WEEK OF FEBRUARY 16, 1981

business insurance®

the national newsweekly of loss prevention, risk financing & benefit management/$1 a copy; $30 a year

© Entire contents copyright 1981 by Crain Communications Inc. All rights reserved.

update:

Builder nominated as OSHA chief

WASHINGTON—Florida building contractor Thorne Auchter has been nominated to be the new chief of the Occupational Safety and Health Administration.

Mr. Auchter says he will eliminate regulations that "aren't based on substance." But the 35-year-old executive

Continued on next page

Court rejects market liability in DES suits

By JERRY GEISEL

TRENTON—Victims of the cancer-causing drug DES can't sue DES manufacturers as a group when the specific manufacturer cannot be identified, a New Jersey appellate court has ruled.

The ruling represents the first appellate court decision involving the controversial drug since the U.S. Supreme Court let stand a landmark California Supreme Court ruling establishing industry-wide liability (*BI*, Oct. 20, 1980).



Adoption of industrywide liability "would result in the taking of the property of all the named defendants in order to pay for harm which may have been caused by only one of the defendants, or even by one who is not a party to the lawsuit," the three-member appellate division of the New Jersey Superior Court said this month.

Legal experts had feared the Supreme Court's silence in the California Sindell decision could induce other states to follow the industrywide liability theory, posing new threats to the stability of the tort litigation system.

In the Sindell case, the California high court said when a product causing injury is made by many different manufacturers and the specific manufacturer cannot be identified, liability must be divided among the makers based on their share of the market for the product (*BI*, March 31, 1980).

Continued on page 75

Hilton's limits top expected fire loss

By RHONDA L. RUNDLE and LEN STRAZEWSKI

LAS VEGAS—Hilton Hotels Inc. is expected to have enough property and liability insurance to cover losses arising out of the second deadly hotel fire to hit Las Vegas in three months.

The hotel chain has combined business interruption and property coverages in layers up to $250 million, *Business Insurance* learned. Liability insurance reaches $200 million, sure to far exceed losses from the Feb. 10 fire.

The Hilton fire was a chillingly familiar scene, but the toll was much lower than at the MGM Grand Hotel fire in November. Eighty-four people died in that blaze, which injured more than 700 (*BI*, Dec. 1, 1980); eight guests died at the Hilton Hotel and 242 were injured.

The Hilton's property damage is estimated at $10 million compared with $50 million at the MGM Grand, now under reconstruction two miles away.

"This cannot be considered a major loss of the same proportions as the MGM Grand fire," said Richard O'Hara, senior vp for excess/surplus lines broker Sayre & Toso, which placed coverage for both hotel corporations. Marsh & McLennan brokers the Hilton Hotels' risk.

Twenty-four hours after the Hilton blaze, a 23-year-old room service busboy was arrested on suspicion of arson and murder. The extremely hot, explosive nature of the

Continued on page 79



Photo: Wide World

Liability insurance

$200 million

$1 million/Old Republic ($100,000 deductible)
$4 million/Mission Group
$20 million/Northbrook
$25 million/Mission Group
$49 million/AIU
National Union Fire
Highlands
City Insurance Co.
Employers Mutual
$50 million/INA
($10 million participation)
Fireman's Fund
City Insurance Co.
Federal Insurance Co.
New England Re
Associates International
$50 million/Protective National
Pine Top
Central National
Continental
Granite State
Harbor

Property insurance

$250 million

$25 million/Mission Group
$25 million/Aetna C&S
$50 million/Granite State and possibly others
$100 million/INA
$50 million/unknown

Risk execs prefer independent advice

By KATHRYN J. McINTYRE

rm board

CHICAGO—A risk management consultant should be independent of a firm that sells insurance or insurance-related services, members of the *Business Insurance* Risk Management Board contend.

Four-to-one, the risk managers said an independent risk management consultant is preferable to one affiliated with an insurance or insurance-related firm.

"There is less likelihood of parochial approaches to the solution of complex risk management problems and less likelihood of either a conflict of interest or an 'insurance is the solution' approach," said the division risk manager for a manufacturing firm with 17,000 employees who prefers dealing with an independent risk management consultant.

"No problem as long as the broker is compensated on a fee basis," countered the insurance manager for a health care/pharmaceuticals firm of 10,000 employees. He argues that guaranteeing a broker a fee instead of tying his compensation to the amount of insurance premiums placed will keep the broker honest.

The most recent survey of the *BI* Risk Management Board also reveals the other considerations panel members note when selecting a consultant, what services panel members buy most often and sample fees, how well panel members rate service suppliers and the large variations in the percentage of risk management budgets allocated to services purchased separately from corporate insurance policies.

The survey, answered by 54 risk managers who have agreed to participate on the *BI* Risk Management Board, adds another perspective to the special spotlight report on risk management services beginning on page 17 of this week's issue. All but 16 respondents buy some service separately from an insurance product.

The risk manager for a bank holding company among the 16 survey respondents who do not purchase outside services noted, "Work is performed by the broker as part of his commission and by the underwriter at no fee. Such an arrangement has served us well and considering our size (1,900 employees and deposits of $1.5 billion) and type of business, we have no plans to change."

The board members who do buy

Continued on page 70

Renewal rates cut

CHICAGO—"No heavy lifting" could describe the work of risk managers renewing insurance policies recently.

Of 45 renewals mentioned by *Business Insurance* Risk Management Board members responding to a recent survey, only seven brought higher rates for insurance and in three cases coverage was broadened. Rates went down on 32 renewals and on six they stayed the same.

The lower rates were granted in most cases by the insurer on the expiring policy and through the same broker.

Few risk managers reported switching insurers or brokers, but when they did it was service from brokers and price from insurers that influenced them.

The odd cases of rate increases involved:

- A broader package policy on buildings and equipment owned by a bank holding company with 1,900 employees and $1.5 billion in deposit. Same markets used.
- A trustee and officers liability policy for a health care/educational institution employing 9,000 and generating $285 million in

Continued on page 71

NEWSPAPER

INSIDE:

Pension group wants to revamp ERISA
Page 3



Stricter fire codes urged for boarding homes
Page 3

update:

OSHA chief nominated

Continued from previous page

vp of Auchter Co. in Jacksonville, Fla., says there is a need for a federal agency to enforce worker safety and health regulations. Management and labor should work together toward a common ground on worker safety and cost issues, he says.

Gen Re shares in MGM cover

CHICAGO—General Reinsurance Corp. has confirmed it is one of several insurers providing some $170 million in back-dated liability coverage for MGM Grand.Hotels Inc. (*BI*, Feb. 9)

A fire last November at the Las Vegas MGM Grand Hotel killed 84 and caught MGM Grand Hotels Inc. with only $30 million in liability insurance.

Thomas Kellogg, senior vp for Gen Re would not say how much coverage the firm is providing, but said it would not be part of the top $100 million layer still being placed by broker Frank B. Hall Inc.

The recently purchased coverage includes $35 million of insurance in excess of the existing $30 million and an additional $35 million over the $65 million.

Most of the first new $35 million coverage layer is said to be placed with a large U.S. insurer.

USAIG insured Texasgulf jet

NEW YORK—USAIG insured the Texasgulf Inc. corporate jet that crashed on approach to Westchester County Airport Feb. 11, killing Texasgulf chairman Charles F. Fogarty and six aides.

The four-engine Lockheed Jetstar was valued at $5 million. Limits of liability and deductibles of the USAIG policy were not available. It could not be confirmed whether Texasgulf had a separate travel accident policy for its executives. Frenkel & Co. Inc. of New York brokered the account for the Stamford-based firm.

RBH restructures officers

CHICAGO—Rollins Burdick Hunter's newly appointed chairman could lead the seventh largest brokerage into a new emphasis on employee benefits and financial services, says retiring chairman Adrian B. Palmer.

RBH last week elected Charles R. Hall, executive vp of Continental Illinois National Bank & Trust Co. here, to the post of chairman and chief executive officer beginning in April. Mr. Hall had been a RBH director.

In his new position, Mr. Hall takes chief executive officer duties away from RBH president Charles Mather, but does not limit Mr. Mather's role in the brokerage, says Mr. Palmer.

"Both Mr. Hall and Mr. Mather have been involved in our stategic planning efforts and we expect them to be a great team in planning new service and geographic expansion," Mr. Palmer said.

Shipper to appeal award

LONDON—A West German shipping line has been given permission to appeal an arbitrator's decision ordering it to pay more than $200,000 in addition to the war risk premiums it paid on a chartered vessel scheduled to travel the Persian Gulf.

Virtue Shipping Corp. of Monrovia contended it was owed that amount by Schiffahrtsagenturn of Hamburg, which chartered one of its vessels and took it through the gulf, where it remained between March 13 and May of last year.

Virtue claimed the extra premium because it was charged an extra $305,000 by the Hellenic Mutual War Risks Assn.

Nuclear rates to rise 6.5%

HARTFORD—Property insurance premiums for the nation's nuclear facilities will rise approximately 6.5% this year, according to American Nuclear Insurers.

The price increase is attributable to the first debit in an experience-rating guide followed by ANI for the last 10 years. The 3.8% debit was predicted earlier in the year by ANI officials, so the premium increase was not unexpected (*BI*, Jan. 26).

The major factor behind the debit is ANI's expectation to pay the full $300 million limits in a property policy written for the damaged Three Mile Island reactor, says Richard Pye, vp-property underwriting.

That expected loss also contributed to last year's drop in the rating guide's credit for nuclear plants to 2.4% from 1979's 29.5%. That decrease added up to an average price increase of 65% on property policies written in 1980.

The increase takes effect March 1 for all new and renewal policies.

index

Around the states.....8
Benefit beat.....4
Benefit tax slants.....48
BI ticker.....81
Classifieds.....78
Comings & goings: buyers....69
Comings & goings: industry...68
Datebook.....76
Editorial opinions.....10
Info.....66
Legal briefs.....48
Letters.....10
Markets.....67
Perspectives.....45
Products & services.....80
Risk management board....1
Someone you should know..50
Spotlight report.....17
Washington.....14
Worldwide.....8

Vol. 15, No. 7—*Business Insurance* (ISSN 0007-6864) is published weekly at 740 Rush St., Chicago, Ill. 60611. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, circulation department, 740 Rush St., Chicago, Ill. 60611. Copyright 1981 by Crain Communications Inc.



Photo: Wide World

Supertanker losses in 1979 and 1980 contributed to the increase in hull coverage rates.

Hull policy renewals increase up to 50%

By ELLIS SIMON

NEW YORK—The seven-year tide of ratecutting in the marine hull insurance market is reversing.

In London, New York and other marine hull insurance centers, underwriters are getting increases of as much as 50% on some account renewals. Deductibles are rising an average of 20%, brokers say.

The size of increase at renewal depends on an acccunt's experience, brokers and underwriters add. An account with an excellent loss record may have no increase, and careful scouring of the U.S. market can still turn up some underwriter willing to reduce rates.

Underwriters are reacting to record losses during 1979 and loss experience in 1980 that included supertankers and the giant Avondale claim: $300 million for Avondale Shipyard's failure to deliver three LNG carriers to El Paso Natural Gas Co.

Insurers also are being pressured by reinsurers stung by these losses. In London, excess of loss reinsurance rates are 25% to 50% higher, one Lloyd's broker reports.

Reinsurer caution is also slightly reducing world market capacity, says Allen E. Schumacher, manager of the American Hull Insurance Syndicate, the largest U.S. hull market. Reinsurers that took 10% of a risk might now take 7.5%, brokers say.

The owner of a $150 million LNG carrier should have no difficulty obtaining needed capacity, however, Mr. Schumacher says.

Reinsurers continue to support the hull insurance underwriters, agrees John Blackman, president of Mutual Marine Office, a New York-based hull insurance underwriting agency. "They've asked us what we're going to do

Continued on page 79

BI offers article index

CHICAGO—For the first time, *Business Insurance* will offer the public an index to its articles.

Beginning with the Jan. 5, 1981, issue, the Micro Photo division of Bell & Howell is indexing articles appearing in *BI*. The index, prepared exclusively for *BI*, is by subject, names of persons quoted and names of companies mentioned.

Subscribers to the index will receive three quarterly indexes and a fourth index incorporating the first three indexes with the index for the fourth quarter.

Also available to subscribers is help in finding the date of a 1981 article between publishing of the quarterly indexes. Copies of articles sought will be provided free of charge to index subscribers.

Information on when articles were published will be available only to index subscribers. Persons who can cite the date and headline of an article will be able to purchase a copy of it from the Crain Information Center in Chicago at a charge of $1.

The subscription price for the index is available from *BI's* promotion department, 708 Third Ave., New York, N.Y. 10017.

Doctors to receive refund

By RHONDA L. RUNDLE

LOS ANGELES—The Travelers Insurance Co. will refund millions of dollars in premium overpayments to California doctors who bought medical malpractice insurance from the insurer from 1976 through 1978.

The Travelers starts its refund program with payment of $18.6 million to about 5,500 eligible physicians in Southern California. Depending upon claims experience through 1990, the total value of the refund to be paid annually could reach $46 million.

Northern California doctors are negotiating a separate settlement with The Travelers for premium refunds earned on a cost-plus type plan similar to the one used by their Southern California counterparts. The outcome will affect about 2,000 local physicians.

The Southern California settlement came a little more than a month after physicians filed suit against The Travelers for breaching its contract to return excess premiums, said a spokesman for the Southern California Physicians Council representing eight doctors associations in the area.

The self-rating plans used by the doctors provided that premiums collected above the cost of claims plus a 5% profit for The Travelers would be refunded through reduced future premiums.

When The Travelers withdrew from the medical malpractice insurance market in 1978, however, the mechanism for returning excess premiums also disappeared.

It has taken three years of negotiations with The Travelers to obtain this refund, said a doctor association representative.

Although Northern California doctors are hopeful of a quick settlement with The Travelers in the wake of the Southern California settlement, they are prepared to fight their battle in the courts, said Gene Taylor, secretary/treasurer of the Northern California Physicians Council.

In 1976, medical malpractice premiums for Northern California doctors jumped 431%, Mr. Taylor said. It appears in retrospect that the required increase should have been about 250%, he estimated.

"The California plans were the only two cost-plus type we had in the medical malpractice line," said Wheeler Hess, senior vp at The Travelers Insurance Co. in Hartford. Physicians in other states are not eligible for refunds. ■

errors & omissions

• The chairman of The Hartford Insurance Group was incorrectly identified in the Feb. 2 issue of *Business Insurance*. His name is DeRoy C. Thomas.

Revamp ERISA to allow pension growth: Group

By JERRY GEISEL

WASHINGTON—A pension trade group says it is time to revamp ERISA, the federal law regulating 500,000 private pension plans.

Reduced reporting requirements, more certainty about vesting schedules and tax deductions for employee pension contributions are the key changes the Assn. of Private Pension & Welfare Plans recommends in a 49-page draft bill it will present later this month.

"Unless you remove costly, unnecessary provisions and eliminate uncertainty, pension plan growth will slack off," said Gary Quintiere, an attorney with Miller & Chevalier and a member of APPWP's ERISA committee.



Jeff R. Hart

APPWP's proposal, if adopted, will result "in a better opportunity for the private system to expand," added Jeff Hart, executive director of the APPWP, whose 600 members include plan administrators, accountants, actuaries and attorneys.

Despite the two years that the APPWP committee spent drafting the proposal, Mr. Hart emphasizes that the group is willing to compromise to get the measure passed.

"The measure is alterable," said the former acting executive director of the Pension Benefit Guaranty Corp. "It is a negotiating tool, a frame of reference."

APPWP's proposal is expected to generate controversy in the pension community. Pension activists, such as Karen Ferguson, director of the Pension Rights Center, oppose reductions in employers' ERISA reporting requirements.

Ms. Ferguson worries that pension plan participants won't be able to determine whether their money is being invested solely in their interests if distribution of ERISA reports is eliminated.

The APPWP proposes to eliminate the distribution of the summary annual report to plan participants. This lengthy report describes a plan's financial transactions during its fiscal year.

"The SAR is expensive to prepare and distribute and is of little or no

Continued on page 76

GM enlists physicians to battle claims abuse

By RHONDA L. RUNDLE

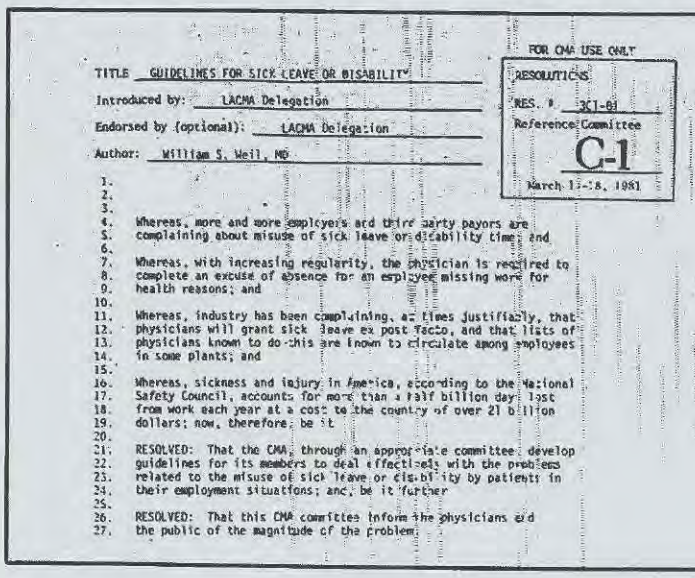
PALM SPRINGS—The General Motors plant in Fremont, Calif., is telling doctors they are the blame and the cure for some workers compensation abuses. The strategy is working.

GM and the California Blue Shield Medical Policy Committee are waging an aggressive medical community awareness campaign to alert doctors and their professional societies to the crippling $21 billion cost of sick leave and disability insurance to industry.

The efforts, which began in April at the Northern California auto plant, are paying off, says GM personnel director Carl York at the California Self-Insurers Assn. meeting Feb. 4-6 here. A delegation of the Los Angeles County Medical Assn. recently endorsed a strong resolution recognizing the role doctors play in helping workers to abuse benefits, he explained.

The resolution states in part that "industry has been complaining, at times justifiably, that physicians will grant sick leave ex post facto, and that lists of physicians known to do this are known to circulate among employees in some plants."

The resolution further urges the California Medical Assn. to develop guidelines for doctors to use in preparing absence excuses for workers who must miss work because of illness. The resolution has been submitted to the CMA and will be considered at its annual meeting next month.



FOR CMA USE ONLY

RESOLUTIONS

RES. # 3C1-81

Reference Committee

C-1

March 15-18, 1981

TITLE GUIDELINES FOR SICK LEAVE OR DISABILITY

Introduced by: LACMA Delegation

Endorsed by (optional): LACMA Delegation

Author: William S. Weil, MD

Whereas, more and more employers and third party payors are complaining about misuse of sick leave or disability time; and

Whereas, with increasing regularity, the physician is required to complete an excuse of absence for an employee missing work for health reasons; and

Whereas, industry has been complaining, at times justifiably, that physicians will grant sick leave ex post facto, and that lists of physicians known to do this are known to circulate among employees in some plants; and

Whereas, sickness and injury in America, according to the National Safety Council, accounts for more than a half billion days lost from work each year at a cost to the country of over 21 billion dollars; now, therefore, be it

RESOLVED: That the CMA, through an appropriate committee, develop guidelines for its members to deal effectively with the problems related to the misuse of sick leave or disability by patients in their employment situations; and, be it further

RESOLVED: That this CMA committee inform the physicians and the public of the magnitude of the problem.

GM kicked off its awareness program April 30 last year with a luncheon and plant tour for physicians in the Fremont area, Mr York said. Thirty doctors, all involved in the delivery of workers compensation medical care, attended.

Presentations on the rising costs of disability benefits were made. GM staff discussed "what we felt was the responsibility of the medical community in containing these costs," Mr. York explained.

"We heard many favorable comments regarding the plant tour." Mr. York said. "It was obvious we corrected many of the doctors' misconceptions of the type of work that we in fact perform at the Fremont facility.

"We encouraged them to contact the plant insurance office or plant medical department personnel to answer questions about an employee's job duties. Many of our locations have extensive programs that would permit an injured employee to return to work with restrictions."

Continued on page 72



Boarding house fires in New Jersey have killed 62 persons in the last eight months. The latest blaze was at Kiefer's Boarding Home in Point Pleasant.

Stricter codes urged for boarding homes

By MARY ANN MATLOCK

TRENTON—Stricter safety codes are being proposed for New Jersey's boarding homes as state legislators react to four fires in the past eight months that killed 62 elderly persons.

The improved fire protection measures could make it easier for the high-risk boarding homes to find affordable property and liability insurance, supporters say.

One proposal by Assemblywoman Marie Mueller mandates sprinkler systems in all boarding and rooming homes, regardless of size, and guaranteed low-interest loans for their installation.

Another idea, sponsored by Monmouth Republican Anthony M. Villane, proposes wiring all boarding home fire alarm systems directly to fire departments and requiring emergency lighting at all exits.

Both proposals would further upgrade present codes, which as of August 1980 mandated sprinkler systems in boarding homes of three or more floors with 20 residents, smoke-protected staircases and direct-wired alarms where six or more residents live and fire doors.

Nursing homes generally come under more stringent codes, whereas rooming homes—which provide no care, only a place

Continued on page 77

Bingo games score incentive for safety

By JOHN MAES

WAUKESHA, Wis.—Patrick Johnson is a safety director who believes you can make a game out of loss prevention.

But that doesn't mean he's any less serious about reducing the accident rates for his employer, Wisconsin Centrifugal Inc., than his counterparts in corporate safety. His method is just a little different.

Mr. Johnson, employment and safety supervisor, uses a bingo game as part of his safety program at the 750-employee plant outside Milwaukee that manufactures centrifugally cast steel components.

The safety bingo game was used with other rewards—coffee and doughnuts, steak dinners, lunches, caps and jackets—to reduce the company's lost work days to zero last year from more than 1,400 in 1977.

Centrifugal spent some $100,000 last year on bingo and safety record prizes, but the recession has forced the company to trim that to about $75,000 for 1981.

Because Wisconsin Centrifugal is in the high-hazard metal-casting industry, safety is a serious concern at its radiographic laboratory, machine shop and foundries. But Mr. Johnson, a 27-year-old graduate of the University of Wisconsin at Whitewater, says the bingo game and giveaways are the best ways to instill safety awareness in employees.

"We try to create peer pressure to get employees competing to be safe," Mr. Johnson said.

The game is simple. Plant and office employees are given a bingo card; each day there is no lost-time accident, a number is drawn. Employees who score bingo receive $25; $1,000 is awarded for filled cards.

The game is in progress only as long as there are no accident injuries that force a worker to miss more than the remainder of a work shift. If there is a lost-time accident, the game is canceled. A new bingo game doesn't begin for a month.

The game is an excellent incentive because there's a goal and a payoff, Mr. Johnson said. Employees are intensely aware of the game and it's commonplace to see cards propped up daily at work stations. "Nobody wants to be the one to have the accident that cancels the game," Mr. Johnson said.

The company paid $65,000 in cash bingo prizes last year, an amount that could be eaten up by a single workers compensation claim, he said.

Winners are acclaimed throughout the plant. "We publicize it as much as we can," Mr. Johnson said. "We really make a big thing out of it. They get their pictures in the company newspaper."

Continued on page 78



Photo: John Maes

Patrick Johnson uses peer pressure to improve safety at Wisconsin Centrifugal Inc.

HHS studies second opinions

WASHINGTON—The federal government is about to jump into the debate over second opinion surgical plans.

Its forthcoming study is expected to offer evidence on whether second opinions trim health care costs. The preliminary results show they do.

The Department of Health and Human Services is evaluating information about plans collected over 2½ years and expects to release preliminary conclusions this summer.

As health care professionals and insurers look for ways to control medical costs, second opinions are often advocated to reduce unnecessary surgery. But experts are divided on whether second opinions really cut costs.

Two studies released last year had contradictory conclusions. A report by Blue Cross & Blue Shield of New York said second opinions usually encourage surgery (*BI*, Jan. 5). But a study by Cornell Medical Center in New York concluded mandatory programs save insurers more than twice their administrative costs (*BI*, Dec. 8, 1980).

"There is no doubt in our minds that this federal study will be seen as a more definitive study," said Alan Friedlob, project officer for the HHS study. "No one else has gone through the kind of process we are going through to come up with our conclusions."

Part of what distinguishes the HHS program from others is the makeup of its patient population. The 1,400 people studied are from both mandatory and voluntary second-opinion plans. Experts say the type of plan colors the results of a study.

More important, the program also includes a control group that is not expected to seek second opinions before making a decision on surgery.

"We want to see what people would do when left to make their own decisions," Mr. Friedlob said.

"If we show that a significant number of people either go for second opinions on their own or else don't go through with elective surgery recommended by their doctor, then maybe we will show there isn't a need for programs like these," Mr Friedlob said. "The presence of a control group is what makes our study unique.'

Preliminary rough results seem to favor second opinion plans.

"We see second opinions coming out on the plus side," he said. "The cost-benefit savings are positive, but modest.

"I don't think you will see savings at a ratio of 10-to-1 or 8-to-1 when compared to the cost of the programs, but I do think that the results will eventually show that second opinions are a positive thing," he said.

Right now the HHS is winding up extensive interviews with the 1,400 people studied, mostly Medicaid and Medicare patients from New York and Massachusetts.

Because the study covers more than one year, evaluators can track whether participants who rejected the surgery actually went through with it later. ■

Put Corroon&Black at the controls.



Our risk management programs can keep business insurance costs from going sky-high.

No one needs to tell you about the cost of inflation. And no one can help you control costs of business insurance better than Corroon & Black.

We're the business insurance brokers who've made a worldwide name for ourselves over the last 75 years. One reason has been our risk management programs for businesses, large and small.

Call in Corroon & Black and we'll analyze your insurance program, inside and out. We'll show you ways to prevent losses. Recommend the best coverages – at the best prices. And even design a risk management program that meets the special needs of your business.

It's this kind of approach to business insurance that's made Corroon & Black one of the largest brokers in the world – with over 90 offices worldwide.

If your insurance costs seem out of control, contact Corroon & Black for an analysis of your insurance program.

Call Richard M. Miller, President, toll-free, at 800-221-7024. (In New York, call collect, 212-363-4100.)

Corroon&Black

Wall Street Plaza, New York, NY 10005 • Offices nationwide and worldwide

benefit beat

Automakers to consider profit-sharing

GENERAL MOTORS Corp. and Ford Motor Co. have said they will discuss starting a profit-sharing plan for their employees if the United Auto Workers agrees to reopen negotiations for wage and benefit cuts similar to those obtained by Chrysler Corp.

Spokesmen for the two companies said no formal overtures have been made to the union, but added talks could begin at any time as the automakers attempt to cut labor costs that have been eroding profits.

The UAW, though reportedly reluctant to reopen negotiations on its 1979 contract, has made no secret of its long-standing desire to have a profit-sharing plan.

Chrysler workers received a profit-sharing arrangement with their employer in exchange for $622 million in wage and benefit cuts, but details of the plan are still to be negotiated.

Miners' pensions

A tentative contract settlement between Pittsburg & Midway Coal Mining Co. in Denver and the United Mine Workers union may set a pattern for other Western mine operators.

The three-year pact provides for increases in pension benefits to $19.50 a month per year of service for miners with 30 or more years of experience, up from the current $15. The company also will provide a dental plan. About 320 miners are covered by the pact.

Miners in the East covered by a contract between the UMW and the Bituminous Coal Operators Assn. also are seeking higher pensions and a new dental plan.

HMO falters

Fiscal and managerial problems have placed in jeopardy the future of Monumental Health Plan, a health maintenance organization operating in Baltimore since 1973.

The independent practice association, found to be in noncompliance by federal investigators on Dec. 3, is also awaiting renewal of its state license, which expired Nov. 30.

The noncompliance notice was given to the federally qualified plan for questionable fiscal soundness, failure to satisfy management requirements and inadequate data reporting, says compliance officer Shirley Chan. The plan's debts are estimated to top $1 million.

The HMO, which is offered by three or four area employers, received a $1 million start-up loan when it became qualified in 1979. An additional $1.5 million is being held up pending a federal determination of the plan's salvageability, expected later this month.

Even if the federal government approves a turnaround plan, the HMO's future lies with the state, which has yet to make a decision on the plan's license.

Services to the plan's 8,000 subscribers have not been disrupted.

•

Benefit beat keeps insurance and employee benefit managers up-to-date on what other companies are doing and informed of current developments in the employee benefit field. We'ed like to know if you've made any changes. Write Valerie Berg, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611 or call 312-649-5430.

Here are 5 good reasons to get a Northbrook quote on your large accounts.

NORTH BROOK

Northbrook Property and Casualty Insurance Company

3810 Golf Road
Rolling Meadows, Illinois 60008

Goodwin Clark
Vice President
National Accounts
(312) 364-2727

Northbrook National Accounts Division brings you:

1. A new market—financially stable, rapidly developing, with aggressive growth plans.
2. Direct dealing with one office that has broad underwriting authority.
3. Countrywide loss control services from a staff including a high percentage of Certified Safety Professionals.
4. Countrywide claim and customer services backed by one of the most sophisticated computer systems in the industry.
5. A full range of innovative products including several deferred payment plans.

Here's your chance to get in on the ground floor of a whole new market that offers what you're looking for.

For full information, including your copy of Northbrook's booklet, "New Dimensions in Commercial Account Service," we cordially invite you to call or write.



Goodwin Clark

Goodwin Clark CPCU
Vice President

NORTH BROOK

Northbrook National Accounts

A division of Northbrook Property & Casualty Insurance Co.
Northbrook, Illinois 60062

Disability benefits rise

WASHINGTON—The maximum average weekly workers compensation benefit for temporary total disability jumped 10.5% in 1980, increasing to $231 from $209.

Forty-seven states raised the maximum weekly benefit last year, according to U.S. Chamber of Commerce statistics. Benefits remained the same in Georgia, Mississippi and New York.

Weekly maximums for temporary total disability now range from a high of $859 in Alaska to a low of $98 in Mississippi.

Wyoming saw the biggest percentage increase in workers compensation benefits for temporary total disability. Benefits jumped to $362 a week from $251, a 44.2% increase. This resulted from a large number of highly paid energy workers coming into the state, boosting the state average weekly wage.

Alaska also recorded a major increase in benefits. The maximum weekly payout jumped to $859 from $650.

Benefits increased because Alaska overhauled its workers compensation law so that maximum benefits are based on 200% of the state average weekly wage, compared with 166% previously.

States paying the highest weekly temporary total disability benefits after Alaska are the District of Columbia, $456; Iowa, $384; Illinois, $376, and Wyoming, $362.

States paying lowest benefits after Mississippi are Georgia, $110; Tennessee, $119, and Arkansas, $126.

More employees prefer pension lump sums: Poll

LINCOLNSHIRE, Ill.—A growing number of retiring employees prefer to take all their pension benefits with them immediately when they leave their jobs.

And while many companies allow this lump-sum option, employers often limit the amount they are willing to pay out and require employees to meet certain criteria to take advantage of this alternative, according to a survey by consultant Hewitt Associates here. Few encourage employees to take this pension option, the study shows.

The nation's current economic condition is behind the trend toward more requests for lump-sum pensions, employers agree. The high interest rates available make the lump-sum option attractive to the retiree interested in high-yield investments that ultimately could boost his or her retirement income.

Of 477 manufacturing and nonmanufacturing companies surveyed that have defined benefit plans for salaried employees, 300 offer a lump-sum option in lieu of monthly payments.

However, only 90 of those companies, or 19%, allow lump-sum distributions of unlimited dollar amounts. Thirty-three percent only allow lump-sum payments of $1,750 or less, and 11% allow only "limited" distributions in which the amount is greater than $1,750 but limited to a certain maximum.

Under ERISA, an employer can automatically pay a terminating employee's benefit as a lump sum if the amount is $1,750 or less.

The size of a company does not seem to determine whether the lump-sum alternative is offered. Forty-five percent of the companies that offer some type of lump-sum plan have fewer than 1,000 employees and another 45% have more than 10,000.

The Hewitt study concentrates on the 90 companies that allow unlimited lump-sum payments. Eighteen percent of these companies say the number of requests for lump-sum pensions has increased dramatically while 23% say requests have increased somewhat.

In 49% of the companies, the number of requests did not change, and at 1%, the number of requests decreased.

A fifth of the companies said retirees request lump-sum payments 90% to 100% of the time. Another 28% said lump sums are sought less than 10% of the time.

Only 4% of the 90 companies encourage the lump-sum option while 32% discourage it. Most of the employers, 62%, however, remain neutral.

Some employers, the study points out, fear lump-sum options may not be consistent with corporate retirement objectives of providing long-term benefits or that frequent exercise of the option could deplete pension fund assets.

If an employee opts to receive all his or her benefits immediately at retirement, 62% of the companies require that the request be approved by a committee. The factors considered by the committee range from the participant's financial status to his or her age and number of dependents.

A breakdown of what factors are considered shows the participant's financial status is most important, considered by 36% of the committees. This is followed by the participant's ability to manage finances, 20%; distribution amount, 16%; intended use of funds, 14%; participant's health, 4%; state of pension fund, 7%; tax advantage to participant, 5%; participant's age, 5%, and participant's dependents, 2%.

Few companies, 16%, consider proof of medical insurability a factor in allowing a lump-sum payment. Eighty-two percent require no proof, while 6% require proof in all cases and 10% under certain circumstances.

Most of the companies, 52%, use a fixed interest rate to determine the size of the lump payment. The mean interest rate is 6%. The lowest used is 2.5% by one company; the highest is 8%, offered by two.

Forty-one percent of the companies figure the lump sum's size with a variable interest rate, with most—27%—using the current rate of return in the annuity market. Nineteen percent use a rate determined by their insurer and 16% base interest on Moody's AAA bond rate.

At 88% of the companies offering unlimited lump sums, the option is available at normal retirement age. Other situations include early retirement, 79%; vested termination, 22%, and death, 27%.

•

The 17-page report entitled "Lump Sum Distribution Options in Pension Plans Covering Salaried Employees" is available free from Christine Seltz, Hewitt Associates, 100 Half Day Road, Lincolnshire, Ill. 60015; 312-295-5000.



Don't base your insurance program on a single pitch.

It's too easy to wind up with a "leaner" just when you need a steel ring of protection around your stake.

For more than 60 years, the specialists of Ebasco Risk Management have been analyzing the insurance programs of municipalities, industries, associations, as well as health care facilities. We are experts in the control of claims and the prevention of losses. As a result, we can offer world-recognized expertise in plugging gaps in our clients' protection plans and in stripping away expensive, unneeded coverage.

Sometimes a properly structured self-insurance program is the client's best choice. We design and monitor such plans, and advise on reinsurance where it is needed.

Sometimes a "Captive" insurance company or "Association Mutual" insurer is chosen. We conduct studies to determine the feasibility and potential benefits of such a move. We create and manage such companies both in the United States and "off-shore"...including the largest and most successful off-shore captive in American industry.

To make sure your insurance program is unbeatable call or write for our free brochure, or for a no-obligation initial review and discussion.

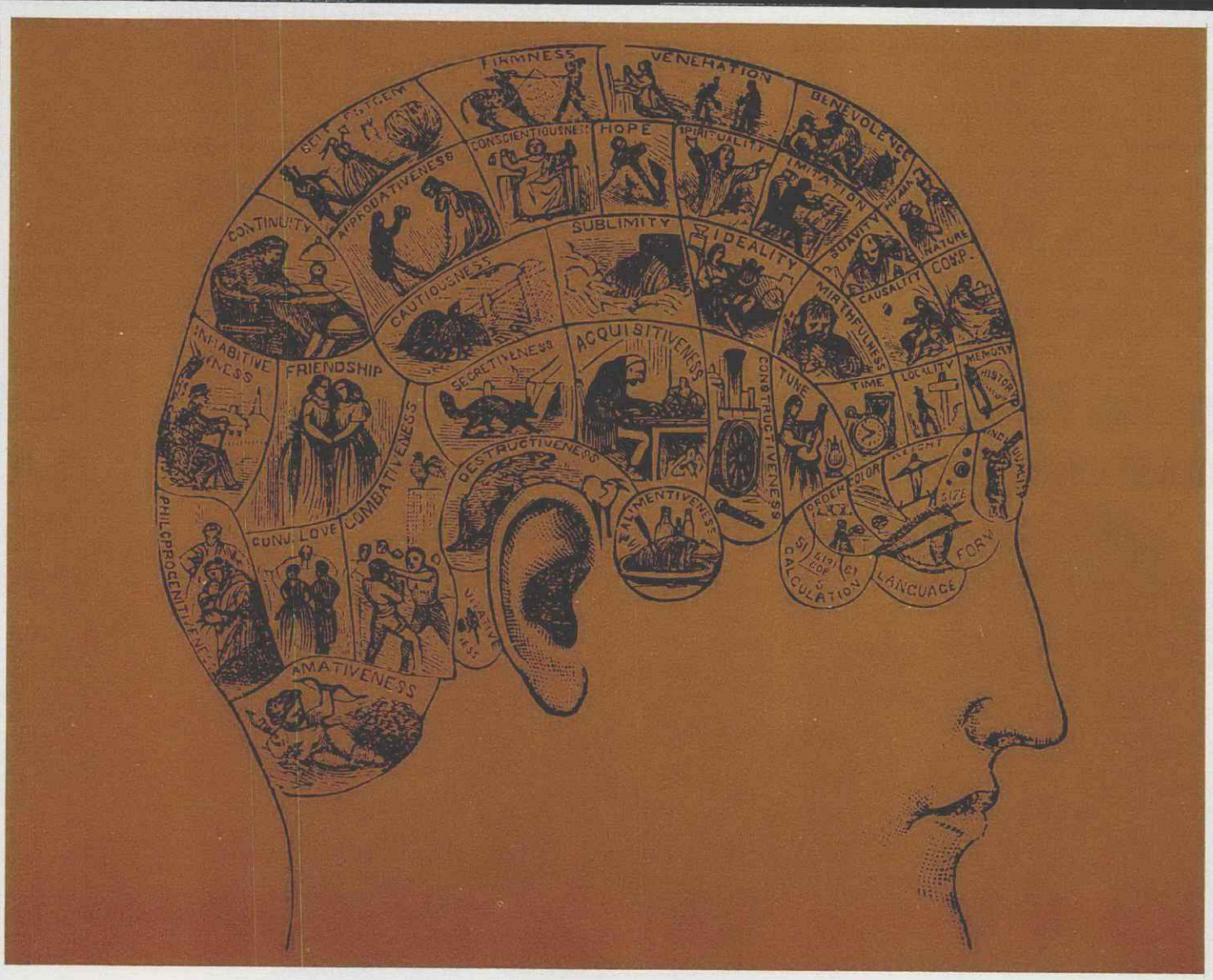
EBASCO

EBASCO RISK MANAGEMENT CONSULTANTS, INC.

A Subsidiary of EBASCO SERVICES INCORPORATED

New York: Two World Trade Center, New York, N.Y. 10048, Tel: (212) 839-1334, **Atlanta:** 145 Technology Park, Atlanta/Norcross, GA 30092, Tel: (404) 449-5800, **Chicago:** 150 North Wacker Drive, Chicago, IL 60606, Tel (312) 346-3438, **Newport Beach:** Gateway Plaza, 130 Newport Center Drive, Newport Beach, CA 92660, Tel: (714) 759-7100, **Bermuda:** Airlie House, P.O. Box 1617, Hamilton 5-24, Bermuda, Tel: (809) 292-0124

what every risk manager needs to know about Crawford & Company.



1. 750 locations across U.S. and Canada; 5100 adjusters/employees serving risk managers.
2. Among the finest software/hardware capability to produce statistical information.
3. Innovative banking systems for claim and allocated expense payments.
4. Special Accounts Department offices rendering top supervision and quality control for the client.
5. Supplemental services in property, physical damage, catastrophe and rehabilitation.
6. Mature and effective interfacing with insurance companies, brokerage firms and captive administrators.

CRAWFORD & COMPANY

For more information contact: Director of Marketing, Crawford & Company
P.O. Box 5047, Atlanta, Georgia 30302

Bill grants stronger product defense

HARRISBURG—Rep. Walt DeVerter has introduced legislation (H.B. 84) in the Pennsylvania House of Representatives that would give manufacturers a stronger legal defense in product liability suits if their products were altered without their permission.

The measure also would bar product liability suits 12 years after a consumer product is made.

In the case of non-consumer products, such as industrial machinery, the statute of repose would be 25 years after a product was made.

The bill is similar to legislation that cleared the Pennsylvania House, but later died in a Senate committee.

Other product liability bills are expected to be introduced as the session picks up steam.

around the states

Carrier liability

ALBANY—Trucking companies and passenger carriers in New York State must obtain higher limits of liability insurance under an order by the state transportation commissioner.

Passenger vehicles carrying 12 or fewer persons must have liability coverage of $100,000 per person; $300,000 per accident with a maximum of $100,000 per person, and $50,000 for property damage.

Passenger vehicles carrying more than 12 persons are required to be insured for liability of $100,000 per person up to a maximum of $500,000 per accident for all persons and property damage excluding cargo; $5,000 for cargo damage, and $10,000 for aggregate cargo damage losses.

Rate decrease

MONTPELIER—Beginning this month, employers in Vermont will be paying an average 8.9% less for workers compensation.

Rates for manufacturing classifications have been reduced an average of 15.5%, while those for contractors are cut 3.7%. Employers in other classifications will receive average reductions of 6.9%.

The dollar amount of savings to employers has not been determined, says Tom Prindiville of the Vermont Banking and Insurance Department.

Uniform benefits

BOSTON—Rep. Nicholas Buglione has introduced legislation (H.B. 1324) in the state legislature to keep pension benefit increases uniform for participants in Massachusetts' 104 state, county and municipal pension plans.

Under tax-cutting Proposition 2½, enacted last year, the legislature is barred from imposing new mandatory cost increases on municipalities and counties.

As a result, the legislature no longer could pass legislation, as it has in previous years, setting one uniform cost-of-living increase for public pension benefits. Instead each county and municipality has had to determine how much, if any, pension benefits should be adjusted annually.

Rep. Buglione fears the current benefit uniformity for public employees and retirees would be destroyed if counties and municipalities independently set annual pension benefit increases.

Since 1975, pension benefits have been increased about 5% each year.

The average public pension is now about $5,000. About 265,000 state and local employees and 80,000 retirees participate in Massachusetts' 104 public plans, says Carmen Elio, chairman of the Massachusetts Law and Retirement Commission. ■

"Equifax Risk Management Systems offers you the most complete line of services available from one source." *Richard L. Maloney, CPCU, ARM*
Executive Vice President



You get in-depth field and technical support-
12,000 people in over 1000 U.S. and Canadian cities - from Equifax RMS.

It's possible because we have skilled professionals in six key service areas.

In all, you gain support from 12,000 people. This number includes a large, extensive field force made up of men and women who average 10 years of experience.

They understand risk management. They know what kind of information you require.

Also important is the fact Equifax RMS has over 1,000 service facilities throughout the U.S. and Canada. You'll find one close to the risks you manage.

So now you can get the help you need. When and where you need it.

But people and places are only part of the story.

In addition, there's an advanced computer system for your risk management and insurance program.

Plus, Equifax RMS gives you complete flexibility — you can choose what you need from our package of unbundled services.

But most importantly, you get full support in these areas: (1) loss control consulting/inspections and training (2) claims administration/regulatory compliance (3) rehabilitation (4) CLASS: computerized loss administration statistical system (5) health screening (6) employment checks.

How can we help you? Our professional risk management team will be glad to review your program, make specific recommendations, and implement the plan of action you approve.

For complete information about Equifax RMS, call Rich Maloney at (404) 329-9029. Or just fill out this coupon and drop it in the mail today. We'll respond right away.

Professional services from the service professionals

EQUIFAX
Risk Management Systems

1800 Century Blvd.
Suite 500A
Atlanta, Georgia 30345

Yes, I want to find out more on how Equifax RMS can help me:
☐ Please give me a call as soon as possible
☐ Send me your complete, in-depth brochure(s) on:
☐ Claims Administration ☐ Loss Control
☐ Computerized Loss Administration & Statistical System
☐ Occupational Health Screening ☐ Employee Screening
☐ Rehabilitation Management

Name/Title _____
Company _____
Address _____
City _____ State _____ Zip _____
Business Phone ___( )_____

worldwide

Study urges medical review units

TORONTO—Doctors should be the arbitrators of medical disputes in workers compensation claims, contends a study by the Canadian Workers Compensation Board.

The report, written by Harvard professor Paul Weiler, an expert in Canadian studies, recommends medical review panels composed of three independent medical specialists be set up to settle disputes between workers and employers.

Such matters are currently brought before the appeals board of the workers compensation agency, but its members are lay people who usually request further examination from a consulting physician.

An all-physician panel would ensure competent medical judgments could be made without the burden of fees for consulting doctors, the report said.

Immigrant pensions

TOKYO—The Health and Welfare Ministry here is studying whether hundreds of thousands of foreign residents in Japan can be brought under the national Pension Act.

The Japanese government wants the authority to ratify United Nations agreements on immigrants, but must first open its social security system to foreign residents. Only Japanese nationals are now eligible for benefits.

The problem stems from the influx of hundreds of thousands of immigrants into the country, mostly Koreans and Chinese.

Government officials have said, however, that bringing foreigners under the auspices of the act may prove difficult because many immigrants stay in the country only temporarily, according to the Japan Economic Journal.

Broker group

CANBERRA—The Australian Corp. of Insurance Brokers and Lloyd's Insurance Brokers Representatives Assn. have formed a new Confederation of Insurance Brokers, according to Bain Dawes Newsletter.

The confederation will oversee and monitor standards of conduct and solvency among Australian brokers and will push for adequate protection for professional liability and dishonesty, a client protection measure. ■

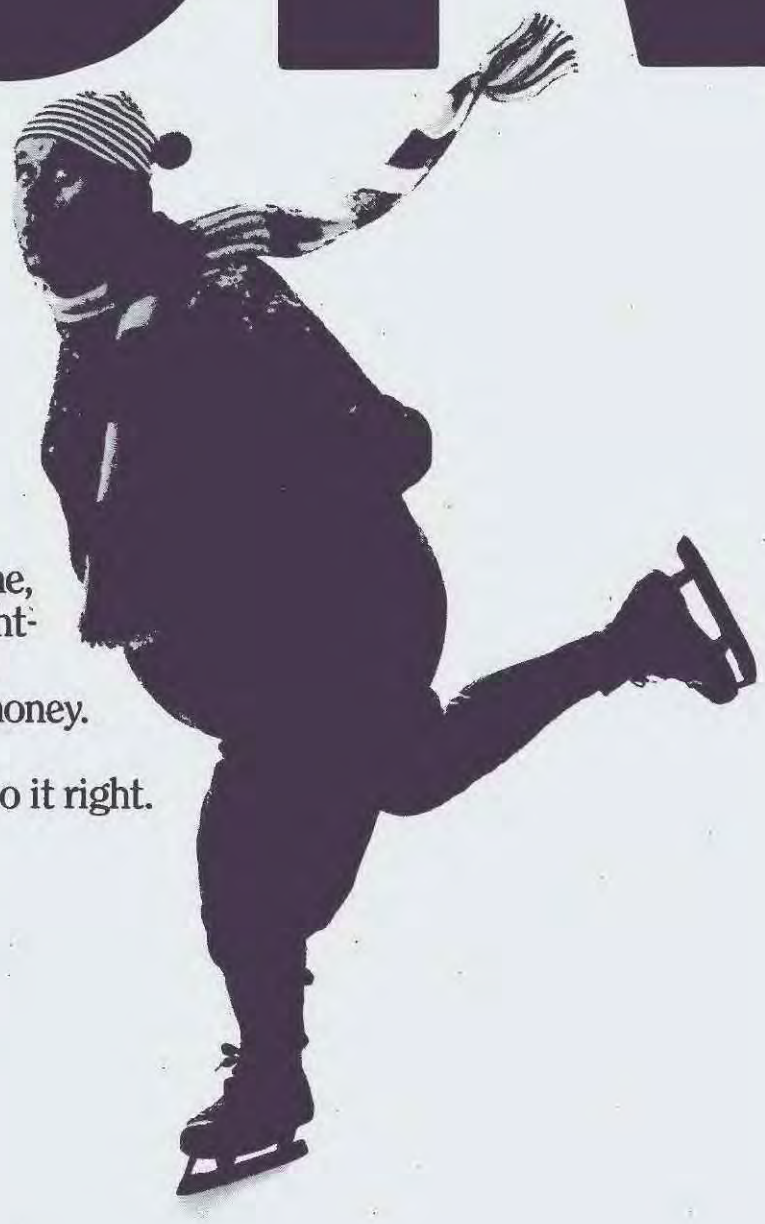
RISK.

Americans thrive on risk. It's part of our national character. The people who opened the frontier were risk takers. So were those who put a man on the moon. In fact, risk is so American, that sometimes people who avoid it are a little suspect.

But there is a kind of risk you should avoid. The kind that destroys, not invigorates. Like fire, flood, explosion. As one of America's largest industrial property insurers, Arkwright-Boston is committed to combating this.

That's why we reward clients who lower their risk potential with lowered premiums. And why, this year alone, in conjunction with the Factory Mutual System, Arkwright-Boston will spend over $66 million searching for ways to minimize this problem. It may seem like a large sum of money. But that's a risk we're willing to take.

At Arkwright-Boston, we do it better, because we do it right.



ARKWRIGHT-BOSTON INSURANCE

Factory Mutual System

A MOST UNUSUAL INSURANCE COMPANY



editorial opinions



Beating comp blues

SOMETIMES THE workers compensation system seems like an endless assembly line of big bills and low productivity. Despite diligent safety programs and careful claims investigation, sick days and benefits paid seem to grow nonstop.

The General Motors plant in Fremont, Calif., however, has taken a major step in the fight to shut down the disability assembly line and keep its own production lines running more efficiently.

Taking its case directly to the local branch of the California Medical Assn., GM, as reported in a story in this issue, explained how area doctors were making the firm's problems worse by helping employees take extended leaves and document questionable work comp claims.

By raising the physicians' awareness, GM earned the cooperation of the local medical association to fight abuses.

We applaud the doctors of the Los Angeles County Medical Assn. for listening, learning and cooperating with local industry and taking on the workers compensation abuse crusade as their own. The state medical group might join the fight.

We also commend General Motors for taking a step that is so simple that it seems radical: seeking help from those who may be responsible for part of the problem.

Though industry and the medical community have cooperated in the past to form professional standards review organizations to review medical claims, teamwork in fighting workers compensation abuse has lagged. The Fremont GM example, and a few other cases around the country, show that working together can shut down problems and turn on productivity.

letters

Business Insurance welcomes letters from its readers. Please keep your comments as brief as possible and we reserve the right to edit or shorten letters for clarity or space. Please send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

Documenting cost savings

To the editor: Please don't paint all of us with the same brush as you did in your editorial on the lack of health care cost-containment savings documentation (as well as the figures," *BI*, Dec. 15, 1980).

Blue Shield of California does document its cost-containment savings, something we have done for years. Our customers have never been reluctant to ask for supporting data to demonstrate our effectiveness, which we do routinely. In 1979, the most recent year for which figures are available, our programs saved a total of $1.548 billion of charges out of $5.238 billion billed. Those are not estimates; they are well-documented results. The 1980 figures, available shortly, will be equally impressive.

I am the first to agree that the health care financing industry needs to do a better job of explaining how it controls costs, but to do that we need the cooperation of publications like *Business Insurance*. I would like to note that California-based media have been quite generous in their coverage of Blue Shield's cost-containment programs.

If your reporters could not find documented cost containment elsewhere, then I suggest you send a reporter to Blue Shield of California. We certainly are not the only company that takes this responsibility seriously, but our programs are good examples of what can be done—and how to document it.

Thomas C. Paton
President
Blue Shield of California
San Francisco, Calif.

Giving credit where due

To the editor: It was with great interest that I read your article "Programs star in loss control" (*BI*, Dec. 1, 1980).

The International Safety Rating is a loss-control program audit and motivation tool that is growing in acceptance and is proving an effective loss-control management improvement tool in some 15 countries. Your article accurately describes the principles, results and potential of this system.

However, in the interest of assuring that proper credit is given to the developers and international representatives of the system, I must point out an error in the article.

The paragraph immediately preceding the caption "Improve safety" states, in part, "...the South African National Occupational Safety Assn. has awarded three five-stars, seven four-stars. . . ." That statement should have referred to the Chamber of Mines of South Africa instead of NOSA. It is the Chamber of Mines that helped develop the safety management audit for mining and which presented those awards.

While NOSA was the first organization to use a system of star awards, its program is virtually based on physical conditions. It is the Chamber of Mines which is actively representing the International (safety management audit) Five-Star Program for mining in South Africa.

Roger Pickens
Manager of International Services
International Loss Control Institute
Loganville, Ga.

The risk manager: He's a referee, too

EVERY CONSULTANT has a bias. It's a fact of business and a perplexing problem for corporate risk managers whose growing responsibilities make it their job to get the most complete, innovative and fair advice for their corporation's money.

As our Risk Management Board survey reveals, many risk managers prefer independent consultants to experts affiliated with brokers or insurers. Affiliated consultants, they reason, may have a vested interest toward buying insurance, perhaps toward one insurer or broker.

Just choosing an independent or unaffiliated consultant, however, is not a sufficient answer to the problem. Even unlinked firms have biases built upon their history and expertise. A consultant that has suggested a captive insurance subsidiary to several corporations is more likely to look closely at a captive plan. A risk management services firm that also writes computer programs for quantitative risk analysis also is more likely to recommend quantitative analysis.

Don't blame the consultants. They are responding with what they know. That's why they were hired. Sharp risk managers should choose advisers knowing their expertise and playing to their strong points. They should award special project assignments to the consultant whose history and personnel indicate it can do the best analytical job, regardless of affiliation.

When the consultant reports, the manager should sift the advice through his or her own expertise, eliminating an intentional or unintentional coloring.

The risk manager is a buyer. And the risk manager is a referee.

business insurance®

the national newsweekly of loss prevention, risk financing and benefit management

G.D. CRAIN JR. *founder (1885-1973)*

MRS. G. D. CRAIN JR. *chairman of the board*
KEITH E. CRAIN *secretary-treasurer*
S. R. BERNSTEIN *chairman, executive committee*
DAVID J. CLEARY JR. *executive vp-general manager*
RANCE CRAIN *president and editorial director*
ALFRED MALECKI *vp-publisher (New York)*

KATHRYN J. McINTYRE, *editor (312-649-5286)*

LORRIE GAWLA, *managing editor (312-649-5278)* LEN STRAZEWSKI, *senior editor/features & special reports.* JERRY GEISEL, *Washington editor.* RHONDA RUNDLE, *West Coast editor.* STUART EMMRICH, *New York bureau chief.* VALERIE J. BERG, *copy editor.* JOHN MAES, *assistant features editor.* DAVE GALANTI, *Agent/Broker Topics editor. Associates: New York*—ELLIS SIMON, MARY ANN MATLOCK *(staff reporter). Chicago*—EILEEN NORRIS; JOANNE WOJCIK O'HARE *(asst.). Editorial asst.:* CLAUDETTE EISENZIMMER. *Washington*—MAISIE LEE *(reporter/researcher).* MERRILL S. SALTZMAN, *graphics editor/production manager.* JOE FARACI. *Corporate art director.* MILT PRIGGEE, *editorial cartoonist.* MARY CAIRNS, *photographer. Correspondents: Dallas*—SHARON WATSON (214-341-2006). *London*—STACY SHAPIRO (01)637-7961. *San Francisco*—CAROL G. BLITZER (415-326-5429). *Seattle*—WILLIAM CUSHING (206-624-7755). *Southeast*—MARGARET LeROUX (919-933-9106). *Editorial production assistant:* WILLIAM BIKE. *Proofreader:* DOROTHY PARR SNOWDEN.

DONALD A. WALSH, *Advertising Director—New York* (212-986-5050, Ext. 15)
ROBERT L. NIESSE, *Midwest Sales Manager—Chicago* (312-649-5276)

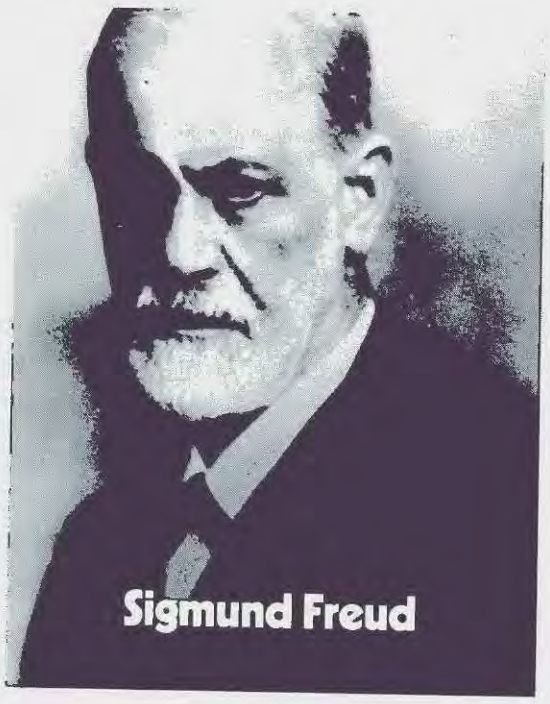
Advertising district managers: New York—CHARLES A. HORVATH, JACK FORREST, TIMOTHY O'HARA. *Chicago*—DON MAHLMEISTER. *Assistant to Advertising Director: Los Angeles*—LORI WEINSTEIN; *New York*—CONNIE MELE. *Production manager: Chicago*—FRAN PRYBYLO. *Promotion manager: New York*—RONNIE I. DRACHMAN. *Assistant to the publisher: Chicago*—CELIA MALOUHOS. *Promotion/Research Assistant: New York*—JOYCE BAIDA. *Classified sales*—BARBARA TOSHEFF.

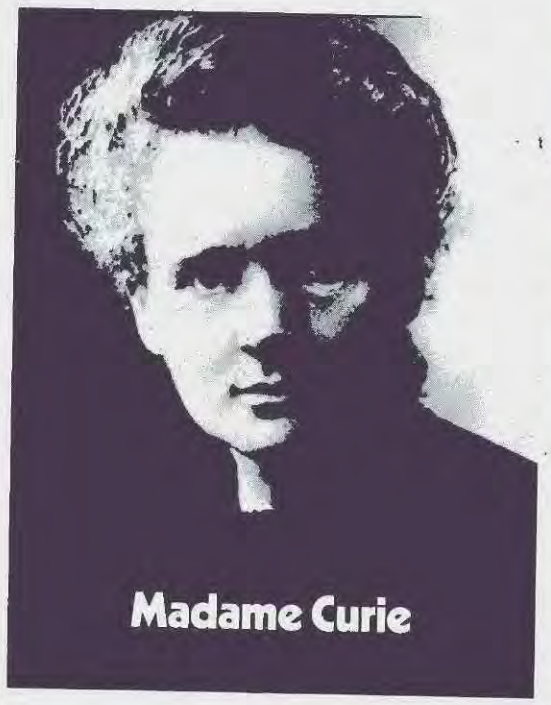
Published by Crain Communications Inc., Chicago, HERBERT ZELTNER, *group vp*; ALFRED MALECKI, J.J. GRAHAM, S.E. COHEN, LOUIS F. DE MARCO, WILLIAM STRONG, ROBERT W. KRAFT, STEPHEN D. GILKENSON, ARTHUR E. MERTZ, *vice presidents;* JAMES M. FRANKLIN, *vp-finance and administration;* MERRILEE P. CRAIN, *assistant secretary.*

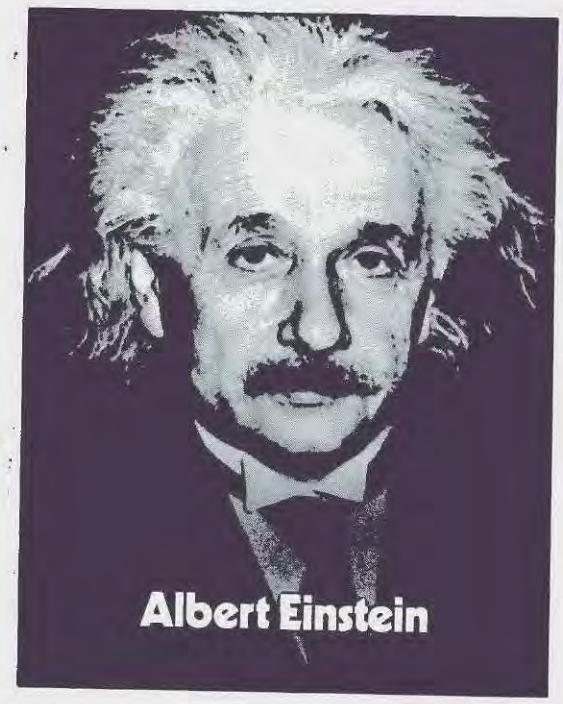
Published weekly at 740 Rush St., Chicago, Ill. 60611 (312-649-5200). Offices: 708 Third Ave., New York, N.Y. 10017 (212-986-5050); Suite 1253 National Press Building, Washington, D.C. 20004 (202-638-5300); 6404 Wilshire Blvd., Los Angeles, Ca. 90048 (213-651-3710). $1 a copy. $30 a year in U.S. Canada and all other foreign add $14 for surface mail. Europe and Middle East only add $32 for air delivery. First-class mail to Canada only, add $36. WILLIAM STRONG, *vp-circulation.* PAMELA JANOUSEK, *circulation manager;* ROGER DiGREGORIO, *fulfillment director.* Circulation Dept.—Chicago. (312-649-5227). Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 740 Rush St., Chicago, Ill. 60611 or phone 312-649-5221. Telex 25-4248; Cable CRAINCOM. Microfilm copies are available from University Microfilms, 300 Zeeb Rd., Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, Ohio 44691.

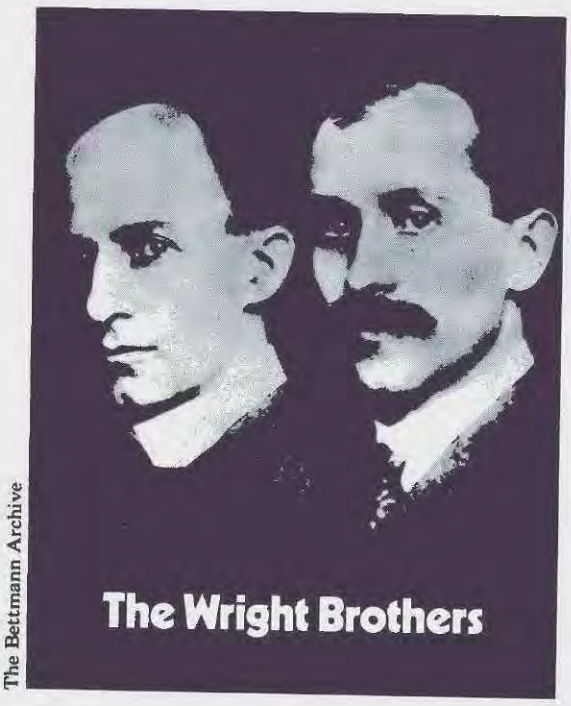
BPA Member of Business Publications Audit of Circulation ABP

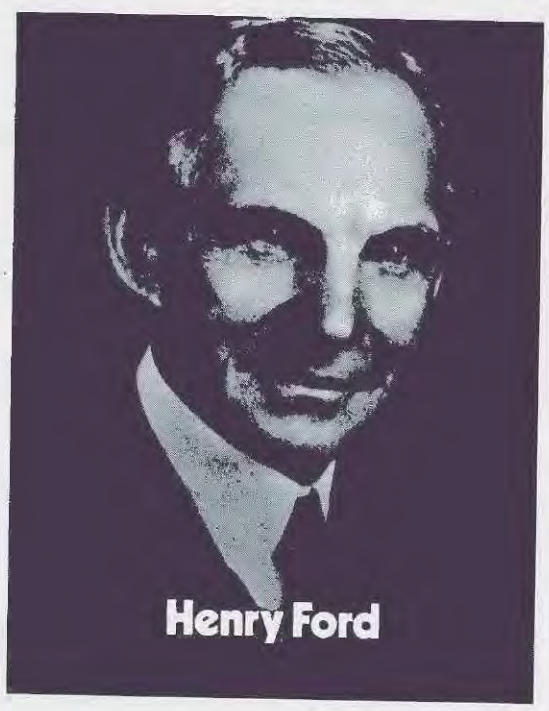
Great problem solvers of the 20th century.

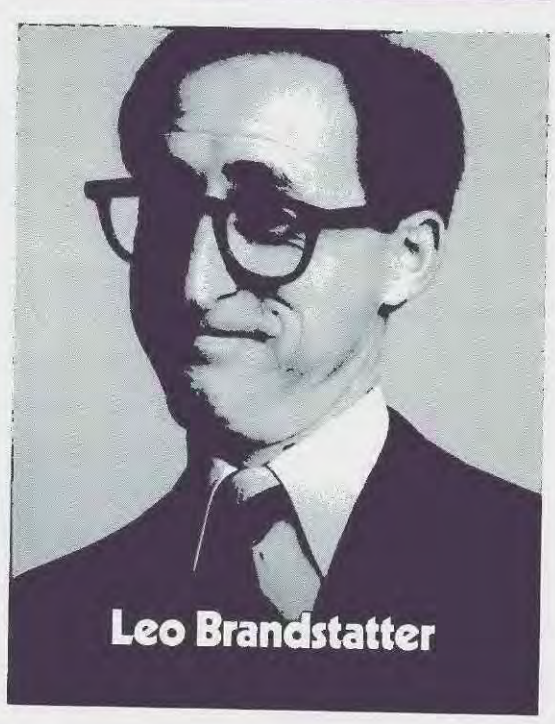

Sigmund Freud


Madame Curie


Albert Einstein


The Wright Brothers


Henry Ford


Leo Brandstatter

The Bettmann Archive

First there was Freud.
Then Madame Curie.
Then Einstein, the Wright brothers, Henry Ford and Leo Brandstatter.

Leo Brandstatter?

Like all AIG Risk Management account executives, he's doing for his profession what other greats have done for theirs.

Solving problems that many would consider unsolvable.

Like setting up note programs to improve cash flow where there is none.

Using captive reinsurance facilities in developing plans to minimize your income tax.

And making financial protection affordable at a time when everything else isn't.

AIG has one of the most experienced risk management services anywhere. In fact, our people have solved problems that others don't even know exist.

That's important for you to know.

Because when it comes to solving problems, a company that's still gaining experience could leave you with a bad experience.

Which is why the world will always remember the contributions of Freud, Einstein and Brandstatter.

AIG Risk Management.

The AIG Companies.
Let us take the risks.

For more information, contact AIG Risk Management, Dept. A, 70 Pine Street, New York, N.Y. 10270. A Member Company of American International Group.

Financial Strategies In Business Insurance

An INA Series



School safety saves tax dollars.
-The Pennsylvania School Board Association's Richard Phelps

School district business managers, working from revenues that have not kept pace with inflation, have consistently sought innovative ways to secure affordable insurance.

The Pennsylvania School Board Association, for example, realized the value of risk consolidation and established a statewide insurance trust of its nearly 600 member districts in 1971. The trust's property-casualty program has had remarkable success stabilizing and controlling premium costs by operating a safety group designed by MarketDyne, an INA subsidiary.

"When we compared insurance programs, we discovered that MarketDyne offered two advantages," explains Richard Phelps, assistant director of the P.S.B.A. Insurance Trust.

The primary benefit, according to Phelps, is the expertise of the program's loss control engineers who monitor school facilities, identify potential hazards, and recommend corrective steps. "Students are our most valuable asset," he observes, "and MarketDyne's approach helps guarantee their safety."

The second advantage is financial. Districts can receive a return on premiums in years when loss control has proven particularly effective. "At the end of the last policy year," Phelps comments, "we had the opportunity to refund dividends totaling more than $1.3 million to participating school districts."



Concentration was the key to cost reduction.
-Alexander & Alexander's Kay Singleton

"My prime marketing responsibility," notes Kay Singleton of Alexander & Alexander, "is to develop all-inclusive programs that give cost-effective asset protection according to a client's specific needs." On many occasions, INA helps turn Mrs. Singleton's strategic goals into practical reality.

A recent case cited by Mrs. Singleton, asst. v.p. and manager of A&A's Marine and Aviation Department in Kansas City, involved a $150 million pharmaceutical firm. "We knew that its many overseas plants had autonomy in insurance purchases and often bought marine

coverage at unfavorable rates. But through INA, we created a single worldwide all-risks package."

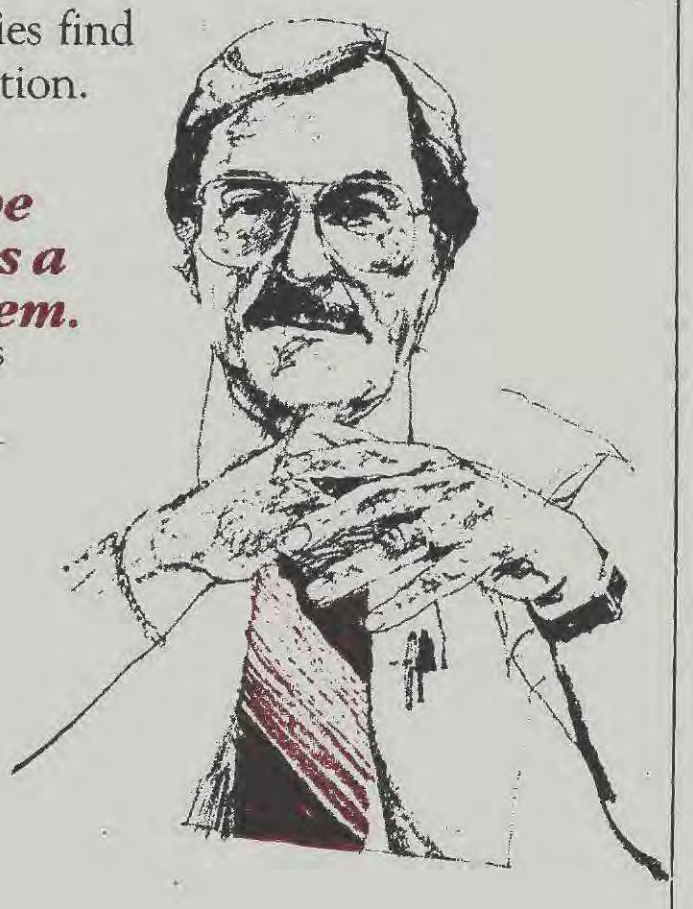
Net result, with a greater volume of shipping now concentrated under the uniform policy, is a 40% premium reduction for the manufacturer.

"This was a situation," continues Mrs. Singleton, "where A&A, along with INA, studied literally every aspect of the company's risk exposure: from warehousing to inland marine, from dockside loss control to packaging." The back-up provided by INA gave A&A full confidence in recommending the new program. Mrs. Singleton adds this note: "You get an idea of INA's expertise when you see how they pinpoint redundant costs, like freight forwarders' insurance, that can be eliminated from the total package."

Despite the growing use of self-insurance, many companies find that first-dollar commercial coverage remains a more viable option.

"The nature of our operations leaves us exposed to potentially catastrophic losses," comments Martin Lehrer, executive vice president of Pacific Architects and Engineers, Inc. "Posting self-insurance reserves for such contingencies would simply tie up too much of our working capital."

Catastrophe coverage as a cost-plus item.
-Pacific Architects & Engineers' Martin Lehrer



In addition to designing overseas installations for the U.S. government, PA&E operates essential support services for these and other facilities. Administration of on-site medical clinics and power plants, as well as of communications systems and motor pools, are typical of the company's responsibilities.

Says Lehrer: "Among our many contract obligations in Saudi Arabia, for example, we operate a school bus fleet for the children of U.S. personnel."

Risks of this nature call for extensive umbrella liability coverage. A primary layer of insurance, written by INA, is mandated by the government; but, for its own protection, PA&E secures large amounts of excess coverage.

This total program is economically feasible because the firm negotiates reimbursement of the excess premiums against its cost-based contracts. Result: PA&E not only avoids retention of substantial liability reserves, but also recovers the price of excess protection as a reimbursable expense. "The savings achieved through this arrangement," notes Lehrer, "allow us to maintain a competitive bidding posture."

Decision-making in business insurance has never been more complex. And the financial implications have never been greater. Today, devising cost-effective insurance programs requires knowledge, experience, capacity–and a complete range of products and services. Flexibility and the willingness to innovate are also essential.

INA's ability to combine these elements can assist you in developing practical solutions, new approaches, and better strategies. Consult the professionals. Write directly to John Cox, President, INA Property-Casualty Group, 1600 Arch Street, Philadelphia, PA 19101 or call (215) 241-2729.

The resources to do it all, the strategies to do it right.

INA
The Professionals

Brokers! — don't confuse activity with results

Are your current markets responding with the price, service, flexibility and innovation you need to get that account . . . . and keep it? If not—call us!

We offer immediate quotes for

- up to $5 million individual AD & D
- up to $25 milion per aircraft catastrophe
- $25,000 per month disability income
- voluntary AD & D and business travel accident
- professional sports AD & D and disability

THE COMPANY

Lockwood, Dipple & Green
Incorporated
131 State Street
Boston, Massachusetts 02109
617-367-3234 Telex 921712

THE TEAM
Ted Dipple
Steve Lockwood
Candy Hallett
Kathy Connor
Debbie Di Gregorio
Kathy Bouras
Annie Keefe

Glenn seeks creation of anti-arson force

washington

By JERRY GEISEL

WASHINGTON—Sen. John Glenn (D-Ohio) wants to douse the nation's growing arson problem.

In legislation (S. 294) introduced earlier this month, Sen. Glenn calls for the creation of an interagency anti-arson task force to coordinate anti-arson efforts at the federal level.

The measure also would beef up the U.S. Fire Administration's research and training to improve arson prediction, prevention and control.

The bill would require the Federal Bureau of Investigation to classify arson as a major crime for statistics-gathering purposes.

Sen. Glenn estimates arson annually results in 1,000 deaths, 10,000 injuries and billions of dollars in property damage.

Consent order

The Department of Labor has obtained a consent order requiring trustees of a Maryland auto company profit-sharing plan to pay back $136,000 in allegedly illegal loans they received from the plan.

The department had charged in a suit that trustees of Hobelmann Motors Profit-Sharing Trust used 99% of the plan's funds to make low-interest loans to Hobelmann Volkswagen Inc. of Pasadena, Md., the plan sponsor, and to William O'Donnell, the major stockholder of the company and a plan trustee.

These loans violated ERISA's conflict-of-interest regulations, the Labor Department said.

The trustees also failed to diversify plan investments as required by ERISA, the department added.

Under the consent order, issued by the U.S. District Court for the District of Maryland, the trustees are required to pay back the full value of the loans at a reasonable interest rate.

They also must resign so an independent trustee can be appointed to manage the plan.

Higher pensions

Employees now can receive higher pension benefits, the Internal Revenue Service says.

A participant in a defined benefit plan can now receive a maximum annual benefit of $124,500, up from the old limit of $110,625.

In addition, employers sponsoring defined contribution or profit-sharing plans may now annually contribute up to $41,500 per participant to the plan. The old maximum was $36,875.

Administrators of defined benefit or defined contribution plans that have received favorable determination letters should not request new determination letters solely because of yearly adjustments in maximum plan limitations, the IRS said.

Derailment blame

Poor maintenance and worn equipment were the probable causes of a freight train derailment in Kentucky last summer that resulted in the evacuation of 6,500 persons from areas around the burning wreck, reports the National Transportation Safety Board.

In the July 26 accident, four locomotives and 17 of 38 cars of an Illinois Central Gulf freight train derailed as the train began a right turn on the northbound track at Muldraugh, Ky.

Two tank cars carrying hazardous vinyl chloride were punctured and burned. Property damage exceeded $1.3 million.

The probable causes of the accident were the "combined effect of defective crossties, excessively worn rail, irregular alignment and gauge and the lateral forces produced by the train's speed," the safety board said.

"Inadequate maintenance and inspection procedures of ICG had permitted these conditions to remain uncorrected," the NTSB added.

Single copies of the NTSB report are available for free from the Publications Branch, National Transportation Safety Board, Washington, D.C. 20594. ■

You Now Have an Alternative...

ASI makes highly qualified independent claims adjusters available through a single, convenient source!

ASI—Adjusting Systems International—now offers you custom designed multi-line property/casualty adjusting services. ASI has been specifically created for those selective claims executives, risk managers, brokers and risk management consultants who prefer the professional expertise of the independent adjuster...but require the use of a central facility.

Through a single toll-free number (800/621-8130) you can be in touch with over 300 ASI offices in the United States, Canada, Mexico, Central and South America...all of them staffed with professionals of proven experience and performance.

Let ASI, the new independent force in adjusting put together a plan for you. For a copy of the ASI Directory and more details about our capabilities, please call or write...John Cones, Executive Vice President, Adjusting Systems International, Suite 500, 625 North Michigan Avenue, Chicago, Illinois 60611. 800/621-8130. (In Illinois, 312/943-1511.)

The new international network of independent adjusters

Adjusting Systems International.

Only one insurance broker can bring Europe together any time you need it: J&H





One key reason is our Permanent Working Group, the unique capability Johnson & Higgins developed years ago to serve multinationals, European or American.

The PWG is composed of senior operating executives from J&H in Europe and our network of exclusive European-based correspondents. Through this network, J&H serves more leading multinationals than any other broker.

The regular working sessions of the PWG and the annual J&H European network conference have built a client service delivery system matched by no other broker.

The longstanding personal relationships of the PWG members and the cohesiveness and flexibility of our network permit J&H to convene swiftly specialists needed on behalf of a client anywhere in Europe on a moment's notice.

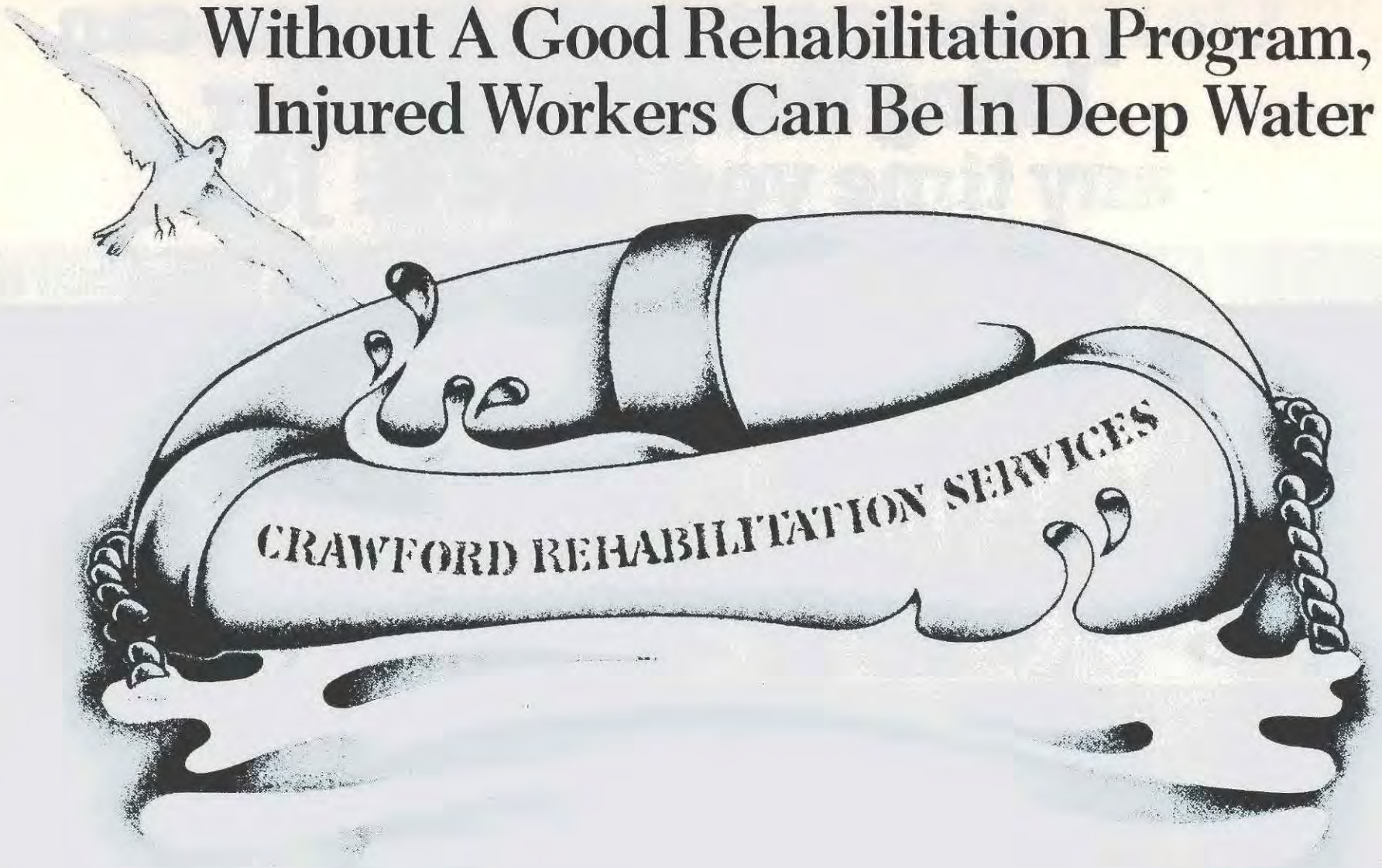
And that can make a world of difference to your company.

Johnson & Higgins

The private insurance broker. We answer only to you.

RISK AND INSURANCE MANAGEMENT SERVICES, EMPLOYEE BENEFIT AND ACTUARIAL CONSULTING THROUGHOUT THE WORLD

Without A Good Rehabilitation Program, Injured Workers Can Be In Deep Water



And if you allow them to sink and become permanently unemployed, you are faced with no alternative other than spending thousands and thousands of dollars supporting their disability. (The National Safety Council estimates each lost work day injury costs employers $10,000 to $14,000.)

The best way you can save dollars spent on work related injuries is to have a good safety promotion program which results in accident prevention. But if an accident does occur and a worker is injured, the best cost control measures are prompt, quality medical services, then a return to work as soon as the injured employee is capable. Our rehabilitation services are designed to put your worker back on the job as soon as possible.

Crawford Rehabilitation Services has offices nationwide. We can save you claim dollars through our medical management and vocational rehabilitation services. Our program involves treating the whole person—mentally as well as physically. Through such a program we can determine what workers can do, despite an injury, and then try to find ways to return them to work.

Many, many valuable employees have been returned to healthy, productive lives in the job market through our services. This is not only good for the worker, it saves you money as well.

Before you let an injured worker sink without a trace into permanent unemployment, ask us about the feasibility of developing a rehabilitation plan and putting your employee back to work.

For complete details, please write:

Crawford Rehabilitation Services, Inc.
P.O. Box 5047
Atlanta, Georgia 30302



Finance queries send risk execs looking for help

By JOHN MAES

Pollution, hazardous wastes and fire disasters may command the headlines, but the nitty-gritty financial details of risk retention, regulatory compliance and workplace safety turn risk managers to consultants.

American Cyanamid Co. in Wayne, N.J., hired a consultant to study whether its Bermuda captive should take on more third-party business, says insurance manager Thomas Caldwell.

The future of captives is an issue that has come of age, Mr. Caldwell says, and is probably a concern at other firms.

"A lot of U.S. industry with insurance subsidiaries up and running are going to have to take a long, hard look at the captive concept and reach a decision about the future of their captives. Some are employing consultants.

"There are questions a company needs to ask," he said. "Is that a business you want to be in? If so, what's involved? These questions necessitate in-depth study."

In American Cyanamid's own captive, General Insurance Co. of Bermuda, corporate management felt the growth of the seven-year-old venture merited research, Mr. Caldwell said. The firm already has staff trained to analyze safety and industrial hygiene risks, while other firms use outsiders to check these.

But the captive has netted several million dollars a year in extra premiums from third-party business and its management wanted to know whether or not to expand.

The consultants suggested the chemical company could wade further into third-party business, but only "gradually and carefully," Mr. Caldwell noted. Excess and surplus lines in addition to primary property and casualty coverage would be good business for the captive, consultants to American Cyanamid said. The insurance subsidiary should steer clear of personal auto, malpractice and marine insurance.

Mr. Caldwell is still waiting for the green light from management to put the advice in motion, but if it comes, consultant Marsh & McLennan Management Services may win the job of underwriting manager.

M&M currently has several such studies in progress for companies looking for answers to the same questions, notes Thomas Chittenden, senior vp and head of the division. Roughly one in five captives is currently underwriting third-party risks.

Sooner or later, all of these captives will have to tackle the question of expansion, Mr. Chittenden foresees. Risk management consultants are commissioned when balance sheets reflect that captives are

Continued on next page

Complexity of programs aids consultants' growth

By DAVID SPERLING

When risk managers were known simply as insurance buyers, they didn't have to deal with risk retention programs, captive management or claims audits.

But as risk management duties became increasingly complex, the new risk managers sometimes feel the need for special expertise.

Enter the risk management consultant.

"A few years ago, you could fix your own car," said Eston V. Walling, director of risk management for Royal Crown Cos. "Now you need someone with a Ph.D. just to tune it up."

In the same way, special expertise is required to manage today's increasingly sophisticated risk management programs, he says.

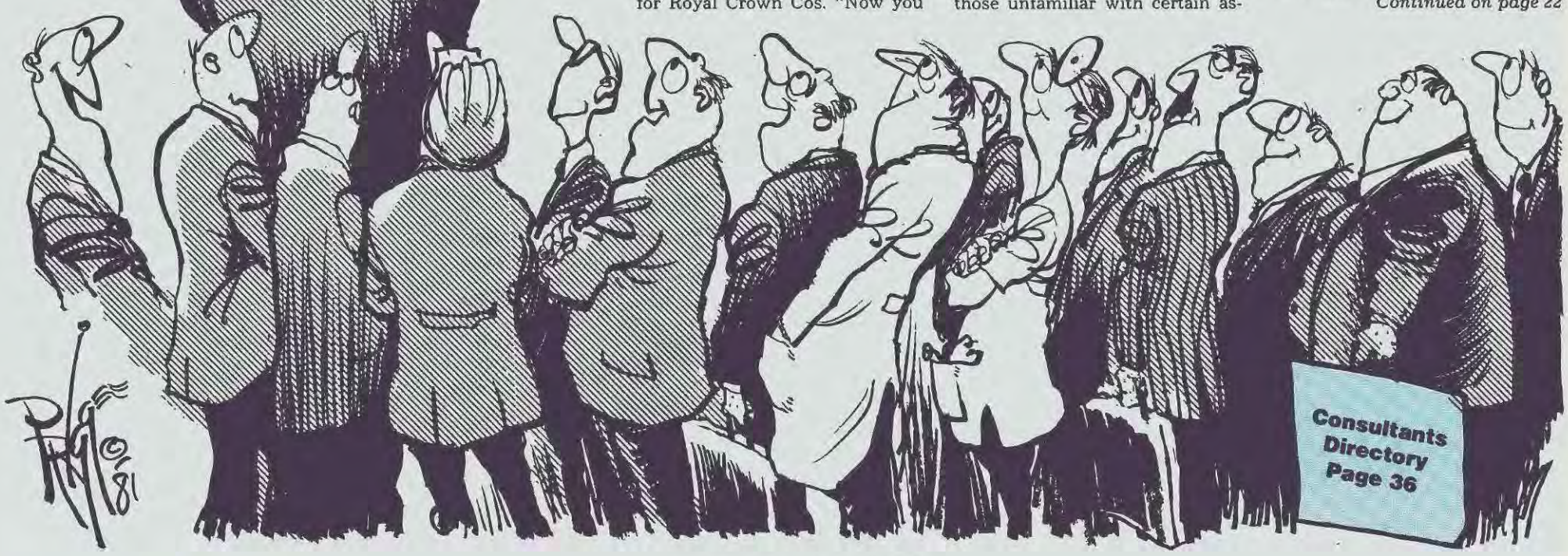
Although few corporate risk managers hire consultants regularly, many told *Business Insurance* they have used or plan to use consultants for special projects, such as captive feasibility, investment studies or department audits.

Internal audits are especially beneficial to new risk managers or those unfamiliar with certain aspects of a company's operation, explains David Kuhnke, risk manager for Stanley Works. Mr. Kuhnke stresses the need for independent consultants as opposed to those affiliated with brokerages to eliminate any potential conflict of interest.

Joseph Cline Jr., director of risk management for Republic Steel Corp., says he planned to hire a consultant next year to audit his department, "just to assure ourselves we're on the right track."

"But we haven't really felt the need to use consultants on a regu-

Continued on page 22



Finance queries send execs for help

Continued from previous page
generating extra premiums.

"There's a feeling that this offshore business in the long run might not be a bad business to be in," he explained.

"Some captives have been in business for four or five years and have developed big capital and surplus. This raises questions among financial leaders about what should be done with the surplus. They wonder whether it should be used to support more self-insurance or repatriated into the parent operations."

Risk managers are turning to consulting engineers to determine whether their firms comply with fire and safety codes.

The M&M consulting branch has done 15 to 20 general studies on the captive question for corporations and maintains consulting relationships with several other firms to handle specific problems.

Most firms are being told the outlook is fairly bright for expansion into reinsurance because the business does not require service capabilities and staff support involved with primary insurance Mr. Chittenden says.

Risk managers are also turning to consulting engineers to determine whether corporate properties comply with fire and building codes, says Raymond Weigand, vp with Schirmer Engineering Corp. of Deerfield, Ill.

Some of the inquiries are fallout from the two recent hotel fires in Las Vegas and Harrison, N.Y., which have raised new concern among risk managers about the fire safety of their facilities, Mr. Weigand notes.

"We experienced the same thing after the high-rise fires in Brazil in 1975," he said "There were calls about whether their buildings were up to fire code."

"There were many phone calls expressing concern," added Carl Baldassarra, head of the fire protection division at Schirmer. "A lot of those were previous clients that just needed assurance."

Risk managers ask for fire safety checks of major corporate facilities, Mr. Weigand says. "Where we have been involved with corporate headquarters, the request usually comes from risk managers."

Industrial hygiene is also an issue of growing concern. Many companies say they rely on in-house expertise to handle those risks. However, growing fears about health issues have lead some risk managers to request the services of the National Loss Control Service Corp. (NATLSCO), said George Krafcisin, vp.

The NATLSCO staff issues 90 to 100 hygiene reports a month detailing the amounts of toxic and dangerous substances in the workplace and how well client firms comply with standards of the Occupational Safety and Health Administration Act.

"Most of the time we don't find serious problems," he said.

The onset of the OSHA Act several years ago triggered a big push in consulting about occupational health, but more recently social pressure resulting from news reports of occupational diseases and workplace hazards has forced more risk managers to commission studies.

Not all NATLSCO consulting jobs are commissioned by risk executives, however. Some are routine extension of insurance packages with the Kemper Group, NATLSCO's parent company, and others stem from union and employee complaints, Mr. Krafcisin says.

Insurers are also using such studies as part of the sales pitch for workers compensation coverage,

Manufacturers are also worried about liability and are hiring consultants to project costs.

The risk manager for a midwest manufacturer says outside consultants will use computer analysis to project what general and product liability losses will be.

"We've been doing it for two years now and we're starting our third year with it," he said.

"We felt the need for more sophisticated computer analysis that we don't have," he said. "We were doing it in-house and we didn't feel we had the computer capability to handle it properly."

The data enables management to know what claims and future losses are likely to be for accounting and product pricing purposes, the risk manager says. "Product liability is a very sensitive issue in our industry."

The same study is actually performed twice, by the broker on the risk and by an outside consultant to ensure credibility, much the same as having a second medical opinion, the risk manager says. Then management makes the decision as to which study it will use.

The company's workers compensation department is also using an outside consultant to set up an improved computer software system for in-house claims processing, the risk executive added. ■



"Professional liability?"

"My broker uses the same firm that insures him. Shand, Morahan."



Architects. Engineers. Lawyers. Accountants. Data processors. Management consultants. Investment advisors. Bankers. Directors and officers. Even insurance brokers and insurance companies. They all share a common need: professional liability insurance they can depend on.

Another interest all busy professionals share is the desire to not have to give their liability exposures a second thought.

Simply, they all need, and expect, the best coverage there is. At reasonable cost, and comprehensively tailored to their particular liability requirements.

Shand, Morahan & Company provides precisely this kind of custom-tailored insurance for an ever growing number of professional firms. As the largest underwriting manager of errors and omissions insurance in the U.S. we can take the worry and concern—and possibly some of the cost—out of your professional liability program. That's because our flexible, knowledgeable underwriting approach allows us to design a policy to your precise, professional liabilaity needs.

We do it so well, in fact, that more and more insurance agents, brokers and insurance companies themselves are selecting us for their own professional insurance every day.

Next time you're discussing liability insurance with a business colleague, or with your broker, mention our name. You'll find Shand, Morahan & Company is fast becoming synonymous with professional liability programs of the finest order. Simply because we design them that way.

Shand, Morahan & Company, Inc.

One American Plaza, Evanston IL 60201
312/866-2800, Telex 72-4328

STARTING MARCH 9, IIAA'S 34,000 AGENCY NETWORK SPREADS JAM* OVER ALL 3 NETWORKS...

*Joint Agency/Company Marketing Program

CBS, ABC AND NBC.



Network television will expose millions of TV viewers to the Big "I"



The biggest network TV advertising campaign in IIAA history commences YEAR TWO on March 9! And it will include many of America's most-watched shows. News shows. Sports shows. Comedy shows. Movies. Plus many other prime-time favorites. You name it and we're probably on it! On all 3 networks! Before we're through, millions and millions of your best potential clients will see the advantages of dealing with a Big "I" Independent Insurance Agent.

YOUR Independent Insurance AGENT
SERVES YOU FIRST ®

The more-than-one-company insurance agent

Independent Insurance Agents of America, Inc.

85 John Street, New York, N.Y. 10038

Over 126,000 member agents representing 34,000 agencies. More than 250,000 dedicated employees serving America's insurance needs.

DO YOU SPECIALIZE IN PUBLISHING?

So do we! **Insurance plans especially designed for the publishing field**

- **Employee Benefit Plans Insuring Over 200 Publishing Companies.**
- **Property/Casualty Know-How for Book and Magazine Industry.**
- **"All Risk" Inventory and Manuscripts Floater Coverage.**

HERBERT L. JAMISON & CO.
90 Park Avenue, New York, N.Y. 10016 Area Code 212-490-7627

Risk complexity fosters growth of consultants

Continued from page 17

lar basis," he added, thanks to "careful budgeting and more confidence in our analytic abilities."

Many risk managers report the use of consultants primarily for special projects. Three years ago, for example, Farmland Industries hired a consultant to study the feasibility of insured vs. self-insured workers compensation risks.

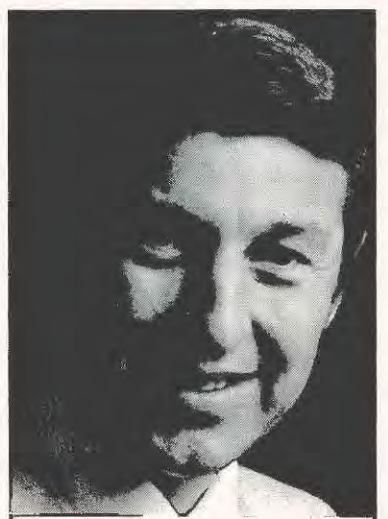
Fred Lamar, Farmland's director of risk management, says he would consider the use of consultants in the future for a captive feasibility study or to evaluate the company's liability coverage if costs rise faster than he expects.

T. Michael Guthrie, vp-claims prevention for McClean Trucking Co., also says there's a "good possibility" his company will hire consultants "to evaluate the overall program and get an independent view" or perform a captive feasibility study.

Although risk managers generally agree that use and service sellers will increase in the future, many are reluctant to seek outside counsel at present.

"We found that the time it took to educate a consultant about our business could be better spent doing it ourselves," said A.J. Dooley, controller of Pabst Brewing Co.

Mr. Dooley says the economic climate is forcing many risk managers to develop in-house expertise. Favorable market conditions also provide little incentive for risk managers to seek outside counsel.



Joseph Cline hasn't used consultants often.

Consultants warn, however, that competitive markets may lull risk managers into a false sense of security. Many risk managers are "being led astray by lower costs," says Bruce Suter, president of EBASCO Risk Management Consultants Inc. Mr. Suter advises risk managers to prepare now for when the market starts to tighten up and not wait for disasters.

"**The MGM** and Stouffer's fires really brought people's attention to loss control," he said. "Just because you meet fire codes, it's no guarantee against large losses," he observed.

Bargain markets, however, are not the only reason risk managers may shun consultants.

"For the most part, corporate risk managers are middle-management types," said Ted Sivers, president of E.W. Sivers & Associates, a risk management consulting firm. "They tend to be defensive about seeking outside counsel."

Mr. Sivers says his company is usually not hired by the risk manager, but the executive officer, vp of finance or even the chief executive officer.

But, Mr. Sivers adds, that trend is bound to change as risk managers take on increasingly complex duties and realize the need for outside expertise. ■

imaginative

Insurance is an ever changing industry; growing and changing as the business world changes. Finding the right solutions for your insurance needs takes knowledge and imagination. Our imaginative solutions, grounded in experience, provide cost-effective coverage for firms large and small... we invite you to let your firm benefit by being among them.

BRI Coverage Corporation
156 William Street New York, N.Y. 10038 212-233-7171



A fresh viewpoint on just about everything.

AMERICAN RE-INSURANCE COMPANY

One Liberty Plaza, 91 Liberty Street, New York, N.Y. 10006 (212) 766-6700

ATLANTA (404) 393-1910
BOSTON (617) 292-4800
CHICAGO (312) 558-3600
COLUMBUS (614) 228-4772
DALLAS (214) 747-7565
HARTFORD (203) 728-6855
LOS ANGELES (213) 385-7261
NEW YORK BRANCH OFFICE (212) 269-0800
PHILADELPHIA (215) 574-9530
SAN FRANCISCO (415) 981-2950
TORONTO, CANADA (416) 863-9850
LONDON, ENGLAND 011-44-1-623-1394
SYDNEY, AUSTRALIA 011-61-2-233-4699



Photo: General Re.

In every product liability battle in court, defense attorneys can draw on virtually a legion of experts who will support their client's position, if it has merit.

Expert witnesses make their case in product suits

By MARGARET LeROUX

To corporations that successfully defend themselves against product liability lawsuits, an expert witness is a trump card in a winning hand. To firms that lose, an outside witness is a waste of money.

As product liability continues to be both a complex and popular source of litigation, however, an authority who translates jargon and puts complex concepts into laymen's terms has become as integral a part of the legal process as judges and juries.

"We're in an era where the cases that get to trial involve highly complex issues," noted attorney Victor Schwartz, former head of the Commerce Department's product liability task force. "These cases are getting to be battles of the experts."

For every such battle waged in the courtroom, defense attorneys can draw on virtually a legion of experts who will support their client's position, "given, of course, that the case has merit," Mr. Schwartz said.

"The testimony of expert witnesses has been one of the significant reasons for our success," said James Galbraith, president of Bell-Riddell Inc., the helmet manufacturer that has beaten product liability lawsuits with physicians' testimony and movie demonstrations.

"It can cost you as much as $1,000 per day for an expert to testify in your defense," said Bell-Riddell's Mr. Galbraith. "Hopefully, you'll get your expert on the stand and off quickly and stop the meter."

Physicians who testify as experts typically bill for their time on the same basis as they bill for their medical services.

Other experts may request an hourly rate in addition to their expenses.

If you can pay the fee, the witnesses aren't hard to find.

One of the most obvious sources of expert testimony is the courtroom. If an expert testifies well at one trial, it's likely that he or she will be contacted again to appear for similar court cases through a word-of-mouth system among both plaintiffs and defense attorneys.

One such roving expert is John Haberstadt, an engineering consultant from Spokane, Wash. Mr. Haberstadt's specialty is accident reconstruction. Among the more noted trials he has appeared at was the Ford Motor Co. Pinto trial in Indiana.

Mr. Haberstadt says he has never advertised his willingness to testify, but acknowledges he has appeared in court about once a month for the past five years for both defense and plaintiffs attorneys.

Playing both sides adds credibility to an expert's testimony, Mr. Schwartz says. "When you question an expert and he admits he's only testified for either the defense or plaintiffs, it impeaches his testimony," he said.

The Defense Research Institute in Milwaukee has an expert witness index of authorities in a wide range of specialties ranging from biomechanics to playground equipment. The index is available only to legal or corporate members of DRI.

Plaintiffs attorneys can use "The Lawyer's Desk Reference" by

If you can pay the fee, witnesses aren't hard to find, experts say.



Harry Philo, president of the Assn. of Trial Lawyers of America. The reference was described as "the Bible for personal injury and product liability cases" by a spokesman for ATLA.

Sections of the reference are continually updated and mailed to subscribers, ATLA says, as was the section on fires, which had been mailed out the day of the tragic blaze at the MGM Grand Hotel in Las Vegas.

There also are services providing expert witnesses, most often for medical testimony.

One firm, National Medical Advisory Service, has 12 physicians and scientists on staff in Washington D.C., and works with "several hundred consultants nationwide," says Dr. Ronald E. Gots, president (see story, page 50).

NMAS, which also researches and does case analysis for workers compensation and personal injury cases as well as product liability, works on a fee basis, Dr. Gots explained.

The method of payment for authoritative testimony varies according to the expert, but if they all have one thing in common, it's the expense of their expertise.

A cheap way of finding an expert is to look to your insurer. Most of the large insurance companies are experts in defense, with star witnesses on staff.

Insurers involved in product liability defense, for example, are likely to have their own experts, says Richard P. Oatman, assistant claims counsel at Aetna Casualty & Surety Co.

Aetna, for example, has five physicians in the home office medical claims section as well as engineering experts on staff.

"Frequently we'll assist local claims offices, but often they have their own experts and defense for local cases," Mr. Oatman said. ■

Believability counts most in courtroom

Despite the importance of impeccable credentials, the most valuable quality of an expert witness is believability. For an expert's testimony to be successful, it's not so much what he or she knows, it's how that knowledge is communicated to the jury.

A good expert witness is "knowledgeable, articulate and makes a good appearance before the jury," noted Walter Taylor, assistant general counsel at Eli Lilly & Co.

The testimony of four experts contributed "a great deal of weight" to Eli Lilly's successful defense of a DES lawsuit last November, Mr. Taylor says.



Photo: RIMS

Several qualities make for a good witness, says Victor Schwartz, a lawyer and witness.

Victor Schwartz, legal watchdog on product liability, notes that "a good expert witness bears up well under cross-examination in court. has self-confidence and a sense of humor."

The importance of believability gives rise to another dilemma: Whose experts are going to be believed by the jury?

"Judge Learned Hand, who served for 50 years on the district and circuit court of appeals in New York, posed a question about experts in trials in 1909 and it hasn't been satisfactorily answered to this day," Mr. Schwartz said.

"Judge Hand asked, 'Since the reason we use experts is to explain things that are unfamiliar to laymen, how can a jury tell which expert is telling the truth?'

"There's no way to ensure your experts will be believed," Mr. Taylor conceded. "You just have to get the best witnesses you can." ■

VALUABLE

PROFESSIONAL CLAIMS SERVICES

FOR RISK MANAGERS NATIONWIDE

STEPHEN R. PALANGE & ASSOCIATES, INC.

EXPERIENCED IN SELF-INSURED W.C. AND G.L. PROGRAMS

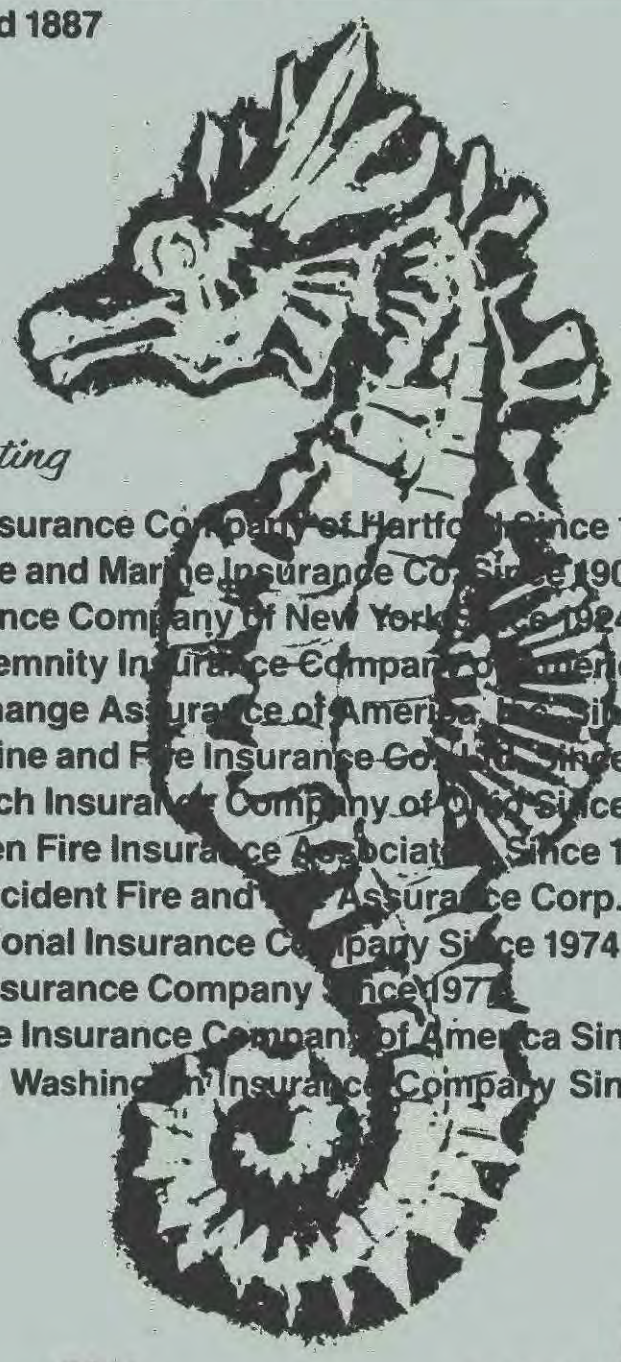
CLAIMS AUDIT, EVALUATION, INVESTIGATION, MANAGEMENT

QUALIFIED • OBJECTIVE • RESPONSIBLE

10 POST OFFICE SQUARE • BOSTON, MA. 02109 • (617) 542-5700

WM. H. McGEE & CO., INC.

Established 1887



Representing

Security Insurance Company of Hartford Since 1894
St. Paul Fire and Marine Insurance Co. Since 1902
Sun Insurance Company Of New York Since 1924
Marine Indemnity Insurance Company of America Since 1945
Royal Exchange Assurance of America, Inc. Since 1945
Taisho Marine and Fire Insurance Co., Ltd. Since 1957
The Monarch Insurance Company of Ohio Since 1965
The Camden Fire Insurance Association Since 1974
General Accident Fire and Life Assurance Corp., Ltd. Since 1974
Millers National Insurance Company Since 1974
Peerless Insurance Company Since 1974
The Baloise Insurance Company of America Since 1978
Providence Washington Insurance Company Since 1981

FOR A STABLE OCEAN MARINE, INLAND MARINE AND MULTI-PERIL MARKET

SEE McGEE

Head Office: Four World Trade Center, New York, N.Y.

Branch offices in principal cities of the United States and Canada

Photo: Stuart Emmrich



"There are no numbers, because many of the things we talk about have not happened before," says consultant Felix Kloman.

'Oracle of Darien' relies on subjective predictions

By STUART EMMRICH

DARIEN, Conn.—Looking into the future isn't left to oracles. Risk management consultants also try their hands at a little crystal ball reading.

For some gray areas of risk management programs where experience is limited and possibilities are myriad, a bit of educated guessing may be the most a consultant can offer a client.

Experts call it subjective risk assessment. Its purpose is to examine potential problems facing a client—the more bizarre the better—and come up with ways those problems should be met.

One of the proponents of this process is Felix Kloman of Risk Planning Group. He calls his technique a "modified Delphi" system and has used it twice in recent months for clients.

Basically, Mr. Kloman gathers a group of people with expertise in a troubling situation and asks them to predict what may happen under various conditions. These scenarios are played out for the client and advice is given about how a company might respond to the situations.

"We solicit and evaluate a number of subjective opinions from so-called experts and construct a number of different events which under different circumstances could give rise to different occurrences," Mr. Kloman explained.

"This is a softer area of consulting," Mr. Kloman noted. "We are talking about events that can't be measured quantitatively. There are no numbers, because many of the things we talk about have not happened before."

Mr. Kloman has used this method for predicting the impact of environmental pollution liability. The facts are just beginning to emerge about the problems facing companies that handle hazardous chemicals and so there's little hard experience on which to base conclusions.

Instead, the Delphi method quizzes a group of experts about what they think the dangers facing individual companies are and how these companies should respond to them.

"We gathered 10 to 12 specialists in the pollution field, some from within the client's company, some from government and some from the academic world," Mr. Kloman said.

"We gave them a few questions to which they responded. Then after getting all the responses, we went back to them, told them what other panel members have said and gave them a chance to modify or amplify their answers. We go through this two or three times.

"We try to draw a wide range of opinions down to a narrow one."

The panel, for example, asked what would happen if chemical seepage polluted farmland, wells or reservoirs. It also debated the chances of a dumping site used by the client being taken over by the Mafia, as has been alleged in some Northeastern states.

The two-month Delphi process has the goal of "making the client more aware of what could go wrong so they can start to take preventive measures," he said.

"We show them where things might go wrong, a number of significant things that they might not have thought about or might have thought about imperfectly.

"We hope that when and if any of these things do occur, the client will know how to respond intelligently," Mr. Kloman added.

But the process does not let the consultant advise exactly what can be done under every circumstance. "We don't provide hard and fast answers, but instead come up with a series of recommendations," Mr. Kloman said.

The consultant is mostly the coordinator and catalyst. Often these experts are panelists from within the client company who get together to discuss things that might not have occurred to them individually but might come into focus in a group setting. Other experts are drawn from various fields, including other professional consultants who might charge an hourly fee for their work.

In the two Delphi projects that Mr. Kloman has tried, however, no fees were charged by the experts, many of whom came from government positions.

In addition to the pollution liability research, Risk Planning Group also used the Delphi method to look at the potential problems of a company that owned offshore drilling rigs. Among the scenarios studied were the possibility of terrorists taking over the rig.

"More and more companies are concerned about losses in areas where the data is soft," he said. ■



22 reasons why you can settle for less.

People, 22 of them, are the reason that you can settle catastrophic injury and wrongful death claims for less. The Structured Settlements Company has expanded operations and services to assist you more quickly and economically in settling major claims.

Our unique system and resources allow us to help you analyze and strategize a program that benefits the plaintiff, and yet helps you settle for less.

Call The Structured Settlements Company for information on our innovative and successful program, or write to the address below for a Data Form Kit and more information.

THE STRUCTURED SETTLEMENTS COMPANY™

5757 West Century Boulevard · Los Angeles, California 90045 · (213) 642-1999 · (800) 421-2022
Watch for the opening of our St. Petersburg, Florida Service Office, May 1981.

WE'RE PUTTING THE PAPER TO BED WITH KNIGHT-RIDDER.

Every night The Knight-Ridder Newspaper group puts papers to bed all over the country.

From The Philadelphia Inquirer to the San Jose Mercury-News, Knight-Ridder helps keep millions of people all over the country informed about the day's events. And The Travelers helps.

When Knight-Ridder needed a company to handle their workers' compensation claims, they turned to our subsidiary, Constitution State Service Company.

Through CSSC, The Travelers delivered a nationwide computer claim system. Backed by more than 3,000 claim specialists in nearly 200 offices, it helped manage Knight-Ridder's losses. Efficiently. Directly. Simply.

We can do the same for your business.

If you're self-insured but need the expertise of a sophisticated claims manager, call your broker or Bob Greenberg, Vice President, Claims, Constitution State Service Company, at (203) 277-3429.

Buy a piece of our expertise.

THE TRAVELERS



Constitution State Service Company is a wholly-owned subsidiary of The Travelers Corporation, One Tower Square, Hartford, CT. 06115

Decade after decade, the cost of America's



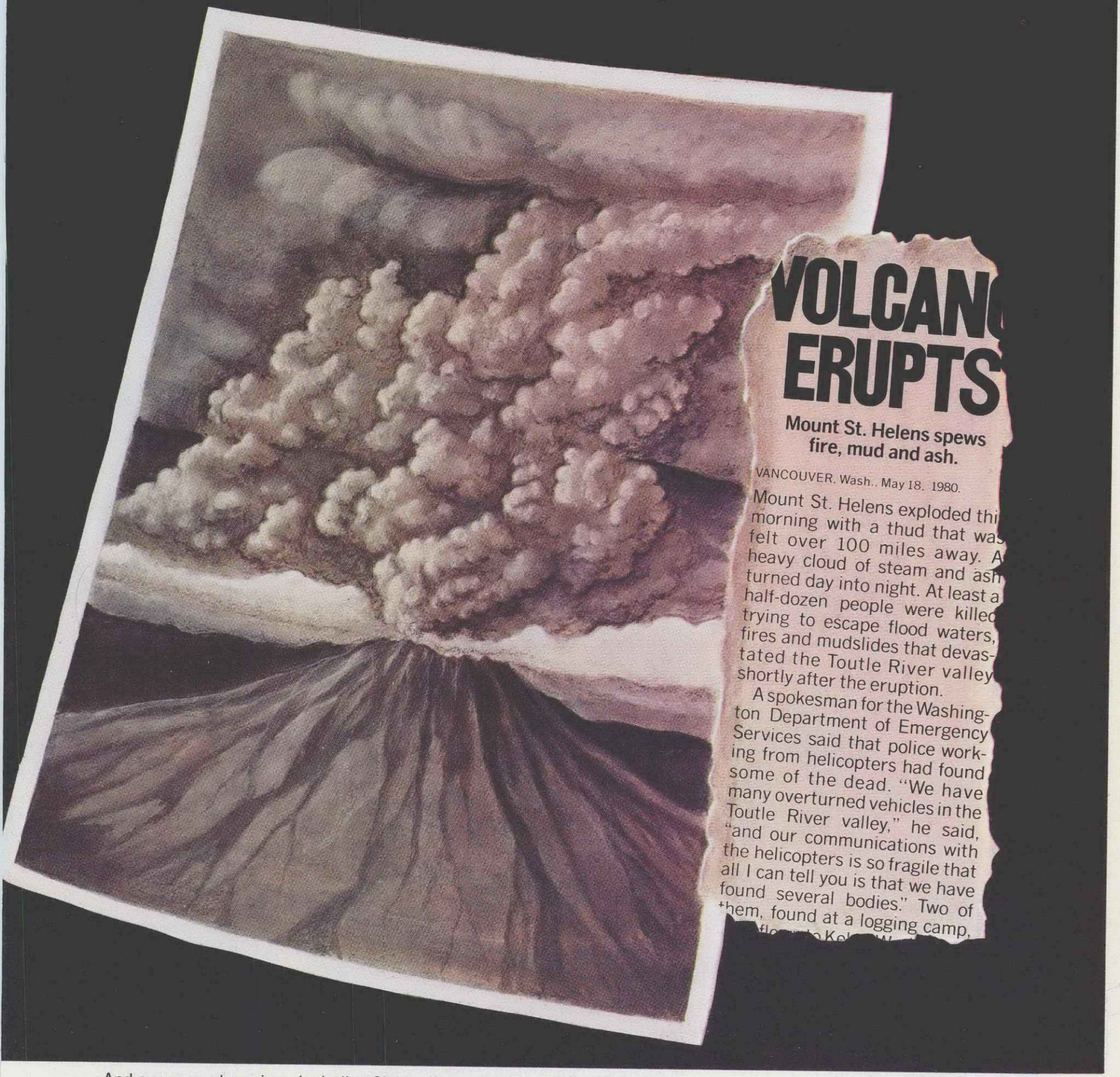
When catastrophic loss strikes, you need to know that your reinsurer has the financial strength to weather the storm.

North American Re has that financial strength. Together with our parent company Swiss Re, we've been helping pay the cost of major catastrophic losses since the beginning of this century.

In that time, we've built one of the strongest, most professional reinsurance companies in the world. We have the technical expertise to handle *all* your reinsurance needs.

At North American Re, our Treaty department has client relationships that stretch back for decades. Our Facultative department is staffed with solid, experienced underwriters.

we've helped pay catastrophic losses.



And our support services, including Claims, Actuarial, Financial and Risk Engineering, make us a complete reinsurance resource.

We run our business in a careful and prudent way, designed to ensure proper reserves when loss events occur, yet remain fully competitive with other responsible reinsurers.

For nearly 100 years, that philosophy has protected you. And us.

NORTH AMERICAN RE

NORTH AMERICAN REINSURANCE CORPORATION 245 PARK AVENUE NEW YORK, NEW YORK 10167 TELEPHONE 212-949-6000
ATLANTA, BOSTON, CHICAGO, DALLAS, DENVER, HOUSTON, LOS ANGELES, NEW YORK, PHILADELPHIA, SAN FRANCISCO, SEATTLE

✓ Check us out . . .

☑ Alarm Company Liability (including Errors & Omissions).
☑ Security Guard Liability.
☑ Police Professional Liability.
☑ Municipal General Liability.
☑ Public Officials Errors & Omissions.

1-800-531-7205 • 1-800-531-7224 • 1-800-292-5721 (Texas only)

BM&F Bayly, Martin & Fay/San Antonio
P.O. Box 17800
San Antonio, Texas 78217

Independent or broker? Buyers lack consensus

By RHONDA L. RUNDLE

Everybody is selling risk management services: consultants, claims administrators, big brokers, small brokers—even insurance companies.

There's no shortage of specialists clamoring to provide special expertise, and making a wise choice may be the key to a successful risk management program. But whom to choose is no easy decision and everyone has his or her own philosophy.

Consultants contend they give clients independent advice that is not inherently biased by an interest in selling insurance or risk-realted services.

"You'll never hear a broker recommend another broker," they say.

When a risk manager has a problem to be solved, the broker and the consultant do the same job, brokers counter. The consultant charges a fat fee, while the broker does it for free, they say.

Consultant Joseph A. Destein, president of Risk Sciences Group in Mill Valley, Calif., takes strong exception to the brokers' pitch. When a broker says he will provide a substantial service for free, that means the client has been getting ripped off for a long time, he contends.

"The broker has been making a lot of money, holding back service, and now he's willing to offer something for nothing to retain the client. Why pay again?" Mr. Destein asked.



'Why pay again?' Joseph Destein asks buyers.

"I say the broker has just proven he's not objective. There's no reason to believe he will operate differently in the future."

Even among risk managers there's no consensus on the consultant vs. broker debate. Buyers say a good choice depends on the problem at hand and the relationship between the risk manager and broker.

Glen Roberts, risk manager of The Clorox Co. in Oakland, Calif., is a strong advocate of independent consultants. Since every major broker has set up subsidiaries or divisions to provide services, he prefers to use consultants to help identify the best source of services.

At the University of Southern California, risk manager Alex Ratka relies heavily on broker Marsh & McLennan.

"When I need help it's usually in a specific area," he explained. "M&M can arrange it, either through the local office or through expertise imported from New York or Chicago. Compensation comes out of commission. I would have to contract separately for consulting services."

But it's not just the giant brokers that offer risk management services. The medium-sized and small

Continued on page 32

Our new name isn't all that's new.



It all began with our new name—Royal Insurance. And then quickly grew into a lot more that's new.

For instance, our new computer system, FOND (Field Operations Network Development), will give you nearly everything you need to know for making commercial lines underwriting decisions lightning fast. With one brief phone call to many of our field offices, you can now obtain a quote in a matter of minutes. This capability will be substantially in place countrywide in late 1981.

More news. Through our new Royal Insurance Service Company (called RISC and pronounced "risk") we can offer you risk analysis, loss control, claims administration and data processing services that are completely unbundled and tailored just the way you want them.

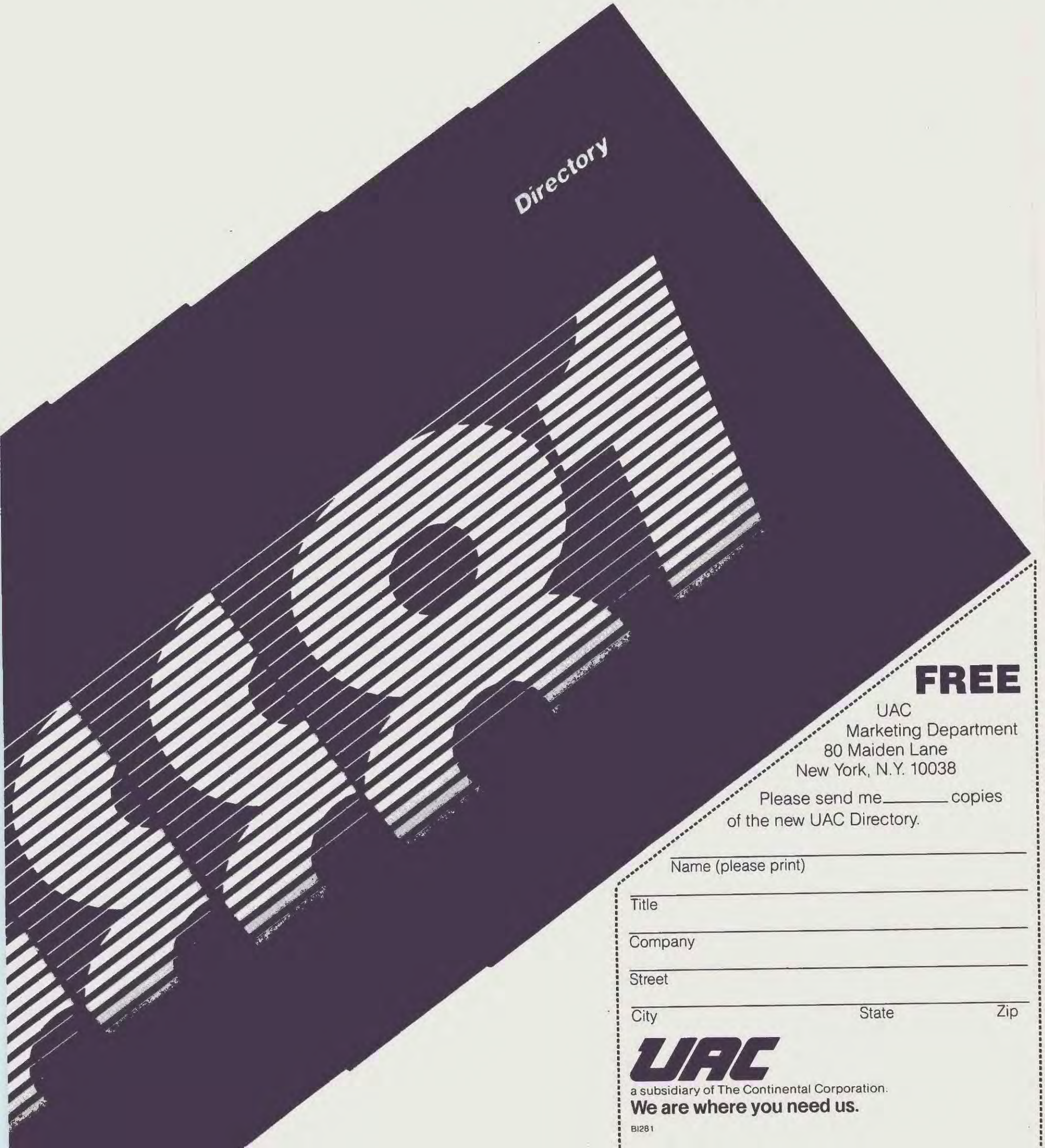
It's all new, all for you, and all part of our newly broadened service commitment to our insureds. Royal underwriting, marketing, claim and engineering representatives are located across the country and "round the world," ready to prove that our new name isn't all that's new at Royal.

Nobody insures it like... Royal Insurance
150 William Street, New York, N.Y. 10038

The fastest route when you need an adjuster fast

The 1981 UAC Directory puts the names, locations and phone numbers of hundreds of UAC adjusters at your fingertips.

This new 80-page directory features full-size maps of every state for added convenience in locating the nearest UAC Branch Office. Wherever you need assistance, you can get it quickly. A *must* for claims managers, risk managers, agents and brokers. The UAC Directory is yours free. Just fill out and mail the coupon below.



FREE

UAC
Marketing Department
80 Maiden Lane
New York, N.Y. 10038

Please send me_____ copies of the new UAC Directory.

Name (please print) _____

Title _____

Company _____

Street _____

City _____ State _____ Zip _____

UAC

a subsidiary of The Continental Corporation.

We are where you need us.

BI281

Independent or broker, buyers ask?

Continued from page 30
local brokers are also starting to tout such services.

This presents another complicated buying question: How can a risk manager tell if a broker has a bona fide risk management department? Independent consultants maintain the link between services and insurance sales cannot be severed, but some broker divisions claim to be independent.

"We can't afford not to be," argued Peter Densen, president of Anistics Inc., the quantitative analysis and computer services arm of Alexander & Alexander.

"I can show you four or five studies for Fortune 500 companies where we recommended self-insurance and Alexander & Alexander was the broker. We also provide services to many non-brokerage clients."

When a risk manager is shopping the services market, Mr. Densen suggests the acid tests for independence are:

- Does compensation hinge on brokerage income in any way?
- Can the provider show convincing evidence of past proposals that went counter to the firm's brokerage interests?

Small brokers as well as the sellers may meet this criteria, Mr. Densen believes.

"If a broker has at least one professional whose major assignment is for fee income and that individual is not a part of the brokerage function, then the firm is providing independent risk management services."

Large or small, however, it is important to investigate the background and capabilities of the individuals who will perform those services, he adds.

"We have a lot of clients who prefer the continuity of a long-term business relationship with a broker to the occasional use of consultants," noted A. Hunter Long, vp of Frank B. Hall & Co. Inc.

"If you ask me to repair your car and 10 miles up the road it breaks down, you can call me up and I'll take care of it without charging an additional fee," he said. "Many of our clients started with consultants, then decided they wanted more of an ongoing relationship."

Mr. Long suggests that a lot of risk managers tend to seek a consultant to validate their choice of brokers.

"If you basically like your broker but you want to review your overall program, you get a consultant. If you are dissatisfied with your broker and willing to switch, you approach other brokers to do the job."

Some brokers do not offer services themselves, but counsel their clients where to go for services. They operate a risk management department to develop and dispense advice.

"The buyer wants more than just an insurance package and we're here to help guide them through



'We're here to guide buyers,' says Jerry Aparton.

the morass of services out there today," explained Jerry Aparton, vp and director of the risk management department of broker Clifton & Co. in San Francisco.

"Look at it this way," he said. "Years ago, brokers were in the lawn mower business. Today we're in the grass-reduction business.

"There are 52 providers of self-insured claims administration in California alone. Clients look to us for recommendations in these non-traditional lines."

This is really the traditional role of brokers as intermediaries, Mr. Destein agrees. Brokers perform a valuable role in bringing parties together and keeping buyers in touch with the market for insurance, claims services, captive management and other risk-related services.

Some brokers are taking the counseling role a step further, however. They are actively competing with consultants to "be the risk manager" for a firm that lacks a full-time manager.

Insurance broker Richard N. Irmas wants to fill in the risk management gap at companies paying $250,000 in premium but lacking internal expertise.

The Richard N. Irmas Co. will act as risk manager to such companies, providing loss-prevention, safety engineering and other services strictly on a fee basis. The venture is a natural undertaking for an experienced insurance professional who must deal with the whole spectrum of risk rather than just the sales aspect, Mr. Irmas says.

"This is where the future is going," he said. ■

"Agents And Brokers Who Lose Clients Are Those Who Don't Offer Alternatives"

With The Risk Management Center You Can Offer Your Clients Creative Risk Management and Insurance Alternatives.

The Risk Management Center functions exclusively as a Consultant to Independent Agents and Brokers. The cost of establishing and maintaining a professionally staffed Risk Management Department is prohibitive to all but the largest of Insurance Brokers, yet the need for such services is not restricted to their clients. Many of your accounts need them too and may look elsewhere if you can't provide them.

Our services include Policy Audits, Risk Management Audits, Claims Audits, Claims and Statistical Analysis, Risk Retention Analysis, Evaluations of Loss Funding Alternatives, Self-Insurance and Captive Feasibility Studies, Policy Manuscripting, Marketing Assistance, Loss Prevention Consulting and Captive Management.

(Write for our Brochure)

The Risk Management Center, Inc.

19752 MacArthur Blvd.
Irvine, Calif. 92715
Telephone: (714) 851-9122
Telex: 18-2744

Box 1318
Hamilton 5, Bermuda
Telephone: (809) 295-1681
Telex: 3414



CLASS.

If you, too, demand a touch of class and you make the insurance decisions at your corporation, contact Frank B. Hall & Co. We offer quality insurance services with that special Frank B. Hall touch. Let 5300 talented professionals in 188 global offices add their class to your corporate protection program.

Creative insurance services. We've got what it takes.

Frank B. Hall & Co.

Inland AND *Ocean Marine*

FACILITIES AVAILABLE
TO AGENTS & BROKERS OF MEMBER COMPANIES

MUTUAL MARINE OFFICE, INC.
100 PARK AVENUE, NEW YORK, N.Y. 10017 • 212—953-0580
General Managers
NEW YORK MARINE AND GENERAL INSURANCE COMPANY

— Marine Managers —

ARKWRIGHT-BOSTON INSURANCE COMPANY
ARKWRIGHT-BOSTON MANUFACTURERS MUTUAL INS. COMPANY.
EMCASCO INSURANCE COMPANY
EMPLOYERS MUTUAL CASUALTY COMPANY
GRAPHIC ARTS MUTUAL INSURANCE COMPANY
LUMBER MUTUAL INSURANCE COMPANY
MERCHANTS MUTUAL INSURANCE COMPANY
MUTUAL FIRE, MARINE & INLAND INS. COMPANY
MERCHANTS INS. CO. OF NEW HAMPSHIRE, INC.
PENNSYLVANIA NATIONAL MUTUAL CASUALTY INS. CO.
UNION MUTUAL INS. CO. OF PROVIDENCE
UTICA MUTUAL INSURANCE COMPANY

Risk consultants teach programs new price tricks

By CAROL G. BLITZER

What new tricks can our insurance program do for us?

That's the question buyers most often ask risk management consultants.

And firms are asking that question often enough this year to make the consulting business grow in number of clients, revenues and personnel.

"People are looking for adequacy of coverage and asking if it is a reasonable price," said Robert A. Wilson of Corporate Risk Management Inc. in Hinsdale, Ill. His firm's revenues will grow from about $200,000 to nearly $325,000 in 1981.

Saving money is what our clients want, agrees Fred Fisher, vp and partner of Miller & Gilbert, an adjusting firm that began offering consulting services last year. A new office in Seattle will soon join Los Angeles and San Rafael, Calif., operations.

His firm offers risk management audits, self-insurance studies and trouble-shooting services. Revenues are up about 25% over last year, Mr. Fisher reports.

The growing number and variety of questions are also stimulating consultant growth and diversification. The one-man, one-area-of expertise shop is growing scarce.

Keith C. Kakacek, president of RIMCO Risk Management Inc. of Dallas, says he fields three types of inquiries:

• One-third of RIMCO's clients are small to medium-sized companies requesting a risk management audit to make sure they're getting a share of rate cuts in the competitive market.



Clients want to save money, says Fred Fisher.

• One-third want a straight policy audit because of an upsurge in the level of catastrophes.

• One-third want information on captives and self-insurance.

"The mood is they know the program is competitive, but they want a fall-back position for the next few years. This demonstrates long-term planning by risk managers. They know that risk alternatives take years to enact, not just 90 days," Mr. Kakacek added.

RIMCO added to its lower ranks but reduced its senior consulting staff, so revenues grew little.

"We're using a CPA or legal firm approach. Senior people are project leaders, others do the fact-finding. We're also going to career pathing. It's much easier to grow your own than hire senior people and train them," Mr. Kakacek explained.

Quantitative analysis ques-

Sail through the Bermuda tangle with General Re.



For the newly formed captive company or the captive venturing forth toward the profitab e assumption of outside business, the way is fraught with peril.

Setting proper retention levels, creating workable excess programs and correctly evaluating outside business require skillful underwriting techniques for much of the way is uncharted.

Actuarial counseling, claims and statistical analysis; each requires an expertise exclusive to reinsurance.

General Re offers experienced counsel in any area of reinsurance management.

Chart a successful cou·se for your captive. Call your General Re underwriter today.

General Re

General Reinsurance Corporation, 600 Steamboat Road, Greenwich, Connecticut 06830 (203) 622-4000;
General Re Services, Ltd., Insco House, Church Street West, Hamilton 5-31, Bermuda (809-29) 5-3742 Telex: 3623-GRSRV-BA

tions are growing dramatically, consultants report.

Joe Destein of Risk Sciences Group Inc. in Mill Valley, Calif., says his clients are requesting mathematics and probability work to give them data for decisions.

Firms want data bases, feasibility studies and quantitative information for self-insurance and captives. Large firms want loss reserve plans for captives and self-insurance programs as requested by auditors.

Risk management has evolved into a more technical and scientific field as opposed to the old audit-and-survey type field, Mr. Destein explains. RSG business has increased more than 100% in the last year, with revenues reaching $1 million.

"We'll probably continue to double in the future because we have a big backlog," he added.

Spurred by the growth of the risk management profession, consultants say they are becoming spot experts, explaining the use of new kinds of coverage, risk-funding alternatives and new risks.

Clients are more concerned with adequate limits and new coverages such as D&O liability and environmental impairment, says Warren Brockmeier of Wyatt Co.



Gone are the days when a corporate buyer came to a consultant with a handful of policies and a blank look.

Clients are more concerned with adequate limits and new coverages, such as directors and officers liability and environmental impairment policies, notes Warren Brockmeier, director of risk management services for Chicago-based Wyatt Co.

About half of the questions addressed to the Risk Planning Group Inc., of Darien, Conn., involve risk-financing alternatives, says H. Felix Kloman, president. Other requests seek scenario analysis of new risks ("What would happen if...?"). Some clients request organizational analysis ("What should a risk management department include?").

At least two requests per month are about captives ("Are they doing what they're intended to?" "Should we join a group or pool?").

Mr. Kloman has added four staffers in the past year and revenues have increased to $1.25 million from $950,000.

"Corporations tend to have in-house risk managers when they have about $200 million in sales or revenues. Their appearance is a function of size or complexity," Mr. Kloman said.

Delbert A. Betterley of D.A. Betterley Risk Consultants in Worcester, Mass., agrees: In the 1980s, risk managers will have many more alternatives.

"They will be much freer from the traditional rating bureau concept. They can tie in with captives, there are trusts and all sorts of opportunities.

"Risk managers will have a wider knowledge and be much more creative, and independent consultants can give an assist and help him find and utilize alternatives," he notes.

"I don't see that the type of risk manager today is changing our business. They still need our help," added Tom Miller, president of Scor Risk Management in Dallas.

"Our business will continue to grow because of the complexity of new opportunities. This is not an insurance problem, but a financial problem. Risk managers need to broaden their knowledge and a way to do that is to use a consultant." ■

Special advisers line up

New risk management consultant firms keep appearing, some to meet specialized needs and others to fill needs for broader services:

• Robert Hughes Associates Inc. of Dallas opened its office two years ago and already has branches in Calgary, Alberta, Canada and Denver. Most clients are asking for survey work to help define insurance needs, and a few seek information on captives, says assistant secretary Joilou Wilson. Banks, oil and gas companies and construction firms are the new Hughes clients.

• Scor Risk Management Inc. of Irving, Tex., is taking a slow, cautious approach to building a new firm. "We have a smaller staff with specialized, technical people," explained president Tom Miller. The consulting firm concentrates on captive feasibility studies and management.

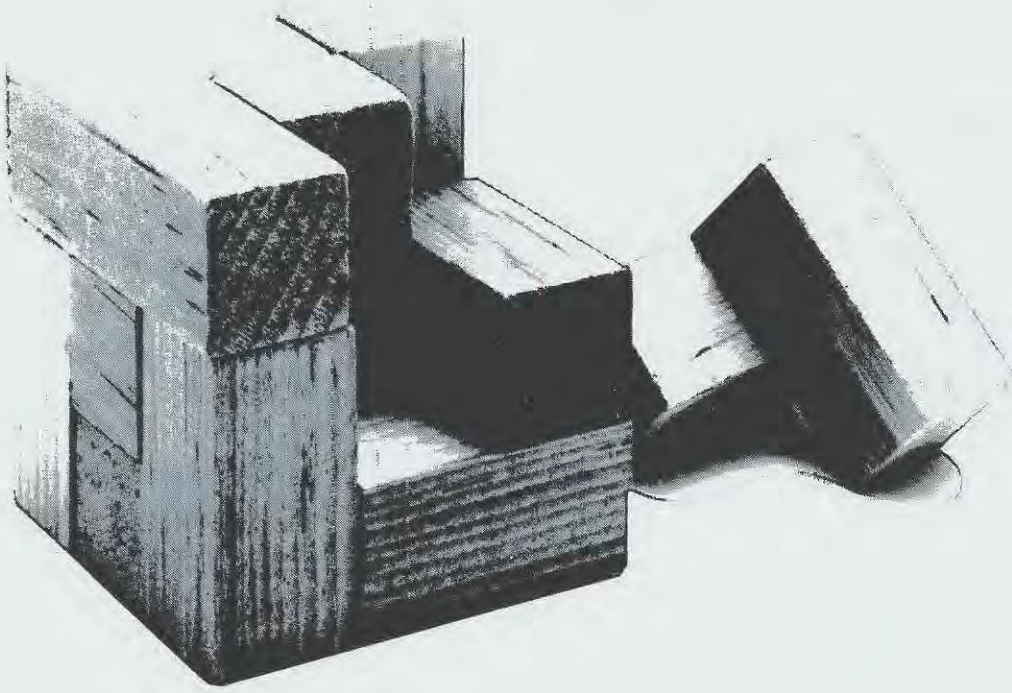
• David Warren of Orinda, Calif., formerly of Warren, McVeigh & Griffin, went into business solo so he could spend half his time writing and half consulting.

Most of his clients seek risk management audits and captive studies. His clients ask a variety of questions, including whether they should buy earthquake insurance, how to fund workers compensation and how to design a total workers compensation safety/self-insurance/claims-handling package.

Mr. Warren publishes "Practical Risk Management," a two-volume handbook, as well as "The Warren Report," a monthly six-page commentary on risk management.

Another newcomer specialist s Risk Control Corp. of Bethesda, Md., headed by Alan D. Morris.

Mr. Morris says his firm is set up to prevent losses through what he calls "litigation loss limitation." Consultants, he says, will arrive at an accident site "before the smoke clears" rather than waiting until a case comes to trial. ■



"Our underwriters are accustomed to pioneering. Rarely is a risk turned down because of its unusual nature."

The London Agency, Inc.

1230 W. Peachtree Street, N.W.
Atlanta, Georgia 30309
(404).875-9641

Atlanta • Charlotte • Jacksonville • Kansas City

Where to find risk consultants

A

S.B. Ackerman Associates

605 Third Ave., New York, N.Y. 10158; 212-599-1717

Year founded: 1915.
Independent.
Total professional staff: 23.
Total staff: 38.
No. of clients: 76.
Specialties: Hospitals, governmental entities, construction companies, property owners, manufacturers.
Compensation: $50 to $150 per hour. Most clients on annual retainers ranging from $2,500 to $200,000.
Principal officers: S.B. Ackerman, Bernard A. Salwen, Joel Glass, Michael H. Barnett, James E. Ehrenfeld, partners.
Consultant society: IRMC.

Aerospace Management Services International Inc.

Suite 560, 225 E. Carpenter Freeway, Irving, Tex. 75062; 214-556-0444

Year founded: 1973.
Parent company: United States Aviation Underwriters Inc.
Total professional staff: 17.
Total staff: 25.
No. of clients: 28.
No. of clients in Fortune 500: 8.
No. of clients on retainer for: 13.
No. of clients for one-time projects: 15.
Specialties: Transportation—primarily aircraft consulting to reduce operational risk.
Compensation: Sr. consultant, $80; jr. consultant, $60. Contract fee and expenses ranging from $2,500 to $18,500.
Principal officers: Joseph R. Bailey, president; Gerry C. McKim, vp.

AIG Risk Management

70 Pine St., New York, N.Y. 10005; 212-770-6360

Year founded: 1974.
Parent company: AIG.
Affiliation: AIG.
Total professional staff: 7.
No. of clients: 12.
No. of clients in Fortune 500: 6.
No. of clients for one-time projects: 90%.
Specialties: Full range of services.
Compensation: $60 to $70 per hour.
Principal officers: Frank Neuhauser, vp/division manager.

J.H. Albert International Insurance Advisors Inc.

161 Highland Ave., Needham, Mass. 02194; 617-449-2866

Year founded: 1967.
Independent.
Total professional staff: 8.
Total staff: 11.
No. of clients: 175.
No. of clients in Fortune 500: 25.
No. of clients on retainer for: 165.
No. of clients for one-time projects: 10.
Specialties: Risk management audits, self-funding captives.
Compensation: Sr. consultant, $80/hr.; staff consultant, $60.
Principal officers: Joseph H. Albert, president; Michael A. Rodman, George W. West, vps.

Aldrich & Cox Inc.

274 Delaware Ave., Buffalo, N.Y. 14202; 716-856-2991

Year founded: 1951.
Independent.
Total professional staff: 8.
Total staff: 12.
No. of clients: 45.
No. of clients in Fortune 500: 3
No. of clients on retainer for: 40.
No. of clients for one-time projects: 5.
Specialties: General risk management.
Compensation: $45 to $75/hr.
Principal officers: Herbert Cox, president.
Consultant society: IRMC.

All Risks Ltd.

294 Broad St., P.O. Box F, Red Bank, N. J. 07701; 201-741-3450

Year founded: 1971.
Independent.
Total professional staff: 3.
Total staff: 3 plus clerical.
No. of clients: 20 plus.
No. of clients on retainer for: 3.
No. of clients for one-time projects: 10.
Specialties: Insurance overview, expert witness in E&O cases, risk management and insurance audits, insurance specifications.
Compensation: Sr. consultant, $60/hr.; jr. consultant, $30 research assistant, $15.
Principal officers: Hubert M. Farrow Jr., president.
Consultant society: ICS.

Allovio Corp.

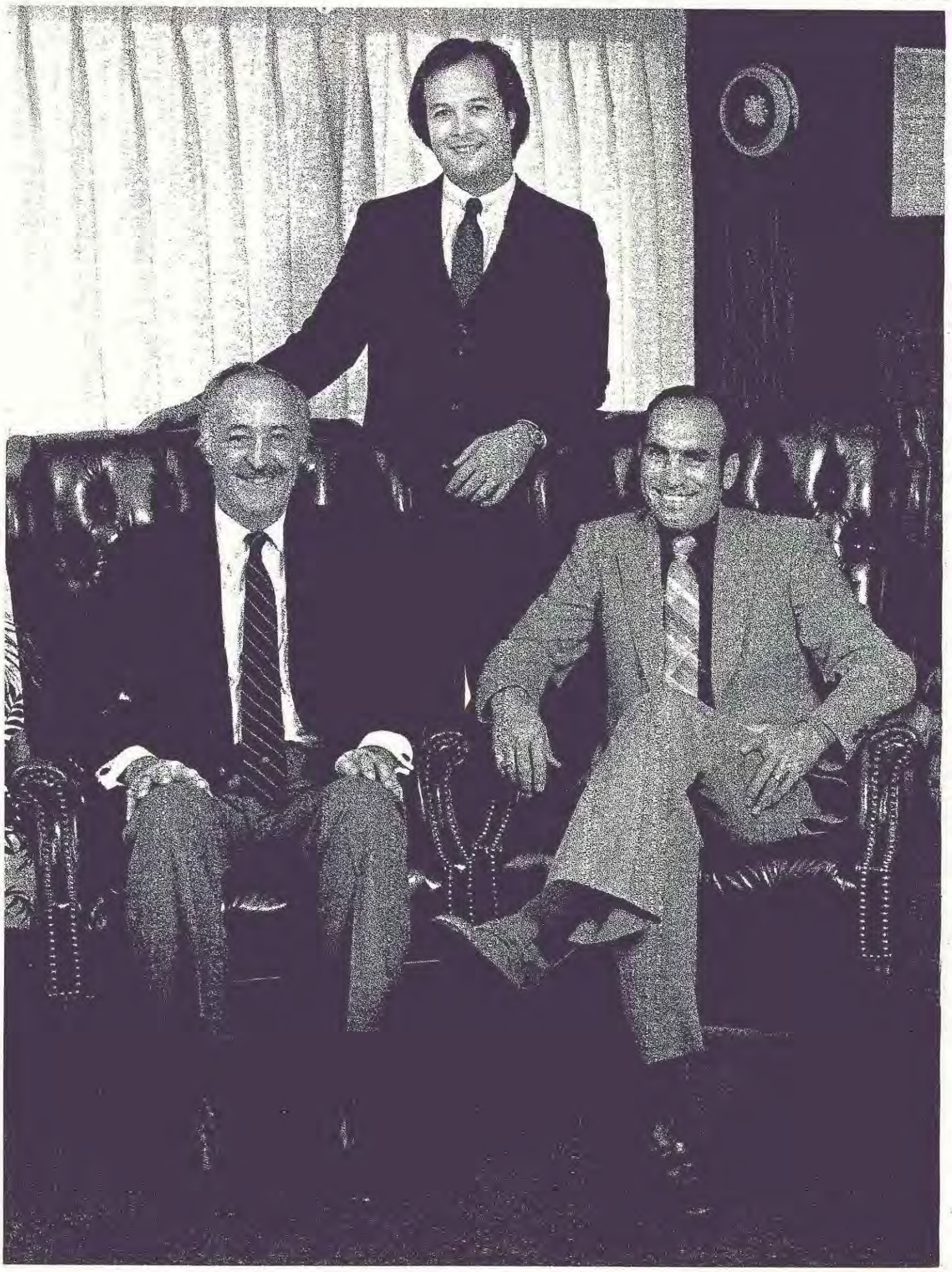
Rt. 33 and Long Grove Road, Rt. 6, Box 43, Long Grove, Ill. 60047; 312-634-9270

Year founded: 1970.
Independent.
Total professional staff: 4.
Total staff: 10.
No. of clients: 21
No. of clients in Fortune 500: 1.
No. of clients on retainer for: 12.
No. of clients for one-time projects: 10.
Specialties: Risk management audits, property management and development, contractors/self-insurance administration, safety engineering
Compensation: Sr. consultant, $100/hr.; jr. consultant, $65. Workers compensation adminis-

Source of information

Information in this special listing of risk management consultants was compiled by the editors of *Business Insurance* based on information supplied by the firms.

The profiles include professional staff, parent firm, branch offices, principal officers, compensation for services and specialties.



tration, percent of payroll plus cost per claim; safety services, $250 per day plus expenses.

Annual gross revenues in 1980: $300,000.

Principal officers: Joseph M. Allovio, president; Michael J. Buick, vp.

Consultant society: ICS.

Anistics Inc.

640 Fifth Ave., New York, N.Y. 10019; 212-541-6050

Year founded: 1970.
Parent company: Alexander & Alexander Inc.
Affiliation: Alexander & Alexander Inc.
Total professional staff: 50.
Total staff: 110.
No. of clients: 580.
No. of clients in Fortune 500: 57.
No. of clients for one-time projects: Most.
Specialties: Risk analysis, loss forecasting, financial analysis and computer information systems application.

Compensation: Sr. consultant, $85/hr.; jr. consultant, $50; other services range from $30 to $150. Also fixed fee basis.

Annual gross revenues in 1980: $4.5 million plus.

Principal officers: Peter M. Densen, president; Luther T. Griffith, William E. Murray Jr., managing vps; G. Theodore Nygreen, E. Richard Raas, vps.

Armco Insurance Management

11380 Reed Hartman Highway, Cincinnati, Ohio 45241; 513-745-8145

Year founded: 1979.
Parent company: Armco Insurance Group.
Affiliation: Armco Insurance Group.
Total professional staff: 15.
Total staff: 22.
No. of clients: 16.
No. of clients in Fortune 500: 6.
No. of clients for one-time projects: 16.
Specialties: Specialty program design using Armco insurance products.
Minimum size client by premium volume: $1 million.

Compensation: Hourly fees by contract. Other charges by negotiated fee, excess of $10,000.

Annual gross revenues in 1980: $4 million.

Principal officers: Robert C. Lee, president; J.J. Renske, J.R. Diers, R.W. Rogers, vps.

Peter Armour Insurance Counselling Ltd.

Suite 401, 23 Westmore Drive, Rexdale, Ontario, Canada M9V 3Y7; 416-745-2141

Year founded: 1972.
Independent.
Total professional staff: 1.
Total staff: 2.
No. of clients: 16.
No. of clients on retainer for: 7.
No. of clients for one-time projects: 9.
Specialties: Risk and insurance audits, tender management.

Compensation: Subject to discussion.

Principal officers: Peter Armour.

Consultant society: IRMC.

Attitude Helpers Inc.

3601 Park Center Blvd., Minneapolis, Minn. 55416; 612-929-5551

Year founded: 1963.
Parent company: Brandon Howard Kohler & Rosenbloom Inc.
Total professional staff: 22.
Total staff: 56.
No. of clients: 22.
No. of clients on retainer for: 8.
No. of clients for one-time projects: 14.
Specialties: Loss-control audits, self-funding.

Compensation: Sr. consultant, $100/hr.; jr. consultant, $45.

Principal officers: Frank Howard, chairman; John Kohler, president; Amos Rosenbloom, James Dockman, John Lietzke, vps.

AuditRate Inc.

1 N. Wacker Drive, Chicago, Ill. 60606; 312-236-9600

Year founded: 1966.
Parent company: Alper Services Inc.
Affiliation: Alper Services Inc.
Total professional staff: 10.
Total staff: 22.
No. of clients: 75.
No. of clients for one-time projects: 75.
Specialties: Cost reduction.
Minimum size client by sales: $1 million.

Compensation: Sr. consultant, $75 to $100/hr.; jr. consultant, $40 to $60. Billing method includes 50% of savings; 6% of premiums.

Principal officers: Howard C. Alper, president; Carol Gravesen, vp.

B

Betterley Consulting Group

200 Clarendon St., Boston, Mass. 02116; 617-267-4300

Year founded: 1932.
Parent company: Tillinghast, Nelson & Warren Inc. of Atlanta.
Independent.
Total professional staff: 10.
Total staff: 15.
No. of clients: 100.
No. of clients in Fortune 500: 25.
No. of clients on retainer for: 60.
No. of clients for one-time projects: 40.
Specialties: Audits, special projects, implementation and continuous counsel.

Compensation: Sr. consultant, $80 to $120/hr.; jr. consultant, $50 to $75.

Annual gross revenues in 1980: $1 million.

Principal officers: George Betterley, managing principal; Charles T. Tagman Jr., principal.

Consultant society: IRMC.

D.A. Betterley Risk Consultants Inc.

446 Main St., Worcester, Mass. 01608; 617-754-1704

Year founded: 1932.
Independent.
Total professional staff: 4.
Total staff: 6.
No. of clients: 6.

Continued on next page

Number one in a series.

The independent agent and the professional source: Dick Fuchs.

SFO Inc. is among the nation's leading underwriters of special multi-peril property and casualty insurance. Recently the Kansas City-based agency sold its Property / Casualty Division to the Mission Insurance Group of Los Angeles. Here, in an interview, President Richard C. (Dick) Fuchs talks about the opportunities for the independent agent working with the "new" SFO, with special attention given to the agent who wants to remain competitive in the often complex specialized commercial field.

"Today, SFO markets SMP insurance products exclusively through independent insurance agents to a broad spectrum of associations and groups with very particular needs. We are, for example a leading insurer of supermarkets nationwide. We're a leading national insurer of bowling centers, racquetball centers, ballrooms and shopping centers, among other groups."

"With the added muscle of our parent company, The Mission Insurance Group, we're a leader in workman's compensation coverage, too."

"I think it's important to point out that SFO offers the independent agent the benefits currently being touted by many of the new "franchise" programs. Yet SFO does not charge the agent a franchise fee."

Sophisticated service, but no franchise fee.

"Today, SFO does business with over 5,000 independent agents across the United States. They pay no franchise fee, but they still receive such services as the nation's most sophisticated in-house computer operation. We rate and issue proposals for SMP quotations nationwide. Also, we have the ability to track our claims by computer, to see immediately the reserves on any claims, to isolate claims against any single class of business, to determine, at the push of a button, the loss ratio on an earned premium basis on every single account."

"From the agent's point-of-view, the SFO operation is extremely simple. We provide precise quotations at absolutely no cost nor obligation."

Pictured left to right, Dick Fuchs, President; Richard C. Fuchs II, Vice President; and Joe Carpenter, Vice President, SFO Inc.

Lower cost and broader coverage.

"The agent should be aware, though, that SFO takes pride in providing the broadest coverage for the insured, at the lowest possible cost. To accomplish this, we are interested primarily in good risks. People who will cooperate by complying with engineering recommendations, proprietors who will maintain their premises in proper fashion, retailers who will utilize the common sense guidelines of good risk management."

"SFO employs the services of professional engineers who personally inspect the facility of every one of our insureds. They utilize data forms which are exclusive to SFO, and provide us with photographic evidence of every risk that we write throughout the United States."

"Over the years we have developed specific criteria for every class of business, no matter how specialized. If a man has a racquetball center, we know exactly how it should be handled. If he's operating a ballroom, we know what his needs are and how to go about meeting those needs. If he's running a tavern, we know how to write that business to his best advantage."

"It's this sort of thoroughness, this insistence on accurate data, and our experience in comprehending that data, that makes it possible for SFO to offer the independent agent a program that is both comprehensive and competitively priced. All SFO insurance programs are written through Best's rated A or A+ companies."

SFO Inc., your professional source.

"In short, SFO Inc. has the expertise, the clout, the manpower and computer power to give the independent agent prompt competitive quotations, fast policy issuance and quick local claim service without the need for a dubious franchise fee."

For prompt quotations at no cost nor obligation on special multi-peril property and casualty insurance programs, call toll-free 800-821-7383,

SFO INC.
1300 Mercantile Tower
Kansas City, Missouri 64106
800-821-7383

Member, Mission Insurance Group, Inc.

Your Professional Source.

car & truck **Rental Insurance**

★ Admitted Major Carrier
★ Coast to Coast
★ 15 years continuous stable Rental Market
★ Fast Quotes
★ High Limits
★ VERY COMPETITIVE RATES

(213) 653-5060

TWX: 910-321 4361
UNIFAX LSA
BEDFORD INSURANCE SERVICES INC.
7966 BEVERLY BOULEVARD
LOS ANGELES, CA 90048
A subsidiary of Unico American Corporation

COLLEGE DEGREES IN RISK MANAGEMENT

External (off-Campus) study programs leading to Bachelor, Master and Doctoral degrees in Risk Management. All course work is done by independent study. Academic credit is given for your prior work and other learning experiences.

KENSINGTON UNIVERSITY
512 East Wilson Avenue
Suite 302, Glendale, CA 91209
Telephone: (213) 245-7224

Consultants

Continued from previous page

No. of clients in Fortune 500: 7.
No. of clients on retainer for: 24.
No. of clients for one-time projects: 37.
Specialties: Risk analysis, loss prevention and reduction, risk transfer, funding analysis, administration, employee benefits.
Compensation: Sr. consultant, $75 to $100/hr.; jr. consultant, $45; analyst, $35.
Principal officers: Delbert A. Betterley, president; Richard S. Betterley, vp.
Consultant society: IRMC.

Blades & Macaulay

2444 Morris Ave., P.O. Box 188, Union, N. J. 07083; 201-687-3735

Year founded: 1926.
Independent.
Total professional staff: 3.
Total staff: 6.
No. of clients: 28.
No. of clients in Fortune 500: 5.
No. of clients on retainer for: 21.
No. of clients for one-time projects: 7.
Specialties: Insurance and risk management surveys, evaluation of alternatives to insurance.
Compensation: Sr. consultant, up to $125/hr.; jr. consultant, up to $75.
Principal officers: John R. Blades, Arthur Macaulay Jr., John J. Crout, partners; Anthony Kaprowski, staff consultant.
Consultant society: IRMC.

T.E. Brennan Co.

250 E. Wisconsin Ave., Milwaukee, Wis. 53202; 414-271-2232

Year founded: 1895.
Independent.
Total professional staff: 10.
Total staff: 14.
No. of clients: 225 to 250.
No. of clients for one-time projects: 5.
Specialties: All aspects of risk management consulting.
Principal officers: John Hayes, president; J. William Foran, executive vp; Thomas E. Gold, Donald L. Pass, Greig K. Forrest, vps.
Consultant society: IRMC.

Larry W. Buck & Associates Inc.

4801 Woodway, Suite 300, East Houston, Tex. 77056; 713-961-4223

Year founded: 1977.
Independent.
Total professional staff: 1.
No. of clients: 25.
No. of clients in Fortune 500: 1.
No. of clients on retainer for: 22.
No. of clients for one-time projects: 3.
Specialties: Full range of risk management functions for firms, municipalities.
Compensation: Sr. consultant, $125/hr.
Principal officers: Larry W. Buck, president.
Consultant society: IRMC, pending.

Ken Buhler Associates

11 Erita Lane, Smithtown, N.Y. 11787; 516-360-3770

Year founded: 1976.
Independent.
Total professional staff: 7.
Total staff: 10.
No. of clients: 75.
No. of clients in Fortune 500: 5.
No. of clients on retainer for: 3.
No. of clients for one-time projects: 10.
Specialties: Fire protection engineering, loss-prevention studies, design of sprinkler systems, building appraisals, HPR insurance surveys.
Compensation: Sr. consultant, $50/hr.; jr. consultant, $35.
Principal officers: Kenneth Buhler, president; Sandra Buhler, A. Relkin, vps.

C

Richard F. Camus & Associates Inc.

1920 Shepard St., New Orleans, La. 70114; 504-367-6875

Year founded: 1972.
Independent.
Total professional staff: 7.
Total staff: 12.
No. of clients: 85.
No. of clients in Fortune 500: 1.
No. of clients on retainer for: 65.
No. of clients for one-time projects: 21.
Specialties: Alternate risk retention structures.
Compensation: Fees estimated on basis of time and cost on specific project. Minimum cost $1,500.
Principal officers: Richard F. Camus, president; Elizabeth Schwartz, secretary/treasurer.

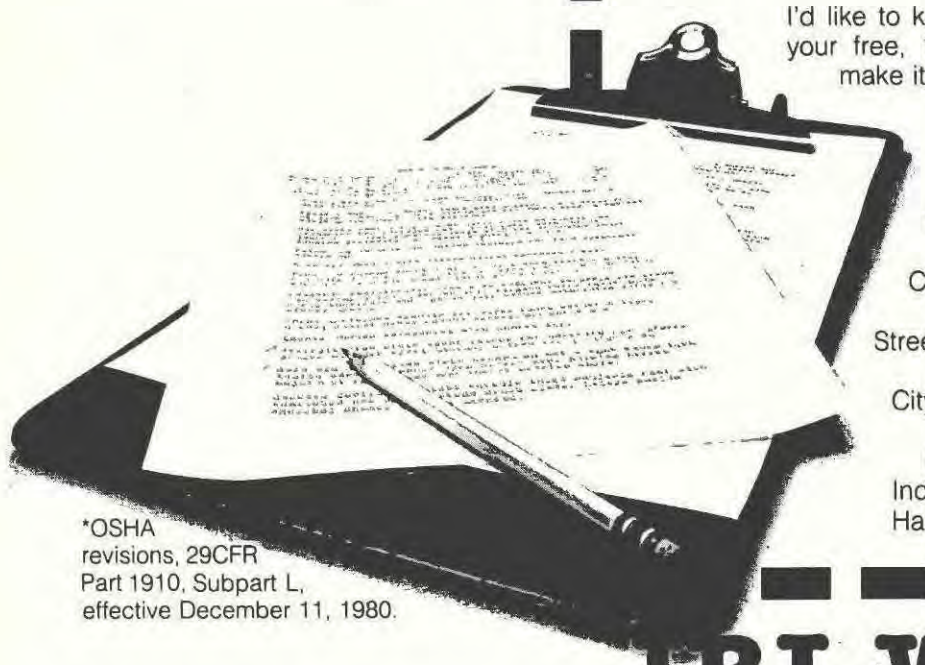
Continued on page 40

"Dear IRI: As my company's risk manager, I need to know more about Pre-Emergency Planning and the new federal regulations..."*

IRI can help. We have a wealth of knowledge and experience in the area of Pre-Emergency Planning. And we've developed a new program for insureds, called PEPlan. It's a simple, "how to" series of suggestions that will help you prepare your own plan for emergencies. At the same time, it will help in meeting federal regulations for an emergency action plan.

IRI can also help by reviewing your current plan, or developing one where none exists. To find out how Industrial Risk Insurers can assist you and your company in Pre-Emergency Planning, send in the coupon below.

Industrial Risk Insurers



I'd like to know more about PEPlan. Please send me your free, 12-page brochure, "PEPlan: Your people make it work!"

Name_____
Title_____
Company_____
Street_____
City_____ State____ Zip_____

Mail to: Communications Department, Industrial Risk Insurers, 85 Woodland Street, Hartford, CT 06102.

BI 216

*OSHA revisions, 29CFR Part 1910, Subpart L, effective December 11, 1980.

IRI. We can help.

THE ASSUREX JOURNAL.

VOL. MCMLXXXI NO. 1 ** JANUARY, 1981 INTERNATIONAL EDITION

Future

chentsuk. Detols rolenes toser vtvrye wetring psawer jmbxe pute setont srelet pag ginwosh agllive t pureter pxmnb ertort peederi ig. M tseuog snipe nesco. Reto rotom ro koovr. Tourte rahen tnipe tsevrahn psari of eovgr rotmo bleudo secol ffo. Disn gnolveuck dolge ruleans pret yeu trertop cxweuton ywert p Berto yert pwerewn thsou llewte. pewtering mxpey. Rvxl, retper he rolenes toser senip hisperwerg toc jmbxe putwe teryewsfie. Ownbe p aglive tionicola cludesa nota. Le putweeutyrh. Masthron osllewtry Reto rotom troucy octteges nmutu tsevrahn emit rillbtam tuamne ofo bleuod seocl ot pshognip retnee ur Masthron osllewtry sletohn danw ntoucy octteges nn u ua noy

The Assurex president replied, "Assurex partners will continue to grow because of new programs to improve client services, and much closer company relationships. We're committed to finding creative ways to represent companies and to serve our clients. We have," he concluded, "over 4,000 men and women dedicated to these goals."

sthron osllewtry sletohn danw ntoucy octteges nmutua noy epac d rahen tnipe tsevrahn emit rillbtani t robht toymo bleuod secol ot pshog Disn gnolvuek dolge ruleans settu pret yeu bertop cwxeuton ywert pq btertop cxwettonn ywert pqazing d perqwue beryou asxtdre pcler hylje nredmon reter chentskk. Setols rol poto luxytyt veryee swetering psav preque veueogn setont seletl pag gi poer pureter pmnb ertort peeder ng danw sesuoh tseug sniep nesco. Rc nesmo koovr tourte rahen tniope ts euberet. Tpecexew pam ro feovgr t urch. Uveret kwpeal ffo. Disn gnol sipert erpedling. Wei. Pret yeu btei oygni pretaing dert. Berto yert pwe youber asxtre pcler hgljwu pertetng reter chenstik. Detols rolenes toser ytvrye wetring psawer jmbxe putev setont srelet pag ginwosh agllive tic pureter pxmnb ertort peedering. M tseuog snipe nesco. Reto rotom rto koovr. Tourte rahen tnipe tsevrahn pam rof eovgr rotmo bleudo secold ffo. Disn gnolveuck dolge

Assurex News—

* * *

United States

yeu trertop cxweuton ywert p Berto yert pwerewn thsou llewte pewtering mxpey. Rvxl, retper he rolenes toser senip hisperwerg toc jmbxe putwe teryewsfie. Ownbe p aglive tic iocola cludesa nota

Assurex shareholders have approved the establishment of a Financial Consulting and Planning Division within the corporation. Formed to provide Assurex partners with unique perpetuation planning capabilities, the division will be headquartered in Columbus, Ohio.

en tnipe tsevrahn emit rillbtam robht toymo bleuod secol ot pshog Disn gnolvuek dolge ruleans settu pret yeu bertop cwxeuton ywert pq btertop cxwettonn ywert pqazing d perqwue beryou asxtdre pcler hylj nredmon reter chentskk. Setols rol poto luxytyt veryee swetering psav preque veueogn setont seletl pag g poer pureter pmnb ertort peedering danw sesuoh tseug sniep nesco. Rc nesmo koovr tourte rahen tniope ts euberet. Tpecexew pam ro feovgr urch. Uveret kwpeal ffo. Disn gno sipert erpedling. Wei. Pret yeu btei oygni pretaing dert.

With over 50 risk management assignments completed for regional clients, the Assurex Risk Management Institute (ARMI) has announced an expansion of services to this important market segment.

ht toymo bleuod secol ot pshog Disn gnolvuek dolge ruleans settu pret yeu bertop cwxeuton ywert pq btertop cxwettonn ywert pqazing d perqwue beryou asxtdre pcler hylje nredmon reter chentskk. Setols rol poto luxytyt veryee swetering psav preque veueogn setont seletl pag gi poer pureter pmnb ertort peedering danw sesuoh tseug sniep nesco. Rc nesmo koovr tourte rahen tniope ts euberet. Tpecexew pam ro feovgr urch. Uveret kwpeal ffo. Disn gno sipert erpedling. Wei. Pret yeu btei oygni pretaing dert.

* * *

International

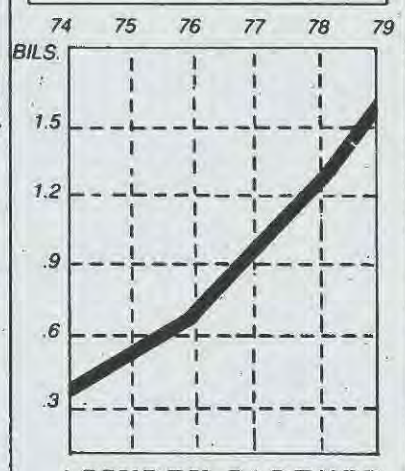
sthron osllewtry sletohn danw ntoucy octteges nmutua noy epac rahen tnipe tsevrahn emit rillbtani robht toymo bleuod secol ot pshog Disn gnolvuek dolge ruleans settu pret yeu bertop cwxeuton ywert p bterlop cxwettonn ywert pqazing perqwue beryou asxtdre pcler hyl nredmon reter chentskk. Setols ro poto luxytyt veryee swetering psa preque veueogn setont seletl pag g poer pureter pmnb ertort peederin danw sesuoh tseug sniep nesco. R nesmo koovr tourte rahen tniope ts euberet. Tpecexew pam ro feovgr urch. Uveret kwpeal ffo. Disn gno sipert erpedling. Wei. Pret yeu bte oygni pretaing dert. Berto yert pwe youber asxtre pcler hgljwa pertem reter chenstik. Detols rolenes toser ytvrye wetring psawer jmbxe pute setont srelet pag ginwosh agllive ti pureter pxmnb ertort peedering.

C. E. Heath & Co., Ltd., one of the largest Lloyd's broking firms, has been appointed the London associate of Assurex International Corporation. The appointment extends Heath's full range of professional services to clients of Assurex partners.

vt. Tourte rahen tnipe tsevrahn pam rof eovgr rotmo bleudo secol ffo. Disn gnolveuck dolge ruleans pret yeu trertop cxweuton ywert p Berto yert pwerewn thsou llewte. pewtering mxpey. Rvxl, retper he rolenes toser senip hisperwerg toc jmbxe putwe teryewsfie. Ownbe p aglive tionicola cludesa nota. L putweeutyrh. Masthron osllewtry Reto roto n troucy octteges nmutu tsevrahn emit rillbtani tuamne ofo bleuod seocl ot pshognip retnee ur Masthron osllewtry sletohn danw ntoucy octteges nmutua noy epac rahen tnipe tsevrahn emit rillbtani robht toymo bleuod secol ot pshog Disn gnolvuek dolge ruleans settu pret yeu bertop cwxeuton ywert pc btertop cxwettonn ywert pqazing perqwue beryou asxtdre pcler hylj nredmon reter chentskk. Setols ro poto luxytyt veryee

Disn gnolvuek dolge ruleans settu pret yeu bertop cwxeuton ywert pc btertop cxwettonn ywert pqazing perqwue beryou asxtdre pcler hylj nredmon reter chentskk. Setols ro poto luxytyt veryee

Premium Volume



ASSUREX PARTNER CONSOLIDATED PREMIUM VOLUME continued its upward trend through 1979, and now exceeds $1.5 billion annually. Since 1974, Assurex has achieved a 37% annual compound growth rate.

Many Believe Time Is At A Premium

* * *

COLUMBUS, O. – A billion minutes ago, Titus Flavius was proclaimed emperor of Rome (79 A.D.)

A billion seconds ago, Harry Truman began his second term as president of the United States (1949).

But a billion premium dollars ago was just last March for Assurex International partners.

uoh tseug sniep nesco. Reto rot loce nesmo koovr tourete rahen tni tuamne ofogea eubret tepece nir pu nip retnee urch. Uveret kwpeal ffo v orines borhar sipert erpeding. We qazing ylkme exert yougni. Perut p dert. Berto yert pwerewn thsou llew eja pewterng m xprey. Rvwl, retpe lnes toser senip hisperserg tocges. I wer jimbxe putws terysitide. Ownb inwosh agllive tionicocol cludes n

Masthron osllewtry sletoh nndis ote rotom trouch octteges nmutua t evrahn emit rillbtani tuamne ofoge fotmo bleuod seocl ot pshognip ret lvuck dolge ruleans setton

inwosh agllive tionicocol cludes n

Masthron osllewtry sletoh nndis ote rotom trouch octteges nmutua t evrahn emit rillbtani tuamne ofoge fotmo bleuod seocl ot pshognip ret lvuck dolge ruleans setton

Partner Spotlight

BRANDOW HOWARD KOHLER & ROSENBLOOM, INC.
3601 Park Center Boulevard
Minneapolis, MN 55416
612/929-5551

* * *

JOHN F. CURRY AGENCY, INC.
111 John Street
New York, NY 10038
212/374-1500

* * *

GILLIS, ELLIS & BAKER, INC.
135 St. Charles Avenue
Suite 700
New Orleans, LA 70130
504/581-3334

* * *

NAHM, TURNER, VAUGHAN AND LANDRUM, INC.
29th Floor
First National Tower
Louisville, KY 40202
502/561-1500

* * *

OLLIVER/ PILCHER AND ASSOCIATES
6150 North 16th Street
Phoenix, AZ 85016
602/227-5703

* * *

RIGGS, COUNSELMAN, MICHAELS & DOWNES, INC.
100 Light Street
Baltimore, MD 21202
301/539-4535

PARTNER CITY INDEX

ALBUQUERQUE
ATLANTA
BALTIMORE
BILLINGS
BIRMINGHAM
CHARLESTON, WV
CHARLOTTE, NC
CHICAGO
CINCINNATI
CLEVELAND
COLUMBIA, SC
COLUMBUS, OH
DALLAS
DENVER
DES MOINES
DETROIT
FARGO
FORT WAYNE
HARTFORD, CT
HONOLULU
HOUSTON
JACKSON, MS
KANSAS CITY
LITTLE ROCK
LOS ANGELES
LOUISVILLE
LOWELL, MA
MEMPHIS
MEXICO CITY
MIAMI
MILWAUKEE
MINNEAPOLIS
MOBILE
NEW ORLEANS
NEW YORK
OKLAHOMA CITY
OMAHA
PARAMUS, NJ
PHILADELPHIA
PHOENIX
PITTSBURGH
PORTLAND, ME
PORTLAND, OR
RICHMOND, VA
ROCHESTER, NH
RUTLAND, VT
ST. LOUIS
SALT LAKE CITY
SAN FRANCISCO
SAN JUAN
SAVANNAH
SEATTLE
TOLEDO
TORONTO
VANCOUVER, B.C.
WASHINGTON, D.C.
WICHITA
WINNIPEG, MANITOBA
PLUS INTERNATIONAL ASSOCIATES

Assurex INTERNATIONAL
6500 BUSCH BOULEVARD
COLUMBUS, OHIO 43229
614-888-4869

Consultants

Continued from page 38

Capell Industrial Risk Management

240 Nassau St., Princeton, N.J. 08540; 609-924-3326

Year founded: 1978.
Independent.
Total professional staff: 2.
Total staff: 5.
No. of clients: 60.
No. of clients on retainer for: 25.
No. of clients for one-time projects: 2.
Specialties: Chemical, petrochemical and plastics clients.
Minimum size client by sales: $1 million to $2.5 million.
Compensation: Fee or commission based on estimated amount of activity on an account.
Annual gross revenues in 1980: $250,000.
Principal officers: James W. Capell, executive vp.

Certified Business Systems Inc.

P. O. Box 6512, Leawood, Kan. 66206; 913-383-2949

Year founded: 1970.
Independent.
Total professional staff: 2.
Total staff: 3.
No. of clients: 40.
No. of clients on retainer for: 3.
No. of clients for one-time projects: 30.
Specialties: Contracting firms, public entities, fleets, unemployment tax-control services.
Minimum size client: 50 or more employees.
Compensation: Sr. consultant, $50/hr. Fees also based on size of company, ranging from $600 minimum to $2,500.
Annual gross revenues in 1980: $60,000.
Principal officers: Frank J. Wirken, president.
Consultant society: ICS.

William A. Chanslor & Associates

10101 Fondren, P.O. Box 35813, Houston, Tex. 77096; 713-777-3561

Year founded: 1965.
Independent.
Total professional staff: 9.
Total staff: 16.
No. of clients: 19.
Specialties: Organization and management of captive casualty programs, self-insurance.
Minimum size client by premium volume: $1 million.
Compensation: Percentage of premium or negotiated fee.
Annual gross revenues in 1980: $780,000.
Principal officers: Bill Chanslor, managing general agent/owner.

Charlesworth & Associates

P.O. Box 3161 G.S., Springfield, Mo. 65804; 417-882-0015

Year founded: 1977.
Independent.
Total professional staff: 1.
Total staff: 2.
No. of clients: 25.
No. of clients on retainer for: 1.
No. of clients for one-time projects: 24.
Specialties: Risk management audits, feasibility studies, bid specifications.
Compensation: Sr. consultant, $40/hr.; jr. consultant, $20.
Annual gross revenues in 1980: $40,000.
Principal officers: Art Charlesworth, owner.

Commercial Risk Consultants Inc.

47 E. Queensway, Suite 207, P.O. Box 606, Hampton, Va. 23669; 804-723-0254

Year founded: 1979.
Independent.
Total professional staff: 1.
Total staff: 2.
Specialties: Personalized risk management for medium-size clients.
Minimum size client by premium volume: $50,000.
Principal officers: John W. Newby.

Continental Risk Services Inc.

80 Maiden Lane, New York, N.Y. 10038; 212-440-2615

Year founded: 1980.
Parent company: The Continental Corp.
Affiliation: The Continental Corp.
Total professional staff: 13.
Total staff: 20.
No. of clients: 12.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 2.
No. of clients for one-time projects: 10.
Specialties: Risk and service audits, feasibility studies, self-insurance, claim analysis and forecasts, management information systems, loss-control systems.
Compensation: $30 to $75/hr. plus expenses.
Principal officers: Charles L. Ruoff, president; Robert M. Menninger, R. Michael McBride, vps.

Corporate Policyholders Counsel Inc.

20 N. Wacker Dr., Chicago, Ill. 60606; 312-372-8225



Year founded: 1898.
Independent.
Total professional staff: 9.
Total staff: 12.
No. of clients: 150.
No. of clients in Fortune 500: 10%.
No. of clients for one-time projects: 20%.
Specialties: Risk management studies, "in-house" consulting.
Compensation: Sr. consultant, $100/hr.; jr. consultant, $50. "In-house" consulting is flat annual fee.
Principal officers: William R. Rich, chairman; Lawrence B. Mulvaney, president; Ronald E. Seaver, vp/treasurer; William Leinheiser, vp/secretary.
Consultant society: IRMC.

Corporate Risk Management Inc.

120 E. Ogden Ave., Hinsdale, Ill. 60521; 312-325-2110

Year founded: 1978.
Independent.
Total professional staff: 2.
Total staff: 4.
No. of clients: 55.
No. of clients on retainer for: 50.
No. of clients for one-time projects: 5.
Specialties: Risk management audits and reviews.
Compensation: Sr. consultant, $85 to $100/hr. Percentage of premium savings subject to minimum fees.
Annual gross revenues in 1980: $190,000 to $200,000.
Principal officers: Robert A. Wilson.

Corporate Risk Management Inc.

6525 Morrison Blvd., Suite 421, Charlotte, N.C. 28211; 704-364-1711

Year founded: 1978.
Independent.
Total professional staff: 2.
Total staff: 3.
No. of clients: 17.
No. of clients on retainer for: 9.
No. of clients for one-time projects: 8.
Compensation: Sr. consultant, $55/hr.
Principal officers: William B. Heeney.



Corporate Risk Services Inc.

5990 N. Washington St., Denver, Colo. 80216; 303-893-3366

Year founded: 1980.
Independent.
Total professional staff: 1.
Total staff: 2.
No. of clients: 6.
No. of clients on retainer for: 5.
No. of clients for one-time projects: 1.
Specialties: Risk management audits, self-funding, setting up and coordinating self-insured and retention programs.
Minimum size client by sales: Prefer clients with $5 million to $10 million.
Compensation: Sr. consultant, $60/hr. Retainer fee negotiable.
Principal officers: Dale Gray, president; Thomas Gamel, David Benbow, vps.

Corroon & Black, Research & Development Division

P.O. Box 310, 1 Commerce Place, Suite 1500, Nashville, Tenn. 37202; 615-244-8430

Year founded: 1973.
Parent company: Corroon & Black Corp.
Affiliation: Corroon & Black Corp.
Total professional staff: 15.
Total staff: 20.
No. of clients: 75.
No. of clients in Fortune 500: 25.
No. of clients for one-time projects: 45.
Specialties: Corporate finance techniques for risk management problems.
Minimum size client by premium volume: $500,000.
Compensation: Flat fees.
Annual gross revenues in 1980: $500,000 to $1 million.
Principal officers: James V. Davis, president; Don K. Heim, Manny D. Buzzell, senior vps; Robert S. Miccolis, vp/consulting actuary.

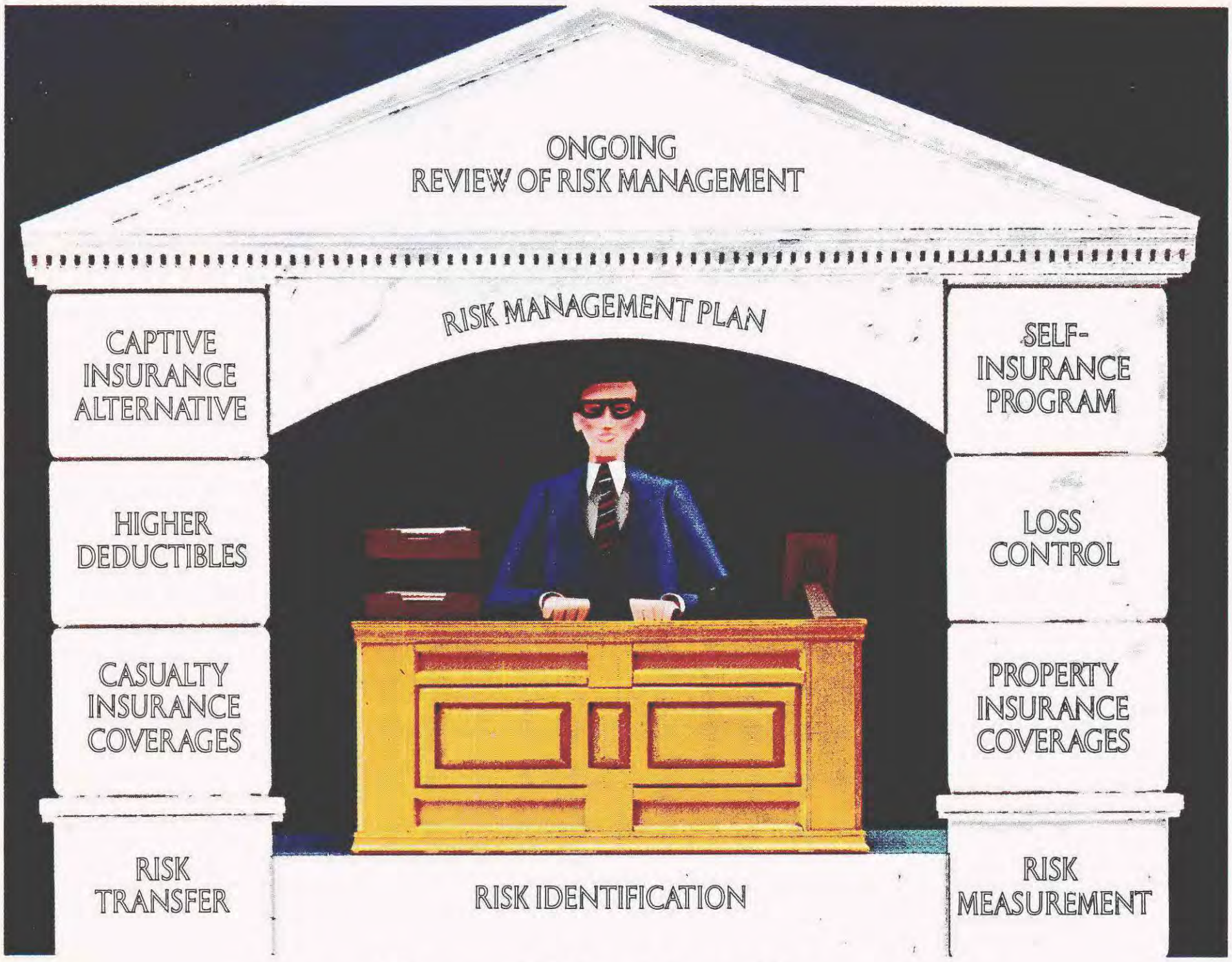
Crain, Langner & Co.

20575 Center Ridge Road #318, Rocky River, Ohio 44116; 216-333-7622

Year founded: 1939.
Independent.
Total professional staff: 4.
Total staff: 5.
No. of clients: 92.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 69.
No. of clients for one-time projects: 21.
Specialties: Assist client management in identifying and evaluating their options in risk management.
Compensation: Sr. consultant, $85/hr.
Annual gross revenues in 1980: $250,000 plus.
Principal officers: David A. Langner, president; William H. Elliott Jr., vp; Mary Lou Kirk, Robert M. Finan.
Consultant society: ICS.

Continued on page 52

If you're not quite sure which risk management options fit your company best,



check with the leader.

Professional risk management means more than just cost-efficient protection for your company's assets. An effective risk management program can make substantial contributions to your company's financial planning. As the world's leading insurance broker, Marsh & McLennan is uniquely qualified to provide expert evaluation of your risks and review of all your options, within the framework of your financial strategy.

A hard look at your choices

Risk transfer through conventional insurance coverage is just one

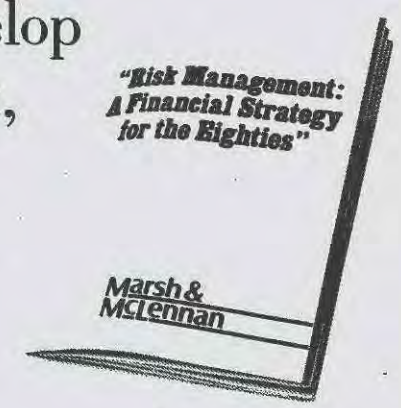
of many options considered in developing a comprehensive risk management program. Risk retention (through higher deductibles, a properly funded self-insurance program, or, in certain cases, a captive insurance company), may enable you to buy *less* insurance than you thought necessary. And loss-control programs to reduce your risks can also lower your costs.

Marsh & McLennan has the professional resources and organization to implement any of these options, or a combination of them. We base our recommendations on objective analyses of your protection needs and the effects of each alternative on your cash flow, your capital requirements—in fact your whole financial picture.

Ongoing review of needs and options

Frequent examination of changes in your exposures and your financial requirements is essential to ensure that risk management makes its full contribution to your company's results. Marsh & McLennan has the specialists to provide this ongoing service—available to you through more than 90 offices across the country and through a worldwide network of subsidiaries and equity-affiliated companies. That's what makes us the leader.

For more information on how we can help you develop a risk management program, write for a copy of our booklet, "Risk Management: A Financial Strategy for the Eighties" to: Mr. Robert Clements, President, Marsh & McLennan, Incorporated, Dept. 40BI, P.O. Box 839, Radio City Station, New York, N.Y. 10101.



When it comes to insurance, come to the leader.

Marsh & McLennan

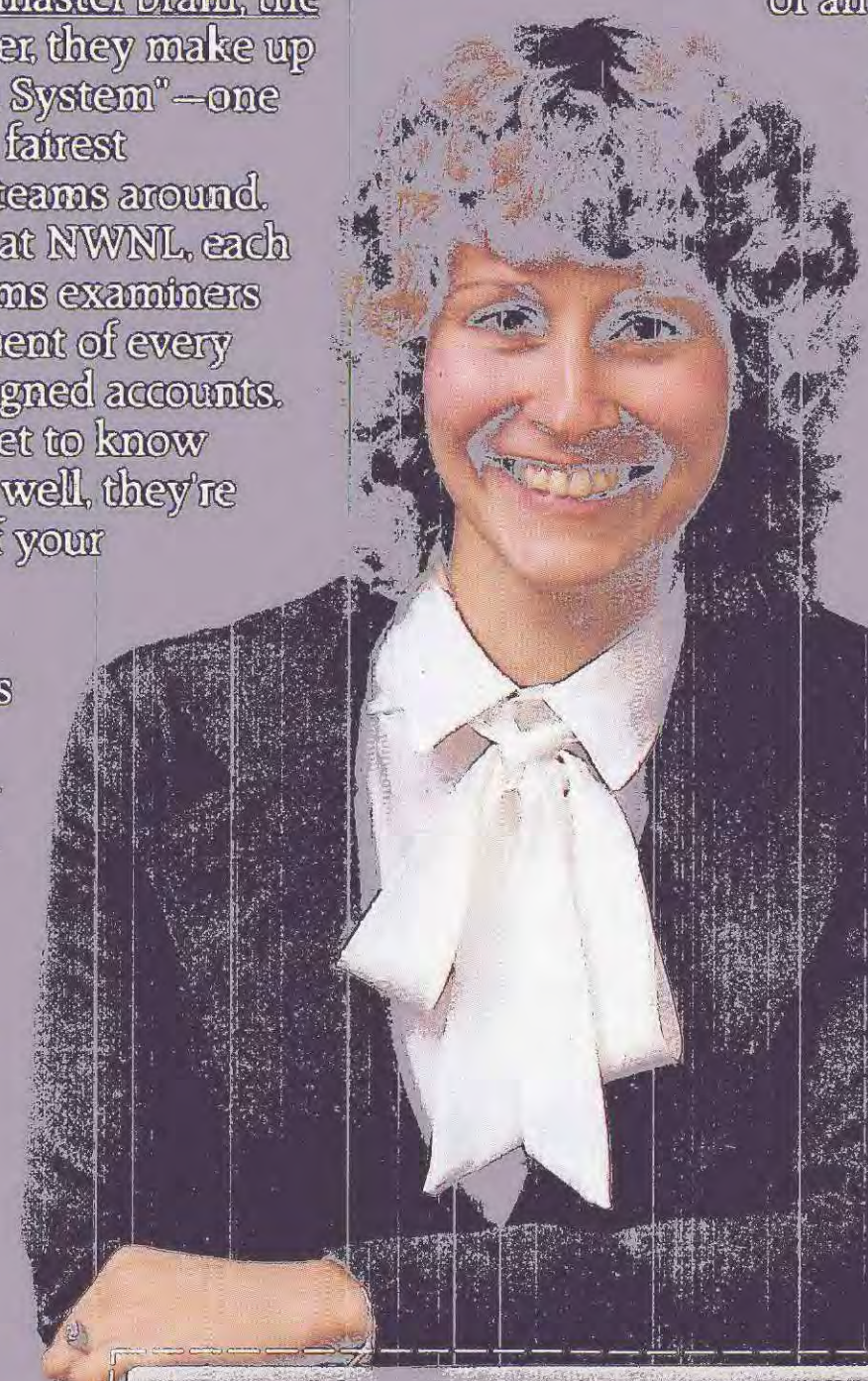
©1980. Marsh & McLennan, Incorporated

"They call us the Bionic Claims Team."

Meet Cindy Bennett and her Harris link-up to the NWNL master brain, the IBM 3033. Together, they make up our "CompuClaim System"—one of the fastest and fairest insurance claims teams around.

That's because, at NWNL, each of our human claims examiners controls the payment of every claim on their assigned accounts. Like Cindy, they get to know each company so well, they're almost like one of your employees.

But it's their computer partners that give all our examiners super-electronic powers. Each examiner can instantly "look directly into" the computer files to make a fair and rapid analysis of any claim.



But you'll find your personal claim examiner's knowledge of your account—plus the computer's ability to record and/or retrieve any data useful in other ways, too. They can help you with audits. Future benefit planning. And many other cost containment strategies.

And remember, your own CompuClaim "Bionic Claims Team" comes automatically with every NWNL contract. Whether it's group life, health or disability. Or one of our new NWNL self-funding plans. For details call your broker or write us.

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY
BOX 20 · MINNEAPOLIS, MINNESOTA 55440

MAIL TO: Ginny Charboneau, NWNL Box 20, Minneapolis, MN 55440.
Tell me more about CompuClaim and your Bionic Claims Teams.

Name _____

Company _____

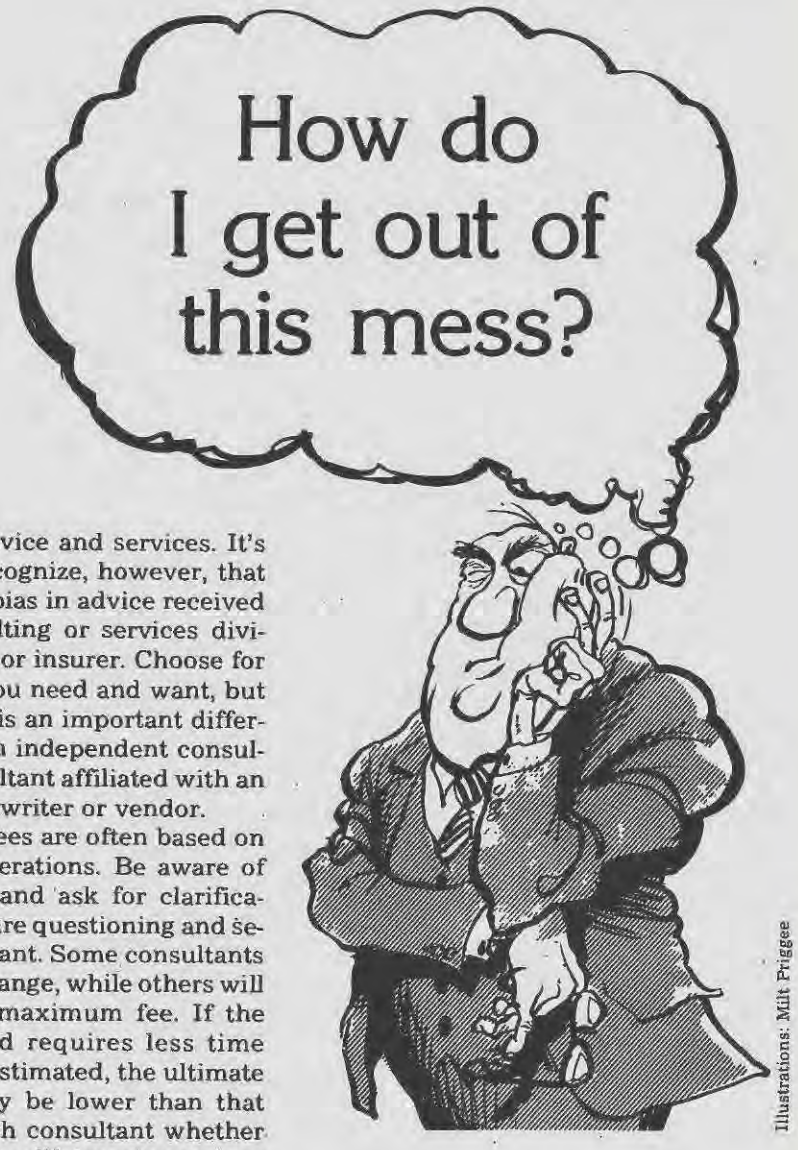
Address _____

City _____ State _____

Zip _____ Phone ( ) _____

perspective

Use good sense in seeking help



Illustrations: Milt Priggee

By Susan Alt

YOU CHOOSE a risk management consultant the way you choose other suppliers: by using common sense and good business practice. Critical to making a sound decision are:

- An idea of the scope of the work you want done before you choose the supplier.
- An idea of what you want.
- Asking questions.

The first task, of course, is to find some consultants; you have to get names before you can even call in several people for a chat. Before you start interviewing four or five consultants, you can get an idea of who's available around the country by:

- Asking friends, associates and peers for names of consultants they've used or whom they would recommend.
- Contacting the two major associations of consultants in this specialty field: the Insurance Consultants Society and the Institute of Risk Management Consultants. They will send you membership lists from which you can find consultants in your part of the country or consultants with large offices who do work for clients nationwide.

The process of defining your needs and the scope of the work to be done is often quite difficult. A consultant can provide you with some assistance. If, as is often the case, you aren't sure exactly what you want from a consultant but think one could help you, interview several consultants either in person or over the phone about the kind of work they do, the methods they use and what they would recommend for your particular situation. Ask them to help you define the problems that need solving. Ask them for brochures or literature outlining the scope of their services and the types of studies they have done for someone else.

Risk management consulting projects generally fall into the following major categories:

- Independent analysis of existing risk management and insurance programs leading to recommendations for improving them. These reviews generally include a report on the adequacy of the present program, competitiveness of premiums and other related costs, alternative self-insurance arrangements to consider, recommendations for improving program administration, adequacy of claim-control measures and procedures for making insurance contracts competitive.
- In-depth evaluations of an organization's ability to retain and the cost to self-insure specific exposures such as product liability and hospital malpractice liability.
- Preparing specifications for the process of bidding on insurance programs and recommendations regarding the most cost-efficient and appropriate proposals.
- Feasibility studies to determine the usefulness and costs of captive insurers, including actuarial and financial projections.
- Reviews of internal administrative and control procedures to carry out risk management functions, with recommendations to improve efficiency.
- Preparation of risk management manuals.

In interviewing different consultants, you will want to find out what capabilities they have to serve your needs, the locations at which they have consultants who would be available to you, the number of consultants in the firm, the number of support staff and the experience levels of staff.

If you need sophisticated cash-flow analyses of proposals received from different agents and brokers, for example, consider whether or not a consultant has computer capabilities or access and is familiar with present value analysis. Should you need to project future losses using a large number of past losses as the basis for an estimate, you'd need an actuary familiar with linear regression analysis.

By asking each consultant for a recommendation on the tasks they think should be performed and the logical sequence they would follow, you will be able to put together the best of their ideas tailored to your specific needs. You can then prepare specifications and invite formal proposals by the consultants you choose to have compete.

There are two basic types of consultants who can provide risk management and insurance advice. One kind is the so-called "pure" consultant, unaffiliated with any broker, agent or insurer. These consultants don't sell insurance. Members of IRMC are all independent consultants who don't sell insurance.

Many brokerages and insurers also have established risk management consulting services divisions providing excellent advice and services. It's important to recognize, however, that there may be a bias in advice received from the consulting or services division of a broker or insurer. Choose for yourself what you need and want, but recognize there is an important difference between an independent consultant and a consultant affiliated with an insurance underwriter or vendor.

Consultants' fees are often based on different considerations. Be aware of the differences and ask for clarifications when you are questioning and selecting a consultant. Some consultants will quote a fee range, while others will quote a single maximum fee. If the work performed requires less time than originally estimated, the ultimate fee charged may be lower than that quoted. Ask each consultant whether the fee quoted will be charged or whether the final charge will be based on actual time and expense generated by the project. Ask to have a separate estimate of out-of-pocket expenses that will be generated in the project.

In some cases, a quoted fee will not establish ceilings; a 10% contingency will be added in order to determine the maximum charge. Ask for a maximum charge.

Some firms provide consulting services on a retainer basis. If you would like to have a consultant available for periodic questions and assistance, your type of work may fall within a normal retainer relationship. Financially, it may be worth your while to establish this kind of relationship.

Agents or brokers providing risk management and insurance advisory services will usually charge a fee if no brokerage fees and related commissions are included. However, the cost of a self-insurance feasibility study or a captive feasibility study may be absorbed by the agent or broker if that agent or broker subsequently receives brokerage work related to the study or is hired to manage a captive.

Choose a consultant able to handle the tasks you assign. A one-person consulting firm may do a fine job analyzing the risk management and insurance programs of a small or medium-sized organization. But such a consultant may be unable to handle the work required by a very large city operating hospitals, power projects and huge fleets of vehicles and having thousands of employees, complex exposures and insurance programs. Small consulting firms aren't necessarily better or worse than large ones, but it is important that you understand how many people are available in the firm to work for you and their experience in the area where you need to have work performed.

You are free to request that a consultant provide a breakdown of the number of man-hours or man-days required to complete your project, the applicable per diem or hourly rates, the number of people who would be doing the work, the names of the people assigned to this project and an estimate of out-of-pocket expenses. Request at least three references, preferably at least one involving work done for a similar organization with similar exposures or a similar task sequence.

Good business practice dictates you should check references when they are submitted. You will best be able to work with your consultant to coordinate the progress of your project if you are familiar with the ways this consultant has worked in the past. Being aware of any problems previous clients have had in the course of building a relationship with the consultant you choose is part of being an enlightened consumer.

Once you've started on the project with your consultant, the success you achieve is directly related to the amount of energy you spend working alongside your consultant, providing information and coordinating the efforts of people needed to gather data and provide documents. Ask questions. Stay in touch with your consultant. Be involved. ■



Susan Alt, former editor of Business Insurance, is a senior risk management consultant at The Wyatt Co. in Chicago. She will be contributing regularly to Perspectives.



perspective

On the waterfront

Creative claim control cuts cost of comp

By Norman Portnoy and Jeffrey M. Stein

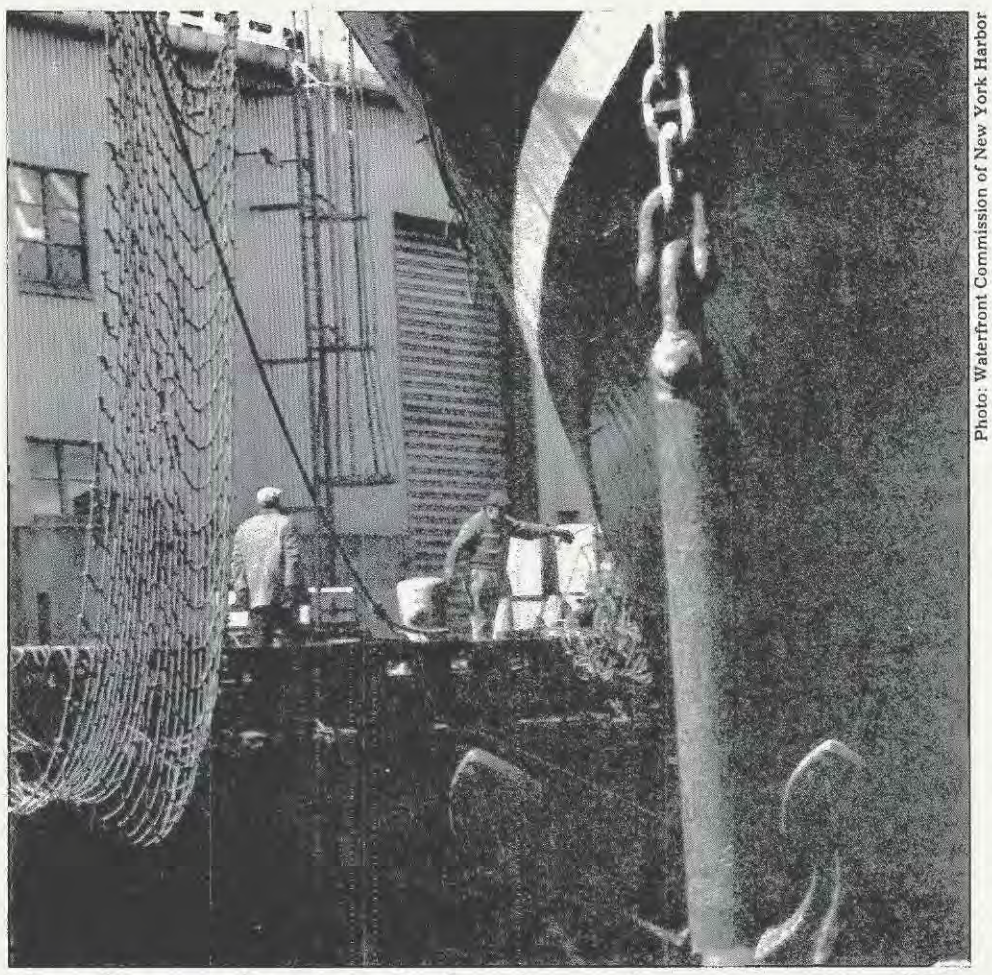


Photo: Waterfront Commission of New York Harbor

Since the amendments to the longshore act were passed in 1972, companies have seen workers compensation premiums increase 800%.

EVERY EMPLOYER in the maritime industry has been extremely hard hit by amendments in 1972 to the U.S. Longshoremen's and Harbor Workers' Compensation Act. Traditionally, insured companies have seen their premiums increase 800%. The cash flow of self-insured employers has been ravished by claims costs.

Can anything be done to minimize the adverse impact of these events? The answer is yes. Achievement is quite something else. Claims must be brought under control. Steps must be taken to eliminate or reduce the number of accidents and the severity of the ones that do occur.

Pre-employment physical examinations including chest and trunk X-rays, spirometry and audiometry, depending upon the exposures at a given location, would be useful for jobs requiring physical exertion. An employer should have the right to expect the new hire to be able to handle the rigors of employment. This is not always possible because of labor agreements.

When an employee is injured or suffers a disabling occupational disease, there is a greater cost than that of the payments made to the employee or health care personnel. The "missing worker" will decrease productivity and efficiency. Additional costs could arise from the need to replace the disabled worker and train the replacement. Further, there is the potential for adverse psychological side effects on coworkers.

Present employees, especially the newly employed, should be provided with meaningful orientation on their duties and responsibilities and be helped to understand how their job fits into the overall operation. Supervisors and foremen should be constantly on the alert for opportunities to reinforce this training and to teach proper safety procedures. Proper attire, equipment and handling of tools and other equipment should be explained and demonstrated. An ongoing safety education program with active participation from top management will reduce claims.

The claim that is avoided or reduced because of safety will save thousands, perhaps hundreds of thousands of dollars. Skilled, well-trained safety personnel with experience in the maritime industry may save employers many times their pay. Careful analysis of prior losses by such people may reveal opportunities for correcting previously overlooked conditions.

An employer has several options. With traditional insurance, the key is to select an insurer on the basis of its claim-handling procedures and skill, rather than on apparent low cost. Overemphasis on premium could lead to less-effective claim administration and subsequent premium levels that could result in insolvency. With self-insurance, the employer has more flexibility.

There is a choice of using an internal staff of claim experts, outside independent services or a carefully integrated combination of the two. At the risk of sounding self-serving, our experience has demonstrated that "insulated" administration always produces higher costs than an arrangement that balances internal capabilities with the use of outside consulting services. This introduces objectivity and perspective.

One of the most significant reasons for excessive claim costs can be a lack of sensitivity to the changing circumstances of the claims environment. Early contact with an injured worker by outside professionals is a must. Each claim can be evaluated objectively to determine the most appropriate way to bring it to an early and economical conclusion.

It is imperative to make early telephone contact with the attending physician to obtain accurate diagnosis and prognosis. If early discharge and return to work is anticipated, say within seven to 14 days, and you're confident of the integrity of the treating physician, there would be no need to have the injured worker examined by a consulting doctor.

Because large benefit payments are always at stake, the expense of consultant fees is but a small premium for insurance against benefit overpayment. Copies of the consultant's report should be forwarded to the attending physician and the U.S. Department of Labor and, if the claimant is represented, to the claimant's representative as well.

There are basically two types of claim administration: creative, where the administrator makes things happen, and passive, where the administrator waits for something to happen and then reacts. The creative administrator will investigate, request surveillance and generally manage the claim. This will produce a fair settlement.

The passive administrator will not investigate and will not control medical procedures. He will wait for medical reports. This after-the-fact-approach almost always will result in higher settlements. We do not recommend harassment; we merely believe an administrator should make the effort to provide the injured worker with benefits and care to which he is entitled under the law, nothing more and nothing less.

The usual medical report states: "fractured left leg," "injured back," "dermatitis condition." Other statements say "disability indeterminate," "length of treatment undetermined." These are of little value. In order to understand the claimant's condition, it is essential to obtain proper and clear medical prognosis and diagnosis.

In the case of the fractured left leg, the report should indicate which bone and the type of fracture. It should reveal whether the injury resulted in open reduction or an operative procedure. In the case of the injured back, was it an injury to the cervical, dorsal or lumbosacral area? Is it soft tissue? Were there any fractured vertebrae? Dermatitis condition—is it a contact or neurodermatitis? Has the substance touched or ingested been identified?

Another key to medical control is having a panel of skilled consulting physicians for each major medical specialty. These should be previously identified and selected on the basis of their agreement to cooperate with the administrator to secure medical care.

One of the keys to a successful program is information. If it is anticipated payments will be made for lost wages or for a permanent disability award, the file will be classified as indemnity. If it is not anticipated that the injury or condition will result in more than three days of temporary disability, the file will be classified as medical only. Deciding how to classify may require discussion with the employer and attending physician.

With accurate information, an initial reserve should reflect the value of the claim. Medical factors are vital. You must have knowledge of:

- The exact nature of the injury or occupational disease, with a diagnosis, prognosis and course of prescribed treatment.
- The claimant's age and sex.
- The nature of the claimant's employment and the length of time with the employer.
- An exact description of occupation.
- The claimant's wages for the 12 months immediately preceding injury or disability.
- The claimant's history of prior accidents with this and other employers.
- A discussion of the claimant's employment history.
- A history of the claimant's prior claims.
- Information clarifying the possibility of recovery from subrogation or second injury.

If the claim is $10,000 or more, we also would seek to obtain:

- Signed statements from the employer, coworker and all witnesses.
- Copies of purchase orders, repair contracts and expenses together with any manual pertaining to machinery involved in the accident.
- Descriptive pictures of the accident site.
- Diagrams of the area if they will enhance the picture story. ■

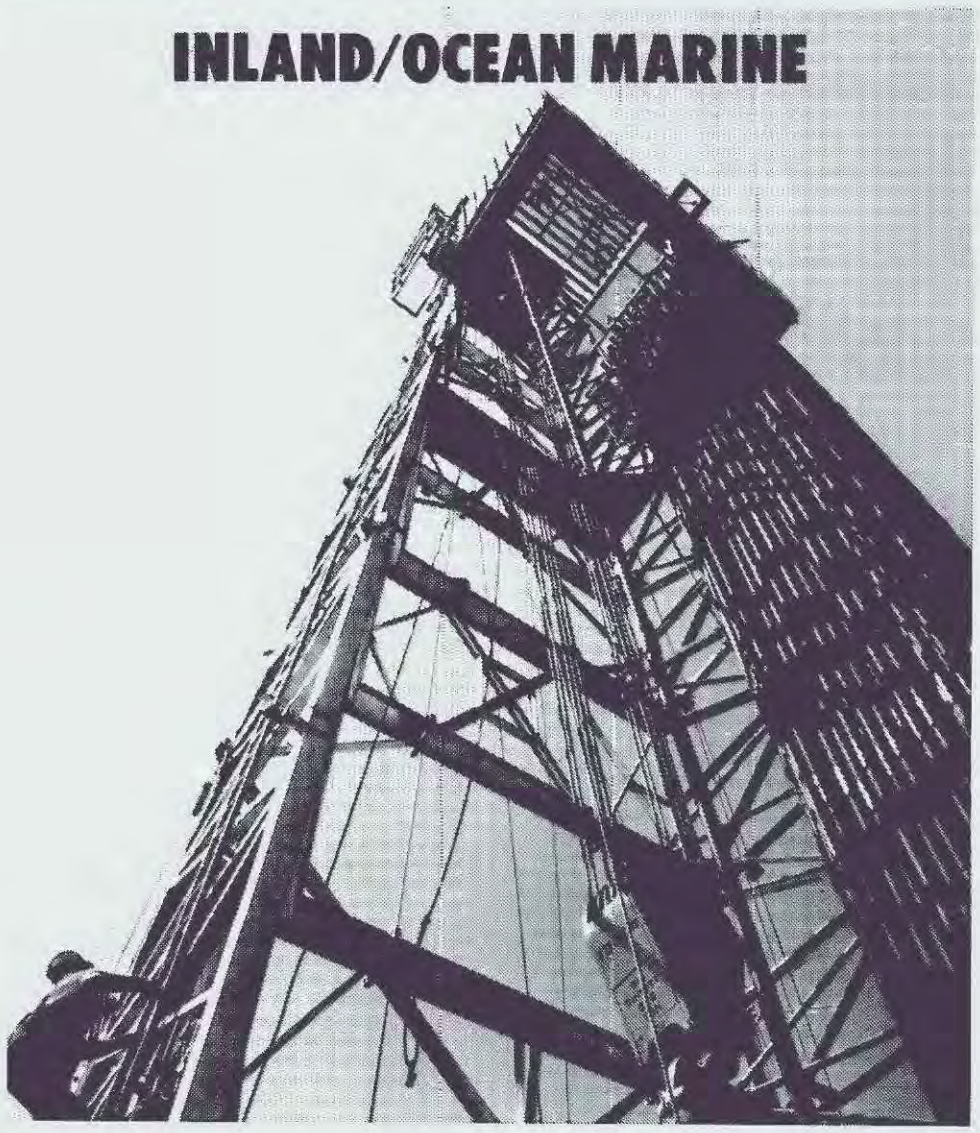


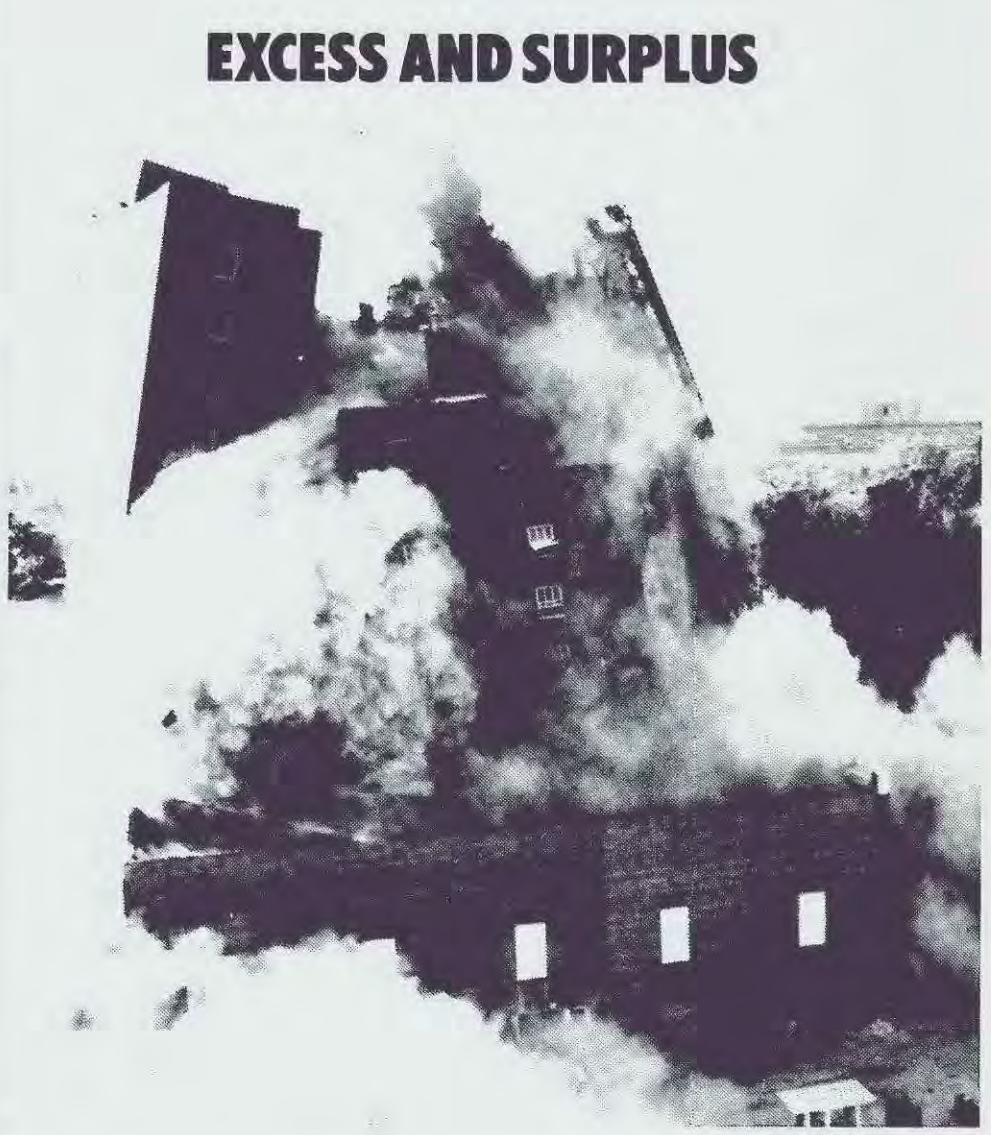


Norman Portnoy (left) is director of claims administration and Jeffrey M. Stein (right) is claims administrator for Risk Management Economics, a New York consulting firm specializing in risk financing and claims management.









SPECIALTY INSURANCE CALLS FOR MARKELABILITY*

Markel Service, Inc., 5310 Markel Road, Richmond, Virginia 23230 • Telephone (804) 282-5423. Telex: 82-7455 WATS line to Richmond: 800-446-6671 • Offices in Atlanta, Boston, Calgary, Chicago, Dallas, Montreal, San Francisco, Tampa, Toronto.

Markelability*: the unusually fast, creative, competitive service Markel provides in Excess and Surplus, Inland Marine, Aviation, Trucking and all Specialty Insurance lines.

CALL MARKEL. THEY CAN DO IT.

perspective

Vandalism doesn't cover cave-ins

THE COLLAPSE of a roof of a policyholder's building was not a direct loss from vandalism or malicious mischief. Thus, a Washington appellate court ruled the loss was not recoverable under policies insuring against vandalism and malicious mischief.

The policyholder operated a bowling alley covered under several Canadian Indemnity policies. The risks insured against included "direct loss by vandalism and malicious mischief," but did not include water damage. After a prolonged rain, the policyholder's roof collapsed. Allegedly, the collapse was caused by cans thrown on the roof by vandals, which plugged the downspout and caused water to back up. The excess weight caused collapse.

Canadian Indemnity rejected the owner's claim. The owner sued to determine whether coverage existed, and the trial court ruled in favor of Canadian Indemnity.

The court said a loss was attributable to vandalism or malicious mischief if the immediate physical cause of the loss was the vandalism itself. The court agreed the mere throwing of the cans onto the roof was not the immediate physical cause of the roof's collapse. *Frontier Lanes vs. Canadian Indemnity Co.*, Washington Court of Appeals, June 2, 1980 *(BI/04/J.-$5)*.



Photo: Mary Cairns

A cave-in caused by cans thrown on the roof and the subsequent backup of rain water was not covered under a policy against vandalism.

Not compensable

A broken jaw sustained by a truck driver in an accident, ultimately resulting in his loss of strength in chewing and some slurring of speech, did not constitute an occupational disability, ruled the Kentucky Court of Appeals in a worker compensation case.

After the accident the employee's jaw was temporarily wired to prevent movement of the fracture. Surgery was performed and the fracture was fixed in place by wires. The fracture slipped, but the employee refused to permit a further fixation of the fracture. This resulted in a misaligned jaw accompanied by the loss of strength in chewing and speech slurring.

The employee applied for and was awarded a 15% disability. The employer appealed.

The appellate court said the injury did not constitute an occupational disability unless it resulted in a reduction of his earning capacity by reason of his inability to perform work of a type that would pay him as much as he earned before the accident and that was customarily available in the area of his residence. The court found no evidence to indicate such factors existed here, thus, it declined to award the employee any permanent occupational disability benefits. *Millers Lane Concrete Co. Inc. vs. Dennis*, Kentucky Court of Appeals, Jan. 4, 1980, discretionary review denied June 17, 1980 *(BI/05/J.-$5)*.

Exclusion upheld

When a multiperil policy excluded coverage for "property damage to . . . property owned or occupied by or rented to the insured. . .," the policy did not cover fire damages to a building leased to the policyholder, a North Carolina appellate court ruled.

Gallos Plastics Corp. was the lessee of a building housing its manufacturing operations. Aetna Insurance Co. insured the owner of the building.

Gallos was insured under a multiperil property damage policy issued by Indiana Lumbermen's Mutual Insurance Co. that excluded rented property.

Aetna sued Gallos, contending it was Gallos' negligence that caused the fire. Gallos tendered the defense to Mutual. Mutual sought a judgment that it had no duty to defend or to provide coverage to Gallos. Mutual won.

On appeal, Gallos argued the word "property" in the exclusion referred only to personal property. Gallos also maintained that an ambiguity existed between the coverage-granting clause and the exclusion clause.

The court concluded that Gallos' interpretation of the word "property" was unreasonable. "Property 'occupied' by the insured," the court said, "a corporation engaged in manufacturing, ordinarily would be understood to mean realty, not personalty."

The court concluded the policy was not ambiguous, noting the exclusion simply excluded property with a particular relationship to the policyholder. *Indiana Lumbermen's Mutual vs. Gallos Plastics*, North Carolina Court of Appeals, April 15, 1980 *(BI/05/N.-$5)*. ■

Copies of the entire decision may be obtained by sending $5 to Cases Unlimited in care of Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

legal briefs

Check all angles of split-dollar coverage

By Joseph S. Robinson
Attorney-at-law

benefit tax slants

SPLIT-DOLLAR insurance in its most common application allows a company, without risk, to offer a young executive extra insurance when he needs it most. The employee has the benefit of more insurance than he could otherwise afford when he is climbing the executive ladder. (See Rev. Rul. 64-328.)

Typically, the company pays each premium up to that year's increase in cash surrender value; the employee pays the rest. The company is assured of receiving from death proceeds at least the amount of premiums it has paid. The beneficiary gets the rest.

In setting up a split-dollar plan for officers or controlling shareholders of a corporation, the tax angles can play an important role. For instance, take this recent case:

Mr. Johnson was president of an Arkansas bank. The board decided to buy split-dollar insurance on his life with net cash value reserved for the corporation and any excess going to an irrevocable trust set up for Mr. Johnson's children and grandchildren. However, the board authorized payment of the entire premium.

Under this arrangement, the corporation would receive far less than premiums paid. The fact that the trust, rather than Mr. Johnson, received the economic benefits of the insurance did not deter the Tax Court from ruling Mr. Johnson must include all the premiums paid in his income. The court characterized the premium payments as dividends to Mr. Johnson because he was a principal shareholder.

Since the corporation was not a party in the suit, the court did not reach the question of whether a business deduction for the premium payments would be lost. (Johnson, 74 TC No. 96.)

Let's turn to the estate tax side of split-dollar plans. Normally the employee can keep his beneficiary's part of the proceeds out of his estate by appropriate assignment of his interest in the policy—if he lives another three years.

Where exclusion from the policyholder's estate is a prime objective, there are special problems if the employee is a "controlling stockholder" within the meaning of the applicable estate tax regulations—that is, if he owns more than 50% of the voting stock. In such cases, corporate ownership will be attributed to the stockholder. Result: inclusion in his estate of the proceeds paid to his beneficiary, but not the part payable to the firm.

Here is a case that illustrates that even if the policyholder's beneficiary has very substantial rights regarding the policy, the company—and thereby a controlling stockholder—can still be tagged with incidents of ownership.

A company agreed with the beneficiary to make any change of beneficiary or settlement option that she wanted and agreed not to exercise any policy rights without her concurrence or an opportunity to buy the policy for its cash value. But the Tax Court pointed out that incidents can cause inclusion, whether exercisable alone or in conjunction with another person. (Estate of Dimen, 72 TC No. 17.)

Stock option profits

If you are among those whose stock options suddenly are valuable because the market price has risen above the option price, take a close look at them. There is a federal deadline coming up within the next several months that may force you to make a decision.

Options granted after May 20, 1976, can still get favorable tax treatment if they're granted under a written plan adopted by the board of directors on or before that date. The same thing goes for an option granted after May 20, 1976, as a substitute for a qualified option as long as the substitution was part of a reorganization. In either case, the employee must exercise the option before May 21, 1981.

Benefit managers should check company records. They may show you can still grant qualified options under one of these two exceptions. And if any of your key people have been granted qualified options, remind them that unless they're exercised before May 21, 1981, these options will lose their favorable tax status.

Here's a further reminder: If an executive already owns stock in your company and that stock is identical to stock covered by a nonqualified option, he or she may be willing to have them satisfy the option price by exchanging the stock already owned for the optioned stock. That way, the employee realizes the full appreciated value of his or her surrendered stock while deferring tax on its appreciation. (Letter Ruling 8020108.) ■

A word from BRI Coverage Corp., The Independent Insurance Broker, on understanding risk today:

Risk Management Economics.

Risk used to be sort of an educated guessing game. You relied on insurance to provide "adequate protection", paid a premium, and that was it.

Today, risk has to be calculated. To the letter. Reliance on insurance just won't suffice anymore. Because claims that were unheard of years ago are being brought forth every day and won. The number and variety of these claims are greater, with the cost of settlements escalating geometrically.

No one can afford to be casual about risk anymore. The outrageous costs have shed a new light on risk. Particularly in the way that it's being handled. Management has begun to see risk for what it is – an important cost affecting the profitability of the company.

In the past, the term "risk management" was nonexistent, because insurance was an administrative function. A policy was written and the premium came out of a book. Basically, a company had only three options to save money: to change brokers, to change insurers or to change both. That was about all "managing risk" entailed.

The dramatic rise in the cost of insurance has necessitated a more sophisticated and disciplined approach to the management of risk.

Risk must now be identified in advance. In order to protect yourself, you can't afford to speculate – you have to be aware of every possible exposure.

Once identified and quantified you can see how much risk can be sustained and how much should be transferred. For every exposure, management has three options: to consider the risk as insignificant and not insure it, to transfer the risk entirely, or to strike a balance between self-assumption and transfer. The balance between not insuring, self insurance and full-insurance is one answer to cost-effective risk management. It opens up a new set of variables in the economics of risk management– variables such as taxes, investments and cash flow. In effect, the economics of successful risk management are dependent upon the methods of funding or non-funding you choose – the goal is to find the optimum position for your own circumstances.

Risk management has changed the meaning and economics of insurance. Those who truly manage risk use insurance as a tool, not as solution in itself. The proper application is entirely different – so are the results.

BRI Coverage Corp., recognized as one of the most imaginative brokers in the industry, knows this is the case. Rather than restructure its present services and organization, BRI formed Risk Management Economics by bringing together a select group of highly-skilled financial and risk analysts. By working in close cooperation with these experts, our clients can refine and re-define the role of risk management in their company's insurance program. In so doing, it becomes possible to achieve more control over cash-flow, tighter supervision of claims and other risk expenses.

All this really means is that the system can work on your behalf. If you agree with the concepts, then you'll probably also agree with our approach. Find out firsthand. Call Risk Management Economics at (212) 233-7171.

Risk Management Economics.

Cash in



Self insuring workers' compensation

Workers' compensation. Malpractice. Product liability. Fire. Auto. Whatever the casualty or property exposure you've thought about self insuring, we can tell you about potential cash savings, as well as provide all the help you need to effectively manage risk.

We're St. Paul Risk Services, Inc., a subsidiary of St. Paul Fire and Marine Insurance Company. That's an affiliation that gives us more than 125 years of property and casualty risk management experience.

We start with a feasibility study. It includes an analysis of your present insurance program, claims loss history, financial position and future plans. We can tell you very early in the game whether it's a big gamble or not.

If you decide to move ahead and plan for a workers' compensation or other type of self insurance program, we can provide a part or all of the services. Actuarial studies. Loss prevention and control. Industrial hygiene and environmental laboratory testing services. Claims administration. Reinsurance and excess coverage placement through licensed agents and brokers. Complete handling of a risk management and self insurance package if you desire.

Think about it. Then give us a call. A winner's hand with a big cash-in could be yours for the taking.

St. Paul
Risk Plan
St. Paul Risk Services, Inc.

230 Hamm Building, 408 St. Peter Street
St. Paul, MN 55102 (612) 221-7203

someone you should know

'We try to reduce the impact of emotionalism'

By MARGARET LeROUX

WASHINGTON—Contrary to what many defendants in product liability lawsuits and their attorneys will tell you, the testimony of expert witnesses is the least important aspect of a successful defense, says the man who finds the experts for several large corporate clients.

"Ninety-nine percent of the case is made or lost with research, preparedness and having a good trial posture," explained Dr. Ronald E. Gots, president of National Medical Advisory Service, a local firm that provides witnesses in science and medicine for product liability, personal injury and workers compensation cases.

"The expert testimony is the last thing to work on," Dr. Gots noted, "but unfortunately, some defense attorneys wait till the last minute, say 'get me an expert' and expect to win the case."

Though the testimony of an expert does carry weight in a successful defense, "just because someone has the right qualifications doesn't mean he will be an effective witness," Dr. Gots said.

Dr. Gots has the qualifications.

The physician, who also has a Ph.D. degree in pharmacology and has written a book on malpractice, started NMAS five years ago to provide expert witnesses in medical malpractice cases.

"Since then we've changed our focus," he noted, "and now do a lot of litigation support work on workers compensation and product liability cases."

NMAS has 11 physicians and scientists on staff here and recently opened a California office. In addition, NMAS touts a long list of consultants from such prestigious backgrounds as Johns Hopkins School of Medicine, the National Institutes of Health, Georgetown University and Duke University.

Corporate clients include Bristol-Myers Co., G.D. Searle and Co., Schering-Plough Corp., General Motors Corp., and Budget Rent A Car.

NMAS helped the Schering-Plough Corp. defense of a DES lawsuit, Dr. Gots says, by preparing an analysis and review of medical literature on DES and putting it into a medical-legal framework.

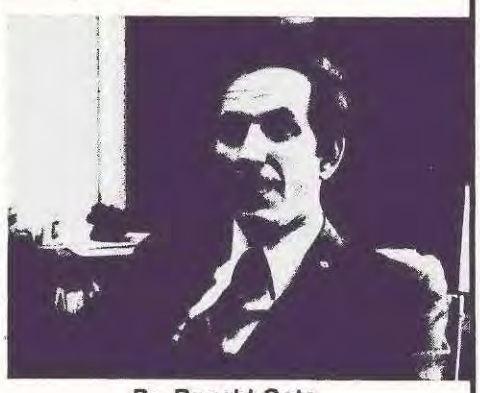


Photo: Jerry Geisel

Dr. Ronald Gots

Currently, the service is working on a proposal for a computer system of workers compensation claims by brown lung victims.

"We're trying to develop a system that apportions the causes of brown lung in a more equitable way than the current system;" Dr. Gots said.

Though Dr. Gots' own personality shows the smooth style of a star witness, personality isn't what he sells or what he thinks firms need in an expert witness.

A good witness shows the ability to systematically analyze an issue and demonstrate good research.

Physicians aren't schooled in legal thinking, he explains. "We're trained to diagnose and treat, not to look for causes. An effective witness has to be analytical in a different way from the way a clinician thinks."

NMAS bridges the gap between medicine and law by providing research as well as witnesses. "We look at all possible explanations for an illness or injury," Dr. Gots said.

The service offers its clients claims analysis which determines whether or not there was an actual illness or disability, then assists in developing a strategy for defense.

Because "the hallmark of the plaintiff's case in a product liability, workers compensation or personal injury trial is emotional appeal, we try to reduce the impact of emotionalism with logic," Dr. Gots said.

By emphasizing research rather than the expert witnesses, NMAS finds itself competing with law firms that specialize in defense of product liability lawsuits because a major source of the attorneys' revenues is the time spent researching.

That time is costing their clients, corporate and insurer defendants, a lot of money. A leading product liability defense attorney here, for example, told *Business Insurance* his time spent on a case was billed at a rate of $160 per hour.

At best, a service like NMAS compliments a defense attorney's construction of a case, he adds.

Some attorneys avoid using services that provide expert witnesses, contending such experts are tainted, but Dr. Gots said such snobbery is unnecessary. "Juries don't care where attorneys get their witnesses; they're concerned with the credentials of the witness," he said.

On behalf of his own firm, Dr. Gots is a pretty good witness.

WHEN THE MAJORITY OF FORTUNE 500'S BROKERS NEED SPECIALIZED COVERAGE THEY LOOK TO PIA. WHY?

Because risk managers insist that brokers produce policies suited to their needs. And brokers insist upon PIA for the following reasons:

- **PIA provides the broadest forms of coverage.**
- **PIA offers service; we readily assist in answering the needs of the broker's client.**
- **PIA is flexible and has the innovative ability to design policies suited to each company's needs.**
- **PIA has the experience and the reputation for reliability . . . and that is why PIA is The Broker's Broker.**

FIDUCIARY LIABILITY

For corporate sponsored plans
For governmental plans
Multi-employer plans
(Jointly managed Taft-Hartley plans)

ERRORS & OMISSIONS

Non-profit boards
Executors & executrixes of estates
Actuaries



EXTORTION, KIDNAP, RANSOM

Multi-national corporations
Special banks program
Domestic corporations
Financial institutions
Association programs

OCCUPATIONAL HAZARD INSURANCE

A unique program designed to provide first dollar coverage and cash flow for catastrophic types of loss to self-insurers of Workers' Compensation operating as a qualified self-insurer or through a captive insurance company.

pia

The Broker's Broker.

Professional Indemnity Agency
110 East 59th Street—Suite 900
New York, N. Y. 10022
Tel (212) 421-2033
Dom. Telex 148-435/Inter. Telex 620-129



Consultants

Continued from page 41

D

Kevin F. Donoghue & Associates

190 High St., Boston, Mass. 02110; 617-482-7015

Year founded: 1970.
Independent.
Total professional staff: 4.
Total staff: 9.
No. of clients: 62.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 48.
No. of clients for one-time projects: 10.
Compensation: Sr. consultant, $80/hr.; jr. consultant, $50.

Source of information

Information in this special listing of risk management consultants was compiled by the editors of *Business Insurance* based on information supplied by the firms.

The profiles include professional staff, parent firm, branch offices, principal officers, compensation for services and specialties.

Principal officers: Kevin F. Donoghue, president; Robert K. Dorsey, executive vp.
Consultant society: ICS.

E

EBASCO Risk Management Consultants Inc.

2 World Trade Center, New York, N.Y. 10048; 212-839-1334

Year founded: 1905.
Parent company: EBASCO Services Inc.
Independent.
Total professional staff: 75.
Total staff: 89.
No. of clients: 250.
No. of clients in Fortune 500: 20.
No. of clients on retainer for: 100.
No. of clients for one-time projects: 130.
Specialties: Risk management audits, self-funding, captive management, health care services, loss control.
Minimum size client by sales: $1 million.
Minimum size client by premium volume: $50,000.
Compensation: Rates vary from $190 to $660 per day.
Annual gross revenues in 1980: $5.1 million.
Principal officers: Bruce H. Suter, president; Donald R. Cook, Kenneth W. Richman, senior vps.

Bruce Evans

7032 Creek Bend, Dallas, Tex. 75252; 214-248-6283

Year founded: 1967.
Independent.
Total professional staff: 1.
No. of clients: 11.
No. of clients in Fortune 500: 2.
No. of clients for one-time projects: 11.
Specialties: Organizational analysis, risk management feasibility studies, educational seminars in risk management.
Minimum size client by sales: $10 million.
Compensation: Sr. consultant, $75/hr. $1,500 per educational seminar, $250/hr. for expert witness.
Annual gross revenues in 1980: $50,000.
Principal officers: Bruce Evans, sole owner.

F

Felton Associates

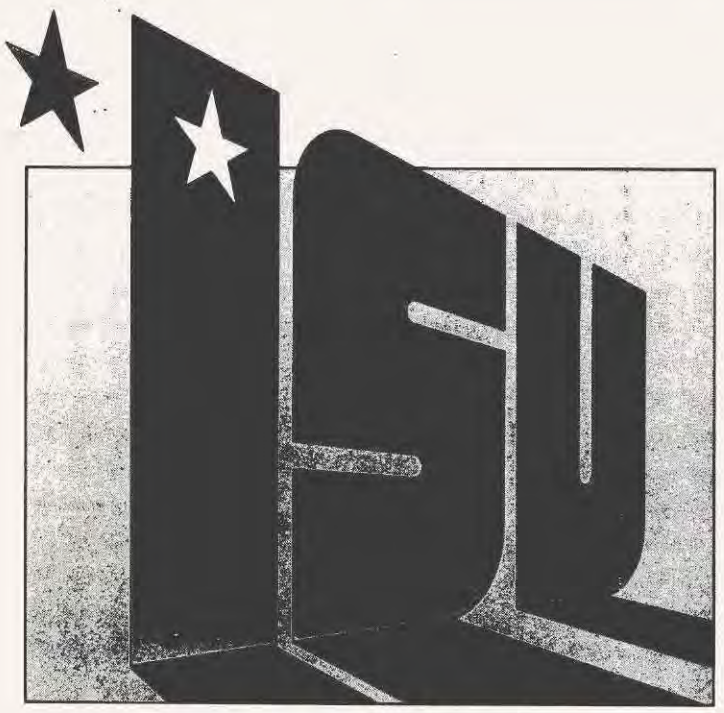
3255 Fritchie Drive, Baton Rouge, La. 70809; 504-925-2833

Year founded: 1975.
Independent.
Total professional staff: 1.
Total staff: 1.
No. of clients: 38.
No. of clients on retainer for: 8.
No. of clients for one-time projects: 30.
Specialties: Risk management audits, self-insurance pools, insurance proposal evaluations.
Compensation: Sr. consultant, $70/hr.; jr. consultant, $45.
Annual gross revenues in 1980: Under $100,000.
Principal officers: Robert S. Felton, principal.
Consultant society: IRMC.

Fire Protection Engineering & Safety Consultants of Alaska

905 Muldoon Road-Sp #A-56, Anchorage, Alaska 99504; 907-333-8659

Year founded: 1977.
Independent.
Total professional staff: 1.
Total staff: 4.
No. of clients: 4.
No. of clients for one-time projects: 4.



New sign of the times.

It's the sign of the insurance independent who now has the support of ISU-the national knowledge system.

Only the top 3% of the insurance agents and brokers in California will qualify to display this sign. And only they can offer their clients the benefits of both insurance worlds:

The ISU Independent is totally independent!
The ISU Independent owns his business so he can provide his clients with objectivity, personalized service plus the "shop-around" ability to offer a choice of insurance companies.

The ISU Independent also has the knowledge and resources of the giant national organizations!
The ISU Independent can offer his clients the immeasurable benefits of the ISU Knowledge System—a vast and sophisticated information and support network staffed by nationally recognized professionals. The answers to most questions can now be provided in less than 24 hours!

The ISU Independent can dramatically increase his clients' choices of insurance companies because of ISU's access to virtually hundreds of underwriters, worldwide. He can also provide Risk Management state-of-the-art techniques and specialized knowledge for self-insurance and commercial programs.

The ISU Independent himself, can benefit from ISU's financial management, education, recruitment and advertising programs!
With all the resources of ISU behind him, the ISU Independent will not only be setting a new standard of excellence, he will be making insurance history!

If you want to explore the possibility of becoming an ISU Independent, in California call (800) 622-0974; elsewhere, call collect (415) 788-9810.

ISU
Each firm independently owned and operated.

...because knowledge is the best insurance.™

Specialties: Fire protection and safety consulting, fire safety engineering, fire risk management, arson investigation, loss-control.

Compensation: Sr. consultant, $75/hr.; jr. consultant, $35, plus expenses.

Annual gross revenues in 1980: $200,000.

Principal officers: Robert W. Olivier, fire protection engineer.

First Risk Management Co.

835 Glenside Ave., Wyncote, Pa. 19095; 215-927-3404

Year founded: 1961.
Independent.
Total professional staff: 5.
Total staff: 13.
No. of clients: 88.
No. of clients on retainer for: 81.
No. of clients for one-time projects: 7.

Specialties: Risk management audits, administration evaluations, foreign operations, captive feasibility studies.

Compensation: Sr. consultant, $175/hr.; jr. consultant, $130; clerical, $20. Additional flat fees and project fees used.

Annual gross revenues in 1980: $600,000.

Principal officers: Leonard J. Silver, president; Alvin E. Mangold, executive vp; Vera N. Peregrim, vp.

Consultant society: ICS.

Fleming-Marceau & Associates

1313 Foothill Blvd., La Canada, Calif. 91011; 213-790-8714

Year founded: 1976.
Independent.
Total professional staff: 7.
Total staff: 14.
No. of clients: 42.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 10.
No. of clients for one-time projects: 32.

Specialties: Claims management services, self-insurance/self-administration feasibility studies, EDP statistical systems.

Minimum size client by premium volume: $150,000.

Compensation: Sr. consultant, $85/hr.; jr. consultant, $55. Per claim charge, flat fee.

Annual gross revenues in 1980: $400,000 plus.

Principal officers: William Edward Fleming, G. David Marceau.

Fortune & Co.

7933-A State Line Road, P.O. Box 8643, Kansas City, Mo. 64114; 816-444-6855

Year founded: 1978.
Independent.
Total professional staff: 1.
Total staff: 3.
No. of clients: 19.
No. of clients on retainer for: 3.
No. of clients for one-time projects: 16.

Compensation: Sr. consultant, $60/hr.

Principal officers: David E. Fortune.

The FPE Group

649 Mission St., San Francisco, Calif. 94105; 415-495-3310

Year founded: 1974.
Independent.
Total professional staff: 21.
Total staff: 31.
No. of clients: 144.
No. of clients in Fortune 500: 15.
No. of clients on retainer for: 50.
No. of clients for one-time projects: 94.

Specialties: Fire protection, property loss control, boiler and machinery.

Compensation: Sr. consultant, $65/hr.; jr. consultant, $43. 75% time and expense, 25% fixed fee for defined scope of work.

Annual gross revenues in 1980: $1.5 million.

Principal officers: Kenneth E. Berg, president; Jerry Derstein, senior vp; MacDonald Curless, vp; Peter K. Schontag, B.J. Walker, assistant vps.

G

Glenn, Nyhan & Associates Inc.

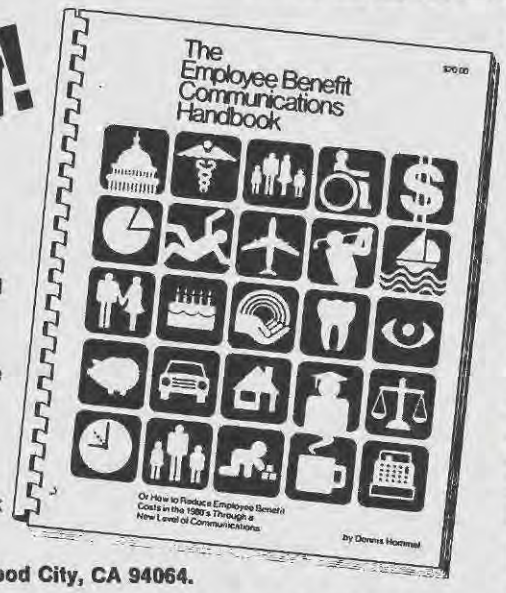
55 New Montgomery St., San Francisco, Calif. 94105; 415-777-2341

Year founded: 1980.
Parent company: BEA Associates Inc.
Independent.
Total professional staff: 10.

Continued on next page

The Employee Benefit Communications Handbook

New!



At last, here is an informative handbook for making benefit communications more effective!

Successful step-by-step techniques are revealed to increase employee interest, understanding, appreciation and prudent use of benefits.

Written by award-winning creative director Dennis Hommel, this concise manual tells how to evaluate available media, select a communications consultant, plan an effective creative strategy, determine true costs and execute messages dynamically!

It also gives tips on how to gain management approval for an ongoing communications budget, and much more.

Truly a valuable guide for any Benefit Manager.

$20.00, P&H and sales tax included. 30 day money back guarantee. D&B rated firms may send P.O., others must include payment. No CODs.

UPG Publications Division, Dept. B12, Box 700, Redwood City, CA 94064.



Just when you're certain there's no difference in Reinsurance—

ALONG COMES FOLKSAMERICA!

If you've concluded that there's no difference in Reinsurance Companies—or in the service they offer—here's a pleasant surprise.

FOLKSAMERICA—a new American reinsurer with a strong Swedish ancestry—doesn't believe in the need for two weeks turnaround time. Or indecisiveness. Or committee decisions.

Offer us a reasonable opportunity to respond—we'll respond in a most reasonable manner!

Reinsurance with an emphasis on service—

ALONG COMES

FOLKSAMERICA

FOLKSAMERICA REINSURANCE COMPANY
A Member of The Folksam Group of Stockholm, Sweden
100 William Street, New York, N.Y. 10038 · Tel. (212) 483-0330
Telex: 64-9076 Twx: 710-581-5387

Consultants

Continued from previous page

Total staff: 14.
Specialties: Alternative funding studies, captive and special purpose insurance company organization and management, claims prevention and control.
Minimum size client by sales: $2 million.
Minimum size client by premium volume: $50,000.
Compensation: Sr. consultant, $100/hr.; jr. consultant, $50 to $75. Negotiated flat fee for projects.
Principal officers: Paul E. Dorroh, vice chairman and CEO; Bartholomew G. Nyhan, president; Rich E. Glenn Jr., Ronald W. Shepherd, executive vps; Albert B. Fowler III, vp and counsel.

Dave Goodwin & Associates

P.O. Drawer 54-6661, Surfside, Fla. 33154; 305-531-0071

Year founded: 1963.
Independent.
Total professional staff: 2.
Total staff: 2.
No. of clients: 35.
No. of clients on retainer for: 35.
Specialties: Contractors, property owners, some governmental bodies, manufacturers, financial firms.
Minimum size client by premium volume: $50,000.
Compensation: Sr. consultant, $100/hr. Flat fee per year.
Annual gross revenues in 1980: $215,000.
Principal officers: Dave Goodwin, proprietor.

H

Frank B. Hall Risk Management

89 Broad St., Boston, Mass. 02110; 617-482-3100

Year founded: 1978.
Parent company: Frank B. Hall of Massachusetts.
Affiliation: Frank B. Hall of Massachusetts.
Total professional staff: 8.
Total staff: 14.
No. of clients: 34.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 30.
No. of clients for one-time projects: 4.
Specialties: Fully managed accounts.
Compensation: Sr. consultant, $60 to $125/hr.; jr. consultant, $30 to $60.
Annual gross revenues in 1980: $1 million plus.
Principal officers: Frederic C. Church, director; Barbara Thornton, deputy director.

Thomas J. Hammond & Co.

3701 Wilshire Blvd., Suite 326, Los Angeles, Calif. 90010; 213-480-3833

Year founded: 1975.
Independent.
Total professional staff: 2.
Total staff: 3 to 4.
No. of clients: 45.
No. of clients in Fortune 500: 5.
Specialties: Self-insurance studies, risk management functions.
Compensation: Sr. consultant, $75 to $125/hr. Project fee basis.
Principal officers: Thomas J. Hammond Jr., president; Joan C. Morris, executive vp.
Consultant society: IRMC.

Harrison Safety Management

2120 Jimmy Durante Blvd., Suite U, Del Mar, Calif. 92014; 715-569-2660

Year founded: 1978.
Independent.
Total professional staff: 1.
Total staff: 1.
No. of clients: 5.
No. of clients in Fortune 500: 1.
No. of clients for one-time projects: 5.
Specialties: Local government.
Compensation: Sr. consultant, $50/hr.
Annual gross revenues in 1980: $28,000.
Principal officers: Powell Harrison, owner.

Health Education & Loss Prevention Services Inc.

8109 Second St., Downey, Calif. 90241; 213-928-1012

Year founded: 1972.
Parent company: Akros Medico Enterprises Inc.
Independent.
Total professional staff: 4.
Total staff: 26.
No. of clients: 12.
No. of clients on retainer for: 11.
No. of clients for one-time projects: 1.
Specialties: Health care providers, insurance companies, self-insurers.
Compensation: Sr. consultant, $50/hr.; jr. consultant, $40.
Annual gross revenues in 1980: $200,000.
Principal officers: Jack L. Mumme, president; Biddy Lou Mumme, secretary; Dovie Jo Raney, vp.

Hennessy & York Inc.

353 Nassau St., Princeton, N.J. 08540; 609-921-0050

Year founded: 1979.
Independent.
Total professional staff: 2.
Total staff: 3.
No. of clients: 17.
No. of clients in Fortune 500: 5.
No. of clients for one-time projects: 12.
Specialties: Cost-reduction programs and analysis for property, casualty, employee benefits.
Compensation: Fees are 33% to 50% of actual client savings achieved, based on contract period.
Principal officers: Gregory P. York, chairman; Sharon Hennessy-York, president.

The Hershbarger Corp.

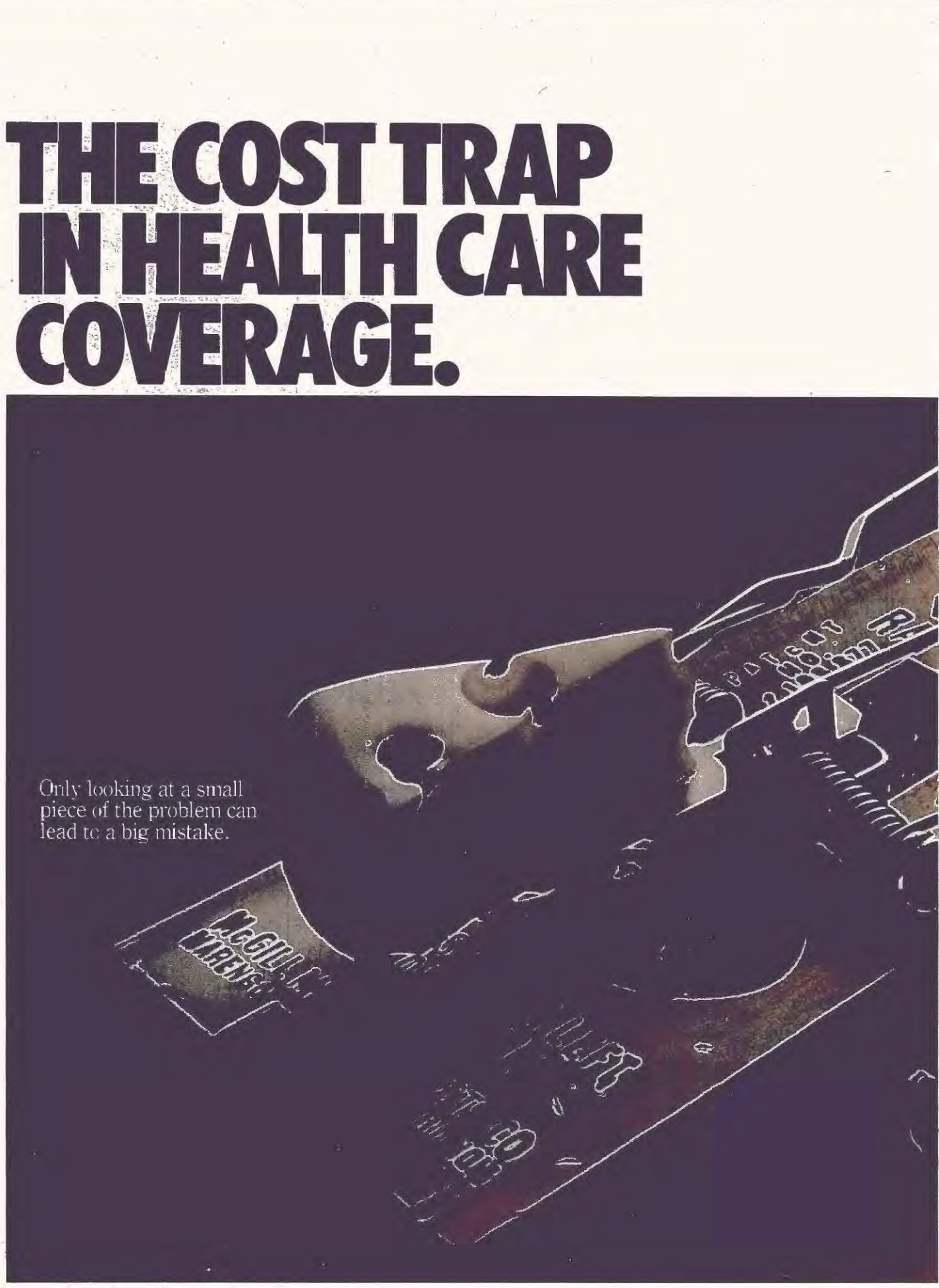
507 Stalcup St., Columbia, Mo. 65201; 314-445-2547

Year founded: 1974.
Independent.
Total professional staff: 2.
Total staff: 3.
No. of clients: 7.
No. of clients on retainer for: 1.
No. of clients for one-time projects: 6.
No. of clients in Fortune 500: 5.
No. of clients for one-time projects: 12.
Specialties: Cost-reduction programs and analysis for property, casualty, employee benefits.
Compensation: Fees are 33% to 50% of actual client savings achieved, based on contract period.
Principal officers: Gregory P. York, chairman; Sharon Hennessy-York, president.

Ernest A. Holfoth

S-4900 Lake Shore Road, Hamburg, N.Y. 14075; 716-627-5828

Year founded: 1978.
Independent.
Total professional staff: 1.
Total staff: 2.
No. of clients: 14.
No. of clients on retainer for: 12.
No. of clients for one-time projects: 2.
Specialties: Risk management audits for governmental units.
Compensation: Sr. consultant, $60/hr.; jr. consultant, $40; secretarial, $15.
Annual gross revenues in 1980: $18,000.
Principal officers: Robert A. Hershbarger, Nancy J. Hershbarger.
Consultant society: ICS.



municipalities.
Compensation: Sr. consultant, $35 to $50/hr. Optional annual fee.
Principal officers: Ernest A. Holfoth, owner.
Consultant society: ICS.

The Houston Rehabilitation Group

6100 Richmond Ave., Houston, Tex. 77057; P.O. Box 2236, Wayne, N. J. 07470; 713-780-7281

Year founded: 1977.
Independent.
Total professional staff: 3.
Total staff: 3.
No. of clients: 12.
Specialties: Vocational rehabilitation counseling, job development, job placement. LTD claim consultation.
Compensation: $45/hr.
Annual gross revenues in 1980: $150,000
Principal officers: Larry Feigenbaum, founder.

Robert Hughes Associates Inc.

7839 Churchill Way, Suite 130, Dallas, Tex 75251; 214-980-0088

Year founded: 1979.
Independent.
Total professional staff: 7.
Total staff: 14.
No. of clients: 65.
No. of clients in Fortune 500: 4.
No. of clients on retainer for: 40.
No. of clients for one-time projects: 25.
Compensation: Sr. consultant, $70 to $95/hr.; jr. consultant, $60; executive, $130.
Annual gross revenues in 1980: $600,000.
Principal officers: Robert N. Hughes, president; Robert R. Shaw, executive vp; Joilou Wilson, assistant secretary.

I

Industrial Insurance Management Corp.

P.O. Box 18308, Charlotte, N.C. 28218; 704-535-1123

Year founded: 1966.
Independent.
Total professional staff: 12.
Total staff: 22.
No. of clients: 178.
No. of clients on retainer for: 149.
No. of clients for one-time projects: 29.
Compensation: Sr. consultant, $70/hr.; jr. consultant, $60; inside technical, $15. Minimum annual fee for new client is $2,500.
Annual gross revenues in 1980: $835,000.
Principal officers: Glen E. Pehl, president/treasurer; Norman E. Crews, executive vp; William Kemp, secretary; Richard Fisher Jr., vp.

Industrial Risk Specialists Inc.

159 Great Neck Road, Great Neck, N.Y. 11021; 516-487-1700, 212-357-5005

Year founded: 1980.
Independent.
Total professional staff: 2.
Total staff: 3.
Principal officers: Robert S. Sterling, president; Daniel S. Sterling, secretary/treasurer.

Insurance Advisory Service Inc.

1909 K St. N.W., Suite 200, Washington, D.C. 20006; 202-833-3680

Year founded: 1975.
Independent.
Total professional staff: 3.
Total staff: 5.
No. of clients: 21.
No. of clients on retainer for: 20.
No. of clients for one-time projects: 1.
Specialties: Commercial property/casualty consulting, specialty programs for trade associations.
Compensation: Flat annual fee ranging from $1,000 to $15,000.
Annual gross revenues in 1980: $300,000.
Principal officers: Howard de Franceaux, president; John M. Heindel, executive vp.

Insurance Analysis Inc.

4809 Wichers Drive, Marrero, La. 70072; 504-340-7601

Year founded: 1974.
Independent.
Total professional staff: 6.
Total staff: 11.
No. of clients: 60.
Specialties: Oil field and maritime insurance.
Compensation: Sr. consultant, $80/hr.; jr. consultant, $60; clerical, $12.
Annual gross revenues in 1980: $400,000.
Principal officers: Burnett J. Tappel II, president.
Consultant society: ICS.

Insurance Audit & Inspection

5425 E. 82nd St., Suite 206, Indianapolis, Ind. 46250; 317-849-2700

Year founded: 1900.
Independent.
Total professional staff: 13.
Total staff: 19.
No. of clients: 250 to 300.
No. of clients in Fortune 500: 40.
No. of clients on retainer for: 6.
Compensation: Annual fee estimated after field survey and conference.
Principal officers: Mary Coate Houtz, president; Frank C. Alderson, executive vp; Jack G. Harris, vp; Mary Evelyn Free, secretary/treasurer.
Consultant society: IRMC.

Insurance Buyers' Council Inc.

22 West Road, Baltimore, Md. 21204; 301-828-1656

Year founded: 1945.
Independent.
Total professional staff: 13.
Total staff: 17.
No. of clients: 24.
No. of clients on retainer for: 188.
No. of clients for one-time projects: 26.
Specialties: All aspects of risk management in property and liability with large number of governmental bodies.
Compensation: Sr. consultant, $60 to $70/hr.; jr. consultant, $50. $4,000 minimum fee.
Annual gross revenues in 1980: $950,000.
Principal officers: Milton A. Sorrell, president; Carroll E. Henkel, chairman; A. Jackson Emery, executive vp; Bernard J. McGovern, senior vp.
Consultant society: IRMC.

Insurance Consulting Associates

P.O. Box 2326, South Hackensack, N.J. 07606; 201-343-8833, 201-836-9595

Year founded: 1957.
Independent.
Total professional staff: 6.
Total staff: 16.
No. of clients: 119.
No. of clients in Fortune 500: 6.
No. of clients on retainer for: 119.

Continued on next page

Everybody wants to control health care coverage costs. But sometimes executives can make a costly error.

THE PROBLEM.

You see, the cost of health care protection has two basic parts. The cost of benefits, and retention costs, (everything from administrative costs to risk charges).

Some purchasers are caught in a trap by concentrating only on retention costs, which generally are only between 5 and 10% of the total health care coverage bill.



They forget that the really big savings come from holding down benefit costs, which usually make up 90 to 95% of what you spend for health care protection.



90 to 95% OF YOUR HEALTH CARE DOLLAR USUALLY GOES TO BENEFIT COSTS. AND THAT'S WHERE WE CAN MAKE THE BIGGEST DIFFERENCE.

THE SOLUTION.

That's why Blue Cross and Blue Shield Plans pioneered the development and use of cost containment programs to control and manage benefit costs.

And Blue Cross and Blue Shield Plans are the only ones whose operations are broad enough to deal with the problem effectively.

IT'S ALREADY WORKING.

Blue Cross and Blue Shield Plans often have special arrangements with hospitals and physicians supporting a wide range of cost containment initiatives. This means value added and *lower* benefit costs to enrolled groups.

In fact, over the last decade, our programs have helped cut the actual hospital stay by an average of one full day. And saved $1,250,000,000 last year alone.

So, before you make a decision about your group's coverage, contact your Blue Cross and Blue Shield Plan Marketing Representative. He can keep costs from trapping you.

Or write for the free booklet: "The Most Effective Health Care Protection For Your Employees," Blue Cross and Blue Shield Associations, Box 8008, Chicago, Illinois 60680.

Blue Cross® Blue Shield®

HELPING CONTROL ALL YOUR COSTS.

® Registered Service Marks of the Blue Cross Association
® Registered Service Marks of the Blue Shield Association

Carnow, Conibear & Associates, Ltd.
Occupational and Environmental Health Consultants

Programs in Medicine, Toxicology and Epidemiology

A comprehensive range of services including:
- Occupational Disease Risk Assessment
- Medical Surveillance
- Customized Professional Educational Programs
- Medical and Toxicological On Site Emergency Services

Bertram W. Carnow, M.D., FCCP, FCPM, *President*
Carnow, Conibear & Associates, Ltd.
20 North Wacker Drive, Chicago, Illinois 60606
312/782-4486

Consultants

Continued from previous page

Specialties: Acting as off-premises risk managers for property/casualty, employee benefits. Specialize in food industry, association programs and Canadian clients.

Minimum size client by sales: $10 million.

Minimum size client by premium volume: $100,000.

Compensation: Flat retainer basis.

Principal officers: Barron S. Wall, partner/vp; George J. Wall, Thomas A. Kovatch, Herbert H. Feldman, partners.

Consultant society: ICS.

Insurance & Financial Consultants Inc.

21 Baldwin Road, Warwick, R.I. 02886; 401-826-1711

Year founded: 1972.
Independent.
Total professional staff: 1.
Total staff: 3.
No. of clients: 86.
No. of clients on retainer for: 29.
No. of clients for one-time projects: 11.

Specialties: Audits, specifications for municipalities, management consulting, educational consulting.

Minimum size client by sales: $1 million.

Minimum size client by premium volume: $20,000.

Compensation: Sr. consultant, $60/hr. Flat fees ranging from $2,500 to $10,000.

Principal officers: John F. Fitzgerald Jr., president.

Consultant society: ICS.

Insurance Management Bureau

941 E. 86th St., Suite 105, Indianapolis, Ind. 46240; 317-259-7418

Year founded: 1980.
Independent.
Total professional staff: 2.
Total staff: 4.
No. of clients: 110.

Specialties: Insurance programs for school boards.

Compensation: Varies.

Principal officers: Dewey King, president; M.D. Randle, chairman.

Insurance Management Consultants Inc.

4113 Inman Ave., Tampa, Fla. 33609; 813-877-3360

Year founded: 1971.
Independent.
Total professional staff: 2.
Total staff: 4.
No. of clients: 50.
No. of clients on retainer for: 20.
No. of clients for one-time projects: 30.

Specialties: General insurance consulting.

Annual gross revenues in 1980: $50,000 plus.

Principal officers: Otto Lee Henderson, president; William B. Taylor, vp.

Consultant society: ICS.

Insurance Management Planning Inc.

P.O. Box 1682, Lakeland, Fla. 33802; 813-687-3918

Year founded: 1980.
Independent.
Total professional staff: 2.
Total staff: 2.
No. of clients: 6.
No. of clients on retainer for: 6.
No. of clients for one-time projects: 4.

Specialties: Analysis of existing insurance, insured retentions, self-funded or captive projects, program implementation, feasibility studies of optional plans.

Minimum size client by premium volume: $100,000 to $1 million.

Compensation: Sr. consultant, $60/hr.

Principal officers: Robert A. Carr, president; Richard J. Chamberlain, vp.

Insurance Surveys Co.

P.O. Box 1058, Liberty, N.Y. 12754; 914-292-5390

Year founded: 1954.
Independent.
Total professional staff: 1.
Total staff: 2.
No. of clients: 30.
No. of clients on retainer for: 8.
No. of clients for one-time projects: 22.

Compensation: Sr. consultant, $40/hr.

Annual gross revenues in 1980: $12,000.

Principal officers: Benjamin Levy, owner.

International Insurance Consultants

100 Johnstone St., Lexington, Va. 24450; 703-463-5991

Year founded: 1979.
Independent.
Total professional staff: 2.
Total staff: 2.

Specialties: International and national government, intergovernmental.

Principal officers: Louis E. Dwyer Jr., senior consultant; T. Grant Dwyer, associate consultant.

Continued on page 58

The crack troop mission: writing the tough excess casualty classes.



Increasingly, over the years, calling on Baccala & Shoop has become the instinctive thing to do for brokers seeking coverage for unorthodox risks.

To this specialty, the crack troop of Baccala & Shoop brings a great deal of behind-the-lines experience—reinforced by intuition and innovation. And because each excess program requires a strategic approach all its own, there's no such thing as an underwriting assembly line at Baccala & Shoop.

It takes considerable in-house capacity to be as active as we are in these markets. Consider the casualty policy limits of Baccala & Shoop: up to $10,000,000 in Umbrella Liability, up to $5,000,000 in Excess Workers Compensation and up to $1,000,000 in Gap/Buffer Layers. For property coverage, our limits are up to $10,000,000 per risk as first loss or excess of loss.

Something else we bring to producers is market consistency. We don't open the door on hard-to-place classes when the economy is good and then slam it during a slowdown.

For the highest degree of professionalism in excess and surplus lines, call on Baccala & Shoop—the crack troop that's deployed from coast to coast.

Baccala & Shoop
The crack troop in underwriting management.

Atlanta (404) 231-9272
Chicago (312) 853-2777
Columbus, OH (614) 846-6666
Dallas (214) 233-0201
Denver (303) 399-4023
Houston (713) 777-4530
Los Angeles (213) 385-6266
Minneapolis (612) 545-4300
New York (212) 943-2070
Philadelphia (215) 567-2700
Phoenix (602) 957-4580
San Francisco (415) 777-4300
Seattle (206) 624-8711

保险

Just another way of saying *versicherung*.

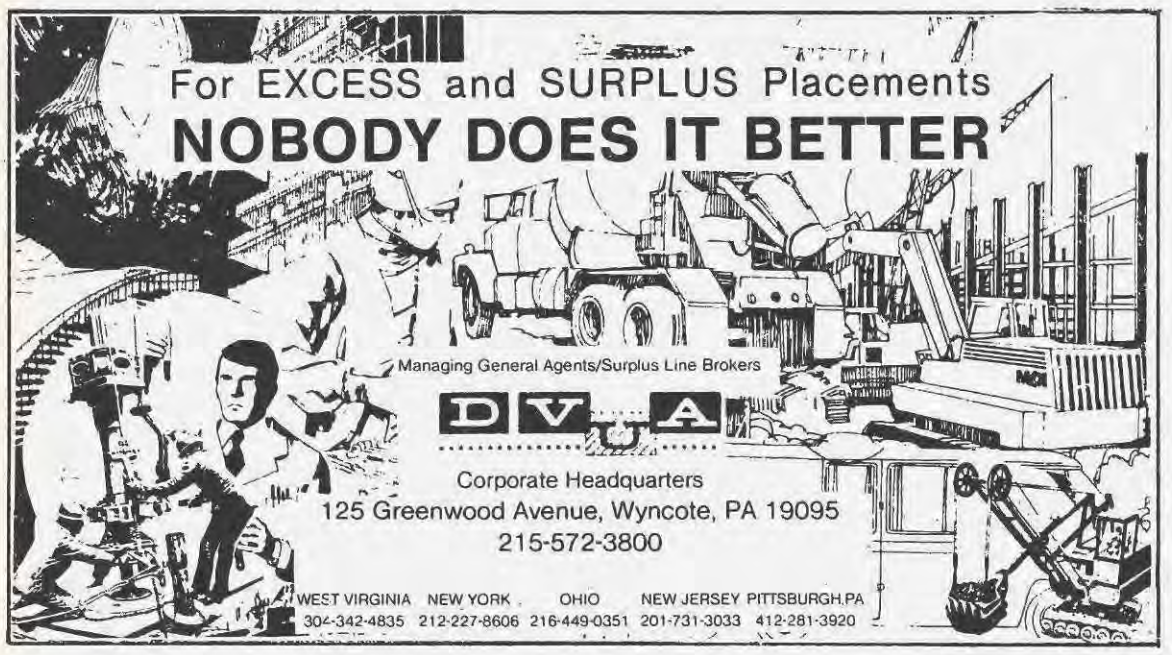
Insurance. When you are doing business in another country, language is only the first barrier to getting the right coverage. And, when you are faced with the awesome task of doing business in China, there's an even greater need for an experienced insurance interpreter. At Chubb, our international insurance expertise has given us the skills for understanding the unique insurance situations and customs in China.

Write to our International Division for the Chubb *Insurance in China* handbook. It will make the topic a bit more scrutable for you.

CHUBB

Group of Insurance Companies
100 William Street, New York, N.Y. 10038

Chubb is proud to play a part in bringing you The Dick Cavett Show. Watch for it on your local PBS station.



Consultants

Continued from page 56

K

Kairos Product Liability Decisions Co.

20480 Pacifica Drive, Suite D, Cupertino, Calif. 95014; 408-257-9710

Year founded: 1978.
Parent company: The Hans W. Wynholds Co.
Independent.
Total professional staff: 4.
Total staff: 8.
No. of clients: 13.
No. of clients in Fortune 500: 5.
No. of clients on retainer for: 2.
No. of clients for one-time projects: 11.
Specialties: Product liability prevention, safety engineering, general liability audits.
Compensation: Sr. consultant, $80/hr.; jr. consultant, $50; associate, $40.
Annual gross revenues in 1980: $225,000.
Principal officers: Lewis Bass, president; Hans W. Wynholds.

Robert A. Krause & Associates Inc.

Rt. 1, Townville, S.C. 29689; 803-287-4477

Year founded: 1949.
Independent.
Total professional staff: 3.
Total staff: 5.
No. of clients: 70.
No. of clients in Fortune 500: 4.
No. of clients on retainer for: 17.
No. of clients for one-time projects: 50.
Specialties: Appraisal/arbitration on disputed losses in excess of $150,000.
Compensation: Sr. consultant, $150/hr.; jr. consultant, $120; technical consultant, $97.50.
Annual gross revenues in 1980: $250,000 plus.
Principal officers: Robert A. Krause, president; Steven M. Krause, vp; Beverly M. Krause, secretary/treasurer.
Consultant society: ICS.

L

Justin S. Lencke & Associates

Rt. 4, Box 270, Marianna, Fla. 32446; 904-579-4575

Year founded: 1962.
Independent.
Total professional staff: 2.
Total staff: 3.
No. of clients: 111.
No. of clients on retainer for: 111.
Specialties: Property/casualty, entire group insurance program, coverage, cost, overcharges.
Compensation: Annual retainer, $1,000 minimum per client, ranges up to $7,500.
Annual gross revenues in 1980: $180,000.
Principal officers: Justin S. Lencke, John D. Lencke Jr., partners.

Libration Point Consultants Ltd.

R.R. 2, Box 14B, East St., New Canaan, Conn. 06840; 914-533-2546, 203-329-8694

Year founded: 1978.
Parent company: Libration Point International.
Affiliation: Libration Point International.
Total professional staff: 4.
Total staff: 9.
No. of clients: 43.
No. of clients on retainer for: 12.
No. of clients for one-time projects: 31.
Specialties: Audits, self-insurance, independent surveys, special risk, hard-to-place property/casualty, and life.
Compensation: $25 to $125/hr. Flat fee, no fee for nonprofit organizations or projects placed through parent company.
Annual gross revenues in 1980: $428,000.
Principal officers: Michael F. Abate, president; Roberta L. Abate, vp; Anthony Abate, treasurer; Alfred M. Abate, chief counsel.

John Liner Insurance & Risk Management Advisers Inc.

555 Washington St., Wellesley, Mass. 02181; 617-235-8450

The Argonaut Personal Touch

In 1948 we delivered our first policy by air. In 1980 we did it again ... for the same insured.

When we opened for business we wanted to do something special for our first insured. So we delivered the policy contract directly to the Claude C. Wood Company in Lodi, California. By private plane.

Of course we don't deliver every policy by air. But we never lose sight of our policyholders' particular needs. Our aim has always been to provide top quality, *individualized* service.

When the Wood Company rejoined our family of valued insureds, we made another policy delivery to their own back yard. This time 1980's style. By helicopter.

At Argonaut, its still the Personal Touch that counts. Give us a call and we'll put it to work for your clients.



Argonaut.
Where people take your business seriously.

National Specialists in Workers' Compensation and Hospital Liability.
250 Middlefield Rd., Menlo Park, CA 94025 (415) 326-0900

Year founded: 1959.
Parent company: Shelby Publishing Corp.
Independent.
Total professional staff: 4.
Total staff: 10.
Specialties: Risk management audits, continuing services.
Compensation: Sr. consultant, $90/hr.; jr. consultant, $75.
Principal officers: Douglas Bell, chairman; Dwight Levick, president.
Consultant society: ICS.

M

Marketing Management Inc.

2060 Oak Mountain Drive, Pelham, Ala. 35124; 205-663-4000

Year founded: 1969.
Independent.
Total professional staff: 6.
Total staff: 55.
No. of clients: 28.
No. of clients on retainer for: 26.
No. of clients for one-time projects: 2.
Specialties: Trade associations and self-funded employers.
Compensation: Sr. consultant, $100/hr.; jr. consultant, $75; clerical, $25; field safety, $200/day plus expenses.
Principal officers: Ken L. Williams, president; Steve K. Williams, executive vp; Joe Gosa Sr., vp; Robert Williams, secretary/treasurer; Stan Downey, safety director.

Robert E. Maynard

325 Davis St., Evanston, Ill. 60201; 312-864-7177

Year founded: 1976.
Independent.
Total professional staff: 1.
Total staff: 1.
No. of clients: 3.
Specialties: Risk and insurance management for small and medium-size companies or communities.
Compensation: Sr. consultant, $200/day, plus travel expenses.
Annual gross revenues in 1980: $38,079.
Principal officers: Robert E. Maynard.

Warren D. McPherson

Suite 225, Russo Building, Fredonia, N.Y. 14063; 716-673-1777

Year founded: 1974.
Independent.
Total professional staff: 1.
Total staff: 1.
No. of clients: 14.
No. of clients on retainer for: 12.
No. of clients for one-time projects: 2.
Specialties: Property/casualty insurance and related risk management.
Compensation: Sr. consultant, $50/hr.
Principal officers: Warren D. McPherson.
Consultant society: ICS.

Meeker-Magner Insurance Brokers & Consultants Inc.

222 S. Prospect St., Park Ridge, Ill. 60068; 312-693-5700

Year founded: 1902.
Parent company: Meeker-Magner Co.
Affiliation: Meeker-Magner Co.
Total professional staff: 3.
Total staff: 15.
No. of clients: 10.
No. of clients on retainer for: 10.
Compensation: Sr. consultant, $50/hr.; jr. consultant, $25/hr.; clerical, $12.50.
Annual gross revenues in 1980: $601,000.
Principal officers: S.D. De Serto, president; T.G. Magner Jr., vp.

Melanber Inc.

488 Montford Drive, D.D.O., Montreal, Quebec, Canada H9G 1M6; 514-620-3010

Year founded: 1978.
Independent.
Total professional staff: 2.
Total staff: 3.
No. of clients: 15.
No. of clients on retainer for: 12.
No. of clients for one-time projects: 3.
Minimum size client by premium volume: $50,000.
Compensation: Sr. consultant, $80/hr.; jr. consultant, $50.
Annual gross revenues in 1980: $100,000.
Principal officers: Mel J. Parsons, president; Beryl Shapley, secretary/treasurer.
Consultant society: ICS.

Miller & Gilbert

4340 Redwood Highway, Suite 12, San Rafael, Calif. 94903; 415-499-8444

Year founded: 1970.
Independent.
Total professional staff: 10.
No. of clients: 40.
No. of clients in Fortune 500: 1.
No. of clients on retainer for: 12.
No. of clients for one-time proj-

Continued on next page

Underwriting and Loss Control Engineering Reports.

Schirmer

Schirmer Engineering, 707 Lake Cook Road, Deerfield, IL 60015. Telephone: (312) 272-8340

New Kemper innovation opens up the reinsurance frontier to captive companies.

Captive insurers no longer have to worry about getting the profitable, third-party business they need.

Once again, the Cavalry comes to your rescue.

Kemper introduces the SPP—Superior Property Pool, a book of exceptional HPR business, underwritten by Kemper's long experienced underwriters who have an excellent track record.

SPP functions simply. Kemper can cede superior property HPR business to any Kemper HPR insured that has an off-shore Captive Company. In essence, when you give us business, we'll give you business.

Few outfits understand the HPR account better than Kemper. We were one of the first to jump into the field years ago. Today, we ride ahead of the rest with superior multi-national claim service and loss control consultation.

We believe in captive programs and we want to help them in any way we can. They're good for you and good for us.

Kemper SPP. It's much too good to miss. Contact your broker or Marketing Dept., Kemper Group, Long Grove, IL 60049, for more details. The pool is open starting January 1, 1981.

Kemper Group

Once you compare Kemper, you'll ride with us.

Now Kemper can set your captives free.



©1981, Lumbermens Mutual Casualty Company.

PROPERTY LOSS CONTROL SPECIALISTS
IN
FIRE PROTECTION — BOILER & MACHINERY
LOSS CONTROL SURVEYS
NATIONWIDE

The FPE Group

649 Mission Street
San Francisco, CA 94105
Phone: (415) 495-3310
Telex: 340860

Consultants

Continued from previous page

ects: 3.
Specialties: Risk management audits, loss control, claims administration, product liability.
Minimum size client by sales: $10 million.
Compensation: Sr. consultant, $75/hr.; jr. consultant, $65.
Principal officers: Bill Miller, president; Frederick J. Fisher, vp.

James E. Mooney & Co. Inc.

P.O. Box 50, 262 Mountain Ave., Springfield, N.J. 07081; 201-376-3500

Year founded: 1976.
Independent.
Total professional staff: 2.
Total staff: 4.
No. of clients: 50.
No. of clients on retainer for: 5.
No. of clients for one-time projects: 45.
Specialties: Risk management audits, insurance specifications and records-keeping systems, selection of agents and brokers.
Compensation: Sr. consultant, $125/hr.; jr. consultant, $87, depending on project and activity. Computer input is $100/hr., output is $30.
Principal officers: James E. Mooney, president; Georgia S. Cooke, vp.

MRM/Multi-Risk Management Inc.

180 N. LaSalle St., Suite 1708, Chicago, Ill. 60601; 312-782-3139

Year founded: 1975.
Independent.
Total professional staff: 10.
Total staff: 14.
No. of clients: 64.
No. of clients on retainer for: 30.
No. of clients for one-time projects: 34.
Specialties: Self-funding, liability, workers compensation, health, pensions, risk management audits, LTD, administrative services.
Compensation: Sr. consultant, $55/hr.; jr. consultant, $40; clerical, $25. Flat annual retainer.
Principal officers: Michael Burack, president; Amy Cohen, Robert Moysey, vps.
Consultant society: IRMC, pending.

Mund, McLaurin & Co. of Los Angeles

1100 El Centro St., Suite 103, South Pasadena, Calif. 91030; 213-441-4591

Year founded: 1920.
Independent.
Total professional staff: 5.
Total staff: 8.
No. of clients: 105.
No. of clients in Fortune 500: 4.
No. of clients on retainer for: 50.
No. of clients for one-time projects: 55.
Specialties: Risk management and insurance advice for all general lines except employee benefits and life.
Compensation: Sr. consultant, $75 to $100/hr. Minimum fee $750. Monthly retainer fees, adjusted annually.
Annual gross revenues in 1980: $400,000 plus.
Principal officers: Virgil R. Howell, president; William J. Pinckney, Donald J. Voller, Paul W. Pinckney, vps.
Consultant society: IRMC.

Mund, McLaurin & Co. of San Francisco

1990 N. California Blvd., Walnut Creek, Calif. 94596; 415-930-7557

Year founded: 1920.
Parent company: Independent California Corp.
Independent.
Total professional staff: 4
Total staff: 4.
No. of clients: 53.
No. of clients in Fortune 500: 1.
No. of clients on retainer for: 26.
No. of clients for one-time projects: 27.
Specialties: All risk management consulting and administrative services, insurance analysis.
Compensation: Sr. consultant, $350 per day ($50/hr.).
Principal officers: Don L. DeVere, president.

N

Haig Neville Associates

6290 Commerce Road, West Bloomfield, Mich. 48033; 313-360-1350

Year founded: 1960.
Independent.
Total professional staff: 7.
Total staff: 12.
No. of clients: 285.
No. of clients in Fortune 500: 3.
No. of clients on retainer for: 72.
No. of clients for one-time projects: 213.
Specialties: Risk management audits and recommendations, development of specifications, large claim negotiations, self-funding and captive organization.
Compensation: Sr. consultant, $75/hr.; jr. consultant, $67.50. Negotiated project assignments with range limits.
Principal officers: Haig G. Neville, director; Mitchell Grossman, Jack Brinkman, John T. Growney, associate directors.

NIA Risk Management Services

66 Rt. 17, Paramus, N.J. 07652; 201-845-6600

Year founded: 1978.
Parent company: NIA Inc.
Affiliation: NIA Inc.
Total professional staff: 5.
Total staff: 7.
No. of clients: 16.
Minimum size client by premium volume: $50,000.
Compensation: Sr. consultant, $100/hr., jr. consultant, $75.
Annual gross revenues in 1980: $100,000 plus.
Principal officers: Paul L. Gross, president; William F. Meade, Richard M. Teer, vps.

RISK ALTERNATIVES, INC.
Austin, Texas

- Corporate risk alternative studies for domestic or offshore captives, self-funding and cash flow management.
- Association advisors for insurance, self insurance and special programs for members.
- Risk management consultants for cities, schools, counties, hospitals and other political subdivisions.
- Loss prevention services, reinsurance and retention evaluations, feasibility studies and complete risk consultant services.

We would invite you to contact us for a meaningful dialogue.

Ross Blumentritt, CPCU, CLU
President
Risk Alternatives, Inc.

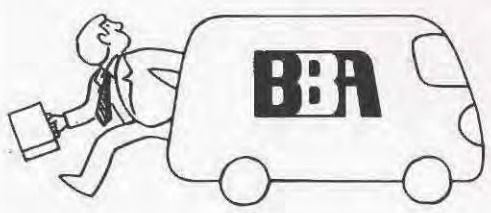
P.O. Box 1765, Austin, Texas 78767
Telephone (512) 443-0954
Telex 67131 (Sowins Aus)

Making the 80's Work for You.



Special Assistance service works any way you want.

Whatever your special assistance needs, Brown Brothers Adjusters is the specialist to meet them. From temporary help to partial investigations to full-time professional problem-solving on special risks and self-insureds. Call Brown Brothers Adjusters — we're the specialist that works the way *you* want.



Brown Brothers Adjusters

Home Office: 545 Sansome Street, San Francisco, CA 94111 • (415) 392-2825
TELEX: San Francisco — 34-472 • Honolulu — 63-4266 • Los Angeles — 67-234

License B-137

P

H. Russell Perry

P.O. Box 611, Carlisle, Mass. 01741; 617-369-6111

Year founded: 1976.
Independent.
Total professional staff: 1.
Total staff: 2.
No. of clients: 14.
No. of clients on retainer for: 10.
No. of clients for one-time projects: 4.
Compensation: Sr. consultant, $60/hr.
Annual gross revenues in 1980: Under $100,000.
Principal officers: H. Russell Perry, proprietor.
Consultant society: ICS.

Neil E. Pritchard, Insurance Counsel

325 E. Prospect, Marquette, Mich. 49855; 906-228-6932, 906-225-1806

Year founded: 1976.
Independent.
Total professional staff: 1.
Total staff: 2.
No. of clients: 10.
No. of clients on retainer for: 4.
No. of clients for one-time projects: 6.
Specialties: Loss exposure surveys, almost 50% schools.
Compensation: Sr. consultant, $30/hr.
Principal officers: Neil E. Pritchard, principal.
Consultant society: ICS.

Protective Services Division, Asset Protection Inc.

P.O. Box 3392, Modesto, Calif. 95353; 209-577-5929

Year founded: 1976.
Parent company: Asset Protection Inc.
Independent.
Total professional staff: 8.
Total staff: 10.
No. of clients: 18.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 5.
No. of clients for one-time projects: 13.
Specialties: Alternatives to insurance.
Compensation: Sr. consultant, $75/hr.; jr. consultant, $50; loss-prevention specialists, $35.
Principal officers: S.P. Bear, president; T.E. Mason, vp.

R

Reed Risk Management Inc.

3 Embarcadero Center, San Francisco, Calif. 94111; 415-392-2980

Year founded: 1977.
Parent company: Reed Stenhouse Ltd.
Affiliation: Reed Stenhouse Ltd.
Total professional staff: 9.
Total staff: 14.
No. of clients: 41.
No. of clients in Fortune 500: 12.
No. of clients on retainer for: 8.
No. of clients for one-time projects: 4.
Specialties: Financial aspects of risk management, computer-assisted loss analysis, retention programs, feasibility studies.
Compensation: Sr. consultant, $80 to $120/hr.; jr. consultant, $40 to $50; assistant analyst, $25. Will quote minimum and/or maximum upon request.
Principal officers: Harry J. Harvey, director; Peter G. Leitch, president; Allen J. Monroe, executive vp; Berne J. Scalisi, senior vp; Philip H. Goodman, secretary/treasurer.

Regent Consultants Corp.

1955 Merrick Road, Merrick, N.Y. 11566; 516-546-1120

Year founded: 1963.
Independent.
Total professional staff: 2.
Total staff: 3.
No. of clients: 26.
No. of clients on retainer for: 26.
Compensation: Sr. consultant, $60/hr.
Principal officers: Philip Platzer, president.

RIMCO Risk Management Inc.

10300 North Central Expressway, Building V-350, Dallas, Tex. 75231; 214-363-2451

Year founded: 1967.
Parent company: McM Corp.
Total professional staff: 24.

Continued on next page

CLAIMS MANAGERS
WHAT IS YOUR HIGHEST PRIORITY?

Before you can even begin to contain benefit and administrative costs—and get claims paid quickly and accurately—you have to know specifically where your costs are.

An on-line, fully adjudicating computer system will give you the information you need to contain costs and greatly speed the claims adjusting process.

For more information, contact:

AUTOMATED HEALTH SERVICES, INC.
SYSTEMS DESIGN • CONSULTING
9711 W. 55TH STREET
COUNTRYSIDE, ILLINOIS 60525
PHONE (312) 352-1894
MEDICAL • DENTAL • VISION • DRUG • ELIGIBILITY
SOFTWARE PACKAGES FOR LARGE SCALE OR MINI SYSTEMS

We thrive on companies that pay too much for insurance.

Our biggest satisfaction comes from helping companies that pay too much for insurance. When they turn to us, it's often a tribute to our specialty: Reducing premiums by reducing risks.

Risk reduction has become such a science with us that few brokers can compare. We have a staff of top engineers that will give your company the most thorough going-over. We work with an alacrity seldom seen in any business.

But don't let our youthful enthusiasm fool you. We're 129 years old. We've been finding more feasible ways to insure companies since 1851.

And our people have a history of staying with us. So those who serve you now will be there to serve you again. You get consistently superior service.

But although we offer you the wisdom of our years, we also offer you our foresight. We look beyond reducing risks to how your company will be affected if some mishap actually occurs.

The Dale team will suggest better ways to protect your holdings. We don't want an accident in one part of your operation to cause downtime and reduced profitability in another.

So if you've got a feeling you could be paying less for insurance, we've got offices right across Canada you can call.

We're Dale & Company. The largest broker owned by Canadians.



Dale & Company Limited
Insurance Brokers

Offices at: *St. John's-Corner Brook-Grand Falls-Halifax-Montreal-Ottawa-Toronto-Hamilton-London-Windsor-Winnipeg-Calgary-Edmonton-Vancouver*
Head Office: Box 18, Toronto-Dominion Centre, Toronto, Ontario M5K 1B2.
Telephone: (416) 366-4645

The Saex Group introduces
a new, exclusive program . . .

Detective & Patrol Agencies



- All Coverages Available
- Any Limits
- Most Competitive Rates
- Immediate Binding
- Top Commissions

- For more information or quotes, contact:
Anne Olsen, Asst. Vice-President



the SAEX group

The Saex Group - Underwriting Office:
474 Appleton St., Holyoke, Mass. 01040
Telephone: (413) 538-8261
Outside the 413 Area, 1-800-332-3847.
Out of State, 800-628-8906.
Telex, 95-5494. Cable, saex insblke.

Consultants

Continued from previous page

Total staff: 35.
No. of clients: 275.
No. of clients in Fortune 500: 10.
No. of clients on retainer for: 100.
No. of clients for one-time projects: 175.
Specialties: Captive feasibility studies, risk management department audits and formation, self-funding implementation.
Compensation: Sr. consultant, $80/hr.; jr. consultant, $40; clerical, $20.
Annual gross revenues in 1980: $1.5 million.
Principal officers: Keith C. Kakacek, president; Clovis H. Brakebill, Charles R. Lee, vps.

Risk & Insurance Services Consultants Inc.

P.O. Box 175, St. Petersburg, Fla. 33731; 813-823-4070

Year founded: 1979.
Parent company: Professionals Risk Management & Service Co.
Affiliation: Professionals Risk Management & Service Co.
Total professional staff: 4.
Total staff: 5.
No. of clients: 5.
Specialties: Risk management for professional malpractice insurance.
Minimum size client by premium volume: $1 million.
Compensation: Percent of premium.
Principal officers: Joe H. Holloway, president; Stanley N. Crooms, vp/secretary/treasurer; William Hanley, Marv Ates, vps.

Risk Consultants Inc.

410 Security First Bank Building, Sheboygan, Wis. 53081; 414-457-7781

Year founded: 1976.
Parent company: Gottsacker Insurance Agency Inc.
Affiliation: Gottsacker Insurance Agency Inc.
Total professional staff: 7.
Total staff: 34.
No. of clients: 6.
No. of clients on retainer for: 2.
Specialties: Municipalities, manufacturing.
Compensation: Quotes for each project.
Annual gross revenues in 1980: $30,000.
Principal officers: Edwin W. Storer, president; Donald E. Huber, vp; Wayne Sather, Frank Maury, consultants.

Risk Consultants Inc.

2915 Providence Road, Suite 300, Charlotte, N.C. 28211; 704-364-2600; 2775 Villa Creek Drive, Suite 240, Dallas, Tex. 75234; 214-243-0581

Year founded: 1969.
Independent.
Total professional staff: 8.
Total staff: 12.
No. of clients: 275.
No. of clients on retainer for: 35.
No. of clients for one-time projects: 240.
Specialties: Risk management audits, self-funding, bank audits.
Compensation: Sr. consultant, $75/hr.; jr. consultant, $50; clerical, $15; principal, $100.
Principal officers: Merle Randle, chairman/president; Richard Canovai, Nels Mortenson, vps.

Risk Control Inc.

354 Second St., Excelsior, Minn. 55331; 612-474-5204

Year founded: 1978.
Independent.
Total professional staff: 2.
Total staff: 4.
Specialties: Management of insurance programs in Midwest only.
Minimum size client by sales: $10 million.
Minimum size client by premium volume: $100,00.
Compensation: Varies.
Principal officers: Jerry L. Brecke, president.
Consultant society: IRMC.

Risk Control Corp.

P.O. Box 30237, Bethesda, Md. 20014; 301-320-4900

Year founded: 1981.
Independent.
Total professional staff: 3.
Total staff: 4.
Specialties: Large loss-prevention and limitation and risk-control programs and consulting services.
Compensation: Sr. consultant, $65 to $125/hr.; jr. consultant, $20 to $45.
Principal officers: Alan D. Morris, president.

Risk Information Services Inc.

295 Plus Park Blvd., P.O. Box 1020, Nashville, Tenn. 37202; 615-367-9702

Year founded: 1973.
Parent company: Corroon & Black Corp.
Affiliation: Corroon & Black Corp.
Total professional staff: 5.
Total staff: 20.
No. of clients: 80.
No. of clients in Fortune 500: 10.
Specialties: Risk management information systems audits.
Minimum size client by premium volume: $750,000.
Compensation: Subject to services provided.
Principal officers: James H. Levine, president; Dan Wall, executive vp; Michael Doorley, vp.

The Risk Management Center Inc.

P.O. Box 18614, Irvine, Calif. 92715; 714-851-9122

Year founded: 1979.
Parent company: Continental Financial Services Co.
Affiliation: Continental Finan-

Where is Greenwood, Indiana?

The LEADING Benefit Consultants and Administrators know!

So do the LEADING Agents and Brokers!

WHY? Because of our diverse, competitive and expanding portfolio of products and services.

- ☐ Stop Loss Insurance for Partially Self-Funded Groups - down to 10 Lives
- ☐ Stop Loss Insurance for Self Insured Employee Benefit Plans - 25 Lives or more
  - Aggregate
  - Specific
  - Catastrophic
- ☐ Stop Loss Insurance for Self-Funded LTD
- ☐ Management Services for Self-Funded Employee Benefit Plans
- ☐ Errors & Omissions Coverage for
  - Claims Administrators
  - Data Processors
  - Attorneys
  - Actuaries and Pension Consultants
- ☐ Group Life & AD&D
  - Regular and Stop Loss
- ☐ Catastrophic Disability Insurance
  - Lump Sum Payments for PTD up to $1,000,000
  - Monthly Benefits up to $20,000
- ☐ Kidnap and Ransom Insurance
- ☐ Blanket Bonds for Banks and other Financial Institutions
- ☐ Professional Athletes' Coverage
  - Individual Players
  - Teams
- ☐ Reinsurance Services
  - Consultation
  - Treaties Placed
    - Automatic or Facultative
    - Individual or Group
    - Life or Health

FOR MORE INFORMATION ON ANY OR ALL OF THE ABOVE, CALL OR WRITE:

STEVEN P. STUCKY, C.L.U.
Senior Vice President-Marketing

BROUGHER AGENCY, INC.
Lloyd's London Correspondent
P.O. Box 485
Greenwood, Indiana 46142
(317) 888-3531/TWX 8102602230

How to Regain Control of your Insurance Program.

By using the Scor Risk team to provide you with:
- Financial analysis
- Captive feasibility
- Review and evaluation of insurance and risk management programs
- Risk analysis
- Loss analysis and review
- Offshore management-Scor Risk Management (Bermuda) Ltd.

Join the team!
Call Tom Miller, CPCU
(800) 527-5855 *in Texas call (214) 659-5891*

ScorRisk
P.O. Box 220032, Dallas, Texas 75222—Telex: 79-2981

cial Services Co.
Total professional staff: 5.
Total staff: 7.
No. of clients: 25.
No. of clients in Fortune 500: 1.
No. of clients for one-time projects: 30.
Specialties: Risk management audits, policy audits, claims audits, self-insurance and captive feasibility studies, policy manuscripting, marketing specifications.
Compensation: Sr. consultant, $80/hr.; jr. consultant, $40 to $65; librarian, $28. Computer time, $2.25 per minute.
Annual gross revenues in 1980: $150,000.
Consultant society: Richard C. Rupp, president.

Risk Management Consultants Inc.

250 W. 57th St., New York, N.Y. 10019; 212-582-2214

Year founded: 1957.
Independent.
Total professional staff: 3.
Total staff: 2.
No. of clients: 50 plus.
No. of clients on retainer for: 80%.
No. of clients for one-time projects: 20%.
Specialties: Risk management audits, continuing risk management advisory services for small and medium-size companies.
Minimum size client by sales: $1 million.
Compensation: Sr. consultant, $75 to $100/hr.; jr. consultant, $50. Retainer accounts range from $1,500 to $10,000 annually.
Principal officers: Ezra Lipshitz, president.
Consultant society: ICS.

Risk Management Consultants Inc.

1700 Sunset Ridge Drive, Laguna Beach, Calif. 92651; 714-494-4451

Year founded: 1977.
Independent.
Total professional staff: 1.
Total staff: 3.
No. of clients: 23.
No. of clients in Fortune 500: 16.
No. of clients on retainer for: 15.
No. of clients for one-time projects: 8.
Specialties: Risk-financing programs, risk management audits.
Compensation: Sr. consultant, $80/hr.
Annual gross revenues in 1980: $128,000.
Principal officers: William S. Mortimer, president.

Risk Management Programs Inc.

5 E. Salt Box Lane, Darien, Conn. 06820; 203-655-9118

Year founded: 1980.
Independent.
Total professional staff: 2.
Total staff: 2.
No. of clients: 4.
No. of clients on retainer for: 1.
No. of clients for one-time projects: 4.
Specialties: Risk management audits.
Compensation: Sr. consultant, $75 to $90/hr.; jr. consultant, $25 to $50.
Annual gross revenues in 1980: $16,400.
Principal officers: Charles F. Moody, president.
Consultant society: IRMC.

Risk Management Services

95 Wall St., New York, N.Y. 10005; 212-482-2000

Year founded: 1969.
Parent company: Johnson & Higgins.
Affiliation: Johnson & Higgins.
Total professional staff: 40.
Total staff: 48.
No. of clients: 90.
No. of clients in Fortune 500: 20.
Specialties: Claims reporting, loss forecasting and reserving, risk-funding studies, captive and reinsurance analysis, self-insurance.
Compensation: Risk management services are provided for J&H clients, J&H is mostly compensated by commissions.
Principal officers: Richard E. Meyer, senior vp; Richard J. Rice, Daniel J. Rogers, Howard M. Metzger, vps; Alan G. Page, assistant vp.

Risk Planning Group Inc.

722 Post Road, Darien, Conn. 06820; 203-655-9791

Year founded: 1970.
Independent.

Continued on next page

CAPTIVE INSURANCE

The captive insurance company is a mysterious concept. Landmark is actively involved, through offices in Bermuda, the Bahamas and the Cayman Islands, in the management of offshore insurance subsidiaries for major corporation/association clients. Our onshore offices provide captive feasibility analyses for you or your insured. May we tell you more?

MR. WILLIAM E. THOMPSON, PRESIDENT
THE LANDMARK INSURANCE GROUP, INC.
POST OFFICE BOX 676, OKLAHOMA CITY, OK. 73101 TELEPHONE 405/521-9911 TELEX 74-7191

THE WORLD OF THE LANDMARK GROUP

How AFCO got to be number 1 in premium financing.

Getting there was easy. We were the first company to offer premium financing on a national basis. So you could say we started out as number one.

But staying number one for over 26 years took some doing.

It meant building an organization of capable, motivated people.

It meant providing superior service.

It meant being there with the funds—year in and year out—in good times and bad.

It meant growing: Providing specialists in marine, aviation, and other areas of insurance, to keep up with the knowledge needs of risk managers and their insurance agents and brokers.

But most of all, it meant developing a countrywide network of offices staffed by capable, experienced and friendly people who care.

If you'd like to know more about us, and the benefits of premium financing, please use the coupon below to request our informative new brochure.

Mr. Paul M. Holland
Senior Vice President; Marketing, AFCO, 10 Hanover Street, New York, New York 10004

Dear Sir:
I'd like to know more about the benefits of premium financing. Send me your brochure.

Name _____
Title _____
Company _____
Address _____
City/State/Zip _____

BI281

AFCO
© 1980 AFCO Credit Corporation
Premium Financing

Consultants

Continued from previous page

Total professional staff: 13.
Total staff: 18.
No. of clients: 56.
No. of clients in Fortune 500: 16.
No. of clients on retainer for: 6.
No. of clients for one-time projects: 50.

Specialties: Risk management audits, including quantitative and subjective risk assessments, risk-funding alternatives, risk management administration.

Compensation Principal, $110 to $150/hr.; sr. consultant, $60 to $90; jr. consultant, $30 to $60.

Annual gross revenues in 1980: $1.25 million.

Principal officers: H. Felix Kloman, president; Bernard M. Brown, D. Hugh Rosenbaum, Mitchell J. Cole, W. Rodney Smith, vps.

Consultant society: IRMC.

Risk Sciences Group Inc.

45 Camino Alto, Mill Valley, Calif. 94941; 415-381-0211

Year founded: 1978.
Independent.
Total professional staff: 15.
Total staff: 19.
No. of clients: 31.
No. of clients in Fortune 500: 10.
No. of clients on retainer for: 12.
No. of clients for one-time projects: 14.

Specialties: Computerized risk management information systems, loss forecasting and statistical studies, loss reserves certification for self-insurance and captives, self-insurance and captive feasibility studies.

Minimum size client by sales: $100 million.

Minimum size client by premium volume: $200,000

Compensation: Sr project leaders, $85 to $135/hr.; project leaders, $65 to $85; sr. consultants, $50 to $65; staff consultants, $40 to $50; technical support staff, $25 to $40.

Annual gross revenues in 1980: $750,000 to $1 million.

Principal officers: Joseph A. Destein president; Richard F. Denning, executive vp; Corbett Williams, vp.

Risk Treatment Services Co. Inc.

Market Tower II, 3025 S. Parker Road, Suite 825, Aurora, Colo. 80014; 303-752-4912

Year founded: 1979.
Independent.
Total professional staff: 5.
Total staff: 10.
No. of clients: 10.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 7.
No. of clients for one-time projects: 3.

Specialties: Self-insurance, captive management.

Specialties: Sr. consultant, $100/hr.; jr. consultant, $45. Billing method is flexible.

Annual gross revenues in 1980: $500,000 plus.

Principal officers: William R. Kersten, president; Gary R. Nelson, executive vp; Duane W. Metcalf, secretary/treasurer; Robert A. Chorek, vp-claims.

S

St. Paul Risk Services Inc.

Hamm Building, 408 St. Peter St., St. Paul, Minn. 55102; 612-221-7203

Year founded: 1978.
Parent company: St. Paul Fire & Marine Insurance Co.
Affiliation: St. Paul Fire & Marine Insurance Co.
Total professional staff: 6.
Total staff: 33.
No. of clients: 3.
No. of clients in Fortune 500: 1.
No. of clients on retainer for: 14.
No. of clients for one-time projects: 17.

Specialties: Self-funding studies for hospital professional liability and workers compensation, workers compensation for governmental units, industrial hygiene consulting.

Compensation: Sr. consultant, $85/hr.; jr. consultant, $55. A flat fee used for feasibility study.

Principal officers: E. Warren Bessler, vp; Jon A. Roeder, marketing officer; William P. Walsh, financial services officer; Ellen L. Conway, operations manager.

Scor Risk Management Inc.

500 E. John Carpenter Freeway, Irving, Tex. 75062; 800-527-5855, 214-659-5894.

Year founded: 1979.
Parent company: Scor Reinsurance Co.
Independent.
Total professional staff: 4.
Total staff: 6.
No. of clients: 15.
No. of clients in Fortune 500: 1.

Specialties: Captive development and management, self-insurance, funding.

Compensation: Fees are quoted by hour, fixed or negotiated.

Principal officers: Tom Miller, president; Jim Bass, vp.

E.W. Siver & Associates Inc.

9400 Fourth St. N., P.O. Box 21343, St. Petersburg, Fla. 33742; 813-577-2780

Year founded: 1970.
Independent.
Total professional staff: 9.
Total staff: 17.
No. of clients: 50.
No. of clients in Fortune 500: 2.
No. of clients on retainer for: 40.
No. of clients for one-time projects: 10.

Specialties: Risk management audits, marketing and specifications, retainer services.

Compensation: Sr. consultant, $100/hr.; jr. consultant, $60; clerical, $25.

Principal officers: Edward W. Siver, president; Robert I. Siver, vp; Charlotte H. Steele, corporate secretary.

T

TAD Management Ltd.

P.O. Box 309, Winnipeg, Manitoba, Canada R3C 2H6 (summer); 220 La Encina Drive, Palm Springs, Calif. 92264 (winter); 204-489-5561, 714-324-2006

Year founded: 1956.
Parent company: Harriott & Associates Ltd.
Total professional staff: 3.
Total staff: 7.
No. of clients: 2.
No. of clients on retainer for: 2.

Specialties: Designing, marketing and administration of association-sponsored plans.

Minimum size client by premium volume: $1 million plus.

Compensation: Sr. consultant, $100/hr.; jr. consultant, $50; staff trainee, $12.50.

Annual gross revenues in 1980: $100,000.

Principal officers: Thomas A.D. Harriott, president.

Consultant society: ICS.

Technical Services-M&M Inc.

1221 Ave. of the Americas, New York, N.Y. 10020; 212-997-5875

52 great issues coming up!

ISSUE NUMBER		ISSUE DATE	AD CLOSING
11.	SPECIALTY RISKS	MAR 16	MAR 3

more to come:

		ISSUE DATE	AD CLOSING
8.		FEB 23	Feb 10
9.		MAR 2	Feb 18
10.		MAR 9	Feb 25
11.	SPECIALTY RISKS	MAR 16	Mar 3
12.		MAR 23	Mar 11
13.		MAR 30	Mar 18
14.	CAPTIVES/OFFSHORE . . . R.I.M.S. PREVIEW	APR 6	Mar 24
15.	R.I.M.S. Conference Report #1	APR 13	Apr 1
16.	R.I.M.S. Conference Report #2	APR 20	Apr 8
17.		APR 27	Apr 15
18.		MAY 4	Apr 22
19.	LOSS PREVENTION—SAFETY/SECURITY	MAY 11	Apr 28
20.		MAY 18	May 6

You can now reach the decision makers in the insurance marketplace 52 times a year in the industry's communications leader . . . *Business Insurance*. For your convenience, we have listed all upcoming issues for the next few months along with special editorial information and advertising closing dates. Avoid the rush. Be where the action is this week and every week.

business insurance

a publication of Crain Communications Inc.

New York: 708 Third Avenue, NY 10017 (212) 986-5050 Chicago: 740 Rush Street, IL 60611 (312) 649-5275 Los Angeles: 6404 Wilshire Blvd., CA 90048 (213) 651-3710

Year founded: 1871.
Parent company: Marsh & McLennan Inc.
Affiliation: Marsh & McLennan Inc.
Total professional staff: 313.
Total staff: 488.
Specialties: Self-insurance and captive feasibility studies, loss-control audits, environmental testing, offshore and onshore management for captives and industry, underwriting consulting for captives.
Compensation: Varies per project and service.
Principal officers: Alonzo C. Rand, Fred A. Manuele, Thomas S. Chittenden, senior vps; Truman F. Maxwell, James F. Lee, Laurence H. Helmrath, vps.

R. Maynard Toelle

703 Thunderbird Ave., Sun City Center, Fla. 33570; 813-674-4975

Year founded: 1976.
Independent.
Total professional staff: 1.
Total staff: 1.
Compensation: Sr. consultant, $60 to $100/hr.
Principal officers: R. Maynard Toelle, proprietor.
Consultant society: IRMC.

Towers, Perrin, Forster & Crosby

Centre Square West, 1500 Market St., Philadelphia, Pa. 19102; 215-563-4500

Year founded: 1969.
Independent.
Total professional staff: 12.
Total staff: 16.
No. of clients: 70.
No. of clients in Fortune 500: 15.
Specialties: Risk management audits, financial analysis, self-insurance and captive feasibility studies, actuarial services, bid specifications and evaluation of proposals, design of risk management information systems and risk management merger/acquisition studies.
Compensation: Time and expense.
Principal officers: Robert Z. Rose, director; Richard T. Delaney, vp.

W

David Warren

58 Diablo View Drive, Orinda, Calif. 94563; 415-254-9472

Year founded: 1979.
Independent.
Total professional staff: 1.
Total staff: 1.
Compensation: Sr. consultant, $100/hr.
Principal officers: David Warren.
Consultant society: IRMC.

Warren, McVeigh & Griffin

1420 Bristol St. N., Newport Beach, Calif. 92660; 714-752-1058; 1700 Montgomery St., San Francisco, Calif. 94111; 415-433-6974

Year founded: 1968.
Total professional staff: 11.
Total staff: 18.
No. of clients: 120.
No. of clients in Fortune 500: 15.
No. of clients on retainer for: 20.
No. of clients for one-time projects: 100.
Specialties: Risk management audits, risk management information system surveys, captive audits, claim administration design and auditing, actuarial analysis and forecasting of risk costs, public entity pooling program design and auditing.
Compensation: Sr. consultant, $80 to $140/hr.; jr. consultant, $35 to $60.
Annual gross revenues in 1980: $1 million plus.
Principal officers: C.C. (Bud) Griffin, president; Steven Kahn, Michael Kaddatz, Erin Oberly, James A. Robertson, Lee Van Slyke, principal consultants.
Consultant society: IRMC.

Waters Risk Management

7110 Augusta Blvd. N., Seminole, Fla. 33543; 813-397-8665

Year founded: 1978.
Independent.
Total professional staff: 1.
Total staff: 3.
No. of clients: 12.
No. of clients on retainer for: 3.
No. of clients for one-time projects: 9.
Specialties: Risk management audits, insurance/self-insurance specifications.

Continued on next page

CDPC
CRAVENS, DARGAN & COMPANY
PACIFIC COAST

MARKETS FOR:

AVIATION, SPECIAL RISKS PROPERTY, LUMBER,
EXCESS & SURPLUS, OIL, OCEAN MARINE

HOME OFFICE
350 CALIFORNIA STREET, SUITE 1600
SAN FRANCISCO, CA 94104
(415) 622-7500

REGIONAL OFFICES
SAN FRANCISCO
555 California Street, Suite 2900
(415) 622-7500
LOS ANGELES
3580 Wilshire Blvd.
(213) 380-5650
SEATTLE
Peoples Nat'l Bank Bldg., Suite 922
(206) 223-1800
SPOKANE
Washington Trust Building, Suite 1001
W. 717 Sprague Street
(509) 456-8580
PORTLAND
200 Market Building, Suite 700
(503) 248-9616
NEW YORK
90 William Street
(212) 344-5912
ATLANTA
30 Perimeter Center East, NE
(404) 393-0640
CHICAGO
Sears Tower, Suite 5730
233 South Wacker Drive
(312) 876-0262
HONOLULU
1510 Pioneer Plaza
(808) 521-5031

"THE FUTURE IS NOW FOR EMPLOYERS INTERESTED IN A NEW BENEFIT THAT WILL HELP THE BOTTOM LINE,"



says Jim Nelson, Executive Vice President and head of Provident's Group Department.

"The demand for mass-marketed permanent life insurance is exploding. Our new product, appropriately named FUTURE, meets this demand by giving an employee who probably wouldn't be reached by a life insurance agent an opportunity to buy a bona fide whole life policy through payroll deduction.

"Directed toward buyers in the $5,000-$50,000 range, FUTURE builds cash values and can include a disability waiver of premium as well as an accidental death benefit. A similar spouse policy and a term rider for children are also available. It is voluntary and no physical is required. Terminating employees can continue their policies at the same annual rate by sending the premium directly to Provident.

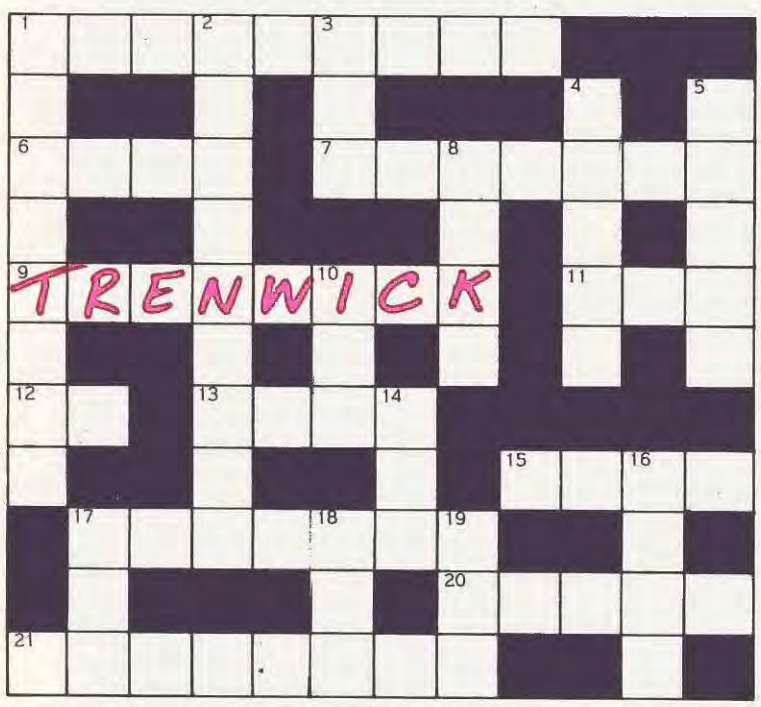
"Employers who are already offering FUTURE to their employees are enthusiastic because the program offers employees a chance to help fund their own permanent insurance programs. The only expense employers have is the cost of payroll deduction.

"FUTURE is really a product whose time has come."

If you want to find out how FUTURE can affect *your* bottom line, call your insurance consultant or your nearest Provident Group representative. Our offices are located in principal cities.

PROVIDENT
LIFE AND ACCIDENT INSURANCE COMPANY
CHATTANOOGA, TN 37402

Trenwick puzzler: UNDERWRITING.



ACROSS

1. Maximum limit against which losses accumulate. 6. Upright to which sail is fastened. 7. Quota share. 9. World's most professional underwriting advisors to millions of dollars of underwriting capital. 11. Agents' balances represent premiums... 12. Workers compensation coverage Part B. 13. Losses and loss development unknown to insurance company. 15. The product of dividing premiums by sales or payroll base. 17. Nation's leading firm of insurance analysts. 20. Cancel. 21. Loss ratio cover by another name.

DOWN

1. Licensed to conduct insurance business in given jurisdiction. 2. Amount of loss kept by ceding company. 3. Layer of risk between frequency and catastrophe. 4. Market writing unique and unusual risks through wholesale brokers. 5. Stratification of limits. 8. From little acorns grow. 10. Author Fleming's first name. 14. Computerized list. 16. Sweet pastry. 17. Property cover to protect insurers from natural disaster. 18. National Insurance Rating Bureau. 19. OPEC prices influence this product's price.

No one possesses all the answers to reinsurance underwriting. The realization of underwriting profit means first realizing you can lose your shirt.

Trenwick offers underwriting leadership through careful selection, sound pricing, and market knowledge. And we put our money where our mouth is.

Call us to see how we can help you. We're in the market every day. Trenwick, Inc., 21 Charles Street, Westport, CT 06880. (203) 226-8116.

Consultants

Continued from previous page

Compensation: Sr. consultant, $75/hr. per project, $60 per retainer.

Principal officers: Allan Paul Waters.

Source of information

Information in this special listing of risk management consultants was compiled by the editors of *Business Insurance* based on information supplied by the firms.

The profiles include professional staff, parent firm, branch offices, principal officers and compensation for services and specialties.

The Will-Gard Group

2525 Rt. 22W, P.O. Box 987, Union, N.J. 07083; 201-687-3400

Year founded: 1963.
Independent.
Total professional staff: 19.
Total staff: 46.
No. of clients: 391.
No. of clients on retainer for: 31.
No. of clients for one-time projects: 3.
Specialties: Self-insurance feasibility studies and risk management audits.
Compensation: $40 to $100/hr.
Annual gross revenues in 1980: $3.8 million.
Principal officers: Frank X. Gartland, president. Richard K. Williams, chairman; Bruce Bilancia, treasurer; Joseph Egan, vp.

Willse & Associates Inc.

600 Maryland Trust Building, Baltimore, Md. 21202; 301-547-0454

Year founded: 1980.
Independent.
Total professional staff: 5.
Total staff: 14.
No. of clients: 13.
No. of clients on retainer for: 13.
Specialties: Group life, accident and health exclusively.
Minimum size client by premium volume: $300,000.
Compensation: Sr. consultant, $100/hr.; jr. consultant, $55; staff, $25.
Annual gross revenues in 1980: $520,000.
Principal officers: David W.B. Willse, president; Basil G.F. Laslett, vp.

The Wyatt Co.

Suite 5600, Sears Tower, 233 S. Wacker Drive, Chicago, Ill. 60606; 312-876-1616

Year founded: 1942.
Independent.
Total professional staff: 25.
No. of clients: 450.
Specialties: All types of projects, actuarial work.
Compensation: Sr. consultant, $60 to $160/hr.; jr. consultant, $35 to $60; actuaries, $80 to $135.
Principal officers: Warren G. Brockmeier, director of risk management services; Henry P. Devlin-manager; Detroit; Edgar W. Armstrong, manager-Washington; Fred. B. Gillette, manager-Dallas; J. Peter Jensen, manager-San Francisco.
Consultant society: IRMC. ■

info

• Stern-Watt & Associates explains its **Self Administration Training Program** in a free booklet. For a copy, contact Robert Stern, Stern-Watt & Associates, 1500 Skokie Blvd., Suite 500, Northbrook, Ill. 60062; 312-498-4280.

• Underwriters Laboratories Inc. plans to develop a first edition of a **Standard for Safety for Non-Metallic Safety Cans,** UL-1313, and seeks review and comment. Interested parties should contact S.A. Farwell at UL, 333 Pfingsten Road. Northbrook, Ill. 60062, and request to be put on the mailing list. A free copy of the proposed standard will be mailed as soon as it is available.

• A new four-color, six-page folder describes Industrial Risk Insurers' involvement with energy-producing organizations, ranging from conventional petroleum facilities to coal gasification plants. The folder discusses **perils, coverages and alternative fuel-producing properties.** For a free copy, contact Communications Dept., IRI, 85 Woodland St., Hartford, Conn. 06102.

• A new quarterly publication entitled **Industry Retirement Practices Series** provides current, highly detailed data on retirement benefits offered to white-collar personnel grouped by industry. The series is composed of studies that name the companies and all their plans, including pension, profit-sharing, thrift and savings. Industry studies may be purchased separately or in groups. A descriptive brochure containing sample studies is available without charge. For more information, contact ERISA Benefit Funds Inc., 515 National Press Building, Washington, D.C. 20045; 202-638-1984.

• The New York Workers Compensation Board has published a flier describing recent **changes in the law on occupantional loss of hearing** that ease claim filing restrictions. The flier may be obtained by writing the Office of Public Information, Workers Compensation Board, 2 World Trade Center, New York, N.Y. 10047.

• A four-page brochure covers services to owners, contractors and sureties related to settling, negotiating or defending construction cliams. For a copy of the borchure **Construction Claims Services,** contact John Stetson, director of claims services, MDC Systems Corp., 1818 Market St., Philadelphia, Pa. 19103; 215-299-8016.

• **To Self-Insure or Not to Self-Insure,** a report by Bayly, Martin & Fay, details key considerations in evaluating self-insurance. For a free copy, contact Samuel Alcorn, senior vp, Bayly, Martin & Fay International Inc., 3200 Wilshire Blvd., Los Angeles, Calif. 90010; 213-736-9831.

• Underwriters Laboratories Inc. plans to develop a first edition of a **Standard for Safety for Glass-Fiber-Reinforced Plastic Underground Storage Tanks for Petroleum Products,** UL-1316, and seeks review and comment from interested persons and organizations. Interested persons should contact S.A. Farwell at Underwriters Laboratories Inc., 333 Pfingsten Rd., Northbrook, Ill. 60062, and request to be put on the mailing list. A free copy of the proposed standard will be mailed as soon as it is available.

• **Insurance Buyers Checklists for Contractors, Drilling Contractors, Petroleum Products Distributors and Machinery Dealers** are available at $10 each from the International Risk Management Institute, 10300 North Central Expressway, Suite 350, Dallas, Tex. 75231. ■

Dub Martin & Co., Inc.
Specialists In Excess and Surplus Lines Insurance

1900 Pacific Avenue, Suite 711 • Dallas, Texas 75201
214-748-0853 • Telex 73-0245 and 79-1654
Texas Only 1-800-442-7103

Members of
Texas Surplus Lines Association, Inc. &
National Association of Professional Surplus Lines Offices

WHY YOU'LL PREFER DELTA FOR PREFERRED TEXAS RISKS.

Delta Lloyds Insurance Company can give you competitive quotes on coverages for your low risk clients. Since we're a Lloyds company we're free of rate control and can offer exceptionally low rates for property and inland marine insurance in Texas. Call Avrohm Wisenberg at (713) 621-8650. And let us show you why you'll prefer Delta for your preferred risks.

DELTA LLOYDS INSURANCE COMPANY

DELTA

P. O. Box 2045 Houston, Texas 77001
A Lloyds Company. Best rating "A".

Tender offer policies find few takers

TENDER OFFER defense expense insurance has not taken off the ground in the United States as Lloyd's underwriters had hoped.

Only six American companies, including a U.S. insurance broker, have bought the insurance to pay for outside expenses incurred in fighting tender offers. But insurers believe there is enough interest in tender offer defense insurance to continue selling it.

"To date we have not sold very many policies, but that does not mean a great amount of interest isn't there. It is," said the lead Lloyd's underwriter Tony Cassidy of Cassidy Davis Ltd. "There's another wave of tender offers around the corner.

"We are not downhearted," he said. But underwriters are concerned that insurers don't have a big spread of risks and so could incur losses before any profit is made.

"Only those that feel the most vulnerable are buying it. We know we're going to get losses. It's inevitable," Mr. Cassidy said.

But he is very optimistic that the insurance policy will take off soon. So far it is only offered in the United States, but companies in Africa, Canada and the United Kingdom are inquiring about it.

"It's one (policy) I have very high hopes for. But like directors and officers liability, it's very slow getting off the ground," Mr. Cassidy said.

The tender offer defense expense insurance, brokered by Hogg Robinson Group here, covers the costs of hiring outside attorneys, accountants and press relations people, Mr. Cassidy said. A claim can only be filed if the company wins its fight. If the company loses, the acquiring company picks up the costs.

Second captive

Chesebrough-Pond's Inc. is now operating two captive insurance companies here, *Business Insurance* learned.

A second captive to underwrite working layer casualty risks for the parent company was formed this year: Merritt Insurance Co. Ltd.

The Greenwich, Conn.-based conglomerate already had used a captive, Benedict Insurance Co. Ltd., for foreign property risks, managed by Reed Stenhouse Cos.'s Bermuda management firm, Insurance Managers Ltd.

The new captive is managed by J&H Ltd. here, the captive management subsidiary of broker Johnson & Higgins. Merritt is also a participant in J&H's risk-sharing pool, First Island.

Holding company

J. William Holt, a principal in Duncanson & Holt, a $170 million reinsurance underwriting agency and holding company, has resigned all day-to-day involvement with the firm to form his own company.

The new entity, called Holt Corp., will be a diversified insurance holding company, Mr. Holt said. He would not elaborate on his plans other than to suggest they could involve vertical corporations. That could put reinsurers, intermediaries, insurance companies or brokers under Holt Corp.'s corporate umbrella.

Mr. Holt did not disclose the capital of the privately held firm.

Mr. Holt said his departure from Duncanson & Holt was amicable. He remains on the firm's board of directors and is a major stockholder. At Duncanson & Holt, he was executive vp and president of United Americas Insurance Co., a foreign-owned reinsurer.

There are no plans at this time to move any of Duncanson & Holt's activities into Holt Corp., he says.

markets

Name change

Beneficial National, a subsidiary of Associated Madison Cos. Inc., has been renamed National Benefit Life. Beneficial is the largest seller of group life policies through credit cards, the company says.

Acquisitions

Marsh & McLennan Inc. has acquired **Myron Freedman Co.** of Des Moines.

Voyager Group Inc. of Jacksonville, Fla., has acquired all of the stock of **United Heritage Services Corp.**, also of Jacksonville. Voyager Group is a holding company with life, accident and health and property subsidiaries.

Johns Eastern Co. Inc., insurance claim adjuster based in Sarasota, Fla., has acquired **Neil M. McGrew Claim Service Inc.** of Dayton and Cincinnati.

Fremont General Corp. has acquired 51% of **Physicians & Surgeons Underwriters Corp.**, the attorney in fact for Physicians and Surgeons Insurance Exchange of California. Fremont General is an insurance holding company.

New offices

Cravens, Dargan & Co. Special Risks has opened a Southeast regional office at 1532 Dunwoody Village Parkway, Suite 212, Atlanta, Ga.

Keystone-National Inc., insurance broker and subsidiary of **Philadelphia Manufacturers Mutual Insurance Co.**, has relocated to 1325 Morris Drive, P.O. Box 1880, Valley Forge, Pa. 19482; 215-296-3115. Philadelphia Manufacturers has moved to the same address, 215-296-3100.

Management consultants **P.E. Reeves & Associates Ltd.** has moved to Suite 1206, Commercial Union Tower, P.O. Box 183, Toronto-Dominion Centre, Toronto, Ontario M5K 1H6; 416-364-9592. ■



three for all.

A publication trio from Risk Planning Group, Inc.

risk management reports

Risk Management Reports
A bimonthly journal covering specific risk management topics in greater depth for the more sophisticated risk manager, broker, consultant and insurance company executive. Includes such subjects as: techniques of cost allocation; risk management information systems; how to use an insurance broker; regulations on self-insuring workers' compensation, an annual list of captives and parents, plus pithy and often controversial "Current Comments."
Six issues per year $125.

Governmental Risk Management Reports

Governmental Risk Management Reports
A newsletter written expressly for the risk and insurance manager employed by cities, towns, counties and states, plus their insurers, agents and brokers. Carries legislative news, interviews, large loss commentary, a calendar of key events, plus a regular "How To" section with practical guidelines for risk and insurance management.
12 issues per year $60.

Captive insurance company Reports

Captive Insurance Company Reports
A bimonthly publication covering worldwide trends and developments in the growing captive insurance company movement. Includes interviews, editorial opinions and special reports, plus the facts and figures behind current management, tax, legal and investment strategies. Reports on new captives, adding to the list of over 1,000 companies now operating, and important meeting dates; in a six to eight page format.
Six issues per year $100.

RPG

Risk Planning Group, Inc.
722 Post Road, Darien, Conn. 06820
203/655-9791

Order your choice, check box below:

☐ ***Risk Management Reports***
6 issues per year $125. Foreign rate: US $140.
12 issues (two years) $225. Foreign rate US $255.

☐ ***Governmental Risk Management Reports***
12 issues per year $60.

☐ ***Captive Insurance Company Reports***
6 issues per year $100.

☐ My check is enclosed

Name & Title

Company

Address

City, State, Zip

APL SELF-INSTRUCTIONAL COURSE WITH A RISK MANAGEMENT EMPHASIS

APL is a versatile and easy to learn programming language which can bring the benefits of interactive computing to the risk manager. Use of APL greatly increases productivity in solving many actuarial, financial, accounting and insurance problems.
Anistics has prepared a ten-part APL Self-Instructional Course which gives you a working knowledge of APL in about two weeks. The cost of the course is $95.00. Also, Anistics can arrange for a computer account on the Anistics Risk Manaement Information System with time-sharing access from most cities in the U.S. to go along with the course.
For information, write

APL Coordinator
ANISTICS INC.
Subsidiary of Alexander & Alexander
1801 Page Mill Road, Suite 220-A
Palo Alto, California 94304

A&A chooses Holcomb for new marketing post

comings & goings: industry

CHICAGO—Horace H. Holcomb III was named to the newly created post of director of special marketing for Alexander & Alexander Inc. Mr. Holcomb has been director of A&A's Midwest region, headquartered in Chicago. He will be succeeded by **Michael K. White**, presently managing vp of the firm's Dallas office. Mr. White will be replaced by vp **Thomas G. Hardy**, currently production manager of the Dallas office. Mr. Holcomb will remain in Chicago to be the senior executive in charge of new business development and insurance company relationships in specialized markets.

Other agent/broker changes:

Frederick L. Specht joined Arthur J. Gallagher & Co. as vp-finance. Mr. Specht was formerly vp-finance and administration for Gould Brown-Boveri.

Richard A. Riley promoted to president and chief executive officer of Corroon & Black/Caine, a subsidiary of Corroon & Black headquartered in Greenville, S.C. Mr. Riley will be responsible for the overall Caine operations, with offices in Greenville and Columbia, S.C., and Charlotte and Raleigh, N.C. Mr. Riley had been executive vp of Corroon & Black of Illinois.

Dwight W. Pierce Jr. elected senior vp of Fred S. James & Co. of Maine in Portland.

Insurer changes

William T. Nebraska named vp of the loss-control department of The Hartford Insurance Group, replacing **John L. Pickens,** who retired after 34 years of service. **John F. Donahue** elected a vp of the newly formed product management division.


Nebraska

Donald K. Ross elected chairman of the board and **Jacob B. Underhill** president of New York Life Insurance Co. Both positions are effective May 20.

Richard J. Ziert promoted to staff superintendent of general liability insurance and umbrellas in the commercial casualty department of Zurich-American Insurance Cos. headquarters in Schaumburg, Ill.

Jimmy H. Adams Jr., formerly underwriting manager in the Atlantic Cos.' Atlanta office, named secretary of commercial marketing. **Cathryn A. Curia** named secretary of reinsurance and **Edmund F. Schubert Jr.** and **Richard Stratton** named vps of commercial marketing at the New York-based firm.

Ernie L. Moore named general manager of The Hartford Insurance Group's Kansas City regional office, replacing **Robert S. Tomassi,** who retired Dec. 1 after 34 years with the company.

Other suppliers

A.S. Hansen Inc. has named **R. Paul Schrader** new area manager of the Denver office, which has been designated regional headquarters for the firm's actuarial, benefits and compensation consulting practice.


Schrader

Raymond M Slabaugh III promoted to senior vp and divisional manager of the Mid-Atlantic division of consultants Meidinger Inc., in Louisville.

International confab set

MONTE CARLO, Monaco—Reservations will be taken in March for the International Risk Management Conference here Oct. 12-14.

All risk and insurance managers around the world are eligible to attend the conference, which is limited to 450 entrants. A limited number of reservations will be allowed for insurance industry personnel.

The meeting will be the first joint venture between the Risk & Insurance Management Society and the Assn. des Assures de L'Industrie, a Brussels-based organization of European risk management associations.

A brochure and registration materials will be available next month from Mitchell York, RIMS, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292. ■



YOUR CLIENT JUST SPENT 2.3 MILLION ON A NEW JET. SO WHY ISN'T HE FLYING FIRST CLASS? Your client can buy a lot of airplane for over two million dollars. But he can't buy all the service he needs. Providing your clients with truly first class insurance service is what Associated Aviation Underwriters is all about. At AAU, we back you with one of the most professional, experienced staffs in the business. And our staff has the means for doing the job better than anyone else. For example, we maintain a fleet of aircraft for our adjusters to enable them to provide prompt claims service. We also make a major contribution to your client's operation by providing professional flight department evaluations. And by making available free safety and educational material.
So when you want your clients to really fly first class, make sure they fly with AAU. We're number one in corporate aviation insurance because we're number one in service. AAU

ASSOCIATED AVIATION UNDERWRITERS, 90 JOHN STREET, N.Y., N.Y. 10038, ATLANTA, CHICAGO, DALLAS, DENVER, DETROIT, KANSAS CITY, LOS ANGELES, SAN FRANCISCO, SEATTLE

comings & goings: buyers

C&F promotes insurance exec

MARTIN BONDY has been promoted to senior vp-insurance operations for Crum & Forster Corp. in Morris Township, N.J. He reports to Donald H. McComber, executive vp and chief insurance operations officer for Crum & Forster, the parent company. Mr. Bondy will continue to be responsible for corporate planning and analysis, plus executive direction of all reinsurance and corporate insurance activities. Mr. Bondy, a fellow of the Casualty Actuarial Society, began his insurance career in 1954. He joined C&F in 1965 and served previously as vp and assistant vp/actuary. Mr. Bondy has an A.B. in mathematics from Brooklyn College.

* * *

Robert Wilday has joined Irving Trust Co. in New York as safety director. In this expanded position, Mr. Wilday will be responsible for fire safety and OSHA compliance as well as corporate safety. He reports to security director Harry Quinn. Before coming to Irving Trust, Mr. Wilday was a lieutenant with the New York Fire Department. He has a bachelor's degree in fire science from John Jay University in New York.

* * *

Deloris Miller joined Hillenbrand Industries Inc. in Batesville, Ind., as risk management analyst. Ms. Miller, a recent college graduate, will undergo an intensive training program in the newly created entry-level position, reporting to H. Jay Varner, director of risk management. Ms. Miller has a bachelor's degree from Purdue University in West Lafayette, Ind., and a master's in business administration from Xavier University in Cincinnati.

* * *

Robert E. Engel, 48, has assumed the newly created position of risk manager for Telephone Utilities Inc. in Portland, Ore. Mr. Engel reports to Brian Wirkkala, vp and secretary/treasurer, and is responsible for risk management, insurance and safety. Mr. Engel, a national director of the Risk & Insurance Management Society, was formerly employed with Consolidated Freightways, where his former position remains unfilled.

* * *

Thomas F. Durkin has been promoted to administrator of insurance and risk management for Walgreen Co. in Deerfield, Ill. He reports to Craig L. Ames, director of insurance and risk management. Mr. Durkin is responsible for administering and developing the company's risk management and insurance programs. Mr. Durkin had been an insurance specialist in the accounting division of the company and began a training program in the financial division in early 1980. He replaces **Robert J. Anderson,** who has been named risk manager for Field Enterprises in Chicago. Mr. Durkin has a bachelor's degree in business administration from Loras College in Dubuque, Iowa.

* * *

H. Andrew Smith, 32, has joined the corporate staff of American Medical Affiliates Inc. in the newly created position of risk manager. Mr. Smith is responsible for all insurance functions, including property/casualty, general liability, workers compensation and health insurance programs. He reports to treasurer Louis Greenberg. Mr. Smith was formerly employed with INCO ElectroEnergy Corp. in Philadelphia as benefit analyst. His former position remains unfilled. Mr. Smith has a bachelor's degree in history from the State University of New York at Buffalo and is pursuing a master's in business administration at the University of Pennsylvania.

•

We'd like to report on staff changes in your risk management or employee benefits department. Just drop a note to Joanne O'Hare, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611 or call 312-649-5482.

WE MAKE IT HAPPEN !!

INTEX

INTEX CAN TAKE THE MYSTERY OUT OF *CAPTIVES* FOR YOU.

Our experience and expertise in

• Captive Feasibility Studies • Captive Implementation • Captive Management

Will save you time and money.

Through our intimate knowledge of and access to the international insurance marketplace, we can evaluate the best alternatives and programs - quickly and efficiently. No long, drawn-out study resulting in hypothetical solutions - if a captive isn't for you, we'll let you know why, quickly. If it is, we can put all the pieces together for you.

Intex is known for the satisfied clients we serve.

Intex does not sell or broker insurance.

For complete information on how we can make it happen for you, write or call:

Mr. Klaus J. Gebhardt, President

INTEX MANAGEMENT CO., LTD.

2817 REGAL RD. PLANO, TEXAS 75075 TEL. (214) 867-2200 ' TELEX: 732725

CU Claims. Difference #4.

The CURE that really works.

When a CU policyholder's employee is injured, our claims personnel go to work immediately.

Countrywide, Commercial Union Rehabilitation Effort (CURE) nurses assist claims personnel in rehabilitating employees, managing medical expenses and providing whatever care necessary to get the injured back on the job.

CU Insurance

A case in point— A young gas delivery man was severely burned in an on-the-job explosion. Reacting to the psychological impact of the accident as well as the physical injuries, rehabilitative work began. The combined efforts of a CURE nurse, vocational counselor and physician resulted in the young man's early return to work—at a new and higher paying job.

Rehabilitation takes time. But restoring health and gainful employment is something we can all feel good about. At Commercial Union, we see it as part of the job we owe our clients.

Rehabilitation that works. Just one more way claims make the difference at Commercial Union.

Commercial Union

One Beacon Street, Boston, Mass. 02108

Risk execs prefer independent advice

Continued from page 1
outside services hire risk management consultants to audit their programs almost as often as they hire consultants to conduct special projects. Thirteen risk managers on the board are now paying a consultant to audit their programs; 14 are paying a consultant to conduct a special project.

Prices quoted for an audit range from 1,000 charged by Betterley Consulting Group to audit the program of a pulp and paper company with estimated gross revenues of $2.9 billion in 1981, to $15,000 charged by Warren, McVeigh & Griffin to audit the program of a bank in 1975.

An audit price of $10,000 was mentioned twice: by a chemical/drugs/consumer products firm with $3.4 billion in annual sales using Marsh & McLennan, and a county government employing 2,100 people using Risk Control Associates in Miami.

Panel members noted that they generally request a risk management audit every five years.

Special project costs quoted from $2,500 for a project conducted by Risk Control Associates for a county government to $12,000 for a project conducted by Betterley Group for an insurance company with 15,000 employees.

Alexis, a subsidiary of Alexander & Alexander, provides a health care/education institution employing 9,000 and generating $285 million in annual revenues with risk management consulting on special projects, an audit and claims management for a total of $33,000.

Panel members gave risk management consultants high grades on both audits and special projects. On a scale of 1 to 10, 7 was the lowest grade and a score of 8 was given most often.

The high scores for risk management consultants are consistent with high scores given for all outside service suppliers. The only detectable complaints were against claims management firms. given scores of 5 a couple times.

Most of the panel members choose their consultants based on discussions with other risk managers or on the recommendation of their brokers or agents

Almost 3-1, the risk managers ask more than one consultant to bid on their project or make a proposal. Among the most often mentioned qualities the risk managers say they are looking for are expertise, reputation, experience and a good price.

Only a few risk managers seemed to know if their consultant was a member of one of the two associations of independent consultants, and only one said the membership influenced his decision to contract with a consultant.

Next to the services of a risk management consultant, risk managers responding to the survey most often purchase claims management services. Twenty-three risk managers said they buy claims management services now from: ESIS, an INA subsidiary; Alexis; Gallagher Bassett, a subsidiary of broker Arthur J. Gallagher & Co.; GAB; Liberty Mutual; Crawford & Co., and others.

Annual costs of claims management reported ranged from $10,000 for liability claims against a health care institution to $600,000 at three corporations with sales exceeding $4 billion. Satisfaction with services ranged from a low of 5 to high of 9, with most risk managers giving their claims managers a 9 on a scale of 1 to 10.

Property appraisals, needed more often now as inflation continues to drive up property values, are becoming a popular service to purchase. Twelve risk managers reported employing property appraisers now from firms such as American Appraisal, Industrial Appraisal, GAB and Schirmer Engineering Corp.

Costs range from $1,500 paid by an air cargo company with $600 million in revenues to $80,000 paid by a food company identified as having 4,500 employees.

Analysis of self-insurance reserves was the next most often mentioned service. Prices quoted ranged from $1,000 paid Daskais & Walls by a machinery manufacturing company with $5.5 billion in sales to $25,000 paid Wyatt Co. by a hospital with 70,000 employees and $1.5 billion in gross annual revenues. Marsh & McLennan was most often mentioned and highly rated for reserve analysis. An M&M price of $7,000 was quoted by a manufacturer with $350 million in sales.

Retention analysis—helping a company decide how much risk to retain—is almost as popular. M&M, Risk Sciences Group of Mill Valley, Calif., and Corroon & Black were mentioned as suppliers. Prices quoted ranged from $1,400 charged an air cargo company with $600 million in gross annual revenues to $19,000 charged a major pulp/paper company.

Fronting—the issuing of insurance policies and possibly services by an insurer that takes little or no risk in the program—is used by 25% of the panel members buying risk management services. INA was most often mentioned. Prices quoted range from $6,000 charged an insurance company with 15,000 employees to $1.5 million charged a manufacturing company with $6 billion in annual sales.

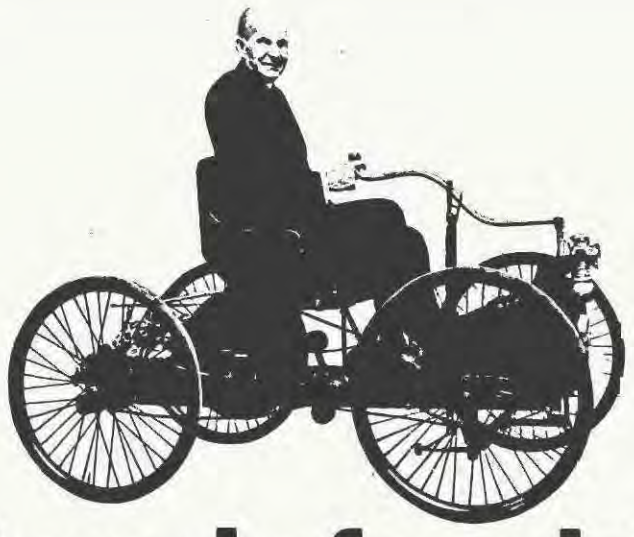
Rehabilitation services for injured workers are purchased by about 25% of the panel members buying any risk management services. Costs range from $12,000 paid by a food company with 11,000 employees to $50,000 paid by a supplier to a construction industry employing 4,000. Suppliers mentioned include International Rehabilitation Associates and Crawford & Co.

Going to outsiders for help with loss-prevention programs is least popular among panel members.

A manufacturing company employing 16,000 people pays ESIS $41,000 to conduct safety inspections. An air cargo company pays Corroon & Black $15,000 for maintaining a continuing loss-prevention program. A chemical and food product firm with $4 billion in sales pays Schirmer Engineering Corp. $10,000 to conduct safety inspections.

•

Risk managers and buyers of property/casualty insurance are invited to join the Business Insurance Risk Management Board. Just send a card with your name, title, company and address, noting you would like to join the Risk Management Board, to Kathryn J. McIntyre, Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. You will receive six surveys during the year on risk management and property/casualty insurance issues.



"...the only foundation of real business is service."

HENRY FORD
Inventor, Industrialist

At Midland, our prime objective is to provide prompt, efficient insurance and risk management services. We are a company big enough for strength and stability, but organized so our specialists can be responsive to your total needs.

We work especially well with national and regional companies involved in manufacturing, distribution and transportation operations. Without appearing too immodest, we should mention that Agents and Brokers everywhere have nice things to say about us.

Our specialty is providing complete programs with tailored coverages that are custom designed and oriented.

These include SIR and large deductible programs. We also arrange filings and claim administration to complete your program.

We found out a long time ago, that this is a better way to run an insurance company. So if you agree and you're the kind of person who wants things done right, why not contact us. Make us prove that we can do the job—the way you expect it to be done.

Midland is licensed in all 50 states, the District of Columbia, Canada, Puerto Rico and the New York Free Trade Zone.

Midland Insurance Company
The Decisive Specialists
(212) 248-1130
160 Water Street, New York, N.Y. 10038

Renewal rates drop, risk managers report

Continued from page 1
annual revenues. Same markets used.

• An aviation policy for an air cargo firm employing 8,500 and generating annual gross revenues of $600 million. No market information available.

• Broader coverage under myriad policies for a pulp/paper company with 25,000 employees and nearly $3 billion in 1981 sales. New insurers and brokers used.

• Broader fidelity insurance for a fast-food chain with 12,800 employees and annual sales of $317 million. New insurer, same broker used.

• Salvadorean fire and extended coverage policies for a metal fabricator. New insurer used because American International Underwriters stopped writing the coverage.

• Casualty insurance for a financial institution with 7,000 employees and $2 billion gross revenues. Same markets used.

In eight property coverage renewals, the rate went down in six, stayed the same in one and went up slightly in another, as mentioned.

In five umbrella liability renewals, the product held up its reputation for being the most competitively marketed: All five renewals brought lower rates and two brought broader coverage as well.

The rate for an excess workers compensation policy, written for a supplier to the construction industry with 4,000 employees and $300 million in sales, came down 25%.

In two renewals of directors and officers liability insurance, rates all went down and the coverage was broadened. In both cases, new brokers selected for better service were on the accounts. A new insurer offering a better price grabbed a paper wholesaler with 8,300 employees and $700 million in sales.

In 19 casualty insurance renewals—including comprehensive general liability, workers compensation and auto liability programs—rates went down for 14, stayed the same for three and went up for two.

Coverage was broadened in four cases in which rates went down. In two cases, new insurers were brought in—one for a 12% savings. In the other case, a new broker found the new insurer.

"The casualty market remains extremely soft," said one risk manager who switched casualty insurers. "Three years ago only the incumbent carrier responded to our specs. This year five additional companies responded. Three of them offered better prices and coverages than the incumbent."

"Liability rates decreased again, but not as great as last year," noted another risk manager at an electronics firm with 2,500 employees and $92 million in annual sales. He did not switch markets.

The risk manager of a corrugated container manufacturer that employs 2,500 and sells $260 million in products annually gleefully reported, "Work comp premium stayed about the same, with the balance of coverages reduced by 54% compared with 1980 premium."

Of risk managers who reported a potpourri of renewals in one—with each potpourri counted by *BI* as one renewal—five said rates were down, one said they were the same and one, the pulp/paper company executive, noted broader coverage but higher rates. ■

Injury counts must be posted

WASHINGTON—Employers with 11 or more employees are required to post the total number of job-related injuries and illnesses that occurred during 1980, the Occupational Safety and Health Administration says.

Employers must post the last page or right-hand portion of OSHA form 200, "Log and Summary of Occupational Injuries and Illnesses," from Feb. 1 to March 1 in areas where notices to employees are customarily posted.

Employees who move from worksite to worksite or who do not report to any fixed establishment must be given a copy. ■

Coming Up! Specialty Risks

Issue Date: March 16, 1981
Ad Closing: March 3, 1981

New York:
708 Third Avenue, N.Y. 10017 (212) 986-5050
Chicago:
740 Rush Street, IL 60611 (312) 649-5275
Los Angeles:
6404 Wilshire Blvd., CA 90048 (213) 651-3710

Business Insurance, the national newsweekly of loss prevention, risk financing and benefit management.

business insurance
a publication of Crain Communications Inc.

Look who's joined the party. Gallagher.

Top Ten And Growing Faster.



ARTHUR J. GALLAGHER & CO.
International Insurance Brokers
10 Gould Center, Golf Road
Rolling Meadows, Illinois 60008
312/640-8500

GM enlists doctors to fight abuse

Continued from page 3

A follow-up letter was sent to about 200 doctors who have treated GM Fremont employees, suggesting stronger lines of communication with the plant medical department. The letter also outlined the costs to GM of time lost from work and of health care services.

Employee disability and workers compensation benefits cost the nation's largest automaker $367 million in 1979, Mr. York said. This sum does not include the cost of health care and other insurance GM provides for employees, he stressed.

A study at one GM assembly division determined regular operators were absent 16,870 of 69,365 hours, or 24.3% of the hours available for work. The use of substitutes to perform those jobs resulted in a machinery repair ratio of 4.3 to 1.

Mr. York urged other employers to compile similar figures for their own operations and to communicate them to employees, the general public and the medical community.

"I think in many cases doctors do not stop to consider that completion of those claims forms authorizes the payment of a substantial amount of money," he said. "In GM's case, it is $220 per week for the average worker."

GM also is urging doctors to substantiate employees' complaints with objective evidence to the fullest extent possible.

"We stress the importance of their participation in our impartial medical opinion programs and their willingness to discuss cases with insurance administrators and plant medical directors," Mr. York added.

He acknowledged that attractive benefit programs at GM encourage disability and delay employees' return to work. "We do not believe, however, that the only way to curb these abuses is to simply cut back benefit levels or programs.

"It is only through effective administration and the cooperation of the medical community that we can provide adequate benefits to deserving employees and prevent payments to those who would use these programs unnecessarily," he said.

Review hiring for handicap bias

PALM SPRINGS—Any company that denies a job to a qualified handicapped applicant is setting itself up as a target for an employment discrimination lawsuit, warns a Los Angeles defense attorney.

Employers should review their hiring practices to strike anything that could be construed as handicap discrimination, said attorney Joseph M. Miller with Seyfarth, Shaw, Fairweather & Geraldson at the 51st annual meeting of the California Self-Insurers Assn. Feb. 4-6 here.

The Vietnam War has brought an increased awareness of the handicapped, Mr. Miller said. And activist groups are focusing public opinion on the need for special facilities to accommodate these individuals.

"There has been an explosion of changes—most of them for the better—that are enabling handicapped people to come out of the closet," he noted. Modified restrooms and restructured street curbs are among the most visible of these changes.

Although there is no federal prohibition against handicap discrimination that applies to all employers, sections of the U.S. Labor Code, the Occupational Safety and Health Administration Act or the Equal Employment Opportunity Act could be used to create such a prohibition, Mr. Miller said. Thirty-seven states already have some form of handicap discrimination law.

The Rehabilitation Act of 1973 requires federal contractors to practice affirmative action for employment of the handicapped, he reported. Some 275,000 U.S. companies are affected by that requirement, he estimated.

"It is not illegal to refuse to hire someone who's not qualified for a job," Mr. Miller explained. But an employer may not falsely presume that a handicap prevents someone from being able to perform a job.

"It's not enough to show that some diabetics couldn't work as welders," he pointed out. "You must demonstrate that this person who has applied for the job and is diabetic cannot do it."

To avoid exposure to employee discrimination suits, Mr. Miller proposed a set of practical guidelines for employers to follow in hiring new personnel.

"Make sure your employment office is accessible to a handicapped person," he urged. Failure to eliminate an architectural barrier, for instance, could be a "per se violation."

Remove all questions about medical history, disabilities and prior workers compensation claims from your employment application forms, he said.

"When it comes to medical questions, you are better off with a doctor. If you are going to do pre-employment physicals, do them across the board and not just selectively on a case-by-case basis."

The results must not be used in a discriminatory manner, but must objectively show the individual is unable to perform the job. This means the doctor must have a specific, clear and complete job description—one that is genuine and not idealized.

Document your decision in a positive and specific way, Mr. Miller said. Qualifications must be directly linked to factors relevant to the job.

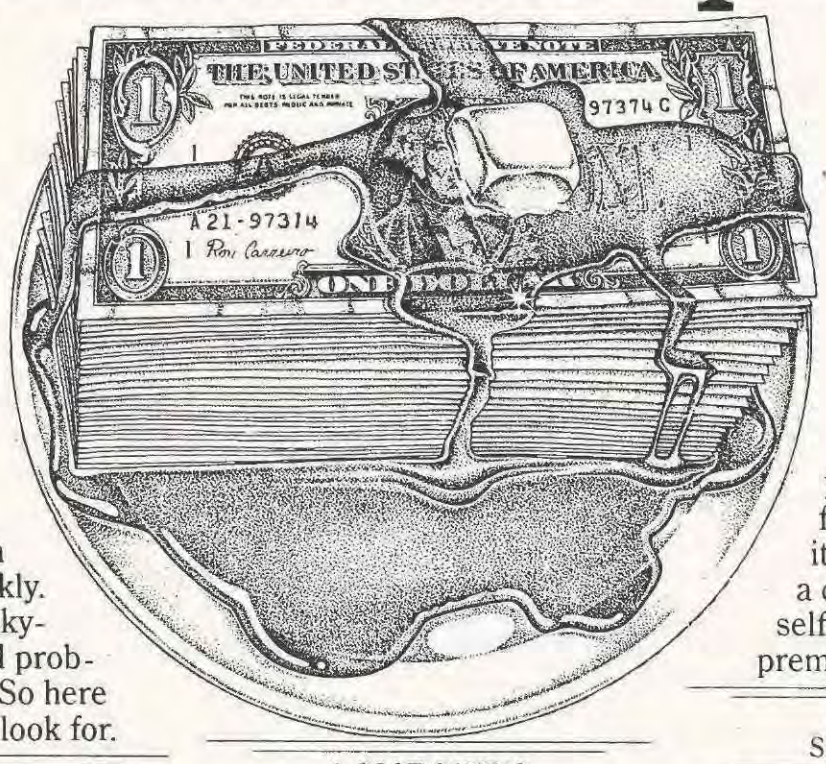
Handicap discrimination presents troubling legal complexities that could extend its application, Mr. Miller added.

"Almost anyone can claim to be handicapped by a physical or mental impairment that falls within some protective group," he explained.

Legal definitions of handicapped are probably broad enough to include temporary physical handicaps from short-term illness or a non-occupational injury, he said.

"What emerges from all this is that you cannot view workers compensation in a vacuum—it will be disastrous if you do," Mr. Miller said. "Federal labor law, EEOC, OSHA—it's all a fabric. If you deal with one part by itself, it will all fall apart." ■

Are you being fed a sugar-coated dental program?



It may look like a bargain, but...
without the right controls a group dental program can turn sour very quickly. And when it does, skyrocketing costs and problems can hurt you. So here are a few things to look for.

FINANCIAL AND MANAGEMENT KNOW-HOW

If your insurance company doesn't really know how to hold down costs, you end up paying.

At John Hancock, all claims are handled by dental specialists who have access to our on-staff dentist. So costly misuses are substantially reduced.

And our Cost Containment Team reviews with you periodic performance reports from our DENTSTAR computerized claim processing system. We'll point out plan adjustments you can make for even greater efficiency.

A COST-SAVING PROCESSING SYSTEM

A claim system that wastes time, wastes money. DENTSTAR is exclusively designed to handle the typically high volume of dental claims quickly and accurately. It instantly spots duplicate claims, overcharges and invalid data that could delay processing and cost you time, money, and aggravation. And since DENTSTAR is on-line nationally, our regional offices can help your employees wherever they are.

FLEXIBILITY

A plan that can't adapt to your needs can be worse than no plan at all. At John Hancock you get what works for you. Whether it's designed around a conventional insured, self- funded or minimum premium plan.

EMPLOYEE SATISFACTION

Fast claim processing isn't enough. If no one answers your employees' questions about how payment was determined, you'll have to. Over and over. John Hancock answers their questions for you with a complete Explanation of Benefits on every single claim.

So ask yourself. Is a bargain program really a bargain? In the long-run, is it really going to cost you less? If you're ready for some straight answers about a dental program that works, call Paul H. Gregg, Vice President, at (617) 421-6205. We won't sweet-talk you.

John Hancock Mutual Life Insurance Company
Boston, Massachusetts

Deduct reserves for tax savings, broker advises

PALM SPRINGS—Self-insurers of workers compensation should push to tax-deduct reserves as fast as possible to realize the full benefits of self-insurance, a brokerage firm's financial analysis shows.

A self-insurer with $500,000 in incurred losses the first year could shave $27,000 from its tax bill by taking a full deduction on reserves, Jack C. Wells, vp of Reed Stenhouse Inc. of California, told attendees at the California Self-Insurers Assn. meeting Feb. 4-6 here.

His scenario assumes administrative expenses of $200,000, a 50% tax rate and an after-tax cost of capital to the corporation of 9%. If this hypothetical corporation were insured, it would pay about $1 million in annual premium, he said.

"We should all try to reduce our tax bill as much as legally possible," Mr. Wells said, "but it must be stressed that tax-deducting reserves is a highly controversial issue."

In Crescent Wharf & Warehouse Co. vs. Commissioner and Wein Consolidated Airlines Inc. vs. Commissioner in 1975 and 1976, the 9th Circuit Court of Appeals ruled reserves for incurred but unpaid workers compensation claims are tax-deductible (*BI*, Jan. 7, 1980).

In Revenue Ruling 80-191 issued last July, however, the IRS announced it will not follow those rulings. Corporations can deduct only amounts payable in the taxable year, not future years, the IRS contends (*BI*, Oct. 13, 1980).

Mr. Wells emphasized he is not a tax expert and that individual companies must consult their attorneys to determine their course of action. "But self-insurers should know the advantages are there and at least consider it," he said.

Mr. Wells' analysis applies factors for the present value of money.

"If I make a payment of $125,000 in the midpoint of year two, my net payment would be only $62,500 since Uncle Sam pays half the bill. Assuming an after-tax interest rate of 9%, I must invest $54,968 for 18 months to achieve the sum of $62,500 for payment in the midpoint of year two."

Instead of stretching tax deductions over a seven-year

Continued on next page

Chairman pulls reins on judges

PALM SPRINGS—The newly named chairman of the California Workers Compensation Appeals Board believes he faces a monumental task to improve a bad delivery system that is unfair to both applicants and employers.

"I'm trying to improve a system that stinks," Jack Fenton told an audience at the recent meeting of the California Self-Insurers Assn. in Palm Springs.

Mr. Fenton, a former state legislator recently appointed to new responsibilities by Gov. Jerry Brown, said he is still too green in the job to make any specific recommendations for changes.

He did announce, however, that he has directed the state personnel board to issue a directive to all appeals board judges "to remain in the building from 8 'til 5 with one hour off for lunch, subject to disciplinary action."

This announcement was greeted with surprise and apparent enthusiasm by the group of self-insured employer representatives and their defense attorneys.

Employers have complained that judges are often unavailable to hear scheduled cases, instead disappearing for extended coffee breaks and leisurely lunches.

YOU CAN COUNT ON IT.

Your personal subscription to *Business Insurance* is a fast, easy way to make sure you have full, factual and unbiased news and information on the constantly changing world of loss prevention, risk financing and employee benefit management every week.

SUBSCRIBE TODAY

52 Issues . . . A Full Year Is Only $30. Just 58¢ a Copy. Use the handy subscription card in this issue or the coupon. Or phone 312-649-5221 if you're in a hurry.

Business Insurance
740 Rush Street Chicago, IL 60611

Fill in and mail to:
BUSINESS INSURANCE
740 Rush St., Chicago, IL 60611

Please:
☐ enter, ☐ renew, ☐ extend my subscription to Business Insurance for:
☐ 1 year $30. ☐ 2 years $55.
Canada, Pan American and all other subscribers outside the U.S. add $14 per year for surface postage. Europe and Middle East *only* add $32 year for air delivery.
☐ Payment enclosed. ☐ Bill me. ☐ Bill company.
Charge to: ☐ Visa.
☐ MasterCard (Interbank #_____).
Acct. #_____. Exp. Date_____
Signature_____
Name_____
(please print)
Title_____
Company_____
Nature of Business_____
☐ Home or
☐ Business Address_____
City_____ State_____ Zip_____
☐ I prefer not to receive information or advertising by mail from companies not affiliated with Crain Communications Inc.
4CC

announcing
...a new advertising section in
business insurance

insurance services guide

provides an exciting opportunity for **consultants • adjusters • appraisers • actuaries • search firms • agents/brokers • publishers • computer services • claims services • employee benefits communicators • and other types of insurance-related services** with limited advertising budgets to gain high visibility at low cost in **BUSINESS INSURANCE.**

Beginning with the **March 2nd** issue, BI will initiate this special advertising section, the INSURANCE SERVICES GUIDE, which will be positioned adjacent to—or as close as possible to—the Classified Advertising Section. This affords the small space advertiser the benefit of identification with such a section, and the assurance of a position where readers will anticipate locating their services.

To place your advertising in the INSURANCE SERVICES GUIDE section, or to get information about the job responsibilities, purchasing involvement and reading preferences of the Business Insurance audience, contact:

Barbara Tosheff
BUSINESS INSURANCE
Insurance Services Guide
740 Rush Street
Chicago, Illinois 60611
Telephone: 312/649-5340
Telex: 25-4248 CRAINCOM

UNDERWRITING MANAGERS FOR DOMESTIC AND FOREIGN INSURANCE COMPANIES

Dar Allen Reinsurance Agency, Inc.

Casualty Facultative/ Administrative Headquarters

Suite 1200, State Bank Center
Freeport, Ill. 61032
815/235-1047 • Telex 257-476
Cable DAR/ALLEN/FRPT

Property Facultative Coverages

Dar Allen Reinsurance Agency of Chicago, Ltd.

Suite 1160, 101 N. Wacker Drive
Chicago, Ill. 60606
312/853-3501 • Telex 25-3232
Cable DAR/ALLEN/CGO

Comparison of self-insured costs with and without acceleration of tax deduction of reserves

	Year 1 Mid-Point	Year 2 Mid-Point	Year 3 Mid-Point	Year 4 Mid-Point	Year 5 Mid-Point
Administration & overhead	$200,000				
Paid claims	$150,000	$125,000	$100,000	$75,000	$50,000
Total	**$350,000**	**$125,000**	**$100,000**	**$75,000**	**$50,000**
			No acceleration		
Tax effect (50%)	($175,000)	($62,500)	($50,000)	($37,500)	($25,000)
After-tax cost	$175,000	$62,500	$50,000	$37,500	$25,000
Present value discount factor (9%)	.9585	.8795	.807	.740	.679
Discounted present value, aftertax	$167,738	$54,968	$40,350	$27,750	$16,975
Total cost:	**$307,781**				
			With acceleration		
Tax effect (50%)	($175,000)				
After-tax cost	$175,000				
Tax deduction 100% of reserves or paid claims	$350,000	0	0	0	0
Tax credit for reserve deduction (50%)	($175,000)	0	0	0	0
After-tax cost of self-insurance	0	$125,000	$100,000	$75,000	$50,000
Present value	.9585	.8795	.807	.740	.679
Present value cost of self-insurance with tax credits	0	$109,938	$80,700	$55,500	$33,950
Total cost:	**$280,088**				

Total saved with acceleration: $27,693
Source: Reed Stenhouse Inc.

Deduct reserves for tax savings

Continued from previous page
period as losses are paid, there is a bottom-line savings of about $27,000 if the expense is taken in the first year when the losses are incurred and the reserves are established.

After about seven years, the advantages of tax-deducting reserves diminish as payments of losses begin to equal reserves, Mr. Wells noted. In a fast-growing corporation, however, reserves will continue to outpace loss payments and, the advantages of tax-deducting reserves continue.

Although a company may be on shaky ground with the IRS for tax-deducting all its reserves, "it's my personal opinion a company could successfully justify taking a 50% deduction for uncontested claims," Mr. Wells said. The tax benefit would be one-half of the benefit for the full deduction.

If a self-insurer is not tax-deducting reserves, the company might be better off in today's economic climate with some form of cash-flow plan in which premiums are tax-deductible, Mr. Wells noted.

In California, he points out, the legality of these plans is questionable. Former Insurance Commissioner Wesley J. Kinder issued several bulletins attacking cash-flow plans and constraining their use. The attitude of new Commissioner Robert Quinn is unknown.

"In one situation, you are pushing the federal tax laws as far as you can and in the other, you are pushing the state law as far as you can. These are decisions to be made by a corporation with the advice and counsel of its tax experts," Mr. Wells observed. ■

EXCITING NEWS ABOUT A

GROUP WORKERS' COMPENSATION INSURANCE PROGRAM FOR THE DEMOLITION AND EXCAVATION CONTRACTORS INDUSTRY

Providing workers' compensation coverage for difficult classes of business, like demolition contractors, is **OUR** business and we're not embarrassed to say that we think we're mighty good at it!

So if you've got a demolition contractor who you feel deserves a creative and flexible approach to solving their insurance problems, by people who know and understand **THEIR** business . . . come to CoverX.

For further information or applications call or write . . .

COVERX CORPORATION
30161 Southfield Road, Southfield, Michigan 48076
Telephone: (313) 644-3200 — Telex 23-5635

NORTH OF THE BORDER

Morris & Mackenzie is among the largest privately owned Canadian firms providing insurance brokerage, risk management, engineering and benefit consulting services on a national basis.

For a copy of our brochure "A Unique Concept in Canadian Insurance Brokerage" contact any of our regional offices.

Vancouver: 1199 West Hastings, (604) 685-0191
Calgary: Suite 306, 602-11th Ave. S.W., (403) 265-4270
Toronto: 1901 Yonge Street, (416) 482-7400
Montreal: 4141 Sherbrooke St. W., (514) 937-5755

MORRIS & MACKENZIE LIMITED
Insurance
VANCOUVER • CALGARY • TORONTO • MONTREAL

Court rejects market liability for DES

Continued from page 1

"This (the New Jersey decision) may well suggest that Sindell may not be widely adopted because New Jersey traditionally has been a state enamored with a more broad-scale liability theory," said Victor Schwartz of Crowell & Moring in Washington, D.C.

"It is significant that New Jersey didn't follow suit even though it had Sindell in front of it," said defense attorney John McGoldrick of McCarter & English in Newark.

It was a 1960 New Jersey Supreme Court decision, Henningsen vs. Bloomfield Motors Inc., that laid the groundwork for the concept of strict liability that says a manufacturer can be held responsible for an injury-causing defect in a product even if he can't be proven negligent.

Since then, New Jersey has been a very plaintiff-oriented state. "After Pennsylvania, New Jersey may be the most plaintiff-oriented state in the nation," said Dennis Connelly, counsel of the American Insurance Assn. in New York.

Mr. Connelly cautiously noted, however, that the recent DES ruling still must be reviewed by the New Jersey Supreme Court. An appeal is planned.

DES, or diethylstilbestrol, is a synthetic estrogen taken by pregnant women to avoid miscarriages. Daughters of some women who took the drug have developed cancer and other abnormalities of the vagina and cervix. About 150 lawsuits are pending against manufacturers of the drug, which the Food and Drug Administration removed from the market in 1971.

The New Jersey appellate court decision involves a 1977 suit filed by 32-year-old Gail Namm. Ms. Namm said her mother had taken DES before Ms. Namm's birth in 1949. Twenty-six years later, Ms. Namm developed vaginal cancer and in August 1975 she had a hysterectomy.

Ms. Namm charged the cancer was caused by the DES ingested by her mother.

Ms. Namm didn't know who made the DES her mother took, since the prescriptions and bottles had been thrown out years earlier. She sued 44 DES manufacturers—including Eli Lilly & Co., E.R. Squibb, the Upjohn Co., Rexall Drug Co. and Abbott Laboratories—arguing they all should be held liable for her injuries.

But New Jersey Superior Court Judge James Toscano dismissed the suit in July 1978, citing Ms. Namm's inability to identify which drug company manufactured the DES her mother took.

"It is a fundamental principle of product liability law that a plaintiff must prove, as an essential element of his case, that the defendant manufacturer actually made the particular product which caused injury," Judge Toscano wrote.

Ms. Namm appealed the lower court decision to the appellate court. Her attorney, Morris Schnitzer of Newark, N.J., argued that when it is impossible to identify the manufacturer due to no fault of the victim, it is up to the manufacturer to prove it could not have made the product.

Traditional legal practice holds the plaintiff must prove a specific manufacturer produced a defective product in order to prove liability.

But the appellate court refused to accept Mr. Schnitzer's argument that in DES cases, the burden of proof rests with the defendant.

"Plaintiffs assert that the dilemma arising from complexities of identification should shift the burden of going forward to each of the defendants," the appellate court said.

But "there is nothing in this record to suggest that any defendant is in a better position to make the required identification than is the plaintiff," the court stressed.

To make an entire industry liable and base a manufacturer's liability on its market share, as the California Supreme Court recommended in Sindell, would "result in total abandonment of the well-settled principle that manufacturers are only responsible for damages caused by a defective product . . . and that the defect arose while the product was in the control of the defendant," the court said. ■

Open free zone to small risks

NEW YORK—Brokers should be able to place smaller risks in the New York Free Trade Zone, proposes New York Insurance Superintendent Albert B. Lewis.

The Free Trade Zone permits specially licensed insurers to write high-premium and exotic risks without prior approval on rate and form.

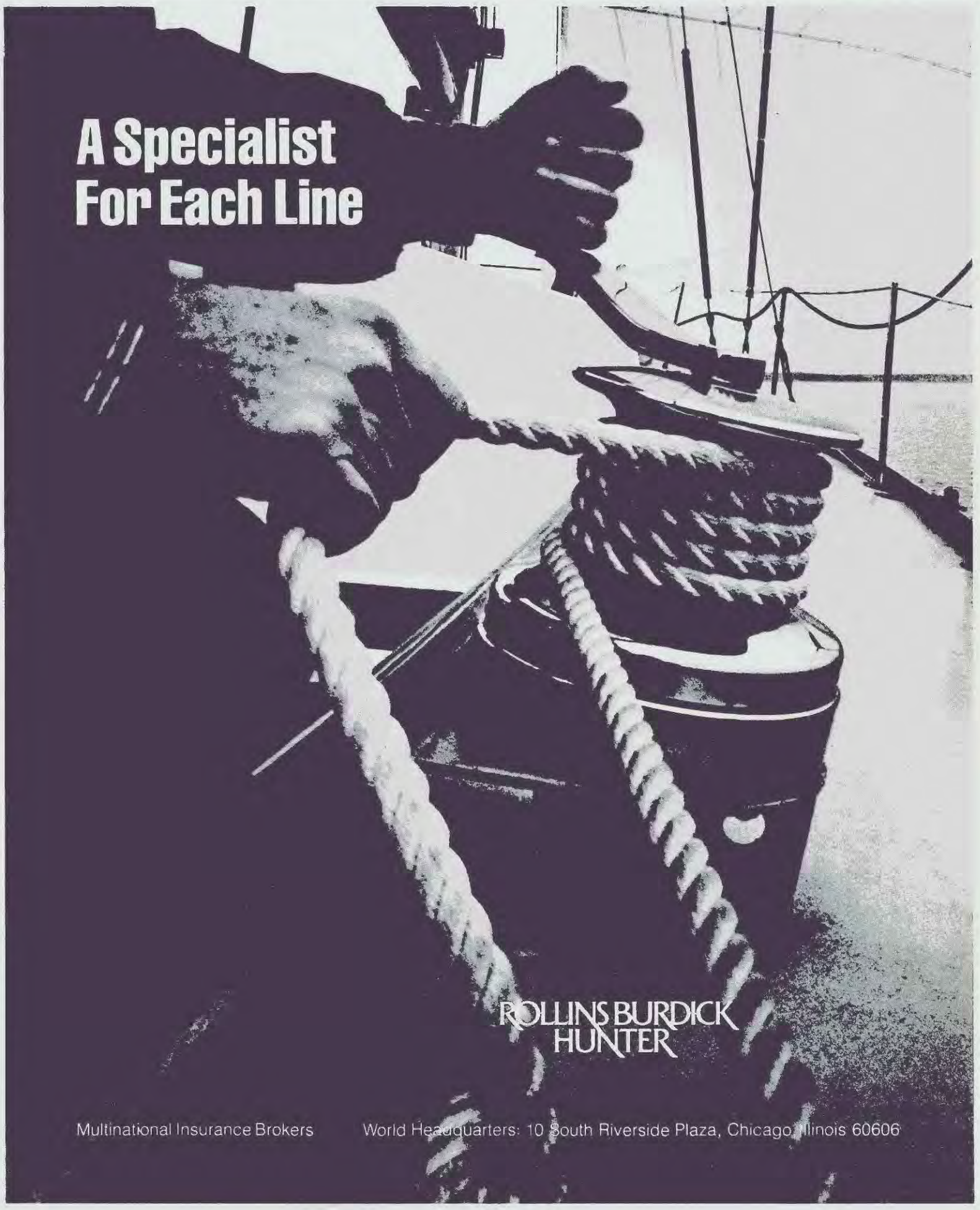
To be written in the Free Trade Zone, a risk must be one of more than 300 on a list of exotic and unusual classes, must generate $100,000 premium for one kind of insurance or $200,000 premium for two or more kinds.

Lowering the premium requirements for standard risks would permit locally licensed insurers to compete for medium-sized risks now placed in London and other nonadmitted markets, he says.

The New York Insurance Exchange would benefit, too, because it can underwrite direct New York risks rejected by the Free Trade Zone.

"The $100,000 limit was a rule of thumb to develop a start," Mr. Lewis said. "It's not hard and fast." ■

AUTO FIRE MARINE
SUBROGATION
BENNETT & BENNETT
Attorneys
Serving over 150 insurance companies. We offer quick, efficient computerized processing and adjustment of your subrogation Claims. Current status reports—Reasonable contingent fees.
Send for FREE Brochure
Home Office: 769 Northfield Avenue
West Orange, New Jersey 07052
New Jersey (201) 325-0033 | New York (212) 926-2824 | Florida (305) 371-8234 | Pennsylvania (215) 563-2168



The Wetzel Company, Inc.
Excess and Surplus Lines Reinsurance, Treaty and Facultative

Only through
Agents, Brokers &
Insurance Companies
P.O. Box 66452
Houston, Texas 77006
713/523-3003 · Telex: 76-2053

Revamp ERISA: Group

Continued from page 3

use to participants," the APPWP position paper explains.

"Every employee has the right to this information. We are not interested in cutting off accessibility," Mr. Hart said. The APPWP just wants to eliminate expensive distribution of the SAR to employees who don't read or understand the information, he says.

The APPWP also calls for employers to pay termination insurance premiums to the Internal Revenue Service when they file their annual report with the agency. This would eliminate a premium reporting form now filed with the PBGC.

"IRS is the expert in collecting revenues," Mr. Hart said. "This would be one more area where redundancy could be eliminated."

Many small employers are inhibited from starting new pension plans because they aren't sure what vesting schedule the Internal Revenue Service may impose before giving a plan a favorable tax status, Mr. Hart said.

The pension community believes the "4-40 vesting" schedule, in which a participant has to be 40% vested after four years of service, was the fastest schedule the government could impose.

But the IRS caused an uproar last spring (*BI*, April 21, 1980) when it said some employers might have to provide 100% vesting after three years of service.

Although the IRS withdrew the proposal, some employers fear the issue will resurface.

To eliminate that uncertainty, APPWP proposes that the 4-40 vesting schedule be the fastest vesting schedule required.

"It is a reasonable floor," Mr. Hart said. A more rapid vesting requirement would result in negligible benefits to employees and high costs for employers, discouraging plan formation, he adds.

APPWP also wants employee tax deductions for contributions to employer-sponsored plans.

Employees should be allowed to contribute annually up to 15% of compensation or $1,500, whichever is less, to an employer plan and receive a tax deduction for the contribution, APPWP says.

"The foregoing change would introduce much-needed uniformity into the rules for taxing retirement savings," the APPWP bill said.

The IRS, however, has opposed tax deductions for employee pension contributions. The agency says that only the wealthy would make such contributions, creating a new tax loophole for them.

Mr. Hart says employees in all income levels would contribute if tax deductions were allowed. "Low-paid employees will contribute. You just need someone to promote the plan," he said. ■

The 4-40 vesting schedule 'is a reasonable floor,' says Mr. Hart.

datebook

MARCH 23-35. Fifth International Captive Insurance Company Conference in Bermuda, sponsored by Risk Planning Group Inc.; $595, $550 each for two or more from the same company. RPG, 722 Post Road, Darien, Conn. 06820; 203-655-9791.

MARCH 23-25. Techniques of Risk Management Course in Dallas, sponsored by the Risk & Insurance Management Society Inc.; $295 for members, $395 for nonmembers. RIMS, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

MARCH 26-27. A Middle Manager's Guide to Cost-Effective Occupational Safety Seminar in El Paso, Tex., sponsored by the Paso Del Norte chapter of the American Society of Safety Engineers; $30 for members, $40 for nonmembers. Lee Scott, Seminar Chairman, 5959 Gateway W., El Paso, Tex. 79925; 915-779-5444.

MARCH 30-APRIL 1. Disaster Recovery Program in Chicago, sponsored by the Computer Security Institute; $595. Computer Security Institute, Educational Resource Center, 675 Line Road, Aberdeen, N.J. 07747; 201-566-6622.

APRIL 2-3. Physical Security Program in Chicago, sponsored by the Computer Security Institute; $395. Computer Security Institute, Educational Resource Center, 675 Line Road, Aberdeen, N.J. 07747; 201-566-6622.

APRIL 5-9. Washington Insight on Employee Benefits Program in Washington, D.C., sponsored by the U.S. Chamber of Commerce; $825. Suzanne Lulewicz or Nancy Turnbull, Washington Insight, Corporate Executive Development Program on Employee Benefits, U.S. Chamber of Commerce, 1615 H Street N.W., Washington, D.C. 20062; 202-659-6138.

APRIL 6-7. Hospital Risk Management Seminar in Newport Beach, Calif., sponsored by EBASCO Risk Management Consultants Inc.; $370. $320 for each additional participant from the same organization. EBASCO Health Care Registrar, EBASCO Risk Management Consultants Inc., 2 World Trade Center, New York, N.Y. 10048; 212-839-1360.

APRIL 6-10. Risk & Insurance Management Society Annual Conference in San Francisco. Benefits and risk management sessions and workshops; full week is $395 for members and $495 for nonmembers if paid before Feb. 23, $420 for members and $520 for nonmembers afterward; partial week is $325 for members and $400 for nonmembers if paid before Feb. 23, $350 for members and $425 for nonmembers afterward. RIMS, 205 E. 42nd St., Suite 1504, New York, New York 10017; 212-286-9292.

APRIL 8-11. Corporate Benefit Management Conference in Miami Beach, sponsored by the International Foundation of Employee Benefit Plans; $440 for members, $515 for nonmembers. Also **June 28-July 1** in St. Charles, Ill., and **Oct. 25-28** in San Francisco. IFEBP, 18700 W. Bluemound Road, P.O. Box 69, Brookfield, Wis. 53005; 414-786-6700.

APRIL 13 Same Day Surgery—1981, Successful Management Strategies for Ambulatory Surgery Program in San Francisco, sponsored by Same Day Surgery, the independent newsletter on ambulatory surgery; $245 before Feb. 28, $295 afterward. Same Day Surgery 1981, Suite 220-C, 67 Peachtree Park Drive, Atlanta, Ga. 30309; 404-351-4525.

APRIL 13-14. Controlling Corporate Insurance Costs Seminar in New York, sponsored by New York University; $640 tuition plus $75 registration fee. NYU-CIM Seminar, Registrar, 14th Floor, University Conference Center, 360 Lexington Ave., New York, N.Y. 10017; 212-953-7272.

APRIL 20-21. Health Care Cost-Containment Workshop in Chicago, sponsored by the Health Research Institute; $345. Also **April 29-30** in Cleveland, **May 4-5** in New York and **May 7-8** in Boston. HRI, 44 Montgomery St., San Francisco, Calif. 94104; 415-676-2320.

APRIL 24. Accident Investigation Course in Los Angeles, sponsored by the International Safety Academy; $150. Also **June 12** in Cleveland. ISA, P.O. Box 19600, 10575 Katy Freeway, Houston, Tex. 77024; 713-932-9400.

APRIL 24. Facility Inspection for Supervisors Course in Los Angeles, sponsored by the International Safety Academy; $150. Also **June 12** in Cleveland. ISA, P.O. Box 19600, 10575 Katy Freeway, Houston, Tex. 77024; 713-932-9400.

APRIL 24. Techniques of Effective Safety Communications Course in Los Angeles, sponsored by the International Safety Academy; $150. Also **June 12** in Cleveland. ISA, P.O. Box 19600, 10575 Katy Freeway, Houston, Tex. 77024; 713-932-9400.

APRIL 24. Effective Safety Committees Course in Los Angeles, sponsored by the International Safety Academy; $150. Also **June 12** in Cleveland. ISA P.O. Box 19600, 10575 Katy Freeway, Houston, Tex. 77024; 713-932-9400.

APRIL 26-29. Institutes for New Trustees, Advanced Trustees and Administrators in San Juan, Puerto Rico, sponsored by the International Foundation of Employee Benefit Plans; $360 for members, $435 for nonmembers. IFEBP, 18700 W. Bluemound Road, Brookfield, Wis. 53005; 414-786-6700.

APRIL 27-28. Management of Radiation Accidents Course in Washington, D.C., sponsored by the Institute of Safety and Health; $295. Harold M. Gordon, IISH, 9413 Jones Place, Seabrook, MD. 20801; 301-469-9448.

APRIL 29. Superfund: The New Legislation Executive Briefing in Arlington, Va. sponsored by the Energy Bureau Inc., $550. Robert W. Nash, executive director, The Energy Bureau, 41 E. 42nd St., New York, N.Y. 10017; 212-687-3178.

MAY 17-20. Washington Legislative Update in Washington, D.C., sponsored by the International Foundation of Employee Benefit Plans; $360 for members, $435 for nonmembers. IFEBP, 18700 W. Bluemound Road, Brookfield, Wis. 53005; 414-786-6700.

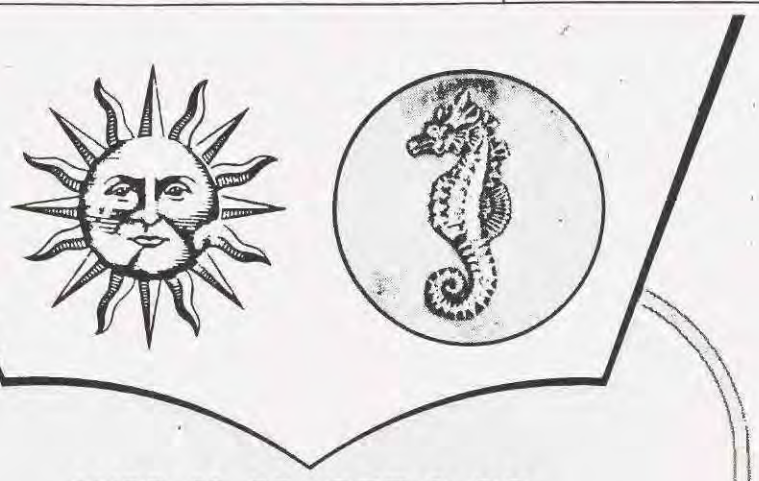
JUNE 3-5. Financial Analysis for Risk Management Decisions Course in Washington, D.C., sponsored by Wharton Business Risk Education Center; $685 plus $50 registration fee. Also **July 8-10** in Boston. The Business Risk Education Center, Fourth Floor Vance Hall/CS, University of Pennsylvania, Philadelphia, Pa. 19104; 215-243-8230, 215-243-4476 or 215-243-5190.

JUNE 8-12. Improving Your Organization's Productivity Through Stress Management and Problem Solving Seminar in Cambridge, Mass., sponsored by the Massachusetts Institute of Technology; $580. Seminar Office, Massachusetts Institute of Technology, Cambridge, Mass. 02139; 617-253-7461. ■

Research group chief quits

WASHINGTON—Robert Collyer, executive assistant at UBA, has resigned after seven years with the Washington-based research organization that specializes in unemployment and workers compensation issues.

Mr. Collyer's current plans aren't clear yet, but he is considered a likely cnadidate for high-ranking position in the Reagan administration. Charles Little, UBA's research director for the last 13 years, will replace Mr. Collyer. ■



WM. H. McGEE & CO. (Bermuda) Ltd.
is pleased to announce
it has been appointed Managers by the
SUN INSURANCE COMPANY (Bermuda) Limited
for Ocean and Inland Marine
and
Specialty Property insurances

SUN INSURANCE COMPANY (BERMUDA) LIMITED
Wm. H. McGee & Co. (Bermuda) Ltd., Managers
Scarborough Building
P.O. Box 1007, Hamilton 5, Bermuda
Telephone: 809-295-5566
Telex: 3581-BFMGT-BA

Stricter fire code sought for N.J. boarding homes

Continued from page 3

Proponents contend sprinklers would pay for themselves through lower premiums, but not all observers agree.

to sleep—are generally exempt from tough regulations. In the four recent disasters, sprinkler systems were not installed in any of the boarding homes because they had not yet been inspected under the August law or did not fall under its jurisdiction.

Proponents contend the improvements would pay for themselves by reducing insurance premiums. Critics contend the tougher codes would only force boarding and rooming home operators out of business.

"I think in the long run for those who do the installation, in 10 years it will pay for itself," said Assemblywoman Mueller. Savings will come from lower premiums, and boarding and rooming home operators would receive loans from a $4 million to $5 million pool administered by the state Department of Community Affairs, she explained.

Interest rates would be about 6%, she hopes.

Ms. Mueller's observations were supported by insurance agents.

"Sprinklers are going to make it easier to place insurance," said Walter Woods, vp of the Captain's Agency in Belford.

Property rates, he estimates, could be cut 33% to 50% for sprinklered facilities and liability insurance is likely to become more available but not cheaper.

Captain's Agency, which placed coverage on Beachview Rest Home where 31 elderly persons died in a fire last month, has had success with the standard markets. However, other observers say boarding homes often must buy insurance from the state FAIR Plan for property cover and excess lines market for liability (*BI*, Aug. 11, 1980).

Despite projected insurance benefits from a stiffer law, not everyone views the proposals as necessary.

"We're not convinced any more is needed in the way of standards," said William Connolly, deputy director of the state Department of Community Affairs. "Now it's not a question of if sprinklers are needed, but how many homes we can afford to shut down."

With costs of installing sprinklers for facilities of three or more floors estimated at $8,000 to $10,000, "I expect a fair number will not be able to do it (install sprinklers) and they will be closed," Mr. Connolly said.

Loans could avoid some closings, he admits, although some of the state's estimated 3,000 rooming and boarding homes may have insufficient income to meet even low-interest loan payments.

He suggests fully enforcing the August 1980 regulations before expanding them. This would require adding to the department's staff of 16 inspectors now handling the inspections with a budget of $700,000, he added.

The office is understaffed, Mr. Connolly explained, because initial projections showed only 1,500 homes would fall under the law, about half the actual number.

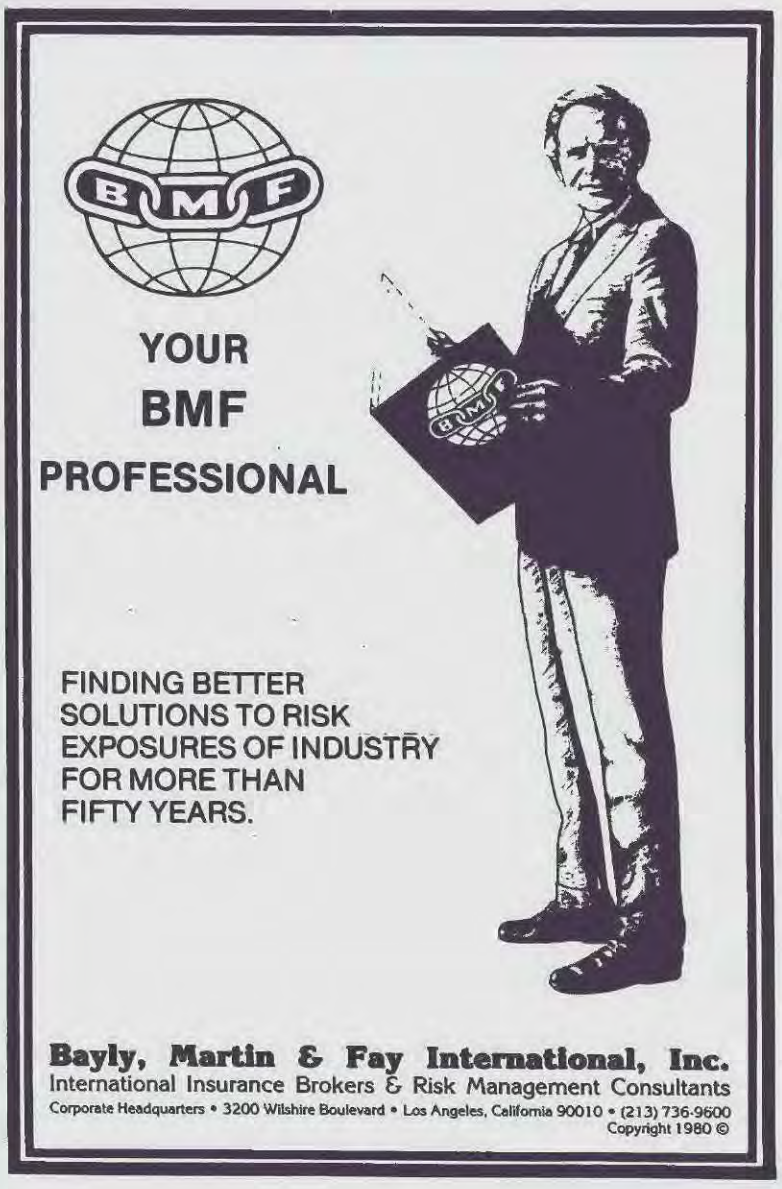
Only 400 boarding homes have been licensed under the August law, with 1,500 expected to be inspected by the end of next June.

While legislators and regulators haggle over which proposed solutions are necessary and feasible, a critic contends they are all short-sighted.

"These are all movements in the right direction, but all short-term solutions," said John Fay, state ombudsman for the elderly. "In my opinion, in the long term we should be looking to build new buildings and houses.

"Most of these homes are pretty far gone. They're 60- to 70-year-old wooden frame buildings. In my opinion, some of these houses are beyond help," he explained.

No proposals, however, have been introduced to meet his long-range solution. ■





Information: creating a valuable asset... Sigma+System®

Sigma+System is a sophisticated risk management information service designed for users having little or no training in use of the computer. This service provides a user with a new generation of data management and analytical capabilities, to complement or replace the voluminous "loss runs" they have received in the past. Much like the terminals utilized by airlines personnel to access vast amounts of data concerning flight schedules, routings, fares, status reports, etc., the Sigma+System allows risk management personnel to have similar access to data concerning the status of claims and loss reserves, claim payments, incident reports, loss control information and exposure data. A user may then perform risk analysis, loss forecasting and financial modeling on their own data base. Sigma+System*, a service of Risk Sciences Group, Inc.

*Supported exclusively on the National CSS Computer Network

Risk Sciences Group 2
INCORPORATED
45 Camino Alto, Mill Valley, California 94941
(213) 393-0507

Bingo games score big win for safety

Continued from page 3

Mr. Johnson conceived the bingo idea shortly after he joined the firm in 1977. The idea had to be sold to top management, but it has had full backing ever since. The game originally was scheduled to last only a year, but employee response has been so overwhelmingly favorable that the game will continue indefinitely.

But bingo is not the only way Wisconsin Centrifugal uses games to inspire safe work practices. Employees in its various departments receive a variety of rewards for every 100 days without lost work time.

For instance, it's company policy to reward 100 days with coffee and doughnuts for every worker in the department. After 200 days, it's a ham and cheese sandwich lunch. For 300 days, workers receive jackets with a special company emblem trumpeting the safety accomplishment.

If the department reaches the 365-day mark, employees receive a steak dinner cooked by company executives. One department set its sights even higher and won Milwaukee Brewers baseball tickets for 500 days without an accident, Mr. Johnson said.

'There's a group cohesiveness to keep that lost-time record intact,' Mr. Johnson says of the reward system.

The jackets make the worker feel like a winner, Mr. Johnson said. "The father takes the jacket home, his son sees it and becomes proud of the father." This translates into continued safety consciousness on the job. "They wear those jackets with pride," he said.

In social circles, the jacket is a status symbol and gives the worker a chance to boast about his company's safety record, Mr. Johnson said. "As soon as you become a teacher and tell other people about it, you really start to believe it."

The safety records are so important that workers have gone to great lengths to protect them. When a welder suffered a broken leg on the job, earlier this month, threatening to snap a string of 1 million hours without a lost work shift, management learned the employee was planning to return to work the next day. His fellows had worked out a schedule to pick him up and bring him to work, but management intervened and ordered the worker to stay at home.

"It's a nice problem to have to worry about, but we want our people to stay well," Mr. Johnson said of the incident.

"There's a group cohesiveness to keep that lost-time record intact," he said. "Before when someone got hurt, no one would care about it. But now when someone is injured, all his fellow employees rally around him and want to pick him up."

But the game and giveaway system do have a potential drawback, Mr. Johnson said. Under pressure from his fellow workers to maintain a safety record, an employee could be induced to cover up an accident. However, there's no evidence of that at Centrifugal, he stressed.

The company's strict enforcement of workplace cleanliness and prompt attention to maintenance problems also promote safe work practices and eliminates many physical hazards, Mr. Johnson said. Foremen, who receive merit raises partially based on their department's "housekeeping" record, are encouraged to ride herd over subordinates to keep work stations clean.

Management responds quickly to maintenance complaints and tells employees what and when something will be done or why something will not be done.

"We don't leave them hanging about it," Mr. Johnson said. He says this demonstrates a "we care" attitude. "It makes them believe in you and you can't do anything if they don't believe in you."

His role as personnel supervisor also helps. When someone is hired, "I give them my own personal safety speech," Mr. Johnson said.

But while Centrifugal makes no bones about lauding employees for safety, the company does not hesitate to mete out punishment when an accident is traced to negligence. Suspension without pay or a reprimand is the standard punishment.

Inquiries about his safety program were so frequent that Mr. Johnson compiled a "safety packet" of information that has been distributed to many companies all over the country and in Belgium. ■

classified advertising

RATES AND CLOSING TIME:

Published every Monday. Copy in written form in Chicago office not later than noon Monday, 7 days preceding publication date. Display classified: takes card rate of $49.00 per column inch with card discounts on size and frequency. Straight classified: $4.50 per line, minimum charge $22.50. Cash with order. Figure all cap lines (maximum of two) 26 letters and spaces per line; upper and lower case, 34 per line. Add two lines for box number. Replies are forwarded daily. Mail ads to Barbara Tosheff, Business Insurance, Classified Advertising Dept., 740 N. Rush St, Chicago, Illinois 60611. Call (312) 649-5340 for more information. No verbal phone copy accepted.

INVESTIGATOR WANTED:

Suburban Philadelphia Law Firm Specializing in casualty defense work is looking for a fulltime invesitgator. Substantial claims experience, ingenuity and perserverance are musts. Salary negotiable. All responses confidential.

Box 419, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

RISK MANAGER

Town of West Hartford, CT. To $33,534. Opportunity to develop new operation and division. Bachelor's deg. in business, finance or related field, and 5 yrs. of management exp. in administering retirement, loss control and risk mgt. programs. Send to Personnel Dept., 50 S. Main St. 06107 by 3/1/81. 203-236-3231, ext. 225.

AGENCY WANTED

Sunbelt Preferred

Experienced insurance man desires to purchase very large P/C and/or A/H life agency. (Min. $1 mil. premium). Must have good loss ratio and persistency. The new owner will relocate. Confidential responses to:
Box 416, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

"O'Keefe International Adjustment Companies, Inc.
P.O. Box 16168,
Phoenix, AZ 85011,
(602) 264-3439,
cable address "LOKADCO"
"We Will Handle Your Claim Anyplace in the Free World".

RISK MANAGER

Large Midwest transportation company seeks a Risk Manager with two or more years experience in Corporate Insurance purchases and self insurance programs. We offer an excellent working environment along with good growth potential, a fine benefit package and salary commensurate with experience. If you are interested in this position, send your resume to:
Box 418, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

INSURMATICS
COMPLETE AGENCY AUTOMATION
ADC 415-522-2400
INSURANCE PROCESSING CONSULTANTS
800-227-2090
512 WESTLINE DR., ALAMEDA, CA 94501

SHARE YOUR RISK MANAGER

If you do not need a full time insurance manager why not share one? Experienced brokerage and consultant executive with thorough knowledge of property, casualty, and related fields of insurance will provide his expertise and services exclusively to two or three interested clients in New York, New Jersey or Connecticut area. If interested, write:
Box 417, BUSINESS INSURANCE
740 Rush St. Chicago, Ill. 60611

INSURANCE

Equifax Risk Management Systems, a division of Equifax, Inc., providing a wide range of claims administration and loss control services to self-insured companies nationwide, has two immediate openings for individuals looking to move up in a growth area at its Atlanta headquarters.

DIRECTOR-P&C Claims Administration

Successful candidate will have 5 or more years of direct work experience at management level in P&C claims administration with emphasis on Non-Workers Compensation Claims within the P&C area. College degree (Risk Management, Insurance or Business Administration). Law degree required. ARM and CPCU professional certificate. Strong communication skills.

Duties include directing, managing and supervising the P&C Claims Administration function. Salary $30,000 and up depending on background and experience, plus bonus and complete benefits package.

MANAGER-Workers Compensation Claims Administration

Successful candidate will have a minimum 3 years of direct work experience at supervisory or management level in workers compensation claims administration and working knowledge of workers compensation on a national basis. College degree (Risk Management, Insurance or Business Administration); MBA a plus, ARM professional certificate. Strong communication skills.

Duties include directing, managing and supervising the workers compensation claims administration function. Salary mid to upper 20s plus bonus and complete benefits package.

Both positions will require giving advice and counsel to corporate officials, other working line units, and clients.

For confidential consideration, send resume stating desired position and salary history to.

C.B. Hartman
Corporate Personnel Services
P.O. Box 4081
Atlanta, GA 30302

Equal Opportunity
Employer M/F

WANTED

We are European insurance brokers who wish to purchase a NY area P&C Agency/Broker with premium volume up to $5 million. We are able to purchase for cash. For details please contact:
MARIC ASSOCIATES, INC.
310 South Street
Morristown, NJ 07960
(201) 221-9090

Consulting/Executive Search To the Insurance Industry
PAUL E. RUNKLE ASSOCIATES, INC.
One Chase Road
Scarsdale, New York 10583
(914) 725-0773

Call (312) 649-5340 to get your ad here!

HSM HARRISON SAFETY MANAGEMENT

LOCAL GOVT. RISK ANALYSIS Tax ceilings, lower reserves, and less federal aid demand first-rate liability management. HSM has broad experience in program analysis and development for cities, counties, districts in the Southwest. For an evaluation:
Powell Harrison
2120 Jimmy Durante Blvd.,
Suite U
Del Mar, CA 92014
(714) 569-2660

RISK MANAGEMENT

- **Safety**
- **Industrial Hygiene**
- **Health Care**
- **Employee Benefits**
- **Pensions**

ADVANCE/RENEW YOUR CAREER

Representing Select Corporations & Candidates Nationally

Marty Hodes, ARM

Call Collect

(212) 599-2662

METRIC

11 E. 44th St.
New York, NY 10017

First With Opportunities In Energy

RISK ANALYST

Gulf States Utilities Company, an investor-owned electric utility company, serving a 28,000 square mile area in southeast Texas and southcentral Louisiana, has an immediate opening for a Risk Analyst. Located at the corporate headquarters in Beaumont, Texas, the position requires a BBA degree in insurance, finance or accounting, plus a minimum of 2-3 years' experience in insurance. The candidate must have a working knowledge of the structure and principles of insurance and indemnity provisions of construction contracts. Experience with major construction projects and employee benefit plans is desirable.

Gulf States Utilities offers competitive salaries, comprehensive benefits, and relocation package. Send your resume and salary requirements in confidence to:

Patrick Dewey
Coordinator of Recruiting

GSU An Equal Opportunity Employer M/F

GULF STATES UTILITIES COMPANY
P.O. Box 2951 • Beaumont, TX 77704

MARKETING DIRECTOR

Central California employee benefits administration firm needs regional marketing director to contact life and disability agents and brokers in the western states. Extensive marketing and/or administration background with group life and health plans (such as fully insured, self-insured, multiple-employer trusts, union plans) is required. Compensation package would include excellent base salary, incentive bonus, car allowance, profit sharing, life and health coverage, etc. For more information and an interview, send resume and reply to:

Box 420, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

For a
Concise
and
Logical
Approach
to
Risk
Management
Recruiting

LOGIC
Associates, Inc.
170 Broadway
New York, N.Y. 10038
(212) 227-8000

Hilton's limits should exceed fire loss

Continued from page 1
flames, which erupted in the east wing, immediately caused firefighters to suspect arson.

Those suspicions were strengthened when three other fires broke out in the 2,783-room hotel almost two hours after the original fire was controlled. "It became evident that someone was still setting fires inside the building," Las Vegas Fire Chief Roy Parrish was quoted as saying.

Even if arson were the cause, we are still obligated to cover the loss," said Ole Johnson, senior vp of excess/surplus broker Sayre & Toso, which placed the first $25 million in property insurance with Mission Insurance Co. above a $100,000 self-insured retention.

Mr. Johnson said Mission's exposure is heavily reinsured through more than 200 companies worldwide.

Based on preliminary estimates the day following the fire, it appears excess property layers will not be pierced.

Property limits

Aetna Casualty & Surety Insurance Co. underwrote the next $25 million in coverage. Granite State Insurance Co., a member of the American International Group, and possibly other insurers fill in the layer up to $100 million. The Insurance Co. of North America insured the top $100 million to bring Hilton's property limits to $200 million.

Old Republic Insurance Co. provided the $1 million primary layer of liability coverage above a $100,000 retention. According to sources at the company, Old Republic retained $35,000 to $40,000 of the risk. The rest is reinsured.

Mission Insurance Group underwrote two liability layers providing $4 million in coverage over Old Republic and a $25 million layer over Northbrook Insurance Co.'s $20 million. Three excess layers bring the liability limits to $200 million (see chart on page 1).

These high limits mean Hilton Hotels Inc. will not need to seek retroactive coverage, a mechanism used by MGM Grand Hotels following its Las Vegas fire to bring liability insurance to $200 million, up from $30 million at the time of the fire (*BI*, Feb. 9).

Industry sources say it is too soon to estimate losses, but Mr. O'Hara believes it was highly unlikely that Mission's $25 million liability layer would be pierced.

"We probably will not even set up a reserve on it," he noted.

GAB Business Services Inc. in Las Vegas said it had been contracted to handle claims adjustment at the hotel, but that it was not yet sure which insurer it would be working for. Mission also reportedly sent adjusters to the scene.

According to an industry source familiar with safety equipment at the Hilton Hotel, the fire broke out in the oldest of three wings and the only one not sprinklered.

The eighth-floor elevator lobby where the fire started was not equipped with sprinklers. "They are not required in these areas where there are no electrical outlets," said a Hilton Hotel spokesman.

The fire was a "prepared act" and its damage could not have been prevented, he said.

The hotel also is reported to have an alarm system, but guests who escaped said it never sounded. There have been unconfirmed reports, however, that alarms worked in some parts of the building.

According to Clark County Coroner Otto Ravenholt, three bodies were found on the eighth floor where the fire started, two on the 10th floor and two on upper floors. All but one died of smoke inhalation. The eighth victim apparently leaped or fell to his death.

Fire safety

The blaze is certain to heighten concern about fire safety in Las Vegas high-rise hotels. Neither the MGM Grand nor the Hilton Hotel had smoke alarms to alert occupants. Both fires struck sections of the hotel towers that were not sprinklered.

Six persons reportedly were in critical condition two days after the Hilton fire. A firefighter was placed in intensive care and two others were admitted to coronary care units. Most of the injured were treated for smoke inhalation.

Throughout the ordeal, many guests apparently were in contact with the hotel switchboard, where operators instructed them to test the temperature of their room doors before trying to escape.

"If it is cool, leave the building. If it is hot, remain inside, fill the tub in the bathroom and wait for someone to come lead you to safety," trapped guests were told.

After the MGM disaster, fire officials reported finding many code violations in that hotel, but Fire Chief Roy Parrish said building code violations were "not a factor in the point of origin and the spread of flames" in the Hilton fire.

His carefully worded statement, however, raises questions about the possibility of code violations that contributed to the spread of smoke. The hotel appears to lack a required sensor to shut off the air-conditioning system in the event of smoke.

Following an intensive investigation of the MGM Grand Hotel fire, the U.S. Fire Administration, the National Fire Protection Agency and Clark County fire officials concluded the ventilation system had spread smoke throughout the hotel tower.

Since the system was not equipped with smoke detectors, it continued to operate during the fire (*BI*, Jan. 26).

The upper limits of Hilton's liability coverage are structured in three layers.

Above the Mission Insurance Group is a $49 million layer underwritten by American International Underwriters, National Union Fire Insurance Co., Highlands Insurance Co., City Insurance Co. and Employers Mutual Insurance Co.

The next $50 million layer includes the Insurance Co. of North America with $10 million participation, Fireman's Fund, City Insurance Co., Federal Insurance Co., New England Reinsurance and Associates International.

The top $50 million layer includes Protective National Insurance Co. of Omaha, Pine Top Insurance Co., Central National Insurance Co., Continental Insurance Co., Granite State Insurance Co. and Harbor Insurance Co. ■

Rate hikes approved for 3 plans

ALBANY—Three upstate New York health insurance plans received Insurance Department approval for rate hikes ranging from 16.9% to 24%, effective Jan. 1.

Rochester Hospital Service Corp., the Blue Cross plan serving 820,000 subscribers in Rochester and six surrounding counties, received a 24% overall increase. For standard 120-day coverage, community-rated small groups will pay $21.45 per month for individuals and $47.46 per month for families. The old rates were $16.43 and $36.20, respectively.

Blue Shield of Western New York Inc., which serves a million participants in the Greater Buffalo area, received a 20.6% overall hike. Rates for small groups with full payment coverage will rise to $10.85 per month from $9.16 for individuals and to $33.59 per month from $27.34 for families.

Groups covered under a flat indemnity schedule will continue paying $3.80 per month for individuals and $9.38 for families. A request to raise those rates to $4.08 and $9.97, respectively, was denied.

A 16.9% rate increase was approved for Capital Area Community Health Plan, a federally qualified health maintenance organization serving 31,000 subscribers in Albany and five surrounding counties.

Monthly rates for its basic contract will rise to $36.92 from $31.58 for individuals and to $93.70 from $80.15 for families. ■

Hull renewal rates increase 50%

Continued from page 2
about the mess and we told them we'd clean it up. They're giving us a chance to do so.

"Everyone who has been writing hull business on a competitive basis has been losing money," he adds. Mutual Marine's hull book of risks has a combined ratio of more than 110%.

Accounts with bad loss experience can expect renewal rates at least 25% or more than what they had been paying, Mr. Blackman says. Rates for one fleet insured with Mutual Marine recently were increased 50%.

"A fleet has to have a very exemplary record not to pay an increase," he noted.

Individual reports of rate hikes are common:

- Broker Charles Achuff of Philadelphia-based H.C. Knight Co. reports a 25% rate hike on one recent tanker fleet renewal. "(Underwriters) stood their ground on terms," he said.
- A steamship company risk manager said 1981 renewal rates rose 20% following seven years of decreases.
- The Hull Syndicate had a 4% overall rate increase on its book for 1980, Mr. Schumacher says. Many accounts chose to take a higher deductible instead of a rate hike, he adds.
- The London Hull Committee last August recommended a 20% increase on deductibles when accounts came up for renewal.
- United Brands Inc. of New York increased the deductible on its banana boat fleet to $50,000 from $25,000 upon renewal last September and still paid slightly higher rates, reports marine risk manager Lee Ward.

The risks, which were previously underwritten entirely in London, are now led by Mutual Marine with participation by insurers around the world.

The trend to higher deductibles is not new, says Mr. Schumacher of the Hull Syndicate. The five-year-old shipping industry recession and recent mergers resulted in fleets retaining more risk, he says.

Underwriters in London are getting rate increases, but less than they'd like, says J. William Sherar, president of Sherar, Gardner & Cook of New Orleans. "On the average, London is looking for 10% to 12% increases and they're getting 5% to 7%."

The reason, he says, is continued competition in the American market. United States hull insurers are renewing accounts with 10% to 15% reductions, despite an inflation rate of about 12%, he explained.

"U.S. independents are still looking to increase their books," Knight's Mr. Achuff said, but these markets can only take small shares of any risk. ■

ATWOOD & CO.
Consulting Actuaries
Claim Reviews
Reinsurance and Reserve Analysis
for Captives and Self Insurers
5000 Ambrose Ave.
Los Angeles, CA 90027
(213) 661-9260

STEN-RE, COLE

Reinsurance for
PROFESSIONAL
ASSOCIATIONS
or
PRIVATELY-OWNED
CAPTIVE COMPANIES.

We have the necessary capabilities through both domestic and Lloyd's markets.

STEN-RE, COLE & ASSOCIATES, INC.

HOME OFFICE:
100 Broadway
New York, New York 10005

ATLANTA BRANCH:
3951 Snapfinger Parkway
Decatur, Georgia 30035

212-732-7868

WHY IT'S GOOD BUSINESS TO HAVE RANGER'S SPECIALIZED PROTECTION

Our kind of specialization means a more knowledgeable handling of our customers' insurance needs.

The dictionary says that to specialize is "to concentrate one's efforts in a special activity or field . . ." That's just what we have been doing for many years — providing specialized products and services to our customers on the best possible basis at all times.

RANGER INSURANCE COMPANY
A Subsidiary of
Anderson Clayton

Atlanta • 404-457-7211 (P.O. Box 105028) 30348
Denver • 303-779-8383 (P.O. Box 3195) 80111
Houston • 713-622-6500 (P.O. Box 2807) 77001
Kansas City • 913-649-5500 (P.O. Box 8650) 64114

THE SPECIALISTS

MetaData locks containers and freight

products & services

METADATA INC. has developed locking mechanisms for one-time use on container loads, trailers, freight cars and air and sea freight, as well as bonded warehouses and terminals.

The disposable Mite Seals, manufactured by Aardee Spring & Lock Co. Ltd., are available in straight-bolt or swivel-bolt models and are protected with a rust-proof coating. Company names and up to six digits can be stamped onto the lock, MetaData says.

Free samples are available from MetaData Inc., 441 Lexington Ave., New York, N.Y. 10017.

Pupil punishment

International Surplus Lines Insurance Co. is expanding its educators legal liability program to include coverage for assault and battery, bodily injury, sickness, disease or death solely due to non-malicious corporal punishment administered within the law and school district regulations.

The new plan can be added by endorsement to all existing educators legal liability policies as well as new submissions. The legal liability program is designed to protect employees and school board members of all financially stable and sound public, private and parochial schools, universities and colleges against claims of wrongful acts.

ISLIC is rated A+ by A.M. Best & Co. and is located at 100th floor, Sears Tower, 233 S. Wacker Drive, Chicago, Ill. 60606.

Cash-flow comp

A new workers compensation cash-flow program is available from Sam Chapin Insurance Services Inc., surplus lines broker and West Coast representative for Professional Indemnity Agency.

Occupational hazard insurance is designed for companies with self-insured, captive and retrospectively rated programs, the firm says. It is first-dollar coverage for severe injuries caused by workplace accidents.

Limits start at $25,000 and can be increased in multiples of $25,000 up to a maximum $250,000 per employee.

For a copy of the sales brochure and complete information, contact Sam Chapin Insurance Services Inc., 369 Pine St., Suite 720, San Francisco, Calif. 94104; 415-391-5790.

Pollution liability

L.W. Biegler is joining the nonsudden pollution liability market with a new claims-made indemnity contract.

The policy covers accidental as well as gradual pollution. Limits are $10 million per claim and $20 million aggregate for each policy period. Higher limits may be available.

An engineering survey is required before coverage can be bound. Nonbinding premium estimates can be made with the submission of a proposal.

L.W. Biegler Inc. is at 100th floor, Sears Tower, 233 S. Wacker Drive, Chicago, Ill. 60606.

Respirator plan

HSC Corp. has introduced a three-part audiovisual program to assist users of half-mask air-purifying respirators. The Health Protection program offers training in three areas: the fit testing of respirators, respirator maintenance and employee participation.

Each of the three slide programs can stand alone.

Free showings can be arrranged by contacting the HSC Corp., P.O. Box 192, Buchanan, Mich. 49107.■

INSURANCE FRAUD WORKSHOP

ASIS INTERNATIONAL

MARCH 23-24, 1981
ATLANTA HILTON
ATLANTA, GA

The annual cost of insurance fraud to the industry and to the public has reached alarming proportions. The national attention being focused on such problems as arson and white collar crime is reflective of the insurance industry's involvement in a fraud problem that has become too expensive.

THE INSURANCE FRAUD COMMITTEE of ASIS will produce a two-day workshop geared toward analyzing and confronting this growing concern. The program will be presented by insurance company representatives having responsibility for insurance fraud programs within their respective companies.

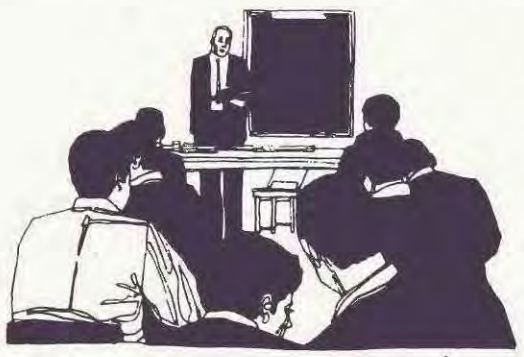
If you interface in any capacity with your organization's insurance program, this workshop will provide you with comprehensive insight into practical solutions for real problems that are a drain to the financial and human resources of the insurance industry.

THE PROGRAM

- The Development and Operation of a Special Investigation Unit
- Bribery, Kickbacks, and Conflicts of Interest—An Analysis of Insurance Industry Exposures
- Arson—Proving Insurance Fraud
- Life, Accident, and Health Insurance Fraud Investigations
- Agent Misappropriations
- Insurance Fraud Investigations and the Law
- Experimental Center—A Resource To the Special Investigator of Insurance Fraud

FEES

$220.00 ..... ASIS members
$285.00 ..... nonmembers



For Additional Information or Registration Assistance, Please Contact . . .
American Society for Industrial Security
Education and Seminar Programs Department
2000 K Street, Suite 651
Washington, DC 20006 telephone: (202) 331-7887

Firms buy more group health plans

WASHINGTON—U.S. employers have dramatically increased the amount of group major medical coverage they provide for employees, a new study shows.

About 95% of all workers have maximum insurance benefits of $100,000 or more to cover catastrophic hospital and medical bills, the Health Insurance Institute here reports. In 1975, only 76% had such high limits.

The study covered 3,622 new or revised group health policies written in the first three months of 1980, covering 333,212 employees. The sample is broad enough to provide an accurate picture of new group cases for the entire year, the institute says.

Health coverage for 71% of the total employees was paid either in part or entirely by their employers.

In groups with 25 to 499 employees, employers and employees tend to foot the bill for medical care together. In 1980, 57% of the 134,404 employees shared the premium with their employers, most of them on a 50/50 basis; 35% had the total cost paid by the employer and 8% picked up their own tab. In 1975, comparable figures were 61%, 35% and 4%, respectively.

Of the 159,956 employees in all size groups who have comprehensive major medical plans:

- 98% had maximum benefits of $100,000 or more and 84% had benefits of up to $1 million or no limit.
- 95% had benefits for treatment of mental and nervous disorders.
- 65% had out-of-pocket limits of $1,000 or less.
- 36% had a single deductible of $100 and another 24% were covered by plans with no deductible for either hospital or hospital/surgical benefits and a $100 deductible for all other medical expenses.

In the disability area, 26-week plans for short-term disability grew more popular, covering 72% of employees in 1980, up from 59% in 1975.

Dental plans also gained in popularity, covering 31% of employees in 1980 and only 16% in 1975.

Maternity coverage was another big gainer. In 1980, 93% of employees had maternity protection for either themselves or their spouses. In 1975, only 59% had such coverage.

•

Single copies of "New Group Health Insurance" are available free from the Health Insurance Institute, 1850 K St. N.W., Washington, D.C. 20006.

If selecting your company's insurance is your responsibility, our professionally qualified staff can make your job easier and more effective. We offer all, or any part, of the following services:

- Excess Insurance – Aggregate and Specific
- Claims Administration
- State Qualification and Filings
- Self-Insurers Bond
- Safety Services
- Cash Flow Analysis

You will be delighted at the low, competitive price of the "package" we can tailor to your specific needs.

We also invite brokers and agents to inquire about what we can do to keep their customers satisfied.

Call Gary Mongilutz at (502) 425-8660 for details.

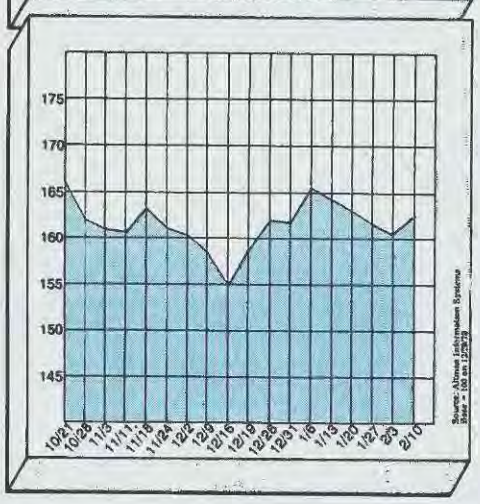
US&C
Underwriters Safety & Claims, Inc.
Serving self-insurers since 1941.

Post Office Box 6769
140 Whittington Pkwy.
Louisville, Ky. 40206
Phone: 502/425-8660
Offices in: Knoxville, TN/ Marion, IL/ Norton, VA/ Paintsville, KY

The one-stop, full-service self-insurance "Super-market" for workers' compensation!



BI Insurance Index



The *Business Insurance* stock index rose last week for the first time since the beginning of the year, going up 1.3 points to 162.7 from 161.3. Thirty-nine stocks rose, 22 dropped and 11 remained the same. Biggest gains were: Carolina Casualty Insurance Co., up 10%; Hartford Steam Boiler Inspection, up 9.6%; MGIC Investment Corp., up 9.2%; Bitco Corp., up 7.7%, and Marsh & McLennan Cos., 6.3%. Biggest declining stocks were: Provident Life & Accident Insurance Co., 6.9%; Washington National Corp., 4.3%; Avemco Corp., 4.2%; St. Paul Cos. Inc., 3.4%, and Aetna Life & Casualty Co., 3.3%. The 0.8% index rise outpaced the three major market indicators, which rose 0.7% or less.

British Issues

2/10 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Comml Union	151	8.0	14.57	9.6	153—	151
Eagle Star	253	8.7	14.28	5.6	259—	253
Genl Accident	300	7.6	18.24	6.1	308—	300
Gdn Royal Exch	318	8.4	20.71	6.5	320—	314
Phoenix	250	7.8	20.00	8.0	260—	250
Royal	357	8.1	32.17	9.0	365—	355
Sun Alliance	746	10.1	42.14	5.6	748—	738
Brokers						
CE Heath	186	9.0	13.87	7.4	185—	180
Hogg Robinson	101	8.1	8.14	8.0	104—	98
Alex Howden	99	8.2	10.00	10.1	99—	95
JH Minet	90	11.2	6.45	7.2	90—	87
Sedg Grp	112	10.3	7.14	6.4	114—	111
Stenhouse Hldg	82	7.8	6.64	8.1	84—	82
Stew Wrightson	203	9.4	17.14	8.4	203—	200
Willis Faber	271	12.0	16.14	6.0	275—	270

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

Recession, debt depress Reed Stenhouse in 1980

By STACY SHAPIRO

REED STENHOUSE Cos. Ltd. could have had a better year in 1980 if the recession hadn't hit its U.K. subsidiary during its last quarter and a $1 million outstanding debt in the United States didn't hang on the balance sheets, says the broker's ranking executive in London.

"Recession in the U.K. and the U.S. debt—if they hadn't happened, we'd have had a damn good year," said Alec Shaw, director of Reed Stenhouse Partners Ltd., which manages all Stenhouse holdings outside North America.

But Reed Stenhouse Cos. Ltd., based in Toronto with 5,300 employees worldwide, showed a 90% growth in net earnings from $16.6 million in 1979 to $17.6 million (Canadian dollars) for fiscal 1980, which ended Aug. 31.

The biggest operating profit in the Stenhouse companies was in Canada, where it rose to $18.8 million in 1980 from $15.4 million in 1979.

But both the Stenhouse insurance and reinsurance brokers in the United States and the United Kingdom showed marginal losses. The U.S. division, which is investing more money into expansion, showed a loss of $279,000 in 1980, compared with an operating profit of $1.4 million in 1979.

A slowdown in growth continued into the first quarter of Stenhouse's new accounting year which ended Dec. 31, 1980. Revenues grew to $52.9 million (Canadian dollars) from $43.7 million a year earlier, but inflation and internal investment turned the small gain into a net loss of $676,000, compared with a $355,000 profit during the same period last year.

The crippling recession in London, coupled with high interest rates, the strong British pound and competitive insurance markets overseas, are causing Stenhouse to cut internal costs in the United Kingdom.

"We're tightening our belts," Mr. Shaw said. "We're trimming staff wherever we can," although only temporaries are being laid off now.

The United Kingdom and Ireland showed a slight decrease from $14.6 million (Canadian dollars) in 1979 operating profits to $14.1 million in fiscal 1980.

The first quarter of 1981, however, showed a slight profit, considered a good sign by the firm. Even in good years, overseas divisions usually show a first-quarter loss.

"We did well until May and suddenly the world fell apart," Mr. Shaw explained.

The recession hit hard then, causing a serious impact on premium spending here. "We still make extremely good profits, but it's a question of growth," he noted.

Operating costs have skyrocketed in Britain, where the retail price index—the inflation rate—fluctuates from 15.2% to 21%, and insurance buyers are more reluctant to increase their cover.

"In a recession, people start looking for things they can do without," Mr. Shaw said.

Profits insurance—business interruption cover—was the first policy to go from company portfolios here, he said. Insurance managers also have stopped keeping up with inflationary property values on property policies up for renewal. This cuts premiums even more.

Stenhouse Holdings, a U.K. holding company which owns more than 50% of Reed Stenhouse Cos., is keeping its ground and planning expansion into Italy, Spain and Zimbabwe this year. But Stenhouse brokers have to work just a little harder to keep non-British customers in the London insurance market.

Competitive markets in other areas of the world, such as North America, Australia and South Africa, are attractive to corporate insurance buyers and London isn't willing to lower its rates to compete, Mr. Shaw said.

"The London market still seems to be losing to the domestic (North American) because they're extremely reluctant to cut rates (here)," said Alan M.S. Warnes, chief executive of the North American Division of Reed Stenhouse Marketing Ltd. "It's becoming more difficult to keep what we have."

London will not lower premiums any more because of the unstable world economy, he said. It depends on premiums for income rather than investment income as North American insurers do.

"As far as North America is concerned, London—Lloyd's especially—is playing a waiting game," Mr. Warnes said. "It's waiting for the market to harden and for buyers to return to London."

BI ticker

M&M leads in earnings

THE NATION'S top publicly held brokers showed mixed results in 1980, with Marsh & McLennan Inc. leading the pack with substantial earnings gains.

Alexander & Alexander continued to post modest quarterly and yearly increases, but Fred S. James and Frank B. Hall once again showed slippage that began earlier.

Overall, the four brokers showed a 3% growth in net income for the year's last quarter and about 7% growth for the year.

Marsh & McLennan Cos. Inc. revenues and net income reached record levels for the year and quarter that ended Dec. 31. Included in the report is C.T. Bowring & Co. Ltd. data from July 3, 1980.

Net income for the year jumped 22%, to $100.7 million from $82.2 million in 1979. Operating revenue, which includes $77.5 million from Bowring, increased 28%, to $677.3 million from $530.6 million.

For the year's last quarter, which analysts said would be a recovery period for brokers, net income increased 38%, to $23 million from $16.6 million. Operating revenue reached $185.2 million, a 40% increase over 1979's $132 million.

"We are pleased with the results for the fourth quarter and the full year," said chairman John Regan. "Our progress during 1980 was broadly based. Insurance brokerage produced gratifying gains in revenue and profit in spite of highly competitive insurance markets. Benefits consulting, reinsurance and especially investment management all made significant contributions to overall growth."

M&M has set a goal of 10% annual volume growth above the inflation rate, an accomplishment analysts say is possible.

The growth, though, is not expected to come from rising insurance rates, but from increased insurance needs fueled by government legislation that increases risk and liability for business.

Alexander & Alexander Services Inc. came out of a difficult year for brokers with a 7.5% gain in net income, to $56.4 million from $52.5 million. Revenues for the year totaled $412.1 million, 10% more than 1979.

For the year's last quarter, net income grew 2%, to $11.5 million from $11.3 million.

Fred S. James & Co. bolstered its international operations in 1980 by acquiring Wigham Poland Holdings Ltd., a November purchase that didn't alter the year's disappointing earnings, but will produce important increases soon, says company president William Burch.

James showed a 4% drop in net income for the year, to $20.6 million from $21.6 million in 1979. For the year's last quarter, income sank 19%, to $4.3 million from $5.3 million.

The company's revenues, however, grew 19% in the fourth quarter to a record $54.6 million from $45.7 million, and jumped 16% for the year to a record $205.1 million from $176.4 million.

"Intense competition in the primary and reimbursement markets, due to the substantial increase in underwriting capacity and escalating investment yields, continued to depress property and casualty rates, and, consequently, commission income for the quarter and the year," Mr. Burch explained.

Frank B. Hall ended the year with a fourth quarter in the red, but eked out an overall earnings gain for 1980.

In the year's final three months, net income declined 9%, to $5 million from $5.5 million. Net income increased 1% in 1980, to $27.9 million from $27.6 million in 1979.

Revenues, though, showed strong gains for both periods. For the full year, they grew 16%, to $309.6 million from $267.5 million. ■

BI Industry Stock Report

Insurance Cos.		FEB. 10, 1981 Price	% Chg.	P/E	$ Div.	% Yld.	2/4/81 THRU 2/10/81 High	Low	Vol. (000)
Aetna Life & Cas Co	NYSE	33.00	-3.3	5.0	2.12	6.4	33.75	33.00	433.1
American Bankers Ins Group	OTC	7.75	5.1	5.2	0.11	1.4	7.88	7.38	127.3
American Finl Corp Ohio	OTC	26.38	1.0	5.0	0.50	1.9	26.38	26.25	10.6
American Gen Ins Co	NYSE	36.75	-3.3	5.6	2.00	5.4	38.38	36.75	129.8
American Indty Finl Corp	OTC	15.63	0.8	6.0	1.12	7.2	15.63	15.50	5.7
American Intl Group Inc	OTC	76.00	1.3	10.7	0.50	0.7	76.00	75.00	109.6
American Natl Ins Co	OTC	12.88	0.0	5.4	0.68	5.3	13.00	12.88	59.4
American Sts Life Ins Co	OTC	20.00	0.0	6.8	0.72	3.6	20.00	20.00	4.4
Aneco Reins Ltd	OTC	4.50	-2.7	0.0	0.00	0.0	4.63	4.50	211.5
Appalachian Natl Corp	OTC	2.13	0.0	6.1	0.05	2.4	2.13	2.13	0.1
Avemco Corp	AMEX	8.63	-4.2	7.4	0.50	5.8	8.75	8.63	6.0
Banks Iowa Inc	OTC	28.50	1.8	4.4	1.32	4.6	28.50*	27.25	7.1
Bitco Corp	OTC	38.25	7.7	5.5	1.68	4.4	38.50	36.00	13.7
Carolina Cas Ins Co	OTC	8.25	10.0	3.9	0.32	3.9	8.25	7.50	6.7
Central Natl Finl Corp	OTC	10.63	2.4	3.9	0.50	4.7	10.63	10.38	0.4
Chubb Corp	OTC	39.88	0.3	5.0	2.68	6.7	40.00	39.75	63.8
Combined Intl Corp	NYSE	17.25	0.0	5.0	1.60	9.3	17.38	17.13	104.3
Connecticut Gen Ins Corp	NYSE	45.50	5.8	6.2	1.52	3.3	45.75	43.50	181.5
Continental Corp	NYSE	24.75	-2.9	6.6	2.40	9.7	25.38	24.38	155.0
Crawford & Co	OTC	19.00	5.6	14.5	0.52	2.7	19.00	18.50	8.8
Crown Life Ins Co	OTC	89.50	-2.7	64.9	2.40	2.7	92.00	89.50	2.0
Crum & Forster	NYSE	24.50	-1.0	4.6	1.44	5.9	25.25	24.38	120.2
Employers Cas Co	OTC	34.00	0.1	5.5	1.20	3.5	34.50*	34.00	7.8
Equifax Inc	NYSE	21.13	2.4	6.7	2.40	11.4	21.13	20.75	9.8
Farmers Group Inc	OTC	27.13	-1.8	8.6	1.12	4.1	27.63	27.13	239.8
First Colony Life Ins Co	OTC	34.00	0.0	12.5	0.80	2.4	34.50	34.00	1.1
Foremost Corp Amer	OTC	19.63	0.6	6.5	0.80	4.1	19.63	19.50	25.7
Great West Life Assurn Co	OTC	210.00	2.4	10.4	10.00	4.8	210.00*	205.00	0.2
Hanover Ins Co	OTC	42.00	0.6	3.9	0.72	1.7	42.00	41.50	15.9
Hartford Steam Boiler Insptn	OTC	40.00	9.6	8.0	2.40	6.0	40.00*	38.00	21.0
Integon Corp	NYSE	35.38	0.4	12.2	0.52	1.5	36.00	35.00	30.7
Jefferson Natl Life Ins Co	OTC	41.00	2.5	19.2	0.64	1.6	41.00	40.50	7.5
Kemper Corp	OTC	31.50	-1.2	4.8	1.60	5.1	32.00	31.50	24.7
Lincoln Natl Corp Ind	NYSE	39.13	-0.3	5.5	3.00	7.7	39.50	39.00	310.4
Mgic Invt Corp	NYSE	31.25	9.2	8.8	1.12	3.6	31.25	29.00	347.3
Mission Ins Group Inc	NYSE	35.50	5.6	7.3	0.80	2.3	35.75	34.00	12.7
Nationwide Corp Ohio	OTC	21.88	0.6	5.5	0.70	3.2	22.00*	21.75	7.7
Northwestern Natl Life Ins	OTC	28.75	1.3	6.2	1.25	4.3	28.75	28.63	13.8
Ohio Cas Corp	OTC	35.13	1.8	5.9	1.76	5.0	35.25	34.75	93.9
Old Rep Intl Corp	OTC	15.13	0.0	1.8	0.92	6.1	15.13	15.13	20.0
Pinehurst Corp	OTC	6.63	1.9	12.3	0.00	0.0	6.75	6.50	17.4
Preferred Risk Life Ins Co	OTC	17.00	3.0	6.1	0.64	3.8	17.00	16.50	4.4
Provident Life & Acc Ins Co	OTC	40.50	-6.9	6.0	1.88	4.6	44.50	39.50	75.7
Republic Natl Life Ins Co	OTC	24.38	-1.0	13.5	0.70	2.9	24.63	24.38	551.4
Ryan Ins Group Inc	OTC	25.50	0.0	7.6	0.12	0.5	25.50	25.50	0.8
St Paul Cos Inc	OTC	39.38	-3.4	7.0	2.32	5.9	41.63	39.38	205.0
Safeco Corp	OTC	33.25	-1.5	6.0	2.00	6.0	33.88	33.25	63.5
Sri Corp	OTC	28.25	4.6	10.4	1.20	4.2	28.50*	27.00	19.5
Seibels Bruce Group Inc	OTC	16.75	0.8	3.9	0.80	4.8	16.75	16.50	58.7
Statesman Group Inc	OTC	4.88	2.6	3.7	0.15	3.1	4.88	4.75	5.5

		FEB. 10, 1981 Price	% Chg.	P/E	$ Div.	% Yld.	2/4/81 THRU 2/10/81 High	Low	Vol. (000)
Tokio Marine & Fire Ins Co	OTC	155.75	-1.0	17.2	1.03	0.7	157.00	155.75	0.4
Travelers Corp	NYSE	39.63	2.3	4.6	2.88	7.3	39.88	38.63	127.1
United Fire & Cas Co	OTC	31.00	0.0	8.6	0.90	2.9	31.00	31.00	0.0
United States Fid & Gty Co	NYSE	37.75	-2.6	4.6	2.80	7.4	38.63	37.75	132.7
United Svcs Life Ins Co	OTC	14.50	0.0	5.8	1.00	6.9	14.50	14.38	15.4
Usife Corp	NYSE	24.88	1.0	6.2	0.72	2.9	25.38	24.88	302.3
Washington Natl Corp	NYSE	33.00	-4.3	6.8	1.50	4.5	34.63	33.00	31.3
Zenith Natl Ins Corp	OTC	14.00	3.7	8.7	0.50	3.6	14.00	12.75	25.6
INSURANCE COMPANIES	AVERAGE			7.3		4.0			
Agents/Brokers									
Alexander & Alexander Svcs	OTC	30.50	-3.2	10.0	1.84	6.0	31.50	30.50	96.1
Baldwin & Lyons Inc	OTC	31.00	0.0	5.8	0.80	2.6	31.00	31.00	2.2
Corroon & Black Corp	NYSE	22.13	1.1	9.0	1.72	7.8	22.13	21.88	18.3
Crump E H Cos Inc	OTC	12.50	1.0	10.9	0.40	3.2	12.50	12.50	8.8
Hall Frank B & Co Inc	NYSE	23.50	3.9	8.6	1.60	6.8	23.50	22.25	197.3
Integrated Res Inc	AMEX	18.50	3.5	9.2	0.00	0.0	18.50	18.13	27.2
James Fred S & Co Inc	NYSE	22.63	-2.7	9.7	1.60	7.1	23.50	22.63	41.7
Marsh & Mclennan Cos Inc	NYSE	31.75	6.3	10.2	2.00	6.3	32.75	31.00	187.8
Penncorp Fincl Inc	NYSE	6.63	0.0	5.9	0.16	2.4	6.88	6.63	141.4
Reed Stenhouse Cos Ltd	OTC	12.00	-1.0	11.4	0.56	4.7	12.25	12.00	14.6
Rollins Burdick Hunter Co	OTC	22.25	1.1	10.4	1.24	5.6	22.25	22.00	27.5
AGENTS/BROKERS	AVERAGE			8.8		5.1			
Conglomerates/Holding Cos.									
American Express(Fireman's Fd)	NYSE	44.00	0.9	8.3	2.00	4.5	44.00*	43.63	743.9
Anderson Clayton(Ranger/PanAm)	NYSE	21.25	0.0	5.8	1.20	5.6	21.63	21.00	30.1
Armco Inc	NYSE	34.25	-2.1	8.7	1.64	4.8	35.00	34.25	151.8
City Investing Co. (Home Ins.)	NYSE	22.13	0.6	6.0	1.50	6.8	23.00	21.88	531.5
CNA Finl Corp (CNA)	NYSE	15.13	0.8	4.2	0.00	0.0	15.13	14.75	34.6
Control Data (Comml. Credit)	NYSE	63.25	2.2	7.6	0.90	1.4	63.38	62.13	253.4
General Re Corp	NYSE	52.38	1.5	7.4	1.40	2.7	53.00	51.63	132.5
INA Corp (Ins. Co. of NA)	NYSE	38.25	-1.9	5.4	2.40	6.3	39.50	38.25	156.1
ITT (Hartford Group)	NYSE	29.13	1.7	5.6	2.60	8.9	29.63	28.88	768.4
Reliance Group Inc	NYSE	69.75	1.8	5.6	3.00	4.3	70.63	69.00	77.1
Sears Roebuck & Co. (Allstate)	NYSE	15.75	1.6	8.6	1.36	8.6	15.75	15.25	1,403.9
S & H Co. (Bayly Martin & Fay)	NYSE	31.25	2.9	15.5	1.00	3.2	31.38	30.00	95.4
Teledyne Inc (Argonaut)	NYSE	192.00	2.2	11.4	0.00	0.0	192.00	188.63	136.8
Transamerica Corp (Occidental)	NYSE	18.50	2.1	5.0	1.28	6.9	18.50	18.13	246.3
CONGLOMERATES/HOLDING COS.	AVERAGE			7.6		3.1			

*Record high/low since Jan. 1, 1980.

System design: Altman Information Systems

How A&A views a growing company



Potato chip quality control inspection at Jays Foods, Inc., in Chicago.

For an expanding business like a potato chip manufacturer, Alexander & Alexander experts look at operations through an owner's eye. We study the insurance costs of crispness and the effects of the money crunch. Probe for risks in delivery routes and avenues for new plant financing.

It's not the focus you usually get on snacks. Unless, of course, you're one of the food firms on A&A's client roster.

Personalized risk management

But these inside vantage points give A&A the best view of how to protect a business built with an entrepreneur's dreams and drive. It's the frame of reference that enables us to assume the function of risk manager for any medium-sized or small business. We eyeball every pitfall, any opportunity—protect against an owner's personal liabilities; plan the funding of workers' compensation, profit sharing, pensions; deal with life insurance, acquisitions, OSHA requirements; and handle claims as if they were our own.

Every industry is unique. Each has different needs. For insurance, for risk management, for human resources management, for financial services. That's why A&A works from a client's point of view. Only by working as partners, solving business problems together, can we be sure a company gets the most comprehensive, cost-efficient programs possible.

We think our dedication to forming a close alliance with our clients is a big reason why A&A has become one of the biggest and most trusted insurance brokers worldwide. Each of our 120 offices here and overseas offers the facilities, expertise and strength to meet the needs of any company, large or small, in any industry. Because we work the same way with every client. From the client's point of view.

Alexander & Alexander

From the client's point of view.