between the Occupational Safety and Health Administration and Yerkes Regional Primate Research Center of Emory University in a case brought by OSHA after the death of an employee who occupationally acquired the Herpes-B virus.

Elizabeth Griffin, a 22-year old technician at the Lawrenceville, Ga., research facility, died less than two months after being splashed in the eye with bodily

fluids from an infected macaque monkey in October 1997. She was not wearing eye protection at the time of the exposure.

The Center contends this was the first known instance of Herpes-B virus exposure through the eyes.

Fines initially were set at \$105,300 against the Yerkes Center but were reduced to \$66,400 for violations of job safety and health standards, according to an OSHA press release. The Center also has agreed to hire a safety director and to require its employees to wear goggles and face shields while working with animals.

Infringement policy in health field

DALLAS—Intellectual Property Risk Management, a newly formed division of Summit Global Partners Inc., announced last week the creation of a patent infringement policy for pharmaceutical companies and medical device manufacturers.

Underwritten by syndicates at Lloyd's, this policy provides insured companies with broad-based protection against patent infringement claims. Whereas previous policies for patent infringement always had an exclusion for willful infringement and damages, Summit's policy covers damages attributable to claims for willful infringement.

A.J. Renner & Associates, a wholesale broker with expertise in the pharmaceutical and medical device industries, in conjunction with Besso Ltd., a London-based specialty broker, assisted in creating the policy.

Patent infringement coverage and rates are contingent upon companies meeting well-defined underwriting requirements, including an audit by outside independent auditors. The policyholders' appetite for risk retention will determine the size of the policy's retention.

IPRM initially will market this product to pharmaceutical,

medical device, biotech, and vitamin and nutrition manufacturing companies. The policy is the result of two years of consultation with these industries to find a solution to their specific patent infringement exposures. Several companies have already committed to using the program.

For information, contact Scott Stein, 561-237-3275, or Ron Reshefsky, 561-237-3210, managing directors of IPMR.

CNA, Near North in venture

Chicago-based insurer CNA and Near North National Group, a broker also headquartered in Chicago, announced a joint venture that formed Envision Technology Solutions. Envision Technology Solutions, based in Salt Lake City, is a vendor of risk management information systems.

CNA benefits from the partnership by gaining access to the Envision product line, and the products complement products offered through CNA affiliates, a CNA spokesman said. So far, this is the only such venture for CNA.

Envision gains the ability to expand its distribution channels as a result of the venture, according to a press release.

Bermuda mutual forms Dublin unit

DUBLIN, Ireland—Nuclear Electric Insurance Ltd. has established a unit in Dublin to write coverage outside of the United States.

The subsidiary, called Overseas NEIL Ltd., will offer the same property and business interruption coverage that NEIL offers utilities in the United States.

NEIL is a Bermuda mutual insurance company with a captive licensed in Delaware. It currently has 56 members. In 1997 it had gross premiums of \$282 million.

RLI to buy Underwriters Indemnity

PEORIA, Ill.—RLI Insurance Co. has agreed to acquire Underwriters Indemnity Holdings Inc., a Houston-based surety bond provider for oil, gas, mining and other energy-related risks.

Terms of the transaction were not disclosed. It is expected to close in the first quarter of 1999 and is subject to regulatory approval and approval by both companies' boards.

Along with Mt. Hawley Insurance Co., a property/casualty underwriter, RLI Insurance is a subsidiary of Peoria, Ill.-based RLI Corp.

Fishbaum to head new office

CHICAGO—Consulting firm William M. Mercer Inc. has added

a Chicago office to its risk, finance and insurance practice. David Fishbaum will head the Chicago practice.

The practice, which provides specialized actuarial advice to insurance companies and self-insured organizations, also has U.S. offices in Atlanta, Milwaukee, New York and Columbus, Ohio; as well as offices in Amsterdam, Netherlands; Barcelona, Spain; Kuala Lumpur, Malaysia; London; Singapore; Toronto; and Melbourne and Sydney, Australia.

William M. Mercer Inc. is part of Mercer Consulting Group Inc., a member of Marsh & McLennan Cos. Inc.

Aviation division for ACE USA

NEW ORLEANS—ACE USA has set up an aviation division to cover airport construction, manufacturers products and non-commercial aircraft.

The division will be based in New Orleans and headed by Stephen Dinsdale, who formerly was with Phoenix Aviation Managers Inc.

The creation of the aviation division is part of a rapid expansion of the former Westchester Specialty Group Inc., which ACE bought in January and then renamed ACE USA.

Prior to the purchase, Westchester wrote property and casualty insurance. Since the purchase, ACE USA has established several other new divisions, including specialty, warranty, directors and officers liability, errors and omissions and captive reinsurance.

Information in brief

The board of Argonaut Group Inc. has decided after a strategic review of operations and alternatives to remain independent. According to a release, the board decided after the study that Menlo Park, Calif.-based Argonaut should keep its focus on specialty niches "with emphasis on value-added workers compensation and its strength in 'wrap up' construction projects for industry and government entities using its safety engineering expertise." . . . Florida insurers are paying a \$100 million assessment to the Florida Windstorm Underwriting Assn. to cover losses from Hurricane Georges. Insurers have the option of charging policyholders to make up the assessment, which amounts to about 2.4% of each policyholder's premium. . . . Integrated Lloyd's vehicle Wren P.L.C. has entered an agreement to merge with corporate investor Masthead Insurance Underwriting P.L.C. Wren was formed earlier this year with the merger of Wren Holdings and Finsbury Underwriting Investment Trust P.L.C., another ILV. Wren syndicates are expected to have £244 million (\$406.1 million) capacity for the 1999 year of account.

Risks

Continued from previous page from or what it should cost," Mr. Mirabal told the congress. "Therefore, both pure risks and speculative risks will be managed like a portfolio. It is important that that will be an option for each risk manager and organization to assess."

Expanding the scope of risk management to include a holistic view, beyond the mere purchase of insurance, is a challenge all risk managers face, Mr. DeLillo told the conference.

"That is an evolving issue in the United States as well," he said. "I think it is very clear how we (must) communicate to senior management that risk management is a business tool. That is by showing value. If we show value to our senior management, they will look to us to assume broader responsibility. If we fail to provide value, we will simply fail to exist."

Alternative market providers are betting on growing interest in their services.

"We simply see Latin America as our largest growth area," said Rod L. Attride-Stirling, a partner in the Hamilton, Bermuda, law firm of Milligan-Whyte & Smith.

Since Mexico City-based oil giant Petroleos Mexicanos formed a Bermuda captive in 1993, captive service providers have been paying increased attention to the region, Mr. Attride-Stirling said.

Bermuda also foresees the possibility of providing Latin American organizations with finite insurance products, said Keith L. Shroyer, senior vp and chief underwriting officer for Latin American Re in Hamilton, Bermuda.

Such products could help insurers in Latin America meet the new demands of the region's regulators, who are increasing solvency requirements.

"One way of easing into this is to buy a financial type of reinsurance that has enough risk transfer to satisfy authorities but complies with the principal motive of the contract, which is to give some financial relief to the ceding company to achieve the

solvency margin and thus comply with the local law," Mr. Shroyer said.

Mr. Shroyer also noted that Mexico has now surpassed Japan as the United States' top trading partner. This has implications for insurers.

The North American Free Trade Agreement and the increase in trade have created demand from Mexican

Chile and Bolivia participate. The various trade agreements eventually could become combined, Mr. Shroyer said. That would mean even greater demand for liability coverages needed to conduct business in the United States.

Only 4% to 5% of non-life premium in Latin America currently is spent on third-party liability coverage, he said.

Risk managers throughout Latin America already are searching for directors and officers liability coverage because of their growing dealings in the United States, agreed Nora Barquin, risk manager for Esso S.A.P.A. in Buenos Aires, Argentina. Ms. Barquin is also director of the Asociacion de Administradores de Riesgos de la Republica Argentina, Argentina's risk management association.

United States and European insurers are leading the way in providing such coverage for Latin American countries, she said. But their products fall short. They are not flexible enough to meet legal requirements that vary between the United States

and Latin American countries, she said.

Some companies with increasing operations in Latin America also are encountering shortcomings in available risk management services in the region.

Her company's risk management philosophy supports outsourcing as many risk management and technical insurance services as possible, said Denise Wilson, manager-insurance and risk management for BG P.L.C. in Reading, England.

BG P.L.C. is a successor company of British Gas and is involved in business ventures in Argentina, Bolivia and Trinidad. Those ventures include pipeline technology projects, power generation programs and the recent purchase of a retail gas operation with 1.9 million customers in Argentina.

Some service providers in Latin America are good, and they are enthusiastic about responding to inquiries about their services, Ms. Wilson said. But the expertise can also be "patchy" compared to that available in the United States or London, she said.

Still, local expertise is valuable, Ms. Wilson said. She advises other risk managers to seek local Latin American risk management services when possible, perhaps through international vendors who have local representatives.

BG uses insurance experts in London to develop a conceptual risk management and insurance framework for Latin American projects. Then it turns to local loss adjusters, consultants and attorneys to see the project through.

The growth of such foreign enterprises conducting business in Latin America is helping the growth of risk management.

AGERS, the Spanish risk management association, recently became a member organization of the Latin American risk management group Asociacion Latinoamericana de Administradores de Riesgos y Seguros. AGERS joined in support of ALARYS because more European companies are investing in Latin America, said Vicente Martin Martin, president of AGERS and assistant risk manager for Grupo Endesa in Madrid.

But market instability continues to play havoc with risk management's growth. Fewer Brazilian risk managers attended the Third Congress, because Brazil's economic problems are squeezing their profession. However, with Mexico's economy improving, more Mexican risk managers attended than in the past, conference coordinators said.

Membership in the Mexican risk management organization Instituto Mexicano de Administradores de Riesgos A.C. dropped to 30 from about 90 when many risk managers lost their jobs during Mexico's last economic crisis. But growth in the organization has shot back up again to its former level, said Nora del C. Leal Suarez, risk manager for Philip Morris in Mexico City.

However, many of the new members are young and just starting out in risk management, she said. The laid-off veterans now work for the expanded operations of foreign insurers.

Several European and U.S. insurers at the conference said there is a growing market for their products and services, and they plan to continue expanding their presence in Latin America.

Carlo Carlin, executive vp of AGF Allianz South America in Sao Paulo, Brazil, told the conference that Allianz "is very confident in the future of South America" and will continue investing there by expanding into Colombia and Peru. Allianz now has a strong presence in Argentina, Brazil, Chile and Venezuela. **BI**

The increase in trade with the United States has created a demand for various third-party liability coverages.

companies seeking various third-party liability coverages for exposures in the United States.

That demand is expected to expand to several other Latin America countries, in part because of regional trade agreements such as NAFTA and the Mercosur, a customs union in which Argentina, Brazil, Uruguay,

IN THE UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF FLORIDA SOUTHERN DIVISION

AFCO INDUSTRIES, INC., ET AL., Plaintiffs,	CASE ACTION NO. 98-1970-CIV-MORENO Magistrate Judge Bandstra
v. HARTFORD ACCIDENT & INDEMNITY COMPANY, ET AL., Defendants.	

SUMMARY NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED SETTLEMENT, AND HEARING ON PROPOSED SETTLEMENT

**THIS NOTICE CONCERNS MATTERS
THAT MAY AFFECT YOUR RIGHTS;
YOU ARE URGED TO READ IT CAREFULLY.**

TO: ALL PERSONS, GROUPS, ENTITIES, ASSOCIATIONS, PARTNERSHIPS, CORPORATIONS, COMPANIES, ORGANIZATIONS, OR EMPLOYERS THAT PURCHASED, RENEWED, OR WERE ISSUED "SUBJECT POLICIES" (AS DEFINED BELOW) (THE "SETTLEMENT CLASS"). IN GENERAL, THE SUBJECT POLICIES RELATE TO WORKERS' COMPENSATION OR EMPLOYERS' LIABILITY INSURANCE.

SUBJECT POLICIES MEANS:

(1) RETROSPECTIVELY-RATED, RETROSPECTIVELY-ADJUSTED, LOSS-ADJUSTED, RETROSPECTIVE OVERALL AGREEMENTS, RETROSPECTIVE RATING AGREEMENTS, LRAR (LARGE RISK ALTERNATIVE RATING OPTION), DEDUCTIBLE, RETENTION, AND/OR ANY LOSS SENSITIVE WORKERS' COMPENSATION OR EMPLOYERS' LIABILITY INSURANCE POLICIES, PROGRAMS, CONTRACTS, AGREEMENTS, CERTIFICATES, OR INSURING DOCUMENTS PROVIDING OR RELATING TO COVERAGE WITHIN THE UNITED STATES, ITS POSSESSIONS AND/OR ITS TERRITORIES (INCLUDING, BUT NOT LIMITED TO, THE DISTRICT OF COLUMBIA) FOR WORKERS' COMPENSATION WITH AN EFFECTIVE, RENEWAL, OR INCEPTION DATE FROM JANUARY 1, 1985 THROUGH AND INCLUDING MAY 7, 1998 AND/OR

(2) ANY OTHER GENERAL LIABILITY, AUTOMOBILE, OTHER CASUALTY POLICY, OR OTHER POLICY OR CONTRACT (INCLUDING, BUT NOT LIMITED TO, FOREIGN VOLUNTARY COMPENSATION, LONGSHOREMEN AND HARBORWORKERS, OR EMPLOYERS LIABILITY STOP GAP COVERAGE) WRITTEN WITH, PRICED WITH, RELATED TO, OR COMBINED WITH THE WORKERS' COMPENSATION OR EMPLOYERS' LIABILITY INSURANCE POLICIES, PROGRAMS, CONTRACTS, AGREEMENTS, CERTIFICATES, OR INSURING DOCUMENTS DESCRIBED IN (1), WITH AN EFFECTIVE, RENEWAL, OR INCEPTION DATE FROM JANUARY 1, 1985 THROUGH AND INCLUDING MAY 7, 1998.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court dated November 12, 1998, that the above-captioned action has been preliminarily certified as a class action, for settlement purposes only, and that a settlement for \$12,000,000 in cash (plus interest as provided in the Stipulation and Agreement of Settlement) and other valuable consideration, including an additional \$250,000 toward the costs of notice and administration of the settlement, has been proposed. The Court has preliminarily certified the Settlement Class described above for settlement purposes. The Settlement Class includes, but is not limited to, a Sub-Class consisting of all Settlement Class Members that purchased, renewed, or were issued Subject Policies from Hartford (as defined below). HOWEVER, IF YOU PURCHASED, RENEWED, OR WERE ISSUED A SUBJECT POLICY FROM ANY INSURANCE COMPANY OTHER THAN HARTFORD, YOU ARE STILL A MEMBER OF THE SETTLEMENT CLASS EVEN IF YOU HAVE NEVER PURCHASED, RENEWED OR BEEN ISSUED A SUBJECT POLICY FROM HARTFORD.

A hearing will be held before the United States District Court for the Southern District of Florida, in Courtroom No. IX of the United States Courthouse, 300 N.E. First Avenue, Miami, Florida, commencing at 10:30 a.m. on March 1, 1999 to consider, among other things: (i) whether the Settlement Class and Sub-Class should be finally certified, for settlement purposes only; (ii) whether the proposed settlement as set forth in the Stipulation and Agreement of Settlement dated as of June 22, 1998, filed with the Court on June 23, 1998, and amended on October 30, 1998 is fair, reasonable, and adequate and should be finally approved by the Court; (iii) whether a final judgment should be entered dismissing this action with prejudice and without costs; (iv) whether the named Plaintiffs, the Sub-Class representatives, and Plaintiffs' counsel have and will adequately represent the Settlement Class and Sub-Class; (v) whether the application of Plaintiffs' counsel for an award of attorneys' fees and reimbursement of costs and expenses (and associated interest) from the settlement fund should be approved; and (vi) whether Plaintiffs' counsel's plan for distribution of the settlement fund should be approved.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED BY THIS LAWSUIT AND THE PROPOSED SETTLEMENT PENDING IN THIS COURT AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

The Court has preliminarily approved the proposed settlement agreement between Plaintiffs, on behalf of themselves and the Settlement Class, and Hartford Fire Insurance Company, Nutmeg Insurance Company, and the Hartford Financial Services Group, Inc., and each of their current and former subsidiaries, parents, and affiliates (sometimes referred to as the Hartford Insurance Group, Hartford Insurance Company, Hartford Group, or Hartford Fire and Casualty Group) including, but not limited to, First State Insurance Company, Hartford Accident & Indemnity Company, Hartford Casualty Insurance Company, Hartford Insurance Company of Alabama, Hartford Insurance Company of Connecticut, Hartford Insurance Company of Illinois, Hartford Insurance Company of The Midwest, Hartford Insurance Company of The Southeast, Hartford Lloyds Insurance Company, Hartford Specialty Company, Hartford Underwriters Insurance Company, Hartford Underwriters Insurance Company (f/k/a New York Underwriters Insurance Company), New England Insurance Company, New England Reinsurance Corporation, New York Underwriters Insurance Company, Pacific Insurance Company, Ltd., Property & Casualty Insurance Company of Hartford, Sentinel Insurance Company, Ltd., Trumbull Insurance Company, Hartford Specialty Risk Services, Specialty Risk Services, Inc., Trumbull Services, Inc., and Twin City Fire Insurance Company (collectively, "Hartford").

Plaintiffs' Lead Counsel is:

Melvyn I. Weiss, Esq.
MILBERG WEISS BERSHAD
HYNES & LERACH LLP
One Pennsylvania Plaza
New York, NY 10119
(212) 594-5300

If you have not yet received in the mail the full printed Notice Of Pendency Of Class Action, Proposed Settlement Thereof, Settlement Hearing, And Proposal for Distribution of Settlement Fund (the "Full Printed Notice"), which describes this litigation, certain related actions, the proposed settlement, and Settlement Class members' rights with respect thereto, you may obtain a copy by writing to or calling:

AFCO Industries, Inc. v. Hartford Accident & Indemnity Co.
c/o Gilardi & Co. LLC
P.O. Box 5100
Larkspur, California 94977-5100
(415) 461-0410

The Full Printed Notice, the current complaints filed in this litigation and certain related actions, the Stipulation and Agreement of Settlement, and pertinent scheduling information concerning the Settlement Hearing, including but not limited to any rescheduling of the Settlement Hearing, will also be posted on the website established in connection with this proposed settlement at www.gilardi.com/hartford. In addition, certain other materials may also be posted on the website.

If the settlement is finally approved by the Court, all Settlement Class members who do not timely and properly exclude themselves from the Settlement Class will be bound by a nationwide release that will cover all claims in this action, certain claims in other related actions around the nation, and other claims described in the Full Printed Notice and the Stipulation and Agreement of Settlement. You are urged to read very carefully the explanation of the release contained in the Full Printed Notice which can be obtained in the manner described above. You are also urged to carefully review the general description of the actions, the settlement, and the other matters discussed in the Full Printed Notice.

EXCLUSION DEADLINE: REQUESTS FOR EXCLUSION FROM THE PROPOSED SETTLEMENT CLASS AND SETTLEMENT MUST BE MADE BY NO LATER THAN FEBRUARY 8, 1999.

OBJECTIONS DEADLINE: OBJECTIONS, IF ANY, TO THE PROPOSED SETTLEMENT AND ANY OF THE MATTERS TO BE ADDRESSED AT THE MARCH 1, 1999 SETTLEMENT HEARING MUST BE FILED AND SERVED BY NO LATER THAN FEBRUARY 8, 1999.

DEADLINE TO SUBMIT STATEMENT OF CLASS MEMBERSHIP: TO BE ELIGIBLE TO RECEIVE ANY DISTRIBUTION FROM THE SETTLEMENT FUND, CERTAIN SETTLEMENT CLASS MEMBERS MUST COMPLETE THE STATEMENT OF CLASS MEMBERSHIP INCLUDED WITH THE FULL PRINTED NOTICE AND SUBMIT IT BY MAY 31, 1999. TO DETERMINE IF YOU SHOULD COMPLETE THE STATEMENT OF CLASS MEMBERSHIP, YOU SHOULD CONSULT THE FULL PRINTED NOTICE. IF YOU ARE A SETTLEMENT CLASS MEMBER AND DO NOT PROPERLY EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS, YOU WILL BE BOUND BY THE SETTLEMENT AND THE FINAL JUDGMENT OF THE DISTRICT COURT DISMISSING THIS LITIGATION, EVEN IF YOU DO NOT SUBMIT THE STATEMENT OF CLASS MEMBERSHIP AND DO NOT RECEIVE A DISTRIBUTION FROM THE SETTLEMENT FUND.

THE PROCEDURES THAT MUST BE FOLLOWED TO EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS AND THE PROPOSED SETTLEMENT, OR TO MAKE OBJECTIONS, IF ANY, TO THE PROPOSED SETTLEMENT, OR TO COMPLETE AND SEND THE STATEMENT OF CLASS MEMBERSHIP ARE ALL DESCRIBED IN THE FULL PRINTED NOTICE.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE FOR INFORMATION.

By Order of The Court

Commentary

Let's put a new coverage in play

Because just about everyone else in U.S. society is vulnerable to malpractice allegations, errors and omissions lawsuits or charges of libel, I think it's time to strip National Football League officials of the quasi-judicial immunity they enjoy.

I'll be perfectly upfront here. I am a diehard, long-suffering Buffalo Bills fan. I grew up going to games in the dead of Buffalo winters, enduring blizzards in the open end zone seats of the old War Memorial Stadium (or Rockpile) long before Rich Stadium was built. And I loved every minute of it, including cheering quarterback Jack Kemp even when the disappointed fans were booing him after another incomplete or, worse, intercepted pass. (Despite Mr. Kemp's remarkable resilience, I've always had a problem with his conversion to politician.)

So I was among those devastated when the NFL officials literally gave the New England Patriots a victory over the Bills with two terrible calls in the Nov. 29 matchup.

Most sportswriters I've read agree that the receiver of the so-called completed pass that put New England within striking distance of the end zone as the clock was ticking down was indeed out of bounds. Few dispute that the interference call on a Hail Mary pass made after the clock had run out was totally outrageous.



Kathryn J. McIntyre

Even NBC's Tim Russert was up in arms on the "Today" show Monday morning when, at the end of an interview, Katie Couric offered a throwaway line of condolence about the Bills. She was clearly taken aback by Mr. Russert's vehement criticism of the officiating and his heartfelt anguish for his Bills.

The terrible officiating in the Bills/Patriots game, combined with the poor hearing of the official in the Lions/Steelers game on Thanksgiving Day that allowed the Lions to score first and win in overtime, have resurrected demand for the return of instant replay.

I have a better idea. Let's hold the NFL officials responsible for their decisions on the field. Hold them liable for damage caused by their careless disregard of the facts. If tapes show they were negligent in execution of their official duties, then they should be held accountable.

What if my beloved Bills lose their spot in the playoffs due to the professional malpractice of the officials? Should not Bills owner Ralph Wilson be able to sue for lost revenues? How about the emotional distress suffered by the fans, Tim Russert and myself included? And that's to say nothing of the team or its on-the-field leader, Doug Flutie, who is one of the most exciting quarterbacks in the game since Joe Namath.

If we can pin this new exposure on NFL officials, it's time for imaginative underwriters and brokers to develop a new E&O product. The players and coaches call these guys "zebras," so the new policy could be dubbed "Zebra Zero" for zeroing out the officials' exposure.

The NFL could require that officials obtain this coverage before stepping onto the field. This is where the insurance industry will play the most important role. Underwriters will screen officials for adequate vision, hearing, judgment and impartiality. Insurers will refuse coverage to those who fail the test.

Some might say that not enough officials are eligible to obtain the coverage to make a market. But if the industry offers both primary limits for regular-season games and higher excess limits for postseason and Super Bowl games, there may just be enough premium to make it worthwhile.

There also is a great market for reinsurers in this. If two or more officials are responsible for the same occurrence as defined in the policy, insurers will certainly need a clash cover. There's also the potential for a catastrophe if the Super Bowl is handed to the wrong team on the basis of the same outrageous conduct as seen in the Bills/Patriots game and the Lions/Steelers Thanksgiving debacle.

Of course, this exposure need not be confined to the NFL. It could be extended to officials of the NBA, NHL and Major League Baseball.

In short, it could be a whole new ball game.

Publisher and Editorial Director Kathryn J. McIntyre's commentary appears biweekly.

Tower takes risk management to new heights at refinery

Mexican oil giant's project required coordinated effort

By ROBERTO CENICEROS

BUENOS AIRES, Argentina—Winning a bid to build, haul and install a massive petrochemical distillation tower for Mexico City-based oil giant Petroleos Mexicanos required plenty of risk management coordination and insurance knowledge.

The 250-foot-tall, 287-ton piece of complex machinery had to be built at his company's manufacturing facilities in Guadalajara, Mexico, then hauled to a petrochemical plant 187 miles away, said Enrique Benitez Gurrola, risk manager in Mexico City for Servicios Condux S.A. De C.V.

The risks for Servicios Condux included potential damage to third parties should there be a mishap while transporting several giant sections of the tower, said Mr. Benitez, who is president of the Mexican risk management association Instituto Mexicano de Administradores de Riesgos.

There was also the risk of one of the cranes toppling or the tower falling while being lifted into place, both of which could damage costly equipment and pipes already installed at Pemex's cramped refinery.

Additionally, there was the risk that the tower, designed to convert crude oil into usable grades of oil, gas and other fuels, would fail to function properly once installed, or that it would cause other existing refinery equipment to malfunction.

"Those can be huge damages with consequential losses," Mr. Benitez said. "It was difficult to know what damages we might cause in a petrochemical plant and which coverages we were going to need for the project."

To help minimize those risks, maintain good customer relations and meet Pemex's requirement for safe transportation and a successful installation, Mr. Benitez's risk management department began analyzing bid requests and contract terms, he said.

The contract called for Servicios to purchase appropriate insurance coverage for any damage to Pemex properties and other third parties. Pemex also would penalize Servicios for any delays—adding to the cost of potential mishaps.

Mr. Benitez's four-person risk management department coordinated with Servicios' engineers and manufacturing supervisors to assure only the highest quality materials and best practices were used in construction. Contractors and subcontractors who would participate in the tower installation had to be screened to ensure that they were properly qualified and would be insurable under the policy Servicios would buy for the \$2.5 million project.

Servicios' risk managers also inspected the trucks and other equipment to be used by a transportation company whose services were contracted. Risk managers even evaluated the roads and bridges that the several sections of

the tower would traverse.

Servicios ended up paving sections of damaged roads and temporarily moving telephone lines and other obstacles, Mr. Benitez said. Their goal was to avoid problems and obtain favorable insurance rates by showing insurers the company's extensive risk analysis and mitigation efforts.

Various insurance plans were evaluated; in the end, Servicios purchased tailor-made coverage from Mexican insurer Seguros Inbursa S.A. The coverage included \$10 million in limits for third-party liability with a \$10,000 deductible. Special coverage for the erection phase had \$3 million in limits with a \$5,000 deductible. There also was inland marine coverage for transportation.

The third-party liability insurance included coverage should there be an explosion at the plant caused by Servicios' equipment, debris removal and coverage for environmental damage, including any necessary soil rehabilitation.

The coverage included a 30-day testing during which the tower was checked for welding failures and tested by filling it with pressurized water, nearly doubling its weight.

As it turned out, all went well. Successfully bidding for the project required an interdisciplinary approach to risk management, Mr. Benitez said. Risk management had to work closely with the product designers, engineers, truck drivers and welders.

"What is most important is that the customer is satisfied and will call us again," he said. **BI**



Conference draws more than 500

By ROBERTO CENICEROS

BUENOS AIRES, Argentina—Just a few years ago, critics were skeptical that a single organization could represent risk management's growth throughout the diverse countries of Latin America.

"Now we have a strong international presence," Jorge D. Luzzi, president of the Asociacion Latinoamericana de Administracion de Riesgos y Seguros told the Third Latin American Risk & Insurance Management Congress.

Mr. Luzzi also is risk manager for tire manufacturer Pirelli Group in Argentina and Brazil. More than 500 risk managers,

insurers, brokers, consultants and other vendors from several continents attended ALARYS' conference, held Nov. 22-25 in Buenos Aires, Argentina.

ALARYS represents risk management associations in Argentina, Brazil, Mexico, Panama, Venezuela and Spain, whose risk management association recently joined ALARYS.

Indeed, the Third Congress appeared to represent strong gains for ALARYS. Four years ago, the organization borrowed money from the New York-based Risk & Insurance Management Society Inc. to host its first meeting in Cancun, Mexico. The organization has paid

back the RIMS loan and now is profiting from its conferences. Last month's congress earned ALARYS about \$50,000, Mr. Luzzi said.

The congress also attracted more than twice the number of sponsors that participated in the second event, also held in Buenos Aires. Those sponsors included several local Latin American and international insurers and brokers, as well as universities and government agencies. Twenty-nine companies sponsored exhibition hall booths.

The next ALARYS conference is scheduled to be held in Panama in July 2000. For more information, call 011-507-264-5577 or send e-mail to qmanagers@pananet.com.



Mediate

Continued from page 2
speculation that (the millennium bug) could either be, as estimated by others, a problem of huge dimensions, or at the very least, an area of significant conflict," said James F. Henry, president and founder of the CPR Institute.

The commitment, signed in November and announced last week, was drafted with the help of about three dozen corporate lawyers from the insurance, manufacturing and service sectors, Mr. Henry said.

Cliff Whitehill-Yarza, senior vp/general counsel for Orlando, Fla.-based Darden Restaurants Inc., said that when companies make this pledge, "a mind-set is established that dispute resolution will be utilized instead of litigation." Doing so removes the "stigma" that a willingness to negotiate signals a weak case.

"That is a very significant advantage to both of the parties," said Mr. Whitehill-Yarza, who serves on the Institute's executive board. Darden is among the commitment signers.

Year 2000 problems must be solved quickly, and "litigation

doesn't meet that need," he said.

Another advantage to the ADR commitment for Year 2000 disputes, Mr. Henry said, is that "it serves to provide a business solution to a business problem that is not easily solved or corrected by a court with its 'I win, you lose' mandate."

Preservation of business relationships with policyholders and vendors was among the reasons that Philadelphia-based CIGNA Corp. signed the commitment, according to a spokesman.

"The commitment is a great way to resolve potential disputes
See Mediate on next page

Mediate

Continued from previous page
promptly, fairly, inexpensively and without acrimony," he said.

The American Insurance Assn. hopes other insurers will consider such a commitment, said Janet Bachman, vp-claims administration for the Washington-based organization. Ms. Bachman participated in groups working with the Institute to offer insights into insurer and policyholder needs, among other issues pertinent to the drafting of the pledge. "We think it's in the best interests of insurers and policyholders to employ ADR," she said.

"Litigation is by far the slowest and most expensive option," Ms. Bachman said.

And, she pointed out, if a dispute is settled through negotiation or mediation, there's no possibility of unfavorable case law precedents being set.

Policyholder attorney Matthew Jacobs said insurers that take this pledge are publicly demonstrating a willingness to listen and indicating that the potential for compro-

mise exits.

"If an insurance carrier signs this, what they're telling me is they will negotiate and mediate Year 2000 coverage claims in good faith and not stand on what has been the overall industry position to date—that there are no circumstances under which they would consider paying first-party or third-party Year 2000 claims," said Mr. Jacobs, a partner and head of the practice group of Kirkpatrick & Lockhart in Washington.

The AIA's Ms. Bachman said, "Whether or not insurance companies sign the commitment to participate in mediation has absolutely no bearing or is no prediction of the stance they're going to take on coverage." Mediation does, however, present an opportunity for the parties to come to an understanding of each other's positions, she said.

While mediation is appropriate in some cases, "requiring mediation of every dispute is wasteful," said insurer and reinsurer attorney Lori S. Nugent.

"Mediation is not likely to succeed for every dispute," and if the

approach doesn't succeed, it becomes an extra cost in settling a conflict, said Ms. Nugent, a partner with Blatt, Hammesfahr & Eaton in Chicago.

The negotiation part of the commitment is not "a fundamental change," she said. Lawyers and the involved parties generally encourage good-faith negotiations prior to litigation, said Ms. Nugent, who co-chairs her law firm's committee addressing first- and third-party insurance and reinsurance issues related to the millennium bug.

But overall, "CPR and the signing companies should be commended" for the effort, she said.

The CPR institute membership includes 250 corporations and 250 law firms. It will promote the Year 2000 commitment among 4,000 companies that have signed the Institute's original policy statement supporting ADR. Other signers of the Year 2000 commitment include: Bank of America, Bechtel Group, Eaton Corp., McDonald's Corp., Sony Electronics Inc. and Aetna U.S. Healthcare Inc. Nearly all of the signing companies have representatives on the CPR Institute's executive board. **BI**

Pricing

Continued from page 2
from the initial reactions of the top state insurance regulator as well as from consumer and risk manager representatives.

Fueling the controversy is the wording of a five-page memorandum from the insurer groups, which was slated to be discussed yesterday during the NAIC/Industry Liaison Committee meeting. That session is part of the NAIC's Dec. 5-9 winter meeting in Orlando, Fla.

According to the insurers' perspective, "today's system of insurance price control" was created under the McCarran-Ferguson Act more than 50 years ago. "Times have changed," the memorandum states. "While maintenance of state regulation of insurance remains of critical concern, it is time to lift governmental price controls on property/casualty insurance pricing and refocus government action toward improved financial system transparency and solvency."

The memorandum continues: "The industry advocates the maximum reduction in commercial lines rate filing and review requirements, while leaving in place the regulator's overall authority to prevent any rate which is 'inadequate, excessive or unfairly discriminatory.'"

Insurers outline several negative impacts of price controls:

They have "distorted" the regulatory system, as well as the marketplace, made insurance pricing "a political act" and denied consumers maximum choice. In addition, they have become "an artifact" of prior collective price setting that no longer exists and "a relic of an economic theory" favoring government price controls that has been discredited in the United States and abroad.

Overall, insurers are particularly concerned about "vast" amounts of insurance department resources being used to create and police "a bewildering array of rating laws" that differ from state to state and sometimes from insurance line to line within a single state.

Those laws make it difficult for an insurer to make price adjustments, said Michael Lovendusky, an AIA assistant general counsel.

"Price controls also have reduced the number of competitors who vie for customers in the market," Mr.

Lovendusky said in a statement. "They limit options for higher-risk customers, and they bloat the size of the safety mechanisms of last resort—the subsidized residual markets."

The insurer groups' proposal excludes workers compensation, Mr. Lovendusky said in an interview.

Reaction to the proposal by regulators, risk managers and consumers was both swift and strong.

"This memo, in my opinion, is very slanted, one-sided, simplistic and... strewn with harsh rhetoric," such as "calling rate regulation 'price controls,' and blaming it for 'distorting' the regulatory system and marketplace," said NAIC President Glenn Pomeroy of North Dakota, who chairs the industry liaison committee.

"We'll have the discussion, but I

'Price controls also have reduced the number of competitors who vie for customers in the market,' says Michael Lovendusky.

don't think this (memo) gets it off to a very good start," he said.

Anne Allen, director of government affairs for the New York-based Risk & Insurance Management Society Inc., described the insurer groups' proposal as "radical."

Also, the possibility of getting regulators to adopt it at this time is questionable, she said. "Getting the (commercial lines) white paper recommendations passed will be hard enough, let alone a more aggressive approach like fair market pricing," she said.

NAIC-funded consumer representative Selwyn Whitehead, president of the Economic Empowerment Foundation in Oakland, Calif., said: "Regulators would be doing a great disservice to the public if they went along with (the proposal)."

"Individual consumers don't understand insurance and are not in a position to protect their interests. That's the regulators' job," Ms. Whitehead said.

Jason B. Adkins, counsel to the Center for Insurance Research in Boston, another NAIC-funded consumer group, said the proposal indicates that insurers "are getting really imaginative and aggressive."

The major thrust of the proposal appears to be auto insurance, he said. Especially in the urban auto market, "you need to protect the high-risk market from insurers that won't write that business or will write it only at an outlandish price," he said.

Insurers don't necessarily agree with those conclusions.

For example, the NAII understands that there is "ample" evidence that shows consumers receive as much benefit from a competitive rating system as they do from a prior-approval system, said Donald S. Cleasby, assistant general counsel with the Des Plaines, Ill.-based organization.

Several insurer representatives said the insurers' fair market proposal is their reaction to traditional regulatory thinking by members of the NAIC's Commercial Lines Regulatory Re-Engineering Working Group. That group is redrafting the property/casualty rating law to streamline commercial lines regulation.

Specifically, during a recent conference call, working group regulators indicated a preference for a "file-and-use" approach to rate regulation, wherein an insurer must file its proposed rates before it can use them. They also recommended a prior-approval approach for forms, insurer representatives said.

"What about thinking outside the box?" rhetorically asked Lenore S. Marema, vp-legal and regulatory affairs for the Alliance in Downers Grove, Ill. Regulators should consider alternatives, such as Illinois' regulatory approach, which has no rating law and yet maintains a good market, she said.

The NAIC's efforts to deregulate commercial lines are being matched—and sometimes exceeded—by individual state's legislative or administrative activities.

For example, Arizona, New Hampshire and Pennsylvania adopted some measures to deregulate commercial lines earlier this year, and similar measures are pending in Georgia. In addition, Kansas, Texas and Washington adopted similar changes last year.

States where discussions about commercial lines deregulation changes are anticipated during the 1999 legislation session include Colorado, Idaho, Massachusetts, New York and Rhode Island, according to Larry Kibbee, the Alliance's vp-public affairs. **BI**

Updates

Plans reach deal on review

SACRAMENTO, Calif.—The state's largest managed care plans—representing about 20 million enrollees—will implement voluntary external review processes for patients who are denied treatment, the California Assn. of Health Plans announced last week.

If reviewers determine the proposed treatment is medically necessary, the decision should be binding on the health plan, according to a CAHP board resolution. Sixteen plans are represented on the CAHP's board of directors, and they cover more than 90% of the 20 million enrollees insured by the association's 40 member plans.

Each plan will create its own program and determine if a panel or an individual health care professional will review appeal cases, a CAHP spokesman said.

The move makes California the first state to have all of its largest health plans adopt a voluntary appeal process, the CAHP said. CAHP member plans were urged to implement review programs by the end of 1999. Some CAHP members already have review processes in place.

Many CAHP members will wait until late 1999 rather than implement a program now and have to revise it should state or federal legislators mandate a review process.

INEX can securitize onshore

CHICAGO—With approval from the Illinois Department of Insurance to conduct securitized transactions, the INEX Insurance Exchange now can offer an onshore forum for risk securitization deals, which to this point have been done through offshore special purpose vehicles.

"We at the exchange view the development as extremely significant," said James E. Tait, president and CEO of INEX, formerly the Illinois Insurance Exchange. "To my knowledge, this affords the first viable alternative for bringing insurance securitization transactions onshore."

The new regulation allows INEX, based in Chicago, to transfer risks to special purpose limited syndicates, which, in turn, would issue the securities transferring those risks to the capital markets.

Pharmacists to appeal suit

CHICAGO—Pharmacists will appeal a federal judge's decision to void their lawsuit that charged drug manufacturers and wholesalers with conspiring to fix prices.

The class-action suit, with 30,000 plaintiff pharmacies, including Walgreen Co., was against four drug manufacturers and five wholesalers that refused to settle along with eight other defendants, which have paid \$720 million to end litigation.

U.S. District Judge Charles Kocoras in Chicago last week threw out the case against the remaining defendants, saying the plaintiffs did not prove the companies conspired to fix prices. Pharmacists had charged in the suit that they have been denied discounts that the industry gives health maintenance organizations, mail-order drug programs, hospitals, nursing homes and other bulk buyers.

Some suggested before the trial began that drug prices could rise if the pharmacies won their case against the manufacturers, because, they said, drug makers might de-emphasize discounts for all segments of the marketplace (BI, April 6). Others say a win either way would have had little effect on prices.

The dismissal won't mean big changes in drug prices for employers, sources say.

David Melnick, plaintiffs attorney with Melnick & Melnick in Milwaukee, said an appeal will be filed after Judge Kocoras issues a written opinion. That opinion had not been released as of late last week.

The judge stopped the trial after nine weeks, issuing the directed verdict after the plaintiffs' case was presented but before the defendants' response. Mr. Melnick said that deprived plaintiffs of a part of their argument. "A lot of times, you bring out faults in cross-examination," he said.

EXEL buys Illinois insurer

HAMILTON, Bermuda—EXEL Ltd. has agreed to buy Intercargo Corp., a specialty insurer licensed in 48 states.

EXEL will pay about \$88 million to buy the organization, though the deal is subject to Intercargo shareholder and regulatory approvals. At the end of September, Intercargo had assets of \$165 million.

The deal will allow EXEL to extend its U.S. business, said President and CEO Brian O'Hara. Earlier this year, EXEL concluded an agreement to buy Folksamerica General Insurance Co., licensed as an insurer in 20 states and as a reinsurer in 11, and renamed it X.L. Insurance Co. of America Inc.

Once the current deal is completed, Schaumburg, Ill.-based Intercargo will operate closely with Lloyd's of London managing agency The Brockbank Group P.L.C., another of EXEL's acquisitions this year through its purchase of Mid Ocean Reinsurance Co. Ltd. Also this year, EXEL bought 25% of San Francisco-based Tri-City Brokerage Inc. for \$8 million to help extend Brockbank's midmarket U.S. business.

Intercargo's international trade and contract surety business is expected to be enhanced by satellite and marine business from Brockbank, as well as business from other EXEL subsidiaries.

In a statement, Mark Brockbank, CEO of Brockbank, said the arrangement with Intercargo will significantly grow Brockbank's North American business.

Briefly noted

Superfund reform will be taken up again, according to the chairman of the Senate Environment and Public Works Committee. Sen. John Chafee, R-R.I., told the annual fall meeting of the National Assn. of Manufacturers last week that he intends to revisit Superfund reform in the next Congress. . . . New Jersey state officials and medical groups last week agreed to a plan in which providers serving patients enrolled in financially troubled **Health Insurance Plan of New Jersey** would receive 30% of outstanding bills and 75% on new bills (BI, Nov. 2).

CNA

Continued from page 1

individual operations," Mr. Hengesbaugh added. "This ends up as an ideal time to pass the baton."

CNA last week announced that the 55-year-old Mr. Chookaszian, an outspoken and respected insurance industry executive, will step aside March 31 as chairman and CEO to become chairman of the executive committee of CNA Financial Corp. The executive committee had been headed by Preston R. Tisch, CEO of CNA's majority shareholder, Loews Corp.

Mr. Hengesbaugh, 52, Mr. Chookaszian's longtime colleague, will take over as chairman and CEO while also retaining the function of chief operating officer, a post that will not be filled. Philip L. Engel remains president of CNA's insurance operations.

Some industry analysts speculated that CNA's struggle to improve profitability despite its sound strategic moves led to the change.

Net income was virtually stagnant in 1997, rising to \$959 million from \$958 million in 1996.

For the first nine months of this year, CNA's net income dropped 37.6% to \$429 million from \$687 million for the first nine months of 1997. This included a \$151 million aftertax charge for restructuring costs, including staff cuts, consolidation of back office facilities, formation of a new claims servicing unit and the withdrawal from certain businesses, the company announced.

Excluding these costs, though, CNA still showed a decline of about 15.6% in net income to \$580 million in the third quarter from \$687

million in the year earlier period, largely because of a near-tripling of catastrophe losses to \$141 million, the company said.

Mr. Chookaszian dismissed the idea that CNA's results played any role in the management change, however. He said that he and CNA's board of directors jointly decided on the change for various reasons, including to allow Mr. Hengesbaugh a freer hand in implementing the company's strategic plans.

The two men go back a long way. In the early 1970s, both worked for Touche Ross & Co., now Deloitte & Touche. After Mr. Chookaszian moved to CNA in 1976 and became vp and controller, the insurer switched auditors to Touche Ross, and Mr. Hengesbaugh became the audit partner in charge of the CNA account.

Mr. Hengesbaugh himself moved to CNA in 1980 as a vp in the corporate accounting division and eventually moved up to senior vp.

Mr. Chookaszian was named president and chief operating officer in 1990, and in 1992 became chairman and CEO. Earlier this year, he named Mr. Hengesbaugh executive vp and COO, a post where he has overseen a cost reduction push that includes trimming about 2,000 jobs by the end of 1999, Mr. Chookaszian said.

Since CNA's 1994 acquisition of Continental Corp.—when the two companies had a combined 21,000 employees—CNA will have reduced total employment to 16,000 by the end of next year, he noted.

Over this period, Mr. Chookaszian has spearheaded a number of other long-term changes, including an automation drive, decentralizing the company to give more authority to the heads of its "strategic business units" and expanding into

new ventures, such as risk securitization and CNA's investment in LaSalle Reinsurance Ltd.

These strategic moves will remain unchanged and will now be overseen by Mr. Hengesbaugh.

"He's now at a point where it's appropriate for him to step up and take more responsibility," Mr. Chookaszian said. "The transition here is a very easy one for us."

Matthew Coyle, a director with Standard & Poor's Corp. in New York, expressed no concern over the management change because CNA has said it will not change its strategy. "Who leads it is not the relevant question. The more important thing is the execution of it," he said.

Mr. Chookaszian conceded that his role as executive committee chairman "is not a full-time job by any means." But after years of working what he says are 15- to 18-hour days, Mr. Chookaszian also said his "lack of personal life" had become a problem.

"It doesn't make a lot of sense when you come right down to it," he said. "I need to spend more time with my family."

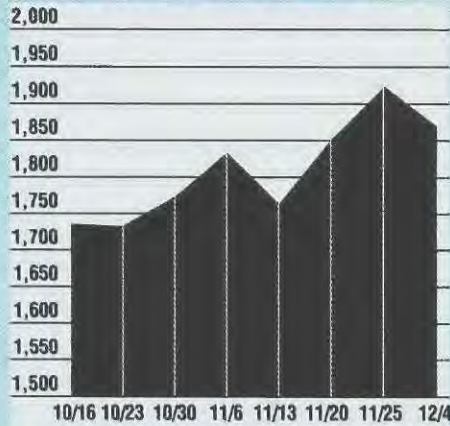
CNA shares closed at \$41.38 on Friday, unchanged from Thursday.

The company in August announced an officer stock ownership plan in which CNA would repurchase its shares on the open market and resell them to officers at its average purchase price. As of Nov. 3, the company had repurchased 2.7 million shares for \$102 million.

Mr. Chookaszian said he has bought 400,000 CNA shares through the program and that 15 officers in total have bought stock.

Mr. Hengesbaugh bought 111,715 shares for \$3.9 million in October, according to CNA Securities and Exchange Commission filings. **EI**

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc. (nordby.com) Boulder, Colo.

PCS catastrophe options

As of Nov. 20	Call spread	Price bid/ask	Call spread	Price bid/ask
National Annual 1998			National Annual 1999	
60/80	7.0	13.5	40/60	9.2/15.0
80/100C	0.2	1.2	60/80	5.0/12.0
			100/120	2.0/—
			150C	—/6.0
National December 1998			Western Annual 1999	
10/20	—	—	40/60	—
20/40	—	—	80/100	0.5/2.0
Eastern September 1999			Midwest June 1999	
40/60	1.5	—	10/20	1.0/1.4
Southeastern September 1999				
40/60	1.2	—		

Total volume: 0 Total open interest: 16,215
For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.
Source: Chicago Board of Trade

Fairfax

Continued from page 1

While, in terms of its loss ratio, the transition to a program-based company was successful, TIG continued to be dogged by high expenses that were more commensurate with its former book of business, said Eric Simpson, senior vp at A.M. Best Co. in Oldwick, N.J.

As an operating unit within Fairfax, TIG will see a reduction in expenses as it no longer will be a standalone public company, he said.

"They will have a solid competitive platform, and Fairfax's involvement will reduce considerably TIG's home office expenses," Mr. Simpson said.

The financial backing of Fairfax also will benefit TIG, said John L. Ward, CEO of Ward Financial Group in Cincinnati.

In particular, the reinsurance operations will benefit from stronger backing, he said.

"TIG Re is a pretty good operation, and really

what they needed was more consistent and stronger capital base behind them," Mr. Ward said.

TIG's primary insurance operations are expected to continue to be run independently, but TIG Re will likely be merged with Odyssey Re after year-end renewals, said Ms. Hennessy.

"There would be tremendous value in aggregating that with Odyssey," she said.

The purchase of TIG represents good value for Fairfax, said Mr. Ward. The price is \$16.50 a share, higher than TIG's shares have recently been trading but far below its \$22 book value.

Over the past few years Fairfax has bought several financially troubled companies. In 1997 it bought Sphere Drake Holdings Ltd., which had faced several financial difficulties since the early 1980s (BI, June 30, 1997).

TIG announced it was considering a sale or restructuring when it published a third-quarter loss of \$46.8 million in October. Total revenues in the first nine months of 1998 were \$1.3 billion, marginally down from the same period in 1997.

TIG Re has had difficulties of its own. In February, the reinsurance unit's \$145 million loss reserve charge resulted in a \$62.7 million fourth-quarter loss for the holding company.

One month earlier, TIG had brought in an outsider, Michael G. Wacek, from rival St. Paul Reinsurance Co. Ltd., to head TIG Re following the retirement of William G. Clark, the former chairman and CEO.

Mr. Clark later formed a rival reinsurer, Stamford, Conn.-based Equus Re, a unit of Kemper Insurance Cos. He was joined at Equus by other TIG employees, including Lydia Kam, formerly executive vp and chief operating officer at TIG Re.

The position of the existing corporate executive management at TIG has not yet been determined, said Ms. Hennessy. Her own position is "to be determined," she said.

She would not comment on the likely position for Jon Rotenstreich, chairman and CEO of TIG, but said that, as in most acquisitions, "there will be management changes at the top." **EI**

British Issues

Companies	Price pence	P/E	Div. %	Yield %	52-week high-low
Gdn Royal Exch	335	5.1	13.4	4.1	495-227
Legal & Gen	740	21.8	13.3	2.2	796-460
Royal & Sun	481	14.3	23.6	4.8	825-437

Brokers	Price	P/E	Div. %	Yield %	52-week high-low
Lmbert Fenchurch	83	10.1	4.2	6.5	121-83
JLT	205	12.5	10.5	6.4	236-152
Sedgwick Grp	223	—	7.0	3.1	226-124

Note: Prices are Dec. 4 closings; other numbers from Dec. 3.
Source: Nordby International Inc. (nordby.com) Boulder, Colo.

BI Industry Stock Report NOV. 30, 1998, THROUGH DEC. 4, 1998

BROKERS

	Price	Weekly % change	Year to date % change	52-week High	Low	Vol.(000)
Aon Corp.	NYS	56.81	-4.11	-3.09	75.56	48.25 1234
E.W. Blanch Holdings Inc.	NYS	40.31	-0.15	17.06	41.13	33.00 54
Gallagher Arthur J. & Co.	NYS	45.06	-1.77	30.85	46.75	33.56 149
Hibb, Rogal & Hamilton	NYS	18.88	-0.33	-2.27	19.63	15.38 89
Kaye Group Inc.	NDQ	6.88	14.58	3.77	7.81	5.13 31
Marsh & McLennan	NYS	58.00	-2.52	16.68	64.31	43.38 2372
Poe & Brown	NYS	36.25	5.07	21.85	42.50	27.38 23
Sedgwick Group PLC	NYS	18.81	1.69	52.79	19.50	10.63 6
BROKERS AVERAGE		2.37	20.11			

INSURERS/REINSURERS

ACE Ltd.	NYS	31.50	-2.51	-2.07	43.00	24.38 1312
Accel International Corp.	NDQ	3.00	4.35	-17.24	3.81	2.13 39
Acceptance Insurance Cos.	NYS	18.75	-3.85	-22.48	25.75	17.19 121
AEGON N.V.	NYS	107.25	3.62	139.33	111.31	42.94 327
Aeina Life & Casualty	NYS	79.56	-0.78	12.75	89.38	60.19 2702
AFLAC Inc.	NYS	40.00	1.59	56.48	40.00	22.69 1697
Allmerica Financial Corp.	NYS	54.44	-0.57	9.01	75.25	38.38 1155
Allstate Corp.	NYS	41.94	0.00	-7.32	52.38	36.06 9374
AMBAC Indemnity Corp.	NYS	60.44	-1.53	31.39	65.94	40.88 1226
American Bankers Ins.	NDQ	43.94	-4.22	-4.35	66.06	30.13 1594
American Financial Group	NYS	38.13	-4.54	-5.43	45.75	30.50 249
American General	NYS	72.75	-0.43	34.57	75.69	52.31 2032
American Heritage Life Ins.	NYS	26.31	9.35	46.18	26.31	17.06 272
American Indemnity/Fin'l	NDQ	11.63	3.33	-16.22	15.38	9.50 5
American International	NYS	94.25	-5.10	30.00	102.38	64.88 9878
American Safety Insurance	NDQ	8.63	-11.54	-29.95	15.06	6.75 14
Argonaut Group	NDQ	26.19	12.03	-22.69	37.50	21.25 182
AXA-UAP Group	NYS	64.00	1.09	64.10	71.25	36.19 219
Baldwin & Lyons Inc.	NDQ	22.50	3.45	-6.74	28.75	18.50 13
Berkley W.R. Corp.	NDQ	35.38	4.24	-19.37	49.88	25.25 485
Berkshire Hathaway Inc.	NYS	66800.00	-3.61	45.22	84000.00	44800.00 1
Capital RE Corporation	NYS	21.00	7.01	-32.33	38.69	14.75 1060
Capitol Transamerica Corp.	NAS	17.94	2.50	-15.84	23.88	15.00 20
Centris Group Inc.	NYS	10.13	-2.99	-9.24	14.81	7.94 74
Chartwell Re	NYS	28.81	7.21	-14.63	34.63	21.94 139
Chubb Corp.	NYS	72.13	0.35	-4.63	88.81	55.38 2079
CIGNA Corp.	NYS	79.31	-1.40	38.03	82.38	51.94 2158
Cincinnati Financial Corp.	NAS	39.34	-1.02	-16.14	47.13	30.50 1063
Citigroup	NYS	49.56	-5.37	-8.00	73.50	28.50 60418

	Price	Weekly % change	Year to date % change	52-week High	Low	Vol.(000)
CNA Financial Corp.	NYS	41.38	-4.47	-2.84	53.25	34.50 587
CNA Surety	NYS	14.13	-3.42	-8.50	16.75	12.56 175
EMC Insurance Group Inc.	NDQ	12.50	0.00	-5.66	15.88	9.00 37
ESG Re Limited	NDQ	20.38	7.24	-13.30	28.88	12.75 240
Enhance Financial Services	NYS	27.13	-8.25	-8.82	37.56	17.31 458
Everest Reinsurance	NYS	36.00	-2.87	-12.73	45.25	28.75 597
Executive Risk Inc.	NYS	54.90	0.46	-21.93	75.75	35.50 147
EXEL Ltd.	NYS	73.88	-1.09	16.57	83.25	61.56 404
Fremont General Corp.	NYS	49.38	-2.11	-9.82	62.13	36.00 298
Frontier Insurance Group	NYS	14.13	-5.44	-38.25	25.69	12.19 722
Gainsco Inc.	NYS	6.63	0.00	-22.06	10.00	5.75 84
General RE Corp.	NYS	232.00	-3.11	9.43	275.00	193.50 1157
Gryphon Holdings	NDQ	18.63	0.68	11.19	19.38	11.38 325
Harleysville Group	NDQ	22.25	4.71	-7.29	28.50	17.25 118
Hartford Steam Boiler	NYS	40.63	-0.91	10.42	59.56	34.75 235
HCC Insurance Holdings	NYS	18.88	2.72	-11.18	23.94	15.63 588
ING Groep N.V.	NYS	56.13	-4.67	32.64	76.75	36.06 729
IPC Holdings Ltd.	NDQ	22.63	-7.42	-29.71	33.25	19.00 226
Hartford Financial Services	NYS	54.63	-4.17	16.77	60.00	37.63 3352
LaSalle Re Holdings Ltd.	NYS	25.25	1.00	-28.62	42.94	19.50 96
Lincoln National	NYS	85.50	-0.44	9.44	98.88	67.00 2078
MAIC Holdings Inc.	NYS	30.19	0.00	12.70	31.25	23.94 156
Market Corp.	NYS	174.00	5.41	11.45	187.00	132.00 26
MBIA Insurance Group	NYS	64.81	-1.33	-2.99	80.94	46.06 2069
Meadowbrook Insur. Group	NYS	15.50	0.00	-40.53	35.00	14.94 55
MMI Cos. Inc.	NYS	16.31	-0.76	-35.07	26.50	15.25 62
Mutual Risk Mgmt. Ltd.	NYS	38.81	5.08	29.65	39.94	25.38 313
NAC Re Corp.	NYS	48.25	2.80	-1.15	55.88	43.69 263
Navigator's Group	NDQ	15.00	-2.44	-20.13	20.75	13.25 26
NYMagic Inc.	NYS	21.31	2.10	-22.68	34.25	20.31 9
Ohio Casualty Corp.	NDQ	40.38	-1.52	-9.52	51.75	33.75 136
Old Republic Int'l.	NYS	19.81	-10.20	-20.08	32.25	17.94 3274
Orion Capital Corp.	NYS	38.88	5.42	-16.29	59.25	28.00 793
Partner Re Ltd.	NYS	44.75	3.47	-3.50	52.50	33.63 232
Penn-America Group Inc.	NYS	10.69	-3.93	-47.87	23.00	8.13 60
Pennsylvania Manufacturer's Co	NDQ	19.63	0.64	17.16	23.75	16.25 129
Philadelphia Cons. Holding	NDQ	20.88	3.09	17.61	24.50	15.50 103
PhXRE Corp.	NYS	23.13	6.63	-30.32	35.25	21.50 140
Reliance Group Holdings	NYS	13.13	-7.49	-7.08	19.81	10.75 1027
Reliastar Financial Corp.	NYS	46.06	-4.16	11.84	52.44	29.00 1097

	Price	Weekly % change	Year to date % change	52-week High	Low	Vol.(000)
RenaissanceRe Holdings Ltd.	NYS	40.00	6.14	-9.35	50.75	36.88 174
Risk Capital Holdings	NDQ	20.50	-5.75	-7.87	25.50</	

Keeping the Promise of a New World

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