

Business Insurance

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

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Prudential says demutualization won't affect business strategy

NEWARK, N.J.—The proposed demutualization of Prudential Insurance Co. of America should not affect its business strategy for its unprofitable health care unit, widely rumored to be for sale.

The demutualization process could take up to two years and "will not affect any of our business strategies," said a Prudential spokeswoman who would not comment on the future status of the health care unit.

However, market analysts say Prudential began looking for a buyer for the unit last
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Aon deals expand its reach in Europe

By SALLY ROBERTS

CHICAGO—After expanding its presence in Spain earlier this month, Aon Corp. is setting its sights on France with a proposed acquisition of Group Le Blanc de Nicolay.

The deal is expected to expand Aon's European presence while strengthening its reinsurance brokerage capabilities.

GLN said last week that after being approached by "several" international insurance brokers, it had selected Aon to proceed with its plans to acquire the Levallois-Perret, France-based firm.

The price tag of the primarily cash deal has yet to be determined but will not be disclosed because

GLN now is privately held, an Aon spokesman said.

Executives at GLN would not comment on the proposed acquisition while due diligence is being conducted. In a statement, however, the French broker said its board of directors selected Aon because it "felt (Aon) offers the best business development opportunities for the future."

Word of the Aon/GLN deal came with the release of Aon's year-end 1997 results and only a few days after the Chicago-based brokerage giant announced it had entered into an agreement to acquire Gil y Carvajal Group, Spain's largest retail and reinsurance broker, for an undisclosed amount (BI, Feb. 9).

Aon's insurance brokerage and consulting service

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Aon's global shopping spree

Acquisition date	Broker	Headquarters
October 1996	Bain Hogg Group P.L.C.	London
January 1997	Alexander & Alexander Services Inc.	New York
May 1997	Minet Group	London
July 1997	Sodarcen Inc.	Montreal
December 1997	Jauch & Huebner KGaA	Hamburg, Germany
February 1998*	Gil y Carvajal Group	Madrid, Spain
February 1998*	Groupe Le Blanc de Nicolay	Levallois-Perret, France

*Gil y Carvajal acquisition pending regulatory approval; proposed acquisition of GLN in due diligence.

GRAPHIC BY ADAM DOI

Less is more in back care, payers find

By MEG FLETCHER

Using conservative treatment guidelines for low-back injuries is helping employers and states save money while improving patient care.

Support is growing for such treatment guidelines, with at least 15 state workers compensation systems and several employers adopting such measures.

Most low-back treatment guidelines are based at least partly on clinical practice guidelines published three years ago by the U.S. Department of Health and Human Services' Agency for Health Care Policy and Research.

Those guidelines provide scientific support for a "less is more" approach to treating acute low-back injuries, which may last up to three months and are not as serious as chronic conditions (BI, Feb. 13, 1995).

Specifically, the agency's panel of physicians and experts say acute low-back pain can best be treated with non-prescription painkillers, mild exercise and conditioning exercises. Because nine out of 10 people with acute low-back pain recover on their own within a month, imaging studies and further testing usually are unnecessary during the first four weeks of symptoms, unless underlying problems are suspected, the federal guidelines say.

Those recommendations for conservative treatment contrast with traditional approaches, which too often subject patients to extensive bed rest, disorienting painkillers and needless tests and medical treatments, according to the agency.

Employers and state workers comp systems are especially concerned about this problem because "low-back problems affect half of all working-age Americans."

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Insurers sue pipe makers

Class action brought by insurers breaks new ground: Attorney

By RODD ZOLKOS

A class-action suit by insurers seeking to recover hundreds of millions of dollars in payments for leaking polybutylene plumbing could have far-reaching implications for both sides.

On its own, the suit, which gained class certification Jan. 27 in U.S. District Court in Camden, N.J., is historic, an attorney for the class says. The suit might be the first in which a group of insurers has been certified as a plaintiff in a class action in the United States.

The plaintiffs brought suit against Shell Oil Co., Hoechst Celanese Corp. and E.I. DuPont de Nemours & Co.

The insurers' class action, coupled with a suit State Farm Mutual Automobile Insurance Co. filed against Ford Motor Co. last month in federal district court in Los Angeles (BI, Jan. 26), may represent a new direction in the nature of litigation between insurers and manufacturers.

"Traditionally, the disputes between insurers and manufacturers of products have been over whether there was insurance coverage for particular

claims," said Victor Schwartz, a senior partner with the Crowell & Moring law firm in Washington, D.C. He is not involved in either case.

"This seems to me...new in the sense that you have insurers not as defendants in a coverage dispute but as the plaintiffs, suggesting that somehow actions on the part of the manufacturers led to them making payments."

In the case of the insurer class action, the suit aims to "get benefits for every (insurance) company in the

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Financial guarantee insurers diversify to grow business

By JUDY GREENWALD

A mature market

Financial guarantee insurers are seizing new opportunities as the municipal bond insurance market's growth potential slows.



GRAPHIC BY JOHN HALL

Municipalities that insure their bond issues can continue to expect low rates, particularly on general obligation bonds, despite financial guarantee insurers' diversification beyond their core business.

Financial guarantee insurance remains a competitive market, with some consolidation among existing companies in 1997 and new entrants in certain niches.

Total municipal bond volume and the percentage that is insured grew last year. For 1998, total volume could grow but the insured portion is expected to remain steady.

To generate additional growth, financial guarantee insurers increasingly are turning to insuring asset-backed securities and international business and investing in related businesses and services. Both moves, however, are raising concern about new risks.

The good news is the market for municipal bond insurance is growing.
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Property/casualty & employee benefits

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Updates

Prudential plans to demutualize

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fall (BI, Oct. 6, 1997). If Prudential does opt to sell Prudential HealthCare, it will likely try to do it before the demutualization, said Neil Strauss, a director at Standard & Poor's Corp. in New York. "They will want to resolve it one way or the other before the demutualization," he said.

However, Prudential will have a lengthy lead time to prepare itself for demutualization, as the process could take up to two years, the spokeswoman said.

First, the New Jersey Legislature would have to pass a bill permitting companies to demutualize. Then the New Jersey Insurance Department, Prudential's board and its nearly 11 million policyholders would have to approve the plan.

Prudential has said it will distribute the full value of the company to its policyholders. Prudential has \$12 billion in statutory surplus.

But the demutualization already is drawing criticism from consumer groups. For example, Robert Hunter, director of insurance for the Consumer Federation of America in Washington, dismissed Prudential's assertion that the demutualization will allow the insurer to access the capital markets in order to expand.

"They are the market... they have more assets than most countries," he said. Prudential has \$260 billion in assets.

But despite its leading position in the life insurance business, Prudential still would benefit from demutualization, said Mr. Strauss.

"There are deals which even a company with \$12 billion in surplus but which doesn't have a stock currency can't do," he said.

Bill would expand tax break

WASHINGTON—The tax-favored status of employer-provided educational assistance benefits would be extended and expanded under legislation passed last week by the Senate Finance Committee.

The measure would allow employers to reimburse employees for up to \$5,250 annually through Dec. 31, 2002, for undergraduate and graduate educational expenses without that reimbursement being added to employees' taxable income.

Under current law, set to expire on June 1, 2000, only reimbursement for undergraduate expenses qualifies for favorable tax-treatment under Section 127 of the Internal Revenue Code. The Finance Committee would give the same favorable tax treatment for graduate educational expenses retroactive to Jan. 1, 1998.

The educational assistance provisions are part of a broader measure that also would expand individual retirement accounts for education. The bill now goes to the full Senate.

Judge asked to halt OSHA plan

WASHINGTON—Four employer groups are asking a federal judge to immediately block implementation of the Occupational Safety and Health Administration's cooperative compliance program.

In a brief filed Feb. 12 in the U.S. Court of Appeals for the District of Columbia, the U.S. Chamber of Commerce, the National Assn. of Manufacturers, the American Trucking Assns. Inc. and the Food Marketing Institute disputed OSHA's contention that it has power to implement the program, which it calls an "instruction" rather than a regulation (BI, Jan. 26).

The program targets about 14,000 workplaces in 15 industries that have a higher-than-average frequency of injuries and lost workdays. The employers get the choice to participate in the program or face comprehensive inspections.

The sign-up period for the program ends Tuesday, Feb. 17. It had initially been planned to end late last month, but OSHA said bad weather in the Northeast and other concerns led the agency to extend the deadline. OSHA has denied that the four employer groups' earlier request that the appeals court review and possibly stay the program played any role in extending the deadline.

In their brief to the appellate court, the employer groups hold that the program is coercive rather than voluntary. "Describing the Instruction as voluntary is an Orwellian underestimation of the government power brought to bear," according to the brief. "If OSHA wanted voluntary comprehensive safety plans it would de-couple the threat of wall-to-wall inspections," reads the brief.

No decision on staying the program had been made by press time.

FHS may sell comp unit

WOODLAND HILLS, Calif.—Foundation Health Systems Inc. is considering putting its workers compensation insurance subsidiary on the block to focus on its core health care business.

"It's a tough business, and we're taking a good, hard look at it," said a spokesman for the Woodland Hills, Calif.-based health care company.

While the spokesman said the insurer, California Compensation Insurance Co., a unit of Novato, Calif.-based Business Insurance Co., is profitable, "there's a question of whether that's where we should be investing our capital."

CalComp was the state's second-largest workers compensation insurer in 1996 with 9.4% of the market, according to the California Workers Compensation Institute in San Francisco. It wrote \$475.8 million in direct premiums in 1996, the latest year for which statistics are available.

UPS to fight jury award

DES MOINES, Iowa—United Parcel Service of America Inc. will appeal an \$80.7 million jury award to a former UPS manager who alleged the parcel delivery giant discriminated and retaliated against her after she reported an altercation with a driver who allegedly poked her in a breast.

A Polk County jury last week awarded Linda Channon, a 22-year UPS veteran, \$500,000 in compensatory damages and \$80.2 million in punitive damages. See **Updates** on page 62

Captives catching attention of the managed care industry

By ROBERTO CENICEROS

LIHUE, Hawaii—Captive insurers can help health care companies better cope with the rapid change in the managed care industry, a risk manager says.

However, health care companies initially should use captives only to cover risks they understand and can estimate accurately, said Mike Evans, vp and risk manager for Sutter Health.

Sutter Health owns and operates a wide variety of health care-related businesses, including hos-

pitals, clinics and ancillary service companies.

A captive is particularly important to Sutter—and possibly other



health care companies—because captivated managed care contracts have left it little flexibility. Capitated contracts mean Sutter's revenue stream is fixed, and it can no longer stand market vagaries such as fluctuating in-

surance premiums, Mike Evans, vp and risk manager for Sutter, said at the recent Hawaii Captive Insurance Forum.

The Sacramento, Calif.-based company now uses its Hawaii-domiciled captive, Sutter Insurance Services Corp., to self-insure evolving risks and eliminate the impact of premium fluctuations.

"For those of you moving toward managed care, I can tell you that you will be dealing with this as you move forward," Mr. Evans said.

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Savings may pay for schools

Owner-controlled insurance also helps small contractors

By RODD ZOLKOS

CHICAGO—An owner-controlled insurance program planned by the Chicago Board of Education is expected to generate millions of dollars in savings while offering smaller contractors a better shot at district projects.

The program, which will apply to contractors involved in the Chicago public school district's current \$1 billion-plus capital improvements program, is to be placed no later than April 1 and possibly as early as March 1.

The school board initially has authorized using the construction wrap-up insurance program for

two years.

"Quite frankly, we expect it to be a great success," said Lance Harrison, risk manager for the Chicago Board of Education.

"The expectation is that we will hopefully be able to save enough money on this program to pay for a grade school or two," Mr. Harrison said. By that reckoning, the district would be able to save from \$5 million to more than \$10 million.

Another expectation is that the owner-controlled program will allow smaller contractors to compete on a more even footing with larger businesses for Chicago

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School officials hope to save money with owner-controlled insurance.

HIPAA has some rushing

Ease of compliance at issue

By MICHAEL PRINCE

Employers and third-party administrators have been working vigorously to comply with the federal law that curbs employers' ability to deny coverage to new employees because of pre-existing medical conditions.

The law, the Health Insurance Portability and Accountability Act, allows employees to join a new employer's health plan without waiting—depending on how long employees had coverage through a prior employer—through a pre-existing condition exclusion period.

Experts disagree on whether HIPAA compliance has been more difficult than complying with the health care continuation provisions of the Consolidated Omnibus Budget Reconciliation Act.

Although many feared after the health care portability legislation passed in 1996 that the administrative burden would be enormous, implementation so far has not been that onerous, some involved said.

"It was not as difficult as we thought it would be," said Triny Jauco Lee, manager of employee benefits for Lockheed Martin Missiles & Space in Sunnyvale,

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High court to rule on harassment

By MARK A. HOFMANN

WASHINGTON—No matter how the Supreme Court decides several unrelated sexual harassment cases this term, employers shouldn't expect clear-cut rules any time soon.

The sexual harassment cases are only some of the matters before the court that could help determine the limits of corporate liability.

"It is certainly true that the Supreme Court does not have the headliners of the last term," said Clifford M. Sloan, a partner in the Washington-based law firm Wiley, Rein & Fielding, during an assessment of the Supreme Court at mid-term last week. But the cases "could have a major impact" and practical effect on businesses, he said. The Washington Legal Foundation, a business-oriented non-profit organization, held the discussion.

"This is the Rodney Dangerfield term—it gets no respect," said John G. Roberts Jr., a partner

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Michael Bradford

Soft market curbs growth of self-funded programs

By MICHAEL BRADFORD

Self-insurance is a long way from dead, but its growth has flat-lined.

In recent years, many risk managers have decided it's not only cheaper but also easier to buy coverage in the commercial insurance market. Paying premiums means companies don't have the work of putting together a self-insurance program and the responsibility of administering it.

"Over the last five or six years, we and a number of insurance companies have learned to make our mechanisms a better alternative than self-insurance," said Peter Conway, president of CNA Risk Management in Chicago.

An interesting twist, considering self-insurance was designed as an alternative to the high rates and loss of control in traditional insurance that risk managers complained of at one time. But with coverage now available for most risks at reasonable rates, self-insurance's pulse has slowed.

"We're not seeing a lot of growth, and we think that's a function of the soft commercial market," said Mary Ann Godbout, assistant vp at Conning & Co., a Hartford,

Conn.-based insurance research firm.

Conning tracks the alternative market's share of the property/casualty market and, while figures for 1997 are not final, Ms. Godbout said they will be virtually unchanged from 1996. And she expects they will look much the same in 1998.

The alternative market, made up of self-insurance, captives and risk retention groups, represented about 33% of the total market for property/casualty risks in 1997, according to Ms. Godbout. In 1996, alternatives were an estimated 33.2% of the market (*BI*, Feb. 17, 1997).

"The bulk of it was self-insurance" for both years, she pointed out. Self-insurance was an estimated 24% of the total market, with captives representing 8% and risk retention groups the remainder.

While large companies are best suited to self-insure and manage their risk, smaller ones are more comfortable letting an insurer take the responsibility, experts agree.

Among "middle-market" sized companies, "there is definitely a move back to a guaranteed-cost type of program with commercial insurers," said Jim Bryant, executive vp at Crawford & Co., a third-party administrator based in Atlanta. "We've seen a

See **Soft market** on next page

Self-insurance's share of property/casualty market

Includes Self-insurance retentions, captives, risk retention groups and alternative facilities



Source: Conning & Co.

* Estimates

GRAPHIC BY ADAM DOI

Self-insurance sees gains in health plan financing

More employers assume risk in HMOs, POS plans

By JOANNE WOJCIK

Self-insured health care is regaining popularity as employers that had shifted many of their employees into fully insured HMOs see those premiums start to climb.

While in the past, employers' self-funding was limited to their indemnity plans, employers today increasingly are self-funding the in-network component of point-of-service plans and even the once fully insured HMO plan.

And employers can escape expensive benefit mandates by self-insuring even a portion of their HMO risk, experts say.

Employers that self-insure their HMOs have the same utilization controls as the managed care plan offers insured clients; however, employers only pay costs associated with their own employee populations.

According to a recent William M. Mercer Inc. survey, 10% of large employers and 13% of small employers now self-insure their HMO plans. This compares with just 6% of large employers and 8% of small employers self-funding their HMOs in 1996.

While fewer large employers self-insured their POS plans in 1997—46% compared with 52% in 1996, more small employers are self-funding their POS plans.

Sixteen percent of small employers, or

those with fewer than 500 employees, self-insured their POS plans in 1997, compared with just 8% in 1996 (see chart).

"I wouldn't characterize self-funding of managed care plans as a huge movement, because some large employers are still getting good deals from their HMOs," said Tom Beauregard, a consultant in Rowayton, Conn., with Hewitt Associates L.L.C. "But we have been doing a lot of self-funding viability studies looking at the individual employer's loss ratio."

In some cases, especially where a majority of employees are enrolled in managed care plans, employers think "they can start taking the risk back," he said.

The managed care backlash, which has prompted lawmakers to mandate that managed care plans—especially HMOs—cover more treatment, also is a major catalyst for employers' return to self-insurance, industry experts say.

Self-funding can shave at least 2% to 3% off the cost of a fully insured HMO premium, mostly because the self-insured programs don't have to offer all the benefits mandated by state law, estimates Jim Dolstad, senior consulting actuary at benefit consultant Howard Johnson & Co. in Seattle.

Self-insuring also allows the employer, rather than the HMO, to decide which ben-

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Self-funded health care plans

(employers with at least 500 employees)

Year	Indemnity plans	PPO	POS	HMO
1995	70%	71%	47%	N/A
1996	70	72	52	6%
1997	72	73	46	10

N/A = not available

Source: William M. Mercer Inc.

GRAPHIC BY ADAM DOI

Business is booming for claims administrators

But growing competition may shake up industry

By SALLY ROBERTS

Third-party administrators are finding no lack of opportunities and growth potential in the self-insurance marketplace, though they must invest in resources to provide services clients are demanding.

TPAs specializing in employee benefits are receiving a boost as more companies choose to self-insure. And despite relatively stagnant growth among the number of employers self-funding their property/casualty risks, TPAs are finding opportunities by diversifying their services, beefing up their technological capabilities and offering self-insured clients more tailor-made services.

By differentiating themselves, TPAs also are trying to combat the effects of growing competition in the industry. That competition ultimately could drive

further consolidation in the market, with smaller TPAs being the ultimate victims, TPA executives say.

The capital requirements for such complex technology systems clients demand today and the electronic submission requirements instituted under the Health Insurance Portability and Accountability Act may be too much for some smaller companies, the executives say.

"There is plenty of opportunity for TPAs today," said Jim Bryant, executive vp-business development for Crawford & Co. The Atlanta-based company administers workers comp, general liability, auto and property claims for self-insured clients.

"There is more competition than ever before from non-traditional services," he said. Not only are there independent TPAs, but software companies, managed

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Soft market

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lot of our business migrate in that direction."

"It's an extremely soft market" that is luring those companies back, Mr. Bryant noted.

Many large companies, however, are content to continue self-insuring, he added. Some have built relationships with TPAs and other service providers into a system that has served the self-insurer well and would be disruptive to dismantle.

"Some of our large corporations have been self-insuring for 15 years or longer," Mr. Bryant said. "They have their processes built in and relationships in place. They view their trading partners in the industry as an extension of their organizations, and they don't want to give that up."

"Large companies assuming a percentage of their risk—most of it predictable risk—is something that's going to continue," agreed Mr. Conway of CNA.

But companies that turn to insurers, particularly for workers compensation coverages, find that low price isn't the only benefit to taking the traditional route.

Insurers can offer an efficient and consistent program for com-

panies that operate in several states, Mr. Conway explained, allowing risk managers to concentrate on loss control and other duties while the insurer takes care of state-to-state regulatory requirements.

Inexpensive insurance is not the sole driver pushing risk managers to the traditional market, Mr. Conway added. Avoiding frictional costs—those associated with setting up and maintaining an alternative vehicle—also is an incentive.

Those costs were among the reasons Pacific Tomato Growers Ltd. decided against participating in a rent-a-captive, according to Mike Benishek, risk manager with the Palmetto, Fla., company.

He called "totally ridiculous" the amounts charged by a Bermuda-based rent-a-captive to cover the grower's property/casualty and workers comp exposures.

The rent-a-captive was unable to provide some of the coverage Mr. Benishek needed, including crime insurance and crop coverage. "They were totally unfamiliar with self-insuring crops," he recalled.

Mr. Benishek said uncertainty over Internal Revenue Service rules regarding captive arrangements also helped scare him away from the offshore insurer. He

fearful tax rules could change after the program was established.

"There was too much uncertainty," Mr. Benishek remarked. "It needs to be nailed down concretely. I want it cut and dried."

He said that "for a good risk

'Clearly, if you can buy insurance below expected losses, you should,' says Martin Scherzer of J&H Marsh.

with a good loss history, the coverage is out there, and it fully protects you. It's less of a headache, it's better coverage, and I know I'm protected."

"Clearly, if you can buy insurance below expected losses, you should," said Martin Scherzer, managing director at J&H Marsh & McLennan in New York.

Even so, he added, just because the market is soft, that doesn't mean there isn't intrinsic value in self-insurance. Risk managers gain control over their programs, and self-insurance tends to "incentivize people more to manage losses," said Mr. Scherzer.

Ms. Godbout of Conning & Co.

agreed that when a company self-insures, "it gives them a stronger sense of being in control."

But, she acknowledged, even though there is incentive to better manage risk when the company bears its own losses, cheap coverage is an insurmountable temptation for some.

Companies that do want to gain control increasingly turn to captives as the favored form of self-insurance.

While the expansion of self-insurance as a whole has stagnated as a portion of the entire property/casualty market, captive formations continue to increase.

Last year, more than 300 captives were formed in domiciles worldwide, according to Corinne Ramming, Stamford Conn.-based editor of the 1998 Captive Insurance Company Directory published by Tillinghast-Towers Perrin.

"For many insurance buyers, it is very important to have control" rather than face the whims of a marketplace where coverage costs can change drastically, she said. Buyers that form captives don't want to be caught in another hard market squeeze like the one that made some coverages unaffordable in the 1980s before softening again, Ms. Ramming said.

Even with the increase in for-

mations, the effect of the soft market can be seen in premium amounts written by captives. Premiums flowing to captives last year were an estimated \$18 billion, down from \$19 billion in 1996, Ms. Ramming said.

Ms. Ramming pointed out that while some captives still are in business, they have been "put on the shelf" at a time when owners can find cheap coverage in the traditional market.

Even with cheap coverage available, some risks remain well-suited for self-insurance.

"We don't see a real move toward self-insurance due to the fact that there is such a soft market," said David Ives, president of Northshore International Insurance Services Inc., a Salem, Mass.-based TPA.

But government entities, he added, are proving that self-funding can be successful even with the temptations of the commercial market.

"They are looking for ways to manage risk better," Mr. Ives said. "There have been some very successful models built for government entities," such as pooling arrangements that "have been able to generate greater benefits for members" than traditional insurance methods.

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**THE BUSINESS
INSURANCE EXPERTS.**



Soft market

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Public entity pools, for example, are able to return dividends to members when the arrangement is profitable, he noted.

Pima County, Ariz., self-insures its property/casualty and work comp exposures, but not in a pooling arrangement.

"There is a county pool available," said David M. Parker, director of risk management for Pima County. "But the pool can't do any better than we can."

If excess coverage in the commercial market wasn't as cheap as it is, pooling would be a consideration, he said.

The county is fully self-insured for its workers comp coverage and buys excess coverage above a \$1

million retention on general liability and commercial automobile risks.

It also buys excess limits above a \$300,000-per-occurrence and \$900,000 annual aggregate retention for medical malpractice risks. The first \$50,000 of the county's property risks are self-funded, as is the first \$25,000 of boiler and machinery exposures.

While pooling means members can share in profits, it also means they are on the hook if the results are not good. Mr. Parker said one reason for rejecting a pooling arrangement was to avoid worrying whether other counties in a pool would have a bad year in terms of losses.

His biggest reason for self-insuring is to avoid "all the overhead costs" that come with buying coverage from the traditional

market, Mr. Parker said.

"Any time you are dealing with insurers, they have got to make money," he explained, and self-funding means not having to pay insurers' profits.

Mr. Parker said that for the past two years he has reduced the county's premiums paid into the self-insurance program because results were better than forecast by actuaries, a condition for lowering those payments.

The county also prefers to administer claims itself, making sure claims-handling doesn't damage relationships with residents.

Mr. Parker said a captive insurance company, though considered at one time, doesn't hold much of an attraction for the county, because "I can do everything I want to do without the hassle of creating a captive." **BI**

Self-insure

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efits to offer, said Ed Potanka, assistant general counsel-health care for CIGNA Corp. in Bloomfield, Conn.

"This allows the multistate employer to have a uniform benefit plan," he said.

Employers that self-insure their managed care plans also avoid paying premium taxes, which typically run about 2%, he added.

CIGNA has offered a self-funded HMO option, called Flexcare, for nearly 20 years.

"Self-insuring HMOs is likely to be the trend in the future, especially as mandates are put on plans," predicts Helen Darling, manager of international compensation and benefits for Xerox

Corp. in Stamford, Conn.

"It's the same as what led to the growth of self-insured indemnity plans," she said. "Just because you put in a mandate doesn't mean it's free. Somebody's got to pay. And, as the government loads on requirements, this increases costs, and cost pressures will lead to more self-insuring."

Self-funding is especially attractive to employers in states such as New York, where regulators preclude HMOs from offering employers experience-based rates, pointed out Bruce Taylor, director of national health care policy and plans at Stamford, Conn.-based GTE Corp.

If community HMO rates are high, an employer with a large employee base in New York may opt to self-fund, Mr. Taylor suggested.

GTE has self-funded about a half-dozen HMOs for about three years, though it does not yet self-insure any of the HMOs with which it contracts in New York because it doesn't have enough HMO enrollees in that state to make it worthwhile, according to Mr. Taylor.

In general, most large employers that self-insure their HMOs in New York can save 20% to 25% over community rates, estimates Hewitt's Mr. Beauregard.

In some cases, employers looking to self-insure their managed care plans "are questioning the logic behind contributing to HMO profit margins," said James Kreig, senior vp of Keenan & Associates, a Torrance, Calif.-based insurance brokerage.

Hospital and health care organizations are especially leery of paying premiums to HMOs when they themselves are assuming risk through capitated contracts, pointed out Mr. Kreig, who is a consultant for hospitals and health care systems in their role as employers.

"The basic question facing health care organizations is whether to offer their employees a managed care plan—most often, an HMO—or to explore the possibility of establishing a self-funded plan that includes the managed care components of an HMO," he said.

This is precisely the question AlliedSignal considered when it launched what then was considered a landmark point-of-service network in cooperation with CIGNA 10 years ago, pointed out Joe Checkley, director of group insurance for the Morristown, N.J.-based multistate employer.

"Despite the growth of capitation, our philosophy is to self-fund wherever we can," he explained.

That's because AlliedSignal executives thought that by paying even a capitated premium, especially one derived from community rating, it would be subsidizing its HMO's entire book of business, Mr. Checkley pointed out.

But by self-insuring, "we're only paying our own people's medical costs," he said.

Ninety-five percent of AlliedSignal's 40,000 employees are enrolled in the company's point-of-service plan that uses CIGNA's HMO networks.

While some of the providers in the network are capitated, AlliedSignal pays no capitated premium. Instead, the employer pays an administrative fee each month that provides for network access, and then it pays for medical services as they are billed on a fee-for-service basis.

See Self-insure on page 10

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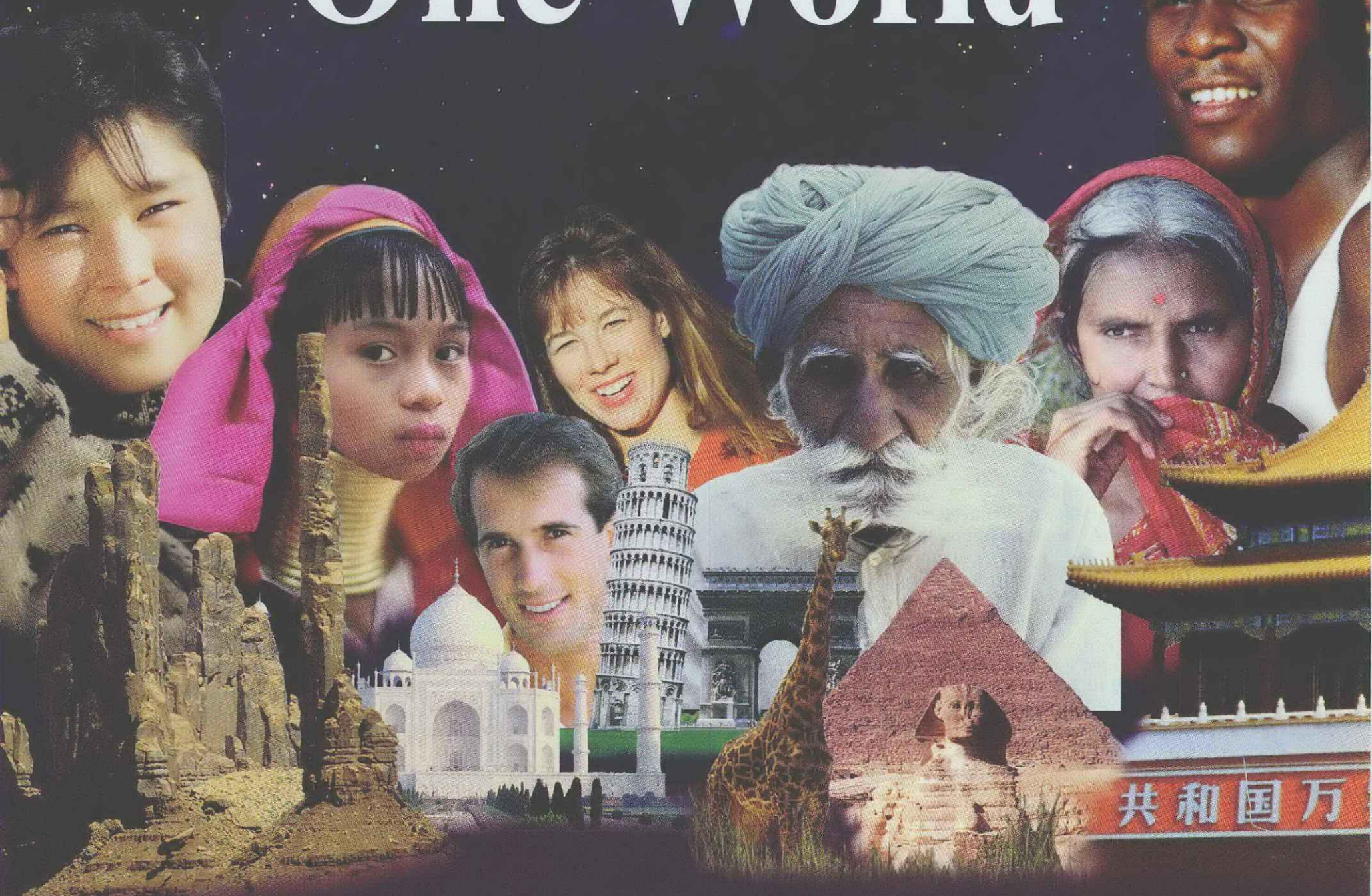
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Opinions

Put savings on the table

SPONSORS OF SELF-INSURED health plans won an important battle earlier this month in Massachusetts.

The U.S. Labor Department recently reached a \$10 million settlement of a lawsuit it brought in 1995 against Blue Cross & Blue Shield of Massachusetts over alleged wrongdoing in failing to pass along savings from discounted hospital charges to self-insured plan sponsors (*BI*, Feb. 9). The Blues plan was serving as claims administrator for about 1,000 self-insured health plans.

The practice of discounting came under Labor Department scrutiny in recent years after the department discovered that hundreds of millions of dollars in negotiated discounts were being set aside by Blues plans and other claims administrators and not disclosed or passed along to health plan sponsors or participants.

In addition to failing to pass along the rebates, self-insured plans paid inflated claims administration fees because they were based on the original, non-reduced claims payments, according to the Labor Department's suit against the Massachusetts Blues. And plan participants were charged too much, the suit claimed, because their copayments were based on a fixed percentage of hospital expenses rather than on actual hospital expenses.

Although discounting in and of itself is not illegal—indeed, it forms a cornerstone of managed care programs—we think it goes without saying that where a health insurer is only serving as an administrator on behalf of a self-insured plan it should not be entitled to pocket all the savings it negotiates on the payer's behalf.

To allow otherwise would be akin to having a buyer's real estate agent negotiate a lower selling price on a home but pocket the difference between the buyer's bid and the actual selling price. The agent's commission also would be based on the buyer's higher offer.

Other Blues plans and health insurers have settled similar charges in recent years, and the government reports it has launched 118 investigations of discounting abuses over the past five years. These facts suggest that the problem is fairly widespread.

If that's the case, it is incumbent upon employers and other plan sponsors to clearly spell out in contracts with claims administrators who is entitled to savings from provider discounts.

We also believe claims administrators should provide detailed information about provider pricing to plan sponsors so the issue is in the open and can be fairly negotiated. As long as a plan sponsor agrees up front to the claim administrator receiving a cut of any savings negotiated, there is no problem.

In cases where the employer is contracting for an insured health plan, it seems reasonable that the health insurer is clearly entitled to whatever discounts it can negotiate with providers to hold down its costs. Unless the plan sponsor has contractually agreed to some other arrangement up front, it should not expect to haul its insurer into court for a cut of any savings.

But the issue of discounting is not so cut and dried when it comes to the issue of whether employees share in any of those savings.



As part of the Labor Department's suit, the government also sought to compel the Blues plan to pass on any savings from discounting to plan participants. Employees, often unknowingly, can wind up paying a percentage of the actual tab greater than their plan's copayment as a result of discounting. This can occur when a plan participant is charged a copayment of 20%, for instance, and would pay \$200 of a \$1,000 hospital bill. The participant would likely assume his or her plan was paying the remaining \$800, but with a negotiated discount, the insurer may pay \$600, which means the plan member is paying 25% of the actual bill.

Some benefit managers may be dismayed to learn that their workers have been getting reimbursed for health care expenses at a lower rate than they believed.

Others may argue that this is an acceptable form of cost shifting because the savings obtained from discounting likely will help keep the health plan's premiums low.

However, rather than have the government dictate whether employees share in these savings, we would prefer that it be left to employers to determine their policies and clearly explain them in plan documents for employees.

If an employer decides to keep the savings itself, however, it runs the risk of having an employee relations crisis on its hands, with disgruntled plan participants claiming the company is taking their money.

On the other hand, if employees are to get a share of discounts under a self-insured plan, the employer's costs are bound to be larger, and it, therefore, may wind up charging participants higher premiums and copayments.

The employer has to weigh the pros and cons of each strategy and communicate them to employees.

The issue of what to do with savings from discounting must be brought into the open so informed choices can be made; keeping discounts a secret for the benefit of claims administrators no longer is acceptable.

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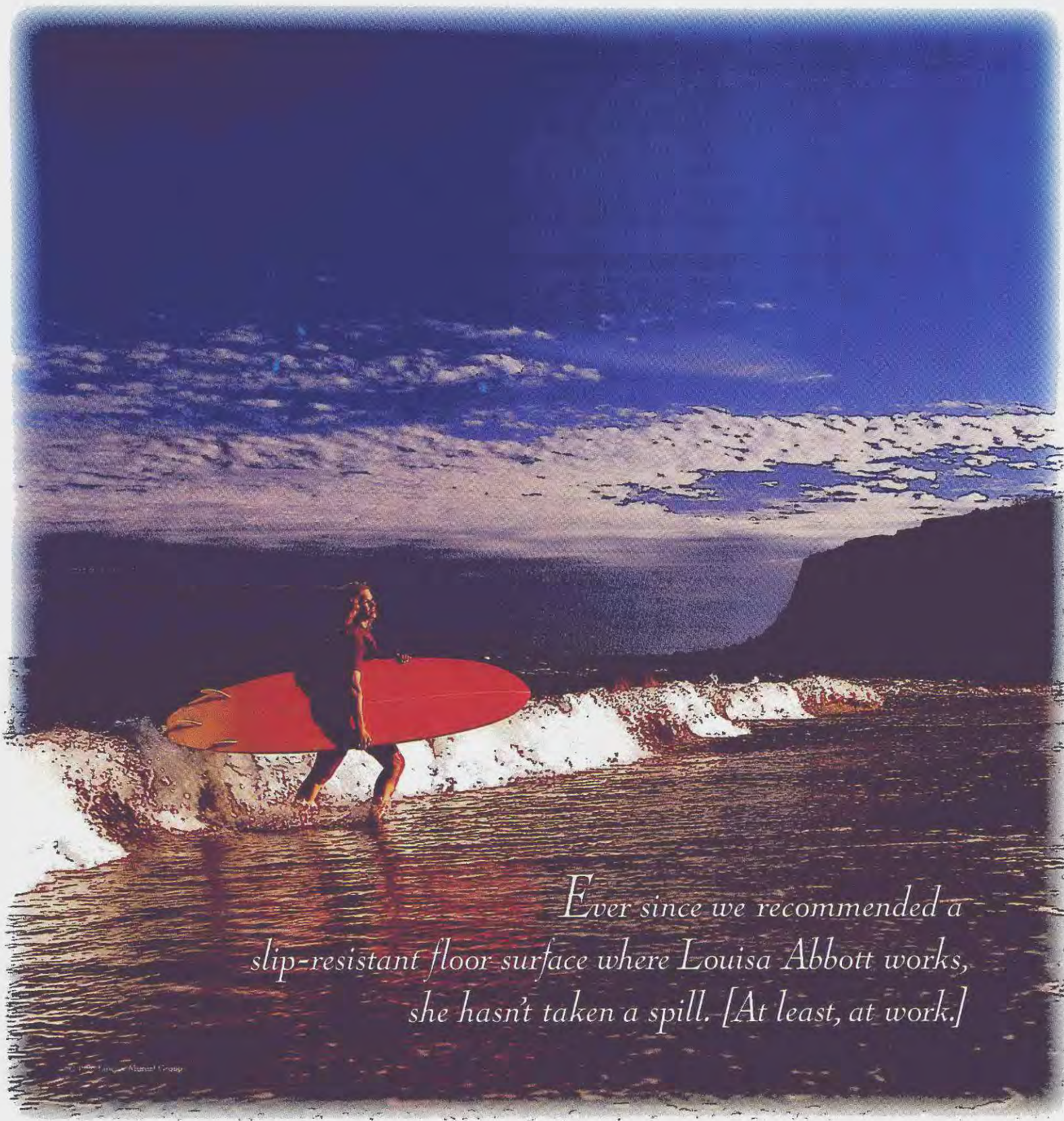
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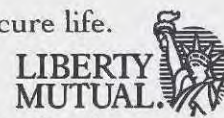
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Stop-loss rates expected to rise in double digits

By JOANNE WOJCIK

Self-funded employers that purchase medical stop-loss coverage can expect double-digit premium increases in 1998, as insurers try to recoup losses from the past few years.

Employers that were offered lower aggregate attachment points—some as low as 100% of claims—also are likely to see them climb back up to their former 125% level.

But a recently introduced managed care product may offer employers another way to transfer their medical risk: catastrophic carve-out programs.

"The stop-loss market was pervasively soft in 1995 and into 1996," re-

called Paul Polachek, senior vp and chief operating officer of CNA Insurance Co.'s group reinsurance and market development division.

"Throughout the market, there are risk bearers looking to increase premiums to reflect recent bad experience," Mr. Polachek said.

The size of increases are "all over the map," he said, with increases being based on the employer's experience.

"Double-digit increases—usually greater than 10%—are very prevalent," he said.

Because of the competition, many insurers and managing general underwriters lowered aggregate attachment points on aggregate stop-loss coverage to as low as 100% of expect-

ed claims to attract or keep employers' business, said Scott Taylor, vp of SAFECO Life Insurance Co. in Seattle, a major stop-loss underwriter.

While specific stop-loss coverage insures against a single catastrophic claim that exceeds a dollar limit the employer chooses, aggregate coverage insures against all claims exceeding a total dollar amount for a plan year.

"Attachments should be 25% above budget, but in some cases there's no margin or just 10% or 12%," he said.

These lower attachment points have led to a greater volume of aggregate claims, industry observers report.

Stop-loss insurers' claim costs surged 25% in the fourth quarter of 1997, if adjusted on an annual basis, according to a stop-loss report pub-

lished by consultant Howard Johnson & Co. of Seattle.

Claims grew 15% in 1997 over 1996, the report found.

Howard Johnson, a benefit consultant and actuarial firm, publishes rate manuals for stop-loss insurers, reinsurers and MGUs.

"Claims are up both in frequency and intensity," observed Ed Ueck, managing director of Pacific Risk Management Services, a unit of PM Group in Fountain Valley, Calif., that sells medical stop-loss coverage to employers.

"A lot of underwriters thought they could make up the losses on the aggregate by increasing the prices on the specific," he said.

But the increases aren't sufficient to

counter today's medical inflation rate, he said.

For example, "over the past 18 months, the increase in prescription drug costs have put a bite on plans," he said. He pointed to the cost of the popular cholesterol-lowering drug Zocor, which costs as much as \$225 per month, as an example.

In some cases, the growth in aggregate stop-loss claims is triggering claims audits by reinsurers, many of whom were ceded the bulk of these risks, industry observers report.

While employers generally buy medical stop-loss from insurers or MGUs, many of these companies act primarily as "fronting" companies, often ceding the bulk of the risk to reinsurers after taking ceding commissions and fronting fees.

"It used to be the carriers were responsible for the product, but as the MGUs developed, they would 'rent paper' so the fronts essentially took little or no risk," Mr. Taylor said.

"You almost had a system where everyone got paid for production, so the only ones responsible were the reinsurers," he commented.

Indeed, "the majority of stop-loss is written on a fronted basis," agreed Mr. Ueck of PRMS.

By contrast, both PRMS and SAFECO retain 100% of the medical stop-loss risk they underwrite.

In response to the increased claims, some stop-loss reinsurers are asking their MGUs and fronting insurers to take more risk.

"Reinsurers now want any players that are below them to also have something at risk," said Don Gasparro, managing director of Apex Management Group Inc. in Princeton, N.J.

Meanwhile, a new product introduced as an alternative to specific stop-loss coverage may provide some competition for stop-loss insurers: Catastrophic carve-out programs.

"The medical stop-loss carrier and the critical disease carve-out are trying to figure out whether they're competitors," observed Mr. Polachek of CNA.

While in the past these programs targeted mainly transplant cases, Avandel Health Care Inc. of Lynwood, Wash., began marketing a catastrophic carve-out program to manage upper-end oncology and cardiology cases, transplant cases, neonatal cases, and severe burn and trauma cases. This case-management approach helps ensure that the patients are receiving optimal care in the most appropriate setting.

"A self-funded entity can pick from two risk-transfer mechanisms: They can either buy stop-loss coverage or they can associate with a firm that will carve out the catastrophic risk," explained Ned Goodhue, president and chief executive officer of Avandel.

With a carve-out program "you achieve significant cost reductions and increase the quality of medical care and customer service," he said.

For example, the average cost of a neonatal claim in a carve-out was \$86,661 less, while transplant claims average \$35,600 lower, according to Mr. Goodhue.

But while a carve-out can help stem the cost of an individual catastrophic claim, it has no impact on aggregate health plan costs, CNA's Mr. Polachek pointed out.

And it may be difficult for employers that purchase catastrophic carve-outs to purchase aggregate stop-loss coverage, he said. Generally insurers will not sell aggregate coverage to an employer unless it has also purchased specific coverage, Mr. Polachek explained.

As a result, an employer that purchases a carve-out as well as stop-loss coverage may end up paying more than if it had purchased stop-loss coverage alone, he added.

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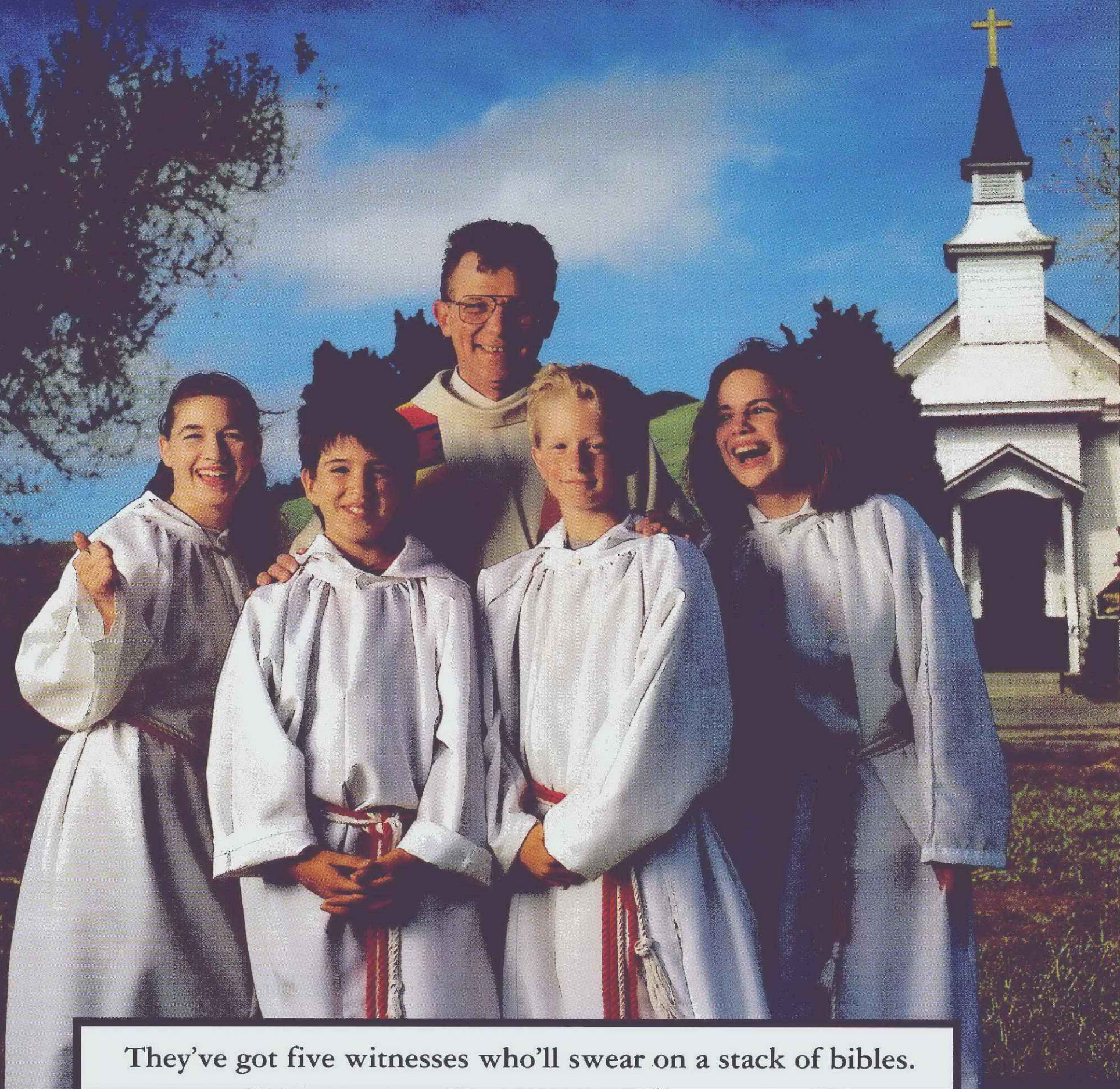
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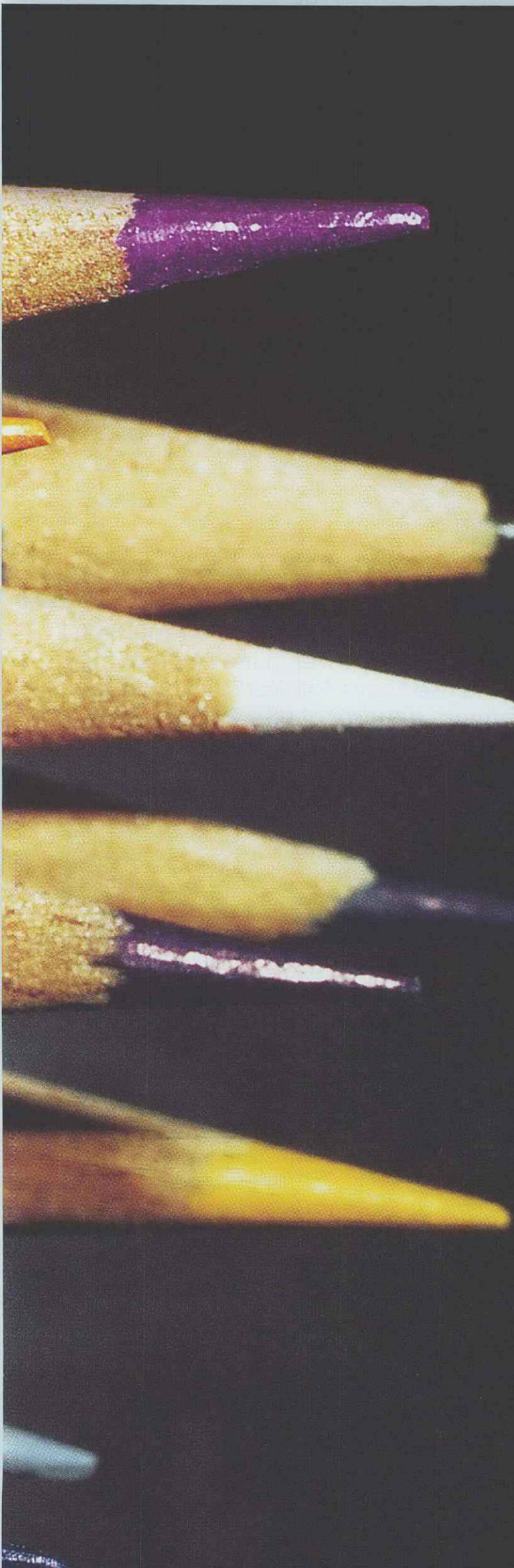
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RRG supporters hope to limit battles with states

By RODD ZOLKOS

Proponents of risk retention groups hope an emphasis on the powers in federal law can help them avoid state-by-state fights over proposed restrictions.

At the same time, some suggest there is growing—if grudging—acceptance on the part of state regu-

lators of the limits the federal Risk Retention Act places on them to impose requirements on RRGs that might run afoul of the federal law.

Congress passed the Risk Retention Act in 1981 and expanded it in 1986 to give groups of insurance buyers a lower-cost alternative to the commercial market.

Once an RRG has met the capitalization and licensing requirements of one state, it can operate

nationwide without having to meet other states' licensing requirements. RRGs only can cover policyholder-owners' risks and not those of the general public. In addition, RRGs can only write liability coverages—except workers compensation—for policyholders. Nearly 70 RRGs now are operating.

Douglas H. Thompson Jr., president of the Vermont-domiciled

CPA Mutual Insurance Co. of America RRG risk retention group, said he thinks the pace of new state efforts to impose added restrictions on RRGs definitely has slowed of late.

"Personally, in the last year or so I haven't seen any big changes in state regulations," Mr. Thompson said.

Jon Harkavy, vp and general counsel at USA Risk Services Inc. in Arlington, Va., said: "I think it's more of a continuation of what has been going on. The continuing problem is an issue of trying to impose additional fees."

Philip C. Olsson, a principal with the Olsson, Frank & Weeda law firm in Washington and general counsel to the National Risk Retention Assn., offered a similar view.

"I think that there's a lot that's

obtain a nationwide injunction against that group doing business, Mr. Olsson noted, "which they can't do under traditional state-by-state licensing."

But while they have that authority and many state commissioners have voiced concerns over the solvency of various RRGs domiciled outside their states, "No one (outside an RRG's domicile) has ever to my knowledge" tried to get injunction, Mr. Olsson said.

"We always stress that they have a lot of power in the act that they don't use," Mr. Harkavy said. "Use that existing power, but do it in coordination with the domiciliary commissioner. Rather than complain about what you don't have, why don't you get a better idea what you do have?"

But Mr. Thompson of CPA Mutual suggested that most commis-

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'We always stress that (state regulators) have a lot of power in the act that they don't use,' says Jon Harkavy, vp and general counsel at USA Risk Services.

out there," he said of state efforts to charge RRGs fees. "I'm not sure that it's new."

Examples of state registration fees levied on RRGs that Mr. Harkavy cited included: Alaska, \$1,000; California, \$800; Colorado, \$500; Idaho, \$1,000; Nevada, \$2,455; South Carolina, \$1,200; and West Virginia, which is attempting to impose a \$1,050 annual examination fee.

"The thing that you have to put in perspective is that some of these fees are recurring—that means you have to pay it every year—and also cumulative—what if every state does it?" Mr. Harkavy said. "Also, what happens if you only have one or two members in a particular state? Then you start thinking it becomes a bar to entry."

Mr. Olsson asked: "How many people are going to go to federal court over a fee of a couple thousand dollars? On the other hand, the whole idea of a risk retention group is that you've got an affinity group. You may have a couple hundred across the country but you only have two or three in a particular state."

In an effort to counter such state activities, the NRRA will submit testimony to the National Assn. of Insurance Commissioners seeking stronger guidance from the regulators' group to the states about the limits the federal law imposes on state regulation and the authority the act provides commissioners concerned about RRGs domiciled outside their states.

"We're going to go to the NAIC and hope they can address or at least give stronger language," Mr. Harkavy said.

It's a difficult and costly proposition for risk retention groups to fight federal Risk Retention Act issues state-by-state, Mr. Harkavy says. "For us to enforce our rights... it's an expensive process to go through state by state."

"People can't do this thing state by state," Mr. Olsson agreed. "That's not what NRRA wants to do."

Under the act, a commissioner of a non-domiciliary state can demand an examination of an RRG domiciled elsewhere or can even

sioners are adjusting to the powers and restrictions provided under the federal act.

"I think at the end of the day, if the state insurance commissioners and their staffs had their choice, they'd just as soon not have anything to do with the federal Risk Retention Act," he said. "But it's there, and they know they have to deal with it."

In the two or three years after the Risk Retention Act first passed, there was considerable state regulatory activity with regard to RRGs, he noted, prompted by the fact that many state officials didn't understand the federal law.

"Secondly, even if they did understand it, they didn't agree with it, because they were denied a regulatory power," he said.

That level of activity continued for seven or eight years, said Mr. Thompson, culminating in an NRRA legal challenge to Louisiana risk retention group requirements.

A federal court ruling for the risk retention industry last year in that case, *National Risk Retention Assn. et al. vs. James H. Brown*, was a significant event in the debate over states' efforts to impose restrictions on risk retention groups in excess of those outlined in the federal law.

The 5th U.S. Circuit Court of Appeals upheld the lower federal court ruling striking down a Louisiana law setting requirements for risk retention groups doing business in the state beyond those specified in the federal act.

"I think from the risk retention side the litigation in Louisiana was particularly important," Mr. Olsson said.

"It should focus everyone back on the fact that there's some real regulatory authority provided to non-domiciliary states in the act itself," he said.

"It's in everybody's interest to have a well-regulated industry, and the place to start is with the powers that are there," Mr. Olsson said. "Hopefully we can all look at Louisiana as a decision which clarifies these things and move ahead."

TPAs

Continued from page 3

care companies, insurers, brokers and large employers also have claims-adjusting capabilities today. Because of this, traditional TPAs feel the pressure to analyze what they are doing, he said. Competition is forcing TPAs to reassess what their value is and begin focusing on what the customers want rather than their own interests.

As a result, there are "as many opportunities as you have time to spend," Mr. Bryant said.

At one time, self-insurance was considered an alternative to regular insurance, said David Ives, president of Northshore International Insurance Services Inc., a Salem, Mass.-based claims management, audit and consulting service provider.

Now, employers evaluate among three to four ways of self-insuring. "As a result, TPAs are working to differentiate themselves in factors other than price," Mr. Ives said. This may come in the form of managed care, service guarantees, expanded services or expanded coverage lines.

For Arnold M. Katz, president of Brokerage Concepts Inc., a King of Prussia, Pa.-based employee benefit TPA, business couldn't be better.

"From October through December 1997, our firm wrote 27,000 employee lives on 32 clients," Mr. Katz said. "And since Jan. 1, we've written another 11,000 lives on 21 additional clients."

"By my calculations, that's booming growth."

In addition to a "roaring" economy and growth in the self-insurance market, Mr. Katz said technology investments also have been a key to success.

Brokerage Concepts is up to date with all its systems, he said. "We've spent millions of dollars investing in ourselves. We built the infrastructure to build growth."

The company also continues to work hard to develop good managed care systems that are cost-effective for the client, he said. It is taking advantage of opportunities presented from HIPAA, the 1996 law that curbs health plans' ability to deny coverage for new employees with pre-existing conditions.

"There is a great deal of concern about HIPAA and reconfirmation of certification," Mr. Katz said, referring to certificates confirming a new employee's past employment and health coverage.

Brokerage Concepts began offering reconfirmation services July 1. Mr. Katz said that of the 195 certifications the company has reconfirmed, seven were phony.

The opportunities on the property/casualty claims administration side also look good—good enough at least for Richard Kerr to jump into the TPA business last year.

Mr. Kerr is chief executive officer of Platinum Safety & Claims Services L.L.C., a 1-year-old Tyler, Texas, workers comp and general liability claims administrator formed as a result of a joint venture by brokers Lambert Fenchurch Group P.L.C. and Hibbs-Hallmark & Co. (BI, Jan. 20, 1997).

Platinum targets Fortune 1000 companies with self-insured retentions of between \$250,000 and \$5 million or that use a captive arrangement.

"The attention we're getting is almost scary," Mr. Kerr said.

Platinum differentiates itself

from competitors by placing its six claims-adjusting backroom offices in rural areas instead of metropolitan areas. Mr. Kerr claims that by doing so the company saves money and retains a workforce that is more loyal, has a better work ethic and quality of life, all of which is passed on to the client.

"We're not looking to be a low-cost provider," he said. Instead, "we say, 'Measure us,'" he said, referring to performance standards Platinum and its individual clients set together.

"You're only as good as your people. Our people are too proud not to do a good job," he said.

Furthermore, many companies would rather engage in business with a smaller, entrepreneurial business "with a kindred spirit" than have to deal with a huge cor-

porate culture, Mr. Kerr contends. "Corporations are falling in love with the concept."

however, "customers have been looking for more strategic relationships to handle products,

Third-party administrators 'are working to differentiate themselves in factors other than price,' says Northshore International Insurance Services' David Ives.

Crawford & Co.'s Mr. Bryant says his company is "seeing a lot of opportunity and potential in trying to look inside what was once a normal book of business."

Traditionally, Crawford administered general liability, auto liability and workers comp claims. Over the past couple of years,

property, employment liability and class-action exposures," he said.

Crawford also is putting its plans, systems, technology and skill levels together to embrace the eventual integration of occupational and non-occupational disabilities, he said.

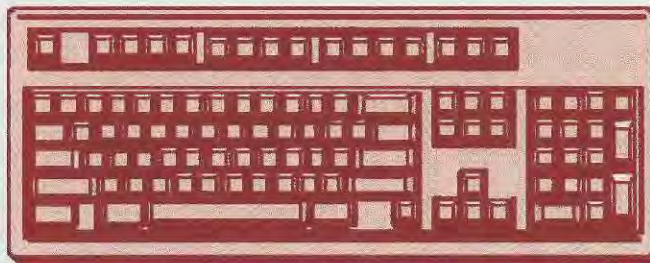
This is "something that is going to drive a rethinking in the TPA industry," he predicts. As risk managers, human resource managers and employee benefit managers work together to break down the walls, that transition will be passed down to TPAs.

The integration "has already started," he said. "The question is, how fast will it become more traditional rather than what something consultants speak of as how to control costs?"

However TPAs decide to differentiate, executives agree that administrators today must have sophisticated technological capabilities to serve self-insured clients' more involved alternative risk financing programs.

Client demand for sophisticated computer systems continues to in-

See TPAs on page 20



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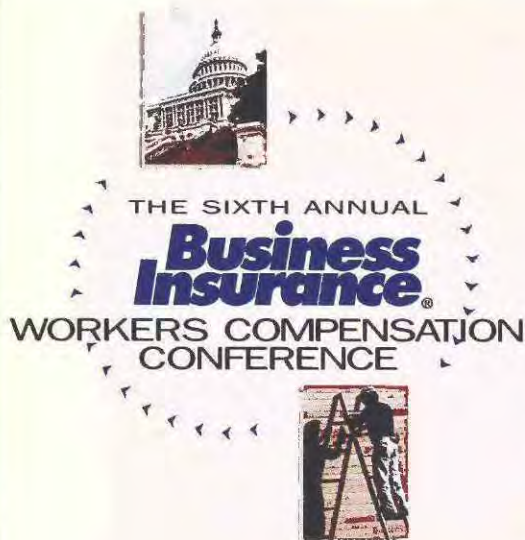
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TPAs

Continued from page 17

crease, said Peter J. Durkalski, president of Gallagher Bassett Services Inc., the predominantly health, general liability and workers comp claims administrator based in Itasca, Ill.

For example, clients want very sophisticated call centers that are electronically linked to claims systems and the database of the managed care network, he said. Clients also want World Wide Web sites where they can obtain information on their claims.

"We have demands from clients to increasingly try to be as efficient as possible," Mr. Durkalski said.

Pressure is now on smaller TPAs and whether they can fund

and run call centers, fund medical provider directories and can electronically put in a claims system, he said.

Indeed, this pressure will drive further consolidation in the industry, executives say.

"Small TPAs have several economic problems," said Mr. Katz. It takes substantial capital to invest in the software and hardware required for the industry. "Many don't want to."

Mr. Bryant added: "There is definitely room for consolidation in the TPA industry. What we're seeing is customers looking for single-source providers."

These providers, therefore, need to make huge investments in technology. While there are many very good small TPAs, the technology investment requirement for a lot of customers will push a lot of smaller TPAs out of the business, he said.

Scott Roussel, president of SMC Inc., a Searcy, Ark.-based health care TPA that grossed roughly \$2.4 million in 1997, said smaller TPAs like his are feeling the heat.

"We're now being pressured, where we hadn't been much in the past," he said of technology demands. Smaller TPAs must be "fully capable of (electronic data interchange) if they plan on staying in the business in the future."

"It can be a burden," he admitted. Fortunately, "I'm not fixing to look at a half a million dollar bill to stay in the market," he said. "I'm able to stay, because instead of waiting, we've gradually (invested) every year. I'm not extended or barely making it."

"I think the key now is the ones that have been putting money back into the TPA, whether big or small, will continue to be successful in the future, and there looks like there are opportunities out there," Mr. Roussel said. **BI**

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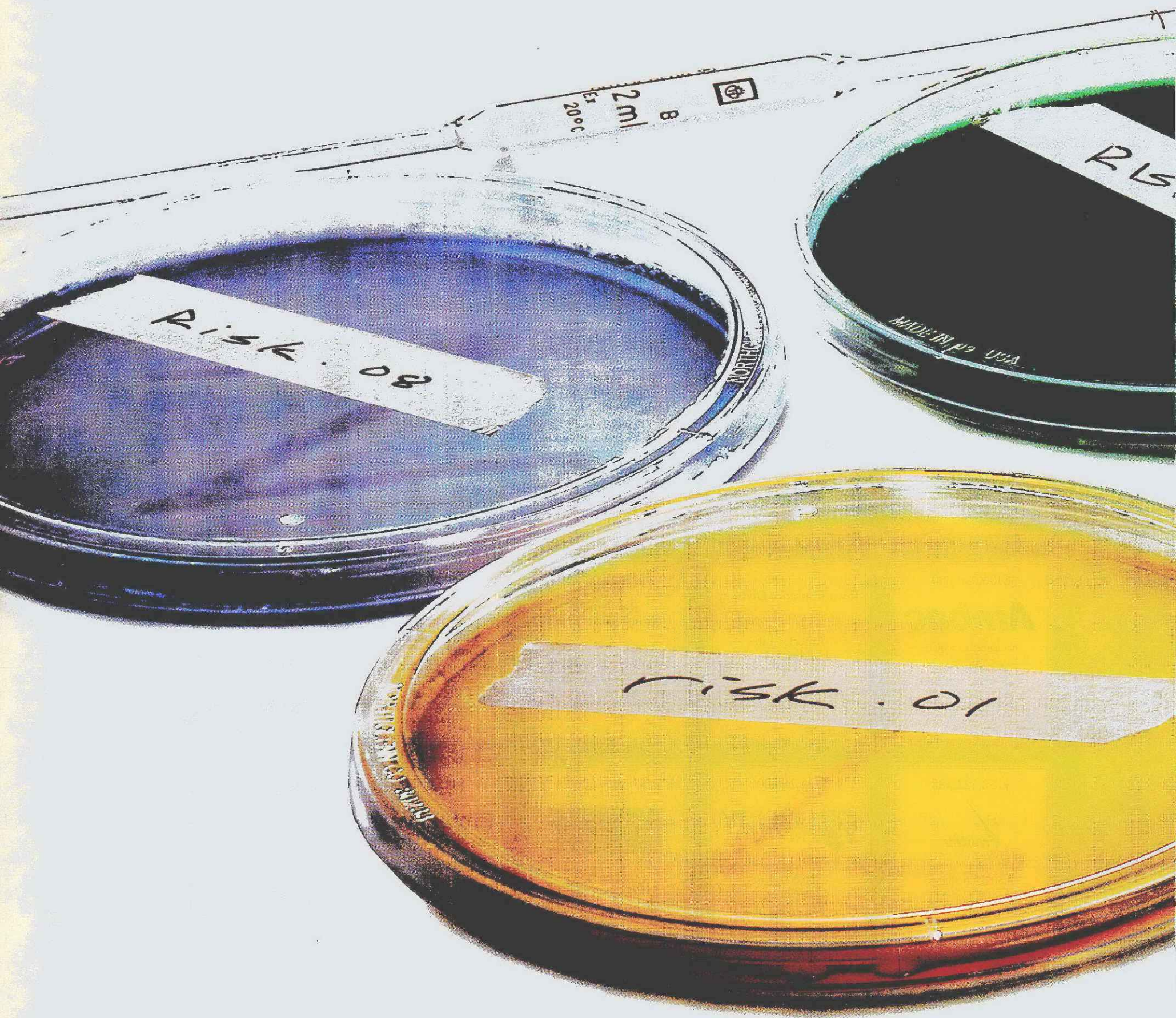
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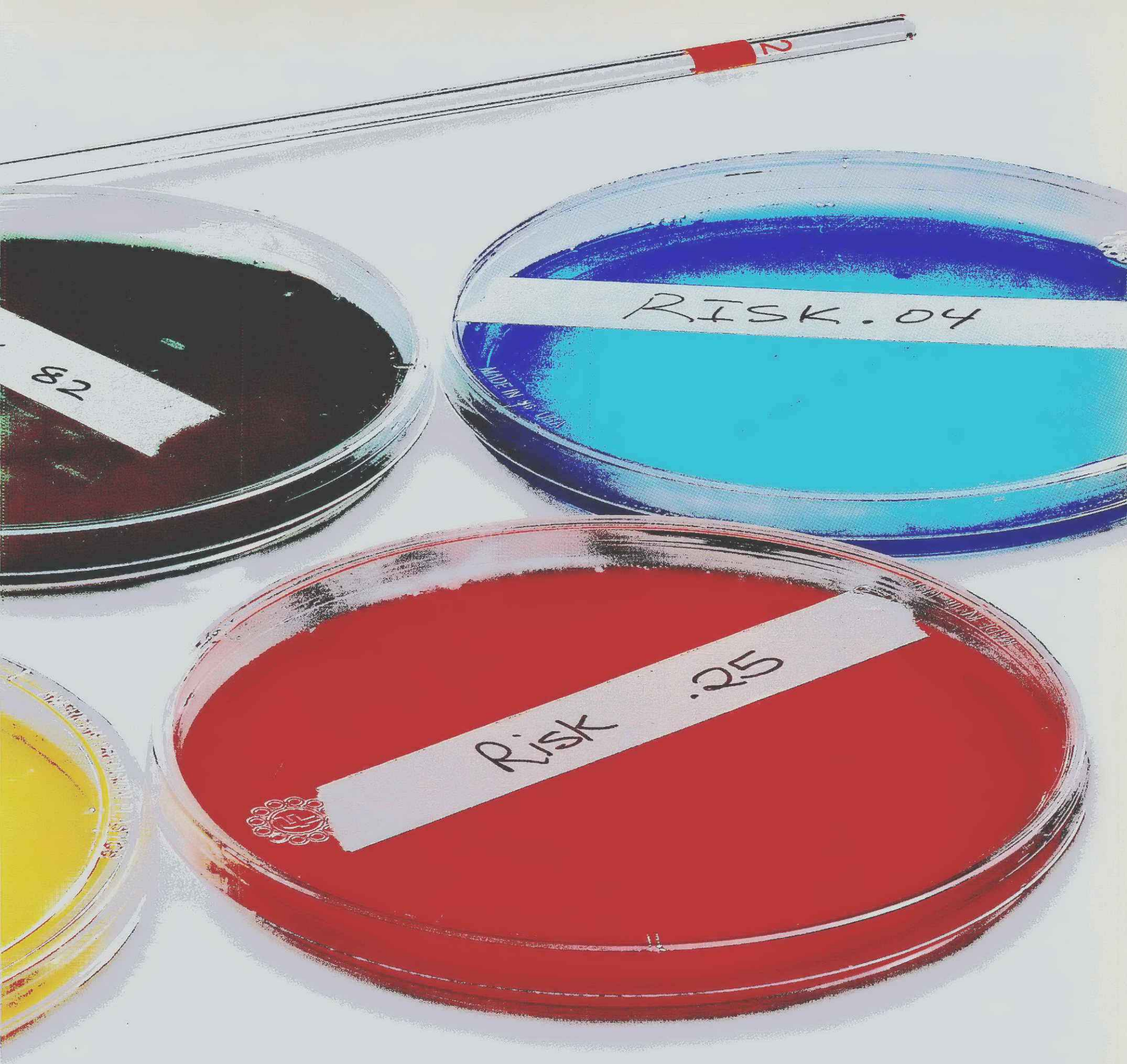
\$2,100,000,000 LONDON INSURANCE GROUP has been acquired by Great-West Lifeco Inc. Financial advisor to London Insurance Group Inc. November 1997	\$1,800,000,000 AMERICAN GENERAL has acquired USLIFE Corporation Financial advisor to American General Corporation June 1997	\$1,400,000,000 LINCOLN NATIONAL CORPORATION has agreed to acquire the individual life insurance and annuity business of CIGNA Corporation Financial advisor to Lincoln National Corporation July 1997	\$846,395,000 ALLMERICA FINANCIAL has acquired the outstanding public minority interest in Allmerica Property & Casualty Companies, Inc. Financial advisor to Allmerica Financial Corporation July 1997	\$665,000,000 AMERICAN GENERAL has acquired Home Beneficial Corporation Financial advisor to American General Corporation April 1997
\$485,000,000 The television broadcasting assets of AFLAC INCORPORATED have been acquired by Raycom Media Financial advisor to AFLAC Incorporated April 1997	\$470,000,000 SecurityConnecticut Corporation has merged with ReliaStar Financial Corporation Financial advisor to Security-Connecticut Corporation July 1997	\$377,000,000 SECURITY FIRST GROUP a subsidiary of London Insurance Group Inc. has been acquired by Metropolitan Life Insurance Company Financial advisor to London Insurance Group Inc. October 1997	\$257,000,000 Protective Life Corporation has acquired West Coast Life Insurance Company from Nationwide Corporation Financial advisor to Protective Life Corporation June 1997	\$232,200,000 USF&G has agreed to acquire Titan Holdings, Inc. Financial advisor to USF&G Corporation August 1997
\$106,000,000 Ambac has agreed to acquire Connie Lee Insurance Company Financial advisor to Ambac Financial Group, Inc. October 1997	Iowa Insurance Division initial public offering of AmerUs Life Holdings, Inc. Advisor to the Iowa Insurance Division on the Mutual Holding Company IPO January 1997	\$476,980,000 Residential Reinsurance Limited Variable Rate Notes \$163,800,000 Class A-1 \$313,180,000 Class A-2 Sole Bookrunner June 1997	\$600,000,000 Sun Life Assurance Company of Canada Sun Life of Canada (U.S.) Capital Trust I 8.526% Cumulative Capital Securities Lead Manager May 1997	\$500,000,000 CONSECO Conseco Financing Trust IV 10,000,000 FELINE PRIDESSM Lead Manager December 1997
\$152,522,188 Frontier Insurance Group, Inc. 4,502,500 Shares Common Stock Lead Manager August 1997	\$131,250,000 LIBERTY FINANCIAL 2,500,000 Shares Common Stock Lead Manager July 1997	\$130,242,000 RenaissanceRe HOLDINGS 3,101,000 Shares Common Stock Lead Manager November 1997	\$115,000,000 Protective Life Corporation PLC Capital Trust II 2,300,000 FELINE PRIDESSM Lead Manager November 1997	\$103,500,000 AHL American Heritage Life Investment Corporation AHL Financing 2,070,000 FELINE PRIDESSM Lead Manager June 1997

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BI annual directory of third-party administrators



AIG Claim Services Inc. (AIGCS)

70 Pine St., New York, N.Y. 10270;
212-770-7000; fax: 212-797-2178

Property & Casualty

1997 revenues

Total	\$335,500,000
Claims revenue	\$57,900,000
Claims administration	68.4%
Claims adjusting	4.4%
Claims auditing	27.2%

Other services include recovery, structured settlements, alternative dispute resolution, premium audit, loss control, litigation management, property/casualty, catastrophe management and workers compensation.

Claims business by type

Automobile	10%
General liability	19%
Workers compensation	71%

Claims business by volume

Administration claims paid	\$396,600
----------------------------	-----------

Clients

Total	1,953
Corporations	1,948
Public/government entities	5

Staff

Total	3,415
-------	-------

Claims services since: 1978.

Parent: American International Group Inc.
Service area: Nationwide.

Charges: Administration: time and expense, flat rate.

Branch offices: Sales offices in Los Angeles; San Francisco; Denver; Chicago; Atlanta; Boston; New York; Cleveland; Portland, Ore.; Philadelphia; Dallas; Houston.

PPO access.

Officers: Anthony J. Galoto, president; William F. Bergs, senior vp-claims; Cecilia Norat, senior vp-workers comp/marketing.

Contact: Stefanie Frelick, director-marketing/communications/advertising, 212-770-6173.

ASU Risk Management Services Ltd.

2120 University Park Drive,
P.O. Box 77, Okemos, Mich.
48805-0077; 517-349-6700;
fax: 517-349-9063

Property & Casualty

1997 revenues

Total	\$4,500,000
Claims revenue	\$4,000,000
Claims administration	70%
Claims adjusting	25%
Claims auditing	5%

Other services include policy administration, safety and loss control, excess insurance placement, medical management and vocational rehabilitation.

Claims business by type

Automobile	10%
General liability	20%
Workers compensation	65%
Other	5%

Includes: product liability.

Claims business by volume

Administration claims paid	\$60,000,000
----------------------------	--------------

Auditing projects conducted3

Clients

Total	235
Association plans	5

Corporations	200
Public/government entities	30

Staff

Total	100
Claims services	80

Claims services since: 1952.

Service area: Nationwide.

Charges: Administration: annual fee, percentage of premium. Adjusting: fee per case, percentage of premium; Auditing: hourly or negotiated fee.

Branch offices: Administrative offices in Indianapolis; Grand Rapids and Livonia, Mich.; Edina, Minn. Sales offices in Okemos, Mich.; Edina, Minn.

PPO access.

Officers: Larry Musser, president; Mike Wood, treasurer; April Zelinski, secretary.

Contact: Robert E. Showers.

Acordia National Inc.

P.O. Box 3043,
Charleston, W.Va. 25331-3043;
304-340-0253; fax: 304-353-8748

Employee Benefits

1997 revenues

Total	\$30,600,000
Claims revenue	\$29,100,000
Claims administration	100%

Other services include COBRA, HIPAA, utilization/case management, short-term disability, billing/premium collection, stop-loss products, managed care consulting, pension administration, IRS 5500 reporting, retirement programs and PPO/PHO administration.

Claims business by type

Disability	1%
Flex compensation	3%
Health insurance	80%
Employees covered	370,000
Dependents covered	610,000
Pensions	1%
Other	15%

Includes: retiree phone bill processing.

Claims business by volume

Administration claims paid	\$512,948,303
----------------------------	---------------

Clients

Total	355
Association plans	10
Corporations	326
Multiemployer plans	3
MEWAs	1
Public/government entities	10
Union-sponsored plans	5

Staff

Total	552
-------	-----

Claims services since: 1976.

Parent: Acordia Inc.

Service area: Nationwide.

Charges: Administration: \$5 to \$25 per employee per month.

PPO access.

Officers: Richard H. Legg, senior vp/COO; Beverly Burdette, vp-claims; John Thomas, vp-information services; Marcia Nutter, vp-technical services; Roger Stewart, vp/CFO; Martha Feazell, vp-financial services.

Contact: Richard H. Legg.

Alexsis Inc.

200 S. Wacker Drive,
Chicago, Ill. 60606; 312-876-3323;
fax: 312-876-3326

Property & Casualty

1997 revenues

Total	\$90,000,000
Claims administration	100%

Other services include telereporting, excess casualty placement and loss control consulting.

Claims business by type

Automobile	4%
General liability	10%
Property damage	1%
Workers compensation	85%

Claims business by volume

Administration claims paid	\$900,000,000
----------------------------	---------------

Clients

Total	1,207
Association plans	17
Corporations	840
Public/government entities	350

Staff

Total	1,050
Claims services	900

Claims services since: 1932.

Parent: Continental Casualty Co./CNA Financial Corp.

Service area: Nationwide.

Charges: Administration/adjusting: per claim cost plus percentage of premium. Auditing: time and expense.

Branch offices: Administrative offices in West Covina, Calif.; Atlanta; Philadelphia. Sales offices in San Francisco and West Covina, Calif.; Chicago; Atlanta; Minneapolis; St. Louis; Lyndhurst, N.J.; New York; Philadelphia.

PPO access.

Officers: Peter Imbrogno, COO; Clyde K. Hensley, vice chairman; William C. Wallace, CFO; Patrick O'Krongly, executive vp-claims; Barry W. Belknap, executive vp-sales.

Contact: Barry W. Belknap.

Alicare Inc.

730 Broadway, New York, N.Y.
10003-9511; 212-539-5000;
fax: 212-473-2913

Employee Benefits

1997 revenues

Total	\$58,600,000
Claims revenue	\$33,107,000
Claims administration	100%

Other services include life insurance, collections, disability, computer services, utilization management and managed care.

Claims business by type

Disability	5%
Health insurance	80%
Employees covered	300,000
Dependents covered	750,000
Life	5%
Pensions	8%
Other	2%

Includes: collections, enrollment, eligibility services.

Claims business by volume

Administration claims paid	\$350,000,000
----------------------------	---------------

Clients

Total	42
Association plans	2
Corporations	5
Multiemployer plans	26
MEWAs	2
Public/government entities	1
Union-sponsored plans	6

Staff

Total	460
Claims services	150

Claims services since: 1943.

Parent: ALICO Services Corp.

Service area: Nationwide.

Charges: Administration: per employee per month.

Branch offices: Administrative offices in Salem, N.H.; New York. Sales offices in New York.

PPO access.

Officers: Richard C. Koven, president; Dean-

na Lang, executive vp; Miriann Lee-Yoo, assistant vp.

Contact: John Richel, director-sales/marketing.

Allied Claim Services Inc.

372 Ellen Drive, P.O. Box 488,
Buffalo, N.Y. 14225-0488;
716-631-9505; fax: 716-631-0226

Employee Benefits/Property & Casualty

1997 revenues

Total	\$1,250,000
Claims revenue	\$675,000
Claims administration	63%
Claims adjusting	36%
Claims auditing	1%

Claims business by type

Automobile	17%
Disability	1%
General liability	50%
Property damage	7%
Workers compensation	25%

Claims business by volume

Administration claims paid	\$5,678,000
----------------------------	-------------

Clients

Total	41
Association plans	3
Corporations	22
Public/government entities	16

Staff

Total	27
Claims services	14

Claims services since: 1959.

Service area: Nationwide.

Charges: Administration: \$100 to \$300 per claim. Adjusting: \$31.95 per hour/flat contract.

Subsidiaries: Harold L. Zink Inc.

Officers: Gregory J. Dendler, president; Patrick H. Dendler, vp/claims manager; Paul J. Nowak, workers compensation manager.

American Heritage Life Insurance Co.

1776 American Heritage Life Drive,
Jacksonville, Fla. 32224;
904-992-1776; fax: 904-992-2658

Employee Benefits

1997 revenues

Total	\$29,181,011
Claims revenue	\$24,171,233
Claims administration	100%

Other services include precertification, managed care and large case management.

Claims business by type

Flex compensation	4%
Health insurance	96%
Employees covered	74,193
Dependents covered	103,193

Claims business by volume

Administration claims paid	\$231,111,103
----------------------------	---------------

Clients

Total	64
Corporations	61
Public/government entities	1
Union-sponsored plans	2

Staff

Total	137
Claims services	119

Claims services since: 1957.

Service area: Nationwide.

Charges: Administration: \$8 to \$16 per employee per month.

Branch offices: Sales offices in Jacksonville and Orlando, Fla.; Atlanta; Charlotte, N.C.

PPO access.

Officers: James H. Baum, senior vp; K. Pearl Harrison, Robert J. Young, vps; John D. Cox, Sharon A. Nevins, assistant vps.

American Insurance Administrators

3415 S. Sepulveda Blvd., Suite 200,
Los Angeles, Calif. 90034;
310-390-7900; fax: 310-398-6105

Employee Benefits

1997 revenues

Total	\$4,000,000
Claims revenue	\$1,000,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	10%

Other services include claims administration for insured plans, student health claims, flexible spending administration and COBRA administration.

Claims business by type

Flex compensation	2%
Health insurance	95%
Employees covered	3,000
Dependents covered	9,000
Other	3%

Includes: COBRA.

Claims business by volume

Administration claims paid	\$5,552,540
----------------------------	-------------

Clients

Total	12
Corporations	9
Public/government entities	3

Staff

Total	38
Claims services	8

Claims services since: 1977.

Parent: Management Applied Programming.

Service area: Nationwide.

Charges: Administration: per employee per month. Adjusting: per employee per month. Auditing: per hour.

Branch offices: Administrative offices in Orange, Calif.

PPO access.

Officers: F.N. Dastur, president; Herbert Schaffer, executive vp; P.H. Dalal, CFO; H.P. Dalal, Wayne Hays, vps.

Contact: Herbert Schaffer.

American Medical & Life Insurance Co.

35 Broadway,
Hicksville, N.Y. 11801;
516-822-8700; fax: 516-931-1010

Employee Benefits

1997 revenues

Total	\$13,500,000
Claims revenue	\$900,000
Claims administration	100%

Other services include utilization review, case management, auditing insurer clients and underwriting stop-loss insurance.

Claims business by type

Disability	5%
Health insurance	95%

Claims business by volume

Administration claims paid	\$25,000,000
----------------------------	--------------

Clients

Total	70
Association plans	2
Corporations	4
Multiemployer plans	12
Union-sponsored plans	52

Staff

Total	74
Claims services	42

Claims services since: 1964.

Service area: Delaware, District of Columbia, Hawaii, Kentucky, Maryland, Nevada, New Jersey, New York, Pennsylvania, Texas, Washington.

Charges: Administration: percentage of claims. Auditing: per hour.

PPO access.

Continued from previous page

Property & Casualty

1997 revenues

Total	\$33,000,000
Claims revenue	\$30,500,000
Claims administration	63%
Claims adjusting	25%
Claims auditing	12%

Other services include management information systems, legal/medical research, medical cost management, ergonomics, disability integration, data analyses/warehousing, software claims management tools, financial security systems/audits and in-service education/training.

Claims business by type

General liability	1%
Professional liability	10%
Workers compensation	89%

Claims business by volume

Administration claims paid	\$66,993,354
Auditing projects conducted	50

Clients

Total	30
-------	----

Staff

Total	247
Claims services	236

Claims services since: 1980.

Service area: Nationwide.

Charges: Administration: varies. Adjusting/auditing: \$140 to \$165 per hour.

Branch offices: Administrative offices in Davis, Los Angeles, Oakland, Orange, Rancho Cordova, Sacramento, San Diego, San Francisco, Stockton and Ventura, Calif.

PPO access.

Officers: Irvin D. Nicholas, president/CEO; Dan Nicholson, Jay Ayala, executive vps; Janet Calhoun, Larry Dean, Bill Handley, senior vps.

Contact: Peggy Eller.

Arizona Preferred Provider

6464 E. Grant Road,
Tucson, Ariz. 85715;
520-298-5297; fax: 520-296-7948

Employee Benefits

1997 revenues

Total	\$650,000
Claims revenue	\$650,000
Claims administration	100%

Other services include PPO administration.

Claims business by type

Disability	20%
Health insurance	80%
Employees covered	12,500
Dependents covered	9,000

Claims business by volume

Administration claims paid	\$3,250,000
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Clients

Total	5
Association plans	1
Corporations	2
Multiemployer plans	1
Public/government entities	1

Staff

Total	20
Claims services	20

Service area: Nationwide.

Charges: Administration/adjusting: \$5 to \$7 per employee per month.

PPO access.

Officers: Dwight Babcock, president.

Assured Benefits Administrators

4100 Rio Bravo, Suite 211,
El Paso, Texas 79902;
915-532-2100; fax: 915-532-1772

Employee Benefits/Property & Casualty

1997 revenues

Total	\$900,000
Claims revenue	\$800,000
Claims administration	85%
Claims adjusting	5%
Claims auditing	10%

Claims business by type

Flex compensation	1%
Health insurance	98%
Employees covered	9,000
Dependents covered	18,000
Workers compensation	1%

Claims business by volume

Administration claims paid	\$8,000,000
----------------------------	-------------

Clients

Total	50
Association plans	48
Multiemployer plans	2

Staff

Total	23
Claims services	18

Claims services since: 1985.

Parent: Joseph B. Halow Co. Inc.

Service area: Nationwide.

Charges: Administration: \$4.50 to \$12.50 per employee per month.

PPO access.

Officers: Joseph Halow, president; Lorri Halow, executive vp; Eddie Garcia, vp-administration; Sueann Austin, marketing director.

Contact: Joe Halow.



Barron Risk Management Services Inc.

5815 Callaghan Road,
San Antonio, Texas 78228;
800-800-3795

Property & Casualty

1997 revenues

Total	\$3,500,000
Claims revenue	\$2,500,000

Claims administration	50%
Claims adjusting	10%
Claims auditing	40%

Other services include loss control, risk management information systems, adjusting services for insurers and catastrophe services.

Claims business by type

Automobile	30%
General liability	8%
Inland marine	2%
Professional liability	2%
Property damage	10%
Workers compensation	48%

Claims business by volume

Administration claims paid	\$25,000,000
Auditing projects conducted	2

Clients

Total	70
Association plans	5
Corporations	18
Multiemployer plans	2
Public/government entities	45

Staff

Total	75
Claims services	45

Claims services since: 1929.

Parent: UIICL.

Service area: Texas.

Charges: Administration: \$100 to \$800 per claim. Adjusting: \$55 (time and expense). Auditing: \$75 (time and expense).

Branch offices: Administrative offices in Austin, Dallas, Fort Worth, Harlingen, Houston and San Antonio, Texas. Sales offices in Austin, Dallas, Houston and San Antonio, Texas.

Subsidiaries: Southwest Medical Management Associates.

PPO access.

Officers: Michael Clingman, president; Marsh Gentry, vp/general manager; Todd Brown, vp-workers comp.

Contact: Todd Brown.

Benefit Administration Corp.

770 E. Shaw, Suite 200,
Fresno, Calif. 93710;
209-225-3030; fax: 209-225-6837

Employee Benefits

1997 revenues*

Total	\$1,985,000
Claims revenue	\$1,935,000
Claims administration	100%

Other services include section 401(k)/section 125 pension administration, Taft-Hartley administration, payroll and COBRA/HIPAA administration.

Claims business by type

Flex compensation	15%
Health insurance	55%
Employees covered**	30,000
Dependents covered**	63,000
Pensions	30%

Claims business by volume

Administration claims paid**	\$32,000,000
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Clients

Total	213
Association plans	2
Corporations	177
Multiemployer plans	18
Public/government entities	12
Other	4

Staff

Total	42
Claims services	30

Claims services since: 1953.

Service area: Arizona, California, Nevada, Oregon, Washington.

Charges: Administration: \$9.75 to \$15 per employee per month; \$50 to \$150 per hour (pension administration).

PPO access.

Officers: Robert J. Cardinal, chairman; Randolph A. Buresh, president; Mirth M. Lundal, Nancy Yanko, vps; Christina Castro, director-single employer; Dwayne Goodman, director-pension/flex.

Contact: Randolph A. Buresh.

* Fiscal year ending 6/30/97. ** Estimate.

Benefit Administrative Systems Ltd.

17475 Jovanna Drive, Suite 1B,
Homewood, Ill. 60430;
708-799-7400; fax: 708-799-7747

Employee Benefits

1997 revenues

Total	\$10,700,000
Claims revenue	\$10,700,000
Claims administration	100%

Claims business by type

Flex compensation	5%
Health insurance	95%
Employees covered	44,000
Dependents covered	114,000

Claims business by volume

Administration claims paid	\$114,000,000
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Clients

Total	194
Association plans	2
Corporations	185
Union-sponsored plans	7

Staff

Total	60
Claims services	49

Claims services since: 1983.

Service area: Nationwide.

Charges: Administration: \$8 to \$14 per employee per month.

Branch offices: Administrative offices in Munster, Ind. Sales offices in Princeton, Ill.

PPO access.

Officers: Michael Elliott, CEO; M.W. Joseph, president; Joseph A. Toscano, vp-operations; Stephen N. Elliott, controller.

Contact: M.W. Joseph.

Benefit Plan Administrators Inc.

1 Huntington Quadrangle,
Melville, N.Y. 11747; 516-694-4900;
fax: 516-694-5657

Employee Benefits

1997 revenues

Total	\$25,000,000
Claims revenue	\$25,000,000
Claims administration	100%

Other services include claims administration for fully insured clients, managed care, premium billing/reconciliation and flexible spending services.

Claims business by type

Health insurance	100%
Employees covered	150,000
Dependents covered	325,000

Claims business by volume

Administration claims paid	\$135,000,000
Auditing projects conducted	5

Clients

Total	271
Corporations	225
Public/government entities	28
Union-sponsored plans	18

Staff

Total	345
Claims services	241

Claims services since: 1989.

Parent: USI Insurance Services Corp.

Service area: Nationwide.

Charges: Administration: per employee per month.

Branch offices: Administrative offices in Riverside and Stockton, Calif.; Administrative/sales offices in Danbury, Conn.; Las Vegas.

Subsidiaries: Beckwith-Hightower & Renberg, Sponsored Marketing Insurance Administrators Inc., USI Administrators Inc., USI Care Management of New York Inc.

PPO access.

Officers: Albert E. Isernio, chairman; Daniel P. Neary, president/CEO; John Le Boeuf, senior vp-corporate strategy/managed care development; Susan Nally, senior vp-national operations; Robert E. Byrne, senior vp-client administration/medical management.

Benefit Systems & Services Inc. (BSSI)

760 Pasquinelli Drive, Suite 320,
Westmont, Ill. 60559; 800-423-1841;
fax: 630-789-2093

Employee Benefits

1997 revenues

Total	\$4,357,200
Claims revenue	\$2,975,000
Claims administration	92%
Claims adjusting	6%
Claims auditing	2%

Other services include benefit administration software consulting/licensing, COBRA compliance administration and HIPAA administration.

Claims business by type

Disability	2%
Flex compensation	5%
Health insurance	93%
Employees covered	27,550
Dependents covered	32,900

Claims business by volume

Administration claims paid	\$79,250,000
----------------------------	--------------

Clients

Total	84
Corporations	56
Multiemployer plans	1
Public/government entities	27

Staff

Total	64
Claims services	51

Claims services since: 1986.

Service area: Nationwide.

Charges: Administration/adjusting: capitated.

PPO access.

Officers: David H. Lloyd, president; Carmen J. Morreale, executive vp; Roy Wapiennik, Jacqueline D. Wenzel, Pamela A. Martin, vps.

Contact: David H. Lloyd.

Berkley Administrators

P.O. Box 59143,
Minneapolis, Minn. 55459-0143;
612-544-0311; fax: 612-591-7404

Property & Casualty

1997 revenues

Total	\$18,096,000
Claims revenue	\$11,769,000
Claims administration	100%

Other services include claims administration for insurance companies, service contractor for state-assigned risk pools, fully insured programs and

claims consulting.

Claims business by type

Automobile	2%
General liability	2%
Property damage	2%
Workers compensation	93%
Other	1%

Includes: workers compensation plans for sovereign Indian nations.

Clients

Association plans	9
Corporations	115
Public/government entities	1,407

Staff

Total	302
Claims services	76

Claims services since: 1979.

Parent: W.R. Berkley Corp.

Service area: Arkansas, Colorado, Connecticut, Idaho, Iowa, Kansas, Massachusetts, Minnesota, Montana, Nebraska, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Washington, Wisconsin.

Charges: Administration: percentage of premium, payroll.

Branch offices: Administrative and sales offices in Denver, Farmington, Conn.; Des Moines, Iowa; Wichita, Kan.; Minneapolis and St. Paul, Minn.; Tulsa, Okla.; Pierre, S.D.; Nashville, Tenn.; Dallas; Seattle; Milwaukee.

Officers: Steve Letak, president; Dick Sagara, vp-self-insured; Gregg Murray, vp-public entities; Greg Bickle, vp-field operations; Ron Johnson, vp.

Contact: Kim Brenckmann, vp-sales/marketing.

Berkley Risk Managers

270 Davidson Ave.,
Somerset, N.J. 08875;
732-302-2400; fax: 732-302-2440

Employee Benefits/Property & Casualty

1997 revenues

Total	\$6,500,000
Claims revenue	\$4,000,000
Claims administration	60%
Claims adjusting	30%
Claims auditing	10%

Other services include reinsurance placement, program development/management, loss control services and voluntary benefit programs.

Claims business by type

Disability	1%
Flex compensation	4%
General liability	15%
Health insurance	30%
Employees covered	67,000
Dependents covered	187,600
Professional liability	10%
Workers compensation	40%
Includes:	

Claims business by volume

Administration claims paid	\$201,000,000
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Clients

Total	148
Association plans	2
Corporations	61
Public/government entities	85

Staff

Total	80
Claims services	63

Claims services since: 1981.

Continued from previous page

Corporations	20
Multiemployer plans	5
Public/government entities	1,150

Staff	
Total	77
Claims services	35

Claims services since: 1973.
Parent: W.R. Berkley Corp.
Service area: Nationwide (claims management/administration); claims adjusting in Iowa, Minnesota, North Dakota, South Dakota, Wisconsin.

Charges: Administration: flat fee, varies by program size/scope. Adjusting: \$40 to \$75 per hour; Auditing: \$75 to \$115 per hour.

Branch offices: Phoenix; Denver; Albert Lea, Brainerd, Duluth, Fairmont, Faribault, Hutchinson, Mankato, Owatonna, Rochester, St. Cloud, Virginia and Willmar, Minn.; Fargo and Grand Forks, N.D.; Milbank and Sioux Falls, S.D.; Burlington, Vt.; Hayward, Wis.

Subsidiaries: Arizona All Claims, Phoenix and Tucson, Ariz.; Southwest Risk Services, Phoenix.

PPO access.
Officers: Berkeley Risk Services L.L.C.: Lou Golinvaux, chairman; Mark Tansey, president; Leland P. Johnson, Ken Hopkins, senior vps; Allied Adjusters: Peter Huber, president; Jeff Wanat, vp.

Contact: Leland P. Johnson.

Blair Mill Administrators*

720 Blair Mill Road,
 Horsham, Pa. 19044;
 800-984-5933; fax: 215-657-3436

Employee Benefits

1997 revenues

Total	\$12,700,000
Claims revenue	\$12,700,000
Claims administration	100%
Other services include COBRA, flexible spending accounts, short-term disability, outsourcing, Internet services, dental/vision/prescription, wellness programs and managed care services.	

Claims business by type

Flex compensation	4%
Health insurance	96%
Employees covered	82,000
Dependents covered	174,000

Claims business by volume

Administration claims paid	\$133,478,041
----------------------------------	---------------

Clients

Total	117
Corporations	107
Public/government entities	4
Union-sponsored plans	6

Staff

Total	235
Claims services	90

Claims services since:

Parent: AmeriHealth Inc.
Service area: Nationwide.

Charges: Administration: per employee per month.

Branch offices: Administrative offices in Horsham and Media, Pa. Sales offices in Wilmington, Del.; Atlanta; Iselin and Mount Laurel, N.J.; Horsham and Philadelphia, Pa.; Houston.

PPO access.

Officers: George Gannon, president/CEO; George Grimes, vp-finance; Charles Brower, vp-marketing; Daniel Graf, vp-claims and managed care; Leo Watt, vp-information systems.

Contact: Charles Brower, vp-marketing; 215-830-2550.

* Will become AmeriHealth Administrators in May 1998.

Boon-Chapman Benefit Administrators Inc.

7600 Chevy Chase Drive, Suite 300,
 Austin, Texas 78752; 512-454-2681;
 fax: 512-459-1552

Employee Benefits

1997 revenues

Total	\$3,300,000
Claims revenue	\$1,400,000
Claims administration	100%
Other services include premium administration for association-sponsored dental/supplemental medical insurance programs and management/computer services to affiliated PPO and UR companies.	

Claims business by type

Flex compensation	10%
Health insurance	90%
Employees covered	15,000
Dependents covered	26,000

Claims business by volume

Administration claims paid	\$85,000
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Clients

Corporations	57
MEWAs	1
Public/government entities	11

Staff

Total	68
Claims services	44

Claims services since:

Service area: Arkansas, Louisiana, Texas.

Charges: Administration: \$6 to \$15 per employee per month.

PPO access.

Officers: T.J. Chapman, president; Betty Chapman, Kevin Chapman, Marlene Sharp, vps; Robert Lindauer, treasurer.
Contact: Marlene Sharp.

Gregory B. Bragg & Associates Inc.

1 Sierra Gate Plaza, Suite 250B,
 Roseville, Calif. 95621;
 916-783-0100; fax: 916-783-0338

Property & Casualty

1997 revenues

Total	\$4,800,000
Claims revenue	\$3,900,000
Claims administration	92%
Claims adjusting	7%
Claims auditing	1%
Other services include investigation, risk management, fraud hot line and computer services.	

Claims business by type

Automobile	10%
General liability	30%
Professional liability	3%
Property damage	7%
Workers compensation	50%

Claims business by volume

Administration claims paid	\$26,809,320
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Clients

Total	28
Corporations	10
Public/government entities	18

Staff

Total	76
Claims services	47

Claims services since:

Service area: Western states.
Charges: Administration: \$1,200 annual flat rate. Adjusting: per claim or \$45 per hour. Auditing: \$90 per hour.

Branch offices: Administrative offices in Chico, Fairfield, Redding, Roseville, Sacramento, Stockton and Walnut Creek, Calif. Sales offices in Roseville, Calif.

Officers: Greg Bragg, president; Lee Collins, senior vp; Jeff Kimball, vp/CFO.

Contact: Greg Bragg, 800-422-7244.

Brokerage Concepts Inc.

651 Allendale Road,
 King of Prussia, Pa. 19406;
 610-337-2600; fax: 610-491-4990

Employee Benefits

1997 revenues

Total	\$49,700,000
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Claims revenue	\$42,600,000
Claims administration	90%
Claims adjusting	7.5%
Claims auditing	2.5%
Other services include consulting, insurance brokerage, disability income and long-term care.	

Claims business by type

Disability	9%
Flex compensation	5%
Health insurance	86%
Employees covered	145,000
Dependents covered	335,000

Claims business by volume

Administration claims paid	\$1,375,000
----------------------------------	-------------

Clients

Total	848
Corporations	796
Public/government entities	24
Union-sponsored plans	28

Staff

Total	391
Claims services	192

Claims services since:

Service area: Nationwide.

Branch offices: Administrative offices in Baltimore; Waltham, Mass.; Warmister, Pa. Sales offices in Dover, Del.; Miami; Baltimore; Waltham, Mass.; Rad Bank, N.J.; Philadelphia; Pittsburgh; Reston, Va.

Subsidiaries: Atlantic Administrators, Waltham, Mass.; Benefit Concepts Inc., King of Prussia, Pa.; EDSA, Baltimore; Group Source, Philadelphia.

PPO access.
Officers: Arnold Katz, president; Mike Shine, Aaron Singer, assistant secretaries.

Contact: Mike Shine, 610-491-4804.

Brokerage Services Inc.

11200 Lomas Blvd. N.E., P.O. Box
 11020, Albuquerque, N.M. 87192;
 505-292-5533; fax: 505-293-7725

Employee Benefits

1997 revenues

Total	\$6,000,000
Claims revenue	\$2,000,000
Claims administration	100%
Other services include claims services for small-group fully insured products and managed service organizations.	

Claims business by type

Health insurance	100%
Employees covered	13,000
Dependents covered	12,000

Claims business by volume

Administration claims paid	\$22,813,000
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A.M. Best Rating: A+



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Clients

Total.....	55
Corporations.....	55

Staff

Total.....	110
Claims services.....	27

Claims services since: 1977.**Service area:** Nationwide.**Charges:** Administration: per employee per month.**Branch offices:** Administrative office in Albuquerque, N.M.**PPO access.****Officers:** Jim Healy, president; Tim Fischer, chairman.**Contact:** Jim Healy.**CDS of Nevada**

3700 Grant Drive, Reno,
Nev. 89509; 702-826-8855;
fax: 702-826-9224

Employee Benefits/Property & Casualty**1997 revenues**

Total.....	\$4,000,000
Claims revenue.....	\$4,000,000
Claims administration.....	100%

Claims business by type

Health insurance.....	50%
Workers compensation.....	50%

Claims business by volume

Administration claims paid.....	\$45,000,000
---------------------------------	--------------

Clients

Total.....	70
Corporations.....	60
Public/government entities.....	10

Staff

Total.....	80
Claims services.....	15

Claims services since: 1980.**Parent:** Pacific Health Systems.**Service area:** Nevada.**Charges:** Administration: per employee per month. Adjusting: per claim.**Branch offices:** Administrative offices in Las Vegas and Reno, Nev.**Officers:** L.R. Zimmerman, president; Leslie Bell, Rayne Niehaus, vps.**Contact:** L.R. Zimmerman.**The CEI Group Inc.**

P.O. Box 1256,
Southampton, Pa. 18966;
215-364-5600; fax: 215-364-4430

Property & Casualty**1997 revenues**

Total.....	\$49,280,000
Claims revenue.....	\$35,840,000
Claims administration.....	85%
Claims auditing.....	15%

Other services include PPO management, consulting, network administration, loss control and driver safety.

Claims business by type

Automobile.....	100%
-----------------	------

Clients

Total.....	165
Association plans.....	2
Corporations.....	163

Staff

Total.....	145
Claims services.....	72

Claims services since: 1983.**Service area:** Nationwide.**Charges:** Per claim.**Branch offices:** Sales offices in Santa Ana, Calif.**PPO access.**

Officers: Wayne G. Smolda, president/CEO; Martin Wierzbicki, vp; Theresa M. Brigidi, secretary; Claudia B. Smolda, treasurer.
Contact: Martin Wierzbicki.

Cannon Cochran Management Services Inc.

2 E. Main St., Towne Centre
Building, Danville, Ill. 61832;
217-446-1089; fax: 217-443-0927

Employee Benefits/Property & Casualty**1997 revenues**

Total.....	\$24,266,000
Claims revenue.....	\$21,771,000
Claims administration.....	66%
Claims adjusting.....	17%
Claims auditing.....	17%

Other services include accounting, underwriting, excess/reinsurance placement, loss control, marketing, information systems and managed care services.

Claims business by type

Automobile.....	1%
General liability.....	5%
Health insurance.....	10%
Property damage.....	5%
Workers compensation.....	79%

Claims business by volume

Administration claims paid.....	\$132,446,000
---------------------------------	---------------

Clients

Total.....	183
Association plans.....	41
Corporations.....	88
MEWAs.....	7
Public/government entities.....	37
Union-sponsored plans.....	10

Staff

Total.....	308
Claims services.....	80

Claims services since: 1978.**Service area:** Arizona, Arkansas, Florida, Georgia, Iowa, Illinois, Louisiana, Michigan, Missouri, Mississippi, Nebraska, Pennsylvania, Texas.**Branch offices:** Administrative offices in Little Rock, Ark.; Margate, Fla.; Atlanta; Oak Brook, Ill.; Des Moines, Iowa; New Orleans; Brighton, Mich.; Jackson, Miss.; North Kansas City and St. Louis, Mo.; Las Vegas; Harrisburg, Pa.; Austin, Texas.**Subsidiaries:** MSUSA: Louisiana, Mississippi, Nebraska.**PPO access.****Officers:** Robert L. Cowgill, chairman/CEO; Gary J. Schirmer, vice chairman; Stephen W. Ferguson, president/COO; G. Bryan Thomas, executive vp/chief marketing officer; Steven F. Luebbert, executive vp.**Contact:** Anne Mariage, 800-252-5059 ext. 200.**Caronia Corp.**

3300 PGA Blvd., Seventh Floor,
Palm Beach Gardens, Fla. 33410;
800-227-6642; 561-622-1810

Property & Casualty**1997 revenues**

Total.....	\$8,000,000
Claims revenue.....	\$7,500,000
Claims administration.....	50%
Claims adjusting.....	35%
Claims auditing.....	15%

Other services include certification of reserve adequacy, claim runoffs, litigation management, portfolio transfers and captive claims management.

Claims business by type

General liability.....	10%
Professional liability.....	75%
Other.....	15%

Includes: product liability

Claims business by volume

Administration claims paid.....	\$94,000,000
Auditing projects conducted.....	85

Clients

Total.....	180
Association plans.....	28
Corporations.....	130
Multiemployer plans.....	10
Public/government entities.....	12

Staff

Total.....	128
Claims services.....	82

Claims services since: 1969.**Parent:** CNA Financial Corp.**Service area:** Nationwide.**Charges:** Administration: fixed fee; \$65 to \$100 per hour. Adjusting: \$65 per hour. Auditing: per file; fixed fee; \$75 to \$125 per hour.**Branch offices:** 32 offices.**PPO access.****Officers:** Charles McGill, president/CEO; Ben Thompson, CFO.**Contact:** Charles McGill.**CENTRA**

1255 W. 15th St., Suite 1000,
Plano, Texas 75075;
972-516-2600; fax: 972-516-2640

Employee Benefits**1997 revenues**

Total.....	\$50,000,000
Claims revenue.....	\$35,000,000
Claims administration.....	99.7%
Claims adjusting.....	0.3%

Other services include utilization management, analytic services, cost management systems and network management.

Claims business by type

Disability.....	1%
Flex compensation.....	1%
Health insurance.....	93%
Employees covered.....	485,000
Dependents covered.....	600,000
Other.....	5%

Includes: subrogation, COBRA, HIPAA certification, clinical code review

Claims business by volume

Administration claims paid.....	\$1,000,000,000
---------------------------------	-----------------

Clients

Total.....	81
Corporations.....	75
Multiemployer plans.....	2
Public/government entities.....	4

Claims services since: 1970.**Service area:** Nationwide.**Charges:** Administration: per member per month. Auditing: percent of amount audited/percent of savings.**Branch offices:** Administrative offices in Jackson, Miss.; Duncan, Okla.; Dallas; Houston; Lynnwood, Wash.; Charleston, W.Va. Sales of-

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Offices in Minneapolis; Dallas; Lynnwood, Wash.
PPO access.
Officers: Jon Lineweaver, chairman; Norman Storbakken, president/CEO; Gerald Bunker, vp/controller; Mike Kenney, vp-operations; Steven Webb, vp-sales/marketing.

Claims Administrative Services Inc.

P.O. Box 7500, Tyler, Texas 75711;
 903-509-8484; fax: 903-509-1888

Employee Benefits/Property & Casualty

1997 revenues

Total\$7,976,934
 Claims revenue\$7,878,843
 Claims administration100%
 Other services include drug/alcohol testing, loss control and safety programs.

Claims business by type

Health insurance30%
 Employees covered6,912
 Dependents covered4,213
 Workers compensation70%

Claims business by volume

Administration claims paid\$24,372,554

Clients

Total364
 Association plans4
 Corporations18
 Public/government entities342

Staff

Total58
 Claims services24

Claims services since: 1991.

Service area: Arkansas, California, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Oklahoma, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Washington, West Virginia.

Branch offices: Administrative offices in Dallas, Houston.

PPO access.

Officers: Billy E. Hibbs Sr., CEO; Barry L. Jones, president; Billy E. Hibbs Jr., vp; Mary Smith, secretary/treasurer; Wesley Slade, senior vp.

Contact: Barry Jones.

Claims Management Services Inc.

P.O. Box 1447,
 Roswell, Ga. 30077-1447;
 770-998-7411; fax: 770-594-9752

Property & Casualty

1997 revenues

Total\$1,392,067
 Claims revenue\$1,100,000
 Claims administration80%
 Claims adjusting10%
 Claims auditing10%
 Other services include hiring/training adjusters and managed care providers.

Claims business by type

Automobile15%
 General liability20%
 Professional liability10%
 Workers compensation55%

Claims business by volume

Administration claims paid\$50,000,000

Clients

Total104
 Association plans2
 Corporations81
 Public/government entities21

Staff

Total18
 Claims services18

Claims services since: 1984.

Service area: Nationwide.

Charges: Administration: percentage of revenue, flat charge. Adjusting: \$60 per hour, percentage of revenue, per claim. Auditing: \$125 per hour.

Branch offices: Sales office in Roswell, Ga.

PPO access.

Officers: Gene L. Jones, president; Neill G. Stevens, vp/secretary/treasurer; Barry Lamanno, assistant vp.

Contact: Gene L. Jones.

* Workers comp services provided only in Southeastern states.

Claimsco International Inc.

1272 W. Northwest Highway,
 Palatine, Ill. 60067; 847-358-8008;
 fax: 847-358-9987

Property & Casualty

1997 revenues

Total\$947,000
 Claims revenue\$926,000
 Claims administration90%
 Claims adjusting6%
 Claims auditing4%
 Other services include expert testimony.

Claims business by type

Automobile14%
 General liability50%
 Property damage20%

Workers compensation6%
 Other10%
 Includes: property

Claims business by volume

Administration claims paid\$8,130,000
 Auditing projects conducted2

Clients

Total9
 Association plans2
 Corporations5
 Other2

Staff

Total10
 Claims services10

Claims services since: 1988.

Service area: Nationwide.

Charges: Administration: \$5,000 to \$25,000 per year. Adjusting: \$320 per claim. Auditing: \$75 to \$125 per hour.

Branch offices: Administrative offices in Los Angeles; Palatine, Ill.

PPO access.

Officers: Michael F. Harris, president; Wallace Bruneau, vp; William K. Miller, chairman.

Contact: Michael F. Harris.

Commercial Risk Management Inc.

P.O. Box 18366,
 Tampa, Fla. 33679;
 813-289-3900; fax: 813-289-3771

Property & Casualty

1997 revenues

Total\$1,100,000*
 Claims revenue\$1,100,000*
 Claims administration100%

Claims business by type

Workers compensation100%

Claims business by volume

Administration claims paid\$10,000,300*

Clients

Total21
 Corporations18
 Public/government entities3

Staff

Total29
 Claims services24

Claims services since: 1976.

Service area: Florida.

Branch offices: Administrative/sales office in Tampa.

Officers: John J. Shear, president; Susan E. Theis, executive vp; Robert F. Widmer, Sharon Anderson, vps.

Contact: Kerry Martin.

* Estimate.

CompLogic Inc.

50 Holden St.,
 Providence, R.I. 02908;
 401-861-1050; fax: 401-861-2225

Property & Casualty

1997 revenues

Total\$1,200,000
 Claims revenue\$1,150,000
 Claims administration95%
 Claims auditing5%

Claims business by type

Workers compensation100%

Claims business by volume

Administration claims paid\$7,500,000
 Auditing projects conducted3

Clients

Total31
 Corporations28
 Public/government entities1
 Other2

Staff

Total11
 Claims services11

Claims services since: 1993.

Parent: Aon Corp.

Service area: Connecticut, Massachusetts, Rhode Island.

Charges: Administration: annual fee. Auditing: \$100 to \$150 per hour.

Branch offices: Administrative offices in Meriden, Conn.; Boston.

Officers: Derrick Amato, vp/general manager; Larry Trudeall, account manager-Conn.; Robert Meany, account manager-Boston.

Contact: Derrick Amato.

Comprehensive Care Services Inc.

1200 Yankee Doodle Road,
 P.O. Box 64668, St. Paul, Minn.
 55164-0668; 612-456-5950;
 fax: 612-683-2159

Employee Benefits

1997 revenues

Total\$10,180,000
 Claims revenue\$9,470,000
 Claims administration70%
 Claims adjusting15%
 Claims auditing15%
 Other services include managed care

Claims business by type

Disability4%
 Flex compensation1%

Health insurance95%
 Employees covered109,120
 Dependents covered229,152

Claims business by volume

Administration claims paid\$230,500,000

Clients

Total79
 Corporations67
 Multiemployer plans7
 Public/government entities5

Staff

Total110
 Claims services36

Claims services since: 1982.

Parent: Blue Cross & Blue Shield of Minnesota.

Service area: Iowa, Minnesota, North Dakota, South Dakota, Wisconsin.

Charges: Administration: per employee per month. Auditing: hourly, per project.

Officers: Chris Aasland, president; Darrold Burris, vp-operations; Dawn Hanson, vp-claims; Karen Holt, vp-marketing/information systems.

Contact: Tony Weber, 612-456-5980.

Constitution State Service Co.

1 Tower Square,
 Hartford, Conn. 06183;
 860-277-8500; fax: 860-277-0142

Property & Casualty

1997 revenues

Total\$92,000,000
 Claims revenue\$45,000,000
 Claims administration100%
 Other services include loss prevention and engineering.

Claims business by type

Automobile12%
 General liability13%
 Workers compensation75%

Claims business by volume

Administration claims paid\$900,000,000

Clients

Total550
 Corporations525
 Public/government entities25

Staff

Total5,700

Claims services since: 1980.

Parent: The Travelers Indemnity Co.

Service area: Nationwide.

Charges: Administration: flat fee. Adjusting: per claim/claimant or by loss conversion factor.

Branch offices: Sales offices in Hartford, Conn.; Fort Lee, N.J.

PPO access.

Officers: C.J. Clarke, J.S. Fishman, W.P. Hannon, J.M. Michener, directors.

Contact: Andrew J. Apicella, president.

Cook & Co. Inc.

1025 Plain St., P.O. Box 1068,
 Marshfield, Mass. 02050;
 781-837-7300; fax: 781-837-5668

Property & Casualty

1997 revenues

Total\$900,000
 Claims revenue\$900,000
 Claims administration100%

Claims business by type

Workers compensation100%

Clients

Total89
 Corporations8
 Public/government entities81

Staff

Total14
 Claims services14

Claims services since: 1987.

Service area: Massachusetts.

Charges: Administration: flat annual fee \$10,000 to \$50,000.

Branch offices: Administrative and sales offices in Marshfield, Mass.

PPO access.

Officers: Peter A. Cook, president; Beth B. Cook, secretary/clerk.

Contact: Karen M. Shanley, vp.

Corporate Benefit Audits Inc.

800 Turnpike St., Suite 104,
 North Andover, Mass. 01845;
 978-794-3900

Employee Benefits

1997 revenues

Total\$1,300,000
 Claims auditing100%
 Other services include aggregate and specific claim auditing, employer health plan audits, reinsurance audits and TPA consulting.

Claims business by type

Health insurance100%

Claims business by volume

Auditing projects conducted400

Staff

Total10

Claims services since: 1992.

Service area: Nationwide.

Charges: Auditing: hourly, per project.

Branch offices: Administrative offices in Beaumont, Texas.

Contact: Stephen Kurkul, president.

Corporate Diversified Services Inc.

2401 S. 73rd St., P.O. Box 247019,
 Omaha, Neb. 68124; 402-393-3133;
 fax: 402-398-3773

Employee Benefits

1997 revenues

Total\$1,759,563
 Claims revenue\$1,398,272
 Claims administration100%

Claims business by type

Flex compensation22%
 Health insurance78%
 Employees covered15,708

Claims business by volume

Administration claims paid\$35,111,256

Clients

Total84
 Corporations77
 Public/government entities7

Staff

Total79
 Claims services38

Claims services since: 1983.

Parent: Blue Cross & Blue Shield of Nebraska.

Service area: Nationwide.

Charges: Administration: per employee per month.

PPO access.

Officers: Richard L. Guffey, president; Cheri L. Kowal, executive vp/COO; David Realph, treasurer; Sue Schneiderwind, secretary; Pam Silverman, vp-operations.

Contact: Cheri L. Kowal.

Corporate Plan Management Inc.

2900 S.W. Wanamaker Drive,
 Topeka, Kan. 66614; 785-273-8398;
 785-273-6850

Employee Benefits

1997 revenues

Total\$1,017,864
 Claims revenue\$656,430
 Claims administration75%
 Claims adjusting5%
 Claims auditing20%
 Other services include processing run-out claims for fully insured, student accident insurance plans.

Claims business by type

Flex compensation1.5%
 Health insurance98.5%
 Employees covered3,278
 Dependents covered4,035

Claims business by volume

Administration claims paid\$6,336,150

Clients

Total52
 Association plans1
 Corporations41
 Public/government entities10

Staff

Total15
 Claims services7

Claims services since: 1990.

Service area: Nationwide.

Charges: Administration: \$7 to \$15 per employee per month.

Branch offices: Administrative/sales offices in Topeka, Kan.

PPO access.

Officers: Mike Falley, CFO/CEO; Tim Carson, vp-marketing; Jean Bass, secretary/treasurer.

Contact: Mike Falley or Tim Carson.

* Includes adjusting and auditing services.

Corporate Systems Administration Inc.

4722 Lake Park Drive,
 P.O. Box 4985, Johnson City,
 Tenn. 37602-4985; 423-282-3420;
 fax: 423-283-8834

Employee Benefits/Property & Casualty

1997 revenues

Total\$7,462,364
 Claims revenue\$4,477,418
 Claims administration100%
 Other services include large case management, utilization review, PPO access, fully insured administration, flex and HIPAA/COBRA administration.

Claims business by type

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Continued from page 28

Curley Adjustment Bureau Inc.

306 Walnut St.,
Philadelphia, Pa. 19106;
215-627-5900; fax: 215-627-4176

Property & Casualty**1997 revenues**

Total	\$2,982,000
Claims revenue	\$1,834,000
Claims administration	68%
Claims adjusting	24%
Claims auditing	8%

Claims business by type

Automobile	49%
General liability	24%
Workers compensation	27%

Claims business by volume

Administration claims paid	\$6,246,500
Auditing projects conducted	3

Clients

Total	21
Association plans	2
Corporations	13
Multiemployer plans	1
Public/government entities	5

Staff

Total	89
-------	----

Claims services.....42

Claims services since: 1933.

Service area: Nationwide

Charges: Administration: \$50 to \$60 per hour.
Adjusting: \$45 per hour. Auditing: \$50 to \$75 per hour.

Branch offices: Administrative offices in Wilmington, Del.; Camden and Trenton, N.J.; Allentown, Altoona, Chambersburg, Doylestown, Erie, Harrisburg, New Castle, Philadelphia, Pittsburgh, Reading, Scranton, State College, Williamsport and York, Pa.

Subsidiaries: C.A.B. Medical Consultants Doylestown, Pa.

Officers: Francis J. Marx, president/treasurer; Joseph N. Panichelli, chairman; Patricia Curley Preston, secretary; Gino F. Dattilo, Peter Kulaski, vps.

Contact: Francis J. Marx, 800-233-3380.

D**Delta Dental Plan of California**

100 First St., San Francisco,
Calif. 94105; 415-972-8300;
fax: 415-972-6466

Employee Benefits**1997 revenues**

Total	\$2,100,000.00
Claims revenue	\$55,000.00
Claims administration	93%
Claims adjusting	4%
Claims auditing	3%

Other services include claims administration for fully insured commercial and large government clients, underwriting contracts, systems development and finance.

Claims business by type

Health insurance	100%
------------------	------

Claims business by volume

Administration claims paid	\$725,000.00
----------------------------	--------------

Clients

Total	7,393
Corporations	5,198
Public/government entities	2,195
Union-sponsored plans	30

Staff

Total	1,530
Claims services	404

Service area: Nationwide.

Charges: Administration: percentage of revenue, per enrollee.

Branch offices: Administrative offices in Sacramento, Calif. Sales offices in Cerritos

Fresno, Sacramento and San Diego, Calif.

Subsidiaries: Delta Dental Insurance Co., Atlanta.

PPO access.

Officers: William T. Ward, president/CEO; Elizabeth Russell, CFO; Jerry Holcombe, chief administrative officer; Don Conkling, senior vpsales/marketing/underwriting; R. Steven Bull, senior vp-public/professional relations.

Contact: Jeff Alburn.

Diversified Group Administrators Inc.

311 S. Central Ave., P.O. Box 330,
Canonsburg, Pa. 15317;
412-746-8700; fax: 412-746-8628

Employee Benefits**1997 revenues**

Total	\$3,200,000
Claims revenue	\$4,500,000
Claims administration	100%

Other services include insured plan administration, benefit consulting, flexible benefit administration and brokerage services.

Claims business by type

Flex compensation	5%
-------------------	----

Health insurance	95%
Employees covered	36,700
Dependents covered	62,340

Claims business by volume

Administration claims paid	\$107,898,000
----------------------------	---------------

Clients

Total	283
Corporations	271
Public/government entities	12

Staff

Total	97
Claims services	65

Claims services since: 1982.

Parent: Medical Control Inc.

Service area: Nationwide.

Charges: Administration: per employee per month.

Branch offices: Administrative and sales offices in Canonsburg, Pa.; Knoxville, Tenn.; Dallas. Sales office in Houston.

PPO access.

Officers: David C. Bramer, CEO; Daniel Riston, CFO; Michele Peindl, B. Kay Pendleton, senior vps; J. Ward Hunt, chairman.

Contact: Teresa G. Brinkman, vp or David C. Bramer.

E**ECS Claims Administrators Inc.***

600 Eagleview Blvd., P.O. Box 688,
Exton, Pa. 19341-0688;
610-458-7445; fax: 610-458-7448

Property & Casualty**1997 revenues**

Total	\$6,000,000
Claims revenue	\$1,000,000
Claims adjusting	70%
Claims auditing	30%

Claims business by type

Automobile	30%
General liability	5%
Inland marine	5%
Professional liability	20%
Property damage	5%
Other	35%
Includes: environmental.	

Claims business by volume

Auditing projects conducted	3
-----------------------------	---

Clients

Total	30
Corporations	30

Staff

Total	61
Claims services	5

Claims services since: 1990.

Parent: Environmental Compliance Services Inc.

Service area: Nationwide.

Charges: Adjusting: time and expense. Auditing: time and expense.

Subsidiaries: ECS Underwriting Inc., Exton, Pa.; ECS Underwriting, London.

Officers: William Kronenberg III, president/CEO; David M. Rosenberg, executive vp; Frank Pileiro, CFO; Randall E. Hobbs, senior vp.

* Formerly Environmental Claims Administrators.

Employee Benefit Claims Inc.*

820 Parish St.,
Pittsburgh, Pa. 15220;
412-922-2803; fax: 412-922-3071

Employee Benefits**1997 revenues**

Total	\$19,113,000
Claims revenue	\$8,000,000
Claims administration	85%
Claims auditing	15%

Other services include utilization management, prescription benefit management, managed care services/software, excess loss and claims administration, adjusting and auditing for fully insured clients.

Claims business by type

Flex compensation	10%
Health insurance	90%
Employees covered	70,000
Dependents covered	123,000

Claims business by volume

Administration claims paid	\$167,000,000
----------------------------	---------------

Clients

Total	430
Association plans	4
Corporations	328
Public/government entities	72
Union-sponsored plans	26

Staff

Total	180
Claims services	81

An explanation of terms used in
this directory in on page 25.

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Continued on page 32

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Continued from page 30

Claims services since: 1977.
Parent: Managed Care of America Inc.
Service area: Nationwide.
Charges: Administration: per employee per month, per member per month. Auditing: \$35 to \$250 per hour.
Branch offices: Administrative and sales offices in Columbus, Ohio; Pittsburgh. Sales offices in Phoenix; Atlanta; Cleveland and Dayton, Ohio.
PPO access.
Officers: Charles Davidson, Phyllis Shehab, Jay VerHulst, Dennis Casey.
Contact: Charles Davidson.
** Will become MCA Administrators in June, 1998.*

Employee Benefit Claims of Wisconsin

9275 N. 49th, Suite 300,
 Milwaukee, Wis. 53223;
 414-365-4625; fax: 414-365-4610

Employee Benefits

1997 revenues
 Total.....\$12,000,000
 Claims revenue.....\$11,000,000

Claims administration.....100%
 Other services include COBRA, HIPAA and Section 125 administration and utilization review.

Claims business by type

Health insurance.....100%
 Employees covered.....100,000
 Dependents covered.....250,000

Claims business by volume

Administration claims paid.....\$250,000,000

Clients

Total.....950
 Association plans.....5
 Corporations.....900
 Multiemployer plans.....20
 Public/government entities.....20
 Other.....5

Staff

Total.....175
 Claims services.....150

Claims services since: 1977.

Parent: SAFECO Corp.

Service area: Nationwide.

Charges: Administration: \$9 to \$12 per employee per month.

Branch offices: Administrative offices in Louisville, Ky.; Cleveland and Findlay, Ohio; Appleton and Milwaukee, Wis.

Officers: Larry Pych, John Feith, Tim Hussey, Bruce Flunker.

Contact: John Feith.

Employee Benefit Management Corp.

4789 Rings Road,
 Dublin, Ohio 43017;
 614-766-5800; fax: 614-766-0901

Employee Benefits

1997 revenues

Total.....\$7,100,000
 Claims revenue.....\$4,564,000
 Claims administration.....100%
 Other services include employee benefit consulting services, flexible spending account administration and COBRA/HIPAA administration.

Claims business by type

Disability.....5%
 Flex compensation.....5%
 Health insurance.....90%
 Employees covered.....86,000
 Dependents covered.....325,000

Claims business by volume

Administration claims paid.....\$112,925,000

Clients

Total.....70
 Corporations.....65
 Multiemployer plans.....1
 MEWAs.....4

Staff

Total.....102

Claims services.....72

Claims services since: 1979.

Service area: Nationwide.

Charges: Administration: per employee per month.

Branch offices: Administrative and sales office in Dublin, Ohio.

Subsidiaries: Alternative Care Management Systems Inc., Dublin, Ohio.

Officers: Thomas C. Jack, president/CEO; Bill Weatherholt, David Coleman, Theresa Carano, vps.

Contact: David Coleman.

Employee Benefit Management Services Inc.

2075 Overland Ave.,
 Billings, Mont. 59102;
 406-245-3575; fax: 406-652-5380

Employee Benefits

1997 revenues

Total.....\$4,736,499
 Claims revenue.....\$4,152,089
 Claims administration.....84%
 Claims adjusting.....7%
 Claims auditing.....9%
 Other services include managed care,

prescription and wellness services.

Claims business by type

Disability.....2%
 Flex compensation.....4%
 Health insurance.....89%
 Employees covered.....23,778
 Dependents covered.....35,667
 Life.....3%
 Pensions.....2%

Claims business by volume

Administration claims paid.....\$59,768,862

Clients

Total.....135
 Association plans.....1
 Corporations.....83
 MEWAs.....2
 Public/government entities.....49

Staff

Total.....85
 Claims services.....22

Claims services since: 1980.

Service area: Nationwide.

Charges: Administration: \$5 to \$20 per employee per month.

Branch offices: Administrative office in Portland, Ore.

PPO access.

Officers: Frederick H. Larson, president; Nicki Larson, vp.

Contact: F.H. (Rick) Larson.

Employers Mutual Inc.

9716 San Jose Blvd., Suite 200,
 Jacksonville, Fla. 32257-5436;
 904-260-0035; fax: 904-262-0663

Employee Benefits

1997 revenues

Total.....\$4,800,000
 Claims revenue.....\$2,260,000
 Claims administration.....100%
 Other services include network contracting and acquisition of reinsurance stop-loss coverage.

Claims business by type

Health insurance.....100%
 Employees covered.....25,525
 Dependents covered.....20,200

Claims business by volume

Administration claims paid.....\$80,500,000

Clients

Total.....9
 Corporations.....7
 Public/government entities.....2

Staff

Total.....92
 Claims services.....59

Claims services since: 1991.

Parent: McCreary Corp.

Service area: Florida, Texas.

Charges: Administration: \$8 to \$14 per employee per month.

PPO access.

Officers: Markus Mueller, president/CEO; Wylie L. Anderson, vp/COO; John Tippins, vp/CFO; Bobby N. Batie, vp/secretary.

Contact: Bob Batie.

Employers Risk Services

1240 Fairway St.,
 Bowling Green, Ky. 42102;
 502-782-7678; fax: 502-782-7654

Employee Benefits/Property & Casualty

1997 revenues

Total.....\$4,000,000
 Claims revenue.....\$2,000,000
 Claims administration.....75%
 Claims adjusting.....25%

Claims business by type

General liability.....5%
 Health insurance.....15%
 Employees covered.....3,500
 Workers compensation.....80%

Clients

Total.....30
 Association plans.....2
 Corporations.....25
 Public/government entities.....3

Staff

Total.....40
 Claims services.....20

Claims services since: 1994.

Service area: Nationwide.

Charges: Administration/adjusting: payroll/premium/flat rate.

Branch offices: Administrative offices in Miami; Lexington, Ky.; Oklahoma City; Nashville, Tenn.

Officers: Tim Renfro, president; Don Turner, Jerry Heming, vps.

Contact: Don Turner.

Employers Service Corp.

426 Broad St., P.O. Box 3389,
 Charleston, W.Va., 25333;
 304-556-1100; 304-556-1165

Employee Benefits/Property & Casualty

1997 revenues

Total.....\$8,300,000
 Claims revenue.....\$4,000,000
 Claims administration.....50%

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Continued on page 35

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to insurers and reinsurers

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Extras becoming part of the standard package

Reinsurers and brokers try to differentiate themselves with their service offerings

By GAVIN SOUTER

The reinsurance market is offering a lot more than old-fashioned reinsurance these days.

As the soft market continues unabated, reinsurers and brokers are providing an array of services in an effort to retain and add business.

Cheaper and broader coverage is no longer enough to attract business, reinsurers and intermediaries

say. Insurers now receive a wide range of inducements, often free, ranging from catastrophe modeling through product development and product test marketing to actuarial analysis and underwriter training programs.

"Between reinsurance companies and reinsurance intermediaries, we are all looking for an extra little angle or entry point to make a difference. We have tried to do it with price and program structure, but there's a lot of other areas where we

can make a difference," said Chris Walker, chief executive officer of E.W. Blanch Co. in Bloomington, Minn.

More buyers are demanding the extra services as an expected part of the service, said Salvatore Zaffino, chairman and CEO of Hartford, Conn.-based Sedgwick Re, a unit of Sedgwick Group P.L.C.

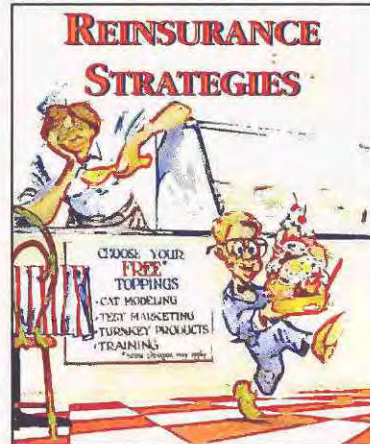
"The days of a client coming to you and saying, 'Here's an order; go and place it for us' are over," he said.

David Haggerty, reinsurance offi-

cer at Wausau Insurance Co. in Wausau, Wis., who buys reinsurance for Wausau, said, "Everybody is taking hold of the 'added value' concept... but in their attempts to differentiate themselves, they are all offering similar things."

Direct reinsurers traditionally have offered extra services, but now reinsurance brokers and broker-market reinsurers all are including additional services, Mr. Haggerty said.

The broker market reinsurers best equipped to offer the added services



are usually those affiliated with a primary insurer, said John Cashin, executive vp at Willis Faber North America Inc. "They have access to their own training, loss control and actuarial analyses which those companies that are standalone reinsurers would be hard pressed to match," he said.

Employment practices liability insurance is one primary market many insurers are eager to enter, and several reinsurers offer turnkey services that allow insurers to start doing EPL business without incurring substantial development costs, he said.

Last July, CNA Re in Chicago started offering an EPL policy to insurers seeking to enter that market, said Marcia Munn, senior vp at CNA Re. The turnkey policy provides all the elements an insurer needs to offer the product, including policy wording, a rating system and a regulatory filing form, Ms. Munn said.

"The only thing the client has to do is have certain state mandatory endorsements put on the policy and file it," she said.

The product is particularly attractive for clients not heavily involved in the specialty insurance market but that have been asked by their policyholders to offer EPL coverage, Ms. Munn said.

CNA Re also is developing turnkey products for managed care directors and officers liability and errors and omissions, Ms. Munn said.

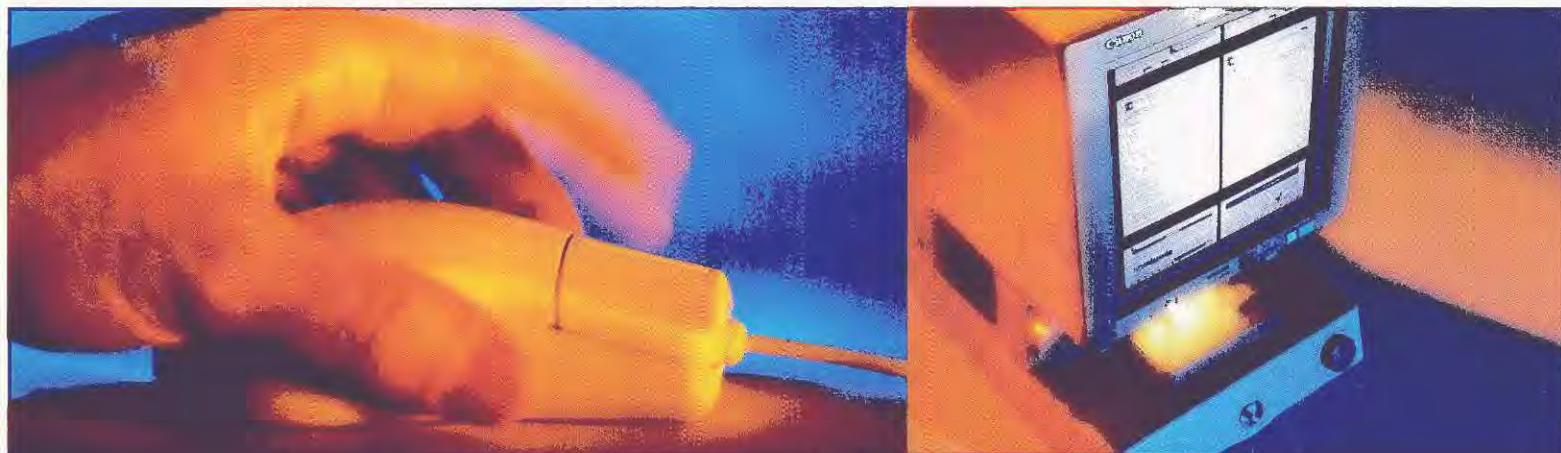
E.W. Blanch also offers an EPL turnkey service. The facility offers a specific program with forms and rates for insurers that want to offer the coverage, Mr. Walker said.

In addition to helping insurers attract more premiums, some reinsurers are going a step further and investing money into the insurers to enable them to write business, said John N. Gilbert Jr., president of reinsurance broker Holborn Corp. in New York.

Where primary companies aren't seeking extra capital, reinsurers in some cases are offering to take on elements of risk the insurer is unwilling to take on itself, Mr. Gilbert said. For example, if a primary insurer has taken on all the property catastrophe business it is comfortable with but wants to write some more non-catastrophe business, a reinsurer may offer to take over all the catastrophe portion of the risk, he said.

Renaissance Reinsurance Ltd. in Bermuda offers such a service through primary arm Glencoe Insurance Co., said Glencoe CEO Keith Hynes.

"We'll work with insurers that want to partner with Glencoe before See Offerings on page 32F



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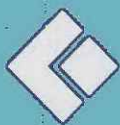
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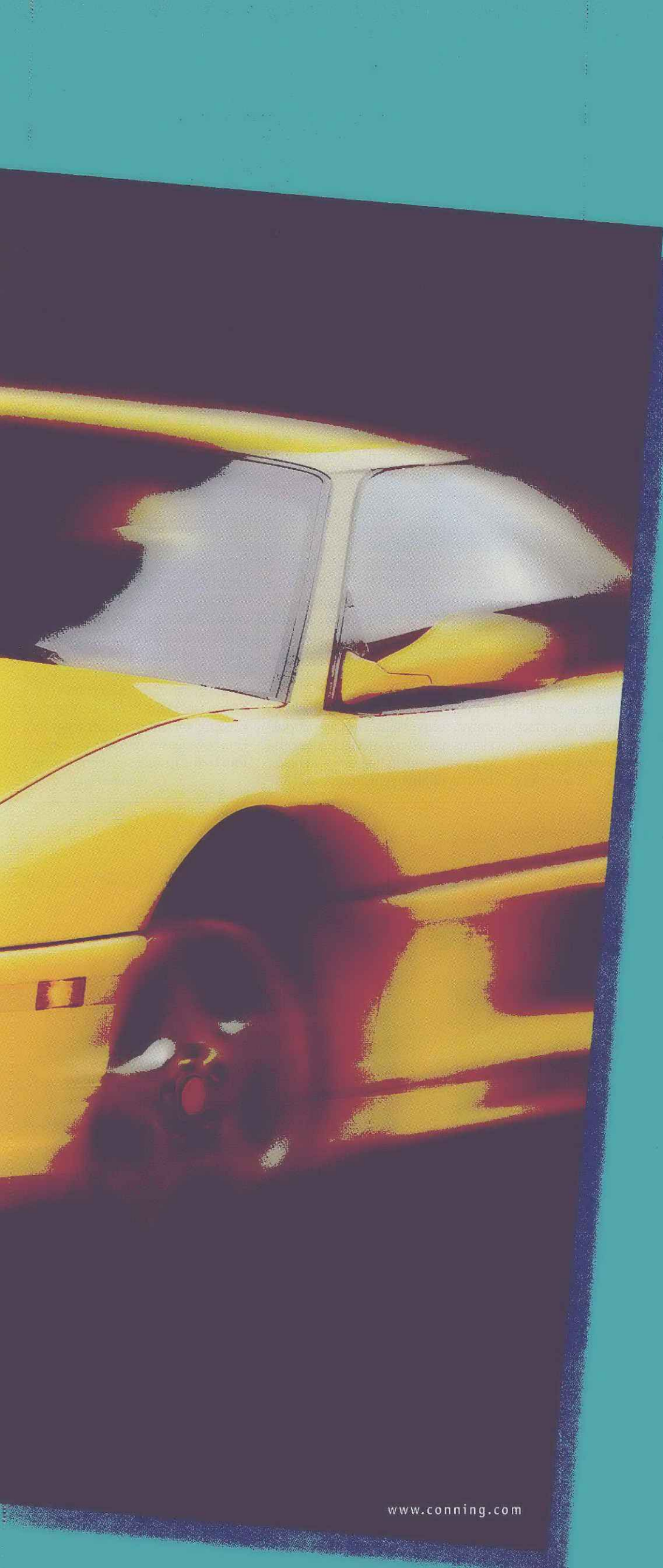
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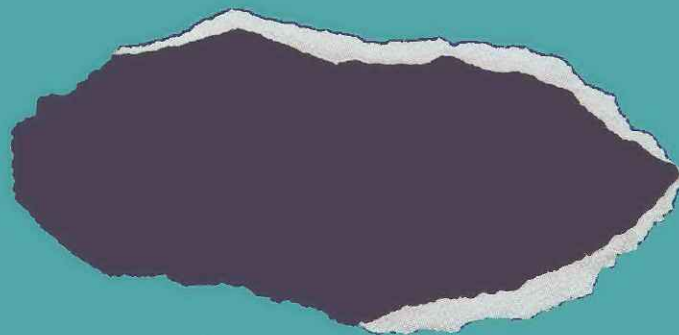
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Continued from page 32B

cause they have excess cat exposures, and we'll transfer a group of policies to Glencoe," he said.

In some cases, the insurers' catastrophe exposure will be reinsured through Renaissance, and in other cases Glencoe will write a catastrophe primary policy side by side with another primary policy, provided by the other insurer, for the non-catastrophe element of the risk, Mr. Hynes said.

Renaissance also provides catastrophe modeling advice, he said. The reinsurer, which makes extensive use of catastrophe models to analyze its own business, will hold modeling seminars for clients, he said.

Modeling is one of the few added services Wausau takes advantage of from its reinsurance brokerage, said Mr. Haggerty.

As a large insurer, Wausau usually has in-house resources for most of the services brokers and reinsurers offer, including cat modeling. But by using three models—its own, another model direct from a catastrophe modeling firm and the model provided by its reinsurance brokerage—Wausau gets a broader view of exposures, he said.

Sedgwick Re offers catastrophe modeling and financial modeling to

analyze the overall exposures of insurers' books of business, said Mr. Zaffino.

"Probably about 70% of our clients use our modeling facilities," he said.

Another service insurers are growing more interested in is advice on accessing the capital markets, Mr. Zaffino said. "The move to this area is not overwhelming, but clients are very, very interested in it," he said.

Aon Re Worldwide in Chicago has worked with several insurers and reinsurers over the past year on its Catput product, which injects fresh capital into an insurer in the event of a large catastrophe, President Rocker Channell said.

Reinsurance services often reflect an alternative to traditional reinsurance, said Mr. Walker.

"Reinsurance is not the only answer. It's an important answer but not necessarily the only one or the best one," he said.

For example, an insurer may approach a reinsurer or broker with a book of business it no longer wishes to write, maybe because it is too small or the insurer is focusing on other lines. Traditionally, a reinsurance broker might offer to find additional reinsurance to enable the insurer to use its capital to write other business. However, that does not address the fundamental issue of unwanted business, Mr. Walker said.

"So we would get involved in alternative distribution and find another insurer to take over the business," he said.

Reinsurers also are more frequently helping insurers grow their own business by introducing them to new producers, said Seth D. Freudberg, president and CEO of surplus lines insurer United National Insurance Co. in Bala Cynwyd, Pa.

For example, an insurer may end a relationship with a particular producer, and the reinsurer of that business will introduce the producer to another insurer client in the hope of building a better relationship with that insurer and to retain the business as reinsurance.

"That is about the best way for a reinsurer to ingratiate itself to a client," he said.

Other services United National takes advantage of include catastrophe modeling, Mr. Freudberg said. "That is a very common service offered by reinsurance intermediaries, and there is a great need for it," he said.

In other cases, reinsurance brokers will try to add value by taking on the runoff of old business for insurers, said Mr. Gilbert of Holborn.

The service is another way reinsurance brokers are trying to attract more business, Mr. Gilbert said.

"We are doing everything we can to ingratiate ourselves," he said. **BI**

Succeeding for cedents

Technology helps find reinsurance coverage

By MICHAEL BRADFORD

A new company is finding gold in insurance companies' claim files. In just under a year, ReClaim Technologies & Services Ltd. has used a new artificial intelligence system to help insurers locate more than \$25 million in reinsurance recoverables on old catastrophe claims.

There's plenty more where that came from, according to Terence Quested, senior vp of Newark, Ohio-based ReClaim.

"Last year there were \$10 billion in reinsurance claims in the U.S. alone," he said. That would mean, he said, that over the past 15 years, about \$150 billion has been paid to reinsurers.

If only a small portion of that amount was not recovered by ceding companies, "there are hundreds of millions of dollars lying around out there," Mr. Quested said.

ReClaim's success in tracking down recoverables on catastrophe claims has led it to develop four other products, including one that helps find facultative reinsurance and an-

other that pinpoints overlooked excess-of-loss reinsurance.

Its success also has led ReClaim to use a money-back guarantee as a marketing tool. There is no charge for the service if recoverables don't exceed the company's fee. So far, all 10 clients have more than recovered what ReClaim charged them for finding the lost coverage.

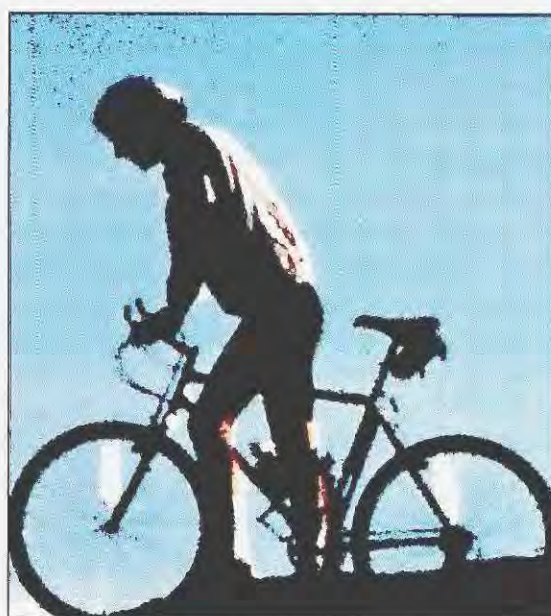
While other companies offer to find overlooked reinsurance, ReClaim is the only one that offers that as its primary business, according to Mr. Quested. And no other system that looks for the coverage uses artificial intelligence to do it, he added.

"Artificial intelligence is the key," Mr. Quested said, because no other system is capable of quickly analyzing the mountains of data ReClaim uses to determine if an insurer has coverage that was overlooked. Since March 1997, the system has examined 5 million to 6 million claims.

He explained that insurers can miss out on reinsurance recoverables in many cases because catastrophe codes on claims are incorrect or missing. Or, information regarding the coverage originally was keyed into the insurer's systems wrong.

Continued on next page

GET THE BROADER VIEW.



Continued from previous page

When an insurer contracts with ReClaim to track down any overlooked reinsurance, it gets a template that asks for a "wish list" of information related to claims, Mr. Quested explained. ReClaim knows the list is so thorough that it is unlikely every bit of information will be available.

ReClaim takes the data through a "cleansing process" that corrects spelling errors, makes words and abbreviations consistent and performs other tasks to put the information in a uniform format. "Then we run it through the artificial intelligence software and come up with the results," Mr. Quested noted.

ReClaim's artificial intelligence system uses "fuzzy logic" to comb vast banks of data on natural disasters and other geographical information to tie losses in an insurer's portfolio to the proper events. It puts together a list of claims that previously escaped detection.

"Within 120 days, we come back with all the reinsurance claims that they can then present to their reinsurer," Mr. Quested said.

"It's been a great tool for us," said John Gaw, vp-reinsurance claims at Risk Enterprise Management Ltd., the New York company handling the runoff of business for The Home Insurance Co.

He said Risk Enterprise's first reac-

tion to ReClaim's service was, "Well, we can do the same thing," Mr. Gaw said. "But, we probably can't."

"Their search facility is much more complete than what we have," he pointed out, and the broad search criteria produced a number of hits that indicated a particular claim would be related to a catastrophe that was reinsured.

Risk Enterprise had ReClaim look at data from the past five to six years related to the Home's catastrophe claims. The results were about \$1.7 million in reinsurance recoveries that had never been billed.

ReClaim provides its services with a staff of 12 full-time employees in the United States and three in London who are helping the company determine how to expand overseas. With business increasing, the staff could be as large as three times its current size by the end of the year, Mr. Quested predicts.

But, he acknowledges, ReClaim eventually will run out of clients for its current services. That's why it is developing new products, such as auditing tools for reinsurers, that will keep the company busy when there are no more insurers that need to find overlooked reinsurance.

"We see ourselves as a company not just doing what we do now," Mr. Quested said, but as one that will be creating new technologies for insurers and reinsurers. **BI**

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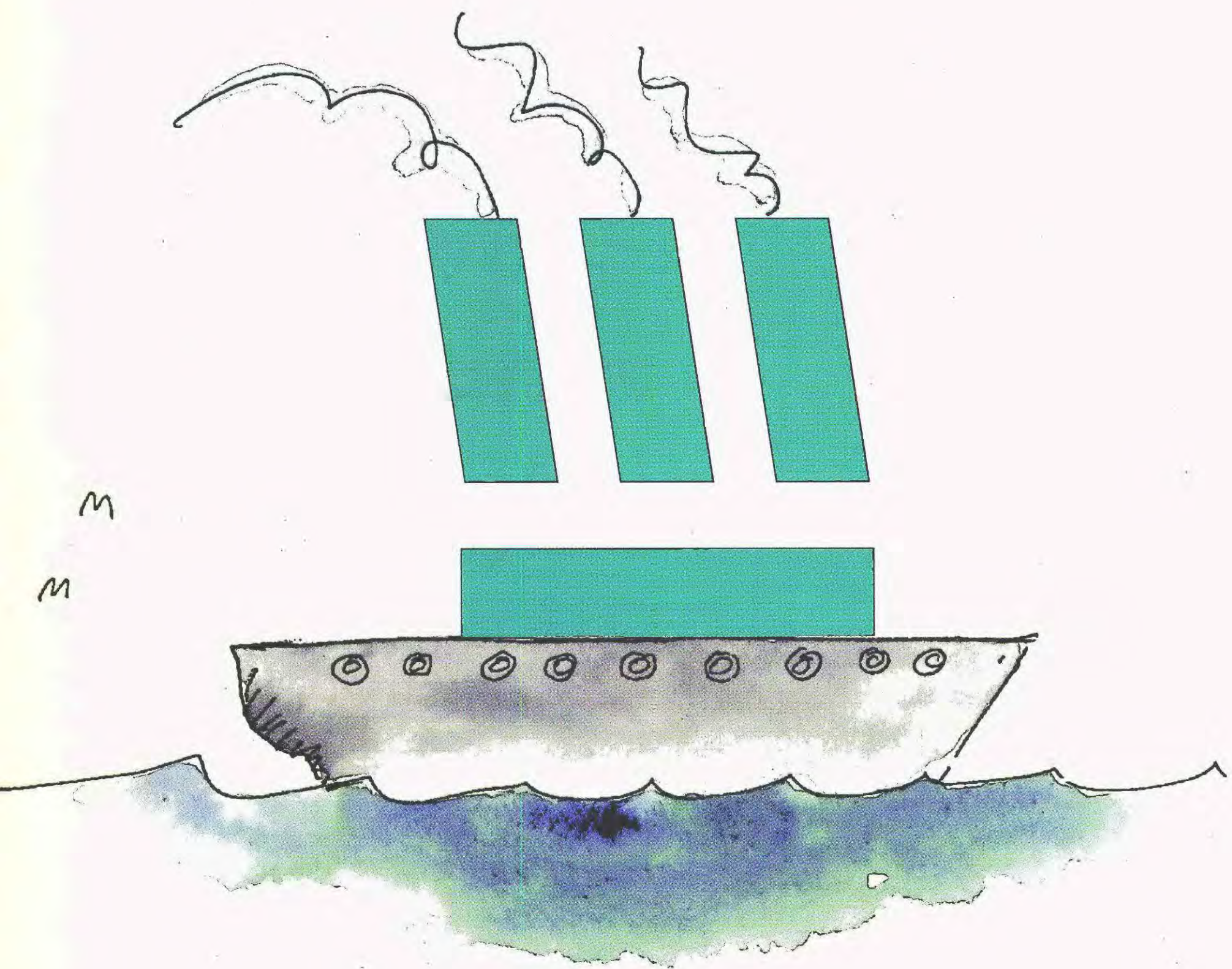


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Make reinsurer part of strategic plan

Skill, experience of reinsurer means ceding companies can access valuable services

By W.J. Adamson

THE COMPETITIVE pressures on primary insurers continue to grow, as the current soft market—one of the longest in the industry's history—shows no sign of abating any time soon.

To some extent, the insurance business is a prisoner of its own

success. During the past few years, many of the systemic problems in the workers compensation system and in other areas have been fixed, leading to long-term rate decreases and increased capacity in the property/casualty area. The generally vibrant economy and bullish stock market have further encouraged the flow of capital into the insurance industry.

The possible "cure" for the soft

IT Perspective

market conditions—a major catastrophe or a stock market collapse that dramatically reduces insurers' surplus—would be worse than the "disease." So perhaps insurers should count their blessings, accept the present situation and think about how they can not only survive but also prosper in the face of

historically low rates and tough competition.

The evidence shows that many insurers are adapting well. Despite market conditions, the industry's combined ratio has remained steady, thanks in part to the lack of catastrophes, and also partly because of the streamlining effect of consolidation within the property and casualty industry. It's no coincidence that the

recent flood of insurance mergers has occurred during this period of protracted low rates.

A tight market tends to put a premium on scale, favoring the operations with more diverse risk spreads, larger customer bases and more efficient operations. As a result, many insurers are feeling the pressure to protect their results by broadening their coverage—at a moment when rate adequacy is in question and when exposures are growing faster than premiums.

Fortunately, insurers have one resource available that can help them achieve greater stability even in the midst of the softest market: their reinsurer, which can play a key role in helping chart the path of strategic growth.

Reinsurers as a resource

Of course, the most basic function of reinsurance is financial: to spread risk among multiple parties, thus protecting and stabilizing the bottom line. For many insurers in many lines, reinsurance is generally thought of as a commodity, with the buy decision based largely on price, available limits, and the reinsurer's financial strength and staying power.

However, reinsurers today go far beyond providing capacity. While earnings stabilization certainly is a vital function, information and support can be just as crucial, especially in a soft market environment. And reinsurers are repositories of valuable information for expansion-minded primary insurers. Whatever the question—loss trends, regulations, underwriting guidelines, marketing approach—reinsurers often have the data and the global perspective to provide clients useful insights and a fresh perspective. Although some reinsurers take a more controlling attitude toward their cedents, true reinsurance partners take the time to understand their clients' issues and work with them to develop meaningful solutions.

Timely, accurate information can mean the difference between success and failure when introducing a new product or expanding into a new state or region. At a time when every new niche that appears is quickly occupied by a host of competitors, scattershot marketing initiatives will not suffice.

Today, it is more necessary than ever to establish a firm foundation beneath any new enterprise. Decision-makers must acquire a thorough knowledge of the competitive terrain and carefully consider every aspect of the business plan before moving forward.

Reinsurers can provide clients heading into unfamiliar territory with the road map they need.

As insurers of insurers, reinsurance underwriters often

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Continued from previous page have a broader sense of the issues, trends and industry dynamics that shape today's marketplace and determine tomorrow's winners and losers.

Is your reinsurer willing to share these insights with you?

Depth of experience

When developing reinsurance partnerships, it pays to look beyond the financials. In today's soft market, be sure to consider the total capabilities of the reinsurance company, as well as the strength and depth of the relationship it is willing to form with clients. The reinsurer can be a valuable long-term partner, supporting clients with its skills and experience and providing a solid base of knowledge for expansion strategies and other business and operational decisions.

Your reinsurer may be able to assist you in:

- **Research and analysis.** Reinsurers often are willing to research specific topics of interest to you (such as conditions within a particular state) or to analyze general trends. Reinsurers sometimes can provide more in-depth research in such areas as claims, reserving, price adequacy, payment structure and market trends.

- **Reviews, audits and consultations.** Actuarial reviews and consultations can provide a wealth of useful information for primary insurers. Other important services to be aware of include underwriting reviews, operational audits, forms reviews, information technology consultations and corporate compliance reviews.

These efforts can ferret out hidden pitfalls and inefficiencies and smooth the way for new product introductions. These audits often help the reinsurer in analyzing ceding companies' operations. However, the benefits go both ways, as good reinsurance partners also provide valuable feedback and recommendations to their clients based on these efforts.

- **Developing underwriting guidelines.** Your reinsurer has a broad sense of appropriate underwriting guidelines and has seen many of the forms used industry-wide. Your reinsurance partner can help in designing forms, recommending exclusions and contract wordings, and in helping cedents understand the underwriting philosophy behind the underwriting guidelines.

- **Industry-wide data and data analysis.** Cumulative information is collected both across markets and over time. Reinsurers with longer track records and broader client bases possess the most useful databases. Data analysis capabilities should include loss ratios, reserving information, industry trends and rate filings for diverse lines of business. Sharing this information is one

of the most important ways a reinsurer can help clients achieve long-term profitability.

- **Marketing guidance.** Some reinsurers, such as CNA Re, have been willing to assist clients in developing marketing strategy. Related services include competitive marketing analysis, product development and identification of target markets.

- **Regulatory information.** Reinsurers should be able to provide an up-to-date description of the regulatory environment and trends in any state targeted for expansion.

These tools are equalizers, enabling smaller insurance

companies to act with the same knowledge and confidence as larger ones. They also give companies the means to improve their overall performance and expand their markets without reinventing the wheel.

Some reinsurers provide an even higher level of marketing support with turnkey products in specific product lines. These ready-to-go products enable primary insurers to expand quickly and easily into new lines by shifting much of the preliminary work and follow-up support to the reinsurer. Specially designed for smaller

regional insurers, turnkey products can be the first move in a larger campaign of growth.

Insurers' needs are changing, and so is the insurer-reinsurer relationship. Reinsurers are becoming increasingly involved with clients at a strategic level, providing not just generic layers of coverage but tailored, multidimensional solutions. In a soft market, reinsurers are actively helping their clients find greater long-term stability through strategically sound growth and improved operations.

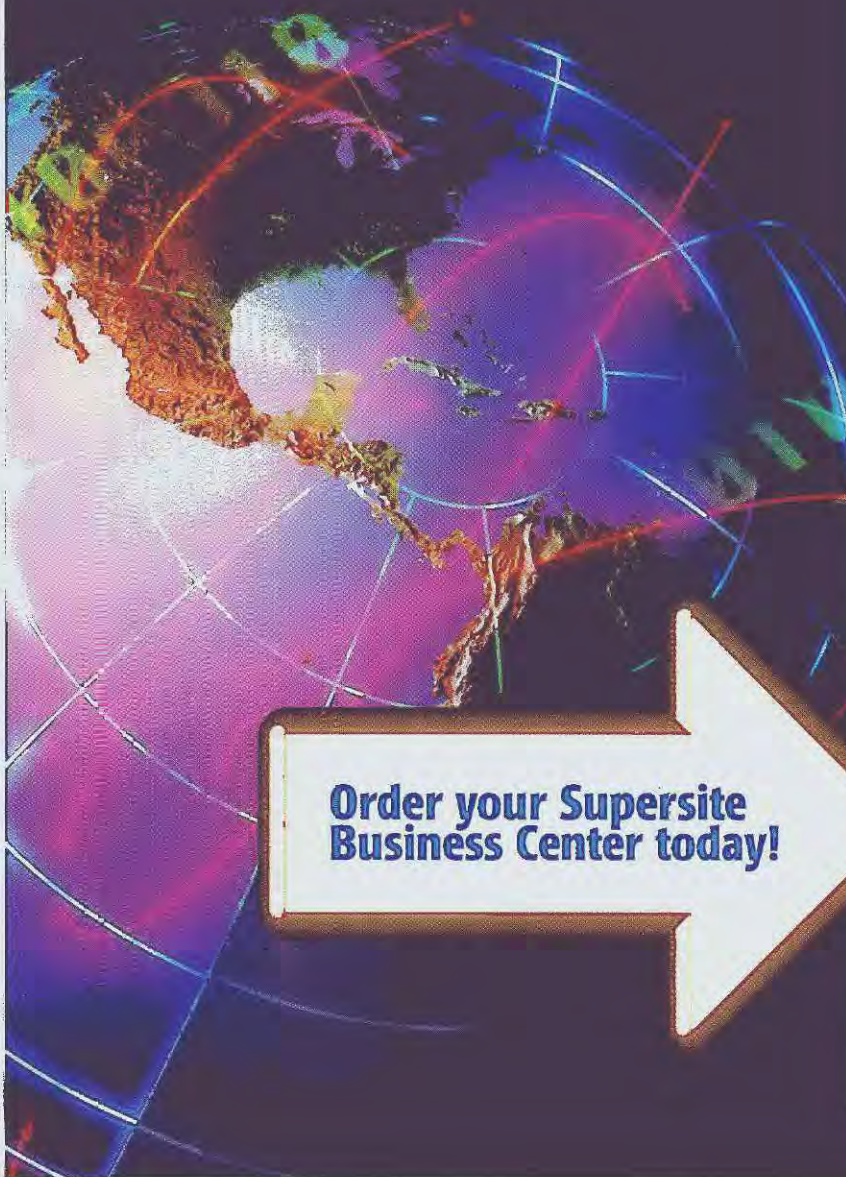
Reinsurers are a significant resource waiting to be tapped. A

strong partnership between reinsurers and primary insurers—a meeting of minds as well as a sharing of risks—can be the recipe for success even in the most challenging business environment.



W.J. Adamson is chief executive officer of CNA Re, the reinsurance arm of Chicago-based CNA Financial Corp.

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Analytical tool can show range of options

By AMANDA MILLIGAN

A powerful tool for predicting the financial future is helping insurers make a variety of planning decisions, from purchasing reinsurance to setting goals for growth.

The tool, known as dynamic financial analysis, is a way to evaluate operations such as underwriting, new lines of business, asset management and mergers and acquisitions, said Andrew Rippert, vp of Princeton, N.J.-based American Re Financial Products, a financial risk management unit of American Re-Insurance Co. Mr. Rippert has spent most of his three years at American Re performing DFA.

DFA, which examines multiple financial and market-based factors, helps company managers make educated planning decisions, experts said. This statistical tool enables corporations to examine all their operations collectively instead of focusing on them individually.

"It allows you to look at those strategies together, and how they all interact," Mr. Rippert said. "Most traditional models look at a few scenarios and expected outcomes. DFA looks at a whole range of outcomes and provides a risk profile of the company (under these scenarios)."

While the components of DFA models vary, each generates the same format of results. Instead of showing outcomes only of best-case, worst-case and most likely scenarios, DFA models are able to illustrate thousands of scenarios and the probabilities of each occurring.

Due to its flexible capabilities, the model can change assumptions about the internal and external factors that might affect a company's decision-making—and ultimately, its bottom line.

In the insurance industry, DFA is often used by property/casualty insurance companies, reinsurers, actuaries and life and health insurers. One of the most common applications among insurers is to evaluate the performance of reinsurance and assist in purchasing decisions.

Because companies are spending more on reinsurance, interest in DFA is growing, said Edmund R. Megna Jr., president and chief executive officer of the U.S. business of New York-based Guy Carpenter & Co. Inc.

"DFA allows them (insurers) to judge the reinsurance and how well it responds," said Mr. Megna, whose firm provides DFA for most of its clients. "It's something that's almost mandatory with my brokers."

Reinsurance is only one area in which DFA can be useful, the experts said. Almost any kind of exposure or business activity can be analyzed with a DFA model.

For example, during the due diligence process, the financial model-

ing tool can reveal the potential success of a merger or acquisition or enable the analyst to determine a fair purchase price. The more specific the objective, the more useful the results.

Recent advances in technology have helped DFA grow in popularity, Mr. Rippert said. "It's really gained a lot of momentum because of information technology—computer power."

The information the technology generates, not the use of the technology, is really fueling the demand for DFA modeling, said Bill Ashley, executive vp of Bloomington, Minn.-based reinsurance intermediary E.W. Blanch Co. and head of Blanch Risk Management.

Mr. Ashley said Blanch views the technology as a means to an end. "What's really the driving force is the information going in and coming out, and how to mine the solutions once the simulations have been completed," he said.

Ultimately, DFA will become more prevalent because it plays "a significant role" in the three objectives of insurance companies, Mr. Ashley said. Most insurers' first objective is to grow, the second is to make money, and the third is to do all of this while not increasing volatility, he said.

However, "the changing nature of the property and casualty insurance market is certainly not the easiest to model over the long term," said Jonathan Norton, a managing director at Guy Carpenter in New York. "(DFA is) a little more of an intelligent look at the future...given what transpired in the first year (of simulation)."

He recommends focusing on one region or one area of business. "It's easier to model more standard lines of business where the company has a track record," he said. "I think you lose enthusiasm from the ultimate end-users if you try to set your objectives too high or too broadly."

While most sources said DFA is effective for long-tailed exposures, Mr. Rippert warned against using DFA in this manner. He discouraged its use on exposures such as product liability, because it is difficult to predict scenarios involving far-reaching economic events, lawsuits or other "things coming out of left field."

Although the exact origin of DFA is unknown, many say it is an offspring of many finance-oriented fields and was developed by actuaries for property and casualty work.

"A lot of the pieces of the DFA model have been done for years," Mr. Rippert said. "Tying them all together is what makes DFA unique."

However, pulling together a wide range of data from many sources is not always easy. To develop accurate models, it's important to gather expertise from people in other fields, such as economics or finance, said Manuel Almagro, a principal in the Hartford,

Conn., office of Tillinghast-Towers Perrin.

"Any types of financial models are dependent on the assumptions you put in them," said Mr. Almagro, who has worked with dynam-

DFA allows insurers to judge their reinsurance and how well it responds, says Edmund Megna of Guy Carpenter & Co. Inc.

ic models for five years. "You have to have models that are calibrated to actual historical events...You can't just have random relationships."

He emphasized the need for interdepartmental communication. In some corporations, politics can make cooperation difficult.

Sue Szkoda, owner of Glastonbury, Conn.-based Szkoda Actuarial Services and vp of continuing education for the Casualty Actuari-

al Society in Arlington, Va., agreed. "The real issue is communication, communication, communication."

Seeing the corporation's departments in totality is essential, Ms. Szkoda said.

"DFA forces the actuary to look at the entire company, the company's business plans, capital needs, reserving and pricing," she said. An actuary should "think about the company holistically and help the company achieve these goals over the future horizon."

Trends in the underwriting cycle have made DFA-style modeling a sought-after service, Ms. Szkoda said. On the commercial side, "rates are being cut into ribbons. The operating environment is becoming very hostile." As a result, companies have to do a better job of identifying the risks they're facing, she said.

Many banking and finance-savvy executives are becoming involved in insurance, bringing a new corporate mind-set with them

into the insurance industry, Mr. Almagro said.

"The insurance industry has not done as good of a job articulating the type of risks facing a company as well as other industries," he said.

Although DFA software is available, it is not only costly but also requires a great deal of technical expertise. For that reason, most insurers turn to actuaries or other consultants with expertise in DFA. Some consulting firms include DFA as a value-added service, while others using more complex models will charge hefty fees due to the time invested in researching and gathering input from experts.

Ms. Szkoda said the costs are not consistent for all models and that the adaptability of many of the "shelf models" of DFA software also varies. Each has strengths and weaknesses, and she said each would need to be tailored to the needs of the company.

Overall, insurers' reaction to DFA is positive. "It's a wonderful tool that helps (corporations) understand things that publicly traded companies are interested in, because that's what Wall Street is interested in," Mr. Ashley said. **BI**

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TIG

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Working with TIG, you can be confident

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Because helping you grow your business is important to us. We can't succeed unless you do.

TIG

To learn more about becoming one of our production partners or to obtain information on our business approach and specific areas of market interest, please call us at (972-831-5000). TIG Holdings Group has been rated A (Excellent) by the A.M. Best Company.

Continued from page 32

Claims auditing.....50%
Other services include claims administration for fully insured clients.

Claims business by type

Disability.....1%
Workers compensation.....88%
Other.....11%
Includes: federal black lung

Claims business by volume

Administration claims paid\$120,000,000

Clients

Total.....232
Association plans.....1
Corporations.....225
Public/government entities.....6

Staff

Total.....170
Claims services.....45

Claims services since: 1946.

Service area: Nationwide (federal black lung only); Kentucky, Pennsylvania, Virginia, West Virginia.

Charges: Administration: per claim.

Branch offices: Administrative offices in Lexington, Ky.; Washington, Pa.; Abingdon, Va.; Charleston, W.Va. Sales offices in Lexington, Ky.; Washington, Pa.; Richmond, Va.

PPO access.

Officers: H. Herchel Sims Jr., president; Gary A. Waskey, vp-client relations/marketing; Robert T. Ramsburg, vp-finance; Michael Keener, vp-operations; Jean K. Kiser, vp-personnel/administration.

The EPOCH Group L.C.

6717 Shawnee Mission Parkway,
Overland Park, Kan. 66282-2170;
913-362-0040; fax: 913-362-0041

Employee Benefits/Property & Casualty**1997 revenues**

Total.....\$20,991,000
Claims revenue.....\$18,406,000
Claims administration.....92%
Claims adjusting.....8%

Other services include benefit consulting, utilization review, billing services, annual reporting and reinsurance placement.

Claims business by type

Disability.....1%
Flex compensation.....2%
Health insurance.....95%
Employees covered.....250,000
Dependents covered.....373,750
Workers compensation.....2%

Claims business by volume

Administration claims paid\$410,000,000

Clients

Total.....224
Association plans.....2
Corporations.....202
Multiemployer plans.....9
Public/government entities.....8
Union-sponsored plans.....3

Claims services since: 1974.

Parent: Alliance Blue Cross & Blue Shield/Blue Cross & Blue Shield of Kansas City.

Service area: Nationwide.

Charges: Administration: per employee per month.

Branch offices: Administrative offices in Louisburg, Kan.; St. Louis. Sales offices in Waterloo, Iowa; Overland Park, Kan.; St. Louis.

Officers: Thomas A. Sax, president; Stephen Disch, Mark Williams, vps; Eileen Hutchinson, vp-finance.

Contact: Thomas Sax.

ESIS Inc.

1601 Chestnut St., TL32G,
Philadelphia, Pa. 19192-2325;
215-761-6784; fax: 215-761-5476

Property & Casualty**1997 revenues**

Total.....\$175,000,000*
Claims revenue.....\$75,000,000*
Claims administration.....93%
Claims adjusting.....5%
Claims auditing.....2%
Other services include establishing PPO networks, subrogation and recovery services.

Claims business by type

Automobile.....15%
General liability.....20%
Inland marine.....0.5%
Ocean marine.....0.5%
Professional liability.....2%
Property damage.....5%
Workers compensation.....50%
Other.....7%

Claims business by volume

Administration claims paid\$2,743,497,544
Auditing projects conducted.....15

Clients

Total.....80*

Staff

Total.....2,620

Claims services since: 1953.

Parent: INA Holdings Corp.

Service area: Nationwide.

Charges: Administration: \$65 to \$3,000 per claim, by loss conversion factor. Adjusting: \$1,080 average fee per claim, by loss conversion factor. Auditing: \$1,000 per audit, \$600 per day, \$100 per hour.

Branch offices: Administrative offices in Wilmington, Del.; Richmond, Ind.; Columbus, Ohio. Sales offices in Los Angeles; San Francisco; Atlanta; Chicago; Boston; New York; Philadelphia; Dallas; Houston.

PPO access.

Officers: Raymond E. Hafner, president; Brian P. O'Hara, vp/CFO; Sharon E. Simpson, vp-sales/marketing; James V. Young, vp-claims; William B. Hemphill, corporate secretary.

Contact: Sharon E. Simpson, 215-761-6788.

* Estimate.

Essential Services & Programs Inc.

159 Great Neck Road,
P.O. Box 910, Great Neck,
N.Y. 11022; 516-487-0432;
fax: 516-487-0498

Property & Casualty**1997 revenues**

Total.....\$1,000,000
Claims revenue.....\$700,000
Claims administration.....60%
Claims adjusting.....20%
Claims auditing.....20%
Other services include safety and engineering services.

Claims business by type

General liability.....70%
Workers compensation.....30%

Claims business by volume

Administration claims paid\$500,000

Clients

Corporations.....25

Staff

Total.....10
Claims services.....6

Claims services since: 1989.

Service area: New York metropolitan area.

Charges: Administration: fee on contract. Adjusting: \$58 per hour.

Contact: Gary Ricker, president.

F**E.C. Fackler Inc.**

20 N. Wacker Drive, Suite 1600,
Chicago, Ill. 60606; 312-629-0888;
fax: 312-629-2506

Property & Casualty**1997 revenues**

Total.....\$4,500,000
Claims revenue.....\$4,400,000
Claims administration.....90%
Claims adjusting.....5%
Claims auditing.....5%
Other services include loss prevention services.

Claims business by type

Workers compensation.....100%

Claims business by volume

Administration claims paid\$7,400,000

Clients

Total.....16
Association plans.....13
Corporations.....2
Public/government entities.....1

Staff

Total.....45

Claims services since: 1991.

Service area: Illinois, Michigan, Minnesota, Oregon.

Charges: Administration/adjusting/auditing: fee-based.

Branch offices: Administrative offices in Chicago; Dearborn, Mich.; Plymouth, Minn. Sales office in Portland, Ore.

PPO access.

Officers: Ernest C. Fackler, president; Carl D. Link, senior vp/CFO; David Monteau, vp.

Contact: Steve Brezinski, sales manager.

FEISCO

2601 Cattlemen Road,
Sarasota, Fla. 34232-6249;
941-955-2811; fax: 941-951-3779

Employee Benefits/Property & Casualty**1997 revenues**

Total.....\$22,011,818
Claims revenue.....\$1,828,264
Claims administration.....75%
Claims adjusting.....20%
Claims auditing.....5%
Other services include loss control, underwriting, field investigation, managed care services and utilization review.

Claims business by type

General liability.....5%
Health insurance.....5%
Workers compensation.....90%

Claims business by volume

Administration claims paid\$70,125,829

Clients

Corporations.....12
Public/government entities.....6

Staff

Total.....27
Claims services.....14

Claims services since: 1959.

Parent: FCCI Insurance Group Inc.

Service area: Alabama, Florida, Georgia, Mississippi.

Charges: Administration: flat rate per claim. Adjusting/auditing: per hour.

Branch offices: Administrative offices in Fort Lauderdale, Orlando and Tallahassee, Fla.; Atlanta.

Subsidiaries: Claims Management Systems, FEEIA, FELIC.

PPO access.

Officers: Ray Neff, president; G.W. Jacobs, executive vp/COO; Robert McManus, executive vp-loss control/underwriting; David Webber, executive vp/CFO; William Chastain, executive vp-market development; Debbie Douglas, executive vp-health operations.

Contact: Laurie Reuther, marketing services coordinator.

FIRM Solutions

390 N. Wiget Lane, P.O. Box 31077,
Walnut Creek, Calif. 94598;
510-930-9883; fax: 510-939-5041

Property & Casualty**1997 revenues**

Total.....\$40,003,000
Claims revenue.....\$36,700,000
Claims administration.....85%
Claims adjusting.....13%
Claims auditing.....2%

Other services include managed care programs, loss control and data conversions, telereporting and integrated disability.

Claims business by type

Automobile.....5%
General liability.....7%
Workers compensation.....80%
Other.....8%

Claims business by volume

Administration claims paid\$250,000,000

Clients

Total.....129
Association plans.....6
Corporations.....47
Public/government entities.....76

Staff

Total.....450
Claims services.....380

Claims services since: 1982.

Parent: Foundation Health Services.

Service area: Nationwide.

Charges: Administration: flat annual fee. Adjusting: per hour. Auditing: project fee.

Branch offices: Administrative offices in Irvine, Oakland, Orange, San Francisco, San Ramon and Walnut Creek, Calif.; Sarasota, Fla.; Tigard, Ore.; Houston. Sales offices in Orange and Walnut Creek, Calif.; Atlanta; Sarasota, Fla.

PPO access.

Officers: Frank Vidrik, president; Steve Smith, vp-finance; Diane Dunphy, vp-information services; Ron Van Buskirk, vp-marketing; Nancy Sharek, vp-operations; Vernon Southerland, vp-product development.

Contact: Ronald D. Van Buskirk, 510-975-4260.

First American Administrators

512 Main St., Suite 200, P.O. Box
8150, Rapid City, S.D. 57702;
605-343-2509; fax: 605-343-8887

Employee Benefits**1997 revenues**

Total.....\$2,700,000
Claims revenue.....\$2,500,000
Claims administration.....100%
Other services include claims payment for fully insured plans.

Claims business by type

Flex compensation.....5%
Health insurance.....95%
Employees covered.....22,400
Dependents covered.....30,000

Claims business by volume

Administration claims paid*\$53,000,000

Clients

Total.....73
Association plans.....4
Corporations.....41
Public/government entities.....28

Staff

Total.....48
Claims services.....48

Claims services since: 1984.

Parent: Dobbs Inc.

Service area: Colorado, Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Wyoming.

Charges: Administration: \$6 to \$14 per employee per month.

Branch offices: Administrative and sales office in Sioux Falls, S.D.

PPO access.

Officers: Joe Dobbs, president/owner; Cheryl Trulson, administrative manager; Nancy Crist, claims manager; Della Miller, plan design/compliance; Stan Mueller, Sioux Falls branch manager.

Contact: Joe Dobbs, president/owner.

* Estimate.

First Health*

3200 Highland Ave.,
Downers Grove, Ill. 60515;
630-241-7900; fax: 630-241-7856

Employee Benefits**1997 revenues**

Total.....\$390,000,000**
Claims revenue.....\$250,000,000**
Claims administration.....100%
Other services include managed care services for group health and workers compensation.

Claims business by type

Disability.....2%
Flex compensation.....2%
Health insurance.....96%

Claims business by volume

Administration claims paid\$5,000,000,000

Staff

Total.....4,700

Claims services since: 1960.

Service area: Nationwide.

PPO access.

Officers: James C. Smith, president/CEO; Mary Anne Carpenter, executive vp-service products; Patrick G. Dills, executive vp-managed care sales; Joseph E. Whitters, vp-finance/CFO; Edward L. Wristen, executive vp-risk products.

Contact: Maureen Ryan.

* Formerly HealthCare Compare Corp. ** Includes revenues from company's acquisitions from July 1, 1997 onward.

Frontier Adjusters Inc.

P.O. Box 7610,
Phoenix, Ariz. 85011;
602-264-1061; fax: 602-279-5813

Property & Casualty**1997 revenues**

Total.....\$48,000,000
Claims revenue.....\$1,000,000
Claims administration.....15%
Claims adjusting.....80%
Claims auditing.....5%

Claims business by type

Automobile.....5%
Bonds.....1%
General liability.....40%
Inland marine.....1%
Ocean marine.....1%
Professional liability.....5%
Property damage.....30%
Workers compensation.....17%

Claims business by volume

Auditing projects conducted.....5

Clients

Total.....23
Association plans.....4
Corporations.....4
Public/government entities.....15

Staff

Total.....950
Claims services.....125

Claims services since: 1957.

Parent: Frontier Adjusters of America Inc.

Service area: Nationwide.

Charges: Administration: percentage. Adjusting: \$45 to \$60 hourly. Auditing: \$45 to \$60 hourly.

Branch offices: Administrative and sales offices in Phoenix.

Officers: William J. Roche, chairman/CEO; Jean E. Ryberg, president; Francis J. LaPallo, executive vp; Patric R. Greer, CFO; James S. Roche, secretary/treasurer.

Contact: Claudia G. Schlosser.

G**GAB Robins North America Inc.**

9 Campus Drive,
Parsippany, N.J. 07054;
973-993-3400; fax: 973-993-3321

Property & Casualty**1997 revenues**

Total.....\$285,000,000
Claims revenue.....\$94,000,000
Claims administration.....94%
Claims adjusting.....5%
Claims auditing.....1%

Other services include early medical intervention services, emergency claims reporting, electronic reporting, fraud investigation, managed care services and risk management information systems.

Claims business by type

Automobile.....8%
General liability.....17%
Property damage.....2%
Workers compensation.....59%
Other.....14%
Includes: managed care.

Claims business by volume

Administration claims paid\$1,800,000,000
Auditing projects conducted.....5

Clients

Total.....1,251

Staff

Total.....4,088

Claims services since: 1885.

Parent: SGS North America Inc.

Service area: Nationwide.

Charges: Administration: per claim, per hour. Adjusting: per claim, per hour. Auditing: per hour.

Branch offices: Administrative offices in 412 locations. Sales offices in Los Angeles and Sacramento, Calif.; Denver; Orlando, Fla.; Atlanta; Chicago; Minneapolis; Charlotte, N.C.; Parsippany, N.J.; New York; Cincinnati; Houston.

Subsidiaries: EFI, Kingwood, Texas; ITS, Parsippany, N.J.; MedInsights, Nashville, Tenn.

PPO access.

Officers: Antony Czura, chairman; David McGirr, president/CEO; Al Shahade, vice chairman; Jim McGee, executive vp; John Darden, CFO.

Contact: Jean Kida, manager-marketing; 973-993-3868.

Gallagher Bassett Services Inc.

The Gallagher Centre, 2 Pierce
Place, Itasca, Ill. 60143-3141;
630-773-3800; fax: 630-285-4000

Employee Benefits/Property & Casualty**1997 revenues**

Total.....\$154,000,000
Claims revenue.....\$143,000,000
Claims administration.....100%
Other services include risk control consulting, investigation, appraisal services, information services and COBRA administration.

Continued from previous page

field, Mo.; St. Paul, Minn.; Grand Island and Omaha, Neb.; Charlotte and Durham, N.C.; Worthington, Ohio; Brandon and Columbia, S.C.; Hendersonville, Tenn.; Charleston, W.Va.

PPO access.

Officers: Edward M. Bull, president; Steven M. Bulloff, vp/general counsel; Mary Lee Weintraut, vp/controller.

The Frank Gates Service Co.

5000 Bradenton Ave.,
Dublin, Ohio 43017;
614-793-8000; fax: 614-791-7650

Employee Benefits/Property & Casualty

1997 revenues

Total.....\$57,000,000
Claims revenue.....\$12,000,000
Claims administration.....100%
Other services include claims adjusting and managed care services.

Claims business by type

Health insurance.....5%
Workers compensation.....95%

Claims business by volume

Administration claims paid.....\$200,000,000

Clients

Total.....387
Association plans.....101
Corporations.....275
Public/government entities.....11

Staff

Total.....500
Claims services.....161

Claims services since: 1946.

Service area: Nationwide.

Charges: Administration: per claim processed per hour.

Branch offices: Administrative offices in Phoenix; Los Angeles; Orlando; Baton Rouge; Honolulu; Chicago; Louisville, Ky.; Atlanta; New Orleans, La.; Baltimore; Ann Arbor, Mich.; Minneapolis; New York; Charlotte, N.C.; Albuquerque, Las Vegas, N.M.; Akron, Cincinnati, Cleveland, Columbus, Dayton, Youngstown, Ohio; Tulsa, Okla.; Pittsburgh; Nashville, Tenn.; Dallas, Houston; Seattle; Charleston, W.Va. Sales offices in Phoenix; Akron, Columbus, Ohio; Nashville, Tenn.; Dallas; Seattle.

Subsidiaries: CareWorks USA; Celerity Technologies Inc.; Frank Gates Acclaim Inc.; Frank Gates USA.

Officers: J. Robinson McCormick, chairman; Niles C. Overly, CEO/president; R. James Kelly, executive vp; Gregory P. Smith, CFO; Richard Klomparsen, senior vp-National Workers Compensation.

Contact: Brenda Proctor, communications director, 614-798-5505.

Gates McDonald

3455 Mill Run Drive,
Hilliard, Ohio 43026;
800-336-4733; fax: 614-777-3265

Employee Benefits/Property & Casualty

1997 revenues

Total.....\$85,000,000
Claims revenue.....\$50,000,000
Claims administration.....100%

Other services include integrated disability management, managed care organization, medical case management, unemployment compensation services, state fund workers compensation services, loss analysis, auto/general liability actuarial services and absence management reporting.

Claims business by type

Automobile.....4%
Disability.....10%
General liability.....4%
Professional liability.....2%
Property damage.....2%
Workers compensation.....78%

Claims business by volume

Administration claims paid.....\$400,000,000

Clients

Total.....286
Association plans.....2
Corporations.....256
Public/government entities.....28

Staff

Total.....1,208
Claims services.....700

Claims services since: 1929.

Parent: Nationwide Insurance Enterprise.

Service area: Nationwide.

Charges: Administration: per claim or cost plus. Adjusting: per claim or cost plus. Auditing: hourly.

Branch offices: Administrative and sales offices in Phoenix; Concord and Los Angeles, Calif.; Orlando, Fla.; Downers Grove, Ill.; Baton Rouge, La.; Baltimore; St. Louis; Las Vegas; Albuquerque, N.M.; Buffalo, N.Y.; Columbus, Ohio; Portland, Ore.; Pittsburgh; Nashville, Tenn.; Dallas.

Subsidiaries: Gates McDonald Health Plus Inc.

PPO access.

Officers: David K. Hollingsworth, president/COO; Margaret Bainbridge, vp-state fund services; Peter Barr, vp-healthcare management plus; David R. Brown, vp-business development/marketing; Richard Hoyt, vp-unemploy-

ment compensation services.

Contact: David R. Brown.

General Insurance Exchange Agency Inc.

4301 Darrow Road,
Stow, Ohio 44224;
330-688-4322; fax: 330-688-4904

Employee Benefits

1997 revenues

Total.....\$595,481
Claims revenue.....\$527,462
Claims administration.....95%
Claims auditing.....5%
Other services includes managed care services and consulting.

Claims business by type

Disability.....5%
Flex compensation.....5%
Health insurance.....85%
Employees covered.....2,093
Dependents covered.....3,184
Other.....5%
Includes: group life

Claims business by volume

Administration claims paid.....\$7,190,000

Clients

Total.....4
Corporations.....1
Multiemployer plans.....1
Union-sponsored plans.....2

Staff

Total.....5
Claims services.....3

Claims services since: 1969.

Parent: The Chandler Group.

Service area: Nationwide.

Charges: Administration: per employee per month.

Branch offices: Sales offices in Louisville, Ky.; Columbus and Cincinnati, Ohio.

PPO access.

Officers: Arthur W. Chandler, chairman; Keith Kern, secretary/treasurer; James K. Piper, president; Jim Tetreault, president/COO-TFA services; Burton Margolis, CFO.

Gilsbar Inc.

P.O. Box 2240,
Covington, La. 70434;
504-892-3520; fax: 504-898-1510

Employee Benefits

1997 revenues

Total.....\$12,000,000
Claims revenue.....\$2,900,000
Claims administration.....100%
Other services include adjusting for fully insured clients.

Claims business by type

Health insurance.....100%
Employees covered.....58,645
Dependents covered.....123,155

Claims business by volume

Administration claims paid.....\$100,728,000

Clients

Total.....168
Corporations.....158
Public/government entities.....10

Staff

Total.....236
Claims services.....60

Claims services since: 1959.

Service area: Nationwide.

Charges: Administration: fee plus commission.

Branch offices: Administrative office in Metairie, La. Sales office in Shreveport, La.

Officers: Henry J. Mittenberger Jr., president; W. Robert Ellis, senior vp; Curt W. Keay, CFO/vp; Joseph Luquet Jr., vp; Shelley Lampard, vp.

Contact: Jane Bucano.

Gow Management Services

344 Delaware Ave.,
Buffalo, N.Y. 14202;
716-856-6148; fax: 716-856-6179

Employee Benefits/Property & Casualty

1997 revenues

Total.....\$1,300,000
Claims revenue.....\$1,100,000
Claims administration.....85%
Claims adjusting.....13%
Claims auditing.....2%
Other services include claim prevention through loss control.

Claims business by type

Disability.....10%
Workers compensation.....85%
Other.....5%

Claims business by volume

Administration claims paid.....\$3,200,000
Auditing projects conducted.....3

Clients

Total.....63
Corporations.....16
Public/government entities.....47

Staff

Total.....22
Claims services.....18

Claims services since: 1982.

Parent: S.H. Gow & Co. Inc.

Service area: Nationwide.

Charges: Administration: \$120 to \$200 per claim. Adjusting/auditing: flat contract.

Branch offices: Administrative offices in Rochester and Syracuse, N.Y. Sales offices in Buffalo, Rochester and Syracuse, N.Y.

Officers: Stephen H. Gow, chairman; Richard K. Mason, president; Neil A. Schaefer, Robert J. McKeever, executive vps; Patricia A. Goldwater, executive vp-finance.

Contact: Michael H. Ernst, Daniel K. Conley, Richard K. Mason.

Group Administrators Ltd.

1880 N. Roselle Road,
Schaumburg, Ill. 60195;
847-519-1880; fax: 847-519-1979

Employee Benefits/Property Casualty

1997 revenues

Total.....\$3,700,000
Claims revenue.....\$3,500,000
Claims administration.....98%
Claims adjusting.....2%
Other services include administration for fully insured plans, repricing PPO claims and utilization review.

Claims business by type

Disability.....1%
Flex compensation.....2%
Health insurance.....96%
Employees covered.....60,000
Dependents covered.....150,000
Workers compensation.....1%

Claims business by volume

Administration claims paid.....\$85,000,000

Clients

Total.....104
Corporations.....100
Multiemployer plans.....2
Public/government entities.....2

Staff

Total.....54
Claims services.....55

Claims services since: 1985.

Service area: Nationwide.

Charges: Administration: \$8 to \$15 per employee per month.

PPO access.

Officers: William Webbe, president; David Dorfman, executive officer; Barb Wieda, Ronald Lawler, vps.

Contact: David Dorfman.



HCH Administration

209 W. Fifth St., Peoria, Ill. 61605;
800-322-1516; fax: 309-673-7369

Employee Benefits

1997 revenues

Total.....\$5,145,000
Claims revenue.....\$2,824,000
Claims administration.....100%
Other services include fully insured administration, Taft-Hartley plans, HIPAA, COBRA, prescription drug management/card program, medical management and absence management.

Claims business by type

Flex compensation.....3%
Health insurance.....78%
Employees covered.....28,285
Other.....19%
Includes: COBRA, Taft-Hartley, utilization review

Claims business by volume

Administration claims paid.....\$78,558,320

Clients

Total.....112
Corporations.....88
Multiemployer plans.....5
Public/government entities.....15
Union-sponsored plans.....3
Other.....1

Staff

Total.....102
Claims services.....29

Claims services since: 1982.

Parent: Health Care Horizons Inc.

Service area: Nationwide.

Charges: Administration: \$5 to \$9 per employee per month.

Branch offices: Administrative office in Albuquerque, N.M.

PPO access.

Officers: Philip C. Walker II, CEO; James Stevenson, president; Gloria Towles, vp; Van Barta, secretary.

Contact: Scott Reid, vp-sales/marketing.

HHS Administrators*

2716 Albany St.,
Schenectady, N.Y. 12304;
518-370-3828; fax: 518-370-3890

Employee Benefits/Property & Casualty

1997 revenues

Total.....\$1,800,000
Claims revenue.....\$1,800,000
Claims administration.....100%

Other services include PPO network development and management, utilization review, case management and loss control.

Claims business by type

Flex compensation.....5%
Health insurance.....75%
Employees covered.....21,000
Dependents covered.....27,300
Workers compensation.....20%

Clients

Total.....78
Corporations.....50
Public/government entities.....28

Staff

Total.....56
Claims services.....56

Claims services since: 1973.

Parent: HUM HealthCare Systems.

Service area: New England region; New York, Ohio, West Virginia.

Charges: Administration: per employee per month, per file.

Branch offices: Administrative offices in Hicksville and Schenectady, N.Y.; Columbus, Ohio. Sales offices in Schenectady, N.Y.; Columbus, Ohio.

Subsidiaries: CCI Administration Inc.

PPO access.

Officers: John Gilchrist, executive director; Mike Greppo, operations manager.

Contact: John Gilchrist.

* Formerly Lawrence Healthcare Administrative Services.

HPS Paradigm Inc. dba

Paradigm Administrators

1814 Highway 41 N., P.O. Box
1268, Tifton, Ga. 31793-1268;
912-386-1751; fax: 912-386-4967

Employee Benefits

1997 revenues

Total.....\$1,750,000
Claims revenue.....\$1,600,000
Claims administration.....100%
Other services include COBRA and HIPAA administration, flexible benefits administration and managed care network claims repricing services.

Claims business by type

Disability.....2%
Flex compensation.....5%
Health insurance.....93%
Employees covered.....15,000
Dependents covered.....28,000

Claims business by volume

Administration claims paid.....\$3,600,000

Clients

Total.....60
Corporations.....52
Public/government entities.....8

Staff

Total.....30
Claims services.....20

Claims services since: 1978.

Parent: Health Partners Services.

Service area: Nationwide.

Charges: Administration: \$6 to \$15 per employee per month.

Branch offices: Sales offices in Albany, Atlanta and Statesboro, Ga.

PPO access.

Officers: Michael Dendy, chairman; Vince Clanton, president; Lori Sapp, director-operations.

Contact: Donna Davis.

HRH Risk Services

600 Luckie Drive, Suite 175,
P.O. Box 530430, Birmingham,
Ala. 35253-0430; 205-871-3300;
fax: 205-871-3112

Property & Casualty

1997 revenues

Total.....\$2,000,000
Claims revenue.....\$1,435,000
Claims administration.....100%
Other services include claims administration for insurance companies and loss control.

Claims business by type

General liability.....1%
Workers compensation.....99%

Claims business by volume

Administration claims paid.....\$18,137,337

Clients

Total.....46
Corporations.....31
Public/government entities.....12
Other.....3

Staff

Total.....29
Claims services.....23

Claims services since: 1993.

Parent: Hilb, Rogal & Hamilton Co. of Alabama Inc.

Service area: Nationwide.

Charges: Administration: annual fee.

Branch offices: Administrative offices in Mobile, Ala.; Savannah, Ga.

Officers: Richard E. Simmons III, CEO; Fred Renneker III, president; Richard H. Pardue, COO; J. Rawlins McKinney, vp-marketing; Kevin Hennigan, vp-claims.

Contact: Rawlins McKinney, 205-868-0213.

Harrington Benefit Services

3401 Morse Crossing,
Columbus, Ohio 43219;
614-470-7000; fax: 614-470-7086

Employee Benefits/Property & Casualty

1997 revenues

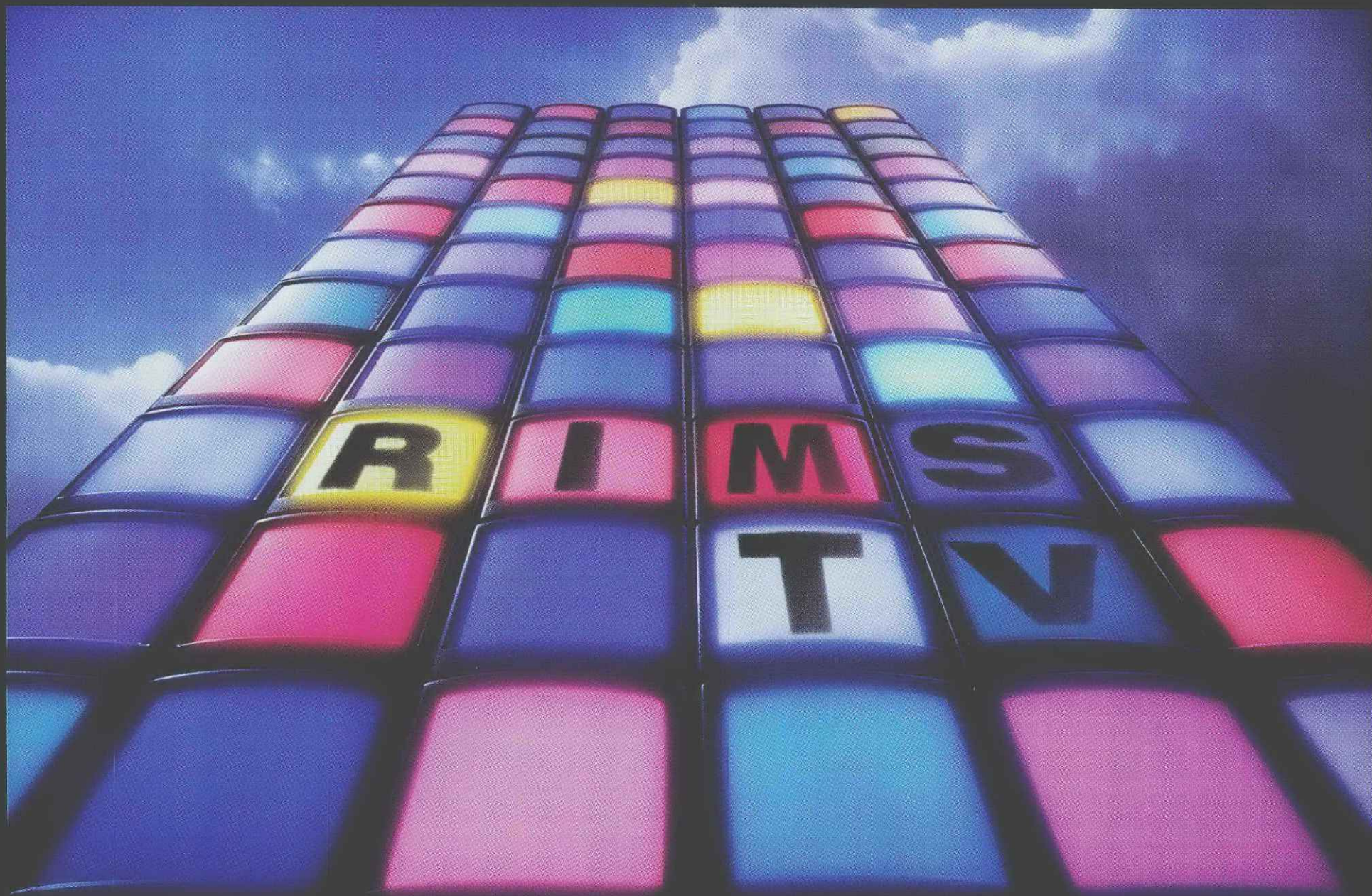
Total.....\$300,000,000*
Claims revenue.....\$100,000,000
Claims administration.....100%
Other services include utilization review, large case management, managed care, prescription drug management; short- and long-term disability, Taft-Hartley and COBRA administration.

Claims business by type

Disability.....1%
Flex compensation.....1%
Health insurance.....87%
Employees covered.....820,000
Dependents covered.....1,400,000
Pensions.....8%
Workers compensation.....3%

Claims business by volume

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Continued from page 36

Claims business by volume

Administration claims paid.....\$18,303,900

ClientsTotal.....37
Public/government entities.....37**Staff**Total.....23
Claims services.....12

Claims services since: 1991.

Parent: Assn. of California Healthcare Districts.

Service area: California.

Charges: Administration: per file.

Branch offices: Administrative office in Sacramento, Calif.

PPO access.

Officers: Vic Biswell, CEO; Jim Giannini, CFO.

Contact: Kerri Krouse.

Heller Associates Inc.2755 Bristol St., Suite 250,
Costa Mesa, Calif. 92626;
714-549-7052; fax: 714-549-4816

Employee Benefits

1997 revenuesTotal.....\$3,000,000
Claims revenue.....\$2,900,000
Claims administration.....100%
Other services include fully insured administration, billing services and preferred provider organization.**Claims business by type**Disability.....1%
Flex compensation.....1%
Health insurance.....98%
Employees covered.....41,570
Dependents covered.....83,140**Claims business by volume**

Administration claims paid.....\$100,000,000

ClientsTotal.....68
Association plans.....1
Corporations.....61
Public/government entities.....6**Staff**Total.....56
Claims services.....30

Claims services since: 1980.

Service area: Nationwide.

Charges: Administration: \$5 to \$25 per employee per month.

Branch offices: Administrative offices in Costa Mesa, Calif.; Las Vegas; Cleveland. Sales office in Dayton, Ohio.

PPO access.

Officers: Frank J. Helle, chairman/CEO; Glen E. Ogden, president; Philip R. Steffensen, executive vp; Walter Pregizer, vo-operations; Teri Berry, assistant vp.

Contact: Glen E. Ogden, 830-222-2184.

Helmsman Management Services Inc.9 Riverside Road,
Weston, Mass. 02193;
617-243-7985; fax: 781-736-0256**Property & Casualty****1997 revenues**Total.....\$80,106,000
Claims revenue.....\$13,700,000
Claims administration.....98%
Claims adjusting.....1%
Claims auditing.....1%
Other services include administration for fully insured clients, loss prevention, risk information services, managed care, actuarial and consulting.**Claims business by type**Automobile.....20%
General liability.....5%
Workers compensation.....75%**Claims business by volume**

Administration claims paid.....\$775,088

ClientsTotal.....475
Association plans.....5
Corporations.....465
Public/government entities.....5**Staff**Total.....720
Claims services.....575

Claims services since: 1983.

Parent: Liberty Mutual Group.

Service area: Nationwide.

Charges: Administration: flat fee. Adjusting: per claim. Auditing: time and expense.

Branch offices: Administrative offices in Glendale, Calif.; Gahanna, Ohio. Sales offices in all major metropolitan areas.

PPO access.

Officers: Edmund F. Kelly, president; Amy J. Leddy, vp/manager; Bob Litke, vp; Barry Gilvar, secretary; Elliot Williams, treasurer.

Contact: Dan Lyons.

Hertz Claim Management Corp.225 Brae Blvd.,
Park Ridge, N.J. 07656;
800-426-7389; fax: 201-307-2709**Property & Casualty****1997 revenues**Total.....\$30,000,000
Claims administration.....95%
Claims auditing.....5%
Other services include loss control and actuarial services.**Claims business by type**Automobile.....75%
General liability.....25%**Clients**Total.....71
Association plans.....3
Corporations.....58
Public/government entities.....10**Staff**

Total.....380

Claims services since: 1981.

Parent: The Hertz Corp.

Service area: Nationwide.

Charges: Administration: per claim.

Branch offices: Administrative and sales offices in Los Angeles; Washington; Miami; Chicago; Boston; Park Ridge, N.J.; Pittsburgh; Dallas; Europe.

PPO access.

Officers: Howard Rezak, president; Bill Gavin, vp-sales/risk management; Richard McEvilly, vp/general counsel; John Fahey, vp-liability.

Contact: Bill Gavin, Thomas Bidwell, sales representative or Richard Sedlak, national account manager.

Hewitt, Coleman & Associates Inc.P.O. Box 5500,
Greenville, S.C. 29606;
864-240-5800; fax: 864-232-8824**Employee Benefits/Property & Casualty****1997 revenues**Total.....\$5,500,000
Claims revenue.....\$5,000,000
Claims administration.....100%
Other services include claims management for fully insured clients, accounting, data management, excess and other insurance placements, loss control, underwriting, managed care and training.**Claims business by type**Automobile.....5%
General liability.....5%
Health insurance.....15%
Workers compensation.....75%**Claims business by volume**

Administration claims paid.....\$44,000,000

ClientsTotal.....243
Association plans.....3
Corporations.....220
Public/government entities.....20**Staff**

Total.....70

Claims services since: 1923.

Service area: Nationwide.

Charges: Administration: percent of payroll, fixed fee.

Branch offices: Administrative offices in Birmingham, Ala.; Little Rock, Ark.; Orlando, Fla.; Norcross, Ga.; Indianapolis; Jackson, Miss.; St. Louis; Raleigh, N.C.; Nashville, Tenn.

PPO access.

Officers: Charles Wame, president; Mitzi Helton, vp; Ron Graves, executive vp; Randy Chapman, senior vp.

Contact: Charles Wame.

Heyenrath & Associates1616 W. Dean Ave.,
Spokane, Wash. 99201-1825;
509-325-9726; fax: 509-325-2431**Property & Casualty****1997 revenues**Total.....\$576,000
Claims revenue.....\$465,000
Claims auditing.....100%**Claims business by type**Automobile.....15%
General liability.....30%
Ocean marine.....5%
Professional liability.....5%
Property damage.....5%
Workers compensation.....40%**Claims business by volume**

Auditing projects conducted.....15

ClientsTotal.....89
Association plans.....10
Corporations.....16
Public/government entities.....35
Other.....28**Staff**Total.....8
Claims services.....8

Claims services since: 1980.

Service area: Nationwide.

Charges: Auditing: \$100 to \$185 hourly; flat fee basis for specific projects.

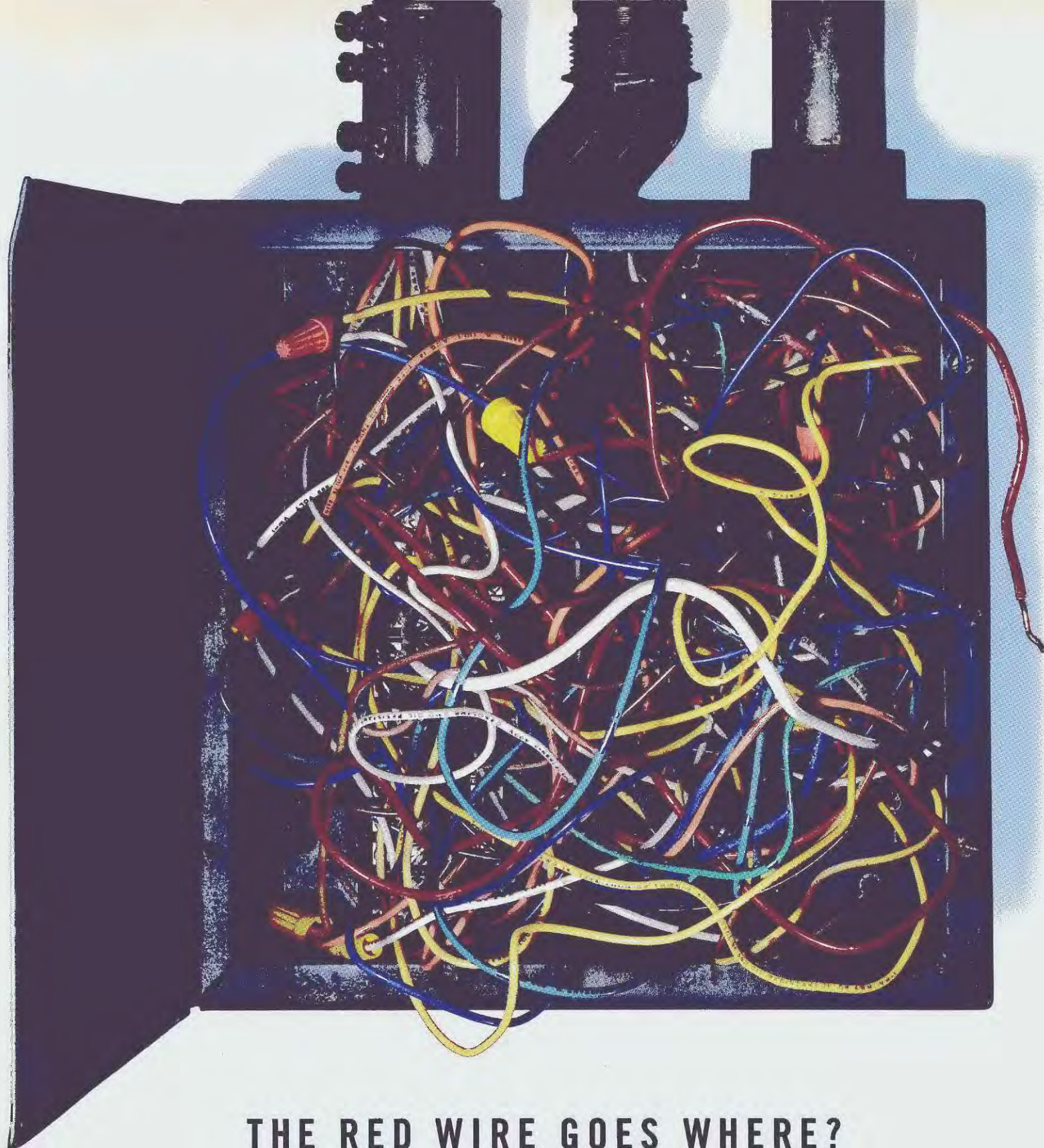
Branch offices: Administrative offices in Manhattan Beach, Calif.

Contact: Leo Heyenrath, senior partner.

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Continued from page 38

Humana Workers' Compensation Services Inc.

P.O. Box 166007,
Altamonte Springs, Fla. 32716;
800-883-4000; fax: 407-788-8648

Employee Benefits/Property & Casualty

1997 revenues

Total	\$80,000,000
Claims revenue	\$30,000,000
Claims administration	100%
Other services include fully insured administration and auditing, managed care services, PPO network, underwriting, marketing, policy administration, premium collection and safety management.	

Claims business by type

Health insurance	6%
Workers compensation	94%

Claims business by volume

Administration claims paid	\$250,000,000
----------------------------	---------------

Clients

Total	62
Association plans	12
Corporations	40
Public/government entities	10

Staff

Total	675
-------	-----

Claims services225

Claims services since: 1978.

Parent: Humana Inc.

Service area: Alabama, Florida, Georgia, Kansas, Louisiana, Mississippi, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas.

Branch offices: Administrative offices in Montgomery, Ala.; Atlanta; Topeka, Kan.; Baton Rouge, La.; Jackson, Miss.; Raleigh, N.C.; Oklahoma City; Columbia, S.C.; Nashville, Tenn.

PPO access.

Officers: D. Gene Roberts, director; Dan Robertson, associate executive director.

Contact: Colin F. Galloway.

I

ITT Specialty Risk Services Inc.

Goodwin Square, 225 Asylum St.,
16th Floor, Hartford, Conn. 06103;
860-520-2575; fax: 860-520-2503

Property & Casualty

1997 revenues

Total	\$51,000,000
Claims revenue	\$16,000,000
Claims administration	98%
Claims auditing	2%
Other services include loss control, actuarial and risk management information services.	

Claims business by type

Automobile	5%
General liability	10%
Workers compensation	85%

Claims business by volume

Administration claims paid	\$820,000,000
----------------------------	---------------

Clients

Association plans	1
Corporations	193
Public/government entities	11
Other	206

Staff

Total	650
Claims services	500

Claims services since: 1991.

Parent: Hartford Insurance Group.

Service area: Nationwide.

Charges: Administration: flat fee. Auditing: per claim/contract fee/loss conversion factor. Auditing: contract fee.

Branch offices: Administrative offices in Brea, Calif.; Chicago; Philadelphia; Syracuse, N.Y.; Nashville, Tenn.; Dallas. Sales offices in

Los Angeles; Hartford, Conn.; Atlanta; Chicago; New York.

PPO access.

Officers: Dennis Replogle, president; Stephen Holcomb, senior vp; Annette Sanchez, Jim Leonard, Patsy Baumgartner, vps.

Contact: Annette Sanchez.

Inservco Insurance Services Inc.

2 N. Second St.,
Harrisburg, Pa. 17101;
800-356-0438; fax: 717-221-6060

Property & Casualty

1997 revenues

Total	\$7,850,000
Claims revenue	\$5,105,000
Claims administration	98%
Claims adjusting	1%
Claims auditing	1%
Other services include workers comp managed care and safety management consulting.	

Claims business by type

Automobile	7%
General liability	13%
Professional liability	5%
Property damage	5%
Workers compensation	70%

Claims business by volume

Administration claims paid	\$8,700,000
Auditing projects conducted	2

Clients

Total	224
Association plans	12
Corporations	27
Public/government entities	185

Staff

Total	127
Claims services	54

Claims services since: 1980.

Parent: Penn National Insurance Co.

Service area: Delaware, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia.

Charges: Administration: annual fee. Auditing: per hour. Auditing: per project.

Branch offices: Administrative and sales offices in Lawrenceville, N.J.; Harrisburg and Pittsburgh, Pa.

PPO access.

Officers: James I. Taylor, president/CEO; Robert L. Conrad, executive vp of Inservco; Barry Kline, senior vp/CFO; Kenneth Shutts, senior vp/secretary/general counsel.

Contact: James S. Owens, corporate sales/marketing.

Insurance Claims Auditing

4725 Highway 55, Suite 101,
Minneapolis, Minn. 55422;
612-544-6611; fax: 612-544-5514

Employee Benefits

1997 revenues

Total	\$453,000
Claims revenue	\$453,000
Claims auditing	100%

Claims business by type

Health insurance	95%
Other	5%
Includes: COBRA, HIPAA, training, performance agreements.	

Claims business by volume

Auditing projects conducted	40
-----------------------------	----

Clients

Corporations	35
Multiemployer plans	1

Staff

Total	7
Claims services	6

Audit services since: 1988.

Service area: Nationwide.

Charges: Auditing: \$75 to \$135 per hour.

Officers: Betty Clark, president; H. Fears, secretary/treasurer; Gloria Bauer, vp.

Contact: Betty Clark.

Insurance Design Administrators

169 Ramapo Valley Road, P.O.
Box 875, Oakland, N.J. 07436;
201-337-0007; fax: 201-337-1391

Employee Benefits

1997 revenues

Total	\$11,468,881
Claims revenue	\$11,468,881
Claims administration	100%

Claims business by type

Disability	2%
Flex compensation	3%
Health insurance	95%
Employees covered	78,424
Dependents covered	120,407

Claims business by volume

Administration claims paid	\$183,000,000
----------------------------	---------------

Clients

Total	174
Corporations	63
Multiemployer plans	2
Public/government entities	109

Staff

Total	119
-------	-----

Claims services since: 1979.

Service area: Nationwide.

Charges: Administration: \$9 to \$19 per employee per month.

Branch offices: Sales offices in Philadelphia.

PPO access.

Officers: Robert Gallo, CEO; Russell P. Minetti, president; Paul Sabina, Robert Ventrella, executive vps; Patricia Weber, executive vp-account management.

Integrated Healthcare Delivery Systems (IHDS)

12377 Merit Drive, Suite 100,
Dallas, Texas 75251; 972-383-1100;
fax: 972-383-1155

Property & Casualty

1997 revenues

Total	\$35,000,000
Claims revenue	\$25,000,000
Claims administration	95%
Claims adjusting	5%
Other services include bill review, toll-free first report of injury, managed care, disability management and claim investigation.	



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Underwriting Managers

Continued on page 42

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Continued from page 40

Claims business by type

General liability	35%
Workers compensation	65%

Claims business by volume

Administration claims paid	\$150,000,000
----------------------------	---------------

Clients

Total	12
Corporations	8
Public/government entities	4

Staff

Total	550
Claims services	350

Claims services since: 1992.**Parent:** CARE Systems Corp.**Service area:** Nationwide.**Charges:** Administration: flat rate, per claim. Auditing: hourly.**Branch offices:** Administrative offices in Covina, Calif.; Jacksonville, Tallahassee, Tampa, Fla.; Troy, Mich.; Charlotte, N.C.; Parsippany, N.J.; Houston. Sales offices in Jacksonville, Fla.; Parsippany, N.J.; Houston.**Subsidiaries:** Managed Care Services, Columbus, Ohio.**PPO access.****Officers:** John T. Unipan, chairman/CEO; Frank Adams, CFO; James Robertson, executive vp-sales and marketing; Earl McKinstry, general counsel; Dan Miller, vp-integrated client services/product development; Kent Maurer, CIO.
Contact: James Robertson.**Claims business by type**

Automobile	5%
General liability	5%
Health insurance	50%
Professional liability	5%
Property damage	5%
Workers compensation	50%

Claims business by volume

Administration claims paid	\$18,000,000
----------------------------	--------------

Clients

Total	168
Association plans	8
Corporations	22
Public/government entities	138

Staff

Total	85
Claims services	55

Claims services since: 1988.**Parent:** JI Financial Group.**Service area:** Texas.**Charges:** Administration: \$40 to \$60 per hour. Auditing: \$250 to \$350 per claim. Workers compensation only.**Officers:** Francis J. Fey, president/CEO; Martha King, CFO; William I. Martin Jr., Samuel D. Francis, Don C. Moore, executive vps.**Contact:** William I. Martin Jr.**JT2 Integrated Resources**231 Market Place, Suite 381,
San Ramon, Calif. 94583;
510-244-0212; fax: 510-244-0220**Property & Casualty****1997 revenues**

Total	\$2,700,000
Claims revenue	\$2,700,000
Claims administration	0%

Claims business by type

General liability	2%
Workers compensation	98%

Claims business by volume

Administration claims paid	\$15,000,000
----------------------------	--------------

Clients

Corporations	5
Public/government entities	52

Staff

Total	52
Claims services	52

Claims services since: 1992.**Service area:** California.**Charges:** Administration: flat annual fee.**Branch offices:** Administrative offices in Irvine, Glendale, Oakdale, San Ramon and Walnut Creek, Calif.**PPO access.****Officers:** Jeff Sandford, CEO; John Casas, president; Tom Blake, CCO; Theresa Fernandez, executive vp.**Contact:** Jeff Sandford.**JWF Specialty Co. Inc.**902 Virginia Ave.,
Indianapolis, Ind. 46203;
317-236-0900; fax: 317-236-6170**Property & Casualty****1997 revenues**

Total	\$1,500,000
Claims revenue	\$700,000
Claims administration	99%
Claims adjusting	1%

Claims business by type

Automobile	5%
Disability	1%
General liability	1%
Professional liability	53%
Workers compensation	40%

Claims business by volume

Administration claims paid	\$3,675,000
----------------------------	-------------

Clients

Association plans	1
Corporations	8
Public/government entities	3

Staff

Total	20
Claims services	8

Claims services since: 1988.**Parent:** JWF Insurance Cos.**Service area:** Nationwide.**Charges:** Administration: claim/flat fee, \$100 to \$700.**PPO access.****Officers:** John S. Flynn, president; Thomas A. Flynn, executive vp; Thomas C. Dickman, vp.**Contact:** Karen Jefferson, 300-359-6659.**Jardine Group Services Corp.**13 Cornell Road,
Latham, N.Y. 12110;
518-782-3175; fax: 518-782-3032**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$9,000,000
Claims revenue	\$6,200,000
Claims administration	85%
Claims adjusting	15%

Other services include professional review and consulting services on all dental claims.

Claims business by type

Disability	10%
Health insurance	73%
Other	17%

Claims business by volume

Administration claims paid	\$134,066,568
----------------------------	---------------

Clients

Total	28
Association plans	3
Corporations	10
Multiemployer plans	13
MEWAS	1
Other	1

Staff

Total	321
Claims services	90

Claims services since: 1982.**Parent:** Jardine Lloyd Thompson Group P.L.C.**Service area:** Nationwide.**Charges:** Administration: varies, per employee per month. Auditing: per claim or contingency, based upon savings achieved.**Branch offices:** Sales offices in Denver; Waterbury, Conn.; Chicago.**Subsidiaries:** Professional Dental Reviewers Inc., Latham, N.Y.; ACI-Administrative Consultants Inc.**PPO access.****Officers:** W. Michael Carroll, CEO; Gary P. Hickey, Michael E. Murphy, senior vp/managing directors; Georgiana Carney, senior vp.**Contact:** Colleen Sherir, vp.**Johns Eastern Co. Inc.**P.O. Box 4175,
Sarasota, Fla. 34230;
941-361-3100; fax: 941-361-3107**Property & Casualty****1997 revenues**

Total	\$14,000,000
Claims revenue	\$4,000,000
Claims administration	20%
Claims adjusting	75%
Claims auditing	5%

Other services include managed care and claims administration, adjusting and auditing for fully insured clients.

Claims business by type

Automobile	10%
General liability	15%
Professional liability	5%
Property damage	5%
Workers compensation	65%

Claims business by volume

Administration claims paid	\$20,000,000
Auditing projects conducted	2

Clients

Total	50
Corporations	22
Public/government entities	28

Staff

Total	164
-------	-----

Claims services since: 1946.**Service area:** District of Columbia, Florida, Maryland, New Jersey, Pennsylvania, Virginia.**Charges:** Administration: contract, varies. Auditing: \$51+ per hour. Auditing: \$76+.**Branch offices:** Administrative and sales offices in Jacksonville, Miami, Sarasota, Tampa and West Palm Beach, Fla.; Baltimore and Greenbelt, Md.; Philadelphia; Norfolk, W.Va.**PPO access.****Officers:** Donald L. Johns, chairman; K.M. Johns III, president; Allen L. Ladd, executive vp; Philip Shields, Norman Sensinger, vps.**Contact:** Allen L. Ladd.**Johnston & Culberson Inc.**3500 Two Union Square, 601 Union
St., Seattle, Wash. 98101;
206-622-2141; fax: 206-621-9749**Property & Casualty****1997 revenues**

Total	\$6,300,000
Claims revenue	\$5,600,000
Claims administration	100%

Other services include State Fund claims management services.

Claims business by type

Workers compensation	100%
----------------------	------

Claims business by volume

Administration claims paid	\$43,200,000
----------------------------	--------------

Clients

Association plans	4
-------------------	---

Continued on page 44

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Continued from page 42

Corporations	191
Public/government entities	20
Staff	
Total	110
Claims services	83

Claims services since: 1973.**Service area:** Oregon, Washington.**Charges:** Administration: annually based on volume and services provided. Adjusting: quarterly.**Branch offices:** Administrative offices in Portland, Ore. Sales offices in Portland, Ore.; Seattle and Spokane, Wash.**PPO access.****Officers:** Gerald A. Johnston, president; Fred R. Culberson, executive vp.**Contact:** Fred R. Culberson.**W.J. Jones Administrative Services Inc.**1979 Marcus Ave., Suite C101,
Lake Success, N.Y. 11042;
516-775-5420; fax: 516-775-6854

Employee Benefits

1997 revenues

Total	\$10,000,000
Claims revenue	\$8,000,000
Claims administration	100%
Other services include PPO management and benefit design.	

Claims business by type

Disability	1%
Flex compensation	4%
Health insurance	95%
Employees covered	85,000
Dependents covered	50,000

Claims business by volume

Administration claims paid	\$75,000,000
----------------------------	--------------

Clients

Total	136
Corporations	130
Public/government entities	4
Union-sponsored plans	2

Staff

Total	200
Claims services	150

Claims services since: 1981.**Service area:** Nationwide.**Charges:** Administration: \$3 to \$15 per employee per month.**PPO access.****Officers:** John P. Sherlock, president; Robert F. Sherlock, Kevin J. Sherlock, George F. Bing-

ham, vps.

Contact: Robert F. Sherlock.**K****Keenan & Associates**P.O. Box 4328,
Torrance, Calif. 90510;
310-212-3344; fax: 310-212-0554

Employee Benefits/Property & Casualty

1997 revenues

Total	\$47,000,000
Claims revenue	\$8,000,000
Claims administration	5%
Claims adjusting	1%

Other services include fully insured untraced claims, integrated disability management, loss prevention services, managed care, legal PPO and claims accounting services.

Claims business by type

Automobile	2%
General liability	2%
Health insurance	7%
Property damage	2%
Workers compensation	5%

Claims business by volume

Administration claims paid	\$180,000,000
----------------------------	---------------

Clients

Total	913
Corporations	51
Public/government entities	862

Staff

Total	460
Claims services	220

Claims services since: 1978.**Service area:** California.**Charges:** Administration: flat rate. Adjusting: hourly.**Branch offices:** Administrative offices in Campbell, Chico, Eureka, Fresno, Rancho Cordova and Riverside, Calif. Sales offices in Campbell, Irvine, Oakland, Riverside, Sacramento, San Diego and Westlake Village, Calif.**Subsidiaries:** Innovative Care Systems: Campbell, Gilroy, Newark, Rancho Cordova, San Ramon and Torrance, Calif.; Regency Claims: Fresno, Oakland and Torrance, Calif.**PPO access.****Officers:** John R. Keenan, CEO/president; David J. De Wenter, executive vp/COO; Sean K. Smith, president-schools division; Richard B. Stewart, executive vp; Keith R. Pippard, CFO.**Contact:** David J. De Wenter.**Key Risk Management Services Inc.**P.O. Box 49129,
Greensboro, N.C. 27419;
800-942-0225; fax: 336-668-7941

Property & Casualty

1997 revenues

Total	\$12,000,000
Claims revenue	\$12,000,000
Claims administration	100%
Other services include marketing and loss control.	

Claims business by type

Workers compensation	100%
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Claims business by volume

Administration claims paid	\$40,000,000
----------------------------	--------------

Staff

Total	125
Claims services	47

Claims services since: 1985.**Parent:** W.R. Berkley Corp.**Service area:** Georgia, North Carolina, South Carolina.**Branch offices:** Administrative offices in Atlanta; Greensboro and Raleigh, N.C.; Columbia, S.C. Sales offices in Atlanta; Greensboro, N.C.; Columbia, S.C.**PPO access.****Officers:** Bobby G. Biggerstaff, chairman; Joe Sykes, president; Rebecca Karr, CFO; Otelia Travis, vp; Anne Roberts, assistant vp.
Contact: Otelia Travis.**Klais & Co. Inc.**1867 W. Market St.,
Akron, Ohio 44313;
330-867-8443; fax: 330-867-0827

Employee Benefits

1997 revenues

Total	\$7,000,000
Claims revenue	\$6,500,000
Claims administration	100%
Other services include cost management, flexible benefits and pension administration.	

Claims business by type

Disability	1%
Flex compensation	2%
Health insurance	96%
Employees covered	46,000
Pensions	1%

Claims business by volume

Administration claims paid	\$125,000,000
----------------------------	---------------

Clients

Total	150
Corporations	123
MEWAs	2
Public/government entities	25

Staff

Total	101
Claims services	96

Claims services since: 1979.**Service area:** Ohio; Mid-Atlantic, Southeast, Upper Midwest.**Charges:** Administration: per employee, per month.**Branch offices:** Sales office in Atlanta.**PPO access.****Officers:** Nancy K. Archibald, president; James R. Mendiola, vp-finance; Richard Schoeller, vp-marketing.**Contact:** Nancy Archibald.**L****Legalgard Inc.**1617 JFK Blvd., Suite 700,
Philadelphia, Pa. 19103;
215-814-6300; fax: 215-814-6363

Property & Casualty

1997 revenues

Total	\$7,000,000
Claims revenue	\$750,000
Claims auditing	100%
Other services include information services, data warehousing and software development.	

Claims business by type

Automobile	30%
General liability	30%
Professional liability	20%
Property damage	5%
Workers compensation	15%

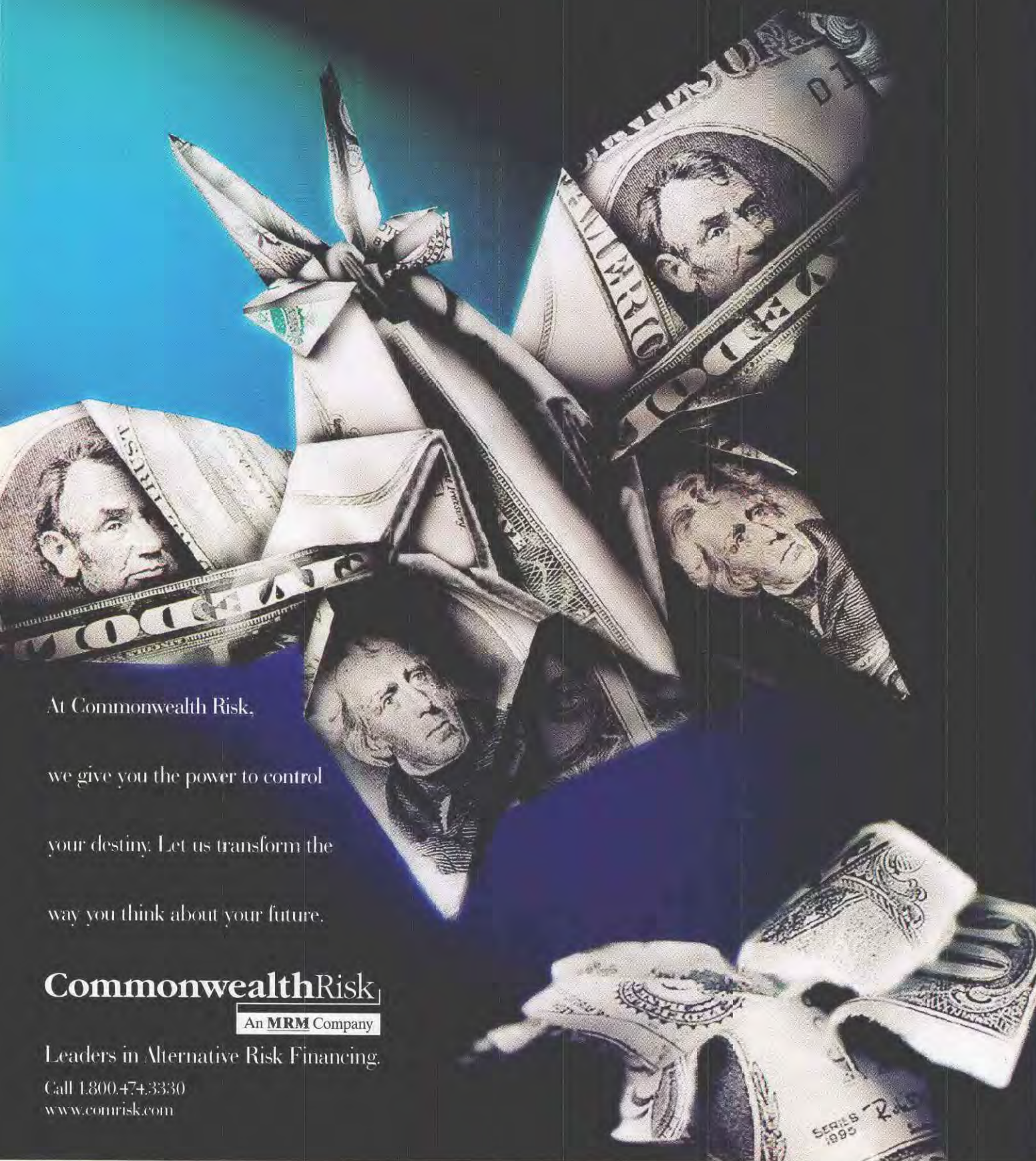
Staff

Total	120
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Claims services since: 1987.**Service area:** Nationwide.**Branch offices:** Administrative offices in Philadelphia. Sales offices in Baltimore; Pittsburgh.**Officers:** Dennis Costello, CEO; Edward Charlton, president.**Contact:** Dennis Costello.**Lindsey Morden**3910 Brookside Drive,
Tyler, Texas 75701;
903-561-6700; fax: 903-561-9407

Continued on next page

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Property & Casualty	
1997 revenues	
Total	\$180,000,000
Claims revenue	\$10,000,000
Claims administration	80%
Claims adjusting	15%
Claims auditing	5%
Other services include cost containment and loss control.	
Claims business by type	
Automobile	12%
General liability	17%
Inland marine	2%
Professional liability	2%
Property damage	5%
Workers compensation	62%
Claims business by volume	
Administration claims paid	\$110,000,000
Auditing projects conducted	12
Clients	
Total	582
Association plans	21
Corporations	18
Public/government entities	543
Staff	
Total	1,279
Claims services	131
Claims services since: 1923.	
Parent: Lindsey Morden Group.	
Service area: Nationwide.	
Charges: Administration: \$50 to \$150 per hour. Adjusting: \$50 to \$1,800 per claim. Auditing: \$75 to \$250 per hour.	
Branch offices: Administrative offices in Phoenix; Sacramento, Calif.; Atlanta; Chicago; Kansas City, Kan.; Philadelphia; Charlotte, N.C.; Dallas, El Paso, Houston, Texas. Sales offices in Fresno, Calif.; Denver; Atlanta; Chicago; Kansas City, Kan.; Louisville, Ky.; Parsippany, N.J.; New York; Columbus, Ohio; Cranston, R.I.; Dallas, Houston.	
Subsidiaries: Lindsey Morden Claims Management Inc.; Lindsey Morden Claims Services Ltd.; Lindsey Morden Claim Services Inc.; Cunningham Lindsey International.	
PPO access.	
Officers: Ken Polley, chairman/CEO; Don Smith, president/COO; Ferd Roibas, CFO; Don Guin, senior vp/treasurer; Paul Maggi, senior vp.	
Contact: Bob Morris, 973-402-8844.	

The Lipman Co.

3340 Walnut Ave., Suite 290,
Fremont, Calif. 94538;
510-795-0103; fax: 510-795-0100

Employee Benefits	
1997 revenues	
Total	\$3,500,000
Claims revenue	\$3,500,000
Claims administration	100%
Other services include premium re-billing and COBRA administration.	
Claims business by type	
Flex compensation	30%
Health insurance	60%
Employees covered	16,000
Other	10%
Includes: COBRA administration, premium re-billing	
Claims business by volume	
Administration claims paid	\$20,000,000
Clients	
Corporations	200
Multiemployer plans	1
MEWAs	1
Staff	
Total	22
Claims services	10
Claims services since: 1976.	
Parent: Lipman Insurance Administrators Inc.	
Service area: Nationwide.	
PPO access.	
Officers: Fred Lipman, president; Larry Lipman, vp-sales; Margie Epstein, secretary; Carolyn Nelson, Marty Kowy, vps-administration.	
Contact: Larry Lipman, 800-533-0113 ext. 301.	

Long Claim Services Inc.

4747 Lincoln Mall Drive,
Matteson, Ill. 60443;
708-747-4010; fax: 708-747-7269

Employee Benefits	
1997 revenues	
Total	\$1,200,000
Claims revenue	\$900,000
Claims administration	90%
Claims adjusting	5%
Claims auditing	5%
Claims business by type	
Disability	10%
Flex compensation	20%
Health insurance	70%
Employees covered	15,500
Dependents covered	26,000
Claims business by volume	
Administration claims paid	\$7,000,000
Clients	
Total	38
Corporations	22
Public/government entities	16
Staff	
Total	18

Claims services	15
Claims services since: 1988.	
Service area: Illinois.	
Charges: Administration/adjusting: per capita.	
PPO access.	
Officers: Don Long, president.	

The Loomis Co.

850 Park Road, P.O. Box 7011,
Wyomissing, Pa. 19610;
610-374-4040; fax: 610-374-6578

Employee Benefits	
1997 revenues	
Total	\$12,100,000
Claims revenue	\$6,377,000
Claims administration	60%
Claims adjusting	35%
Claims auditing	5%
Other services include consulting, brokerage, managed care, benefit outsourcing, COBRA administration and billing and HIPAA compliance.	
Claims business by type	
Disability	3%
Flex compensation	6%
Health insurance	88%
Other	3%
Claims business by volume	
Administration claims paid	\$175,000,000
Clients	
Total	180
Staff	
Total	200
Claims services	100
Claims services since: 1982.	
Service area: Nationwide.	
Charges: Administration: \$7.50 to \$25 per employee per month. Adjusting: per employee per month. Auditing: per project.	
Branch offices: Administrative offices in Annapolis, Md. Sales offices in Fort Lauderdale, Fla.; Annapolis, Md.	
PPO access.	
Officers: James R. Loomis, president; Gerald F. Blaum, vp; Kathy Schlegel, treasurer.	
Contact: James R. Loomis, 610-374-4040 ext. 2201.	

Managed Care USA Services Inc.

4401 Barclay Downs Drive,
Charlotte, N.C. 28209;
704-945-2706; fax: 704-945-2634

Property & Casualty	
1997 revenues	
Total	\$2,500,000
Claims administration	98%
Claims adjusting	1%
Claims auditing	1%
Other services include utilization review, bill review, onsite/telephone case management and PPO services.	
Claims business by type	
Workers compensation	100%
Staff	
Total	51
Claims services since: 1995.	
Parent: Managed Care USA Inc.	
Service area: Nationwide.	
Branch offices: Administrative offices in Charlotte, N.C. Sales offices in Orlando, Fla.; Cherryhill, N.J.	
Officers: John C. Scarborough, president; Managed Care USA Services Inc.; Robert W. Grunow, CFO; Steven M. Mariano, CEO.	
Contact: Kevin M. McCarthy, director-communications.	

Matrix Absence Management Inc.

2099 Gateway Place, Fifth Floor,
San Jose, Calif. 95110;
408-467-7326; fax: 408-467-7288

Employee Benefits/Property & Casualty	
1997 revenues	
Total	\$12,000,000
Claims revenue	\$10,800,000
Claims administration	100%
Other services include leave administration, FMLA, casual absence and return-to-work programs.	
Claims business by type	
Disability	50%
Workers compensation	50%
Claims business by volume	
Administration claims paid	\$66,787,500
Clients	
Corporations	123
Staff	
Total	120
Claims services	83
Claims services since: 1985.	
Service area: Nationwide for disability; workers comp in Arizona, California, Colorado, New Mexico, Oregon, Texas, Utah, Washington.	
Charges: Administration: per employee, percentage of payroll.	

Branch offices: Administrative offices in Phoenix; San Jose, Calif.; Albuquerque, N.M.; Portland, Ore.; Austin, Texas. Sales office in San Jose, Calif.

Subsidiaries: Gunz & Associates.

PPO access.

Officers: David Nolan, chairman/CEO; Martin Grable, president/COO; Terry Garrison, vp-sales/marketing.

Contact: Terry Garrison.

Peter J. McBreen & Associates Inc.

20 N. Wacker Drive, Suite 2520,
Chicago, Ill. 60606; 312-332-4307;
fax: 312-332-2657

Property & Casualty	
1997 revenues	
Total	\$2,500,000
Claims revenue	\$1,650,000
Claims administration	45%
Claims adjusting	45%
Claims auditing	10%
Other services include an online claims information system.	
Claims business by type	
General liability	50%
Property damage	20%
Other	30%
Includes: aviation products, aircraft hull and liability.	
Claims business by volume	
Administration claims paid	\$10,000,000
Auditing projects conducted	2
Clients	
Total	60
Corporations	30
Public/government entities	30
Staff	
Total	35
Claims services since: 1958.	
Service area: Nationwide.	
Charges: Administration: \$65 to \$95 per hour. Adjusting: \$65 to \$95 per hour. Auditing: \$65 to \$95 per hour.	
Branch offices: Administrative offices in Los Angeles; Fort Lauderdale, Fla.; Kansas City, Kan.; Madison, N.J.	
Officers: Geoffrey P. McBreen, executive vp; Hugh G. McBreen, secretary; Paul J. McBreen, assistant secretary.	
Contact: Paul J. McBreen.	

McCreary Corp.

700 Central Parkway,
Stuart, Fla. 34994;
561-287-7650; fax: 561-287-1387

Employee Benefits/Property & Casualty	
1997 revenues	
Total	\$10,500,000
Claims revenue	\$9,000,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	10%
Other services include EPO, PPO and POS managed care administration; utilization review; case management; COBRA; HIPAA; Section 125 administration.	
Claims business by type	
Automobile	1%
Disability	3%
Flex compensation	1%
General liability	3%
Health insurance	70%
Employees covered	50,000
Dependents covered	100,000
Life	3%
Property damage	3%
Workers compensation	16%
Claims business by volume	
Administration claims paid	150,000,000
Clients	
Total	37
Association plans	1
Corporations	6
Public/government entities	30
Staff	
Total	170
Claims services	130
Claims services since: 1984.	
Parent: FPIC Insurance Co.	
Service area: Alabama, Florida, Georgia, Texas.	
Charges: Administration: \$7 to \$20 per employee per month.	
Branch offices: Administrative offices in Stuart, Fla.	
Subsidiaries: Employers Mutual Inc., Jacksonville, Fla.	
PPO access.	
Officers: William T. McCreary, president/CEO; Patrick M. Bowen, executive vp; James E. Davis, Mark Spano, Jean H. Becker, vps.	
Contact: James E. Davis, vp-sales/marketing.	

McDowell Agency Inc.

25 Woods Lake Road, Suites
507/605, Greenville, S.C. 29607;
864-242-6012; fax: 864-233-3604

Employee Benefits	
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1997 revenues

Total	\$1,638,887
Claims revenue	\$1,039,018
Claims administration	63%
Other services include claims administration for fully insured clients.	
Claims business by type	
Disability	2%
Health insurance	98%
Employees covered	9,125
Dependents covered	20,923

Claims business by volume

Administration claims paid	\$26,945,971
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Clients

Total	20
Corporations	20

Staff

Total	30
Claims services	21

Claims services since: 1977.

Parent: McDowell Holdings Inc.

Service area: Nationwide.

Charges: Administration: \$7.90 to \$13.50 per employee per month.

PPO access.

Officers: M. Steve McDowell, president; Kathleen McDowell, executive vp; Joyce Chapman, vp-operations.

Contact: Kathleen McDowell.

McGee Risk Management Services

P.O. Box 419013,
Kansas City, Mo. 64141-6013;
800-423-9044; fax: 816-472-5018

Property & Casualty	
1997 revenues	
Total	\$2,200,000
Claims revenue	\$2,200,000
Claims administration	98%
Claims adjusting	1%
Claims auditing	1%
Claims business by type	
Automobile	8%
General liability	15%
Inland marine	1%
Professional liability	1%
Property damage	1%
Workers compensation	70%
Claims business by volume	
Administration claims paid	\$6,100,000
Auditing projects conducted	3
Clients	
Total	445
Association plans	5
Corporations	391
Public/government entities	49
Staff	
Total	77
Claims services	16
Claims services since: 1987.	
Parent: Thomas McGee L.C.	
Service area: Colorado, Iowa, Kansas, Missouri, Nebraska, Oklahoma.	
Charges: Administration: flat fee, per project. Auditing: flat fee, per claim. Auditing: per project, per claim.	
Branch offices: Administrative office in Kansas City, Mo.	
PPO access.	
Officers: Larry Kaminsky, Charlie Kaufmann, Eugene Klein, Jerry Reardon.	
Contact: Ed Treadwell.	

McLarens Toplis North America Inc.

233 S. Wacker Drive, Suite 2420,
Chicago, Ill. 60606-6308;
312-648-1300; fax: 312-454-1588

Property & Casualty	
1997 revenues	
Total	\$30,000,000
Claims revenue	\$9,000,000
Claims administration	60%
Claims adjusting	30%
Claims auditing	10%
Other services include recovery services for insureds and self-insured entities.	
Claims business by type	
Automobile	10%
General liability	40%
Inland marine	10%
Ocean marine	5%
Professional liability	10%
Property damage	15%
Other	10%
Includes: recovery and audit services.	
Claims business by volume	
Administration claims paid	\$135,000,000
Auditing projects conducted	26
Staff	
Total	400
Claims services	115
Claims services since: 1918.	
Service area: Worldwide.	
Officers: Ian Winchester, chairman; Drake Radcliff, vice chairman; James V. Ebel, president; Joseph A. Dotoli, COO; Nigel Griffey, CFO; Richard E. Gray, director.	
Contact: Richard E. Gray, 800-880-2219.	
<i>* Reflects U.S.-based staff only.</i>	

Meadowbrook Claims Service

26600 Telegraph Road, Southfield,
Mich. 48034-2438; 248-358-1100;
fax: 248-358-3251

Property & Casualty	
1997 revenues	
Total	\$12,000,000
Claims revenue	\$10,000,000
Claims administration	100%
Other services include safety and loss control services.	
Claims business by type	
Automobile	3%
Bonds	2%
General liability	37%
Inland marine	3%

Continued from previous page

Branch offices: Administrative offices in Aurora, Colo.

PPO access.

Officers: Clarence Gray, president; Tim Catron, general manager.

Contact: Clarence Gray.



NCAS

3702 Pender Drive,
Fairfax, Va. 22030;
703-934-6200; fax: 703-934-6279

Employee Benefits

1997 revenues

Total.....\$26,500,000
Claims revenue.....\$19,600,000
Claims administration.....100%
Other services include individual/group billings and COBRA, flexible spending account and H.F.A.A. administration.

Claims business by type

Disability.....29%
Flex compensation.....77%
Health insurance.....91%
Employees covered.....175,000
Dependents covered.....154,000

Claims business by volume

Administration claims paid.....\$305,000,000

Clients

Total.....503
Association plans.....4
Corporations.....171
MEWAs.....7
Public/government entities.....17
Non-sponsored plans.....1

Staff

Total.....120
Claims services.....311

Claims services since: 1933.

Parent: GHMSI.

Service area: Nationwide.

Charges: Administration: \$3.25 to \$17.00 per employee per month.

Branch offices: Administrative offices in Portland, Maine; Bloomfield Hills, Mich.; Charlotte, N.C.; Harrisburg, Pa.; Providence, R.I.; Fairfax, Va.; Seattle.

Officers: William B. Hendren, president/CEO; Steven V. Wilson, vp-operations; Karen L. McDonald, vp-network services/human resources.

Contact: William B. Hendren

National Health Plan Corp.

7 Penn Plaza,
New York, N.Y. 10001;
212-279-3262; fax: 212-269-0749

Employee Benefits

1997 revenues

Claims revenue.....\$700,000
Claims administration.....90%
Claims auditing.....10%

Claims business by type

Health insurance.....100%

Claims business by volume

Administration claims paid.....\$3,700,000

Clients

Total.....70

Staff

Total.....13
Claims services.....13

Claims services since: 1975.

Service area: Nationwide.

Charges: \$4 to \$7 per employee per month, percentage of claims.

Branch offices: Administrative and sales office in New York.

PPO access.

Officers: Alvin Konigsberg, president; David Zaback, executive vp; David Konigsberg, vp.

Contact: David Zaback

NATLSO Inc.*

1 Kemper Drive,
Long Grove, Ill. 60049;
847-320-2000; fax: 847-320-2494

Property & Casualty

1997 revenues

Total.....\$80,000,000
Claims administration.....100%
Other services include managed care and loss control services and management information systems.

Claims business by type

Automobile.....10%
General liability.....20%
Workers compensation.....70%

Staff

Total.....2,100
Claims services.....2,100

Claims services since: 1912.

Parent: Kemper Insurance Cos.

Service area: Nationwide.

Charges: Administration: fee per claim/percentage of paid claim.

Branch offices: Administrative offices in 50 locations nationwide. Sales offices in Los Angeles, Chicago, New York, Dallas.

PPO access.

Contact: Ray Waters, vp.

*Formerly Kemper Risk Management.

NetCare Services Inc.*

60 Gore St., P.O. Box 410240,
Cambridge, Mass. 02141;
800-222-5963 fax: 617-494-1608

Property & Casualty

1997 revenues

Total.....\$7,500,000
Claims revenue.....\$4,500,000
Claims administration.....99%
Claims adjusting.....1%
Other services include loss control, marketing, policy issuance and underwriting services.

Claims business by type

Automobile.....15%
General liability.....15%
Inland marine.....1%
Property damage.....5%
Workers compensation.....62%

Claims business by volume

Administration claims paid.....\$24,200,000

Clients

Total.....9
Corporations.....3
Public/government entities.....6

Staff

Total.....51
Claims services.....52

Claims services since: 1987

Parent: Hastings-Tapley Insurance Agency Inc.

Service area: Connecticut, Massachusetts, New Hampshire, New Jersey, New York, Vermont, Virginia.

Charges: Administration: per employee per month. Adjusting: hourly, per claim.

Branch offices: Administrative and sales offices in Fairfield, Conn.; Albany, N.Y.; Glen Allen, Va.

Subsidiaries: Governmental Entities Management Services Inc.; Albany, N.Y.; Glen Allen, Va.

PPO access.

Officers: David J. Lane, chairman; E. Donald Lewis, president; Marsha K. Burridge, Jennifer L. Decker, executive vps.; Ralph J. Gemelli, senior vp.

Contact: Ralph J. Gemelli

*Formerly Hastings-Tapley Services Inc.

New World Claims Services Ltd.

2624 N. Fifth St., Niles, Mich. 49120;
800-324-0698; fax: 616-684-8138

Employee Benefits

1997 revenues

Total.....\$25,200,000
Claims revenue.....\$900,000
Claims administration.....100%

Claims business by type

Flex compensation.....2%
Health insurance.....98%
Employees covered.....15,000
Dependents covered.....37,000

Claims business by volume

Administration claims paid.....\$15,500,000

Clients

Total.....80
Corporations.....80

Staff

Total.....13
Claims services.....8

Claims services since: 1984.

Parent: New World Services.

Service area: Nationwide.

PPO access.

Officers: Robert Cravens, president; Ruth Halvorson, administrative manager; Greg Hegyi, controller; Randy Weenum, marketing manager.

Contact: Robert Cravens or Randy Weenum.

North American Administrators Inc.

300 Corporate Parkway,
Amherst, N.Y. 14226;
800-828-6922; fax: 716-446-5592

Employee Benefits

1997 revenues

Total.....\$49,000,000
Claims revenue.....\$21,000,000
Claims administration.....100%
Other services include utilization management, large case management, PPO development and COBRA/flexible benefit administration.

Claims business by type

Disability.....3%
Flex compensation.....1%

Continued on next page



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Health insurance.....	96%
Employees covered.....	175,000
Dependents covered.....	230,000

Claims business by volume

Administration claims paid.....	\$600,000,000
---------------------------------	---------------

Clients

Association plans.....	2
Corporations.....	352
Public/government entities.....	26
Union-sponsored plans.....	11

Staff

Total.....	530
Claims services.....	250

Claims services since: 1983.

Parent: North American Health Plans Inc.

Service area: Nationwide.

Charges: Administration: \$8 to \$15 per employee per month.

Branch offices: Administrative office in Amherst, N.Y. Sales offices in Thomasville, Ga.; Braintree, Mass.; Jamestown, N.Y.; Harrisburg, Pa.; Burlington, Vt.; Reston, Va.

PPO access.

Officers: Ronald K. Zoeller, CEO; John E. Mann Jr., Charles W. Barger, senior vps; Dr. Arthur E. Orlick, medical director; James A. Hunter, vp.

Contact: David T. Przesiek, regional sales manager, 781-843-0077.

Northshore International Insurance Services

76 Lafayette St.,
Salem, Mass. 01970;
978-745-6655; fax: 978-741-1642

Employee Benefits/Property & Casualty

1997 revenues

Total.....	\$6,300,000
Claims revenue.....	\$2,100,000
Claims administration.....	10%
Claims adjusting.....	10%
Claims auditing.....	80%
Other services include review, audit and consultation to insurers, reinsurers and other risk-bearing entities.	

Claims business by type

Automobile.....	10%
Disability.....	5%
General liability.....	20%
Workers compensation.....	25%
Other.....	40%
Includes: excess claims administration of specific aggregate and managed care coverage.	

Claims business by volume

Auditing projects conducted.....	100
----------------------------------	-----

Clients

Total.....	166
Association plans.....	18
Corporations.....	90
Multiemployer plans.....	7
MEWAs.....	5
Public/government entities.....	46

Staff

Total.....	70
------------	----

Service area: Worldwide.

Charges: Administration/auditing: \$95 to \$165 per hour.

Branch offices: Administrative offices in Atlanta; Chicago; Norristown, Pa.; Greenville, S.C.; Austin, Texas; London.

Subsidiaries: International Managed Care Services Inc.; International Subrogation Management Inc.; International Tertiary Network; NiiS U.K. Ltd.; NiiS South Africa Ltd.

Officers: David W. Ives, president; Norman C. Tardif, executive vp; Mark E. Scerra, senior vp; Joseph J. Yablonski, vp.

Contact: David W. Ives.

Nova Healthcare Administrators

2680 Grand Island Blvd.,
Grand Island, N.Y. 14072;
716-773-1143; fax: 716-773-1276

Employee Benefits

1997 revenues

Total.....	\$3,800,000
Claims revenue.....	\$2,400,000
Claims administration.....	100%
Other services include flexible benefit administration and managed care services.	

Claims business by type

Flex compensation.....	10%
Health insurance.....	90%
Employees covered.....	35,000
Dependents covered.....	110,000

Claims business by volume

Administration claims paid.....	\$48,000,000
---------------------------------	--------------

Clients

Total.....	81
Corporations.....	50
Multiemployer plans.....	15
Public/government entities.....	12
Union-sponsored plans.....	4

Staff

Total.....	81
Claims services.....	31

Claims services since: 1982.

Parent: Hollis Boss Agency/Warren Hoffman & Associates Inc.

Service area: Nationwide.

Charges: Administration: \$6 to \$12 per employee per month.

Branch offices: Administrative office in Grand

Island, N.Y. Sales offices in Buffalo and Niagara Falls, N.Y.

PPO access.

Officers: Larry Thompson, president; Paul Tambe, senior vp; William Brothers, vp-sales; Kristy Long Hartley, vp-risk management; Cynthia A. Hammer, vp-corporate development/client services.

The Nyhart Co. Inc.

3515 N. Washington Blvd.,
Indianapolis, Ind. 46205;
800-428-7106 or 317-923-2391;
fax: 317-926-3303

Employee Benefits

1997 revenues

Total.....	\$7,482,293
Claims revenue.....	\$4,924,796
Claims administration.....	100%
Other services include consulting, actuarial services, COBRA administration, employee communications and wellness.	

Claims business by type

Disability.....	2%
Flex compensation.....	4%
Health insurance.....	61%
Employees covered.....	26,462
Pensions.....	33%

Claims business by volume

Administration claims paid.....	\$12,542,653
---------------------------------	--------------

Clients

Total.....	93
Association plans.....	2
Corporations.....	82
Public/government entities.....	9

Staff

Total.....	106
Claims services.....	53

Claims services since: 1965.

Service area: Illinois, Indiana, Kentucky, Michigan, Missouri, North Carolina, Ohio, Tennessee, Virginia, West Virginia.

Charges: Administration: \$10 to \$38 per employee per month.

Branch offices: Administrative and sales offices in Evansville, Ind.

Officers: Daryl J. Dean, president/CEO; Kim Zirrillo, senior vp-health benefits administration; Gary Chatten, senior vp-consulting; Nancy C. Pitt, senior vp-pensions; Jeffrey S. Line, vp-legal.

Contact: Gary Chatten, 812-423-1938.



PLCM Group Inc.

230 W. Monroe St.,
Chicago, Ill. 60606;
312-456-8621; fax: 312-456-8627

Property & Casualty

1997 revenues

Total.....	\$5,000,000
Claims revenue.....	\$3,000,000
Claims administration.....	20%
Claims adjusting.....	70%
Claims auditing.....	10%
Other services include risk management services.	

Claims business by type

General liability.....	10%
Professional liability.....	90%

Claims business by volume

Administration claims paid.....	\$25,000,000
---------------------------------	--------------

Staff

Total.....	60
------------	----

Claims services since: 1989.

Parent: Aon Corp.

Service area: Nationwide.

Charges: Administration/adjusting/auditing: annual contract.

Branch offices: Administrative offices in Los Angeles; Stamford, Conn.; Fort Lauderdale and Tampa, Fla.; Atlanta; Louisville, Ky.; Nashville, Tenn.; Houston; Dallas.

Officers: Anthony Zumband, president; Eileen Barrett, Steve Adler, Richard Gay, Sandy Baysinger, senior vps.

PMA Management Corp.

380 Sentry Parkway,
Blue Bell, Pa. 19422;
610-397-5000; fax: 610-397-5028

Employee Benefits/Property & Casualty

1997 revenues

Total.....	\$11,350,000
Claims revenue.....	\$8,100,000
Claims administration.....	90%
Claims adjusting.....	5%
Claims auditing.....	5%
Other services include loss prevention.	

Claims business by type

Automobile.....	3%
Disability.....	9%
General liability.....	8%
Property damage.....	2%
Workers compensation.....	78%

Claims business by volume

Administration claims paid.....	\$87,000,000
---------------------------------	--------------

Clients

Total.....	107
------------	-----

Association plans.....	9
Corporations.....	72
Multiemployer plans.....	2
Public/government entities.....	24

Staff

Total.....	87
Claims services.....	70

Claims services since: 1915.

Parent: The PMA Group.

Service area: Delaware, Georgia, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia.

Branch offices: Administrative and sales offices in Wilmington, Del.; Atlanta; Hunt Valley, Md.; Mount Laurel, N.J.; Syracuse, N.Y.; Charlotte and Raleigh, N.C.; Columbus, Ohio; Allentown, Erie, Harrisburg, Philadelphia and Pittsburgh, Pa.; Richmond and Roanoke, Va.

Officers: John Santulli, vp; Monica O'Neill, vp-managed care; Mike McMahon, vp-risk control; Derek Hopper, manager-client services; Bob Gilpin, corporate business development manager.

Contact: Bob Gilpin.

Palmer & Cay-TPA Services

P.O. Box 847,
Savannah, Ga. 31402;
800-755-9594; fax: 912-234-8523

Property & Casualty

1997 revenues

Total.....	\$2,500,000
Claims revenue.....	\$2,500,000
Claims administration.....	95%
Claims auditing.....	5%
Other services include loss prevention, claims review and consultation.	

Claims business by type

Automobile.....	10%
General liability.....	20%
Workers compensation.....	70%

Claims business by volume

Administration claims paid.....	\$12,000,000
Auditing projects conducted.....	6

Clients

Total.....	50
Association plans.....	3
Corporations.....	41
Public/government entities.....	6

Staff

Total.....	30
Claims services.....	24

Claims services since: 1982.

Parent: Palmer & Cay.

Service area: Nationwide.

Charges: Administration: percentage of premium. Adjusting: per claim, flat fee.

Branch offices: Administrative offices in

Gainesville and Tallahassee, Fla.; Savannah, Ga.; Greensboro, N.C.; Richmond, Va. Sales offices in Washington; Jacksonville and Tallahassee, Fla.; Atlanta, Columbus and Savannah, Ga.; Charlotte, N.C.; Richmond, Va.

Officers: Joseph Hargrove Jr., vp/division manager; Ron Studer, vp/branch manager; Darlene Baytaugh, Ron Nolting, vps.

Contact: Joseph E. Hargrove Jr.

Pinnacle Risk Management Services

136 East South Temple, Suite 2350,
Salt Lake City, Utah 84111;
801-325-5055; fax: 801-521-5945

Property & Casualty

1997 revenues

Total.....	\$3,000,000
Claims revenue.....	\$2,750,000
Claims administration.....	98%
Claims auditing.....	2%
Other services include managed care, fee schedule repricing, safety training, inspections auditing, vocational rehabilitation and data processing services.	

Continued on next page

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Continued from previous page

Claims business by type

Automobile	20%
General liability	20%
Workers compensation	60%

Claims business by volume

Administration claims paid	\$40,000,000
Auditing projects conducted	1

Clients

Total	36
Corporations	24
Public/government entities	12

Staff

Total	50
Claims services	45

Claims services since: 1968.

Service area: Nationwide.

Charges: Administration/adjusting/auditing: \$65 to \$800 per file, flat annual fees, per project.

Branch offices: Administrative offices in Phoenix; Irvine, Calif.; Boise, Idaho; Las Vegas; Albuquerque, N.M.; Dallas; Salt Lake City. Sales offices in Phoenix; Salt Lake City.

Subsidiaries: Peak Professional Services, Salt Lake City.

PPO access.

Officers: Kenneth F. Palmer, president/CEO; Shelley Kaas, vp-marketing; Dennis Lloyd, secretary.

Contact: Shelley Kaas.

Platinum Safety and Claims Services L.L.C.

P.O. Box 6367, Tyler, Texas 75711; 903-561-4242; fax: 903-581-2412

Property & Casualty**1997 revenues**

Total	\$1,291,031
Claims revenue	\$671,344
Claims administration	100%
Other services include safety services and OSHA training.	

Claims business by type

Automobile	10%
General liability	7%
Property damage	3%
Workers compensation	80%

Claims business by volume

Administration claims paid	\$10,129,749
----------------------------	--------------

Clients

Total	5
Corporations	5

Staff

Total	10
Claims services	7

Claims services since: 1997.

Service area: Nationwide.

Charges: Administration: flat fee/gain share.

Branch offices: Administrative offices in New Orleans; Pittsburgh; Dallas, Houston and Orange, Texas.

PPO access.

Contact: Barry Jones, president.

POMCO2425 James St.,
Syracuse, N.Y. 13206;
315-432-9171; fax: 315-437-9466**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$11,000,000
Claims administration	90%
Claims adjusting	4%
Claims auditing	6%
Other services include managed care and cost containment.	

Claims business by type

Disability	3%
Flex compensation	22%
Health insurance	68%
Employees covered	94,500
Dependents covered	127,000
Workers compensation	7%

Claims business by volume

Administration claims paid	\$185,500,000
----------------------------	---------------

Clients

Total	76
Association plans	6
Corporations	22
MEWAs	5
Public/government entities	38
Union-sponsored plans	5

Staff

Total	240
Claims services	240

Claims services since: 1979.

Service area: Nationwide, excluding Iowa.

Charges: Administration: fee per enrollee.

Branch offices: Administrative offices in Albany, Elmford and Watertown, N.Y. Sales offices in Albany and Watertown, N.Y.

PPO access.

Officers: Maurice W. Pomfrey, CEO; Robert W. Pomfrey, president; Terrence C. Dowd Jr., vp-finance/administration; G. Lawton Llewellyn, vp-corporate development; George H. Sherman, vp-management information systems.

Contact: Robert W. Pomfrey.

Precise Benefits**Administrators Inc.**500 N. Broadway,
Jericho, N.Y. 11753-8962;
516-390-6097; fax: 516-390-0994**Employee Benefits****1997 revenues**

Total	\$2,900,000
Claims revenue	\$1,900,000
Claims administration	80%
Claims adjusting	20%
Other services include billing services.	

Claims business by type

Disability	5%
Flex compensation	10%
Health insurance	85%
Employees covered	34,000
Dependents covered	47,000

Clients

Total	67
Association plans	5
Corporations	40
MEWAs	9
Public/government entities	7
Other	6

Staff

Total	38
Claims services	25

Claims services since: 1987.

Parent: Precise Group.

Service area: Nationwide.

Charges: Administration: \$8.50 to \$13.50 per employee per month.

Branch offices: Administrative and sales offices in Jericho, N.Y.

PPO access.

Officers: Timothy T. Crowley, president; Ann Marie Dalessandro, senior vp.

Contact: Timothy T. Crowley.

Preferred Works Inc.5251 Viewridge Court,
San Diego, Calif. 92123;
619-278-2273; fax: 619-278-1262**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$12,595,000*
Claims revenue	\$11,300,000*
Claims administration	95%
Claims adjusting	2%
Claims auditing	3%
Other services include integrated disability management programs, managed care services, consulting for non-occupational disability, ADA and ergonomics consulting, ERISA appeal review, plan design, loss control/prevention and excess insurance.	

Disability	15%
General liability	1%
Property damage	2%
Workers compensation	82%

Claims business by volume

Administration claims paid	\$44,000,000*
Auditing projects conducted	20

Clients

Total	238
Association plans	3
Corporations	160
Public/government entities	40
Other	35

Staff

Total	145
Claims services	89

Claims services since: 1940.

Parent: Columbia/HCA Healthcare Corp.

Service area: Alabama, Arkansas, California, Florida, Georgia, Iowa, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Mississippi, North Carolina, New York, Oklahoma, South Carolina, South Dakota, Tennessee, Wisconsin; disability services provided nationwide.

Charges: Administration: \$500 to \$1,000 per claim. Adjusting: \$100 to \$750 per claim.

Branch offices: Administrative and sales offices in Pasadena and Santa Clara, Calif.; Maitland, Fla.; Minneapolis; Jackson, Miss.; Buffalo, N.Y.

PPO access.

Officers: Richard Mastaler, CEO; Joe Mannheim, senior vp; Paul Marchant, president; Barbara Jones, vp; Arnold Silvestri, chief marketing officer.

Contact: Arnold Silvestri, 818-568-1415.
* Estimate.**Presidium Inc.**100 Pine St., Suite 1900,
San Francisco, Calif. 94111;
415-249-3312; fax: 415-249-3398**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$55,300,000
Claims revenue	\$42,300,000
Claims administration	95%
Claims auditing	5%
Other services include adjusting services to fully insured clients/insurance companies and managed care services, including vocational rehabilitation, utilization review, bill review and telephone case management.	

Claims business by type

Disability	5%
General liability	5%
Health insurance	20%
Workers compensation	70%

Claims business by volume

Administration claims paid	\$200,000,000
----------------------------	---------------

Clients

Total	459
Association plans	12

Corporations	387
Public/government entities	60

Staff

Total	750
Claims services	600

Claims services since: 1971.

Service area: Nationwide.

Charges: Administration: per claim.

Branch offices: Administrative offices in Los Angeles, Sacramento and San Francisco, Calif.; Detroit; Parsippany, N.J. Sales offices in Los Angeles; San Francisco; Chicago; Detroit; Dallas; Seattle.

PPO access.

Officers: Paul Glover, chairman/CEO; Ed Holeran, executive vp-operations; Gregory Franceschi, senior vp-sales/marketing; Dr. Skip Rosenbloom, chief medical officer; Hamilton Chaffee, senior vp-management information systems; Rick Rothman, senior vp-sales.

Contact: Gregory Franceschi, 415-249-3345 or Rick Rothman, 847-540-9373.

The Principal Financial Group711 High St.,
Des Moines, Iowa 50392;
515-247-4874; fax: 515-246-7326**Employee Benefits****1997 revenues**

Total	\$73,030,000
Claims revenue	\$63,030,000
Claims administration	100%
Other services include life/disability insurance, managed care, COBRA administration, flexible spending account administration and administration for fully insured dental and medical.	

Claims business by type

Disability	3%
Flex compensation	1.5%
Health insurance	94.5%
Employees covered	443,018
Dependents covered	635,370
Other	1%
Includes: COBRA administration.	

Claims business by volume

Administration claims paid	\$1,000,000,000
----------------------------	-----------------

Clients

Total	145
Association plans	3
Corporations	133
Public/government entities	4
Union-sponsored plans	5

Staff

Total	1,000
Claims services	800

Claims services since: 1941.

Service area: Nationwide.

Charges: Administration: \$8 to \$20 per employee per month.

Branch offices: Administrative offices in Chicago; Jacksonville, Fla.; Ames, Cedar Rapids and Des Moines, Iowa; Kansas City, Kan.; Springfield, Mo.; Philadelphia; Salt Lake City. Sales offices in 51 locations nationwide.

PPO access.

Officers: Gary Cain, vp; Renee Schaal, director; Stephanie Swift, associate director; Maria Volante, regional marketing director; Tom Graf, senior vp.

Contact: Maria Volante.

ProClaim America Inc.9301 S.W. Freeway, Suite 370,
Houston, Texas 77074;
800-771-9818; fax: 713-771-7749**Property & Casualty****1997 revenues**

Total	\$1,800,000
Claims revenue	\$1,500,000
Claims administration	60%
Claims adjusting	30%
Claims auditing	10%
Other services include adjusting for professional/product liability insurers.	

Claims business by type

General liability	5%
Professional liability	90%
Other	5%
Includes: product liability.	

Claims business by volume

Administration claims paid	\$30,844,962
Auditing projects conducted	5

Clients

Total	15
Other	15

Staff

Total	33
Claims services	26

Claims services since: 1996.

Service area: Nationwide.

Charges: Administration: \$75 to \$125 per hour, fixed fee. Adjusting: \$65 per hour, fixed fee. Auditing: \$90 to \$125 per hour, per project.

Branch offices: Administrative offices in Palm Springs, Calif.; Palm Beach Gardens and Tampa, Fla.; Atlanta; New Orleans; Charlotte, N.C.; Melville, N.Y.; Edmond, Okla.; Dallas; San Antonio; Seattle.

Officers: Joseph Costantino, president; Carl Ferdenzi, Randall Brent, Joseph D'heron, Rhonda Mosier, Dennis Davis, executive vps/principals.

Contact: Carl Ferdenzi, 516-465-2072.

Professional Administrators Inc.P.O. Box 140415,
Orlando, Fla. 32814-0415;
407-896-0521; fax: 407-896-9289**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$1,500,000
Claims revenue	\$1,400,000
Claims administration	100%
Other services include OSHA-certified inspections, ergonomic studies, utilization review, reinsurance brokerage and surplus lines insurance.	

Claims business by type

Disability	1%
Flex compensation	5%
General liability	2%
Health insurance	35%
Life	2%
Workers compensation	55%

Claims business by volume

Administration claims paid	\$20,000,000
----------------------------	--------------

Clients

Corporations	40
MEWAs	2
Public/government entities	7

Staff

Total	27
Claims services	21

Claims services since: 1972.

Service area: Nationwide.

Charges: Administration: percentage of premium (workers comp); \$7 to \$15 per employee per month (health).

PPO access.

Officers: Sean L. Tobin, general manager; Brenda Raines, health underwriting; Deborah Jewett, sales/marketing manager; Sandra Cawthorn, compliance; Gary Morin, property/casualty underwriting.

Contact: 800-741-0521.

Professional Benefit Administrators Inc.1265 S. Semoran Blvd., Suite 1213,
Winter Park, Fla. 32792-5515;
800-762-4130 or 407-671-7331;
fax: 407-671-1580**Employee Benefits****1997 revenues**

Total	\$1,000,000
Claims revenue	\$700,000
Claims administration	90%
Claims adjusting	5%
Claims auditing	5%
Other services include pension consulting/actuarial and insourcing/outourcing.	

Claims business by type

Disability	2%
Flex compensation	3%
Health insurance	70%
Employees covered	10,000
Dependents covered	15,000
Other	25%
Includes: HIPAA, COBRA, reinsurance, pension.	

Claims business by volume

Administration claims paid	\$25,000,000
----------------------------	--------------

Clients

Corporations	40
Public/government entities	10

Staff

Total	15
Claims services	11

Claims services since: 1989.

Service area: Florida, Georgia, New York.

Charges: Administration: \$3 to \$12 per employee per month.

Branch offices: Administrative and sales offices in Winter Park, Fla.

PPO access.

Officers: Richard A. Washick, president; Sonia B. Canlas, executive vp; Angela Kirkland, Robert A. Washick, vps.

Contact: Richard A. Washick.

Professional Benefits Services Inc.2959 Lucerne S.E., Suite 205,
Grand Rapids, Mich. 49546;
616-285-2480; fax: 616-285-9965**Employee Benefits****1997 revenues**

READER REPLY SERVICE

PRODUCTS & SERVICES LISTING

Issue of February 16

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Business Insurance

FREE LITERATURE FOR READERS

Issue Date: FEBRUARY 16, 1998
Card Expiration: APRIL 13, 1998

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1. My organization is best described as:

- ☐ A Mfg/Svcs ☐ F Ins Agent ☐ K Adj/Apprs
☐ B Association ☐ G Ins Broker ☐ L TPA
☐ C Union ☐ H Ins/Reins Co ☐ M Health care
☐ D Government ☐ J Consultant ☐ Inst
☐ E Educational Inst ☐ I Actry/Attorney ☐ N Other

2. Number of employees:

- ☐ 1 150 or less ☐ 2 151 - 499 ☐ 3 500 - 999
☐ 4 1,000 - 4,999 ☐ 5 5,000 or more ☐ 6 Unknown

3. My title is best defined as:

- ☐ A Administrative Mgt ☐ D Benefits Mgt
☐ B Financial Mgt ☐ E Loss Prevention Mgt
☐ C Risk Mgt ☐ F Other

4. My purchasing involvement for the requested products is to:

- ☐ 1 recommend only ☐ 2 specify ☐ 3 approve

5. Do you now receive a personally addressed copy of Business Insurance?

- ☐ A Yes ☐ B No, so please send subscription info

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the February 16, 1998 issue. Cards with more than 20 items circled will not be processed. This card expires April 13, 1998.

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Title _____
Company _____
Address _____
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Continued from previous page

Auditing projects conducted19
Clients
Total169
Association plans3
Corporations126
Public/government entities40
Staff
Total202
Claims services140
Claims services since: 1981.
Service area: Nationwide.
Charges: Administration: per claim, per employee per month. Auditing: flat fee.
Branch offices: Administrative and sales offices in Albany and Rochester, N.Y.
PPO access.
Officers: James Heitzhaus, president; Richard Sykes, Michael Hotelling, vps.
Contact: Richard Sykes, vp.

F.A. Richard & Associates Inc./FARA
2360 Fifth Ave.,
Mandeville, La. 70471;
504-624-8383; fax: 504-624-8489

Employee Benefits/Property & Casualty

1997 revenues

Total\$13,070,000
Claims revenue\$9,685,000
Claims administration88%
Claims adjusting7%
Claims auditing5%
Other services include claims investigation and adjustment for insurers, group health administration, bill reviews, PPO services, utilization review, vocational rehabilitation, medical case management, risk control services, risk management information systems and special investigations/surveillance.

Claims business by type

Automobile15%
Disability3%
General liability10%
Health insurance5%
Inland marine5%
Ocean marine2%
Professional liability2%
Property damage8%
Workers compensation40%
Other10%

Claims business by volume

Administration claims paid\$280,000,000

Clients

Total160
Association plans2
Corporations108
Public/government entities50

Staff

Total228
Claims services155

Claims services since:

Service area: Nationwide.
Charges: Administration: flat fee, fee per claim, percentage of premium. Adjusting: per hour, schedule fee. Auditing: per hour, project fee.

Branch offices: Administrative offices in Mobile, Ala.; Long Beach, Calif.; Boca Raton, Fla.; Atlanta; Baton Rouge, Houma, Lafayette, Lake Charles, New Orleans and Shreveport, La.; Pascagoula, Miss.; Gloucester City, N.J.; North Charleston, S.C.; Knoxville, Tenn.; Beaumont, Corpus Christi, Dallas and Houston, Texas; Norfolk and Richmond, Va. Sales offices in Boca Raton, Fla. New Orleans, La.; Houston; Norfolk, Va.
Subsidiaries: FARA Benefit Services, FARA Bill Review, FARA Business Services Inc., FARA Health & Rehabilitation, FARA Healthcare Management, FARA PPO, FARA Risk Control Services, FARA Security Services Inc.

PPO access.
Officers: Francis A. Richard, chairman; M. Todd Richard, president; Reed A. Bell, executive vp; Daniel J. Clark, R.B. Calhoun, senior vps.
Contact: M. Todd Richard.

Risk Enterprise Management Ltd.
59 Maiden Lane,
New York, N.Y. 10038;
212-530-6867; fax: 212-530-7044

Property & Casualty

1997 revenues

Total\$103,000,000
Claims revenue\$24,000,000
Claims administration99%
Claims auditing1%
Other services include risk management information services, loss control, managed care (including field case management and early intervention), structured settlements, reinsurance claim management and environmental claim management.

Claims business by type

Automobile10%
General liability18%
Professional liability14%
Property damage1%
Workers compensation55%
Other2%
Includes: environmental.

Clients

Association plans2,000
Corporations423

Staff

Total855
Claims services475

Claims services since:

Service area: Nationwide.

Charges: Administration: life of contract, per claim per month, dedicated unit. Auditing: hourly, per project.

Branch offices: Administrative offices in 20 locations nationwide. Sales offices in Brea, Calif.; Atlanta; Chicago; Florham Park, N.J.; New York and Syracuse, N.Y.; Philadelphia; Nashville, Tenn.; Dallas.

Officers: Peter Johnson, CEO; Chuck Callahan, COO; Michael Riney, executive vp; Richard Hershman, CFO.

Contact: Matthew T. Craig, vp-sales/marketing.
* Estimate

Risk Management Administrators

8425 Woodfield Crossing Blvd.,
Suite 333, Indianapolis, Ind. 46240
317-469-4440; fax: 317-464-4430

Property & Casualty

1997 revenues

Total\$2,800,000
Claims revenue\$900,000
Claims administration100%

Claims business by type

Workers compensation100%

Claims business by volume

Administration claims paid\$2,689,745

Clients

Total8
Association plans4
Corporations3
Other1

Staff

Total38
Claims services16

Charges: Administration: percentage of premium.

Branch offices: Administrative offices in Champaign, Ill.

Officers: Stan Murray, president; Chris Murray, controller; Richard Hancock, CFO; Kevin Hill, vp-alternative risk marketing; Cecil Budd, claims manager.

Robey-Barber Insurance Services Corp.

3965 Henderson Blvd.,
Tampa, Fla. 33629;
813-286-1123; fax: 813-289-0444

Employee Benefits

1997 revenues

Total\$21,500,000
Claims revenue\$10,900,000
Claims administration50%
Claims adjusting48%
Claims auditing2%
Other services include managed care.

Claims business by type

Health insurance100%
Employees covered70,000
Dependents covered105,000

Claims business by volume

Administration claims paid\$171,000,000

Clients

Total1,035
Corporations400
Multiemployer plans600
Public/government entities35

Staff

Total225
Claims services125

Service area: Alabama, Arizona, California, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, Wisconsin.

Charges: Administration: \$8 to \$15 per employee per month.

Branch offices: Administrative offices in Grand Rapids, Mich.; Knoxville, Tenn.

PPO access.

Officers: Timothy R. Barber, president/CEO; Jon E. Paul, senior vp/COO; Karen M. Barber, vp-marketing; Margaret Weingart, executive director; Bill Hill, senior vp.

Contact: Timothy R. Barber.



SRT Administrators Inc.

2255 N. 44th St., Suite 220,
Phoenix, Ariz. 85008;
602-244-0891; fax: 602-231-8823

Employee Benefits/Property & Casualty

1997 revenues

Total\$1,750,000
Claims revenue\$1,500,000
Claims administration100%

Claims business by type

Automobile5%
Disability5%
Flex compensation1%

Continued on next page

Continued from previous page

General liability.....	5%
Health insurance.....	60%
Employees covered.....	8,000
Dependents covered.....	15,000
Workers compensation.....	24%

Claims business by volume

Administration claims paid.....	\$10,000,000
---------------------------------	--------------

Clients

Corporations.....	4
Public/government entities.....	5

Staff

Total.....	30
Claims services.....	20

Claims services since: 1979.**Parent:** SRT Corporation.**Service area:** Nationwide.**Charges:** Administration: fee only.**Branch offices:** Administrative offices in Phoenix.**PPO access.**

Officers: Bob G. Redmon, CEO; Clifford G. Wright, president; Karmel Vavra, senior vp/secretary; Alfred Gregory, vp/treasurer; Fred Delgado, vp.

Contact: Clifford G. Wright, president.**Scibal Associates Inc.**

P.O. Box 500, 23 Mays Landing Road, Somers Point, N.J. 08244; 609-653-8400; fax: 609-926-9270

Property & Casualty**1997 revenues**

Total.....	\$10,000,000
Claims revenue.....	\$10,000,000
Claims administration.....	100%

Claims business by type

Automobile.....	10%
General liability.....	40%
Workers compensation.....	50%

Claims business by volume

Administration claims paid.....	\$80,000,000
---------------------------------	--------------

Clients

Association plans.....	10
Corporations.....	50
Public/government entities.....	250

Staff

Total.....	140
Claims services.....	100

Claims services since: 1953.**Parent:** Century Industries Inc.

Service area: Delaware, Florida, Illinois, Indiana, Michigan, New Jersey, New York, Pennsylvania.

Charges: Administration: per claim, flat fee.

Branch offices: Administrative offices in Jacksonville, Fla.; Livonia, Mich.; Edison and Somers Point N.J.; Newtown Square, Pa.; Richmond, Va. Sales offices in Jacksonville, Fla.; Livonia, Mich.; Somers Point, N.J.

Officers: David A. Scibal, president/CEO; Richard Campanaro, COO; Stephen J. Scibal, vp; Reynolds Dods, CFO.

Contact: David A. Scibal.**Sedgwick Claims Management Services Inc.**

230 W. Monroe St., Suite 2300, Chicago, Ill. 60606; 312-346-3000; fax: 312-726-4123

Employee Benefits/Property & Casualty**1997 revenues**

Total.....	\$88,000,000*
Claims revenue.....	\$75,000,000*
Claims administration.....	100%
Other services include managed care services, claims auditing, risk control consulting and risk management information systems.	

Claims business by type

Automobile.....	2%
Disability.....	10%
General liability.....	10%
Workers compensation.....	78%

Claims business by volume

Administration claims paid.....	\$2,178,790,000
---------------------------------	-----------------

Clients

Total.....	687
Association plans.....	34
Corporations.....	571
Public/government entities.....	82

Staff

Total.....	1,183
Claims services.....	1,183

Claims services since: 1971.**Parent:** Sedgwick Group P.L.C.**Service area:** Nationwide.

Charges: Administration: per claim, budget-based flat fee.

Branch offices: Administrative and sales offices in 74 locations nationwide.

PPO access.

Officers: David A. North, president; James Wiertel, Robert Wisecarver, John S. O'Connor, senior vps; Jack Stone, vp.

Contact: Jack Stone, 312-683-7676.

*BI estimate.

Self Insured Benefit Administrators Inc.

18167 U.S. Highway 19 N., Suite 300, Clearwater, Fla. 33764; 813-532-0400; fax: 813-530-0882

Employee Benefits**1997 revenues**

Total.....	\$1,400,000
Claims revenue.....	\$1,400,000
Claims administration.....	90%
Claims auditing.....	10%

Claims business by type

Disability.....	5%
Flex compensation.....	5%
Health insurance.....	90%
Employees covered.....	10,000
Dependents covered.....	20,000

Claims business by volume

Administration claims paid.....	\$30,000,000
---------------------------------	--------------

Clients

Total.....	50
Corporations.....	48
Public/government entities.....	2

Staff

Total.....	25
Claims services.....	20

Claims services since: 1988.**Parent:** Jones & Hawkins Insurance.**Service area:** Nationwide.

Charges: Administration: \$10 to \$15 per employee per month.

Branch offices: Administrative and sales offices in Clearwater, Jacksonville and Sarasota, Fla.

PPO access.

Officers: Terrell Hawkins, chairman; Earl Horton, president; Michael McClain, senior vp; Ronnie S. Brown, vp; Bonnie Spearman, claims manager.

Contact: Ronnie Brown.**Self-Insured Management Services**

P.O. Box 55129, 25001 The Old Road, Valencia, Calif. 91385; 805-255-5242; fax: 805-286-0033

Property & Casualty**1997 revenues**

Total.....	\$600,000
Claims revenue.....	\$500,000
Claims administration.....	85%
Claims adjusting.....	10%
Claims auditing.....	5%

Other services include consulting, claim administration review, loss prevention program analysis and review of claims process.

Claims business by type

Automobile.....	15%
General liability.....	15%
Inland marine.....	5%
Property damage.....	5%
Workers compensation.....	60%

Claims business by volume

Administration claims paid.....	\$2,000,000
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Clients

Corporations.....	10
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Staff

Total.....	25
Claims services.....	25

Claims services since: 1981.**Parent:** Master's Claims Service.

Service area: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Illinois, Montana, New Mexico, Nevada, Oregon, Texas, Utah, Washington, Wyoming.

Charges: Administration: per project. Adjusting: time and expense. Auditing: per project.

Contact: William D. Maxon, president/CEO.**Self-Insured Management Services Inc.**

P.O. Box 19990, Portland, Ore. 97280-0990; 503-245-9756; fax: 503-246-1581

Property & Casualty**1997 revenues**

Total.....	\$4,200,000
Claims revenue.....	\$4,200,000
Claims administration.....	100%

Claims business by type

Automobile.....	1%
General liability.....	60%
Professional liability.....	5%
Property damage.....	1%
Workers compensation.....	33%

Claims business by volume

Administration claims paid.....	\$9,195,200
---------------------------------	-------------

Clients

Total.....	132
Association plans.....	1
Corporations.....	121
Public/government entities.....	10

Staff

Total.....	76
Claims services.....	60

Claims services since: 1981.

Service area: Alabama, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Washington.

Charges: Adjusting: per claim.

Branch offices: Administrative offices in Los Angeles and Sacramento, Calif.; Portland, Oregon; Everett and Spokane, Wash.

Officers: James W. Broyles, president; W.S. Griffiths, Joseph E. McLaughlin, vps.

Contact: Joseph E. McLaughlin.**Self Insured Services Co. Inc. (SISCO)**

P.O. Box 389, Dubuque, Iowa 52004-0389; 319-583-7344; fax: 319-583-0439

Employee Benefits/Property & Casualty**1997 revenues**

Total.....	\$8,000,000
Claims revenue.....	\$7,200,000
Claims administration.....	100%

Other services include stop loss placement, PPO

repricing and employee communications.

Claims business by type

Automobile.....	4%
Disability.....	2%
Flex compensation.....	3%
Health insurance.....	80%
Employees covered.....	50,000
Dependents covered.....	120,000
Life.....	1%
Workers compensation.....	10%

Claims business by volume

Administration claims paid.....	\$150,000,000
---------------------------------	---------------

Clients

Total.....	310
Corporations.....	285
Public/government entities.....	15
Union-sponsored plans.....	10

Staff

Total.....	118
Claims services.....	113

Claims services since: 1980.**Parent:** Cottingham & Butler Inc.**Service area:** Nationwide.

Charges: Administration: per employee per month. Adjusting: per claim. Auditing: per employee per month.

Branch offices: Administrative offices in Dubuque, Iowa. Sales offices in Davenport and Dubuque, Iowa; Madison, Wis.

PPO access.

Officers: John E. Butler, president; Andrew Butler, executive vp; Tirm Johnson, vp-sales; Steve Sesterhenn, vp; Steve Bonfig, controller.

Contact: Steve Sesterhenn.**SIEBA Ltd.**

111 Grant Ave., Suite 100, P.O. Box 5000, Endicott, N.Y. 13761-5000; 607-786-3003; fax: 607-786-3437

Employee Benefits**1997 revenues**

Total.....	\$2,200,000
Claims revenue.....	\$1,400,000
Claims administration.....	100%
Other services include fully insured plan administration, PPO services, flexible benefit administration and pension services.	

Claims business by type

Disability.....	1%
Flex compensation.....	10%
Health insurance.....	89%
Employees covered.....	18,000
Dependents covered.....	21,000

Claims business by volume

Administration claims paid.....	\$34,400,000
---------------------------------	--------------

Clients

Total.....	84
Corporations.....	33
Multiemployer plans.....	1
MEWAs.....	1
Public/government entities.....	48
Union-sponsored plans.....	1

Staff

Total.....	41
------------	----

Claims services since: 1983.

Service area: Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New York, Ohio, Pennsylvania, Vermont, West Virginia.

Charges: Administration: per employee per month.

Branch offices: Administrative and sales offices in Endicott, N.Y.

PPO access.

Officers: Richard DoBell, Mark Marion, Diana DoBell, Donna Prikazsky, David DoBell.

Sierra Administrators Inc.

7600 Dublin Blvd., Suite 214, P.O. Box 2787, Dublin, Calif. 94568-0287; 510-828-3089; fax: 510-828-3128

Employee Benefits**1997 revenues**

Total.....	\$1,500,000
Claims revenue.....	\$1,000,000
Claims administration.....	100%

Claims business by type

Disability.....	10%
Health insurance.....	70%
Employees covered.....	10,000
Dependents covered.....	30,000
Pensions.....	20%

Claims business by volume

Administration claims paid.....	\$30,000,000
---------------------------------	--------------

Clients

Corporations.....	10
Multiemployer plans.....	8

Staff

Total.....	25
Claims services.....	15

Claims services since: 1981.**Service area:** California.

Charges: Administration: per eligible employee.

Branch offices: Administrative offices in Dublin and Salinas, Calif.

Contact: Steven J. Stauffacher.**Southern California Risk Management Associates Inc.**

250 W. First St., Suite 222, Claremont, Calif. 91711-4740; 909-621-1335; fax: 909-624-3746

Property & Casualty**1997 revenues**

Total.....	\$3,400,000
Claims revenue.....	\$3,400,000
Claims administration.....	100%
Other services include unbundled claims administration services for captive and fully-insured programs.	

Claims business by type

Workers compensation.....	100%
---------------------------	------

Claims business by volume

Administration claims paid.....	\$47,000,000
---------------------------------	--------------

Clients

Total.....	96
Corporations.....	18
Public/government entities.....	78

Staff

Total.....	48
Claims services.....	48

Claims services since: 1988.

Service area: Arizona, California, Washington.

Charges: Administration: flat annual fee.

Branch offices: Administrative offices in Newport Beach and Oxnard, Calif.

PPO access.

Officers: Dale H. Jones, president; Jody A. Gray, vp.

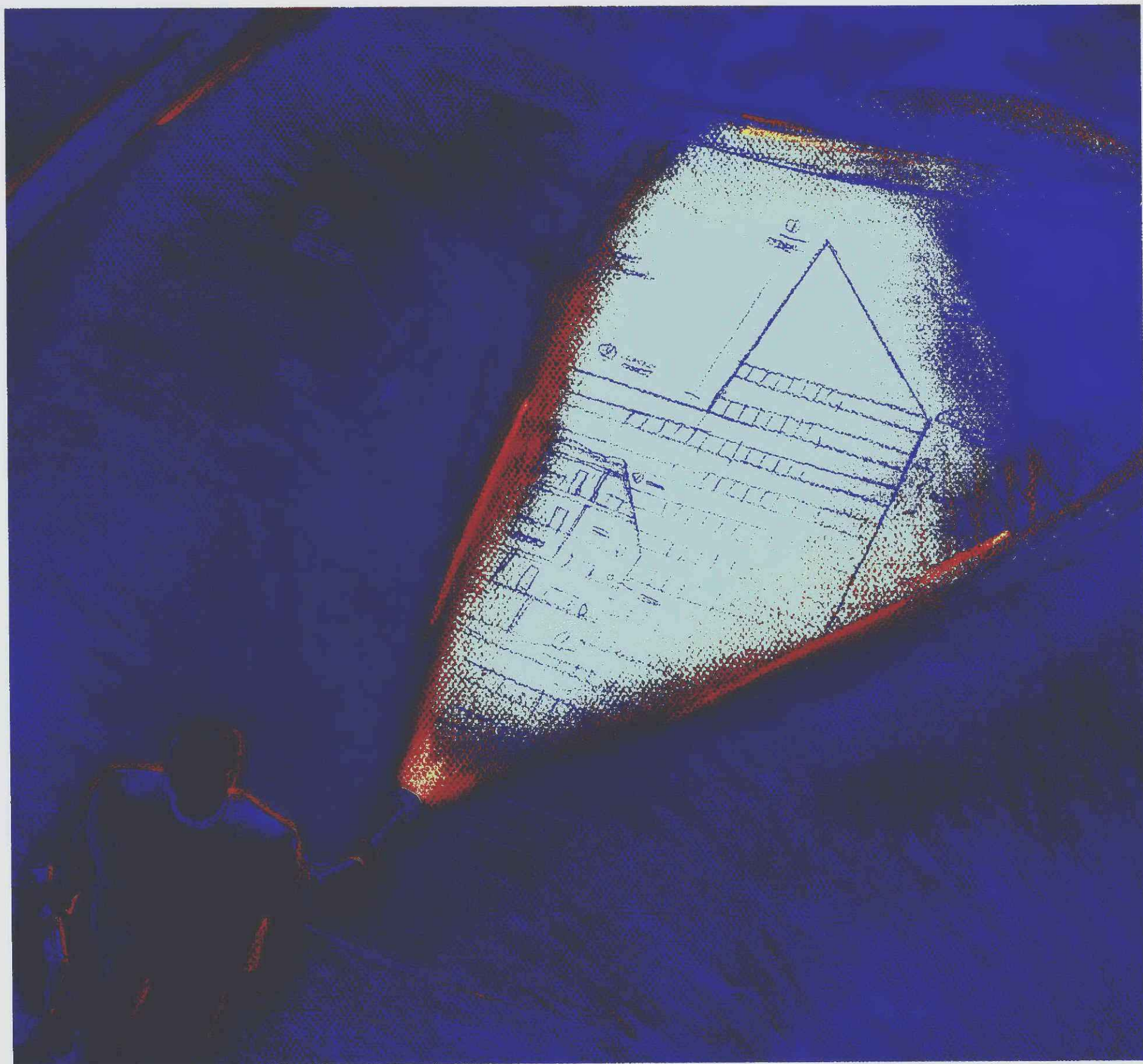
Contact: Dale H. Jones.**Southern Risk Services Inc.**

2211 Seventh Ave. S., Birmingham, Ala. 35233; 205-252-9870; fax: 205-581-9172

Property & Casualty**1997 revenues**

Total.....	\$6,600,000
Claims revenue.....	\$6,100,000
Claims administration.....	98%

RISK MANAGEMENT



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Claims business by type

General liability	50%
Professional liability	50%

Claims business by volume

Administration claims paid	\$5,000,000
----------------------------	-------------

Clients

Association plans	2
Public/government entities	2

Staff

Total	16
Claims services	6

Claims services since: 1996.

Parent: APEX Insurance.

Service area: Nationwide.

Charges: Administration and adjusting: negotiated rate.

Branch offices: Administrative offices in Albuquerque, N.M.; Philadelphia. Sales offices in Chicago; Philadelphia; Richmond, Va.

Officers: Scott Rohr, president; Bret Van-Leeuwen, executive vp; John Piazza, claims manager.

Contact: John Piazza.

Sutherland Page & Co. Inc.9450 W. Bryn Mawr Road,
Rosemont, Ill. 60018;
847-671-9200; fax: 847-671-0067**Property & Casualty****1997 revenues**

Total	\$2,200,000
Claims revenue	\$850,000
Claims administration	70%
Claims adjusting	20%
Claims auditing	10%

Other services include operation audits, safety committees, reserve audits and IBNR studies.

Claims business by type

General liability	20%
Professional liability	10%
Other	70%

Includes: product liability

Claims business by volume

Administration claims paid	\$12,500,000
Auditing projects conducted	17

Clients

Total	23
Association plans	4
Corporations	17
Other	2

Staff

Total	15
Claims services	10

Claims services since: 1985.

Parent: IRISC Inc.

Service area: Nationwide.

Charges: Administration: \$85 to \$125 hourly. Adjusting: \$65 to \$85 hourly. Auditing: \$105 to \$150 hourly.

Officers: Sam Terzich, Kurt Meyer, executive vps; Robert Duda, vp; Denise DuPuis, assistant vp.

Contact: Sam Terzich or Kurt Meyer.

**The TPA Inc.***5995 Opus Parkway, Suite 110,
Minnetonka, Minn. 55343;
612-945-8134; fax: 612-945-8501**Employee Benefits****1997 revenues**

Total	\$50,000,000
Claims revenue	\$50,000,000
Claims administration	100%

Claims business by type

Disability	0.5%
Flex compensation	2%
Health insurance	95%
Employees covered	317,000
Dependents covered	381,000
Other	2.5%

Includes: COBRA, HIPAA, Medicare supplement.

Claims business by volume

Administration claims paid	\$1,350,000,000
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Clients

Total	790
-------	-----

Staff

Total	760
Claims services	495

Claims services since: 1985.

Service area: Nationwide.

Charges: Administration: \$6 to \$12 per employee per month.

Branch offices: Administrative offices in Phoenix; North Haven, Conn.; Orlando, Fla.; Marietta, Ga.; Naperville and Rockford, Ill.; Minneapolis; Blue Bell, Pa.; Brentwood, Tenn.; Arlington, Texas; Seattle. Sales offices in 25 locations nationwide.

PPO access.

Officers: William E. Sagan, CEO; Robert P. Brook, president; Andrew Thompson, senior vp-Eastern region; Mark Davis, senior vp-Western region; Jon Gruenhagen, CFO.

Contact: Rick Newell, vp-communications; 612-945-8134.

* Formerly United HealthCare Administrators.

Tayson Insurance Administrators54 Corporate Park,
Irvine, Calif. 92606;
800-582-9766; fax: 909-343-0024**Employee Benefits****1997 revenues**

Total	\$1,080,000
Claims revenue	\$1,080,000
Claims administration	100%

Other services include claims administration, COBRA and HIPAA compliance, prescription card programs and PPO network access.

Claims business by type

Health insurance	100%
Employees covered	25,000
Dependents covered	65,000

Claims business by volume

Administration claims paid	\$6,500,000
----------------------------	-------------

Clients

Association plans	4
Corporations	10
MEWAs	1

Staff

Total	24
Claims services	22

Service area: Nationwide.

Charges: Administration: Per employee per month \$2.50 to \$13.

Branch offices: Administrative offices in Camarillo, Irvine, Riverside and Salinas, Calif. Sales office in Riverside, Calif.

PPO access.

Officers: Ruberta Taylor, president; Ivan Stevenson, CFO; Glen Michael, director-claims administration; Connie Zoeller, claims manager.

Contact: Glen Michael.

Tedro & Associates Inc.2160 S. Foster Ave.,
Wheeling, Ill. 60090;
847-577-8828; fax: 847-577-8869**Employee Benefits****1997 revenues**

Total	\$3,300,000
Claims revenue	\$3,200,000
Claims administration	100%

Other services include accounting and consulting.

Claims business by type

Disability	5%
Health insurance	35%
Employees covered	22,500
Dependents covered	65,000

Claims business by volume

Administration claims paid	\$120,000,000
----------------------------	---------------

Staff

Total	60
Claims services	32

Claims services since: 1980.

Service area: Midwest, East.

Charges: Administration/adjusting: per employee.

Branch offices: Administrative and sales offices in Washington; Wheeling, Ill.; St. Louis; Milwaukee.

Officers: Gerald A. Mele, president/CEO; Robert C. Calamari, executive vp; Patricia Ann Mele, vp/secretary.

Contact: Gerald A. Mele.

Three Rivers Benefit Corp.518 Eighth St., Suite E,
Sioux City, Iowa 51101;
712-258-1525; fax: 712-255-3521**Employee Benefits****1997 revenues**

Total	\$800,000
Claims revenue	\$785,000
Claims administration	100%

Claims business by type

Flex compensation	2.5%
Health insurance	97.5%
Employees covered	4,000

Claims business by volume

Administration claims paid	\$6,000,000
----------------------------	-------------

Clients

Total	77
Corporations	75
Public/government entities	2

Staff

Total	12
Claims services	5

Claims services since: 1974.

Service area: Upper Midwest.

Charges: Administration: \$7 to \$10 per employee per month.

Branch offices: Administrative and sales office in Sioux City, Iowa.

PPO access.

Contact: Peter D. Benson.

Transcontinental Technical Services Inc. dba ServCo333 S. Wabash, Chicago, Ill. 60685;
312-822-1860; fax: 312-817-0171**Property & Casualty****1997 revenues**

Total	\$138,000,000
-------	---------------

Claims revenue \$127,700,000
Claims administration 100%
Other services include claims administration and adjusting for fully insured clients, case management and health care services.**Claims business by type**

Automobile	20%
General liability	15%
Workers compensation	65%

Claims business by volume

Administration claims paid	\$1,143,238,712
----------------------------	-----------------

Clients

Total	520
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Staff

Total	1,250
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Claims services since: 1992.

Parent: Continental Casualty Co.

Service area: Nationwide.

Charges: Administration: flat fee. Adjusting: cost per claim. Auditing: flat fee.

Branch offices: Administrative offices in 30 locations. Sales offices in San Francisco; Atlanta; Chicago; New York; Dallas.

Officers: Thomas E. Donnelly, president; Frank C. Soricelli, executive vp; Steve Wootton, Linda McMurray, Mike Foster, senior vps.

Contact: Susan Drake.

Trigon Administrators Inc.7130 Glen Forest Drive,
Richmond, Va. 23226;
804-673-5900; fax: 804-673-5916**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$13,487,021
Claims revenue	\$13,487,021
Claims administration	90%
Claims adjusting	10%

Claims business by type

Automobile	2.5%
Disability	1.1%
Flex compensation	6.2%
General liability	6%
Health insurance	19.7%
Workers compensation	64.5%

Clients

Total	93
Association plans	5
Corporations	48
Public/government entities	38
Other	2

Staff

Total	129
Claims services	82

Claims services since: 1987.

Parent: Trigon Blue Cross & Blue Shield.

Service area: Maryland, North Carolina, Virginia.

Charges: Administration: fixed fee, per claim, per employee per month. Adjusting: per claim, per employee per month.

Branch offices: Administrative offices in Columbia and Rockville, Md.; Raleigh, N.C.; Chantilly and Richmond, Va. Sales offices in Columbia, Md.; Raleigh, N.C.; Richmond, Va.

PPO access.

Officers: Norwood H. Davis Jr., chairman; Thomas D. England, vp; William D. Monday, president; Tom Byrd, treasurer; James C. Wiltshire, secretary.

Contact: Sherry C. Laughlin, 804-673-5830.

TRISTAR Risk Management6133 Bristol Parkway, Suite 300,
Culver City, Calif. 90230;
310-342-0500; fax: 310-342-0503**Property & Casualty****1997 revenues**

Total	\$6,000,000
Claims revenue	\$4,000,000
Claims administration	80%
Claims adjusting	15%
Claims auditing	5%

Claims business by type

Automobile	5%
General liability	10%
Professional liability	25%
Workers compensation	60%

Claims business by volume

Administration claims paid	\$27,500,000
----------------------------	--------------

Clients

Total	61
Association plans	2
Corporations	48
Public/government entities	11

Staff

Total	160
Claims services	61

Claims services since: 1937.

Parent: TRISTAR Risk & Insurance Management.

Service area: Nationwide.

Branch offices: Administrative offices in Phoenix; Culver City, Sacramento, Santa Ana and San Diego, Calif.; Portland, Ore.; Spokane, Wash. Sales offices in Phoenix; Culver City and San Diego, Calif.; Portland, Ore.

Officers: Tom Veale, president; Kevin Burke, vp-operations; Ken Beck, vp-liability; Linda DeVreugd, vp.

Contact: Kevin Burke, vp-operations.

Tucker & Clark5757 Alpha Road, Suite 300,
Dallas, Texas 75240;
972-392-2930; fax: 972-490-6347**Employee Benefits****1997 revenues**

Total	\$3,800,000
Claims revenue	\$1,900,000
Claims administration	100%

Other services include fully insured claims administration, Section 125 administration, utilization review, discount negotiations and claims administration software sales.

Claims business by type

Flex compensation	2%
Health insurance	98%
Employees covered	10,600
Dependents covered	20,000

Claims business by volume

Administration claims paid	\$41,000,000
----------------------------	--------------

Clients

Total	60
Association plans	2
Corporations	53
Public/government entities	5

Staff

Total	55
Claims services	21

Claims services since: 1982.

Service area: Nationwide.

Charges: Administration: \$10 to \$31 per employee per month.

Branch offices: Administrative office in Dallas. Sales offices in Dallas; Houston.

Officers: John Clark, president; Barbara Clark, senior vp.

Contact: John Clark.

**Underwriters Safety & Claims Inc.**11405 Park Road,
Louisville, Ky. 40223;
502-244-1343; fax: 502-244-1411**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$21,042,660
Claims revenue	\$7,670,000
Claims administration	90%
Claims adjusting	10%

Other services include case management and managed care.

Claims business by type

Health insurance	30%
Employees covered	16,500
Dependents covered	41,250
Workers compensation	70%

Claims business by volume

Administration claims paid	\$149,997,000
----------------------------	---------------

Clients

Total	98
Association plans	5
Corporations	91
Public/government entities	2

Staff

Total	338
Claims services	141

Claims services since: 1941.

Service area: Alabama, Arkansas, Georgia, Illinois, Indiana, Kentucky, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Virginia, Wisconsin.

Charges: Adjusting: \$400 to \$450 per claim (lost time); \$70 to \$90 per claim (medical only).

Branch offices: Administrative offices in Chicago and Marion, Ill.; Indianapolis; Paintsville, Ky.; Pittsburgh; Knoxville and Memphis, Tenn.; Norton, Va. Sales offices in Savannah, Ga.; Nashville, Tenn.

Subsidiaries: BRI Case Management, BHN Managed Care.

Continued from previous page

South Carolina, Tennessee; Switzerland.

Charges: Administration: Per contract per month.**PPO access.****Officers:** Randy Spicer, president; Cal Kellogg, vp; Mark White, secretary/treasurer; Ken Pearson, vice secretary/treasurer.**VIA Claims Management**650 Sentry Parkway,
Blue Bell, Pa. 19422;
610-825-4900; fax: 610-825-4636**Property & Casualty****1997 revenues**

Total	\$3,600,000
Claims revenue	\$850,000
Claims administration	45%
Claims adjusting	45%
Claims auditing	10%

Claims business by type

Automobile	20%
General liability	45%
Professional liability	5%
Property damage	10%
Workers compensation	20%

Claims business by volume

Administration claims paid	\$1,034,162
Auditing projects conducted	4

Clients

Total	15
Corporations	7
Public/government entities	4
Other	4

Staff

Total	33
Claims services	12

Claims services since: 1967.**Parent:** Vincent Insurance Adjusters.**Service area:** Florida, Georgia, Maryland, New Jersey, North Carolina, Pennsylvania, Texas.**Charges:** Administration: per employee. Adjusting/auditing: hourly, flat fee.**Branch offices:** Administrative offices in Orlando, Fla.; Marlton, N.J. Sales offices in Fort Lauderdale, Orlando and Tampa, Fla.; Atlanta; Columbia, Md.; Cranford and Marlton, N.J.; Greensboro, N.C.; Allentown, Blue Bell, Harrisburg and Shenandoah, Pa.; Dallas; Houston.**Officers:** Leslie J. Tolles, president; Anthony G. Montuori, senior vp; Alexander Kristowicz, vp; Linda Carickhoff, controller.**Contact:** Leslie J. Tolles, 610-825-4900, or Anthony G. Montuori, 908-272-6000.**VPA**23622 Calabasas Road, Second
Floor, Calabasas, Calif. 91302-1501;
800-473-9761; fax: 818-591-9647**Employee Benefits****1997 revenues**

Total	\$9,000,000
Claims revenue	\$9,000,000
Claims administration	100%

Claims business by type

Disability	100%
------------	------

Claims business by volume

Administration claims paid	\$124,600,000
----------------------------	---------------

Clients

Total	324
Corporations	321
Public/government entities	3

Staff

Total	115
Claims services	75

Claims services since: 1979.**Service area:** Nationwide.**Charges:** Administration: \$100 to \$400 per claim.**Branch offices:** Administrative and sales office in Calabasas, Calif.**Officers:** Jack Bredehorn, president; John Gemert, vp-finance; Jeff Bredehorn, vp-information systems; Barbara Ann Walkden, vp-claim operations; Ron Johnson, vp-sales.**Contact:** Bob Trotta, vp-new business development, 818-222-3040.**Ward North America***610 W. Ash St., Suite 1500,
San Diego, Calif. 92101;
619-557-2777; fax: 619-557-2767**Property & Casualty****1997 revenues**

Total	\$40,000,000
Claims revenue	\$25,000,000
Claims administration	60%
Claims adjusting	30%

Claims auditing.....10%

Other services include claims administration, audits, field adjusting and investigation.

Claims business by type

Automobile	20%
General liability	35%
Inland marine	5%
Professional liability	10%
Property damage	10%
Workers compensation	20%

Claims business by volume

Administration claims paid	\$65,000,000
Auditing projects conducted	25

Clients

Total	950
Corporations	250
Public/government entities	300
Other	400

Staff

Total	550
Claims services	250

Claims services since: 1928.**Service area:** Nationwide.**Charges:** Administration: \$300 to \$1,150 per claim. Adjusting: \$55 to \$65 per hour. Auditing: \$75 per hour.**Branch offices:** Administrative offices in San Diego; Atlanta; Chicago; Edison, N.J.; Dallas. Sales offices in Los Angeles, Orange County, Sacramento, San Diego, Calif.; Miami and Orlando, Fla.; Atlanta; Chicago; Kansas City, Mo.; Raleigh, N.C.; Edison, N.J.; Philadelphia; Nashville, Tenn.; Dallas; Houston.**Subsidiaries:** Willis-Rollinson Inc., Dallas.**PPO access.****Officers:** Jeff Ward, CEO; Liz Nelson, Craig Bowlus, Diana Rollinson-Hamilton, Robert Reagan, Russ Whitmarsh, senior vps.**Contact:** Liz Nelson, 714-544-0980; C. David Short, vp-marketing, 619-557-2777; Craig Bowlus, 510-943-1155.

*Formerly Ward-THG.

Carl Warren & Co.750 The City Drive S.,
Suite 400, Orange, Calif. 92868;
714-740-7999; fax: 714-740-7992**Property & Casualty****1997 revenues**

Total	\$25,000,000
Claims administration	80%
Claims adjusting	20%
Other services include adjusting claims for insurance companies.	

Claims business by type

Automobile	40%
General liability	50%
Professional liability	5%
Property damage	5%

Clients

Total	649
Corporations	400
Public/government entities	249

Staff

Total	260
-------	-----

Claims services since: 1944.**Service area:** West.**Charges:** Administration/adjusting: \$40 to \$60 per hour.**Branch offices:** Administrative offices in 10 locations in California; Phoenix; Honolulu; Albuquerque, N.M.; Seattle.**Officers:** Howard Hithcock, chairman; Roy George, president/CEO; Michael Dekema, Larry Hunt, executive vps.**Contact:** Michael Dekema, 800-854-1587.**Wausau Insurance Cos.**2000 Westwood Drive,
Wausau, Wis. 54401;
715-845-5211; fax: 715-847-8977**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$1,467,000,000
Claims revenue	\$45,000,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%

Claims business by type

Automobile	4%
General liability	5%
Health insurance	76%
Employees covered	211,000
Dependents covered	536,000
Professional liability	2%
Workers compensation	10%

Claims business by volume

Administration claims paid	\$591,000,000
Auditing projects conducted	4

Clients

Total	238
Association plans	10
Corporations	205
Multiemployer plans	2
MEWAs	1
Public/government entities	20

Staff

Total	5,200
Claims services	500

Claims services since: 1971.**Parent:** Nationwide Group.**Service area:** Nationwide.**Charges:** Administration: Per claim, percent of incurred or paid losses, percentage of payroll, premium per employee. Adjusting: \$41 to \$100

per hour. Auditing: per hour.

Branch offices: Administrative offices in 27 cities nationwide. Sales offices in 150 cities nationwide.**Subsidiaries:** Countrywide Services Corp., St. Louis.**PPO access.****Officers:** Richard McFerson, CEO; Galen Barnes, Nationwide president, Wausau vp; Dwight Davis, president/CFO; Douglas Robi-
nette, executive vp-customer services; Scott Isaacson, executive vp-RMA.**Contact:** Ronald E. Fisher, assistant vp-loss management services/marketing, 715-842-6229.**Wellmark Administrators Inc.***500 Walnut, Suite 300,
Des Moines, Iowa 50309;
515-243-3210; fax: 515-282-0719**Employee Benefits****1997 revenues**

Total	\$11,230,000
Claims revenue	\$9,320,000
Claims administration	96%
Claims adjusting	4%
Other services include utilization review, case management, COBRA and HIPAA services.	

Claims business by type

Disability	1%
Flex compensation	1%
Health insurance	97%
Employees covered	87,500
Dependents covered	206,000
Life	1%

Claims business by volume

Administration claims paid	\$231,000,000
----------------------------	---------------

Clients

Total	126
Association plans	3
Corporations	104
MEWAs	2
Public/government entities	17

Staff

Total	212
Claims services	115

Claims services since: 1982.**Parent:** Wellmark Inc.**Service area:** Nationwide.**Charges:** Administration: per employee per month.**Branch offices:** Administrative office in Sioux City, Iowa. Sales office in Chippewa Falls, Wis.**PPO access.****Officers:** Paula Ryan, president; Sally Word, COO.**Contact:** Erik Stjernberg, 515-246-6297.

*Formerly Benefit Administrators of America.

This directory of third-party administrators begins on page 24.

Western Reserve Benefit Administrators Agency Inc.4301 Darrow Road,
Stow, Ohio 44224;
330-686-7020; fax: 330-686-7021**Employee Benefits****1997 revenues**

Total	\$610,883
Claims revenue	\$551,733
Claims administration	90%
Claims auditing	10%

Other services include managed care and consulting.

Claims business by type

Disability	2%
Flex compensation	2%
Health insurance	90%
Employees covered	4,400
Dependents covered	7,216
Other	6%
Includes: group life.	

Claims business by volume

Administration claims paid	\$9,578,332
----------------------------	-------------

Clients

Total	20
Corporations	17
Public/government entities	3

Staff

Total	10
Claims services	6

Claims services since: 1961.**Parent:** The Chandler Group.**Service area:** Florida, Indiana, Kentucky, Michigan, Ohio.**Charges:** Administration: Per employee per month.**Branch offices:** Sales offices in Louisville, Ky.; Cincinnati and Columbus, Ohio.**PPO access.****Officers:** Arthur W. Chandler, chairman; James K. Piper, president; Keith Kern, secretary/treasurer; Jim Tetrault, president/COO-TPA services; Burton Margolis, CFO.**Westport Benefits L.L.C.**1600 S. Brentwood Blvd.,
Suite 300, St. Louis, Mo. 63144;
314-962-2040; fax: 314-963-8275**Employee Benefits/Property & Casualty****1997 revenues**

Total	\$7,000,000
Claims revenue	\$6,000,000
Claims administration	95%
Claims auditing	5%

Other services include fully insured claims administration, specialty network administration, consulting, data management, Section 125 and COBRA.

Claims business by type

Disability	5%
------------	----

Flex compensation.....5%

Health insurance.....80%

Employees covered.....40,000

Dependents covered.....350,000

Workers compensation.....10%

Claims business by volume

Administration claims paid	\$200,000,000
Auditing projects conducted	10

Clients

Total	56
Association plans	3
Corporations	44
Multiemployer plans	2
Public/government entities	7

Staff

Total	113
Claims services	95

Claims services since: 1973.**Service area:** Nationwide.**Charges:** Administration: per employee per month. Adjusting/auditing: by project.**Branch offices:** Administrative offices in Westport, Conn.; Omaha, Neb. Sales offices in Atlanta; St. Louis.**PPO access.****Officers:** Mike Foley, president/CEO; David Garver, vp-operations; Joe Jolly, vp-sales; Jay Power, vp-marketing; Ann Lyndon, vp-new business.**Contact:** Larry Jackson, director-sales/marketing.**Scott Wetzel Services Inc.**101 E. Kennedy Blvd.,
Suite 2980, Tampa, Fla. 33602;
813-229-7475; fax: 813-229-9922**Property & Casualty****1997 revenues**

Total	\$25,000,000
Claims revenue	\$20,000,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%

Other services include risk management information systems, auditing and managed care consulting.

Claims business by type

Automobile	18%
General liability	15%
Professional liability	1%
Property damage	1%
Workers compensation	65%

Claims business by volume

Administration claims paid	\$540,000,000
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Clients

Total	359
Association plans	10
Corporations	325
Public/government entities	24

Staff

Total	340
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Continued on next page

Carvill

Reinsurance Intermediary

INDEPENDENCE
INTEGRITY
SERVICE

CONSISTENT PHILOSOPHY & PERFORMANCE

SINCE 1977

Atlanta Bermuda Chicago London Stamford

Continued from previous page

Claims services275

Claims services since: 1941.**Service area:** Nationwide.**Charges:** Administration: \$90 to \$150 per month per claimant, \$475 to \$1,500 per month per claimant (indemnity). Adjusting/auditing: \$65 to \$125 per hour.**Branch offices:** Administrative offices in Anchorage, Alaska; Jacksonville, Ark.; Orange, Calif.; Denver; Tampa, Fla.; Atlanta; Chicago; Rockville, Md.; Kalamazoo, Mich.; Manchester, N.H.; Cranford, N.J.; Albany, N.Y.; Portland, Ore.; Wyomissing, Pa.; Nashville, Tenn.; Dallas; Houston; Fairfax, Va.; Bemerton and Federal Way, Wash. Sales offices in Orange, Calif.; Denver; Tampa, Fla.; Atlanta; Chicago; Cranford, N.J.; Houston; Seattle.**Officers:** John R. Harrold, president; Peter Greenland, Jeffery M. Aguilar, senior vps; Karen Austin, Darryl Temple, vps.

* Estimate

Willis Corroon Administrative Services Corp.26 Century Blvd.,
Nashville, Tenn. 37214;
615-872-4000; fax: 615-872-4333**Employee Benefits/Property & Casualty****1997 revenues**Total\$29,933,000
Claims revenue\$24,672,169
Claims administration100%
Other services include managed care.**Claims business by type**Automobile12%
General liability15%
Health insurance20%
Employees covered61,000
Dependents covered124,000
Professional liability2%
Property damage1%
Workers compensation50%**Claims business by volume**

Administration claims paid\$359,353,267

ClientsTotal321
Association plans28
Corporations193
Public/government entities100**Staff**Total412
Claims services360**Claims services since:** 1975.**Parent:** Willis Corroon P L.C.**Service area:** Nationwide.**Charges:** Administration: Per employee, per

claimant.

Branch offices: Administrative offices in 34 locations nationwide. Sales offices in Pasadena, Calif.; Atlanta; Chicago; Louisville, Ky.; Detroit; Minneapolis; St. Louis; Philadelphia; Nashville, Tenn.**PPO access.****Officers:** Richard O. Ford, chairman/CEO; Richard L. Hughes, chief administrative officer; Fred Massa, COO.**Contact:** Fred Massa, life/health division, 615-363-4563; Richard L. Hughes, property/casualty division, 615-872-4126.

Y

York Claims Service Inc.111 John St.,
New York, N.Y. 10038;
212-732-0505; 212-732-1789**Property & Casualty****1997 revenues**

Total\$13,500,000

Claims revenue\$8,600,000
Claims administration90%
Claims auditing10%
Other services include claims administration, adjusting and auditing for fully insured clients.**Claims business by type**Automobile18%
General liability60%
Professional liability2%
Workers compensation5%
Other15%
Includes: product liability and homeowners.**Claims business by volume**

Administration claims paid\$275,000,000

ClientsTotal912
Corporations891
Public/government entities21**Staff**Total136
Claims services37**Claims services since:** 1962.**Parent:** American International Group Inc.**Service area:** Nationwide.**Charges:** Administration/adjusting/auditing: per hour.**Branch offices:** Administrative offices in Plantation and Rockledge, Fla.; Las Vegas; San Juan, Puerto Rico.**Officers:** Stuart Myers, president; Fred

Schiller, Eileen Rachelson, executive vps; Peter Lind, vp/general counsel.

Contact: Fred Schiller.

Z

Zenith Administrators Inc.7645 Metro Blvd.,
Edina, Minn. 55439-3060;
612-835-7035; fax: 612-835-2803**Employee Benefits****1997 revenues**Total\$46,300,000
Claims revenue\$21,300,000
Claims administration52%
Claims adjusting44%
Claims auditing4%
Other services include pension, vacation and PPO.**Claims business by type**Disability5%
Health insurance90%
Employees covered245,000
Dependents covered645,000
Life5%**Claims business by volume**

Administration claims paid\$500,000,000

ClientsTotal161
Corporations60
Multiemployer plans99
Public/government entities22**Staff**Total754
Claims services300**Claims services since:** 1967.**Parent:** ULLICO Inc.**Service area:** Nationwide.**Charges:** Administration: \$6 to \$12 per member per month.**Branch offices:** Administrative offices in Little Rock, Ark.; Phoenix; Los Angeles, Redding and San Francisco, Calif.; Denver; West Palm Beach, Fla.; Springfield and Chicago, Ill.; Indianapolis; Louisville, Ky.; Metairie, La.; Braintree and Springfield, Mass.; Columbia, Md.; Lansing, Mich.; Duluth and Minneapolis, Minn.; Kansas City and St. Louis, Mo.; Secaucus, N.J.; Las Vegas; Oklahoma City; Portland, Ore.; Dallas; Houston, Nederland and San Antonio, Texas; Seattle and Spokane, Wash.; Madison and Milwaukee, Wis.**PPO access.****Officers:** Robert A. Georgine, James W. Luce, Gary L. Eng, Jerome P. Pollock, Dean E. Kalahar, Joann Kaminski. **BI****Business Insurance®****• SERVICES •****ON-LINE SERVICES**Now you can find *Business Insurance* on the World Wide Web. *BI's* home page includes many important departments, including ... UPDATES for late-breaking news posted each Friday ... INTERNET ARTICLES from past issues ... a DATE-BOOK of searchable industry-wide meetings and events ... WEB LINKS listing sites on the web of interest to risk and benefit managers ... ONLINE FORUMS for users to exchange information ... and much more: <http://www.businessinsurance.com>**REPRINT SERVICES***BI's* Reprint Department can provide reprints, in quantities of 100 or more, of any article appearing in the weekly newsmagazine. Legal permission, complying with U.S. copyright laws, also can be provided to companies wishing to reprint on their own, material appearing in the newsmagazine. For information, call or fax:

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INTERNATIONAL

Global Briefs

Lloyd's of London members agency Christie Brockbank Shipton Ltd. says that Lloyd's profits for the 1996 year of account will be lower than previously forecast. Compared with an estimated overall profit of 6.4% predicted last November, analysts at Christie Brockbank Shipton now put the figure closer to 5.9%. Most of the deterioration at Lloyd's comes from the motor market, though both aviation and non-marine business have slipped slightly, according to the members agency. At the same time, Christie Brockbank Shipton estimates that premiums for marine insurance business are down 11% down from their level 12 years ago, while aviation is showing an increase of 10% and non-marine rates are up 46% over the same period. Rates in all three markets are markedly down on the year-end premium levels at the end of last year. . . . The European Court of Justice will rule on whether European employers owe past pension benefits to part-time workers after the U.K. Law Lords earlier this month referred a series of U.K. test cases on that issue. The ECJ recently ruled that two former part-time health care workers are entitled to claim pension benefits dating back to 1976 (*BI*, Jan. 5). A similar ruling on the U.K. test cases could burden E.U. employers with massive pension costs. . . . Polish insurance supervisors have approved **Zurich Handlowy Insurance S.A.** to start writing non-life business in the country. Zurich Handlowy is jointly owned by Swiss insurance and financial services giant Zurich Group and Poland's Bank Handlowy, and its license means it can operate alongside sister life insurer Zurich Handlowy Life S.A., which received a license last month. . . . **Multinational Insurance Arrangement**, an international employee benefit risk pool for multinational companies around the world, has reorganized as a "controlled open partnership" to extend the MIA membership. Currently, the network has five executive committee members—AXA-UAP Collectives of France, Guardian Royal Exchange in the United Kingdom, Netherlands' ING Group, Nippon Life Insurance Co. in Japan and The Principal Financial Group of the United States—and 50 partner companies. The new structure will allow any majority-owned subsidiary of an executive committee company member to join the network. . . . Christian Speiser has resigned as chief financial officer and member of the executive board of **Swiss Re Group** as a result of unrelated investigations into earlier business affairs. A Swiss Re spokesman said that Mr. Speiser requested to leave because media interest prevented him from fulfilling his role. Christoph Dorschel, a member of the executive board and Swiss Re's CFO until Mr. Speiser took that position in March 1997, will fill the post until a successor can be found. . . . **MRM Hancock Ltd.**, a subsidiary of Bermuda broker Mutual Risk Management Ltd., has been licensed as a Lloyd's broker. Based in London, MRM Hancock specializes in placing captive insurers' reinsurance programs, particularly those of parent company clients. . . . Lloyd's agency **Wellington Underwriting P.L.C.** has set up a Cayman Islands-based service company, Wellington Americas Ltd., to write property facultative business from the Caribbean and Central and South America. The three Wellington syndicates, 51, 672 and 1028, have provided Wellington Americas binding authority. The operation, headed by James Sardeson, aims to write up to \$10 million in new premium by 2000.

ILU recommends raising rates

By EDWIN UNSWORTH

LONDON—Marine, energy and aviation insurance buyers have enjoyed a market so soft that insurers must reverse course or risk angering their shareholders, according to the Institute of London Underwriters.

"Despite the many cautionary warnings, competition has again driven rates down to uneconomic (unprofitable) levels, and it will be very difficult to correct the situation unless resolute action is taken," said Nigel Jenkins, immediate past chairman of the ILU.

Mr. Jenkins was referring mainly to the need to raise rates, but he said he also sees a need for underwriters to come to grips with the changing realities of the marketplace as it becomes more global due to mergers, resulting in "a change in strategic thinking, which is seeking to address the proper demands of our customers."

Current rating levels mean it now appears unlikely that underwriters will generate returns sufficient to satisfy their shareholders on the

1997 and 1998 underwriting accounts, he said last week at the ILU's annual conference.

Last year was the eighth-successive year ILU member companies paid more in claims than they received in premiums. Premiums totaled \$1.18 billion (\$1.98 billion), but claims paid reached \$1.82 billion (\$3.06 billion).

The ILU's annual report warns that London market underwriters stand to lose credibility and the support of their parent companies and shareholders if they let the soft market continue.

"Company managements may not be as forgiving with their marine accounts as they have been in the past," it states.

Competition as fierce as that last seen in the late 1980s and early 1990s has resulted from the continuing lack of large losses and an influx of capital, the ILU report says.

"If this unbridled competition continues, both in London and internationally, and rates do not return to sensible levels, the future for marine underwriters is daunting," it adds.

The report also says the consolidation and

globalization among insurers, reinsurers and brokers has led to a rapid decline in the use of London as an international market. Marine, energy and aviation insurance are a major part of the London market for international business.

The underwriting capacity that has accrued to some of these enlarged insurers means they are able to take on significant shares—even up to 100%—of some risks, leading to a decline in London's traditional subscription market, in which multiple underwriters subscribe to small shares of a risk.

The ILU sees its planned merger with the London Insurance & Reinsurance Market Assn. as instrumental in helping to meet this challenge.

The merger, expected to be completed in July, is intended to produce a single, stronger company market association with lower overheads.

Mr. Jenkins said the merger will enhance the London market's position by creating "a unified voice and improved service in the years to come."

With the ILU's membership falling—over the

See ILU on next page

Coal negligence ruling may cost U.K. billions

By CAROLYN ALDRED



PHOTO: AFP

A recent U.K. court ruling may allow many coal miners to seek compensation for work-related lung diseases.

LONDON—The U.K. government could face claims totaling billions of pounds against Britain's former national mining company following a London High Court judgment that British Coal Corp. was negligent in protecting miners from harmful coal dust.

The ruling, on a case brought by eight former miners, sets a precedent for thousands of miners seeking compensation for lung diseases from British Coal, including 162 other claimants currently with suits against British Coal.

"British Coal failed to take all reasonable steps to minimize the creation and dispersion of respirable dust by the introduction and use of known and available dust suppression techniques from about 1949 to 1970 and to a lesser extent thereafter," Justice Turner ruled.

The judge on Feb. 6 granted damages for negligence and additional payments covering loss of earnings and medical expenses to six of the eight claimants. Compensation ranged

See Coal on page 57

'Rogue trader' risks covered by new policy

First buyer from U.S.

By EDWIN UNSWORTH

LONDON—More buyers are expected to follow a U.S. financial institution that is the first to purchase a new fidelity insurance policy that covers losses caused by "rogue traders."

The policyholder, which prefers not to be named, is "a large New York-based financial institution with global operations," said Rupert Villers, a director of Lloyd's of London underwriting agency SVB Syndicates Ltd., which launched the Lloyd's Unauthorized Trading Policy last October (*BI*, Oct. 13, 1997).

SVB markets the policy through Lloyd's syndicates 1007 and 1212, which it manages. The agency has prepared about 30 quotes for interested parties and is "pretty confident of announcing another policy sale this month," said Mr. Villers.

The first policy was placed by J&H Marsh McLennan FINPRO (Financial and Professional) Global, a global specialty practice and unit of J&H Marsh & McLennan Cos. Inc.

See Rogue on page 58

U.K. forming force to reduce art theft

By MATTHEW MacDERMOTT

LONDON—U.K. fine arts insurers are welcoming a nationwide police effort to help reduce the rising incidence of art and antique theft.

A national network of detectives specializing in combating such crime is expected to be launched in June and will be backed by a code of due diligence for art and antique dealers. The plan is believed to be the first of its kind.

Meanwhile, insurers are enlisting their own investigators, who often provide loss control advice to policyholders.

David Scully, underwriting manager at Nordstern Art Insurance in London, a division of Cologne, Germany-based Nordstern Allgemeine Versicherungs A.G., welcomed the announcement of the planned network.

"For too long, police have not paid enough attention to the theft of fine art," he said. In the past, the art insur-

ance industry and police often were at odds over investigating fine art claims, said Mr. Scully, who hopes for a new era of cooperation.

It is important that the specialist detectives understand the art and antiques business, he said.

Britain has the world's largest trade in art and antiques, and annual theft losses are estimated at £3 million to £5 million (\$4.9 million to \$8.1 million).

Under the plan, all 43 police forces in England, Wales and Northern Ireland will have specialist detectives to communicate with local dealers and galleries, and gather intelligence on art and antique theft. The detectives will work closely with investigators at crime squads and the National Criminal Intelligence Service, which tracks national and international markets.

The proposed code of due diligence, which is being developed by art and

See Art theft on page 57

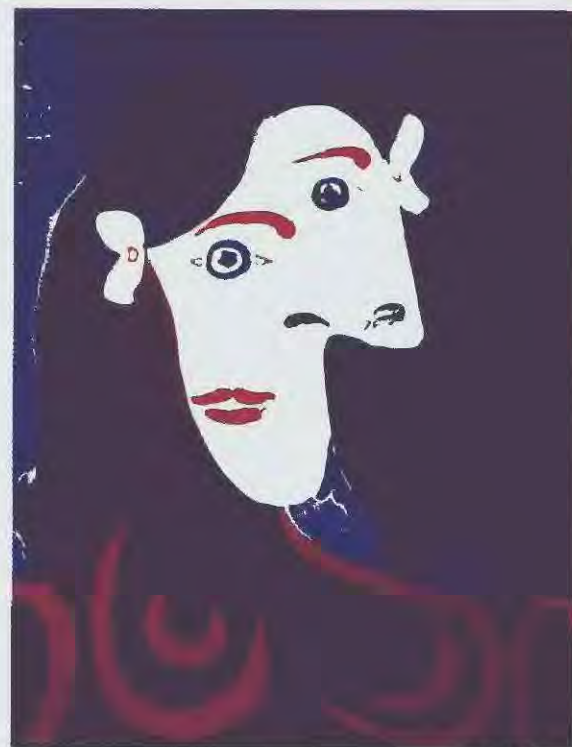


PHOTO: AP

'Tete de Femme,' a Pablo Picasso painting, was stolen in March 1997 from a London art gallery.

Services Guide

INTERNATIONAL

ILU

Continued from previous page
past 15 years it has dropped to 46 companies in 1997 from 92 companies in 1982—a merger will bring down costs for items such as administration, public relations and legal advice.

Even the cargo account, traditionally the bread-and-butter business for marine underwriters, is causing the greatest immediate concern, with a 1997 loss ratio of 46% on cargo business—the worst since the ILU started keeping such statistics.

The latest renewal season “has been the most difficult in recent years,” and the pressure on cargo rates is predicted to last as companies seek to maintain income levels, the ILU says.

On the marine hull account, the ILU says “it is only a matter of time before attritional claims start to erode the diminishing premium base with a resultant decline in profits.”

Attritional claims refers to the long-tail nature of a marine hull account, whereby claims on a policy written in one may filter through over a number of years.

It adds that it is unlikely 1997 was the bottom of the downturn in marine hull rates and that it hopes 1998 “will end on a more satisfactory note than it has begun.”

ILU members last year paid \$1.2 billion (\$2.01 billion) in hull claims, almost double premiums received of \$636 million (\$1.08 billion).

Commenting on the International Safety Management Code, an internationally agreed-upon code that beginning July 1 will require ship operators to meet minimum operating safety criteria, the ILU says operators of ships that do not meet the code's implementation date should not get any extensions from the International Maritime Organisation, the London-based unit of the United Nations responsible for establishing the ISM.

Stephen Redmond, the ILU's new chairman, said the institute has written to the International Union of Marine Insurance, which represents national marine insurance bodies worldwide, ahead of its spring meeting, “urging it to try to encourage an international statement as far as ISM is concerned.”

The ILU also published its annual figures last week on ship casualties. Of merchant ships of more than 500 gross tons, 89 vessels were declared total losses last year, down from 105 in 1996.

However, because more of the ships lost in 1997 were bigger, the aggregate gross tonnage of ships lost totaled 740,000, up from 653,775 in 1996. The ILU also cautioned that 1997 figures likely will increase as ships previously declared partial losses are found to be beyond repair and are eventually declared total losses.

The ILU said the final cost to hull underwriters of these 1997 ship losses “threatens to be appreciably higher than in either of the two previous years” because there were more major casualties where the salvage and repair costs will be high.

On the energy account, the absence of major claims and the availability of cheap reinsurance mean “very soft market conditions have persisted,” and multiyear deals have become a feature.

Excess capacity continues to plague the aviation market, the ILU says. The trend toward lower rates that began in 1996 progressively worsened during 1997 to the extent that in the fourth quarter, business was being written at uneconomic levels.

Last year London aviation insurers paid \$374 million (\$628 million) in claims, compared with \$356 million (\$597.8 million) received in premiums.

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INTERNATIONAL

Art theft

Continued from page 55

antique dealers, aims to raise dealers' awareness of attempts to sell stolen goods. The code will require dealers to give police catalogs and verified names and addresses of all people from whom the dealers buy. Auctioneers also will be required to report to police dealers that try to introduce paintings or furniture to auctions at the last minute.

The proposed police network and code was initiated by the London-based Council for the Prevention of Art Theft, an organization that includes art, antique, heritage, legal and insurance representatives.

Mark Dalrymple, COPAT chairman and a director of London-based fine art loss adjuster Tyler & Co., said U.K. art and antique dealers now buy and sell in an open market "without question."

He said the proposed code is a form of self-regulation to encourage dealers to stop "feeding" handlers of stolen goods. "Asking people to prove who they are before buying from them will curtail the markets that can be sold into," he said.

Although much attention has been given to security systems in preventing fine art thefts, "it has gone as far as it can," Mr. Dalrymple said. "Now we are trying to make it more difficult for thieves to dispose of items." The dealer information will help police identify stolen works and take action.

Robert Read, a fine art underwriter for Lloyd's of London syndicate 33, managed by Hiscox Syndicates

Ltd., said he hoped the plan will lead to a long-term commitment of police resources to fight fine art theft. He said the police have a good record in recovering stolen art.

James Emson, managing director of the London-based Art Loss Register, which records art thefts and matches them with items recovered by the authorities, said decreasing resources for the investigation of art theft made him "slightly pessimistic" about the new proposal.

Police resources to fight art theft have been decreasing as a result of stringent budgets, Mr. Emson said.

But a spokeswoman for the Assn. of Chief Police Officers of England, Wales and Northern Ireland, which sets policies and guidelines for police forces, said ACPO and the police forces are committed to ensuring each force has at least one specialist art and antique detective.

Nordstern's Mr. Scully said many art insurance companies now employ their own specialist investigators to supplement police resources and advise clients on risk management strategies.

Nordstern's special investigator is Charles Hill, formerly of Scotland Yard's Art Theft squad. Mr. Scully said Mr. Hill's main role is to advise clients and act as an interface between clients and security service providers to produce an overall risk management strategy.

Hiscox Syndicates Ltd. also has its own specialist investigator, Peter Gwynn, formerly a senior detective with the City of London police, whose main role is loss prevention advice to clients.

Mr. Emson said there was an "out-

rageous climb" in art theft in the early 1990s but that it has now come down.

The Art Loss Register currently has about 100,000 stolen pieces, worth more than £1 billion (\$1.63 billion), listed on its database. The list includes 350 Picassos, 269 by Joan Miro, 180 by Salvador Dali, and 121 Rembrandts.

Hiscox's Mr. Read said art theft "was not going down, but was not increasing dramatically."

Mr. Scully said there has been an increase in "trophy theft," or the theft of expensive and famous pieces. He said such pieces usually are stolen to enhance criminals' reputations in international criminal circles and usually are used as collateral in the international drug trade.

The most recent "trophy theft" in the United Kingdom was Titian's "Rest on the Flight into Egypt," worth about \$7.5 million. It was stolen from a private collection at the Wiltshire, England, home of Lord Bath in January 1995 (BI, Jan. 16, 1995).

Mr. Scully said there has also been an increase in "second-degree theft," such as small antiques and furniture. He said there has been a trend away from urban crime to increased theft from rural galleries and dealers. "It all comes back to police resources," he said. **[B]**

Coal

Continued from page 55

from £8,491 to £35,777 (\$13,862 to \$58,406) apiece, with the average award about £25,000 (\$40,813).

Damages were based on claimants' type of illness, smoking habits and length of exposure to

British Coal has no insurance to cover any claims, which instead the government would pay, the DTI says.

coal dust. The court denied damages to two claimants, finding their ailments were not caused by coal dust.

British Coal ceased operating Dec. 31, 1997, after selling many of its coal pits in recent years. Its remaining assets are managed by the British Coal Authority, a division of the Department of Trade and Industry.

British Coal has no insurance to cover any claims, which instead would be paid from government funds, said a DTI spokeswoman.

The 500-page judgment brought

to an end the longest-running personal injury trial in the United Kingdom. The 119-day trial ended in October 1997.

After the judgment, the DTI moved to open negotiations to settle all outstanding claims. At least 10,000 former British Coal miners had filed claims before the ruling, said a DTI spokesman, who predicted more claims.

The ruling focused on respiratory ailments, such as chronic bronchitis, small airways disease, asthma, chronic airflow limitation and emphysema.

It did not include pneumoconiosis, a generic term applied to lung conditions that result from inhalation of inorganic mineral dusts.

British Coal adopted a "no-fault" compensation scheme for coal workers' pneumoconiosis in 1974 and so far has settled about 75,000 claims for about £165 million (\$272.3 million).

Liabilities arising out of working conditions in Britain's state-run coal industry were assumed by the government when the industry was privatized during the 1990s. As a result, private companies that now run Britain's coal pits are not liable for any illnesses caused prior to their ownership of the mines and will not be involved in the negotiations. **[B]**



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Rogue

Continued from page 55

Tom Victor, London-based vice chairman of FINPRO Global, said the policy "is an excellent innovation" and that "we expect many more purchasers."

SVB's Mr. Villers said the first policyholder has purchased "a little less" than the policy's maximum limits of \$250 million per policy period, which can be as long as three years.

SVB contends the coverage

plugs a hole in the insurance market that until now has left financial institutions exposed to certain kinds of financial fraud by employees.

The policy is unique, according to SVB, in that it covers a financial institution's losses caused by a rogue trader even when that trader was not dealing for his own gain.

Financial institution bonds typically cover liability for a client's losses due to a bank's negligence or errors but do not cover losses in the institution's own ac-

counts.

While fidelity policies do cover the institution's own account losses, they typically respond only to losses from theft or other dishonest or fraudulent acts intended to cause a loss or for an employee's personal financial gain.

However, they do not cover losses arising from situations such as Barings P.L.C.'s 1995 loss of £864 million (\$1.34 billion) through the actions of rogue trader Nick Leeson (BI, March 6, 1995).

Futures traders at the time said

his aggressive trading strategy fell apart when the Japanese stock market fell after the Jan. 17, 1995, Kobe earthquake.

In late 1994, these sources said, Mr. Leeson made immediate big profits by selling up to 40,000 put and call options on the Nikkei index of 225 stocks. The continued success of that strategy relied on a stable Japanese stock market.

When the market fell sharply after the quake, traders said Mr. Leeson may have panicked and bought heavily into Nikkei fu-

tures in an attempt to stabilize the market.

Following further drops, they think he might have bought more and more contracts in a fatal game of double or nothing.

While Mr. Leeson's trades in stock index futures were unauthorized by the bank, they did not trigger coverage because it was determined that his trades were not designed to make a personal profit but rather to make up earlier trading losses.

The new policy aims to plug such a gap, SVB says. **BI**

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BPA Publisher's Statement

Sutter

Continued from page 2

Sutter employs 35,000 people. Its cost of risk is about \$50 million a year.

Sutter found that since 1993 home visits by its employees jumped from 38,000 a year to nearly 1 million a year as its industry has shifted to more outpatient care.

"I can tell you this changes your risks rather dramatically," Mr. Evans said. "There is a whole different perspective when you have individuals out there providing services in someone's home rather than in a more controlled environment."

Crime coverage became an issue for employees who might get accused of stealing someone's jewelry or credit cards or face charges of elder abuse, particularly in California, where the issue has gained more attention than elsewhere.

Yet traditional insurers do not have much experience providing his industry coverage for those and other types of losses that emerge as health care evolves, Mr. Evans said. Insurers prefer to categorize his potential losses into convenient silos that don't perfectly fit Sutter's changing risks.

Without loss experience, Sutter faced higher premiums than it thought were reasonable for the crime coverage it needed for home-visitation staff, Mr. Evans said. That risk was placed in the Hawaii captive.

Meanwhile, losses are minimized with risk management techniques such as background checks.

Sutter's risk management staff did not anticipate placing crime coverage in its captive when it was

ing to have to re-evaluate sometime in the future as to whether it still fits, it still works. We constantly do this."

Other health care industry risk managers evaluating the formation of a captive need to consider

'Don't get into things like excess loss or capitulated agreements and those sorts of things that you really don't have that much control over,' says Mike Evans.

formed in 1991, Mr. Evans said.

Using a captive to respond to fast-paced industry changes requires laying a solid foundation and knowing your risks well when the captive is formed. Benchmarking your company's risks—either against industry standards or against internal measurements such as the total cost of risk as a percentage of revenues—from the time the captive is established is essential to continually understand the company's changing risk pattern, Mr. Evans advised.

"For those of you who don't have captives, I can assure you it is very important when you start, because it will ultimately determine whether you are successful or not," he said. "The rules of the game are going to change so dramatically over the years that whatever you do now, you are go-

at least two things when choosing coverages to place in the captive and the self-insured retentions they will assume, Mr. Evans advised.

"One, deal with risks that you know," he said. "Don't get into things like excess loss or capitulated agreements and those sorts of things that you really don't have that much control over. Deal with something you can really estimate, like malpractice."

Sutter has grown rapidly through acquisitions. Often the company must quickly pounce on an opportunity regardless of the size of risk it presents. Then the risk management department must handle that, Mr. Evans said.

Equipment maintenance coverage for some new biomedical units is one such risk Sutter recently placed in its Hawaii captive. It has

done so on a pilot basis, working with some of its equipment facilities that are in a strong position to help in loss prediction because they have particularly good records on their maintenance procedures.

Sutter has committed \$2 million in premiums out of \$18 million it was paying for the entire program, Mr. Evans said. That \$2 million in the captive generated savings of about 35% of what the company would have paid an outside insurer for that portion of the program. He is now looking at expanding the program because of its success.

The impetus to move the coverage into its captive came when risk managers sat down with the biomedical engineering staff and realized the unit Sutter acquired

was buying equipment with extended warranties in several Western states.

"What we found out was equipment manufacturers were selling us equipment and they were selling us extended warranty maintenance programs and turning around and contracting with our biomedical equipment company to maintain the equipment. We found there was anywhere from 15% to 35% margin on premiums of about \$18 million a year in our system that we were paying on equipment."

"It's those kinds of things that you will be looking at as you begin to develop the opportunities to cover the kind of risks you end up with in your system. And there a lot of those opportunities." **BI**

Integrated products bring it all together

By ROBERTO CENICEROS

LIHUE, Hawaii—Factors that may initially deter risk managers from choosing integrated insurance products may ultimately turn out to be advantages, a risk manager says.

"I think theoretically it makes a lot of sense," Michael Shelton, Occidental Petroleum Corp.'s assistant treasurer and director of risk management, said of integrated programs. He spoke at the recent Hawaii Captive Insurance Forum.

Occidental is a "capacity buyer" with a need for large limits and coverage particular

to the petrochemical industry.

The Los Angeles-based

company purchases integrated products for portions of its insurance program. But he said there are deterrents to using those products. It has been his experience, however, that those deterrents end up helping the buyer.

For example, when considering the multiline aspects of integrated coverage, few underwriters can meet all the property, casualty and marine needs of a capacity buyer.

"There are a lot who actually write all three lines of coverages, but there are really a few that write all three with meaningful capacity," Mr. Shelton said. "Or in some cases, those that can, can only write our offshore business or our onshore business."

The fact that some insurers cannot provide all of the coverage desired in a multiline program can lend flexibility, though, to the multiyear aspects of integrated agreements. That happens because multiyear agreements, while theoretically offering cost savings, preclude the savings that usually occur when risk managers fine-tune and restructure their annually renewable coverages to reflect changes in their exposures or to benefit from changing insurer offerings, Mr. Shelton said.

Occidental has saved millions of dollars through such annual program restructuring.

"We don't have any one program where it is all insured with integrated risk products," Mr. Shelton said in an interview after his presentation. "We have some portions with integrated risk products, some with multiyear, some annually renewable," he said. "We have enough room in each one of the programs that allows us to restructure around the others. There may be a portion of the program we can't change from year to year, but that doesn't mean we can't change" other parts of the program.

Theory and reality also differ in pricing integrated products, he said.

The theory is that multiline products should cost less because of the volume purchase. But in some instances, Mr. Shelton said, he is convinced the price is virtually the same as it is for monoline products.

"We have not experienced the price discounts that you might normally expect from giving an insurer a large spread of the risk," he said.

When considering multiline products, buyers also need to weigh whether the insurer is really committed to long-term service.

"Is this something that the insurance industry is doing only to combat the situation of the soft market, or are they really committed to this philosophy for the long term?" he asked. "We think they are committed, but maybe it's a little too soon to tell in our industry."

A soft market also can deter some buyers from purchasing multiyear products if they believe the market will only get softer.

"This is not really a deterrent at Occidental, because we don't want all of our premium dollars tied up in short-term, annually renewable programs," Mr. Shelton said. "But by the same token, we don't want all our premium dollars tied up into long-term agreements either."

"A treasurer at your company is not going to go out and borrow the money for your business all from the short-term market. He is not going to borrow all of it from the long-term market. There is some blend in that, and that is what we are trying to accomplish with our insurance portfolio as well."

Get flexible with reciprocals

Arrangements benefit tax-exempt organizations

By ROBERTO CENICEROS

LIHUE, Hawaii—A reciprocal risk retention group can provide flexibility and tax advantages other risk pools don't offer, risk financing experts say.

A reciprocal arrangement can especially benefit associations composed entirely or partially of tax-exempt organizations seeking to form a group captive, said Thomas M. Jones, a partner specializing in self-insurance and risk transfer in the Chicago office of McDermott, Will & Emery.

Hawaii in 1997 passed a law allowing reciprocal insurance groups to form association captives or risk retention groups in the islands.

A reciprocal is an unincorporated association of organizations or individuals that exchange promises to pay a loss if a group member incurs one. But it is really a contractual arrangement, so there is no legal entity per se, said Mr. Jones during a session at the Hawaii Captive Insurance Forum in Lihue. Instead, the business is run by an attorney-in-fact appointed by the participants, called subscribers.

The AIF is empowered to underwrite liability policies for the subscribers and can be a person, corporation or partnership, explained Mr. Jones. "It is pretty open," he said.

A reciprocal is neither a mutual nor a stock company, and the AIF is only an administrator and bears no risk. The structure is transparent to participants, appearing to operate like a normal group captive.

Subscribers do not face joint and several liability, and most states permit non-assessable reciprocals.

Reciprocals also have tax advantages. Because they are not stock or mutual companies, they obtain

regulatory surplus by requiring subscribers to make an advanced contribution and by accumulating reserve funds from annual subscriber savings.

They do not generate profit. Instead they only have savings, Mr. Jones explained. Each subscriber to a reciprocal can be assigned a subscriber savings account. Then if there is a profit at year's end,

the reciprocal is allowed to make an allocation to each SSA. An SSA is basically a bookkeeping entry, because all reciprocal funds are commingled to pay claims.

Yet the reciprocal can take a tax deduction for the allocations into an SSA, essentially taking a deduction for all its book profits.

However, an SSA owner that also is a taxable organization has to count the SSA contribution as income as if they received a dividend without any deduction, Mr. Jones said.

"That's the bad news," Mr. Jones said. The good news is that if the owner of the savings account is a tax-exempt organization, it does not have to pick up the SSA contribution as income. There is no income recorded, for the SSA contribution, by either the reciprocal or the non-profit subscriber.

"Both accounting and law firm insurance tax experts believe this approach is viable," Mr. Jones said.

But one Internal Revenue Service code restriction can cause problems, Mr. Jones said. If a member quits the program, the full balance of the member's SSA must be returned promptly to the member in cash.

The practice runs counter to the

long-term commitment that risk pools typically expect from members.

One of the most flexible aspects of a reciprocal is the ability to mix taxable and non-taxable organizations, regardless of the mix percentage, without tainting the entire pool's tax-exempt status, Mr. Jones said.

In contrast, he said, other risk pools formed by non-taxable organizations generally can provide coverage only for a very small percentage of taxable entities without jeopardizing their tax exemption.

Hawaii and Vermont passed laws last year authorizing the formation of reciprocals; those laws are expected to increase reciprocal use. Additionally, a federal law implemented last year allows medical doctors to compete against Medicare and bypass working through health maintenance organizations by contracting directly with the federal Health Care Financing Administration (BI, Sept. 8, 1997).

The law is expected to prompt groups of doctors to form new physician-owned companies that will set up risk pools to provide themselves malpractice coverage, said Bartholomew G. Nyhan, chief executive officer of EMPAQ Mutual Risk Retention Group Inc., a Hawaii-domiciled medical malpractice insurer.

"I think this has some potential for growth of captives in the form of mutual reciprocals in the next several years because these groups are going to be really significant in size, as many as 300, or 500 physicians coming together," Mr. Nyhan said.

Organizations such as universities, museums, YMCAs, hospitals, blood banks, municipalities and social service providers also can find the tax benefits particularly attractive, Mr. Jones said. **BI**



HIPAA

Continued from page 2
Calif.

Rich Stover, a principal with Buck Consultants Inc. in Secaucus, N.J., agreed. "It has not been as big a deal as some employers thought it would be when it passed," he said. "It has not been as big an effort for employers as COBRA was," he added.

But others think otherwise, saying compliance is harder than originally anticipated.

"It's been a bit more difficult" than thought when the law passed, said John Hickman, a partner with Alston & Bird in Atlanta, and co-author of a book on HIPAA compliance.

People of both opinions agree, however, that the law's complexity means it will be a long time before employers fully understand all its nuances.

"I think it's even more complex than COBRA in many respects," said George Pantos, Washington counsel for the Self-Insurance Institute of America.

HIPAA is more complex than COBRA because COBRA notification involves only one issue—sending out a letter to some people who left a health plan—said

Dorothy Cociu, president of Advanced Benefit Consulting in Fullerton, Calif.

HIPAA, however, requires sending a certificate to every person who leaves and sending letters to newly enrolled plan members informing them of HIPAA's rules.

Because of its complexity, "there is no better time to outsource than now," Ms. Cociu added.

In two years, people will have digested and fully understand the law, said Curtis Donley, president of Donley & Co. Inc., an Indianapolis-based TPA. "But right now people simply don't have a clue," he said.

Employers and others involved with HIPAA compliance said the most demanding part of complying has been the issuing of certificates of creditable coverage.

Under the law, employers must issue such certificates to employees who leave the plan. Employees can then present these certificates to future employers to reduce the exclusion period for pre-existing conditions.

For example, an employee with a year of coverage from a prior employer's plan can deduct that time from any exclusion period a new employer requires. The effect is to essentially eliminate the pre-

existing exclusion for many new employees.

"This is where the most work is," said Mr. Hickman, the Atlanta attorney.

One aspect of issuing certificates is especially time-consuming. Under the law, employers are required to issue certificates for people who left their plans after Oct. 1, 1996. Employers sometimes did not have information on who these employees were or their addresses, and gathering it has been difficult and time-consuming, they said.

"They were panicking when they had to first issue the certificates and they didn't have the information," Ms. Cociu said.

This burden will be increased as of July 1, when employers have to issue separate certificates for every former employee's dependents who were covered. Until then, employers can issue one certificate that covers former employees, their spouses and children.

"There are areas you have to be more attentive to and ask questions to employees regarding dependents to meet the requirements of the law," said Daniel Scorza, human resources manager for Service Rock Products in Victorville, Calif.

The law places responsibility

for issuing certificates on employers and insurers, Mr. Hickman said. But an employer can pass the obligation to the insurer along with any penalties for failing to comply, with an agreement stating the insurer is fully responsible.

Self-funded plans, however, cannot pass the obligation to a

'There are areas you have to be more attentive to and ask questions,' says Daniel Scorza.

TPA, and if the TPA fails to send out certificates, the employer remains liable, he said. To address this, he recommends employers have their TPAs agree to "hold harmless" the employer for any failure to comply.

Another area that concerns employers and administrators is gathering certificates proving previous coverage from newly hired employees. To eliminate this work, some large employers have eliminated their pre-existing exclusions entirely. But such an op-

tion is not viable for small and midsize self-funded employers as the risks of taking on a large financial obligation is too great, they said.

But eliminating the pre-existing condition exclusion does not mean the employer is free of HIPAA's reach, Mr. Hickman said. Employers still must create procedures for allowing special and late enrollees into the plan.

Special enrollment, as stated in the law, allows dependents to join the plan after a birth, adoption or marriage. Also, if an employee or dependent loses coverage from another plan—say from a spouse's employer—he or she can join.

Late enrollment, however, is not clearly addressed in the law, Mr. Donley said. It arises when a person is eligible for the plan but chooses not to join and later in the year changes his or her mind.

Because the law doesn't clearly establish guidelines for this, Mr. Donley said plans should draft rules so employees know when they can and cannot join plans.

But even those who say compliance has been difficult say the workload will drop off once compliance procedures are in place. "It's not that difficult when they get it up and running," Ms. Cociu said. **BI**

Pipes

Continued from page 1

country that had or will ever have a polybutylene loss," said Stewart C. Crawford of Stewart C. Crawford & Associates in Media, Pa. He represents the plaintiff insurer class in the suit.

Mr. Crawford claims that of the 6 million polybutylene pipe sites, only about 1 million have failed to date. But ultimately all of them will, and insurer losses could reach \$7 billion.

The suit seeks actual damages for the insurers and treble damages for what it alleges was the defendants' fraud in attempting to conceal the defects in the plumbing system.

After its introduction in the late 1970s, polybutylene plumbing was installed in about 6 million homes in the late 1970s and 1980s. But the pipes' tendency to deteriorate when exposed to hot water and chlorine caused widespread damage to homes, leading to numerous homeowners' suits.

Representatives for the manufacturers could not be reached for comment.

Leading the suit, which involves "a tight group of 40" insurers and ultimately could take in hundreds, Mr. Crawford said, is Northland Insurance Co.

"We had a very valid claim as an industry," said JeAnne Coenen, a subrogation specialist at Mendota Heights, Minn.-based Northland. "My claim matches those of hundreds of other insurance companies in the United States."

In 1995, the manufacturers reached a \$950 million settlement in a Tennessee case involving a nationwide class of homeowners whose property was damaged by leaking polybutylene plumbing. But timing prevented the insurers from being involved in that settlement, Mr. Crawford said.

"My first client called me in '94," Mr. Crawford said, after noticing the company was receiving numerous homeowners claims involving mobile homes

in which polybutylene pipe was used.

"By the time we got rolling... we heard about a class action coming down in Tennessee," he said. "We literally filed the suit one week, heard about the settlement the following week. We came on the scene probably a year too late. So they couldn't consider our claims; it was too late."

Since then, Mr. Crawford said, the insurers have made efforts to go through normal subrogation channels with the polybutylene manufacturers without success.

In the State Farm case, the nation's largest automobile insurer is seeking as much as \$200 million it paid in auto fire claims the Bloomington, Ill.-based insurer contends resulted from defective ignition switches in Ford vehicles. Ford has denied any wrongdoing.

Although the parties behind each of the actions might have strong beliefs in the necessity of their litigation, Mr. Schwartz said he thinks such suits could have troublesome repercussions.

Insurers and manufacturers often are on the same side in product liability lawsuits, with both facing potential losses. In the long run, pitting themselves against one another might harm them through information revealed in the discovery process that could ultimately benefit product liability plaintiffs, Mr. Schwartz said.

"Sometimes discovery for the claims is watched very closely by the plaintiffs' bar, and sometimes certain fruits are rendered that they may eat."

But, given what he sees as the nature of the insurance industry, Mr. Crawford said he doesn't think the two suits will be part of a subsequent trend toward insurers taking the plaintiff's role in actions against manufacturers.

"(Insurers) are so darn conservative," he said. "It was a labor—extreme—to get them to join this (class-action) group. So I can't imagine this would be a trend, but who knows."

Court

Continued from page 2

with Washington-based Hogan & Hartson L.L.P. Nevertheless, like Mr. Sloan, he was able to point to several cases that could have a significant impact on employers.

The spate of sexual harassment cases the court accepted does not represent justices identifying an issue and then looking for a vehicle through which to resolve it, said Mr. Sloan.

Instead, each case involves a situation where there is "confusion" over the law, he said. "You really have a cry from the lower courts for some guidance," he added.

Even with guidance, "I would venture to predict that when the Supreme Court gets done with these cases, there will be no model of clarity," and that will lead to more debate and litigation over the issues the cases raise, said Mr. Sloan.

The sexual harassment employment cases before the high court deal with different aspects of sexual harassment as defined under Title VII of the Civil Rights Act of 1964.

The first to be argued, *Joseph Oncale vs. Sundowner Offshore Services Inc.*, will decide whether the act covers same-sex sexual harassment (*BI*, Dec. 8, 1997). The 5th U.S. Circuit Court of Appeals held that Mr. Oncale, a rigger on an offshore oil platform who was sexually harassed and assaulted by fellow employees, had no course of action under the federal law.

Other courts have ruled that such a course of action exists, while one appeals court has ruled that the act protects against same-sex sexual harassment if the harasser is homosexual, but not if he is heterosexual.

"I think it's unlikely the Supreme Court will adopt" the appeals court's position that same-sex sexual harassment is totally outside the protections of Title VII, said Mr. Sloan.

He did not, however, predict how the court would come down in a second sexual harassment case, *Beth Ann Faragher vs. the City of Boca Raton, Fla.*, scheduled to be argued March 25 (*BI*,

Nov. 24, 1997).

Ms. Faragher, a municipal life-guard who now is an attorney, sued the city of Boca Raton under Title VII, alleging it was responsible for the actions of supervisors who sexually harassed her and other female employees even though city officials did not know of the conduct. The 11th U.S. Circuit Court of Appeals held the city was not responsible.

The case, "which, unfortunately, I think, is going to be known as the 'Baywatch' case," raises a variety of "wide open" questions, said Mr. Sloan. These include whether the city should have known about the sexual harassment and whether it should have had some mechanism for monitoring such situations, he said.

A third sexual harassment case

'You really have a cry from the lower courts for some guidance,' says Clifford M. Sloan of Wiley, Rein & Fielding.

cited by Mr. Sloan, *Burlington Industries vs. Kimberly Ellerth*, raises the question of whether an employee can state a claim of quid pro quo sexual harassment under Title VII if the employee had neither submitted to the harasser's sexual advances nor suffered any tangible impact on income or job status for refusing.

Mr. Sloan said the high-profile cases before the court this term should lead to an increased emphasis on employers' having formal workplace sexual harassment policies as a defense. But he added that in some instances, "having a policy and letting it sit on a shelf" without enforcing it could prove to be "powerful" evidence against an employer.

Sexual harassment cases are far from the only employer-related liability cases before the justices. The high court already has handed down "the most significant victory so far for the plaintiffs' bar" in *Kenneth Lee Baker et al., etc., vs. General Motors Corp.*, said Mr. Roberts.

In that case, a former GM employee and expert on fuel systems had been summoned as an expert witness in a Missouri case involving a fatal auto fire in a Chevrolet Blazer (*BI*, Jan. 19). But the former employee had agreed not to testify in such cases in return for a financial settlement in a wrongful discharge case approved by a Michigan court. The high court ruled that an agreement entered into in the Michigan court could not be used to bar that former employee from testifying as an expert witness in a Missouri case.

But in another case concerning expert testimony, the high court ruled that trial courts retain the authority to determine whether or not expert testimony can be admitted, noted Mr. Sloan. That case, *General Electric Co. vs. Robert K. Joiner, et ux.*, is important because "megacases" often involve expert testimony, he said. When the ruling came down, some tort reform advocates hailed it as a blow against what they consider "junk science" (*BI*, Dec. 22, 1997).

Mr. Roberts also cited *United States vs. CPC International Inc.*, scheduled to be argued on March 24, as a case that could have an impact on employers. The case involves the federal government's ability to pierce the so-called "corporate veil" in seeking to make a corporation pay for a subsidiary's Superfund cleanup costs.

A third speaker, Richard A. Samp, chief counsel of the Washington Legal Foundation, cited a pair of two industry-specific cases that nonetheless bear watching by employers.

The first case, *Vicky Lewis and Gary Lewis vs. Brunswick Corp.*, raises the question of federal preemption of state tort law. At the heart of the case is whether the Boat Safety Act of 1971 prevents the parents of women killed by a motorboat propeller to seek damages in state court.

The other, *Eastern Enterprises vs. Apfel*, revolves around whether the 1992 Coal Industry Health Benefit Act is constitutional. The law requires companies that have not been in the coal mining business for decades to fund retiree health benefits for miners who may have worked for the company for as little as two years. **BI**

Walter Rhulen's legacy survives

I am going to miss Walter Rhulen.

The chairman and CEO of Frontier Insurance Group lost his fight with leukemia Jan. 31.

He was only diagnosed with the disease in September, and it was a shock to all who admired his devotion to exercise and a healthy diet.

Walter will be greatly missed, not only by his family and friends and the employees of Frontier but also just about everyone who ever met him.

The 66-year-old bearded insurance executive was one of those special people who one liked instantly. He had a quick wit, a warm smile, a kind heart and was always more interested in hearing what someone else was doing than talking about himself. And that could be frustrating, because I, for one, always wanted to hear what he was thinking about the insurance business. He was an innovative thinker whose mind any student of the business liked to tap.

Thankfully, when asked, he would freely talk about his approach to the business and the development of specialty insurer Frontier, as he did last March at the Russell Miller Symposium in San Francisco.

We in the audience were intrigued with Walter's speech. His delivery was vintage Walter: articulate and charming, and somewhat self-deprecating. He talked about how he came from "the other side of the tracks," not a privileged child but the son of a Monticello, N.Y., insurance agency owner who had built a business on insuring summer resorts.

Walter and his brother-in-law, Jesse Farrow, joined the Rhulen Agency in the mid-1950s, and Walter became president in 1957. They started looking around for other opportunities, and Jesse is credited with developing the summer camp specialty. Later, in the early 1960s, Walter's brother Peter, an avid horseman, took the agency into animal mortality insurance.

Over the years, the Rhulen Agency grew from strength to strength. From summer camps it went to karate schools and aerobics centers, from animal mortality to liability insurance for thoroughbred owners, to placing insurance for whales at the San Diego Zoo.

Also, in the late 1970s, the agency purchased a New York licensed insurer that had never written any business. Agency profits were plowed into the insurer to build its capital to begin writing animal mortality and medical malpractice insurance in the early 1980s.

In October 1986, Frontier, with \$30 million in net premiums, went public.

Confronted with the conflicts of owning an agency and an insurer, the Rhulens in 1989 sold the agency their father had founded in 1934.

In the past decade, with Walter at the helm, Frontier has grown to underwriting 140 specialty programs generating \$384 million in net premiums in 1997. Among its specialties are insuring alarm installers, dude ranches and hunting clubs as well as white-water rafting operations.

Now, his son Harry, who was elected acting CEO when his father's condition became very serious, is taking over. It's sadly sooner than expected, but Harry has worked side by side with his father for nine years, after earning a bachelor of business administration degree from The College of Insurance and an MBA from Syracuse University. And Harry also has a very close family to support him, many of them working at Frontier.

People have been calling Harry to tell him what an influence Walter had been on their lives, from getting them into the insurance business, to helping them with their education, to seeing them through hard financial times with advice and a loan.

For me, I will remember Walter as one of those people I always sought out in a crowded room. He was a pioneer in specialty insurance programs and a friend who was not spoiled by success.

Publisher and Editorial Director Kathryn J. McIntyre and Editor Paul D. Winston write columns on alternate weeks.

Guarantee

Continued from page 1

ance is very well established, said Roger K. Taylor, president of Financial Security Assurance Holdings Ltd. in New York.

The bad news, he said, is all four primary insurers "are interested in having a significant share of the market, and I think that leads to price competition that hopefully has gotten as low as it will get."

Insurers "are very, very price competitive," particularly on the plain vanilla deals, said Arthur Dubroff, executive vp and chief financial officer of New York-based Enhance Reinsurance Co.

To generate growth in this environment, financial guarantee insurers increasingly are moving beyond their core business of insuring muni bonds. Those efforts are not without potential pitfalls, however.

Rating agency Moody's Investors Service Inc. last month placed Capital Reinsurance Co.'s AAA rating on review for possible downgrade, citing its diversification into non-financial guarantee business, which Moody's said could raise the reinsurer's risk profile and add to earnings volatility.

Moody's review is expected to be completed in the second quarter. Capital Re, still rated AAA by Standard & Poor's Corp., has said it will take any appropriate action necessary to satisfy Moody's AAA rating criteria.

"I think the challenge facing the industry is how to continue to grow your earnings—given the market is mature in many ways—but not assume more risk in the process," said Laura Levenstein, managing director of Moody's in New York. She noted that there is little risk in the low-loss municipal bond area.

She added, however, "By and large, the insurers really have maintained their underwriting standards."

"I think issuers and investors alike have been somewhat uncomfortable with the bond insurers' diversification efforts, although the search for better returns seems to be well understood," said Robert P. Ryan, an analyst with Merrill Lynch & Co. in New York.

"They feel that the bond insurers are going into areas of insurance with higher risk profiles, and the argument back is it's not true. It's different risk profiles, but still the no-loss underwriting standard remains," he said.

Meanwhile, consolidation activity among insurers last year has had no significant impact on the market.

Washington, D.C.-based Connie Lee Insurance Co. was acquired by a unit of New York-based AMBAC Assurance Corp. last year, while Armonk, N.Y.-based MBIA Inc.'s purchase of New York-based CapMac Holdings Inc. is expected to be completed this week (*BI*, Nov. 3, 1997; Oct. 27, 1997).

No more mergers and acquisitions are expected in 1998. However, a long-planned, Bermuda-domiciled financial guarantee reinsurer, RAM Reinsurance Co., a subsidiary of RAM Holdings Inc., could start operations this year.

In addition, there are two recent niche market entrants into the financial guarantee business.

New York-based American Capital Access Corp. confers an 'A' rating on the lower-rated municipal bonds it insures (*BI*, Oct. 13). Most but not all of its volume has been in the secondary market, said a spokesman.

Bermuda-based Commercial Guaranty Assurance Ltd. specializes in credit enhancement primarily for commercial real estate-backed and private asset-backed markets.

Despite continued competition, 1997 was a good year for insurers of municipal bonds thanks to an unexpectedly strong bond market. Insured bonds totaled \$107.9 billion, or 49%, of the \$221.5 billion market for long-

term bonds, according to the New York-based Bond Market Assn. In 1996, insured bonds totaled \$85.7 billion, or 46%, of a \$185.1 billion market.

For 1998, estimates of new issue volume range anywhere from about \$200 billion to \$250 billion, and the insured portion is expected to remain stable at about half of that.

Analysts and rating agencies point out that there is a limit to how many bonds can be insured, with "natural" AAAs on one end of the spectrum and below investment-grade bonds on the other. Furthermore, current low interest rates, which narrow the spreads between investment grades, make bond insurance less economical for some issuers.

"I would suspect the penetration rates in BBB and A are very high, so there's not much room to grow," said Richard P. Smith, senior vp at Standard & Poor's Insurance Rating Services in New York. Doing more AA business could force insurers to cut prices even further, "and that doesn't seem to be the best idea in the world," he said.

Another factor in how the market fares in the year ahead is the level of refundings, which occur when a bond is retired by issuing new securities,

'I would expect over time that munis will represent less and less of the total,' says Richard P. Smith.

usually at a lower interest rate. Refundings benefit financial guarantee insurers because the unearned premium associated with the original bond issue is earned immediately rather than over the life of the bond. Insurers also often are tapped to insure the replacement securities.

No one knows the extent of likely refunding activity this year, however, because it is not clear how many municipalities that have the option have already taken advantage of it.

Municipalities can only do a refunding once or twice over the life of a bond, explained Frank Bivona, AMBAC's chief financial officer and executive vp. "They want to make sure they've seen the bottom in terms of interest rates."

Given uncertainty over the growth potential for coverage of muni bonds, financial guarantee insurers are branching into other areas.

A study by rating agency Fitch IBC Inc. that covered the first six months of 1997 found that U.S. municipal business accounted for 61.3% of the primary financial guarantee underwriters' gross par insured volume, while U.S. structured finance accounting for 31.3%, international business 6% and other U.S. business, 1.3%.

Insurers say asset-backed securities and international business are especially promising.

"We're seeing robust growth from those sectors, which have considerably higher returns," said AMBAC's Mr. Bivona. "We continue to take our excess capital and put it to work" in these growing areas, he said.

Mr. Bivona noted, for instance, that only about 1% to 3% of the European municipal bond market is insured, compared with almost half of the U.S. market.

"We don't consider either of these (areas) diversifications," said David Elliott, chairman and chief executive officer of MBIA, which is also active in both segments. "We are a financial guarantee company, and those are financial guarantee products that we've been doing for many years."

"I would expect over time that munis will represent less and less of the

total" for financial guarantee insurers, said S&P's Mr. Smith.

Economic crises in Thailand, Indonesia and South Korea should serve as a caution to financial guarantee insurers looking to expand internationally, say some observers.

"I think maybe the Asian experience is a sobering experience" for the insurers, said Mr. Smith.

"I don't think it'll impact an appetite for European business, but it might slow down the business for more of the developing, emerging markets of the world," or lead insurers to seek ways to participate that leave them immune to the turmoil that has taken place in the region, he said.

Asia currently represents only a tiny proportion of financial guarantee insurers' business, particularly if Japan is excluded. However, "had this happened five years ago, and given what growth everyone thinks was possible in international, it might have played out differently in terms of its impact on the companies," said Mr. Smith.

"We believe that the rating agencies may be overstating it a little," said Enhance Re's Mr. Dubroff, referring to Asian risks. "From our discussions with primaries, they feel they generally had their eyes open when they went in there," he said.

"I think the turmoil is going to create a demand for insurance that allows you to do more conservative structures and much better structures," said FSA's Mr. Taylor, who said his company has approached Asian markets very cautiously.

MBIA's Mr. Elliott agreed the Asian economic crisis could increase demand for financial guarantee. "Assuming you can make intelligent underwriting judgments, the Asia situation, I think, could be positive, but you have to be very careful," he said.

Asia will not be the insurers' primary international focus anyway, said Brady Tournillon, an analyst with Fitch in New York. The Asia crisis will cause insurers "to step back and take a little bit more cautious approach, there's no doubt about that, but I think the development of the bond insurer's international activity will remain predominantly in Western Europe," he said.

Insurers' involvement in insuring asset-backed securities has generated some concern as well.

Richard A. Ciccarone, senior vp and co-head of municipal investments at Oakbrook Terrace, Ill.-based Van Kempen American Capital, said insurers are moving increasingly beyond basic structured finance deals involving credit card, auto and home equity loans to "new-fangled types of structured financings" whose credit quality and track record are harder to analyze.

"When you can't feel it, touch it, really know the area, my caution light goes on," he said.

However, Fitch's Mr. Tournillon said, "Before bond insurers wrap deals, they do extensive studies and get comfortable with their history and the performance of the asset class."

"I feel it's a natural progression for the companies to use their credit expertise on increasingly complex transactions, and I'm confident the bond insurers will continue to write to a no-loss underwriting standard going forward," said Mr. Ryan of Merrill Lynch.

Financial guarantee insurers and reinsurers are diversifying into related businesses, as well, with these accounting for about 10% of last year's operating earnings, according to one estimate.

For instance, "we're diversifying our revenue into fee-income business," such as collection services on behalf of municipalities, said Joseph L. Campion, business leader for public finance at New York-based Financial Guaranty Insurance Co. **BI**



Kathryn J. McIntyre

Back pain

Continued from page 1

cans and are the No. 1 cause of temporary disability in persons under age 45," the AHCPR said in a statement. "About 2% of the U.S. workforce receives compensation for back problems each year," costing \$20 billion to \$50 billion annually.

Evidence-based treatment protocols address an important need as well as "provide greater consistency in care, reduce unnecessary treatment, limit disputes over the obligation to authorize or pay for care and control costs without the need for multiple managed care programs," said Michael McClain, general counsel with the California Workers' Compensation Institute, a non-profit organization in San Francisco that represents insurers and self-insurers.

Among states, "generally, the focus of guidelines has shifted from pain treatment to encouraging employee mobility and return to work," said Stacey M. Eccleston, an analyst with the Workers Compensation Research Institute in Cambridge, Mass.

Florida adopted guidelines in October 1995 that "mirror pretty closely the federal guidelines but also include guidelines for chronic back care," said Glenn Mitchell, administrator of research methodology and evaluation for the state's Agency for Health Care Administration.

The need for that guidance was underscored by a 1997 Florida study that found that "as many as two-thirds of the procedures provided to injured workers in the study were outside the guideline. These procedures accounted for 32% to 42% of the \$25 million total cost," or \$7.8 million to \$10.4 million in direct medical costs.

Those costs did not include other areas of potential savings, such as reducing employees' lost time and shortening the duration of their hospital stays, he said.

"I would hope cost savings would be passed on to Florida employers in

terms of reduced premiums," Mr. Mitchell said, but he has no data on that.

Individual employers are finding the federal guidelines useful, too.

"These are good guidelines," said Dr. Ali Schwayri, a physician in an occupational health clinic operated by Consolidated Edison Co. of New York. "As a physician, they have helped me in evaluating people with back pain."

"Our purpose is to expedite recovery and at the same time to save the

The federal guidelines 'have helped me in evaluating people with back pain,' says Dr. Ali Schwayri.

company money," he said. However, the patient's needs are paramount when it comes to prescribing tests and treatments, he said.

Hewlett-Packard Corp. in Palo Alto, Calif., also previously found that less treatment may be the best treatment for acute low-back injuries.

The federal guidelines "aligned with conservative treatment we had found effective," said Judy Goodnow, manager of the company's occupational health program. The large self-insured company, which employs 120,000 people worldwide, developed that approach after analyzing its own workers comp data, Ms. Goodnow said.

However, she welcomed AHCPR's work because it includes an extensive review of relevant medical literature as well as helpful patient education information, which the company incorporated into materials for its nurses and patients.

Other employers in California face a special problem in controlling costs.

The state's Industrial Medical Council was permitted to draft its

own set of low-back treatment guidelines, which are based more on physician consensus than scientific evidence.

"IMC's guidelines are horrifically liberal in terms of duration of treatment and type of treatment," said Mark Miller, assistant vp-research with the CWCI.

For example, federal researchers found that thermography, a diagnostic technique that measures small temperature differences, "does not appear effective for diagnosing low-back problems." However, IMC guidelines do not address the topic, which means the test could be used, Mr. Miller said.

"I would expect that the IMC guidelines, though technically voluntary, will carry great weight with workers compensation judges," said Mr. McClain, the CWCI's general counsel. "The cost impact is that they (the judges) won't let us control costs," he predicted, though that issue has not been tested yet.

The existence of the IMC protocols "will significantly increase costs for all California employers, including small businesses, state and local agencies and schools. Their added cost burden will drive up premiums and impair the ability of California employers to compete," he said.

An IMC spokesman did not return calls.

According to a 1997 survey by the Workers Compensation Research Institute, states that have adopted various types of low-back pain guidelines, in addition to California and Florida are: Colorado, Connecticut, Kentucky, Maine, Massachusetts, Minnesota, Nevada, Oklahoma, Rhode Island, Texas, Utah, Washington and West Virginia. Oregon also is developing guidelines.

A free copy of the quick reference guide for clinicians and related materials on "Acute Low Back Problems in Adults" are available from the AHCPR clearinghouse, 800-359-9295, or through the agency's World Wide Web site: www.ahcpr.gov.

Board

Continued from page 2

school district contracts. "One of our motivations for doing this program is to create a level playing field for smaller contractors... who don't have the ability to shift insurance costs to other projects," said Cynthia Asghar, director of risk and benefits management for the Chicago Board of Education.

Under the owner-controlled program, contractors bidding on Chicago school district projects will submit bids that reflect the fact that they do not have to pay for the insurance coverages the school board will provide.

School district contractors attending a Feb. 9 meeting to outline the program expressed some concerns about the difficulty of accurately projecting insurance costs during the bidding process and the additional paperwork that such a bid requires, but Chicago public schools officials are confident they can quickly craft a reasonable solution.

"We want the program to be flexible and reasonable for the people who are doing the work here and submitting the bids," Ms. Asghar said. "However, the board has a larger concern here."

For the program to succeed, the school district needs an audit trail demonstrating that contractors have removed insurance costs from their bids "before the board assumes that risk," she said. "This is the only way positively to do that: have you fill out all these forms."

"Our biggest thing right now is how to bid this thing," Mr. Harrison

said. "I think we're going to come up with a compromise."

He said he thinks the board probably will ask contractors for a projected insurance cost figure that will be subject to audit and to submit a gross bid and a figure with insurance costs deducted. "The bids will be evaluated on a net of insurance cost basis," Mr. Harrison said.

The school district is in the process of marketing the owner-controlled program through Aon Risk Services Inc. Also working with the district on the program is Near North Insurance Brokerage Inc., which is handling the project safety portion of the overall program.

The owner-controlled program will be a "high retention program," Mr. Harrison said, with excess coverage placed above that large aggregate retention.

"The coverage... contemplates a claims reserve fund which will not be exceeded," Mr. Harrison said. School board officials have "batted around some figures" about the size of that retention, he said, but they won't reveal details while marketing the excess coverage.

The wrap-up policy covers contractors for workers compensation, employer liability, comprehensive general liability, excess liability and all-risk builder's risk exposures associated with school district projects.

Near North will craft a separate pollution liability wrap-up for school district contractors that will include coverage for lead and asbestos abatement-related liabilities.

While the local city and county governments have used owner-controlled programs in the past, those

were essentially guaranteed-cost programs, Mr. Harrison said, and "if there's good experience, the insurance company retains it."

In contrast, the school board's program will allow the district to benefit financially through some sort of experience dividend if it does have good loss experience, the risk manager said, while not exposing it to higher costs if the loss experience is worse than expected.

With such a competitive market, Aon is looking at different ways the excess cover could be structured to provide the school district the best deal, said William D. Irle, vp with Aon Risk Services Inc. of Illinois in Chicago.

The safety component also should help attract favorable terms from insurers while controlling losses in the retained layer.

"It's not just something where you say, 'Yeah, we're going to do some loss control work and look at some manuals,'" Mr. Irle said.

Contractors will be required to submit a written safety plan, designate a site safety coordinator and hold monthly safety meetings. Also, weekly "toolbox" meetings will be held to discuss safety issues with workers, and weekly site hazard inspections will be conducted.

The loss control aspect's close ties to the claims handling provided by Martin Boyer Co. Inc. under the program offers further potential benefit to the school district, Mr. Irle noted.

"Unless you have the loss control effort and they work very well with the claims side, you're losing a lot of the benefit that could come with an owner-controlled program," Mr. Irle said. **B**

Updates

UPS to fight jury award

Continued from page 2

damages. Ms. Channon, who was not the driver's direct supervisor, left UPS permanently in 1996.

In a statement, UPS said it was "very disappointed" with the jury's decision. "We do not believe the verdict is supported by the evidence that was presented in the trial, and we will appeal the decision to the Iowa Supreme Court."

UPS, which acknowledges there was an incident but disputes the details, said it believed it acted appropriately by immediately discharging the male driver involved in the incident. The driver, however, got his job back at UPS under the Teamsters Union grievance process but later was fired for an unrelated matter.

Roxanne Conlin, Ms. Channon's attorney in Des Moines, described the incident as a "sexual assault."

Ms. Channon also was moved around from job to job and was held to higher work standards than other men as a result of complaining about the incident, Ms. Conlin said.

The incident and the alleged hostile environment resulted in Ms. Channon suffering from post-traumatic stress disorder, which ultimately caused her to leave the company in 1996.

Under federal law, Ms. Channon is entitled to no more than \$300,000 in punitive damages. While it is unclear how much of the award Ms. Channon will receive, Ms. Conlin said she is challenging the constitutionality of the cap.

U.K. lawyers not liable for fees

LONDON—Lawyers representing lung cancer victims on a contingency fee basis will not be liable for the legal fees of the tobacco companies being sued if the plaintiffs lose the case, the U.K. Court of Appeal ruled last week.

The decision means the test case on behalf of 50 lung cancer sufferers can go ahead against Imperial Tobacco Ltd. and Gallaher Ltd., which the claimants allege failed to reduce the tar content of their cigarettes after learning in the late 1950s of the link between smoking and lung cancer. The three appeal court judges rejected the tobacco companies' proposal that if they won the case, the claimants' lawyers should pay the tobacco companies' legal costs—expected to run into the millions of pounds—because working on a "no win, no fee" basis made the lawyers personally involved in the case.

The claimants' lawyers, Leigh, Day & Co. and Irwin Mitchell, had previously warned that they could not afford to pursue the case if the ruling went against them.

The ruling also is important for the British government, which has proposed greater use of conditional fees to replace the present system of legal aid in many civil cases.

Briefly noted

A federal judge in Boston has directed the Massachusetts Insurance Division to discuss a protocol for a possible joint liquidation of **Electric Mutual Liability Insurance Co.** with EMLICO's Bermuda liquidators. The judge still is considering the liquidators' motion to dismiss a Massachusetts receivership filing and the Massachusetts division's motion to remand its receivership case to state court. A Bermuda judge earlier ordered the liquidators to try to negotiate a protocol with Massachusetts regulators (*BI*, Feb. 9). Meanwhile, Kemper Reinsurance Co. is renewing an effort to quash the 1995 Bermuda government orders that allowed EMLICO into the country, citing a recent Massachusetts Supreme Judicial Court ruling that the redomestication was invalid. A Bermuda judge denied a previous Kemper Re request for judicial review that was based on alleged fraud by EMLICO and sole policyholder General Electric Co. . . . Marsh & McLennan Cos. Inc., Johnson & Higgins and 24 former J&H directors have filed motions to dismiss a lawsuit charging that they **defrauded retired J&H directors** in the \$1.8 billion sale of J&H to M&M last year. Nine retired directors filed the suit last November, and more retirees are expected to join as plaintiffs (*BI*, Dec. 8, 1997). . . . Gov. Pete Wilson last week vetoed legislation that would have required insurers and HMOs to cover **birth control prescriptions** because the bill did not contain a "conscience clause" that would have allowed employers to opt out on moral or religious grounds. About 97% of HMOs cover contraceptives, but only about a third of non-HMO plans do. . . . A federal judge in Baltimore has sentenced **insurance swindler Martin Bramson** to 12½ years in prison, the maximum allowed under sentencing guidelines, for using a string of bogus offshore insurers to defraud malpractice and other liability policyholders. Mr. Bramson, arrested in Liechtenstein in 1995 after four years as a fugitive, pleaded guilty last year to conspiracy, money laundering and mail fraud charges (*BI*, Nov. 10, 1997). . . . Shareholders of **Oil Casualty Insurance Ltd.** have rejected a call for the Bermuda-based mutual energy insurer to be wound up or sold, OCIL officials say in a letter to brokers. The letter was in response to a proposal by a member company, Union Pacific Resources, that said plentiful and cheap capacity in the commercial insurance market made OCIL redundant. . . . Illinois Insurance Department Director **Mark Boozell** will leave his post at the end of February to rejoin Gov. Jim Edgar's office, now as chief of staff. He previously served as the governor's director of legislative affairs. No replacement has been named. . . . Accounting giants KPMG Peat Marwick L.L.P. and Ernst & Young L.L.P. said Friday they have **called off their proposed \$18 billion merger** (*BI*, Dec. 8, 1997; Oct. 20, 1997). According to a statement issued by KPMG Peat Marwick, international regulatory questions "together with the costs and resources required to merge the cultures of the two firms, have made the proposed merger impractical." Questions over whether the two accounting giants' benefits operations would be part of the deal arose late last year. . . . **Jay S. Fishman**, vice chairman of Travelers Property Casualty Corp. and president of its commercial lines division, has been named the division's chief executive officer as well. Charles J. Clark, the former CEO, will remain chairman and also has been named vice chairman of the parent company.

Aon

Continued from page 1

unit, Aon Group Inc., reported an acquisition-fueled 88.5% increase in gross revenues for the year to \$3.8 billion. Pretax profits also catapulted, up 91.6% to \$348.7 million.

Together with its December acquisition of Hamburg, Germany-based Jauch & Huebener KGaA, "three real jewels of Europe" are joining the Aon family, Patrick G. Ryan, Aon's chairman and chief executive officer, said in an interview.

The three deals "are very important for us strategically," he said. "They really help us fill out our position in Europe. They fit extremely well strategically, and we think they are an outstanding cultural fit."

Jauch & Huebener and Gil y Carvajal were both prominent members of the UNISON network, which began to unravel after Marsh & McLennan Cos. Inc. last year acquired Johnson & Higgins, UNISON's largest member.

As a result, both European brokers were in need of a global brokerage partner, and Aon answered the call.

Mr. Ryan said the "motivation was similar" with GLN's decision to align itself with Aon.

Brokerage consolidation "is a phenomenon that's been under way. . . look at the activity just this year," Mr. Ryan said. "It's an indication that people are making the decision that they should align themselves with a major global broker."

Indeed, last November, Olivier du Passage, executive vp of GLN, made reference to his desire

to have an association with an international partner. "The problem with Le Blanc is that we're too continental," he said (*BI*, Nov. 10, 1997).

GLN is the latest deal in Aon's overall growth-by-acquisition strategy that took off 16 months ago with the \$253 million purchase of London-based Bain Hogg Group P.L.C., then the world's 11th-largest broker.

The purchase of Bain Hogg soon was followed by Aon's acquisition of Alexander & Alexander Services Inc., Minet Group, Sodarcen Inc. and Jauch & Huebener. The integration of these firms within Aon is "basically" complete, Mr. Ryan said, adding that systems integration is ongoing.

The addition of GLN will add roughly \$81 million in gross revenues and add about 550 employees to Aon's existing workforce of roughly 33,000.

Thierry van Santen, director of risk management for Paris-based Groupe Danone S.A., France's leading food group, expressed mixed views about Aon's planned acquisition of GLN.

"I have the same problems as my colleagues all over the world. I'm very happy in one way because Aon is my broker, so I'm happy to see it is expanding. I know Aon is very professional, and I'm happy to learn they will be stronger in the French market. . . So I have positive short-term views. I like to have a broker who is able to give me better service."

However, he adds: "On the other hand, it can create a problem in the medium term to have only two main brokers as service providers. The limitation in choice is slightly a problem for us.

That's our main concern."

Mr. van Santen thinks it may take some time before risk managers are able to make a sound judgment about this expansion. He says Aon management plans to improve service, "so we wait to see."

In 1995, GLN ranked as the world's 19th-largest broker based on \$100.5 million in 1994 revenues. The \$81 million figure includes only revenues derived from offices GLN owns outright.

In addition to strengthening existing offices and adding new locations in France, Italy, Spain, Switzerland, Singapore and Sweden, the GLN deal also will strengthen Aon Re Worldwide's dominance in the reinsurance brokerage market. A little more than half of GLN's gross revenues comes from reinsurance brokerage.

In 1997, Le Blanc de Nicolay Reassurance ranked as the world's seventh-largest reinsurance broker based on \$71.7 million in 1996 revenues. Aon Re is the world's largest reinsurance broker based on \$543.7 million in reinsurance revenues.

GLN "has extremely well-established, highly regarded reinsurance skills," Mr. Ryan noted. "It fits extremely well with Aon Re and with Jauch & Huebener."

GLN, in its statement, went on to say "The two companies will benefit from many complementary activities, and they also share the same view on intermediation: Both companies strongly believe that insurance and reinsurance should be closely linked together to face recent globalization of risks."

Upon completion of the due diligence, expected to be complete some time next week, GLN will transfer controlling interest in the firm, a majority of which is now held by institutional investors.

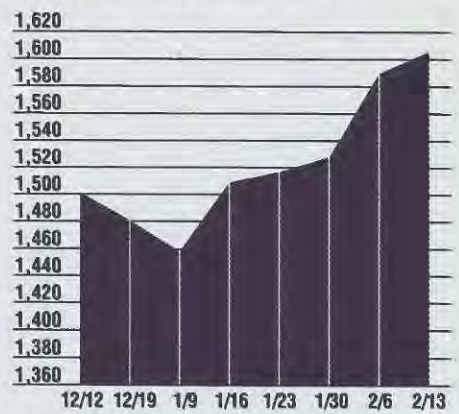
GLN's major shareholders are: the Nicolay and Redier families and management, 44%; French mutual insurer Groupama, 30%; state-owned French insurer Groupe des Assurances Nationales, 3%, and its banking subsidiary CIC, 7.5%; French industrial company Groupe Schneider, 7.5%; Swiss Reinsurance Co., 5.77%; and Paris-based Via Banque, 2.72%. The institutional shareholders all are key clients of GLN's reinsurance broking unit.

In 1994, GLN was the target of an unsolicited takeover bid by Marsh & McLennan, but talks between the companies stalled when they could not agree on terms (*BI*, July 17, 1995).

And in 1997, GLN broke off merger talks with London broker Crawley Warren Group P.L.C., though the French broker continues to participate with Crawley Warren, among other firms, in an aerospace brokerage venture.

Associate Editor Edwin Unsworth contributed to this report.

BI Insurance Index



Base=100 on Dec. 29, 1978

Source: Nordby International Inc. (nordby.com) Boulder, Colo.

PCS catastrophe options

As of Feb. 13			
Call spread	Price bid/ask	Call spread	Price bid/ask
National Annual 1998			
40/60	9.8/12.0	California Annual 1998	
60/80	7.0/7.6	40/60	—/2.3
80/100	5.0/6.0	150C	—/3.0
Eastern September 1998			
20/40	3.5/5.5	Western Annual 1998	
40/60	3.0/3.5	40/60	1.3/2.5
		80/100	—/1.8
		150C	2.2/3.0
		Florida September 1998	
		40/60	1.4/2.4
Southeastern September 1998			
40/60	2.5/3.3		
Northeastern September 1998			
100/150	.9/1.4		
Total volume: 3 Total open interest: 18,235			

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.

Source: Chicago Board of Trade

British Issues

	Price	P/E	Div.	Yield	52-week
Companies	pence		pence	%	high-low
Comml Union	1013	15.5	35.8	3.5	1062-630
Genl Accident	1288	8.5	35.4	3.5	1326-772
Gdn Royal Exch	398	5.7	12.2	3.1	416-257
Legal & Gen	701	17.7	11.6	2.1	701-377
Royal & Sun	683	23.0	19.7	3.6	730-429

Brokers

Lmbt Fenchurch	107	7.7	8.4	9.7	138-101
Lloyd Thompson	167	13.7	10.8	8.2	206-151
Sedgwick Grp	141	11.5	7.4	5.2	171-115
Willis Corroon	137	10.7	6.6	6.2	165-116

Note: Prices are Feb. 13 closings; other numbers from Feb. 12.

Source: Nordby International Inc. (nordby.com) Boulder, Colo.

IPO set for Crum & Forster

STAMFORD, Conn.—After five years of trying, Xerox Corp. will likely exit the insurance business soon with an initial public offering for Crum & Forster Holdings Inc.

Crum & Forster filed for an IPO last week, but a private buyer still could step in with an acquisition offer prior to the flotation, said a spokeswoman for Talegen Holdings Inc., the holding company for Xerox's insurance units. She would not comment on details of the IPO.

The Securities and Exchange Commission filing did not contain details about the amount of capital to be raised or the number of shares that would be sold.

But according to the filing, if the IPO goes ahead, Talegen will contribute \$75 million to Crum & Forster to buy excess-of-loss reinsurance for the company's past liabilities.

The filing also states that Crum & Forster may increase its loss reserves by up to \$250

million.

Joseph W. Brown Jr. will remain chairman of Crum & Forster after the flotation.

The IPO will free Crum & Forster from constraints on its business strategy imposed by the "uncertainties" regarding its future, the SEC filing says.

Crum & Forster lost \$244 million in 1996, the last full year for which figures are available. However, its performance improved in 1997, when in the first nine months it made a \$24 million profit.

The disposal of Crum & Forster will finally rid Xerox of its insurance business. Xerox decided to sell its seven insurance units in 1993 after pumping hundreds of millions of dollars in extra capital into the units (*BI*, Jan. 25, 1993). Xerox bought Crum & Forster in 1983 for \$1.6 billion.

—By Gavin Souter

BI Industry Stock Report FEB. 9, 1998, THROUGH FEB. 13, 1998

BROKERS

BROKERS		Price	Weekly	Year to date	Year to date		Vol.(000)
			% change	% change	High	Low	
Aon Corp.	NYS	56.00	-0.55	-4.48	58.88	40.25	1128
E.W. Blanch Holdings Inc.	NYS	35.63	1.79	3.45	36.00	21.25	378
Gallagher Arthur J. & Co.	NYS	39.44	2.44	14.52	39.50	30.38	199
Hibb, Rogal & Hamilton	NYS	16.50	-7.37	-14.56	19.63	12.50	92
Kaye Group Inc.	NDQ	6.88	0.00	3.77	9.00	4.38	11
Marsh & McLennan	NYS	79.75	6.16	6.96	81.00	56.50	2368
Poe & Brown	NYS	46.13	-0.54	3.36	48.56	25.50	28
Sedgwick Group PLC	NYS	11.75	-3.59	-4.57	13.25	9.38	50
Willis Corroon Corp.	NYS	11.63	1.09	-5.58	13.50	9.75	380
BROKERS	AVERAGE		0.00	0.92			

INSURERS/REINSURERS

ACE Ltd.	NYS	102.69	4.52	6.41	102.69	57.63	787
Acceptance Insurance Cos.	NYS	25.38	8.85	4.91	28.63	17.75	253
AEGON N.V.	NYS	98.00	0.00	9.34	98.94	62.13	217
Aetna Life & Casualty	NYS	84.25	4.82	19.40	118.13	66.31	3193
AFLAC Inc.	NYS	59.94	-2.24	17.24	61.88	37.50	1249
Allied Group Inc.	NYS	30.50	5.63	6.55	35.75	21.44	344
Allstate Corp.	NYS	92.31	1.44	2.00	94.88	58.63	5688
AMBAC Indemnity Corp.	NYS	51.06	-4.78	11.01	54.13	31.00	882
American Bankers Ins.	NDQ	55.56	0.34	20.95	56.38	24.38	2896
American Financial Group	NYS	39.25	-0.79	-2.64	49.25	32.38	294
American General	NYS	56.88	-0.33	5.20	57.63	36.50	2741
American Heritage Life Ins.	NYS	41.38	4.91	14.93	41.38	23.50	80
American Indemnity/Fin'l	NDQ	12.00	-7.69	-13.51	15.50	11.25	8
American International	NYS	117.50	3.18	8.05	119.19	75.13	4109
Argonaut Group	NDQ	35.06	0.00	3.51	38.13	26.75	308
AXA-UAP Group	NYS	43.69	0.72	12.02	44.31	29.25	257
Baldwin & Lyons Inc.	NDQ	23.00	2.22	-4.66	28.75	17.38	5
Berkley W.R. Corp.	NDQ	43.94	-0.14	0.14	46.38	31.19	430
Berkshire Hathaway Inc.	NYS	53900.00	0.94	17.17	54300.00	30000.00	1
Capital RE Corporation	NYS	64.44	8.18	3.83	64.50	38.75	335
Capital Transamerica Corp.	NAS	20.75	2.47	-2.64	28.13	19.25	584
CapMac Holdings Ltd.	NYS	32.00	0.00	-7.91	35.38	22.50	272
Centris Group Inc.	NYS	25.63	1.23	14.85	25.88	17.88	112
Chartwell Re	NYS	30.75	-1.60	-8.89	36.25	24.50	182
Chubb Corp.	NYS	77.94	-2.20	3.06	80.81	51.13	1540
CIGNA Corp.	NYS	179.25	0.00	3.99	200.75	136.94	961
CNA Financial Corp.	NYS	133.13	-0.98	4.21	135.94	96.38	109
CNA Surety	NYS	15.50	0.81	0.40	16.50	12.88	98
EMC Insurance Group Inc.	NDQ	13.13	1.94	-0.94	15.00	10.75	23

		Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)
ESG Re Limited	NDQ	25.25	-0.98	7.45	26.00	20.88	446
Enhance Financial Services	NYS	57.50	-1.50	-3.36	62.13	34.25	272
Everest Reinsurance	NYS	38.13	2.01	-7.58	43.00	26.75	636
Executive Risk Inc.	NYS	72.00	-1.45	3.13	75.75	37.00	184
EXEL Ltd.	NYS	64.75	7.92	2.17	65.19	39.00	1407
Fremont General Corp.	NYS	53.13	2.29	-2.97	55.50	26.38	210
Frontier Insurance Group	NYS	24.88	-4.33	8.74	39.25	19.13	1344
Gainsco Inc.	NYS	8.13	0.00	-4.41	10.19	7.88	224
General RE Corp.	NYS	210.94	0.45	-0.50	221.25	151.50	959
Gryphon Holdings	NDQ	15.50	-3.13	-7.46	17.75	13.88	59
Harleysville Group	NDQ	24.25	-3.00	1.04	27.50	15.00	111
Hartford Steam Boiler	NYS	61.50	3.14	11.44	61.50	44.00	304
HCC Insurance Holdings	NYS	20.94	6.69	-1.47	32.69	15.63	1160
ING Groep N.V.	NYS	48.00	0.13	13.44	53.00	38.88	437
IPC Holdings Ltd.	NDQ	30.25	-3.59	-6.02	32.88	22.38	112
Hartford Financial Services	NYS	93.81	2.95	0.27	94.56	68.13	1448
LaSalle Re Holdings Ltd.	NYS	34.00	6.04	-3.89	36.13	27.25	54
Life Re Corp.	NYS	64.81	1.77	-0.58	67.25	37.38	144
Lincoln National	NYS	80.00	3.64	2.40	80.50	49.00	1781
MAIC Holdings Inc.	NYS	27.88	-4.50	4.07	29.50	14.94	49
Market Corp.	NYS	177.13	6.06	13.45	177.50	102.50	21
MBIA Insurance Group	NYS	68.88	-0.72	3.09	69.50	45.44	1249
Meadowbrook Insur. Group	NYS	29.19	2.19	11.99	29.50	21.25	50
Mid Ocean Ltd.	NYS	60.56	1.68	11.64	66.75	44.13	420
MMI Cos. Inc.	NYS	25.81	3.51	2.74	30.25	20.75	189
Mutual Risk Mgmt. Ltd.	NYS	29.75	0.00	-0.63	30.50	16.75	383
NAC Re Corp.	NYS	50.88	0.62	4.23	52.88	35.38	226
Navigators Group	NDQ	17.38	-5.44	-7.49	22.50	15.75	2
Nobel Insurance Ltd.	NDQ	13.31	0.00	1.43	15.38	11.88	26
NYMAGIC Inc.	NYS	27.75	7.77	0.68	29.81	18.38	16
Ohio Casualty Corp.	NDQ	47.75	1.80	7.00	51.00	35.50	270
Old Republic Int'l	NYS	41.89	1.83	12.10	42.00	24.63	894
Orion Capital Corp.	NYS	47.50	3.26	2.29	51.00	30.88	289
Partner Re Ltd.	NYS	46.81	1.49	0.94	48.13	30.75	282
Penn-America Group Inc.	NDQ	21.22	8.12	3.51	21.75	11.25	147
Philadelphia Cons. Holding	NDQ	19.63	0.00	10.56	23.25	12.88	42
PXRE Corp.	NYS	31.81	-0.97	-4.14	35.25	24.75	24
Reliance Group Holdings	NYS	15.75	8.62	11.50	15.81	9.63	1057
Reliastar Financial Corp.	NYS	44.13	5.37	7.13	45.00	28.31	2057
Renaissance Re Holdings Ltd.	NYS	43.06	1.17	-2.41	50.00	34.13	81
Risk Capital Holdings	NDQ	22.25	-4.30	0.00	24.00	16.00	50

	Price	Weekly % change	Year to date % change
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