

# Business Insurance

Reporting Weekly on Corporate Risk, Employee Benefit and Managed Health Care News / \$20

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## RIMS names Lamel to succeed Ricci as executive director

NEW YORK—Linda H. Lamel has been named executive director of the Risk & Insurance Management Society Inc., replacing Eugene Ricci, who is retiring.

Ms. Lamel joins New York-based RIMS this week, leaving her position as a principal specializing in insurance-related projects with Management Consulting Services in South Orange, N.J.

"The world of risk management has changed and continues to change," Ms. Lamel said. "Gene Ricci has structured a  
*See Updates on next page*

## New group promotes 'lifelines' to business after natural disasters

By MARK A. HOFMANN

WASHINGTON—A new business alliance is assessing how best to prepare for and manage the disruptions that natural catastrophes can cause.

Rather than emphasizing only physical/property loss control, the Palo Alto, Calif.-based Disaster Recovery Business Alliance is urging business leaders, public emergency management officials, risk managers and others to view the entire business "lifeline" that must be restored before an area struck by disaster can recover.

"Clearly, an effective comprehensive plan is what you need, and you can't do that in isolation. You have to know what the utilities are planning to do, what the phone company is planning to do and what the government agencies are planning to do. You can write the best plan in the world

for your business, but if you don't coordinate it with everybody else, it doesn't necessarily work," said Millie Workman, risk manager of Mueller Industries Inc. in Memphis, Tenn., and *Business Insurance's* Risk Manager of the Year in 1992.

Ms. Workman has been active in the Business Emergency Preparedness Council, a Memphis-based alliance that was founded in 1990, went dormant a couple of years later and was re-established last year (*BI*, Nov. 25, 1996).

The Memphis group has been working with the DRBA on matters of common interest, Ms. Workman said.

"I think there are several things groups like this can bring about. Awareness is the biggest one," said Ms. Workman.

"Disaster recovery planning is  
*See Disaster on page 65*

## Flood coverage may be found under policies' surface

By JOANNE WOJCIK

SEATTLE—Many commercial property insurance buyers in the Northwest are finding coverage for flood and storm losses despite policy exclusions for such perils.

It can be especially important to investigate all possible coverage avenues because companies hit by natural disasters sometimes initially don't think they have a claim, then find more extensive losses when they start repairing what was thought to be minor damage.

Most losses from flood and other natural disasters are excluded from commercial property policies, explained William A. Johnson II, property damage claims specialist who coordinates the Western regional services for Deloitte & Touche from San Francisco.

"But endorsements are available for some risks," he said.

Businesses that have already suffered a flood loss may find that endorsements purchased with a different type of loss in mind provide indirect flood coverage.

For example, "even if a policy excludes coverage of flood damage, the ingress/egress (endorsement) might provide some financial relief," said Shellie Landa, Western region director of business insurance and a certified insurance adjuster at Deloitte & Touche in San Francisco.

An ingress/egress endorsement pays for losses when a flood or other event denies employees and customers access to a business. "If a bridge washes out or a road is closed, a business  
*See Weather on page 70*

## HCFA seeks laws to recover money

By JERRY GEISEL

WASHINGTON—Unsuccessful in federal courts, the Health Care Financing Administration is turning to Congress for new authority to recover claims payments that group health care plans—not Medicare—should have made.

HCFA, the federal agency that administers Medicare, is drafting legislation that would give it essentially unlimited time to go after group health care plans and their administrators in order to recover mistaken Medicare payments. That would offset a 1994 court ruling against HCFA.

In addition, HCFA is preparing legislation that would require group health insurers and administrators to provide basic information, such as birthdates, on employees and dependents enrolled in their plans.

The purpose of this proposal would be to give HCFA more health care plan enrollment information up front to reduce the likelihood of the agency paying claims for which employer plans are responsible.

Both proposals are outlined in sketchy detail in budget documents the administration released earlier this month. The actual legislation is not expected to be released until at least March and perhaps later.

The proposals deal with a problem that has been hounding HCFA ever since the 1980s, when Congress first passed legislation shifting to employer plans from Medicare the primary responsibility of paying medical bills of employees who stay on the job after 65.

Those measures were passed to save the financially strapped Medicare program hundreds of millions of dollars each year.

But Medicare, especially in the years immediately after the enactment of the so-called working-aged legislation, has reaped only a fraction of the potential savings.

That is because some hospitals, unaware of how the law had changed, continued to send older workers' bills to Medicare for payment. And Medicare's administrators—chiefly insurance companies—mistakenly paid those bills.

Congress, concerned the government was not realizing the potential for saving billions in Medicare costs, passed legislation in the late 1980s authorizing HCFA to launch a gigantic "Data Match" program.

Under this program, HCFA sent out more than 800,000 questionnaires to employers, insurers and plan administrators as part of an effort to find out if older workers had  
*See HCFA on page 71*

## HMO nurses as gatekeepers Oxford cost-cutting plan may face obstacles

By JUDY GREENWALD

NEW YORK—An innovative health care program that plans to use nurse practitioners as primary health care providers could lead to significantly lower health care costs, but the concept also may face several roadblocks.

Those roadblocks might include employees' possible reluctance to see a nurse instead of a doctor and potential liability issues. The program also could lead to heavier use of expensive specialists, observers say.

Even if it is successful, the program is unlikely to become widespread quickly, because relatively few of the approximately 100,000 nurse practitioners have the experience to step in as primary health care providers. More typically, nurse practitioners, who have two years of advanced study beyond their four-year baccalaureate degrees, work directly under physicians' supervision in doctors' offices, hospital clinics or for health maintenance organizations.

Under an agreement between Norwalk, Conn.-based Oxford Health Plans Inc. and medical providers at Columbia Presbyter-

ian Medical Center in New York, starting by early April members of certain health plans will have the option of seeing up to 20 nurse practitioners affiliated with Columbia Presbyterian instead of physicians as their primary care providers.

While they will refer patients who need specialists or emergency care to doctors, the nurse practitioners will have broad authority, including the ability to admit patients to Columbia Presbyterian under their own care and to prescribe drugs.

While rates to be paid for the primary care services will be the same whether the employee sees a doctor or nurse, the program eventually could lead to lower health care costs because of nurses' focus on health education and prevention, says program designer Mary Munding, dean of the Columbia University School of Nursing, which is affiliated with Columbia Presbyterian.

Studies indicate nurse practitioners save money because they are more likely to use health care education instead of medication or other expensive interventions to treat patients, said Ms. Munding.

*See Oxford on page 70*

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**Updates**

**RIMS names new director**

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sound organization, and now it's ready to go on to bigger and better things."

Ms. Lamel said education will be among her priorities. "RIMS will benefit from Linda's extensive experience in the industry," Louis J. Drapeau, RIMS president, said in a statement. "Her administrative, legislative and management skills are consistent with the RIMS agenda."

A familiar figure in the insurance industry, Ms. Lamel served as president of The College of Insurance from 1983 to 1988. She then was vp of the Teachers Insurance & Annuity Assn.-College Retirement Equities Fund for eight years before joining Management Consulting Services. She also was deputy superintendent of the New York State Insurance Department from 1977 to 1983 and was chief of staff to New York's lieutenant governor from 1975 to 1977.

Mr. Ricci will retire this month after more than six years as executive director. He joined RIMS in 1991 from CIGNA Service Co. in Philadelphia, where he was in charge of facilities management and administrative and support services. Prior to that, he was president of Philadelphia-based Insurance Co. of North America.

During his tenure, RIMS' membership held steady as mergers and acquisitions and other trends thinned the ranks of risk managers. The number of chapters increased to 96 from 87 while he held the post.

Ms. Lamel is only the third executive director of the 47-year-old society. Ron Judd led the organization for 24 years before Mr. Ricci.

**Court to rehear Microsoft case**

SAN FRANCISCO—In an unusual move, the 9th U.S. Circuit Court of Appeals has agreed to rehear a 1996 case in which a three-judge panel ruled 2-1 that Microsoft Corp. was required to pay employee benefits to independent contractors.

A panel of 11 judges is scheduled to hear oral arguments in *Donna Vizcaino vs. Microsoft Corp.* on March 27, according to a spokesman for Redmond, Wash.-based Microsoft Corp. Such rehearings rarely are granted.

"This is just one step in a lengthy process," said the spokesman. "We're confident that when the court reviews all the facts, they'll agree that we've treated all our workers appropriately."

Victor Schachter, an employer attorney with Schachter, Kristoff, Orenstein & Berkowitz in San Francisco, said he thinks the court's agreement to rehear the case is a "very promising sign" that it will take a "fresh look" at the original decision.

Last year, the appellate panel found that Microsoft was liable to provide benefits to long-term independent contractors, even though they had signed contracts stating they were responsible for their own benefits (*BI*, Oct. 21, 1996). Justice Stephen Reinhardt said that, based on the Internal Revenue Service finding that these contractors were employees for tax purposes, and on Microsoft's plan language, the workers were eligible for benefits.

Meanwhile, the plaintiff in a case in which a leased employee was found ineligible for benefits, *Anne Navey Clark vs. E.I. du Pont de Nemours & Co. Inc.*, has not decided whether to appeal the ruling (*BI*, Jan. 20). Some observers think that ruling from the 4th U.S. Circuit Court of Appeals in Richmond, Va., clashes with the *Microsoft* decision.

**Aon makes U.K. appointments**

LONDON—Finalizing initial consolidation plans, Aon Group Inc. named Alan H. Colls and Dennis L. Mahoney to head up the merged London specialty and reinsurance operations of Nicholson Jenner Leslie Group Ltd., Alexander Howden Group Ltd. and Bain Hogg Group P.L.C.

Mr. Colls, former chairman of NJL, was named chairman of the combined company—Aon Group Ltd.—and Mr. Mahoney, former chairman and chief executive officer of Alexander Howden, was named deputy chairman and CEO.

Ron A. Iles, former chairman of Alexander Howden, was named chairman of Aon Re Worldwide with responsibilities for the global coordination of Aon's reinsurance operations. Michael D. O'Halloran, president of Aon Group Inc., previously held the position. Mr. Iles also was named chairman of Aon UK with responsibilities for coordinating all of Aon's operations in the United Kingdom, including insurance brokerage and consulting. Anthony Howland-Jackson, former chairman of Bain Hogg, was named deputy chairman of Aon UK and will assist Mr. Iles in overseeing Aon's U.K. operations.

The appointments end speculation circulating around the London market, which was waiting to see who would stay and who would go after Aon's recent acquisition of Bain Hogg and then Alexander & Alexander Services Inc. in the fourth quarter of last year (*BI*, Jan. 27).

**City quells benefit controversy**

SAN FRANCISCO—San Francisco has quelled two controversies over its domestic partner benefits ordinance.

The Board of Supervisors reached separate agreements with United Airlines and the Catholic Archdiocese of San Francisco to resolve their objections to the ordinance requiring city contractors to provide benefits to registered domestic partners equal to spousal benefits (*BI*, Nov. 11, 1996).

Under the agreement reached with the archdiocese, Catholic Charities, a non-profit service subsidiary of the church, can choose to replace the words "domestic partners" with the phrase, "a legally domiciled member of the employee's household." Catholic Charities contracts with the city to provide about \$5 million in services to the poor in San Francisco each year.

Supervisor Tom Ammiano, a leading supporter of the ordinance, expressed satisfaction with the agreement, saying the compromise language "exceeds the scope of the ordinance," as more people than just domestic partners now qualify for the benefits.

*See Updates on page 70*

**Acquisitions changing face of brokerage industry**

By SALLY ROBERTS

Acquisitions remain the key ingredient to improved results for the largest U.S.-based publicly held brokers.

Deal making among brokers in 1996 not only boosted revenues and earnings but also resulted in the disappearance of several household names.



The six largest brokers surveyed reported revenue increases in 1996, while four reported a rise in profits.

Aon Group Inc. reported a 14.1% drop in pre-tax profits for

1996, but excluding \$75.3 million in special charges they were up 21.4% over the prior year.

Hilb, Rogal & Hamilton Co. reported a slight 4% decline in profits, which it attributed to the difficult operating environment.

Absent from the rankings of the world's largest U.S.-based publicly held brokers is Alexander & See *Brokers on page 69*

**Lawmakers to push care reform: Blues plans**

By MARK A. HOFMANN

Lawmakers nationwide will continue to push for targeted managed care refinements this year, a Blue Cross & Blue Shield Assn. survey indicates.

"I think it's fairly safe to say that the tension will continue" between state lawmakers who favor managed care and those who do not, said Susan S. Laudicina, director-state services research in the BC/BS Assn.'s Washington office. She noted, however, that much of the broad anti-managed care sentiment of recent years is dissipating.

"Broad anti-managed care bills did not pass any state legislature in 1996," said Ms. Laudicina during a press briefing last week. Instead of seeking to enact sweeping any-willing-provider laws, state legislators followed a more targeted approach to give consumers more flexibility, she said. One of the more popular examples of this tactic are laws requiring insurers to pay for minimum See *Legislators on page 71*

**Insurance covering employment risks worth cost: Broker**

By MICHAEL BRADFORD

ATLANTA—Employers should consider the risks of not having employment practices liability insurance rather than make excuses for not buying it, two experts warn.

"Sticker shock" is the top reason many companies don't buy the coverage, said Ann Longmore, vp-management liability for Willis Corroon Financial Services, a division of Willis Corroon Group P.L.C. in New York.

Premiums are larger than most employers expect, she said, but are coming down.

"We have seen these rates drop drastically over the last year or so as the major insurers try to get penetration into the market and as more and more carriers enter the market."

Speaking at a heavily attended session of the 14th Annual Educational Conference sponsored by the Atlanta chapter of the Risk & Insurance Management Society Inc., Ms. Longmore said about 30 insurers write employment practices liability insurance. She warned risk managers not to

bite too quickly if they find a good deal on the coverage.

"Some of those who have been in the market the shortest length of time right now are charging the lowest pricing. That gives us real cause for concern, I have to tell you."

When buyers suggest Willis Corroon consider placing coverage with those insurers, "we have to raise issues with our clients," she said. "We have to say they're not familiar with this type of exposure, we have to say that policy form is new, it has not been litigated. And we have to say that until this carrier experiences the kind of frequency and severity that other carriers are experiencing then the type of premiums they are quoting you right now may be very short-term in nature."

"Both the frequency and severity of claims in this area are going up significantly," Ms. Longmore said. Since 1990, there has been "over a hundred-fold increase" in the number of complaints filed to the Equal Employment Opportunity Commission, she said. See *EPL on page 65*



**Report suggests ways to keep claimants honest**

**Working to check comp fraud**

By MEG FLETCHER

WASHINGTON—Printing anti-fraud warnings on the back of wage-loss checks is one step workers compensation payers can take to battle fraud, a national coalition recommends.

That tip is among the recommendations in a recent report issued by the Workers Compensation Task Force of the Washington-based Coalition Against Insurance Fraud, titled "Workers Compensation Fraud—Public Policy Issues

for the Future."

The coalition, which includes consumer, government and insurer representatives, developed the recommendations after finding that workers comp judges often lack the authority to discipline fraudulent parties and that prosecutors have difficulty proving intent to defraud.

In addition, many insurance companies and state agencies lack the expertise to investigate workers comp fraud, the coalition found.

Among the tips for fraud fighters • Print a warning on the back of wage-loss checks sent to some recuperating workers.

Such a warning could read: "I this draft is for Temporary Total or Temporary Partial Disability Benefits, you must advise your employer and the insurer of any of the earnings you may be receiving or work activity you are engaged in while receiving these benefits. Failure to do so may result in civil and/or criminal liability."

*See Fraud on page 6*

**Inside**

• The captive industry should work with other interested groups to fight off any proposal to eliminate tax deductibility for premiums, this week's editorial says. **PAGE 8**

• The United States risks losing out on insurance opportunities by sitting on the sidelines as markets open in Latin America, a former diplomat says. **PAGE 63**

• Plentiful capacity pushed down catastrophe reinsurance rates at year-end renewals, a report shows. **PAGE 68**

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# Self-insurance expanding its reach

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Spotlight Editor:  
Mike Bradford

## Risk management takes sophisticated turn

By DAVE LENCKUS

**A** British oil giant self-funds its losses on a pay-as-you-go basis and at one point considers a loss-financing method that could reward investors in a catastrophe bond issue with an equity stake in the company.

Reinsurers, insurers and brokers labor to tailor finite risk and integrated risk programs that provide risk managers cost advantages and still deliver the tax and accounting benefits traditional insurance provides.

Experts cite several reasons why risk managers have a growing field of complex and less esoteric alternative risk-financing choices.

One pragmatic reason is that the products are another use for insurers' excess capital.

But, perhaps as important, risk managers are becoming more sophisticated in and comfortable with addressing issues like corporatewide, or holistic, risk as well as corporate capital valuation and allocation issues, observed risk management consultant Richard S. Betterley, president of Betterley Risk Consultants Inc. of Sterling, Mass.

At the same time, risk managers' patience with the frictional costs and potential coverage disputes associated with insurance products is dwindling.

One of the most celebrated cases of risk management frustration with the insurance market occurred at British Petroleum Co. P.L.C., which in 1992 adopted a self-funding strategy of covering losses on a pay-as-you-go basis. The oil

giant adopted the strategy after a 1991 audit showed it had paid almost five times more in insurance premiums than it recovered in indemnity payments from its insurers during the 1980s.

British Petroleum began covering most losses exceeding \$10 million per occurrence as they were incurred.

The \$10 million threshold "was no magic number," said John E. Mitchell, a member of British Petroleum's insurance team. The cutoff figure's importance is that it gave the decentralized company's various operations an opportunity to decide for themselves how to best finance risk. "It was a way to overcome anticipated reluctance within the organization" to adopting the self-funding strategy, Mr. Mitchell explained.

Since 1992, those operations largely have concurred with the corporation's outlook and now self-fund most exposures.

Risk managers, though, are not scurrying to copy British Petroleum's self-funding approach.

"Just because you can self-fund something doesn't mean you should," said William J. Kelly, managing director at J.P. Morgan & Co. Inc. of New York.

Risks that stem from a company's "core competency" can be controlled. Companies then effectively can outsource, or insure, fortuitous risks, such as fire and earthquake, he said.

For a very clean risk, "the cost of literally billions of dollars of insurance is virtually nominal," Mr. Kelly said. He observed that he would

See Alternative on next page

## With potential for higher rates, more employers may self-insure

By ROBERT KAZEL

**A**s plan sponsors search for ways to gain more control over their health care spending this year, some may turn to self-insurance after years of contracting with fully insured managed care networks.

Although no one views self-funding as a panacea to rising health costs, more large employers could make the jump to self-insurance for the first time this year or in 1998, experts say.

For most, this will in no way be a repudiation of managed care principles that have undergirded most fully funded insurance programs. Though self-funded, most employers will continue to embrace such cost-restraining practices as utilization and case management through a variety of partners, ranging from third-party administrators to physician hospital organizations or health maintenance organizations that permit employers to self-fund.

"The self-insurance market is mature," said Pat Campola, a vp with John Alder Life Insurance Co. in Miami. "The only op-

portunity for new entrants will happen if fully insured rates start to move upward."

That is a strong possibility. Late last year, HMO executives said they anticipated rate increases of 1% to 6% this year (BI, Dec. 9, 1996). With the specter that HMOs and other managed care networks will indeed raise rates, the possibility is increasing that plan sponsors will grow dissatisfied with fully insured programs and try something more innovative—albeit more risky.

The movement of employers, and especially large employers, to self-insurance has been a familiar long-term trend. According to a survey by benefits consulting firm A. Foster Higgins & Co. Inc., the percentage of employer-funded preferred provider organizations rose to 26% in 1996 from 22% in 1995 for all PPO sponsors surveyed. This compared with 21% in 1994 and only 6% in 1993.

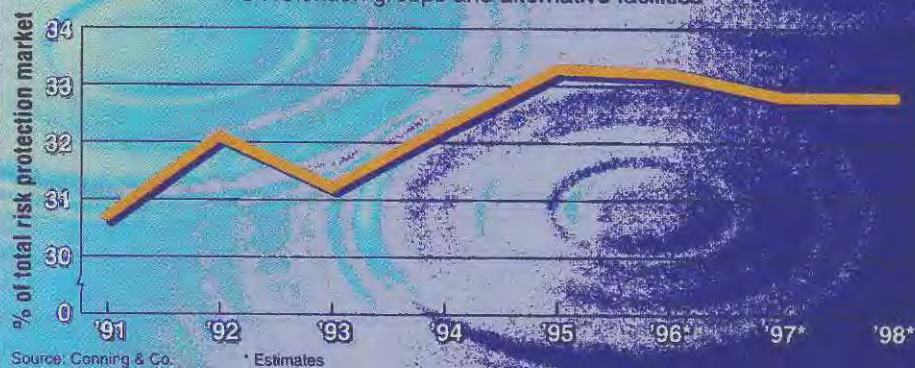
For employers with at least 500 employees, the percentage of companies with self-funded PPOs was markedly higher: 72% in 1996, compared with 71% in 1995, 66% in 1994 and 52% in 1993.

In 1996, 70% of indemnity plans for large

See Benefits on page 14

## Self-insurance's share of property/casualty market

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



## Alternative P/C programs grow slowly in soft market

By SALLY ROBERTS

**W**hile alternative risk financing is now a relatively common tool for many risk managers, the overall soft property/casualty insurance market is stunting new growth in alternative programs.

Ten to 15 years ago, companies using such risk financing approaches as large self-insured retentions, captive insurers and risk retention groups to transfer and finance risk were among the avant garde. But those methods have since matured into more of a standard means to finance many organizations' commercial risks.

But as the commercial property/casualty market remains competitive for most types of coverage and rates are soft, overall growth among traditional self-insurance

mechanisms has slowed.

Brokers and risk management consultants say risk managers generally are content with their existing programs.

Those that have never self-insured are enjoying low rates in the soft commercial market, while those that do self-insure are mostly unwilling to give up the control gained by retaining their own risks, despite low rates available in the market.

However, some self-insurers are transferring some of their retained risk back to the standard market to take advantage of soft rates, while others are exploring such options.

"The traditional self-insurance market is in a holding pattern," said Mary Ann Godbout, assistant vp at Conning & Co., an insurance research firm based in Hartford, Conn.

See Risk tools on page 12

## Self-insurance's share of group health market

Percentage of self-funded plans for large\* U.S. employers

Year	Indemnity plans	PPO	POS	HMO
1993	63%	62%	NA	NA
1994	67	66	50	NA
1995	70	71	47	NA
1996	70	72	52	5%

Source: A. Foster Higgins & Co. Inc. \* More than 500 employees

GRAPHIC BY TONY BUCCINI

# Alternative

*Continued from previous page*

not want to explain to management why the company incurred a \$100 million loss "because we were too sophisticated to spend \$20,000" for insurance.

He added, though, that insurance is not cost-effective for all risks and that high deductibles often are the most appropriate risk-financing method.

But, British Petroleum's strategy makes sense on a couple of levels, and it has piqued the interest of at least a few risk managers as well as senior management at other companies, said Gary J. Bausom, a consultant with Towers Perrin in San Francisco.

Mr. Bausom said British Petroleum's "real risk" in the event of a major loss is the timing of its cash flow. The company's major asset—oil—would not be lost, but profits tied to oil production would be delayed. That delay, though, would not hurt the company's value over the long term, because it still is well-managed, it offers quality products, and it furnishes product-allied services that provide customers with business solutions, he said.

Mr. Bausom said a saw-toothed earnings picture over a five-year period for a company that has adopted a strategy like British Petroleum's would demonstrate the company can

manage through disasters "and come out on its feet." The straight-edged, upward sloping earnings chart for an insured company does not show that capability. Indeed, that chart could suggest a "manufactured" earnings picture, Mr. Bausom said.

British Petroleum judges that its strategy works for its investors. Studies show that catastrophic losses have harmed companies share prices only negligibly over the long term, Mr. Mitchell said. It also figures its shareholders have extensive investment portfolios, so a major loss at the company would not significantly impair their overall holdings. Given the company's risk management efforts, investors likely would prefer heftier returns at the company rather than see it buy insurance to cover a loss that will not likely occur, Mr. Mitchell said.

In the event of a catastrophe, the cost of raising capital to cover a major loss would be cheaper than purchasing insurance, Mr. Bausom said.

British Petroleum has access to lines of credit for immediate funds, if necessary, Mr. Mitchell said.

But, in this area, too, the company is investigating new approaches—so-called second-generation risk-financing mechanisms. One possibility British Petroleum's secretary previously acknowledged that the company would investigate is issuing bonds with an equity conversion feature to

attract investors.

Mr. Mitchell would not comment on whether British Petroleum still is exploring that.

An alternative risk-financing approach that some insurers and brokers say has greater value for risk managers is finite risk coverage. But, it has to be structured to truly transfer risk and therefore provide both the tax deduction benefits and the balance sheet protection that traditional insurance supplies.

The Internal Revenue Service has not issued any revenue rulings, which would apply to all U.S. companies, on this issue, a spokesman said.

No two finite risk programs look alike, because they are tailored to each company's needs, insurers and brokers say. Generally, though, compared with traditional insurance, multiyear finite risk programs cap insurers' liabilities and require policyholders to pay premiums that are considerably larger as a percentage of the maximum coverage.

For insurers, investment earnings on the premiums are a key underwriting factor.

For policyholders, finite risk programs ultimately can provide relatively cheap coverage for tough exposures, its proponents say. Policyholders at the end of the contract stand to recoup a substantial amount of the premiums they have paid if they file no or very few claims.

Besides exposures for which the insurance market offers inadequate capacity, a finite risk program also can cover traditionally uninsurable exposures, such as foreign-currency exchange and commodity price fluctuations or asbestos liability, said Michael Turk, a vp in New York with Centre Reinsurance Co., which writes finite risk programs.

Not everyone agrees that that approach delivers the goods. For example, Michael R. Levin, senior manager at Deloitte & Touche L.L.P. in Chicago, said the IRS is savvy about the arrangements and will not allow tax deductions because it does not consider finite risk programs to be risk-transfer vehicles. Accounting standards also consider the arrangements deposits, not risk transfers, so "any good auditor" will not allow a company to use such a risk-financing vehicle to remove liabilities from its balance sheet, Mr. Levin said.

Risk managers are investigating finite risk programs because "people are dragging the idea in front of them all the time," he said. "If they're serious, usually they're shot down by the CFO."

Mr. Bausom of Towers Perrin noted that, while he is not a tax expert, he typically has found that sustaining the favorable tax and accounting benefits of financial hybrid products is difficult.

However, the effort the IRS would

have to expend to recover the "nickels and dimes" in tax deductions attributable to finite risk premiums would not be an efficient use of the agency's overloaded and ill-equipped staff, Mr. Bausom said.

Some buyers count on that, he said. Others, though, prefer to avoid the risk that the IRS might question the deduction and, as a result, take a greater interest in its overall tax return.

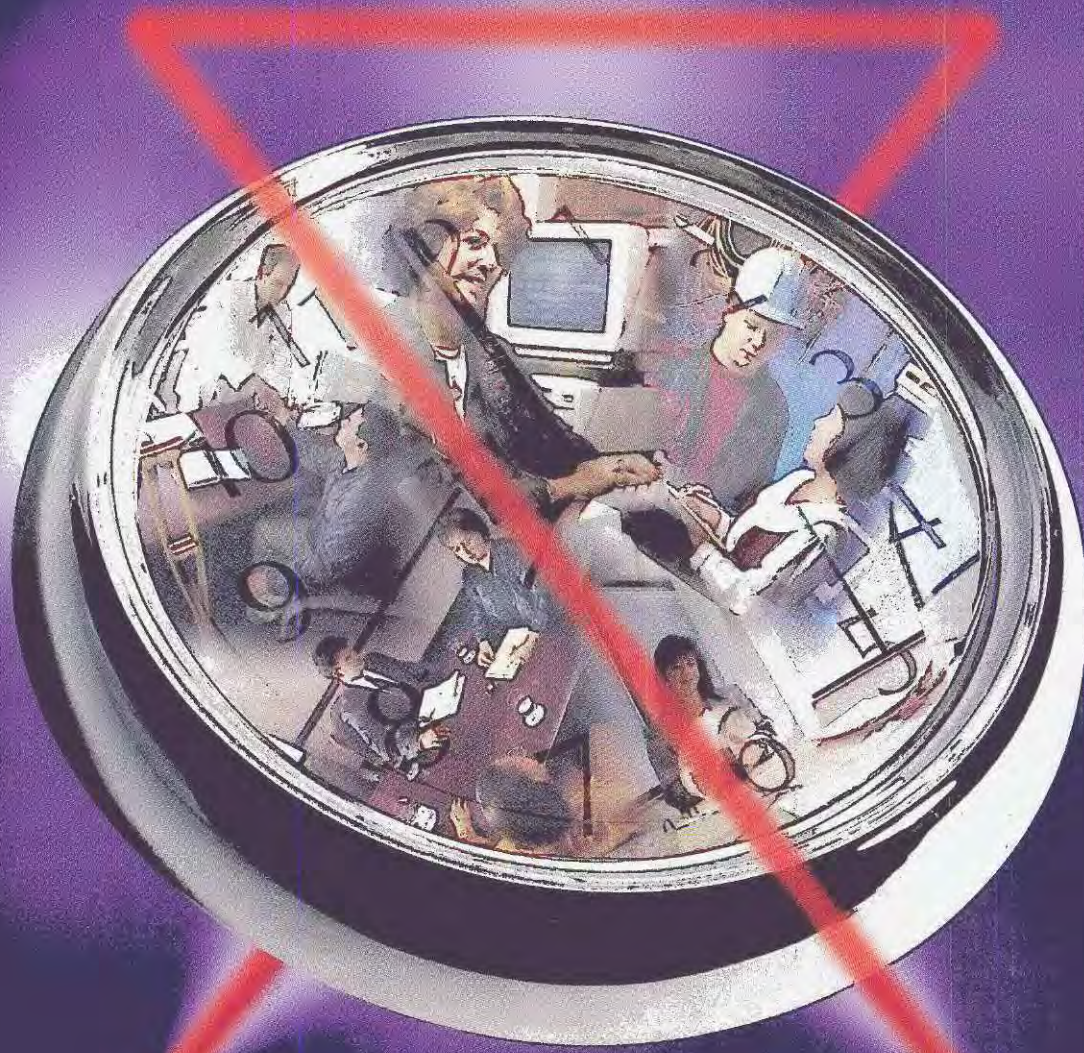
Some insurers, brokers and attorneys, though, assert that properly structured finite risk programs can include enough risk transfer to provide tax and accounting benefits.

"You have to look at the individual product," said attorney Robert Dumont of Baker & McKenzie in New York. Insurers are developing products that qualify for tax and accounting benefits, said Mr. Dumont, who specializes in helping insurers and risk managers develop such programs.

A risk manager can achieve risk transfer when using a finite risk program in a couple of ways, said Thomas W. Kozal, senior vp at Strategic Risk Financing Group, a unit of Marsh & McLennan Inc. of New York.

One example is when finite risk coverage is part of a larger risk-financing program and the finite risk premiums represent no more than 70% to 75% of the finite risk limits.

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# Alternative

Continued from page 4

In that case, the finite risk component would not jeopardize the risk-transfer requirement necessary to obtain tax and accounting benefits, Mr. Kozal said.

Finite risk proponents agree that, largely because of the soft market, risk managers are not tripping over one another to line up finite risk coverage. But, they say risk managers' interest in this alternative is growing. "We are seeing growth in this area," said Centre Re's Mr. Turk.

Union Carbide Corp. of Danbury, Conn., is about two years into a program that combines finite risk and integrated risk elements (BI, Feb. 26, 1996). Integrated, or blended, risk is a relatively new twist on an old concept that reshapes a company's traditional

risk-retention picture. Generally, under an integrated risk approach, a company maintains a single retention for many of its property and casualty exposures combined, rather than individual retentions for each exposure. The company's excess coverage is triggered only after that full retention is exhausted.

Swiss Reinsurance Co. reinsures Union Carbide's Bermuda captive with an aggregate of \$200 million of coverage over three years and \$100 million in any single year. However, there are sublimits for either property or casualty losses, or combined property and casualty losses stemming from a single incident.

If the program is loss-free after three years, Union Carbide is scheduled to recover the value of three-fourths of its premium. However, unlike typical finite risk programs, Union Carbide's premiums are much

lower. The premiums equal what Union Carbide would have paid for the coverage under a conventional excess insurance arrangement in today's

**'I really do believe you can't go from A to Z' in one fell swoop, says Norwest Corp.'s K.C. Kidder.**

market, said Rick Inserra, assistant treasurer-risk management and insurance.

Losses could drive up Union Carbide's premium 25%, he said.

The integrated risk program that Norwest Corp. of Minneapolis began forging in 1993 and rolled out nearly

a year later also contains a finite risk element (BI, April 24, 1995).

But, unlike Union Carbide's program, Norwest's does not contain sublimits for the bank's property/casualty risks. The bank is subject to a single large retention for all the exposures the program covers. American International Group Inc. subsidiary National Union Fire Insurance Co. of Pittsburgh, Pa., reinsures Norwest's Vermont captive.

Norwest's program has, among other things, helped the bank come much closer to satisfying its risk appetite, cut insurance costs 70% and improved the bank's cash flow, said K.C. Kidder, vp and risk manager.

While Deloitte & Touche's Mr. Levin applauds the benefits of such programs, he emphasized they are not strategic alternative risk-financing approaches. Strategic programs must address all company exposures, in-

cluding traditionally uninsurable risks such as commodity price and foreign currency exchange fluctuations, to stabilize a company's financial results and enhance earnings per share over the long term, he said.

The programs must be driven by risk managers, not insurers, he said.

While other corporate departments, like treasury, attempt to avoid or control losses from financial exposures risk management is the company's last chance to protect itself "in case nothing else works," said Mr. Betterley. "So I think it's fairly appropriate that risk managers get involved in providing these solutions."

"I don't disagree" that a strategic approach must consider all of a company's risks, Norwest's Ms. Kidder said. "But, (the concept) was new internally and externally. No one was talking about blended risk in 1993. Our perspective was that it had to be an evolution, not a revolution," she explained. "I really do believe you can't go from A to Z" in one fell swoop, she said.

But, she noted the bank is working on including some traditionally uninsurable risks under the program as it works on renewing the program early.

Because of the insurance industry's large amount of capacity and its plan to capture more market share through new products, the availability of integrated risk programs is growing, said Strategic Risk Financing's Mr. Kozal.

"Like anything else, this could be a passing fad," observed Paul T. Pope, assistant treasurer, risk management with Cleveland-based TRW Inc., which is investigating self-funding traditionally uninsurable risks.

"But, I suggest there is a strong impetus behind this," because the insurers offering integrated risk products are mainstream companies, he said.

The challenge for risk managers now is to define all of their companies' risks and put parameters on them so the insurance market can address them intelligently, Mr. Pope said. He conceded that "is a lot easier said than done."

Meanwhile, risk managers, insurers and brokers continue searching for other approaches to help risk managers structure risk-financing programs that consider corporate risk appetite, capital allocation and tax issues.

In addition, insurers are beginning to give risk managers the opportunity to pay an option fee to change their minds about their self-insured retentions even after a loss.

A dual-trigger deductible or retention is among the various twists on that product. That product restricts a risk manager's ability to exercise the company's option to reduce its retention to periods when the company sustains either a large loss of pre-determined value, a separate financial setback, such as a foreign currency exchange loss, or both events.

With all of the alternative risk-financing option available, risk managers should evaluate the opportunity costs of capital they would spend on any risk-financing mechanism, advised Mr. Bausom of Towers Perrin. Risk managers may find the deal is not as good as they thought.

"I'm in favor of new ideas, but I get frightened sometimes when finance guys run around talking to risk managers' bosses as if the risk managers don't understand it or are afraid of it," said Ken Krenicky, vp-risk management and benefit finance at Rhone-Poulenc Rorer Inc. of Collegeville, Pa.

"Before risk managers do anything too exotic, they should not lose sight of some of the basics they learned in their first risk management classes," Mr. Krenicky said. "I don't think you're a bad risk manager just because sometimes you do traditional things." **BI**

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# Opinions

## Barking up the wrong tree

ONCE AGAIN, some budget crunchers in the Clinton administration have decided to go after captive insurance premiums as a source of tax revenue.

These efforts—last seen in a 1996 budget proposal—are fueled by the misperception that captives are nothing more than sophisticated tax dodges, rather than a vital risk-financing tool.

We think the captive industry, as well as the business and insurance community, should marshal their resources to eradicate this prejudice once and for all—or else risk battling this recurring proposal in perpetuity or, much worse, seeing it enacted into law.

We're dismayed that such a view persists, as captives today are really a mainstream risk-financing tool and account for a significant amount of the premiums that corporate America pays to cover its risks.

Not only do captives provide billions of dollars of insurance protection, they also serve as an important buffer to the wild swings in pricing that were once common in the commercial insurance industry. Without those cyclical swings in pricing, traditional coverage has been much more available and affordable for everyone.

The Clinton administration's new proposals, contained in its budget proposal, would bar many captive owners and shareholders from deducting premiums paid to the captive unless the captive writes a significant amount of unrelated business.

That policy could prove ruinous to captive insurers. Captive experts warn that the proposal would cause many captives' taxable income to increase, thereby leaving less money to put into reserves for future losses. That, in turn, could weaken the solvency of some captives.

The alternative—writing more third-party business—would be imprudent at best and disastrous at worst.

Writing unrelated third-party business produced massive losses and led to the insolvency of many captive insurers in the late 1970s and early 1980s.

A number of those captives—including Gulf Oil Corp.'s Inso Ltd., Exxon Corp.'s Ancon Insurance Co. SpA, and Ocean Drilling & Exploration Co.'s Mentor



Insurance Co. Ltd., to name a few—found that taking on third-party business was more than they could handle. And one insurer, Ideal Mutual Insurance Co., collapsed under the weight of losses on unrelated business that it fronted for captives.

The captive insurance industry is gearing up to fight the Clinton budget proposal. It should not stand alone.

Others that have a vested interest in this battle include: Businesses that want to preserve captive insurance as an option; state insurance regulators and lawmakers in captive domiciles; service providers, such as brokers and third-party administrators; and even insurers and reinsurers that have found the captive market a fertile ground for their services.

As Jon Harkavy, president of the Coalition of Alternative Risk Funding Mechanisms, said: "Companies with captives have not always been particularly effective in protecting their turf."

We hope that won't be the case this time.

# Letters

## Don't mandate robbery response

To the editor: Ron Morgan's letter in your Feb. 3 issue, "Of Robbery, Risk and Common Sense," makes a good deal of sense, but I must still agree with your Jan. 13 editorial that compliance with an armed robber's demands should not be made a legal duty.

It may be true as Mr. Morgan states that such compliance is the best way to avoid harm to employees and customers. Certainly businesses should do everything within their power to ensure customer and employee safety. However, as you pointed out in your

editorial, crime is not always predictable, and criminals are not always rational.

One aspect of attempts to hold businesses liable for crimes committed on their premises that you did not consider is that businesses may simply decide not to locate in perceived high-crime areas. This would certainly be undesirable from society's point of view.

The most reasonable approach is to judge each situation on its own merits. A business that trains its employees in proper ways to react to crime should not be liable if those

employees follow their training, regardless of the outcome.

Harry Cylinder  
Philadelphia

■ *Editor's note: The Jan. 13 editorial, "Court Unties Business' Hands," was based on the California Supreme Court's decision that a restaurant employee's refusal to promptly comply with the demands of an armed robber does not breach a duty to ensure the safety of third parties from foreseeable harm.*

## City shows partner benefits flexibility

To the editor: In the Feb. 10 editorial, "Partner Mandate Still A Bad Idea," *Business Insurance* again displays its traditional view that putting any requirements on employers is always a bad idea.

Unfortunately, sometimes businesses

have to be encouraged to recognize what other employers have already discovered: that offering domestic partnership benefits to their employees is good for business and will not result in any dire consequences for their bottom lines. As a page 1 article in the same issue reports, the cost to employers for such benefits is low.

New York should take your suggestion and be encouraged by what has happened in San Francisco since *BI's* editorial was written. United Airlines and the city of San Francisco have reached a compromise whereby United will offer domestic partner benefits to its employees over the next two years.

By agreeing to the two-year provision, San Francisco is apparently demonstrating the "flexibility" you contend is so im-

portant for employers.

Moreover, United should not have any problem granting the benefits since it is already doing so for its employees in Australia, New Zealand and The Netherlands, where similar laws mandate them.

Regarding Catholic Charities, it appears that the church and San Francisco may also have reached a compromise that allows for the domestic partner benefits San Francisco wants but saves face for the church by simply calling them something else. Again, the mandate, with a little flexibility, appears once again to have been successful.

One would hope New York will take these events into account when it considers its proposed ordinance.

Joe Whalen  
San Francisco

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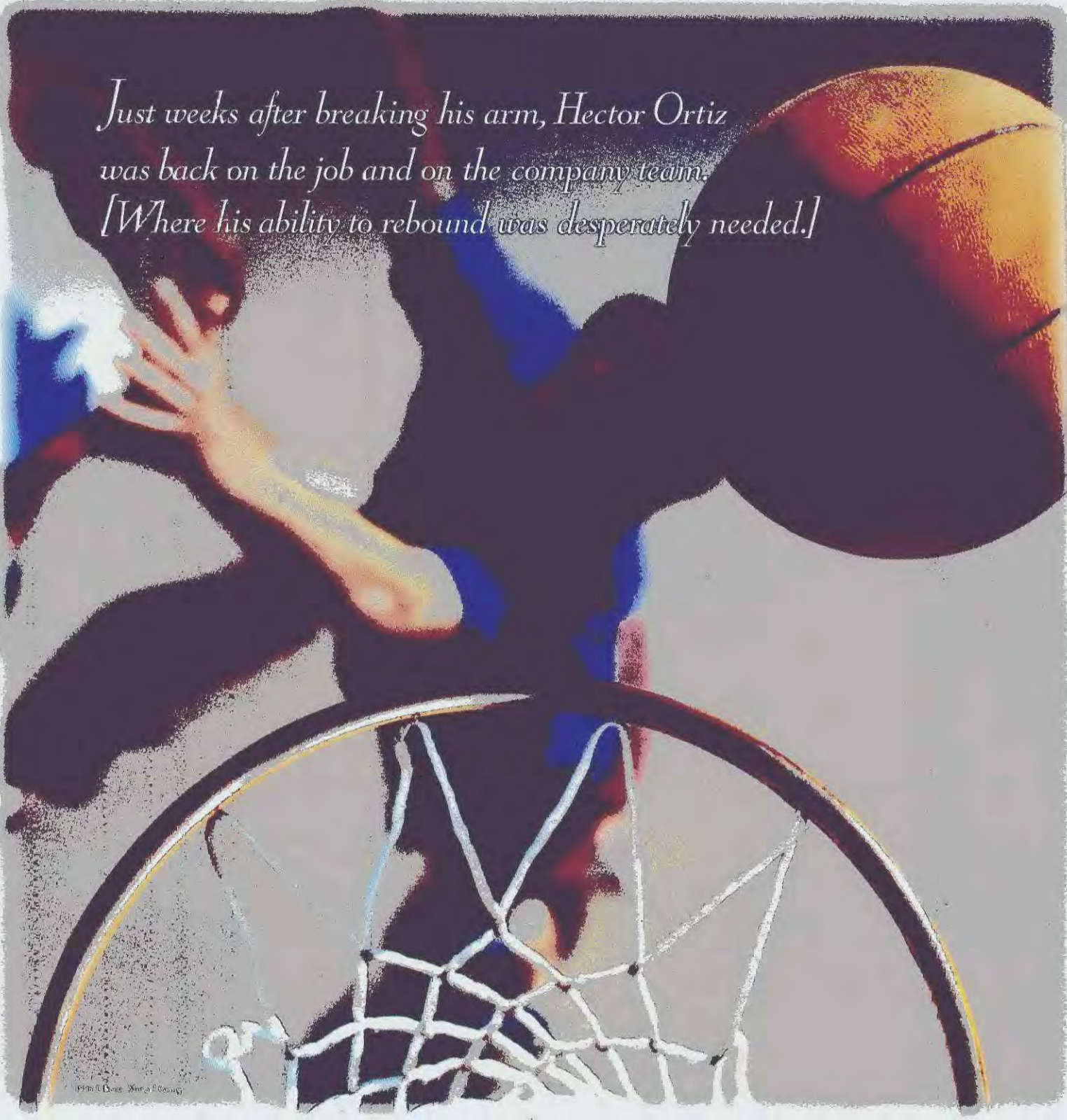
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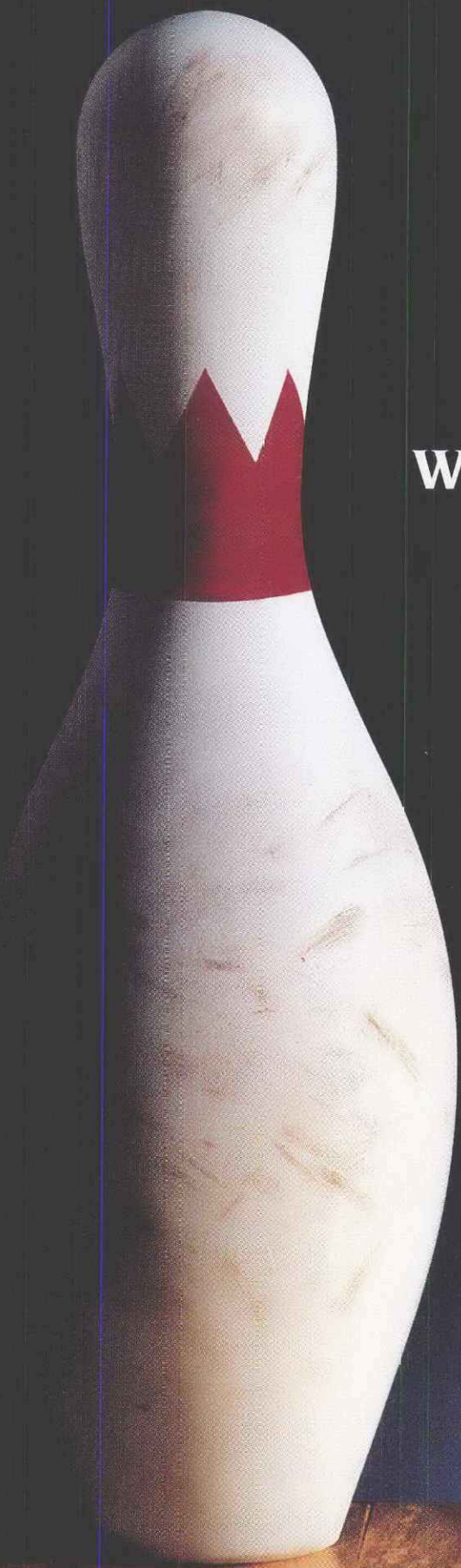


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# Risk tools

Continued from page 3

"Companies that are there and are using self-insurance are happy and are staying despite very soft rates in the traditional insurance market. Companies that are not there are finding that the traditional market pricing is so favorable the temptation to self-insure...there is none. They've never gone beyond the price is right," she said.

According to a Conning & Co. report, the alternative market—including self-insurance, captives, risk retention groups and group facilities—represented an estimated 33.2% of the total market for risk protection in 1996. This percentage is little changed since 1991, when Conning estimated the alternative market represented

30.7% of the total market. Conning estimates that, unless there is a change in the commercial insurance market, the alternative market will represent 32.8%

in Memphis, Tenn. Smaller companies, those paying less than \$100,000 in premiums, are not doing anything different. Fortune 500 companies may be

**'With the clients whom I'm dealing with, there is a trend for self-insureds to switch back to traditional insurance,' says Bill McBurnie of Johnson & Higgins.**

of the total market in 1997 and 1993. "If I had to categorize the market right now, it would be mesmerized," said Charles N. Fiske, group director for Sedgwick Inc.

looking at alternatives but also are not doing much, he said. "It's the ones in between that are looking for ways to have better balance sheet protection," he said. Some of this activity is coming

from risk managers looking to transfer some of their retained risk back to the standard insurance market. "I'm definitely seeing some risk managers...buying down their retentions," said Greg Berg, a principal in the risk management unit of Tillinghast/Towers Perrin in Hartford, Conn. "It's a temporary exploitation of a very soft market." Tobey J. Russ, president of AIG Global Risk in New York, said the insurer is attracting some formerly self-insured companies because of the softness of the marketplace. Other self-funded companies are reducing the sizes of their retentions, he said. "With the clients whom I'm dealing with, there is a trend for self-insureds to switch back to traditional insurance," agreed Bill

McBurnie, senior vp at Johnson & Higgins in New York. Specifically, Mr. McBurnie said he has worked with two primary casualty accounts on switching back to the traditional market and another casualty account where the risk manager reduced the company's self-insured retention. "Just because insurance is cheap, it may not be valued by the client," Mr. McBurnie admits. "But the fact is, the more competitive the insurance market gets, the more likely a corporation, in general, will favor insurance over other mechanisms that involve a greater retention of risk." As a result, "a lot of corporations are taking an opportunistic view of the insurance marketplace," he said. "They're not necessarily looking to get back to the traditional market, but if the opportunity arises to transfer risk at 25% to 30% of the actuarial value of the risk, some corporations will find that hard to resist." Low prices have yet to entice a lot of risk managers, however. At Denver Water Department, for example, even a 30% reduction in general liability and auto rates this year was not enough to persuade the department to switch back to the traditional market. Denver Water completely self-insures its general and auto liability exposures, but every year it discusses with its board of directors what it would cost the company to insure its liability risks in the standard market, explained James E. Crockett, manager of risk and benefits for the city's water authority. Estimated premiums to insure its liability risks went from about \$2 million a year ago to \$1.4 million this year, he said. But that wasn't a big enough enticement. "Because of our risk and loss controls—we average \$125,000 in losses each year—it just doesn't make a lot of sense to pay \$1 million in premium for \$125,000 in losses," he said. Switching back to the standard market does not make a lot of sense for Alex Lee Inc., either. "Two years ago, we put our workers compensation into a self-insurance program," explained John B. Hughes, director of risk management for the Hickory, N.C.-based wholesale grocery distributor. "It was very attractive at the time and a substantial premium reduction. It would just be too expensive to go back to a guarantee cost program," Mr. Hughes said. "We're content with the way things are," said Mr. Hughes, noting that the company is "coming in flat" in terms of workers comp costs for its April 1 anniversary. And at Cleveland-based TRW Inc., "it's fair to say we continue to pursue self-insurance more aggressively than we have in the past," said Paul T. Pope, assistant treasurer-risk management. Douglas G. Hoffman, managing director of Bankers Trust of New York Corp. in New York, said the perspective of whether to self-insure or transfer risk to the standard market may come down to whether one considers himself or herself an insurance manager or a risk manager. Risk managers will recognize the difference between broad self-funded programs versus a conventional insurance product, which includes problems like frictional costs and coverage disputes, he said.

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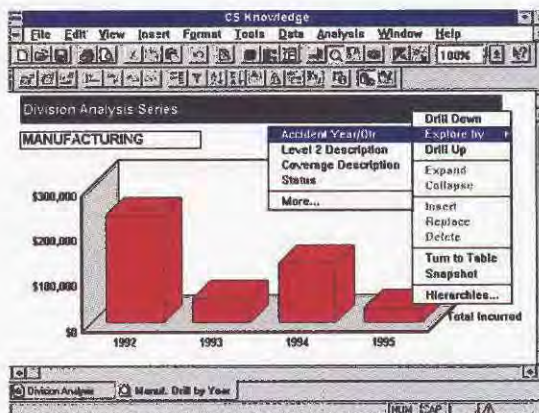
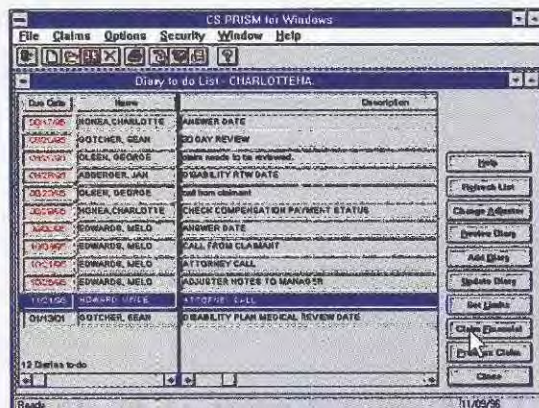
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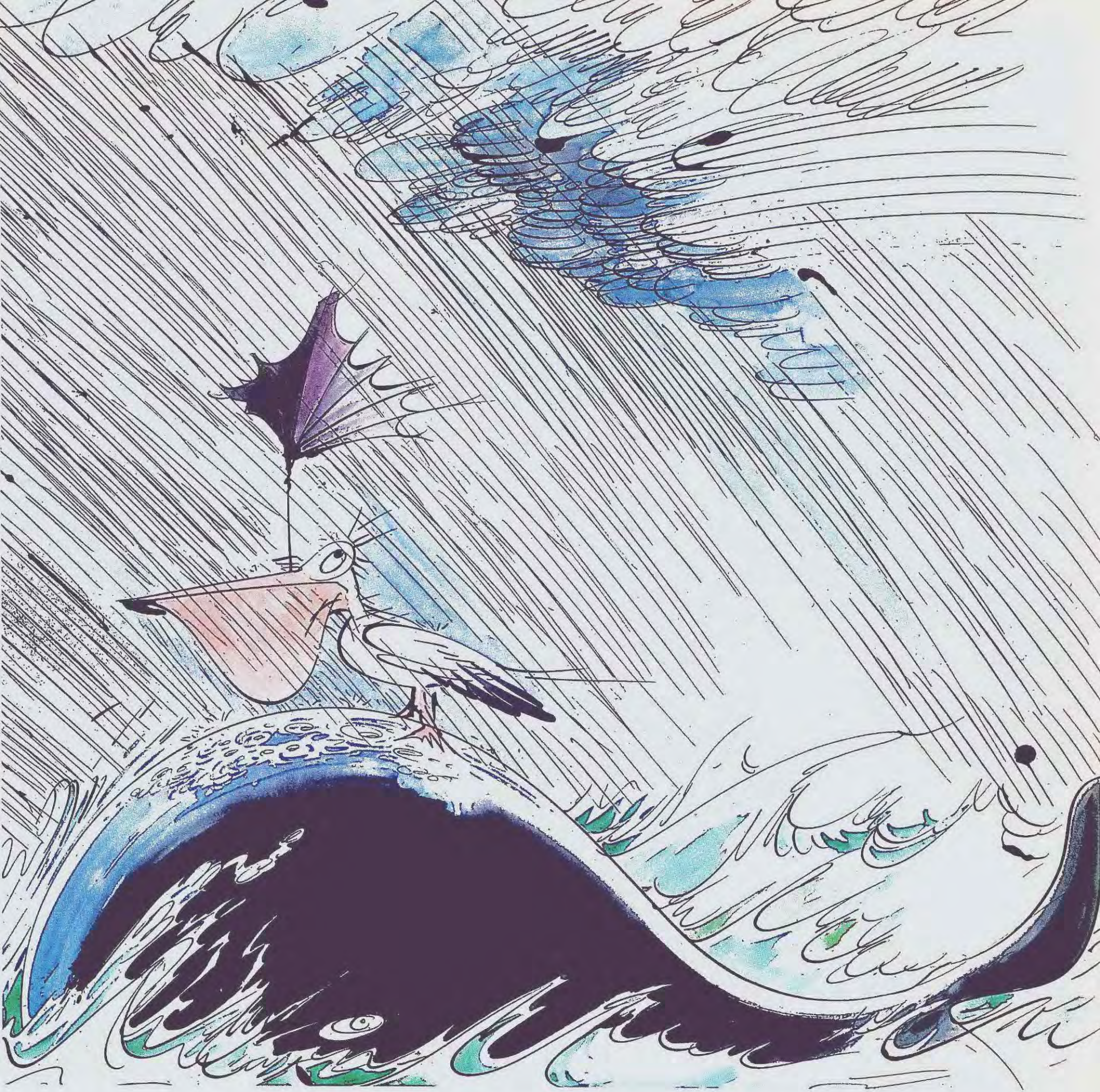
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# Benefits

Continued from page 3

employers were self-insured, the same percentage as in 1995. Five percent of large-employer HMOs were self-funded in 1996, according to the survey, which has not previously reported HMO self-funding data. The percentage of self-funded point-of-service plans for large employers was 52% in 1996, up from 47% in 1995 (see chart).

"We've seen our (stop-loss) quote activity go up significantly in the last six months," said Scott Taylor, vp of SAFECO Life Insurance Co. of Seattle.

Clearly, in the past three years many employers focused their attention on staying with fully insured managed care products because of a soft market and, at one time, fear over potential wide-scale Clinton Administration intervention in the private health care system, he said. Now, however, more employers are developing an impatience with HMOs' shortcomings and apprehension about an erosion of their cost advantage, he said.

"Employers would prefer to self-fund," Mr. Taylor said. "Prices are going up." Employers increasingly are concluding that fully insured HMOs offer no advantage over a self-funded program with a TPA adding administrative services, he said.

The decision whether to self-fund is a simple economic one for most companies, Mr. Taylor said. "It comes down to cost," he said. "It's like when they go to get tires for their company trucks."

But employers don't look at price alone in deciding whether to self-insure, said Karin Landry, a health care consultant with Watson Wyatt Worldwide in Wellesley Hills, Mass.

"We see clients looking at their health care coverage in terms of value, not in terms of cost alone," she said. Some managed care systems are permitting plan sponsors to retain the advantages of cost control by staying in the network while also being self-insured, she said. Quality, access to the health care system and cost all figure into an employer's decision whether to stay in a network while self-insured, and which to select, she said.

In some cases, participation in a fully insured managed care plan may be fairly cost-effective, and the advantages of self-insuring may be few, Ms. Landry said. New mandates by the federal government that generally will require parity of mental health benefits with other medical benefits, for instance, will place the same burdens on self-insured plans as on fully insured plans, she said.

In other cases, a combination program—with, say, fully insured HMOs and a self-insured point-of-service plan offered to employees as options—may satisfy workers' desire for choice, she said.

In the case of Cincinnati-based Kroger Co., all but a few of the company's POS plans are self-insured, as is an indemnity plan, but an HMO is insured. "We are comfortable with our managed care selection process," said Mike Stoll, director of corporate benefits. The self-insured plans do not have stop-loss coverage. "It's more advantageous to self-insure and take that risk than pay someone else to take the risk," he said.

Whether self-insurance trends will accelerate this year is hard to predict, and will vary with region

and market maturity, said Ed Ueek, president of the Irvine, Calif.-based Self-Insurance Institute of America. But employers seeking self-insured plans definitely will be looking to buy PPO or point of service plans, this year, he said. "Very, very few plans don't have some form of managed care in them," he said.

Two-thirds of the employees in the nation now are covered by self-insured health plans, said Mr. Ueek, managing director of Fountain Valley, Calif.-based Pacific Risk Management Services, a unit of PM Group Life Insurance Co.

More employers are expected to turn to self-funding, attracted particularly by the option of contracting directly with PHOs or exclusive provider organizations, he said.

Furthermore, Mr. Ueek predicted that increasing numbers of employers will be turned off by HMO price pressures, less satisfied with customer service, and

up over the next two years, more employers will realize that."

The industry probably won't notice a big boost in the number of employers opting for self-in-

**'Now these employees are becoming sophisticated enough to say, "Why do we need them (HMOs) to take on all the risk?"' says Ken DiBella.**

more intrigued by the possibility of "full accountability" obtainable through self-funding and TPAs.

"Employers, if they stay self-funded, can control accountability," he said. "As the price drives

sured plans until January 1998 renewals, said Ken DiBella, president of Columbus, Ohio-based Harrington Benefits Services Group, a leading health care TPA. "Now these employees are becoming sophisticated enough to say,

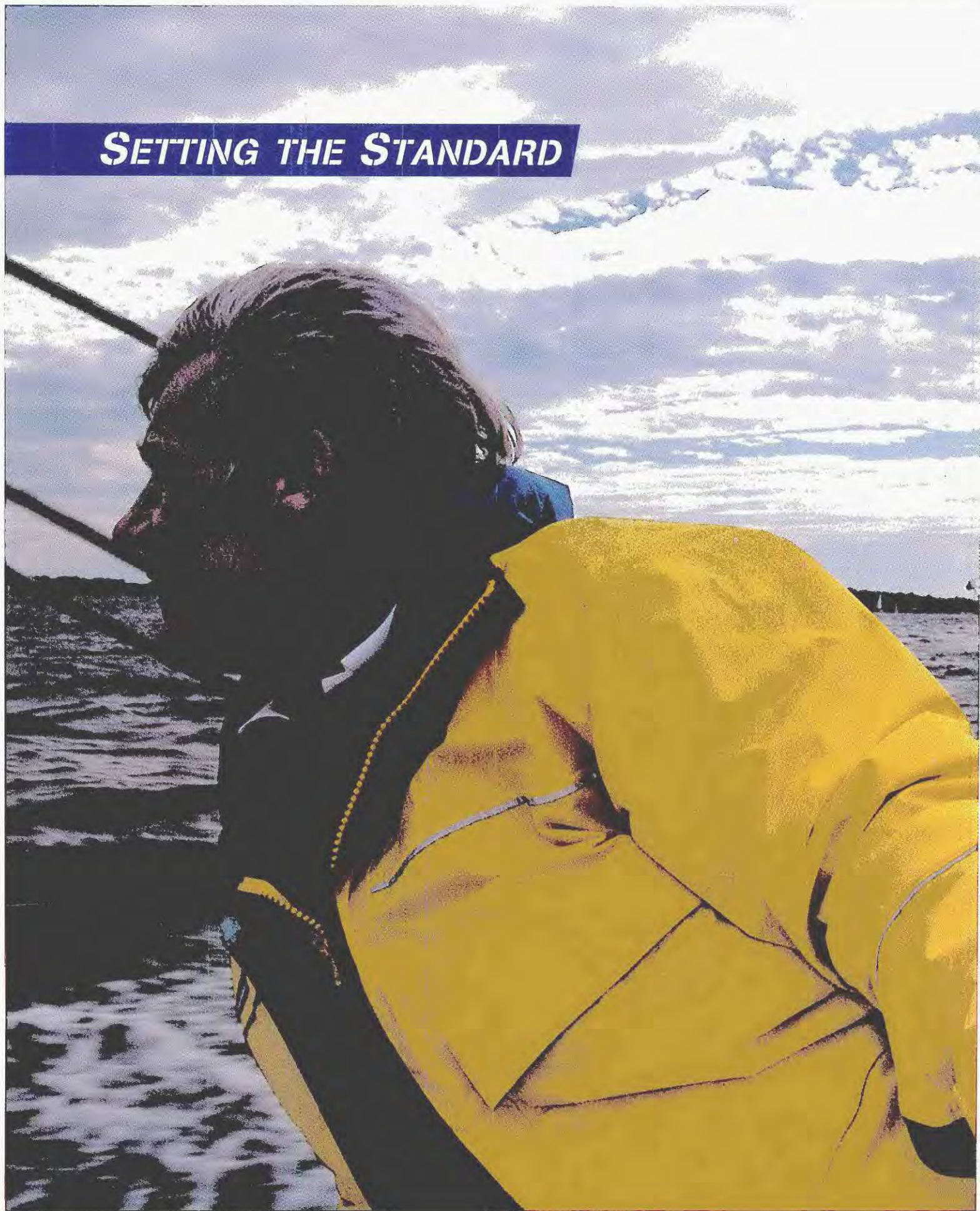
"Why do we need them (HMOs) to take on all the risk?" he said. "We are gearing up for more business."

The money issue will be central, he said. "The employers are starting to hear they are being hit with increases," he said. "TPAs historically have run leaner shops than your fully insured shops, and thus have been able to pass on lower administrative fees."

The idea of comparing HMOs to TPAs is misguided, said Kevin Counihan, senior vp of sales and marketing of Waltham, Mass.-based Tufts Associated Health Plans, which owns HMO and POS plans and a TPA.

"To compare a TPA to an HMO is truly an apples-and-oranges situation, except that they both pay claims at some point," he

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said. Typical TPAs fail to provide managed care functions such as precertifications of stay, physician credentialing and provider education, leaving the employer to hire contractors to fill the voids, he said.

But it is important not to think of self-funding and managed care as competing systems, because they usually overlap, said Joseph McLane, president of Minneapolis-based National Benefit Resources Inc., a reinsurance underwriter.

The attraction of self-funding isn't grounded in an aversion to managed care, nor even specifically in a wish to save money, he said. Rather, it typically stems from a desire to increase the plan sponsor's responsibility over its money by retaining funds within

the company, until needed, rather than paying an HMO up front. "It's a matter of whether you want to prepay your VISA bill or wait until the bill arrives," Mr. McLane said.

Self-funding is ill-advised for some employers, analysts say, including those prone to catastrophic exposures. In addition, small companies this year might avoid self-insurance if intimidated by rising TPA rates, Mr. Campola said. Small companies are not as likely to benefit from cash flow advantages and flexibility in plan design that larger companies derive from self-funding, anyway, so they may go in the opposite direction in 1997, he said.

"It could drive smaller employers back into fully insured plans," Mr. Campola said. "It's kind of an interesting tennis match." **BI**

## Elimination of marginal players may spark jump in stop-loss rates

By ROBERT KAZEL

**T**he lengthy brawl among insurers that has kept medical stop-loss rates low will ease this year, and some employers can expect to pay more as the market firms up, underwriters and analysts predict.

Stop-loss insurers saw margins squeezed once again in 1996 amid fierce competition, but many anticipate 1997 will be their best time in four years due to some marginal stop-loss players being

forced out of the market, said Scott Taylor, vp of SAFECO Life Insurance Co. in Seattle.

"Most people who have been in it a long time are probably pretty optimistic about the stop-loss market," Mr. Taylor said. In addition, he said, "We don't see any real legislative, regulatory or legal challenges to stop-loss."

Other underwriters also are expecting rates to rise and are wondering how long policyholder accommodations, such as multiyear contracts, can continue if prices are about to rise.

"If you believe the soft market

has to come to an end soon, this is the worst time to give two- or three-year guarantees," Ed Ueek, managing director of Fountain Valley, Calif.-based Pacific Risk Management Services, a unit of PM Group Life Insurance Co.

There is probably a better than 50% chance that stop-loss rates will rise promptly, and some rates are now flat or are rising already, said Gary Lake, a principal with New York-based A. Foster Higgins & Co. Inc.

According to statistics released by Foster Higgins last month, 57% of self-funded employers with at least 500 workers have medical stop-loss coverage, but only 31% of self-insured companies with more than 20,000 employees do. That finding reflects the belief, common among the largest U.S. companies, that occasional catastrophic illnesses can be covered by corporate resources, rather than insurance, according to Mr. Lake.

It is that perspective that has helped lead to a contracted market and kept stop-loss prices at rock bottom.

Interestingly, among small companies—those with fewer than 500 employees—the proportion of employers with stop-loss insurance more than doubled between 1995 and 1996, to 24% from 11%, the Foster Higgins study found.

This shows small employers with good experience are taking advantage of the soft market to give self-insurance a try, Mr. Lake said. It remains to be seen if firms this size "can stomach the fluctuations" inherent in shouldering their own risk, he said.

At the same time, some insurers are exploring markets for medical stop-loss coverage outside the United States.

Minneapolis-based National Benefit Resources Inc. opened an office in Buenos Aires, Argentina, last year and plans to begin selling health stop-loss insurance in April. Eventually, President Joseph McLane said, the company wants to sell stop-loss in Chile, Venezuela, Brazil and elsewhere in Latin America. **BI**

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(Hmm, wonder what would  
happen if someone ran a hospital  
like a business?)





# Texas employers defend workers comp opt out

## 'Non-subscribers' ready to resist any new attempts to revoke status

By MICHAEL BRADFORD

**T**exas employers that have left the state's workers compensation system are ready for efforts to revoke their unique status as the legislative season cranks up, but they probably won't face a major challenge soon.

Texas now stands as the only state that allows employers to choose not to belong to the workers comp system.

South Carolina was the only other state where employers had the option to leave the system, but its law was changed last year, and employers must return to the system by July 1.

New Jersey's complex law theoretically allows the choice, but no employer has taken it.

Workers comp always has been elective in Texas.

Texas employers that choose to leave the system give up the protection of the exclusive remedy doctrine and risk unlimited tort liability.

According to data from the state's Research and Oversight Council on Workers Compensation unit, 3% of non-subscribers overall indicated they were sued by employees over injuries. Thirty-eight percent of companies with more than 50 employees reported being sued. However, the majority of the non-subscribing companies have fewer than 50 employees and only 2% of these companies reported being sued.

Proponents of an elective system say injured workers are adequately cared for under their programs, and they are reaping financial gains by not having to purchase workers comp coverage and follow statutory requirements.

Small employers, which make up the biggest percentage of the state's non-subscribers, would be particularly hard-hit by a forced return to the system, sources say.

Employers that support the current system routinely square off with detractors when the Texas Legislature meets every other year. This year, the first skirmish was early in the session that began last month.

On the second day of the session, the staff of the state's Research and Oversight Council presented a report to its board that included among other things a recommendation that legislation be drafted to make the workers comp system mandatory.

The council's nine-member board, however, instructed the staff to rewrite its report and "drop any reference to mandatory comp," said June Karp, executive director of the Research and Oversight Council, formed by legislation in 1995 to research and recommend changes to the state's workers comp system.

The board, made up of legislators, employer and employee representatives and a state Insurance Department designee, is "vehemently opposed to mandatory comp," said Ms. Karp. "They don't think its time has come."

Proponents of keeping the system elective are staying on their toes after this first call for a mandatory system.

"The folks who want mandatory comp will try and sneak it in," said Steve Bent, executive director of the Texas Assn. of Responsible Nonsubscribers, or TXANS, an organization of employers that have opted out of the state workers comp system. "During the last session, they snuck it onto a trucking bill."

Those who would like to see a mandatory system aren't as visible as in the past. "There seems to be no one person pushing for it," Mr. Bent remarked, a change from

prior legislative sessions when trial lawyers and some legislators were out front in the call for a mandatory system.

Many of those who pushed for a mandatory system no longer are in the Legislature, Mr. Bent said.

When employers opt out of the Texas system, they have the choice of "going bare" and providing no benefits to injured workers, or putting together a plan that will pay lost income and medical expenses.

While self-insurance remains an option for those who choose to remain in the system, the law allows it only for those employers that would have had a workers comp premium of at least \$500,000.

That means small employers forced back into the system would not have the option of self-funding their workers comp risk.

And even though workers comp rates are low in the current marketplace, the extra cost and administrative requirements of mandated coverage would be burdensome, according to some industry sources.

In fact, it could force many small employers out of business, said Nancy R. Long, president of NRL Claims Specialists Inc. in Houston, a claims adjuster with several non-subscribers as clients.

"My clients that are non-subscribers don't want it mandated," she said, adding that they take

better care of their employees than state regulations require of employers that remain in the system.

A 1996 survey by the Research and Oversight Council showed that small employers—those with one to four employees—are the largest group of non-subscribers, making up 44% of the total. The survey indicated that 39% of Texas employers have opted out of the system (*BI*, Aug. 5, 1996).

A finding that disturbs proponents of an elective system is that only 29% of non-subscribers responding to the survey have a written policy to pay benefits to employees injured on the job.

Mr. Bent of TXANS concedes that too many small employers who have opted out are not providing workers benefits through an alternative to workers comp

*Continued on next page*



Continued from previous page insurance. That hurts the organization's efforts to keep comp elective, he added.

"That's our worst enemy," he said of the number of non-subscribers not providing benefits. "Many will pay for injuries out of their pocket, but if there is a catastrophic injury, what will they do?"

He suggested legislators focus on creating programs that could help such businesses in the event of a catastrophic injury rather than simply forcing them into the workers comp system, perhaps by forming a catastrophe pool program for small businesses.

Larger non-subscribers have a much better track record of providing injured workers with benefits. "I don't know of a large employer that doesn't have a written plan," Mr. Bent said.

Whataburger of Mesquite Inc.,

which has 325 employees at 17 worksites in the Dallas area, wouldn't make the cut as a business large enough to self-insure if the option to leave the system is taken away, said Bob Potter, vp of the Mesquite, Texas, restaurant company.

And even if the company could self-insure, it wouldn't want the restrictions that come with the statutory requirements.

"I think it's very important to have the option," said Mr. Potter. "We don't want to go back into comp because of the increased costs, for one thing."

Whataburger of Mesquite has seen its claims costs drop dramatically since opting out of the system in 1990, Mr. Potter said. Those costs dropped in 1991 to about \$16,000, down from \$160,000 the year before, and have stayed at the lower figure each year since.

"We pay a lot more attention to safety since we carry more liability," Mr. Potter said. "The other cost savings is from the premium decrease."

**'We pay a lot more attention to safety since we carry more liability,' says Bob Potter of Whataburger.**

He said Whataburger of Mesquite retains \$150,000 of its workers comp risk. Excess coverage picks up losses above that amount.

Jostens Inc., a Minneapolis-based manufacturer of class rings, yearbooks and other products with

a plant in Denton, Texas, would incur a "significant increase in expenses" if forced to enter the system, said Jerry Ciar-delli, corporate risk manager.

Workers comp costs at the Texas plant have fallen to less than \$100,000 since Jostens became a non-subscriber in 1994. Before opting out, Jostens' costs were running from \$500,000 to \$800,000 per year, he said.

Part of the savings comes from legal expenses no longer incurred to defend claims the company does not consider compensable, Mr. Ciar-delli pointed out. "In our current system, it's clear what's compensable and what's not."

He said Jostens would likely be able to self-insure under statutory requirements if workers comp is mandated, but the company would not want to have to comply with requirements that would drive up

costs.

"We handle everything in-house," he explained. "Whereas if we are a subscriber, then we have to have a TPA. That's more expense."

Some industry sources say reforms that took effect in 1990 and marketplace changes make the workers comp system more attractive to Texas employers.

"Given the 1990 reforms and what's happened in the marketplace vis-a-vis rates, it seems to me more than likely that will be bringing people back into the system," said Ron Cobb, southwest regional vp for the American Insurance Assn. in Austin.

"At prices you can buy workers comp these days, there will be fewer and fewer who elect to go without it," he added.

While the AIA supports efforts to require all Texas employers to belong to the system, Mr. Cobb said he doesn't think it will happen soon. "Politically, those who oppose it are strong, so I don't view the chances of mandatory comp as being particularly high. I do think it will eventually happen."

The survey by the Research and Oversight Council indicated that employers are drifting back into the system. While 39% of Texas employers did not buy coverage in 1996, that figure is down from 44% in 1995.

Some employers, however, are adamant about not returning to the workers comp system as long as they have the option to stay out. The survey indicated that 39% of the non-subscribers said they would never buy coverage again.

And despite falling prices, 38% said the cost of coverage would have to be cut in half before they would buy workers comp insurance.

Mr. Bent said a mandatory workers comp system would hurt not only employers that want out, but also the vendors that provide products and services to non-subscribers.

A directory of service providers published by TXANS includes law firms, third-party administrators and medical care providers, he said, and the publication grows each year.

"Those people would really suffer if this were to happen," he said of service providers.

But some service providers said a mandatory system would not mean much of a loss of businesses.

In fact, a mandatory system could boost the business at Benefit Staffing Inc., an Abilene, Texas-based provider of benefit plans and other services.

While he supports keeping the system elective, a mandated system would mean all employers would be forced to "spend money on their employees, and we help them save that money," explained John M. Groce, marketing manager at Benefit Staffing.

He said about 40% of Benefit Staffing's clients are non-subscribers, and those companies range from three employees to 250 employees. If a mandated system is put in place, those companies likely would remain clients, Mr. Groce added.

"We think it's important to have a choice," said Katya Lastra, services coordinator with Garcia Consultants Inc., a Dallas-based company that provides medical case management and other services to non-subscribers and subscribers.

But while non-subscribers are part of the company's target market, most of Garcia Consultants' clients are in the system, she said. "We don't think we would lose a customer base at this point." **BI**

Ironically, some of the business practices that are designed to save you money can actually put your bottom line at risk. For example, outsourcing can lead you to use vendors that may not be integrated into your loss prevention program. Consolidation has eliminated redundancy, and for those utilizing Just In Time Production, there's no inventory if your manufacturing system shuts down. And where does that leave your product? Off the shelves.

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# Merger activity heats up quietly in TPA industry

By MEG FLETCHER

**M**erger activity among third-party claims administrators is heating up, though the pace of consolidation is considerably slower than among brokers or insurers.

Risk and employee benefit managers may benefit from newly enlarged TPAs, which can offer additional technical expertise and services. However, self-insurers should continue to demand that TPAs continue to provide adequate personalized service.

A variety of factors, including a

desire to expand into more geographic areas, are fueling TPA consolidations.

"I think it's inevitable that you will see more mergers and joint venture activity," said Jim Kinder, chief executive officer of the Self-Insurance Institute of America in Irvine, Calif., though he describes the current market as "exploratory."

"I think (TPA mergers) are happening, but you are just not hearing about it," said Donald Chapman, executive vp-finance of Crawford & Co., which made the biggest news on the TPA merger and acquisition front last year. "Most of the TPAs aren't publicly owned entities, so it doesn't generate the type of public-

ity that the merger of publicly owned companies does," he said.

However, "I don't think there is anything like the level of activity that we are seeing among insurers and brokers," said Rich McKenna, executive vp-claims management of Gallagher Bassett Services Inc. in Itasca, Ill.

One of the largest mergers among property/casualty TPAs last year was the combination of Crawford & Co. with a unit of Swiss Reinsurance Co.

Atlanta-based Crawford acquired Thomas Howell Group (Americas) Inc., formerly Swiss Re's U.S. claims management unit and a specialist in servicing large commercial property claims in the Unit-

ed States. As part of the same deal, Crawford merged its non-domestic operations with Thomas Howell Group Ltd. in London to form a new claims-services company called Crawford-THG Ltd. (BI, Oct. 7, 1996).

Crawford said it expects a broader international client base and greater large-claim expertise from the link with Swiss Re. Swiss Re expects to gain by being able to offer clients wider claims-handling services, especially in the oil and energy fields, said Mr. Chapman.

More mergers among property/casualty TPAs may be on the horizon.

"We are looking seriously at developing a merger strategy in 1997,"

said Gallagher's Mr. McKenna.

Gallagher, which specializes in handling property/casualty claims, is exploring the feasibility of buying small TPAs it knows, rather than growing internally as it has done until now.

**'TPAs are either very big or very small. The midsize TPA is the most vulnerable (to mergers),' says Jim Kinder.**

Such small TPAs may feel threatened by the "very roiled" market and "cut-throat" local competition, Mr. McKenna said.

However, the fact that many consolidations already have occurred slows the pace of property/casualty TPA mergers.

The number of individual property/casualty TPA firms has dwindled to about 900 today from 1,500 in the past several years, though the number of individual offices has increased, said the SIIA's Mr. Kinder.

"TPAs are either very big or very small," he said. "The midsize TPA is the most vulnerable (to mergers)," he said.

Similarly, the market for mergers among life/health TPAs "is growing, and it will continue to grow," said Jim Gallagher, president and chief executive officer of International Benefit Services Corp., a Fort Worth, Texas-based TPA.

San Francisco-based broker USI Insurance Services Corp. last year acquired IBS, which offers life/health products primarily to associations of professionals, including doctors and lawyers.

"With the industry migrating to managed care, we needed capital for the latest technical, computerized capabilities," said Mr. Gallagher, who soon will be installed as president of the Bethesda, Md.-based Professional Insurance Marketing Assn. That organization represents 450 TPAs dealing with insured programs.

IBS also expects opportunities to market property/casualty products to its current benefit customers. For example, it was able to help a horse show association obtain horse mortality insurance through a USI unit that already had those contacts.

In addition, Concord, Calif.-based Anchor Pacific Underwriters Inc., which had revenues of about \$10 million last year, is acquiring Benefit Administration Corp., a small TPA in Fresno, Calif. The Fresno TPA offers group health, pension and flexible benefit plan administration services to employers and union trusts.

"This addition to the TPA side of our business will materially add to our operations in the San Joaquin Valley and add the benefit of servicing unions" as well as employer clients, James R. Dunathan, Anchor's president and CEO, said in a statement. He also said he hopes Anchor will be able to market its commercial property packages to former clients of its new acquisition.

Anchor also has signed a letter of intent to buy an undisclosed San Diego-area benefits TPA.

Among TPAs overall, "the tendency to consolidate will continue," said Crawford's Mr. Chapman.

Several factors encourage mergers among TPAs.

In many cases, TPAs' founders are entrepreneurs nearing retirement age who want to make succession plans.

Continued on next page

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Continued from previous page

Also, fronting insurers encouraged mergers in the past by requiring TPAs to have sophisticated data systems to meet their reporting requirements or be dropped from the insurers' list of approved companies, Gallagher's Mr. McKenna said.

Another factor encouraging mergers is client demand for national TPAs with full capabilities, said Raymond E. Hafner, president of Philadelphia-based ESIS Inc., a subsidiary of CIGNA.

Those buyers want lower cost and proven competency in several areas, including claims services,

risk management information services, integrated disability management and 24-hour services that respond to work and non-work accidents and illnesses.

In addition, "in the large commercial market, more and more TPAs are being asked to specialize by industry type," such as the petrochemical industry, ESIS' Mr. Hafner said.

The effectiveness of a merger may depend on the corporate cultures of the merging firms, several observers said.

"There has to be a relative similarity in the view of the marketplace and the perception of what

the client needs and how he should be treated," said Crawford's Mr. Chapman.

For example, merging companies should understand that a corporate risk manager client usually takes a broad approach to claims reporting. He wants the claim to be handled in a compassionate and efficient manner, and he wants good reports so he can determine the frequency and severity of losses, according to Mr. Chapman.

Risk managers and employee benefit managers may be able to profit from a TPA merger if they can use the expanded technical

expertise and services.

Mergers among TPAs may help clients because "they gain a lot greater depth (of available skills) and a stronger TPA," said the SIIA's Mr. Kinder.

However, employers whose TPAs grow as a result of mergers may find themselves having to adjust to new people and practices.

"The key to a TPA's success is very, very personalized service," said the SPBA's Mr. Hunt. "The challenge for a TPA is to adhere to a balance between the desired efficiencies of size and yet being able to provide very personalized services."

In addition, clients also should be wary of the potential for conflicts with new customers of an enlarged TPA.

For example, a hotel chain may be concerned if it learns its TPA is merging with one that handles claims for another hotel chain. The existing client hotel chain may fear some proprietary information may inadvertently get communicated to the competing chain.

Theoretically, that type of conflict can cause "client erosion," said Gallagher's Mr. McKenna, though that has not been a problem for his company. **BI**

# BI annual directory of employee benefit TPAs

**ACMG Inc.**  
2570 Technical Drive, Miamisburg, Ohio 45342; 937-866-6660; fax: 937-866-8082

**1996 revenues**

Total	\$9,507,822
Claims revenue	\$6,024,835
Claims administration	100%

**Claims business by type**

Disability	2%
Flexible benefits	3%
Health insurance	95%
Employees covered	88,826
Dependents covered	166,187

**Claims business by volume**

Administration claims paid	\$56,000,000
----------------------------	--------------

**Clients**

Total	44
Corporations	37
Public/government entities	7

**Staff**

Total	160
Claims services	95

**Claims services since: 1984.**  
Service area: Nationwide.  
Charges: Administration: \$7 to \$12 PEP. Branch offices: Administrative offices in Columbia, S.C.; Jacksonville, Fla.; Lexington, Ky.; Monroe, La.; Jacksonville, Miss.; Sandusky, Ohio; Columbia and Spartanburg, S.C.  
PPO access.  
Officers: Paul McVay, president/CEO; Charles Duncan, vp/CFO; Peggy Eads, Belinda Cox, Craig Steffen, vps.  
Contact: Jim Gessford, director-sales/marketing.

**ASC**  
3301 E. Royalton Road, Broadview Heights, Ohio 44147; 216-526-2730; fax: 216-526-1608

**1996 revenues**

Total	\$6,125,000
Claims revenue	\$4,250,000
Claims administration	60%
Claims adjusting	15%
Claims auditing	25%

**Claims business by type**

Disability	5%
Flexible benefits	5%
Health insurance	85%
Employees covered	70,000
Dependents covered	175,000

**Claims business by volume**

Administration claims paid	\$110,000,000
----------------------------	---------------

**Clients**

Total	336
Association plans	1
Corporations	300
Multiemployer plans	10
Public/government entities	15
Union-sponsored plans	10

**Staff**

Total	85
Claims services	40

**Claims services since: 1976.**  
Parent: EBC of Wisconsin.  
Service area: Nationwide.  
Charges: Administration/adjusting: \$8 to \$12 PEP.  
Branch offices: Administrative office in Findlay, Ohio.  
PPO access.  
Officers: Bruce Flunken, Cori Guagenti, vps; Peg Mirenda, assistant vp.  
Contact: Cori Guagenti, 419-423-3823 or Bruce Flunken, 216-526-2730.

**Allcare Inc.**  
730 Broadway, New York, N.Y. 10003-9511; 212-539-5000; fax: 212-614-9821

**1996 revenues**

Total	\$53,178,000
Claims revenue	\$29,883,000
Claims administration	100%

**Claims business by type**

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

**Claims business by volume**

Administration claims paid	\$250,000,000
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**Clients**

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

**Staff**

Total	450
Claims services	150

**Claims services since: 1943.**  
Parent: ALICO Services Corp.  
Service area: Nationwide.  
Branch offices: Administrative offices in Salem, N.H. Sales office in New York.  
PPO access.  
Officers: Richard C. Koven, president/CEO; Miriann Lee, Michael J. Thompson, assistant vps.  
Contact: Miriann Lee, 212-539-5404.

**Allied Administrators**  
777 Davis St., San Francisco, Calif. 94111; 415-986-6270

**1996 revenues**

Total	\$3,500,000
Claims revenue	\$1,500,000
Claims administration	15%
Claims adjusting	15%
Claims auditing	70%

**Claims business by type**

Disability	2%
Flexible benefits	3%
Health insurance	70%
Employees covered	15,000
Dependents covered	30,000
Other	25%

**Clients**

Total	70
Corporations	15
Multiemployer plans	50
Public/government entities	5

**Staff**

Total	40
Claims services	10

**Claims services since: 1953.**  
Service area: Arizona, California, Nevada, Oregon.  
Branch offices: Administrative offices in Sacramento and San Diego, Calif.  
Contact: David S. Walker, president.

**Allied Benefit Systems Inc.**  
222 S. Riverside Plaza, Suite 1500, Chicago, Ill. 60606; 312-906-8080; fax: 312-906-8443

**1996 revenues**

Total	\$4,400,000
Claims revenue	\$4,000,000
Claims administration	90%
Claims adjusting	8%
Claims auditing	2%

**Claims business by type**

Disability	2%
Flexible benefits	6%
Health insurance	92%
Employees covered	37,000

**Claims business by volume**

Administration claims paid	\$100,000,000
----------------------------	---------------

**Clients**

Total	152
Corporations	130
Public/government entities	15
Union-sponsored plans	7

**Staff**

Total	70
Claims services	62

**Claims services since: 1980.**  
Service area: Nationwide.

**Charges: Administration: \$1.75 to \$15 PEP. PPO access.**  
Officers: Laurence Wineff, president; Mitchell Wineff, COO; Ben Schenker, executive vp; Rob Variolous, senior vp; Paulette Vission, vp-operations.

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

**1996 revenues**

Total	\$28,971,019
Claims revenue	\$23,813,077
Claims administration	100%

**Claims business by type**

Flexible benefits	4%
Health insurance	96%
Employees covered	79,187
Dependents covered	248,433

**Claims business by volume**

Administration claims paid	\$238,984,000
----------------------------	---------------

**Clients**

Total	74
Corporations	68
Other	6

**Staff**

Total	157
Claims services	133

**Claims services since: 1957.**  
Service area: Nationwide.  
Charges: Administration: \$8 to \$14 PEP.  
Branch offices: Sales offices in Orlando and Tampa, Fla.; Atlanta; Charlotte, N.C.  
PPO access.  
Officers: James H. Baum, senior vp; K. Pearl Harrison, Robert J. Young, vps; Sharon A. Nevins, Toni G. Smith, assistant vps.  
Contact: Robert J. Young.

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

**1996 revenues**

Total	\$2,500,000
Claims revenue	\$1,000,000
Claims administration	80%
Claims adjusting	15%
Claims auditing	5%

**Claims business by type**

Flexible benefits	8%
Health insurance	92%
Employees covered	30,000
Dependents covered	75,000

**Clients**

Total	15
Corporations	12
Public/government entities	3

**Staff**

Total	42
-------	----

**Claims services since: 1977.**  
Parent: Management Applied Programming Inc.  
Service area: Nationwide.  
Branch offices: Administrative and sales office in Orange, Calif.  
PPO access.  
Officers: F.N. Dastur, president; Herbert Schaffer, executive vp; P.H. Dalal, CFO; H.P. Dalal, vp; R. Trivedi, B. Rabinowitz, J. Hoskins, assistant vps.  
Contact: Herbert Schaffer.

**American Medical & Life Insurance Co.**  
35 Broadway, Hicksville, N.Y. 11801; 516-822-8700; fax: 516-931-1010

**1996 revenues**

Total	\$13,000,000
Claims revenue	\$1,900,000
Claims administration	100%

**Claims business by type**

Disability	10%
Health insurance	90%
Employees covered	1,000,000
Dependents covered	2,500,000

**Claims business by volume**

Administration claims paid	\$15,000,000
----------------------------	--------------

**Clients**

Total	109
Association plans	3
Corporations	5
Multiemployer plans	10
MEWAs	2
Union-sponsored plans	87
Other	2

**Staff**

Total	72
Claims services	43

**Claims services since: 1964.**  
Service area: Delaware, District of Columbia, Florida, Hawaii, Maryland, Nevada, New York, Pennsylvania, Texas.  
Charges: Administration: 8% to 13% of paid claims.  
PPO access.  
Officers: Jules V. Lane, president; Norman Beckoff, treasurer; Gabe Cillie, actuary; Larry Schwartz, executive vp; Beverly Munier, assistant secretary.  
Contact: Larry Schwartz.

**Aon Select Inc.**  
110 Gibraltar Road, Suite 116, Horsham, Pa. 19044; 215-443-0404; fax: 215-674-5226

**1996 revenues**

Total	\$12,400,000
Claims revenue	\$7,100,000
Claims administration	100%

**Claims business by type**

Disability	3%
------------	----

## Top 10 Claims Administrators

Rank	Company	Claims paid for self-insurers (in billions)	Number of self-insured administration clients	Types of claims for self-insurers					1996 gross revenues (in millions)	
				Health <sup>1</sup>	Non-health benefits <sup>2</sup>	Workers comp	General liability	All other	Total	from claims services <sup>3</sup>
1.	First Health Strategies Inc. <sup>4</sup>	\$5.00	1,680	96%	4%	0%	0%	0%	215.0	152.0
2.	ESIS Inc.	2.50	72	0	0	50	20	30	160.0	60.0
3.	CoreSource Inc.	2.06	1,419	68	4	22	3	3	87.1	50.7
4.	Harrington Services Corp.	2.00	924	86	9	5	0	0	302.0	100.0
5.	Crawford & Co.	1.96	2,245	0	0	64	26	10	633.0	208.0
6.	Sedgwick Claims Management Services Inc.	1.83	612	0	5	84	9	2	80.0	68.0 <sup>5</sup>
7.	Gallagher Bassett Services Inc.	1.81	1,885	29	1	45	10	15	145.2	134.0
8.	GAB Robins North America Inc.	1.65	1,097	0	0	58	21	21	290.0	92.0
9.	ServCo	1.31	732	0	0	65	15	20	132.0	119.5
10.	United HealthCare Administrators Inc. (The TPA)	1.20	574	95	2.5	0	0	2.5	41.3	32.1

<sup>1</sup> Includes medical, dental, vision and prescription drug plans. <sup>2</sup> Includes pensions, flexible compensation, disability and life. <sup>3</sup> On behalf of self-insured clients. <sup>4</sup> Figures do not include First Health Services, which was included last year. <sup>5</sup> BI estimate  
Source: BI survey

## Explanation of directory terms

The annual directory of claims specialists lists companies that generate at least \$500,000 of their gross revenues from handling claims for self-insured clients. Companies were required to report gross revenues in order to be included.

The directory is published as an editorial service; there is no charge for companies to be included.

Companies are organized into three categories according to type of claims handled. The categories are: employee benefits/group insurance only; property/casualty (including workers comp) only; and both employee benefits/group insurance and property/casualty claims.

Organizations are asked to use these definitions: claims administration includes overseeing control of claims files, directing adjusters and paying claims; adjusting includes investigating claims and making recommendations to the claims administrator but does not include paying claims; claims auditing includes reviewing the overall integrity of the claims file operation, verifying the accuracy and direction of claims payments and recommending solutions to claims administration problems.

Listings begin with the company name, address, phone and fax number. Following is financial/statistical information. This section includes: total 1996 gross revenues along with the revenue generated by claims services for self-insured clients in 1996; and the percent attributed to claims administration, adjusting and auditing for self-insured clients.

Other information in this section includes: claims business by type, a percent breakout of total claims dollars handled by type. If health plan administration is a large percent of the business, the number of employees and dependents covered is listed. Claims business by volume lists the dollar amount of claims paid and number of auditing projects conducted in 1996. Clients includes the number of administration, adjusting and auditing clients in 1996. Staff data is given in full-time equivalents and lists the number of total employees and employees assigned to self-insured claims services.

The text section of each listing includes the year claims services began; parent company, if applicable; service area; branch offices, both administrative and sales; claims subsidiaries; PPO access, if applicable; officers; and a contact for readers seeking additional information.

Information reported is based on each company's responses to a BI questionnaire. Although every effort is made to publish complete and accurate listings, BI is unable to verify all information.

Continued on page 24



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Continued from previous page

Flexible benefits	12%
Health insurance	35%
Employees covered	98,760
Dependents covered	89,271
<b>Claims business by volume</b>	
Administration claims paid	\$125,566,000
<b>Clients</b>	
Total	139
Association plans	2
Corporations	122
Public/government entities	7
Other	8
<b>Staff</b>	
Total	177
Claims services	93
<b>Claims services since: 1983.</b>	
Parent:	Aon Corp.
Service area:	Nationwide.
Charges:	Administration/adjusting: \$8 to \$15 PEPM. Auditing: \$75 to \$150 per hour.
Branch offices:	Administrative offices in Winston-Salem, N.C.
PPO access.	
Officers:	Paul G. Chicos, president; Michael J. Sweeney, executive vp.
Contact:	Michael J. Sweeney.

Dependents covered	99,800
<b>Clients</b>	
Total	175
Association plans	2
Corporations	165
Public/government entities	8
<b>Staff</b>	
Total	45
<b>Claims services since: 1983.</b>	
Service area:	Nationwide.
Charges:	Administration: \$6 to \$12 PEPM. PPO access.
Officers:	Michael Elliott, CEO; M.W. Joseph, president; Joseph A. Toscano, vp-operations; Stephen N. Elliott, controller.
Contact:	M.W. Joseph.
<b>Benefit Administrators of America Inc.</b>	
207 Crocker, P.O. Box 9120,	Des Moines, Iowa 50306-9120;
515-243-3210; fax:	515-282-0719
<b>1996 revenues</b>	
Total	\$10,800,000
Claims revenue	NA
Claims administration	96%
Claims adjusting	4%
<b>Claims business by type</b>	
Disability	1%

Flexible benefits	1%
Health insurance	97%
Employees covered	88,100
Dependents covered	212,321
Life	1%
<b>Claims business by volume</b>	
Administration claims paid	\$225,000,000
<b>Clients</b>	
Total	127
Association plans	3
Corporations	106
MEWAs	2
Public/government entities	16
<b>Staff</b>	
Total	209
Claims services	114
<b>Claims services since: 1982.</b>	
Parent:	IASD Health Services Corp.
Service area:	Nationwide.
Branch offices:	Administrative office in Sioux City, Iowa. Sales office in Chippewa Falls, Wis.
PPO access.	
Officers:	Clifford D. Gold, COO.
Contact:	Denise McWilliams, 515-246-6297.
<b>Benefit Plan Administrators Inc.</b>	
1 Huntington Quadrangle, Melville,	N.Y. 11747; 516-694-4900;
fax:	516-694-5657

<b>1996 revenues</b>	
Total	\$15,000,000
Claims revenue	\$15,000,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	95,000
Dependents covered	205,000
<b>Claims business by volume</b>	
Administration claims paid	\$85,799,478
<b>Clients</b>	
Total	237
Corporations	194
Public/government entities	26
Union-sponsored plans	17
<b>Staff</b>	
Total	275
Claims services	195
<b>Claims services since: 1989.</b>	
Service area:	Nationwide.
Branch offices:	Administrative offices in Los Angeles, Sacramento and San Francisco, Calif.; Westport, Conn.; Cincinnati; Reno, Nevada.
PPO access.	
Officers:	Albert E. Isernio, president; Michael Agoglia, executive vp.
Contact:	Michael Agoglia.

**Blair Mill Administrators Inc.**

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

<b>1996 revenues</b>	
Total	\$10,800,000
Claims revenue	\$10,400,000
Claims administration	100%
<b>Claims business by type</b>	
Flexible benefits	3.8%
Health insurance	96.2%
Employees covered	85,000
Dependents covered	93,000
<b>Claims business by volume</b>	
Administration claims paid	\$102,000,000
<b>Clients</b>	
Total	101
Corporations	86
Public/government entities	9
Union-sponsored plans	6
<b>Staff</b>	
Total	215
Claims services	95
<b>Claims services since: 1988.</b>	
Service area:	Nationwide.

Continued on next page



**BPS-Benefit Planning Services Inc.**

145 N. Church St., Suite 300, Spartanburg, S.C. 29681; 864-585-4338; fax: 864-573-7709

<b>1996 revenues</b>	
Total	\$1,976,000
Claims revenue	\$1,482,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	19,886
Dependents covered	9,977
<b>Claims business by volume</b>	
Administration claims paid	\$29,356,000
<b>Clients</b>	
Total	40
Corporations	37
MEWAs	2
Public/government entities	1
<b>Staff</b>	
Total	23
Claims services	10
<b>Claims services since: 1985.</b>	
Service area:	Southeast.
Charges:	Administration: \$6.50 to \$19 PEPM. PPO access.
Officers:	Robert J. Dickey, president/CEO; James E. Williams, executive vp/COO; Susan Dickey, secretary/treasurer; Tammie Burrell, assistant vp-claims; Lynn Kilpatrick, director-administrative services.
Contact:	James E. Williams.

**Benefit Administration Corp.**

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

<b>1996 revenues</b>	
Total	\$2,347,716
Claims revenue	\$2,225,000
Claims administration	100%
<b>Claims business by type</b>	
Flexible benefits	13%
Health insurance	73%
Employees covered	30,000
Dependents covered	62,000
Pensions	20%
<b>Claims business by volume</b>	
Administration claims paid	\$32,000,000
<b>Clients</b>	
Total	69
Corporations	34
Multiemployer plans	25
Public/government entities	9
<b>Staff</b>	
Total	52
Claims services	45
<b>Claims services since: 1953.</b>	
Service area:	Arizona, California, Nevada, Oregon, Washington.
Charges:	Administration: \$9 to \$12.50 PEPM. PPO access.
Officers:	Robert J. Cardinal, chairman; Mirth M. Lundal, president; Darlene S. Moore, vp-finance; David Morilla, Nancy Yanko, vps.
Contact:	Carolyn Meseke, marketing.

**Benefit Administrative Systems Ltd.**

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

<b>1996 revenues</b>	
Total	\$9,000,000
Claims revenue	\$5,850,000
Claims administration	70%
Claims adjusting	30%
<b>Claims business by type</b>	
Flexible benefits	5%
Health insurance	95%
Employees covered	37,000



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Continued from previous page

**PPO access.**  
**Officers:** George W. Gannon, president/CEO; Charles A. Brower, vp/chief marketing officer; Daniel H. Graf, vp-claims/managed care; George W. Grimes, vp/CFO; Raymond Stabilito, vp-operations/community affairs; Leo G. Watt, vp-information systems.  
**Contact:** Charles A. Brower Jr., 215-830-2550.

#### Boon-Chapman Administrators Inc.

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

1996 revenues	
Total	\$3,500,000
Claims revenue	\$1,500,000
Claims administration	100%

Claims business by type	
Flexible benefits	10%
Health insurance	90%
Employees covered	16,000
Dependents covered	28,000

Claims business by volume	
Administration claims paid	\$90,000,000

Clients	
Total	75

Corporations	63
MEWAs	2
Public/government entities	10

Staff	
Total	77
Claims services	48

**Claims services since:** 1961.  
**Service area:** Arkansas, Louisiana, Texas.  
**Charges:** Administration: \$5 to \$12 PEPM.  
**PPO access.**  
**Officers:** T.J. Chapman, president; Betty Chapman, Kevin Chapman, Craig Olson, Marlene Sharp, Bob Lindauer, vps.  
**Contact:** Marlene Sharp.

#### Brokerage Concepts Inc.

651 Allendale Road, King of Prussia,  
 Pa. 19406-1553; 610-337-2600;  
 fax: 610-337-9262

1996 revenues	
Total	\$44,000,000
Claims revenue	\$38,000,000
Claims administration	90%
Claims adjusting	7.5%
Claims auditing	2.5%

Claims business by type	
Disability	8%
Flexible benefits	4%
Health insurance	88%

Employees covered	95,000
Dependents covered	252,000

Claims business by volume	
Administration claims paid	\$212,000,000

Clients	
Total	692
Corporations	642
Public/government entities	25
Union-sponsored plans	25

Staff	
Total	325
Claims services	178

**Claims services since:** 1977.  
**Service area:** Nationwide.  
**Branch offices:** Administrative office in Baltimore. Sales offices in Dover, Del.; Miami; Baltimore; Waltham, Mass.; Red Bank, N.J.; Philadelphia; Pittsburgh; Reston, Va.  
**Subsidiaries:** Atlantic Administrators, Waltham, Mass.; Benefit Concepts Inc., King of Prussia, Pa.; EDSA, Baltimore.  
**PPO access.**  
**Officers:** Arnold M. Katz, president; Michael P. Shine, director-operations; Aaron Singer, director-finance.  
**Contact:** Mike Shine.

See page 48 for claims administrators specializing in property/casualty.

#### Brokerage Services Inc. (BSI)

11200 Lomas Blvd. N.E., Albuquerque,  
 N.M. 87112; 505-292-5533;  
 fax: 505-293-7725

1996 revenues	
Total	\$5,315,646
Claims revenue	\$1,394,700
Claims administration	100%

Claims business by type	
Disability	1%
Health insurance	99%
Employees covered	10,839
Dependents covered	11,180

Claims business by volume	
Administration claims paid	\$16,453,315

Clients	
Total	43
Corporations	43

Staff	
Total	110
Claims services	20

**Claims services since:** 1977.  
**Parent:** Group Brokerage Inc.  
**Service area:** Arizona, California, Colorado, New Mexico, Nevada, Texas.  
**Charges:** Administration: \$8 to \$12 PEPM.

**PPO access.**  
**Officers:** Nancy C. Fisher, president/treasurer; James L. Healy, executive vp/secretary; Christy Edwards, vp; Sherry L. Butler, assistant vp; Timothy R. Fischer, CFO.  
**Contact:** James L. Healy.



#### CENTRA Benefit Services\*

1255 W. 15th St., Suite 1000, Plano,  
 Texas 75075; 972-516-2600;  
 fax: 972-516-2641

1996 revenues	
Total	\$30,800,000
Claims revenue	\$28,100,000
Claims administration	99.7%
Claims adjusting	0.3%

Claims business by type	
Disability	1%
Flexible benefits	1%
Health insurance	93%
Employees covered	500,000
Dependents covered	650,000
Other	5%

Claims business by volume	
Administration claims paid	\$1,030,000,000

Clients	
Total	83
Corporations	77
Multiemployer plans	2
Public/government entities	4

Staff	
Total	850
Claims services	570

**Claims services since:** 1970.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Jackson, Miss.; Dallas; Houston; Lynnwood, Wash.; Charleston, W.Va.; Duncan, Okla. Sales offices in Minneapolis; Dallas; Lynnwood, Wash.; Jackson, Miss.  
**Officers:** Jon Lineweaver, chairman; Charles Page, president; Thomas Dubowski, CFO; Gerald Burger, controller; Dan Maier, vp-operations.  
**Contact:** 972-789-6459.  
 \* Acquired Equifax Healthcare Administrative Services November 1996.

#### Century Planners Ltd.

13537 Barrett Parkway Drive,  
 Ballwin, Mo. 63021; 314-822-5244;  
 fax: 314-822-9177

1996 revenues	
Total	\$2,000,000
Claims revenue	\$1,900,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%

Claims business by type	
Flexible benefits	2%
Health insurance	91%
Employees covered	16,000
Dependents covered	30,000
Pensions	2%
Other	5%

Clients	
Total	55
Multiemployer plans	12
MEWAs	40
Public/government entities	3

Staff	
Total	25
Claims services	21

**Claims services since:** 1981.  
**Service area:** Nationwide, primarily Illinois and Missouri.  
**PPO access.**  
**Officers:** Ken Thorp, president; Kay Bauer, vp; John Pepin, vp-marketing.  
**Contact:** John Pepin.

#### Comprehensive Care Services Inc.

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

1996 revenues	
Total	\$8,792,545
Claims revenue	\$8,162,414
Claims administration	70%
Claims adjusting	15%
Claims auditing	15%

Claims business by type	
Disability	10%
Health insurance	90%
Employees covered	97,500
Dependents covered	204,000

Claims business by volume	
Administration claims paid	\$207,000,000

Clients	
Total	83
Corporations	72
Multiemployer plans	7
Public/government entities	4

Staff	
Total	117
Claims services	55

**Claims services since:** 1986.  
**Parent:** Mill Life Services.  
**Service area:** Iowa, Minnesota, North Dakota, South Dakota, Wisconsin.  
**Officers:** Chris Aasland, president; Darrold Burris, vp-operations.  
**Contact:** Tony Weber, 612-456-5980.



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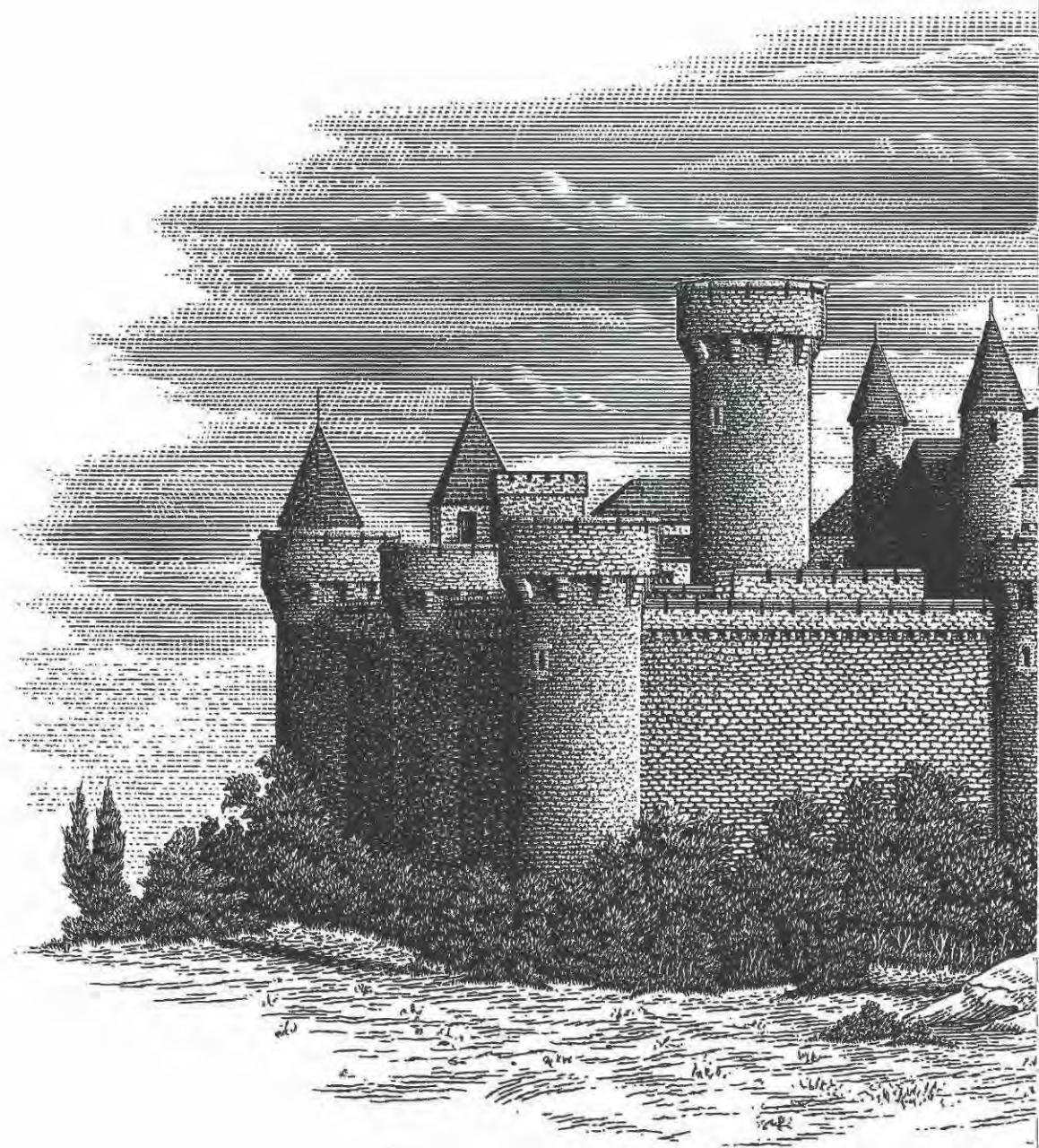
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Continued on page 28

# INTRODUCING A UNIQUE CONCEPT IN DISABILITY CLAIMS

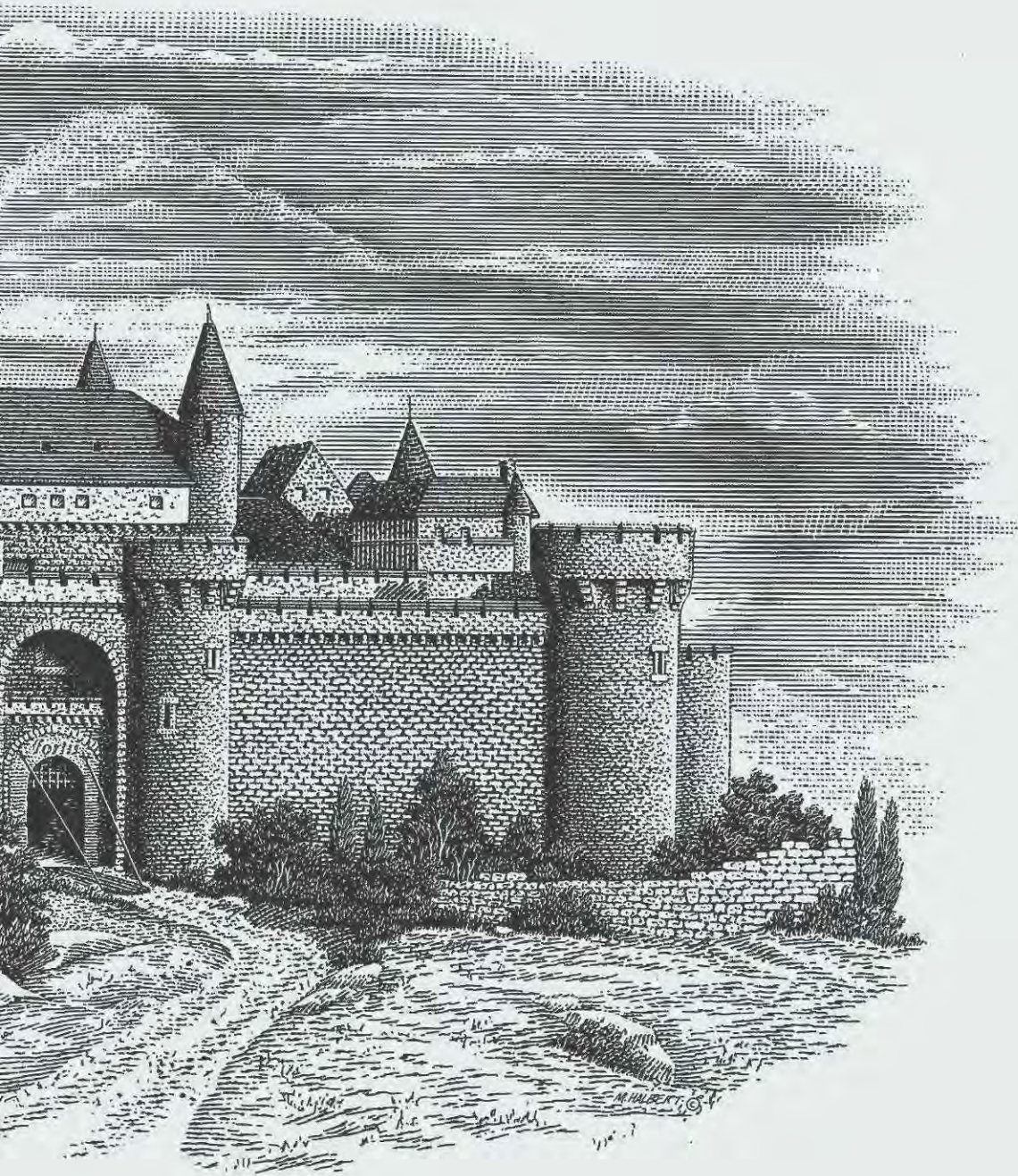


Fortis Benefits introduces the **WillReturn<sup>SM</sup>** scale, a revolutionary tool for customizing disability claims service to the needs of employees with disabilities.

Composed of the Return-to-Work scale, and the Will-to-Work indicator, **WillReturn<sup>SM</sup>** provides a unique blend of demographic and psychographic information that allows for efficient and effective disability

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Continued from page 25

**Corporate Benefit Audits Inc.**

790 Turnpike St., Suite 103, North Andover, Mass. 01845; 508-794-3900; fax: 508-682-6784

<b>1996 revenues</b>	
Total	\$1,000,300
Claims revenue	\$1,000,300
Claims auditing	100%
<b>Claims business by type</b>	
Health insurance	100%
<b>Claims business by volume</b>	
Auditing-projects conducted	350
<b>Staff</b>	
Total	8
Claims services	8
<b>Claims services since: 1992</b>	
<b>Service area: Nationwide</b>	
<b>Contact: Stephen J. Kurkul, president</b>	

**Corporate Diversified Services Inc.**

2120 S. 72nd St., Suite 400, Omaha, Neb. 68124-2398; 402-393-3133; fax: 402-398-3773

<b>1996 revenues</b>	
Total	\$1,634,728
Claims revenue	\$1,325,168
Claims administration	100%
<b>Claims business by type</b>	
Flexible benefits	20%
Health insurance	80%
Employees covered	13,037
<b>Claims business by volume</b>	
Administration claims paid	\$31,203,334
<b>Clients</b>	
Total	66
Corporations	59
Public/government entities	7
<b>Staff</b>	
Total	53
Claims services	37
<b>Claims services since: 1983</b>	
<b>Parent: Blue Cross Blue Shield of Nebraska</b>	
<b>Service area: Nationwide</b>	
<b>PPO access</b>	
<b>Officers: Richard L. Guffey, president; Cheri L. Kowal, executive vp/COO; David Realph, treasurer</b>	

Sue Schneiderwind, secretary; Pam Silverman, director-operations.

**Corporate Health Administrators Inc.**

980 Jolly Road, Blue Bell, Pa. 19422; 800-437-1630; fax: 215-283-6589

<b>1996 revenues</b>	
Total	\$35,000,000
Claims revenue	\$28,900,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	157,000
Dependents covered	204,200
<b>Claims business by volume</b>	
Administration claims paid	\$418,300,000
<b>Clients</b>	
Total	196
Corporations	186
Union-sponsored plans	8
Other	2
<b>Staff</b>	
Total	300
Claims services	125
<b>Claims services since: 1988</b>	
<b>Parent: Aetna US Healthcare</b>	
<b>Service area: Nationwide</b>	
<b>Charges: Administration: \$12 to \$21 PEPM for claims and medical management</b>	
<b>Branch offices: Administrative offices in Bismarck, N.D.; Pittsburgh. Sales offices in Middletown, Conn.; Atlanta and Macon, Ga.; Linthicum, Md.; Boston; Fairfield, N.J.; Pittsburgh and Harrisburg, Pa.</b>	
<b>PPO access</b>	
<b>Officers: Michael J. Cardillo, president; David F. Simon, secretary; Thomas A. Masci Jr., treasurer</b>	
<b>Contact: Shirley Puccino, senior vp-marketing</b>	

Contact: Cheri L. Kowal.

<b>1996 revenues</b>	
Total	\$196,000,000
Claims revenue	\$157,000,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	157,000
Dependents covered	204,200
<b>Claims business by volume</b>	
Administration claims paid	\$418,300,000
<b>Clients</b>	
Total	196
Corporations	186
Union-sponsored plans	8
Other	2
<b>Staff</b>	
Total	300
Claims services	125
<b>Claims services since: 1988</b>	
<b>Parent: Aetna US Healthcare</b>	
<b>Service area: Nationwide</b>	
<b>Charges: Administration: \$12 to \$21 PEPM for claims and medical management</b>	
<b>Branch offices: Administrative offices in Bismarck, N.D.; Pittsburgh. Sales offices in Middletown, Conn.; Atlanta and Macon, Ga.; Linthicum, Md.; Boston; Fairfield, N.J.; Pittsburgh and Harrisburg, Pa.</b>	
<b>PPO access</b>	
<b>Officers: Michael J. Cardillo, president; David F. Simon, secretary; Thomas A. Masci Jr., treasurer</b>	
<b>Contact: Shirley Puccino, senior vp-marketing</b>	

**Corporate Systems Administration Inc.**

P.O. Box 4985, 4722 Lake Park Drive, Johnson City, Tenn. 37602-4985; 423-282-3420; fax: 423-282-2999

<b>1996 revenues</b>	
Total	\$6,360,316
Claims revenue	\$3,480,158
Claims administration	50%
Claims adjusting	50%
<b>Claims business by type</b>	
Disability	5%

Flexible benefits	10%
Health insurance	80%
Employees covered	23,000
Dependents covered	34,500
Life	5%
<b>Claims business by volume</b>	
Administration claims paid	\$65,000,000
<b>Clients</b>	
Total	93
Corporations	70
Public/government entities	23
<b>Staff</b>	
Total	46
Claims services	32
<b>Claims services since: 1980</b>	
<b>Service area: Nationwide</b>	
<b>Charges: Administration: \$7.50 to \$12 PEPM. Auditing: \$25 per hour</b>	
<b>Subsidiaries: Holden &amp; Co., Savannah, Ga.</b>	
<b>PPO access</b>	
<b>Officers: Thomas H. Repass, president/CEO; Steve Dozier, COO; David H. Grazer, vp-administration; Paul Knapp, vp-marketing; Diana Pearce, vp-operations</b>	
<b>Contact: Thomas H. Repass</b>	

<b>1996 revenues</b>	
Total	\$6,100,000
Claims revenue	\$3,800,000
Claims administration	95%
Claims adjusting	5%
<b>Claims business by type</b>	
Flexible benefits	5%
Health insurance	95%
Employees covered	38,610
Dependents covered	54,800
<b>Claims business by volume</b>	
Administration claims paid	\$116,023,050
<b>Clients</b>	
Total	214
Corporations	208
Public/government entities	4
Other	2
<b>Staff</b>	
Total	102
Claims services	75
<b>Claims services since: 1982</b>	
<b>Parent: Medical Control Inc.</b>	
<b>Service area: Nationwide</b>	
<b>Charges: Administration: \$6 to \$15 PEPM. Adjusting: \$3 to \$6 PEPM</b>	
<b>Branch offices: Administrative offices in Knoxville, Tenn.; Dallas. Sales office in Houston</b>	
<b>PPO access</b>	
<b>Officers: J. Ward Hunt, chairman; David C. Bramer, CEO; Daniel Riston, CFO; Michele Peindl, B. Kay Pendleton, senior vps</b>	
<b>Contact: David C. Bramer, 412-746-8700 ext. 223</b>	

**Delta Dental Plan of California**

100 First St., San Francisco, Calif. 94105; 415-972-8300; fax: 415-972-8466

<b>1996 revenues</b>	
Total	\$1,900,000,000
Claims revenue	\$45,000,000
Claims administration	92%
Claims adjusting	4%
Claims auditing	4%
<b>Claims business by type</b>	
Health insurance	100%
<b>Claims business by volume</b>	
Administration claims paid	\$616,000,000
<b>Clients</b>	
Total	6,450
Corporations	4,260
Public/government entities	2,100
Union-sponsored plans	90
<b>Staff</b>	
Total	1,350

<b>1996 revenues</b>	
Total	\$18,000,000
Claims revenue	\$8,000,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	10%
<b>Claims business by type</b>	
Flexible benefits	10%
Health insurance	90%
Employees covered	50,000
Dependents covered	110,000
<b>Claims business by volume</b>	
Administration claims paid	\$120,000,000
<b>Clients</b>	
Total	505
Association plans	5
Corporations	500
<b>Staff</b>	
Total	180
Claims services	70
<b>Claims services since: 1977</b>	
<b>Parent: Managed Care of America Inc.</b>	
<b>Service area: Nationwide</b>	
<b>Branch offices: Administrative and sales offices in Atlanta; Cleveland and Columbus, Ohio</b>	
<b>Subsidiaries: Buckeye Employee Benefit Services Inc., Columbus, Ohio</b>	
<b>PPO access</b>	
<b>Officers: Phyllis Shehab, Charles E. Davidson, Dennis A. Casey, Jay Ver Hulst, Tim Horn</b>	
<b>Contact: Charles E. Davidson</b>	

**Diversified Group Administrators Inc.**

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

<b>1996 revenues</b>	
Total	\$3,800,000
Claims revenue	\$3,800,000
Claims administration	95%
Claims adjusting	5%
<b>Claims business by type</b>	
Flexible benefits	5%
Health insurance	95%
Employees covered	38,610
Dependents covered	54,800
<b>Claims business by volume</b>	
Administration claims paid	\$116,023,050
<b>Clients</b>	
Total	214
Corporations	208
Public/government entities	4
Other	2
<b>Staff</b>	
Total	102
Claims services	75
<b>Claims services since: 1982</b>	
<b>Parent: Medical Control Inc.</b>	
<b>Service area: Nationwide</b>	
<b>Charges: Administration: \$6 to \$15 PEPM. Adjusting: \$3 to \$6 PEPM</b>	
<b>Branch offices: Administrative offices in Knoxville, Tenn.; Dallas. Sales office in Houston</b>	
<b>PPO access</b>	
<b>Officers: J. Ward Hunt, chairman; David C. Bramer, CEO; Daniel Riston, CFO; Michele Peindl, B. Kay Pendleton, senior vps</b>	
<b>Contact: David C. Bramer, 412-746-8700 ext. 223</b>	

<b>1996 revenues</b>	
Total	\$11,000,000
Claims revenue	\$9,100,000
Claims administration	100%

**E**

**Employee Benefit Claims Inc.**

820 Parish St., Pittsburgh, Pa. 15220; 412-922-0780; fax: 412-922-3071

<b>1996 revenues</b>	
Total	\$18,000,000
Claims revenue	\$8,000,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	10%
<b>Claims business by type</b>	
Flexible benefits	10%
Health insurance	90%
Employees covered	50,000
Dependents covered	110,000
<b>Claims business by volume</b>	
Administration claims paid	\$120,000,000
<b>Clients</b>	
Total	505
Association plans	5
Corporations	500
<b>Staff</b>	
Total	180
Claims services	70
<b>Claims services since: 1977</b>	
<b>Parent: Managed Care of America Inc.</b>	
<b>Service area: Nationwide</b>	
<b>Branch offices: Administrative and sales offices in Atlanta; Cleveland and Columbus, Ohio</b>	
<b>Subsidiaries: Buckeye Employee Benefit Services Inc., Columbus, Ohio</b>	
<b>PPO access</b>	
<b>Officers: Phyllis Shehab, Charles E. Davidson, Dennis A. Casey, Jay Ver Hulst, Tim Horn</b>	
<b>Contact: Charles E. Davidson</b>	

**Employee Benefit Claims of Wisconsin**

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

<b>1996 revenues</b>	
Total	\$11,000,000
Claims revenue	\$9,100,000
Claims administration	100%

Continued on page 32

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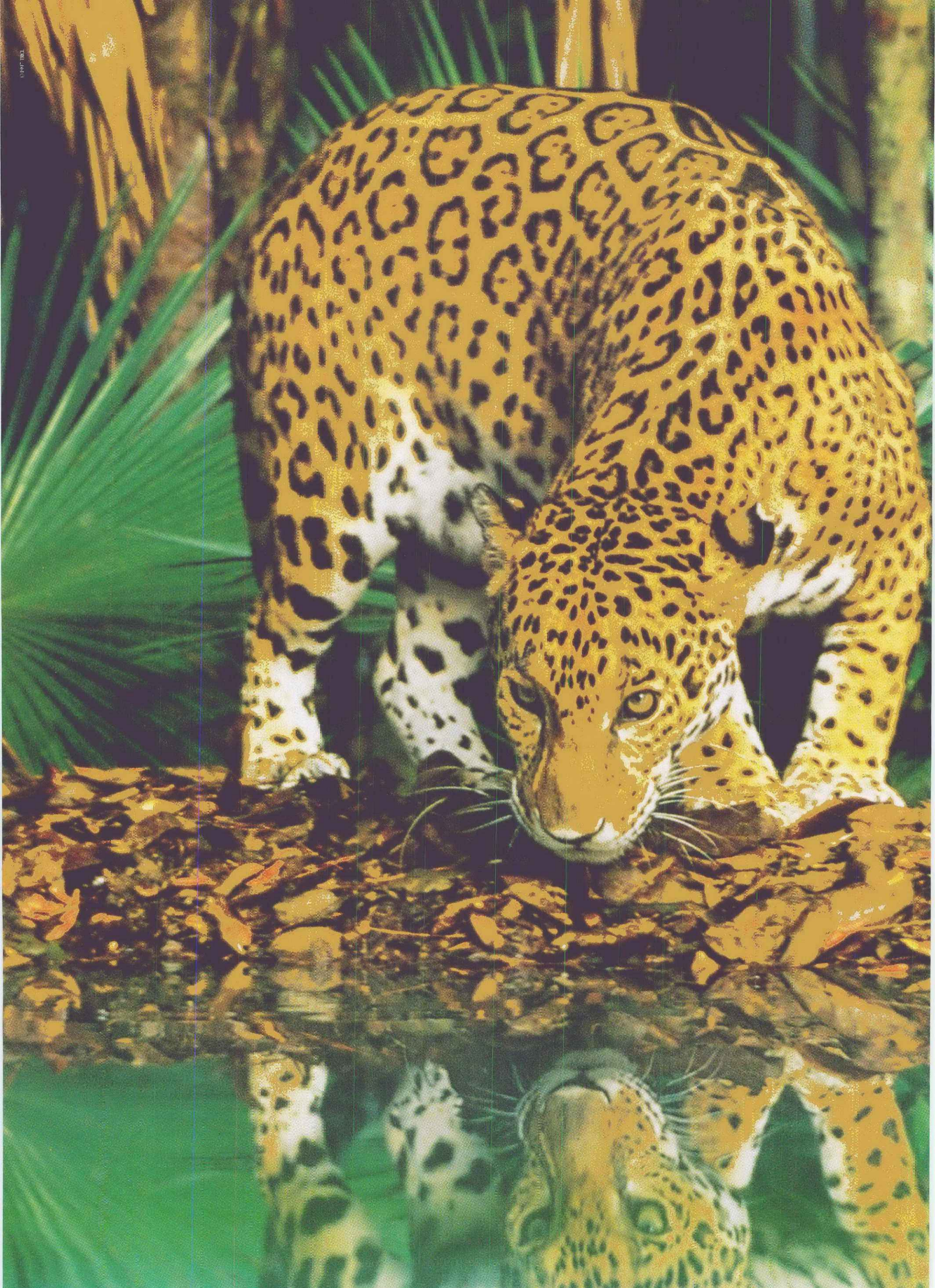
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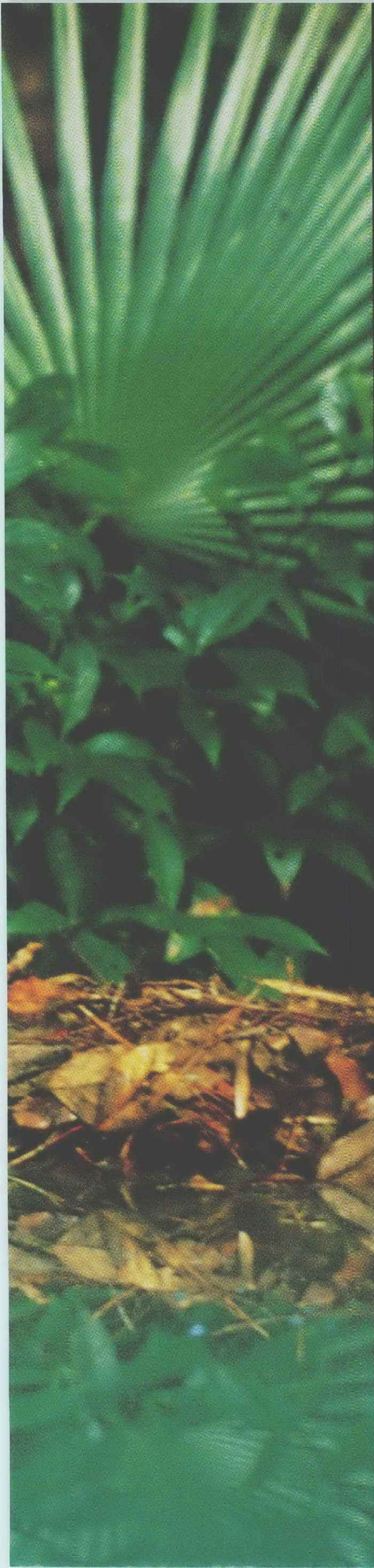
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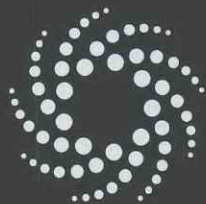


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Phone 441 292 2603, Fax 441 292 2395

Continued from page 28

<b>Claims business by type</b>	
Flexible benefits	5%
Health insurance	95%
Employees covered	90,000
Dependents covered	135,000
<b>Claims business by volume</b>	
Administration claims paid	\$225,000,000
<b>Clients</b>	
Total	800
Association plans	5
Corporations	720
Multiemployer plans	10
Public/government entities	25
Union-sponsored plans	40
<b>Staff</b>	
Total	180
Claims services	150
<b>Claims services since: 1978.</b>	
Parent: SAFECO Life Insurance Co.	
Service area: Nationwide.	
Charges: Administration: \$8 to \$10 PEPM.	
Branch offices: Administrative offices in Louisville, Ky.; Cleveland and Findlay, Ohio; Appleton, Wis.	
<b>PPO access.</b>	
Officers: Larry Pych, president; John Feith, Bruce Flunker, Tim Hussey, Allan Czamecki, vps.	
<b>Employee Benefit Management Services Inc.</b>	
P.O. Box 21367, Billings, Mont. 59104-1367; 406-245-3575; fax: 406-259-7871	
<b>1996 revenues</b>	
Total	\$4,272,000
Claims revenue	\$3,702,000
Claims administration	84%
Claims adjusting	7%
Claims auditing	9%
<b>Claims business by type</b>	
Disability	2%
Flexible benefits	4%
Health insurance	89%
Employees covered	22,000
Dependents covered	30,000
Life	3%
Pensions	2%
<b>Claims business by volume</b>	
Administration claims paid	\$48,000,000

<b>Clients</b>	
Total	103
Association plans	1
Corporations	54
Public/government entities	48
<b>Staff</b>	
Total	67
Claims services	18
<b>Claims services since: 1980.</b>	
Service area: Nationwide.	
Charges: Administration: \$5 to \$20 PEPM.	
Branch offices: Administrative office in Portland, Ore.	
<b>PPO access.</b>	
Officers: Frederick H. Larson, president; Nicki Larson, vp.	
Contact: F.H. (Rick) Larson.	
<b>Employers Mutual Inc.</b>	
9716 San Jose Blvd., Suite 200, Jacksonville, Fla. 32257; 904-260-0035; fax: 904-262-0663	
<b>1996 revenues</b>	
Total	\$3,200,000
Claims revenue	\$3,166,000
Claims administration	99%
Claims adjusting	1%
<b>Claims business by type</b>	
Health insurance	99%
Employees covered	37,000
Dependents covered	28,000
Other	1%
<b>Claims business by volume</b>	
Administration claims paid	\$68,000,000
<b>Clients</b>	
Total	10
Corporations	10
<b>Staff</b>	
Total	53
Claims services	52
<b>Claims services since: 1991.</b>	
Service area: Florida, Texas.	
Charges: Administration: \$6.50 to \$14 PEPM.	
<b>PPO access.</b>	
Officers: Markus Mueller, CEO; Wylie Anderson, vp/COO; John Tippins, vp-finance/administration; Bob Batie, vp-corporate development; Lydia Miller, director-claims operations.	
Contact: Bob Batie, 904-260-0035, ext. 3319.	
The directory of employee benefit claims specialists begins on page 21.	

<b>F</b>	
<b>First American Administrators</b>	
P.O. Box 8150, Rapid City, S.D. 57709; 605-343-2509; fax: 605-343-8887	
<b>1996 revenues</b>	
Total	\$2,000,000
Claims revenue	\$1,800,000
Claims administration	85%
Claims adjusting	10%
Claims auditing	5%
<b>Claims business by type</b>	
Flexible benefits	4%
Health insurance	95%
Employees covered	16,000
Dependents covered	25,000
Other	1%
<b>Claims business by volume</b>	
Administration claims paid	\$41,100,000
<b>Clients</b>	
Total	80
Association plans	3
Corporations	37
Public/government entities	40
<b>Staff</b>	
Total	35
Claims services	20
<b>Claims services since: 1984.</b>	
Service area: Iowa, Minnesota, Nebraska, South Dakota, Wyoming.	
Branch offices: Administrative and sales office in Sioux Falls, S.D.	
<b>PPO access.</b>	
Officers: Joe Dobbs, president; Richard Wahlstrom, secretary. Cheryl Trulson, treasurer.	
Contact: Richard Wahlstrom.	
<b>First Health Strategies Inc.*</b>	
6975 Union Park Center, Suite 600, Salt Lake City, Utah 84047; 801-568-5500; fax: 801-568-5652	
<b>1996 revenues</b>	
Total	\$215,000,000
Claims revenue	\$152,000,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	2%

Flexible benefits	2%
Health insurance	96%
Employees covered	1,500,000
Dependents covered	3,450,000
<b>Claims business by volume</b>	
Administration claims paid	\$5,000,000,000
<b>Clients</b>	
Total	1,680
Association plans	65
Corporations	1,460
Public/government entities	145
Union-sponsored plans	10
<b>Staff</b>	
Total	4,759
Claims services	2,806
<b>Claims services since: 1960.</b>	
Parent: First Data Corp.	
Service area: Nationwide.	
Branch offices: Administrative offices in 14 locations nationwide. Sales offices in 26 locations nationwide.	
<b>PPO access.</b>	
Officers: Don Dahlin, president/CEO; George Dreisbach, COO; Dave Money, general counsel; Tim Foley, general manager.	
Contact: Matthew Young, director-corporate marketing/communications.	
* Figures do not include First Health Services, which was included last year.	
<b>Foundation Health Preferred Administrators</b>	
11050 Olson Drive, Suite 200, Rancho Cordova, Calif. 95670; 916-631-3300; fax: 916-631-3369	
<b>1996 revenues</b>	
Total	\$11,000,000
Claims revenue	\$2,200,000
Claims administration	60%
Claims adjusting	35%
Claims auditing	5%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	15,780
Dependents covered	34,716
<b>Claims business by volume</b>	
Administration claims paid	\$48,718,226
<b>Clients</b>	
Total	1,004
Corporations	1,000
Public/government entities	4

<b>Staff</b>	
Total	155
Claims services	25
<b>Claims services since: 1986.</b>	
Parent: Foundation Health Corp.	
Service area: Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Louisiana, Mississippi, Nebraska, Nevada, New Hampshire, Oklahoma, Oregon, Texas, Utah.	
Charges: Administration: \$3 to \$14 PEPM.	
Branch offices: Administrative office in San Jose, Calif. Sales office in Dallas.	
<b>PPO access.</b>	
Officers: Garry Garrison, CEO; William R. Home, president; James D. Cox, vp-sales/marketing; Robert E. Pope, vp-operations.	
Contact: James D. Cox.	
<b>Fox-Everett Inc.</b>	
P.O. Box 188, Jackson, Miss. 39205; 601-981-6000; fax: 601-981-9243	
<b>1996 revenues</b>	
Total	\$2,600,000
Claims revenue	\$1,600,000
Claims administration/adjusting/auditing	100%
<b>Claims business by type</b>	
Flexible benefits	5%
Health insurance	95%
Employees covered	20,000
Dependents covered	32,000
<b>Claims business by volume</b>	
Administration claims paid	\$34,461,480
<b>Clients</b>	
Total	38
Association plans	1
Corporations	19
MEWAs	1
Public/government entities	2
Union-sponsored plans	1
Other	14
<b>Staff</b>	
Total	37
Claims services	14
<b>Claims services since: 1979.</b>	
Service area: Nationwide.	
Charges: Administration: \$7 to \$15 PEPM.	
Branch offices: Sales office in Gulfport, Miss.	
<b>PPO access.</b>	
Officers: John Anderson Jr., president; W.E. Kinchen, W.H. Mathison, C. Larry Vance, Jon Browning, vps.	
Contact: Robert B. Smith or Larry Vance.	

Continued on next page



Continued from previous page

**Fringe Benefit Services Inc.**

7000 N. Broadway, Suite 106,  
P.O. Box 21240, Denver, Colo. 80221;  
303-426-4984; fax: 303-429-1359

<b>1996 revenues</b>	
Total	\$1,316,400
Claims revenue	\$1,316,400
Claims administration	100%

<b>Claims business by type</b>	
Flexible benefits	4%
Health insurance	90%
Employees covered	30,000
Dependents covered	60,000
Pensions	6%

<b>Claims business by volume</b>	
Administration claims paid	\$30,000,000

<b>Clients</b>	
Total	23
Association plans	2
Corporations	6
Multiemployer plans	5
MEWAs	1
Public/government entities	9

<b>Staff</b>	
Total	29
Claims services	29

**Claims services since:** 1972.  
**Service area:** Arizona, Colorado, Iowa, Kansas, Nebraska, New Mexico.  
**Charges:** Administration: \$5 to \$16 PEPM.  
**Branch offices:** Administrative and sales office in Phoenix.  
**Officers:** Mabel LaChappell, president; Harry Auston, executive vp; Mark Griffin, vp.  
**Contact:** Harry Auston.



**GHI (Group Health Inc.)**

441 Ninth Ave., New York, N.Y. 10001;  
212-615-0808; fax: 212-563-8553

<b>1996 revenues</b>	
Total	\$131,000,000
Claims revenue	\$16,500,000
Claims administration	100%

<b>Claims business by type</b>	
Health insurance	100%

Employees covered	522,000
Dependents covered	984,000

**Claims business by volume**

Administration claims paid	\$520,000,000
----------------------------	---------------

<b>Clients</b>	
Total	18
Association plans	2
Corporations	3
Multiemployer plans	4
Public/government entities	5
Union-sponsored plans	4

<b>Staff</b>	
Total	2,273
Claims services	190

**Claims services since:** 1937.  
**Service area:** New York.  
**Branch offices:** Sales offices in Albany, Buffalo, Garden City, Rochester and Syracuse, N.Y.

**PPO access.**  
**Officers:** Frank J. Branchini, president/CEO; Douglas B. Templeton, senior vp/CFO; Steven Kessler, senior vp-sales; Jon Leeke, senior vp-corporate planning; Erhard V. Krause, vp-sales; Martin Adelstein, vp-labor business development.

**Contact:** Steven Kessler.  
**Gardner & White Inc.**  
8902 N. Meridian St., Suite 202,  
Indianapolis, Ind. 46260; 317-581-1580;  
fax: 317-587-0780

<b>1996 revenues</b>	
Total	\$1,800,000
Claims revenue	\$1,500,000
Claims administration	100%

<b>Claims business by type</b>	
Flexible benefits	20%
Health insurance	80%
Employees covered	20,000
Dependents covered	30,000

<b>Claims business by volume</b>	
Administration claims paid	\$31,000,000

<b>Staff</b>	
Total	35
Claims services	25

**Claims services since:** 1981.  
**Service area:** Nationwide.  
**Charges:** Administration: \$6 to \$11 PEPM.  
**Officers:** Edward Bull, president; Donald Bognerief, Steve Bulloff, vps; Thomas McCarthy, vp-self-funded operations; Mary Lee Weintraut, controller.  
**Contact:** Thomas H. McCarthy.

**Gilbert-Magill Co.**

323 W. Eighth St., Suite 800,  
Kansas City, Mo. 64105;  
816-474-3535; fax: 816-842-5795

<b>1996 revenues</b>	
Total	\$4,000,000
Claims revenue	\$640,000
Claims administration	100%

<b>Claims business by type</b>	
Health insurance	100%
Employees covered	5,187
Dependents covered	2,510

<b>Claims business by volume</b>	
Administration claims paid	\$12,800,000

<b>Staff</b>	
Total	51
Claims services	9

**Claims services since:** 1984.  
**Service area:** Nationwide.  
**PPO access.**

**Officers:** Edward G. Gilbert, chairman; John W. Bovard, president/CEO; Joseph J. Piatczyk, executive vp; La Doris Y. Langley, senior vp/COO/secretary.

**Contact:** Lori Langley.  
**Gilsbar Inc.**  
P.O. Box 998, Covington, La. 70434;  
504-892-3520; fax: 504-898-1500

<b>1996 revenues</b>	
Total	\$12,000,000
Claims revenue	\$4,500,000
Claims administration	90%
Claims adjusting	5%
Claims auditing	5%

<b>Claims business by type</b>	
Disability	1%
Health insurance	99%
Employees covered	48,400
Dependents covered	53,200

<b>Claims business by volume</b>	
Administration claims paid	\$117,000,000

<b>Clients</b>	
Total	150
Association plans	10
Corporations	135
Public/government entities	5

<b>Staff</b>	
Total	213
Claims services	54

**Claims services since:** 1959.  
**Service area:** Nationwide.  
**Branch offices:** Administrative office in Metairie, La. Sales office in Jackson, Miss.

**Officers:** Henry J. Miltenberger Jr., president; Robert W. Ellis, senior vp; Curt W. Keay, vp/CFO; Joseph A. Luquet Jr., vp-employee benefits; Shelley P. Lampard, vp-operations.

**Contact:** Jane Bucano.  
**Group Administrators Ltd.**

1880 N. Roselle Road, Schaumburg, Ill.  
60195; 847-519-1880;  
fax: 847-519-1979

<b>1996 revenues</b>	
Total	\$3,500,000
Claims revenue	\$3,100,000
Claims administration	99%
Claims adjusting	1%

<b>Claims business by type</b>	
Disability	1%
Flexible benefits	2%
Health insurance	95%
Employees covered	25,000
Dependents covered	58,600
Other	2%

<b>Claims business by volume</b>	
Administration claims paid	\$86,600,000

<b>Clients</b>	
Total	60
Corporations	58
Multiemployer plans	2

<b>Staff</b>	
Total	50
Claims services	50

**Claims services since:** 1985.  
**Service area:** Nationwide.  
**PPO access.**

**Officers:** William Webbe, president; David Dorfman, executive officer; Ron Lawlor, vp-systems; Barb Wieda, vp-operations.

**Group Resources Inc.**

5161 Brook Hollow Parkway,  
Suite 200, Norcross, Ga. 30071-3652;  
770-242-7776; fax: 770-903-9013

<b>1996 revenues</b>	
Total	\$12,000,000
Claims revenue	\$12,000,000
Claims administration	100%

**Claims business by type**

Flexible benefits	5%
Health insurance	95%
Employees covered	42,000
Dependents covered	76,000

<b>Claims business by volume</b>	
Administration claims paid	\$64,200,000

<b>Clients</b>	
Total	200
Corporations	200

<b>Staff</b>	
Total	61
Claims services	32

**Claims services since:** 1981.  
**Service area:** Nationwide.  
**Charges:** Administration: \$6 to \$14 PEPM.  
**Contact:** Anne Price or Andy Willoughby.



**Health Risk Management Inc. (HRM)**

8000 W. 78th St., Minneapolis,  
Minn. 55439; 612-829-3500;  
fax: 612-946-7694

<b>1996 revenues</b>	
Total	\$54,507,000
Claims revenue	\$23,291,000
Claims administration	100%

<b>Claims business by type</b>	
Disability	0.3%
Flexible benefits	2%
Health insurance	97.7%
Employees covered	246,781
Dependents covered	351,775

<b>Claims business by volume</b>	
Administration claims paid	\$435,600,334

<b>Clients</b>	
Total	50
Corporations	45
Public/government entities	3
Union-sponsored plans	2

<b>Staff</b>	
Total	817
Claims services	260

Continued on page 36

WORKERS COMPENSATION

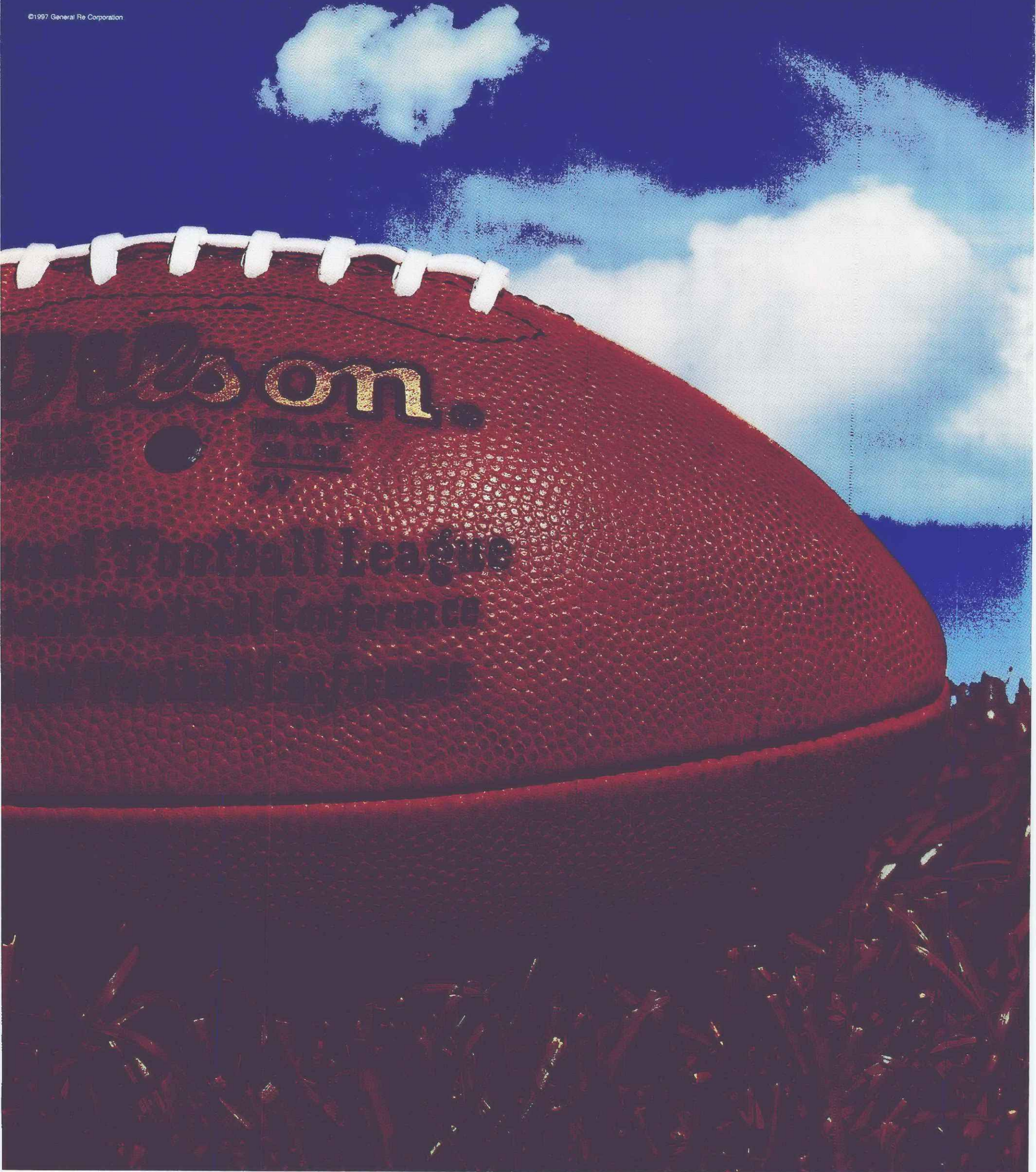
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Continued from page 33

**Claims services since:** 1990.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Sacramento, Calif.; Kalamazoo, Mich.; Milwaukee. Sales offices in Fair Oaks, Calif.; Washington; Atlanta; Lenexa, Kan.; Edmonton, Canada.  
**Subsidiaries:** HRM Claim Management Inc., Kalamazoo, Mich.  
**PPO access.**  
**Officers:** Dr. Gary McIlroy, CEO; Marlene Travis, president/COO; Thomas P. Clark, senior vp/CFO; John Higbee, chief information officer; Adele Kimpell, executive vp-operations.  
**Contact:** Rose Mary Glass, 616-382-0300.

**Heller Associates Inc.**

2755 Bristol St., Suite 250,  
 Costa Mesa, Calif. 92626; 714-549-7052;  
 fax: 714-549-4816

1996 revenues  
 Total .....\$2,000,000  
 Claims revenue .....\$2,000,000  
 Claims administration .....100%

**Claims business by type**

Flexible benefits .....2%  
 Health insurance .....96%  
 Employees covered .....16,000  
 Dependents covered .....40,000

**Claims business by volume**

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

**Clients**

Total .....50  
 Corporations .....50

**Staff**

Total .....50  
 Claims services .....20

**Claims services since:** 1980.  
**Service area:** Nationwide.  
**Charges:** Administration: \$10 to \$20 PEPM.  
**Branch offices:** Administrative and sales offices in Las Vegas; Chesterland, Ohio.  
**PPO access.**  
**Officers:** Frank Heller, chairman; Glen E. Ogden, president; Philip Steffensen, executive vp; Boris Wlasoff, Teri Berry, vps.  
**Contact:** Glen E. Ogden, 800-222-2184.

**Humana/Med-Pay Inc.**

1650 E. Battlefield, Springfield, Mo. 65804;  
 417-886-6886; fax: 417-886-2272

1996 revenues  
 Total .....\$1,800,000  
 Claims revenue .....\$1,800,000  
 Claims administration .....80%  
 Claims adjusting .....10%  
 Claims auditing .....10%

**Claims business by type**

Health insurance .....100%

Employees covered .....14,794  
 Dependents covered .....18,321

**Claims business by volume**

Administration claims paid .....\$36,000,000

**Clients**

Total .....74  
 Corporations .....70  
 Public/government entities .....4

**Staff**

Total .....35  
 Claims services .....20

**Claims services since:** 1981.  
**Parent:** Humana Health Plans.  
**Service area:** Missouri.  
**Charges:** Administration: \$5 to \$15 PEPM.  
**PPO access.**  
**Contact:** Dan Burns, director-sales.



**INDECS Corp.**

1099 Wall St. W., Lyndhurst,  
 N.J. 07071; 201-460-3200;  
 fax: 201-460-3210

1996 revenues

Total .....\$3,378,670  
 Claims revenue .....\$2,850,000  
 Claims administration/adjusting .....100%

**Claims business by type**

Disability .....2%  
 Flexible benefits .....2%  
 Health insurance .....92%  
 Employees covered .....18,550  
 Dependents covered .....43,600  
 Life .....2%  
 Other .....2%

**Claims business by volume**

Administration claims paid .....\$73,665,838

**Clients**

Total .....20  
 Corporations .....12  
 Multiemployer plans .....4  
 Public/government entities .....4

**Staff**

Total .....73  
 Claims services .....61

**Claims services since:** 1983.  
**Parent:** IC Holdings Inc.  
**Service area:** Mid-Atlantic and New England states.  
**Charges:** Administration: \$0.75 to \$3.75 PEPM.  
 Adjusting: \$3 to \$14.50 PEPM.  
**PPO access.**  
**Officers:** Bruce E. Buchanan, president; Lee H.

Cohen, senior vp; Clara Collins, vp/claims manager; Judith G. Klein, secretary/treasurer.  
**Contact:** Bruce E. Buchanan, 201-460-3250.

**Insurance Claims Auditing**

5730 Duluth St., Suite 204, Minneapolis,  
 Minn. 55422; 612-544-6611;  
 fax: 612-544-5514

1996 revenues  
 Total .....\$400,000  
 Claims revenue .....\$400,000  
 Claims auditing .....100%

**Claims business by type**

Disability .....10%  
 Health insurance .....85%  
 Other .....5%

**Claims business by volume**

Auditing projects conducted .....39

**Clients**

Total .....39  
 Corporations .....36  
 Multiemployer plans .....1  
 Public/government entities .....2

**Staff**

Total .....7  
 Claims services .....5

**Claims services since:** 1988.  
**Service area:** Nationwide.  
**Charges:** Auditing: \$16,000 to \$28,000 per project.  
**Officers:** Betty Clark, president; H. Fears, secretary/treasurer; G. Bauer, vp.  
**Contact:** Betty Clark.

**Insurance Design Administrators**

3 Post Road, Oakland, N.J. 07436;  
 201-337-0007; fax: 201-337-1391

1996 revenues  
 Total .....\$10,000,000  
 Claims revenue .....\$10,000,000  
 Claims administration .....100%

**Claims business by type**

Disability .....2%  
 Flexible benefits .....3%  
 Health insurance .....95%

**Claims business by volume**

Administration claims paid .....\$130,000,000

**Clients**

Total .....172  
 Corporations .....60  
 Multiemployer plans .....2  
 Public/government entities .....110

**Staff**

Total .....97

**Claims services since:** 1979.  
**Service area:** Nationwide.  
**Charges:** Administration: \$9 to \$15 PEPM.  
**Branch offices:** Sales office in Philadelphia.  
**PPO access.**  
**Officers:** Robert Gallo, CEO; Russell P. Minetti, president; Paul Sabina, Robert Ventrella, executive vps; Patricia Weber, executive vp-account management.

**END OF TERM REPORT**

Date	January 1997	
Name	Zurich Re (UK)	
Security	(A-)	"Excellent financial strength, ...strengthened loss reserve and leading positions in its core lines of business... This rating also acknowledges the positive effects of several major steps taken by the unit's new management team, which assumed control of the company in 1994." <b>A. M. Best</b>
Accreditation	36/48	The majority of Zurich Re (UK)'s customers are based in the U.S.A. and in order to fulfil the company's commitment to meeting customers' needs, Zurich Re (UK) has been actively seeking approval as an 'accredited' reinsurer under Credit for Reinsurance laws in the various states in which its cedants are domiciled. As at January 1997 Zurich Re (UK) is accredited in 36 states thus allowing cedants to take full "credit" in their Balance Sheets for reinsurance placed with Zurich Re (UK).
Surplus Lines	48/53	Zurich Re (UK) is an eligible surplus lines insurer in the U.S.A. in 48 out of a potential 53 states and jurisdictions.
Capabilities	100%	Zurich Re (UK) is a wholly owned subsidiary of the Zurich Insurance Group, Zurich, Switzerland. The company has access to the financial might and skills of a global insurer which can make all the difference when you have to meet the risk management demands of a large corporation.



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**Jardine Group Services Corp.**

48 Cornell Road, Latham, N.Y. 12110;  
 518-782-3175; fax: 518-782-3032

1996 revenues  
 Total .....\$8,500,000  
 Claims revenue .....\$5,800,000  
 Claims administration .....85%  
 Claims adjusting .....15%

**Claims business by type**

Disability .....12%  
 Health insurance .....72%  
 Other .....16%

**Claims business by volume**

Administration claims paid .....\$44,338,991

**Clients**

Total .....25  
 Association plans .....3  
 Corporations .....8  
 Multiemployer plans .....13  
 MEWAS .....1

**Staff**

Total .....347  
 Claims services .....113

**Claims services since:** 1982.  
**Parent:** Jardine Insurance Brokers Inc.  
**Service area:** Nationwide.  
**Branch offices:** Sales offices in Denver, Chicago and Oak Brook, Ill.  
**Subsidiaries:** Professional Dental Reviewers Inc., Latham, N.Y.  
**PPO access.**  
**Officers:** W. Michael Carroll, CEO; Gary P. Hickley, Michael E. Murphy, senior vps/managing directors; Georgiana Carney, senior vp.  
**Contact:** Colleen Sherrin, vp.

**W.J. Jones Administrative Services Inc.**

1979 Marcus Ave., Suite C101,  
 Lake Success, N.Y. 11042; 516-775-5420;  
 fax: 561-775-6854

Continued from previous page

1996 revenues	
Total	\$11,500,000
Claims revenue	\$8,000,000
Claims administration	90%
Claims auditing	10%
Claims business by type	
Disability	5%
Flexible benefits	10%
Health insurance	75%
Employees covered	450,000
Pensions	10%
Claims business by volume	
Administration claims paid	\$200,000,000
Auditing projects conducted	6
Clients	
Total	162
Corporations	146
Public/government entities	6
Union-sponsored plans	4
Other	6
Staff	
Total	167
Claims services	108

**Claims services since:** 1971.  
**Service area:** Nationwide.  
**Charges:** Administration: \$3 to \$15 PEPM. Auditing: \$10,000 to \$25,000 per project.  
**Subsidiaries:** W.J. Jones Consultants Inc., W.J. Jones Group Services Inc., Select Providers Inc.  
**PPO access.**  
**Officers:** John P. Sherlock, president; Robert F. Sherlock, vp.  
**Contact:** Robert F. Sherlock, 516-393-5504.



**Kepple & Co. Inc.**  
 P.O. Box 1986, Peoria, Ill. 61656-1986; 309-673-7330; fax: 309-673-7369

1996 revenues	
Total	\$4,190,000
Claims revenue	\$2,717,000
Claims administration	100%
Claims business by type	
Flexible benefits	3%
Health insurance	78%
Employees covered	30,000
Dependents covered	32,000
Other	19%
Claims business by volume	
Administration claims paid	\$88,000,000
Clients	
Total	112
Corporations	88
Multiemployer plans	5
MEWAs	1
Public/government entities	15
Union-sponsored plans	2
Other	1
Staff	
Total	104
Claims services	62

**Claims services since:** 1982.  
**Parent:** Health Care Horizons.  
**Service area:** Nationwide.  
**Charges:** Administration: \$5 to \$7 PEPM.  
**Branch offices:** Springfield, Ill.  
**Officers:** Phillip Walker, chairman; James D. Stevenson, president; Gloria Towles, vp-finance.  
**Contact:** Scott Reid, vp-marketing.

**Klais & Co. Inc.**  
 1867 W. Market St., Akron, Ohio 44313; 330-867-8443; fax: 330-867-0827

1996 revenues	
Total	\$5,500,000
Claims revenue	\$5,000,000
Claims administration	100%
Claims business by type	
Disability	1%
Flexible benefits	2%
Health insurance	96%
Employees covered	25,000
Pensions	1%
Claims business by volume	
Administration claims paid	\$125,000,000
Clients	
Total	140
Corporations	117
Public/government entities	23
Staff	
Total	100
Claims services	95

**Claims services since:** 1979.  
**Service area:** Ohio; mid-Atlantic, Southeast and Upper Midwest regions.  
**Branch offices:** Sales office in Atlanta.  
**PPO access.**  
**Officers:** Daniel V. Klais, CEO; Nancy K. Archibald, president; James R. Mendiola, vp-finance; Tim O'Dee, director-TPA operations.  
**Contact:** Nancy Archibald.



**The Lipman Co.**  
 3340 Walnut Ave., Suite 290, Fremont, Calif. 94538; 510-795-0103; fax: 510-795-0100

1996 revenues	
Total	\$5,000,000
Claims revenue	\$4,000,000
Claims administration	100%
Claims business by type	
Flexible benefits	60%
Health insurance	40%
Employees covered	20,000
Claims business by volume	
Administration claims paid	\$80,000,000
Clients	
Total	254
Corporations	250
Multiemployer plans	2
Union-sponsored plans	2
Staff	
Total	59
Claims services	55

**Claims services since:** 1976.  
**Parent:** Lipman Insurance Administrators Inc.  
**Service area:** Western region.  
**Officers:** Fred Lipman, president; Marty Lowy, Carolyn Nelson, Mary Tarell, Larry Lipman, vps.  
**Contact:** Larry Lipman, 800-533-0113.

**Long Claim Services Inc.**  
 4747 Lincoln Mall Drive, Suite 305, Matteson, Ill. 60443; 708-747-4010; fax: 708-747-7269

1996 revenues	
Total	\$1,430,000

Continued on next page

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Continued from previous page

Claims revenue	\$1,430,000
Claims administration	60%
Claims adjusting	30%
Claims auditing	10%

**Claims business by type**

Health insurance	100%
Employees covered	22,000
Dependents covered	55,000

**Claims business by volume**

Administration claims paid	\$35,000,000
Auditing projects conducted	6

**Clients**

Total	47
Corporations	31
Public/government entities	16

**Staff**

Total	17
Claims services	17

**Claims services since: 1988.****Service area:** Illinois.**Charges:** Administration: \$6 to \$12 PEPM.**PPO access.****Officers:** Donald Long, CEO; A. Stiltz, C. Long, S. Rcorca, vps.**The Loomis Co.**850 Park Road, Wyomissing,  
Pa. 19610; 610-374-4040  
fax: 610-374-6578**1996 revenues**

Total	\$11,000,000
Claims revenue	\$5,400,000
Claims administration	60%
Claims adjusting	40%

**Claims business by type**

Disability	3%
Flexible benefits	5%
Health insurance	87.5%
Life	1.5%
Other	3%

**Claims business by volume**

Administration claims paid	\$115,000,000
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**Clients**

Total	150
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**Staff**

Total	150
Claims services	75

**Claims services since: 1982.****Service area:** Nationwide.**Charges:** Administration: \$7 to \$15 PEPM.**Branch offices:** Administrative and sales offices in Annapolis, Md.; Fairfax, Va. Sales office in Fort Lauderdale, Fla.**PPO access.****Officers:** James R. Loomis, Gerald F. Blaum, Kathy Schlegel.**Contact:** James R. Loomis.

M

**MDNY Healthcare Inc.**275 Broadhollow Road, Melville,  
N.Y. 11747; 516-454-1900;  
fax: 516-454-1915**1996 revenues**

Total	\$22,000,000
Claims revenue	\$5,000,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	10%

**Claims business by type**

Health insurance	100%
Employees covered	20,000

**Claims business by volume**

Administration claims paid	\$4,500,000
----------------------------	-------------

**Clients**

Total	2
Public/government entities	2

**Staff**

Total	150
Claims services	35

**Claims services since: 1995.****Service area:** Nationwide.**Charges:** Administration: \$15 to \$25 medical, \$7.50 to \$10 dental PEPM.**Branch offices:** Administrative and sales offices in Chicago; Buffalo, New York and Elmford, N.Y.**PPO access.****Officers:** Richard Radocchia, CEO; Rochelle Battino, vp-government programs; Lucy Oliva, vp-operations; Bernard Pelgrim, vp-sales.**Contact:** Bernard Pelgrim.**McDowell Agency Inc.**P.O. Drawer 3088, Greenville,  
S.C. 29602; 800-476-1555;  
fax: 864-239-0679**1996 revenues**

Total	\$2,500,000
Claims revenue	\$1,200,000
Claims administration	100%

**Claims business by type**

Disability	1%
Health insurance	99%
Employees covered	15,000
Dependents covered	8,000

**Claims business by volume**

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

**Clients**

Total	25
Corporations	25

**Staff**

Total	31
Claims services	7

**Claims services since: 1977.****Service area:** Nationwide.**Charges:** Administration: \$5 to \$15 PEPM.**PPO access.****Officers:** M. Steve McDowell, president; Kathleen M. McDowell, executive vp; Joyce Chapman, vp-operations.**MED TAC Corp.**P.O. Box 9111, Newton, Mass. 02160;  
800-843-7639; fax: 617-244-5333**1996 revenues**

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

**Claims business by type**

Disability	6%
Health insurance	84%
Employees covered	12,000
Dependents covered	29,000
Life	10%

**Claims business by volume**

Administration claims paid	\$49,000,000
----------------------------	--------------

**Clients**

Total	47
Corporations	45
Public/government entities	1
Union-sponsored plans	1

**Staff**

Total	45
Claims services	17

**Claims services since: 1969.****Service area:** Nationwide.**PPO access.****Officers:** Joseph L. Tierney Jr., president; Edward A. O'Brien, vp-MIS; Mary Elizabeth Adams, vp-finance; James F. Tierney, vp-marketing; M. Marion Tierney, treasurer.**Member Service Administrators**1400 S. Boston, P.O. Box 3028, Tulsa,  
Okla. 74101-3028; 918-586-7700;  
fax: 918-745-6670**1996 revenues**

Total	\$6,420,000
Claims revenue	\$4,200,000
Claims administration	60%
Claims adjusting	40%

**Claims business by type**

Health insurance	100%
Employees covered	36,090
Dependents covered	63,150

**Claims business by volume**

Administration claims paid	\$54,063,600
----------------------------	--------------

**Clients**

Total	36
Corporations	30
Public/government entities	5
Union-sponsored plans	3

**Staff**

Total	70
Claims services	70

**Claims services since: 1984.****Parent:** Member Service Life Insurance Co.**Service area:** Missouri, Oklahoma.**Charges:** Administration: \$7.85 to \$18.10 PEPM.**Adjusting:** \$4.20 to \$9.10 PEPM.**Branch offices:** Administrative and sales office in Oklahoma City.

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**PPO access.**  
**Officers:** Ronald F. King, president/CEO; Mike Rhoads, treasurer; Robert E. McSweeney, group vp; Jim Pate, vp-marketing; Carl O. Cabbiness, vp-operations.  
**Contact:** Carl O. Cabbiness, 918-586-7710.

**Mountain States Administration Co.**  
 13901 E. Exposition Ave.,  
 Aurora, Colo. 80012;  
 303-360-9600; fax: 303-360-9100

1996 revenues	
Total	\$1,900,000
Claims revenue	\$1,500,000

Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	23,000
Dependents covered	52,900
<b>Claims business by volume</b>	
Administration claims paid	\$60,000,000
<b>Staff</b>	
Total	34
Claims services	16
<b>Claims services since:</b> 1980.	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$5.50 to \$12 PEPM.	
<b>PPO access.</b>	
<b>Contact:</b> Clarence Gray, president, or Jerry Pele's, vp.	



**NCAS**  
 3702 Pender Drive, Fairfax,  
 Va. 22030; 703-934-6200;  
 fax: 703-934-6279

<b>1996 revenues</b>	
Total	\$19,300,000
Claims revenue	\$14,100,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	2%
Flexible benefits	7%
Health insurance	91%
Employees covered	156,000
Dependents covered	173,000

<b>Claims business by volume</b>	
Administration claims paid	\$305,000,000
<b>Clients</b>	
Total	505
Association plans	6
Corporations	490
MEWAs	2
Public/government entities	6
Union-sponsored plans	1
<b>Staff</b>	
Total	361
Claims services	267
<b>Claims services since:</b> 1983.	
<b>Parent:</b> GHMSI.	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$3.25 to \$16.50 PEPM.	
<b>Branch offices:</b> Administrative offices in Bloomfield Hills, Mich.; Charlotte, N.C.; Harrisburg, Pa.; Portland, Maine; Providence, R.I.; Seattle.	

**Officers:** William G. Hendren, president/CEO; Steven V. Wilson, vp-operations; Karen L. McDonald, vp-network services/human resources.  
**Contact:** William G. Hendren.

**National Benefit Administrators Inc.**  
 5755 Mark Dabling Blvd., Suite 301,  
 Colorado Springs, Colo. 80919;  
 719-599-7373; fax: 719-599-9205

<b>1996 revenues</b>	
Total	\$1,500,000
Claims revenue	\$1,500,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	16,000
Dependents covered	40,000
<b>Clients</b>	
Total	70
Corporations	50
Public/government entities	20
<b>Staff</b>	
Total	25
Claims services	10
<b>Claims services since:</b> 1985.	
<b>Parent:</b> Acordia.	
<b>Service area:</b> Nationwide.	
<b>PPO access.</b>	
<b>Officers:</b> Walter F. Ahern, CEO; Richard C. Anderson, executive vp; Ryan Hettich, CFO; Allison R. Johnson, COO.	
<b>Contact:</b> Allison R. Johnson.	

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 Web address: http://www.rims.com

**National Health Plan**  
 7 Penn Plaza, New York, N.Y. 10001;  
 212-279-3232; fax: 212-629-0749

<b>1996 revenues</b>	
Claims revenue	\$700,000
Claims administration	90%
Claims auditing	10%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	70,000
<b>Clients</b>	
Total	70
<b>Staff</b>	
Total	12
Claims services	12
<b>Claims services since:</b> 1975.	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$4 to \$7 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Alvin Konigsberg, president; David Zaback, executive vp.	
<b>Contact:</b> David Zaback.	

**New World Claims Services Ltd.**  
 2624 N. Fifth St., Niles, Mich. 49120;  
 800-624-0698 or 616-684-6700;  
 fax: 616-684-8138

<b>1996 revenues</b>	
Total*	\$25,200,000
Claims revenue*	\$900,000
Claims administration	100%
<b>Claims business by type</b>	
Flexible benefits	2%
Health insurance	98%
Employees covered	15,000
Dependents covered	37,000
<b>Claims business by volume</b>	
Administration claims paid	\$15,500,000
<b>Clients</b>	
Total	80
<b>Staff</b>	
Total	13
Claims services	8
<b>Claims services since:</b> 1984.	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$5.85 to \$29 PEPM.	
<b>Branch offices:</b> Sales office in Chicago.	
<b>PPO access.</b>	
<b>Officers:</b> Robert D. Cravens, president; Ruth Halverson, administration manager; Greg Hegyi, controller.	
<b>Contact:</b> Robert D. Cravens or Ruth Halverson.	
* Estimate.	

**North American Administrators Inc.**  
 300 Corporate Parkway, Amherst,  
 N.Y. 14174; 800-828-6922;  
 fax: 716-446-5612

<b>1996 revenues</b>	
Total	\$32,000,000
Claims revenue	\$19,000,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	150,000
Dependents covered	250,000
<b>Claims business by volume</b>	
Administration claims paid	\$420,000,000
<b>Clients</b>	
Total	300
Association plans	5
Corporations	256
Multiemployer plans	2
Public/government entities	35
<b>Staff</b>	
Total	333
Claims services	250
<b>Claims services since:</b> 1983.	
<b>Parent:</b> North American Health Plans.	



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Stamford, Connecticut; Atlanta, Georgia; Schaumburg, Illinois  
Fidelity & Surety Division, Schaumburg, Illinois  
Latin American & Caribbean Division, Coral Gables, Florida  
Property & Casualty Treaty Division, Florham Park, New Jersey



CAPITAL YOU CAN BANK ON.

Continued from page 40

**Service area:** Nationwide.  
**Charges:** Administration: \$8 to \$14 PEPM.  
**Branch offices:** Sales offices in Braintree, Mass.; South Burlington, Vt.; Vienna, Va.  
**PPO access.**  
**Officers:** Ronald K. Zoeller, CEO; David M. Miller, Charles W. Barger, James A. Hunter, senior vps; Dr. Arthur Orlick, medical director.  
**Contact:** Jay Hunter.

### North American Benefits Network

19800 Detroit Road, Rocky River, Ohio 44116; 216-356-8212; fax: 216-356-0140

1996 revenues	
Total	\$11,700,000
Claims revenue	\$7,200,000
Claims administration/adjusting/auditing	100%
Claims business by type	
Disability	1%
Flexible benefits	6.3%
Health insurance	92.5%
Employees covered	303,017
Dependents covered	454,526
Claims business by volume	
Administration claims paid	\$345,382,320

Clients	
Total	241
Corporations	219
Public/government entities	22
Staff	
Total	154
Claims services	154
Claims services since: 1962.	
<b>Parent:</b> NA Management Corp.	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$6.50 to \$22 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Donald T. Baker, president; Mary Morgan, Martha Was, Joe Ceccacci, Len Ploskonka, vps.	
<b>Contact:</b> Donald T. Baker.	

### Nova Healthcare Administrators

2680 Grand Island Blvd., Grand Island, N.Y. 14072; 716-773-1140; fax: 716-773-1276

1996 revenues	
Total	\$3,300,000
Claims revenue	\$2,800,000
Claims administration	95%
Claims auditing	5%
Claims business by type	
Flexible benefits	6%
Health insurance	94%

Employees covered	40,000
Dependents covered	120,000
Claims business by volume	
Administration claims paid	\$5,000,000
Clients	
Total	91
Corporations	65
Multiemployer plans	14
Public/government entities	12
Staff	
Total	80
Claims services	22
Claims services since: 1981.	
<b>Parent:</b> Hollis Boss Agency/Warren Hoffman & Associates.	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$7 to \$12 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Larry Thompson, president; Paul Tambe, senior vp; William Brothus, vp-sales; Cindy Hammer, vp-corporate development/client service.	
<b>Contact:</b> Bill Erothus or Cindy Hammer.	

### The Nyhart Co. Inc.

3515 N. Washington Blvd., Indianapolis, Ind. 46205; 300-428-7106 or 317-923-2391; fax: 317-926-3033

1996 revenues	
Total	\$7,037,649

Claims revenue	\$4,193,700
Claims administration	100%
Claims business by type	
Disability	2%
Flexible benefits	8%
Health insurance	49%
Employees covered	25,333
Pensions	41%
Claims business by volume	
Administration claims paid	\$107,252,300
Clients	
Total	78
Association plans	2
Corporations	67
Public/government entities	9
Staff	
Total	103
Claims services	47
Claims services since: 1965.	
<b>Service area:</b> Illinois, Indiana, Kentucky, Michigan, North Carolina, Ohio, Virginia, West Virginia.	
<b>Charges:</b> Administration: \$9.50 to \$21 PEPM.	
<b>Branch offices:</b> Administrative and sales office in Evansville, Ind.	
<b>Officers:</b> Daryl J. Dean, president/CEO; Kim Zirrillo, vp-health benefits administration; Gary Chattin, vp/consultant; Jeffrey S. Line, vp-legal/finance; Jay Hanselmann, vp/actuary.	
<b>Contact:</b> Jeffrey D. Fox.	



### Paradigm Administrators Inc.

P.O. Box 1268, Tifton, Ga. 31793-1268; 912-386-1751; fax: 912-386-4967

1996 revenues	
Total	\$1,500,000
Claims revenue	\$1,350,000
Claims administration	100%
Claims business by type	
Disability	1%
Flexible benefits	2%
Health insurance	97%
Employees covered	12,000
Dependents covered	25,000
Claims business by volume	
Administration claims paid	\$30,000,000
Clients	
Total	40
Corporations	35
Public/government entities	5
Staff	
Total	22
Claims services	11
Claims services since: 1979.	
<b>Service area:</b> Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia.	
<b>Charges:</b> Administration: \$5.50 to \$12 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Starling Grisham, president; Martha Ellis, secretary/treasurer.	
<b>Contact:</b> Starling Grisham or Vickie Sellers, director-client services.	

1996 revenues	
Total	\$3,000,000
Claims revenue	\$1,900,000
Claims administration	100%
Claims business by type	
Flexible benefits	11%
Health insurance	89%
Employees covered	13,765
Dependents covered	34,129
Claims business by volume	
Administration claims paid	\$74,000,000
Clients	
Total	86
Corporations	82
Public/government entities	4
Staff	
Total	51
Claims services	27
Claims services since: 1973.	
<b>Parent:</b> TR Paul Inc.	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$2.50 to \$9.50 PEPM	
<b>PPO access.</b>	
<b>Officers:</b> Mary Ingham, president; George Romer, vp/treasurer; Deborah L. Wilber, secretary.	
<b>Contact:</b> Deborah L. Wilber.	

### TR Paul Group Services Inc.

14 Commerce Road, Newtown, Conn. 06470; 203-426-8161; fax: 203-270-0927

1996 revenues	
Total	\$3,000,000
Claims revenue	\$1,900,000
Claims administration	100%
Claims business by type	
Flexible benefits	11%
Health insurance	89%
Employees covered	13,765
Dependents covered	34,129
Claims business by volume	
Administration claims paid	\$74,000,000
Clients	
Total	86
Corporations	82
Public/government entities	4
Staff	
Total	51
Claims services	27

1996 revenues	
Total	\$5,922,309
Claims revenue	\$4,988,451
Claims administration	100%
Claims business by type	
Disability	1%
Flexible benefits	3%
Health insurance	94%
Employees covered	35,000
Dependents covered	44,098
COBRA administration	2%
Claims business by volume	
Administration claims paid	\$109,127,242
Clients	
Total	137
Association plans	1
Corporations	117
Multiemployer plans	3
Public/government entities	15
Union-sponsored plans	1
Staff	
Total	130
Claims services	125
Claims services since: 1985.	
<b>Service area:</b> Primarily midwest.	
<b>Charges:</b> Administration: \$8 to \$12 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Ronald Walter, president; David W. Plumb, corporate vp.	
<b>Contact:</b> Ronald Walter or David W. Plumb.	

### Professional Benefit Administrators Inc.

15 Spinning Wheel Road, Suite 210, Hinsdale, Ill. 60521; 630-655-3755; fax: 630-655-3781

1996 revenues	
Total	\$5,922,309
Claims revenue	\$4,988,451
Claims administration	100%
Claims business by type	
Disability	1%
Flexible benefits	3%
Health insurance	94%
Employees covered	35,000
Dependents covered	44,098
COBRA administration	2%
Claims business by volume	
Administration claims paid	\$109,127,242
Clients	
Total	137
Association plans	1
Corporations	117
Multiemployer plans	3
Public/government entities	15
Union-sponsored plans	1
Staff	
Total	130
Claims services	125
Claims services since: 1985.	
<b>Service area:</b> Primarily midwest.	
<b>Charges:</b> Administration: \$8 to \$12 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Ronald Walter, president; David W. Plumb, corporate vp.	
<b>Contact:</b> Ronald Walter or David W. Plumb.	

1996 revenues	
Total	\$5,922,309
Claims revenue	\$4,988,451
Claims administration	100%
Claims business by type	
Disability	1%
Flexible benefits	3%
Health insurance	94%
Employees covered	35,000
Dependents covered	44,098
COBRA administration	2%
Claims business by volume	
Administration claims paid	\$109,127,242
Clients	
Total	137
Association plans	1
Corporations	117
Multiemployer plans	3
Public/government entities	15
Union-sponsored plans	1
Staff	
Total	130
Claims services	125
Claims services since: 1985.	
<b>Service area:</b> Primarily midwest.	
<b>Charges:</b> Administration: \$8 to \$12 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Ronald Walter, president; David W. Plumb, corporate vp.	
<b>Contact:</b> Ronald Walter or David W. Plumb.	

### Professional Benefits Services Inc.

2959 Lucerne S.E., Suite 205, Grand Rapids, Mich. 49546; 616-285-2480 or 800-732-3412; fax: 616-285-9965

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Continued on page 44



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Continued from page 42

<b>1996 revenues</b>	
Total	\$1,301,500
Claims revenue	\$1,140,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	5%
Flexible benefits	12%
Health insurance	72%
Employees covered	5,008
Dependents covered	14,987
Life	3%
Pensions	8%
<b>Claims business by volume</b>	
Administration claims paid	\$6,700,000
<b>Clients</b>	
Total	31
Corporations	31
<b>Staff</b>	
Total	11
Claims services	6
<b>Claims services since: 1992.</b>	
Service area: Nationwide.	
Charges: Administration: \$5 to \$12.50 PEPM.	
PPO access.	
Officers: Bud S. Gottlick, president/co-owner; Barbara Leedy, executive director-retiree services/	

co-owner; Catherine Windfield, vp-marketing/operations.

Contact: Catherine Windfield.

**Professional Claims Management Inc.**

P.O. Box 35276, 4845 Fulton Drive N.W., Canton, Ohio 44735; 330-493-7278; fax: 330-493-5878

<b>1996 revenues</b>	
Total	\$3,570,000
Claims revenue	\$3,270,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	3%
Flexible benefits	3%
Health insurance	94%
Employees covered	36,000
Dependents covered	75,000
<b>Claims business by volume</b>	
Administration claims paid	\$80,550,000
<b>Clients</b>	
Total	200
Corporations	182
Public/government entities	18
<b>Staff</b>	
Total	71
Claims services	71
<b>Claims services since: 1983.</b>	
Service area: Nationwide.	
Charges: Administration: \$5 to \$12 PEPM.	
PPO access.	
Officers: J. David Bratton, president; Robert J. Archibald, executive vp; Michael A. Novelli, senior vp.	
Contact: Jeff Meric, marketing director.	

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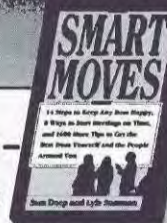
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**Robey-Barber Insurance Corp.**

3965 Henderson Blvd., Tampa, Fla. 33629; 813-286-1123; fax: 813-289-0444

<b>1996 revenues</b>	
Total	\$12,000,000
Claims revenue	\$10,800,000
Claims administration	50%
Claims adjusting	48%
Claims auditing	2%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	50,000
Dependents covered	75,000
<b>Claims business by volume</b>	
Administration claims paid	\$120,000,000
<b>Clients</b>	
Total	1,025
Corporations	400
Multiemployer plans	600
Public/government entities	25
<b>Staff</b>	
Total	155
Claims services	60
<b>Claims services since: 1982.</b>	
Service area: Alabama, Florida, Georgia, Illinois, Indiana, Michigan, Mississippi, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.	
Charges: Administration: \$6 to \$12.50 PEPM.	
Branch offices: Administrative and sales offices in Grand Rapids, Mich.; Knoxville, Tenn.	
Subsidiaries: Southern Employee Benefit Services Inc.	
PPO access.	
Officers: Timothy R. Barber, president/CEO; Karen M. Barber, vp-marketing; Jon Paul, vp/COO; Debbie Pemberton, claims manager; Mark Braverman, controller; Margaret Weingart, executive director-MC2000.	
Contact: Timothy R. Barber.	



**Self Insured Benefit Administrators Inc.**

18167 U.S. Highway 19 N., Suite 300, Clearwater, Fla. 34624; 813-532-0400; fax: 813-530-0882

<b>1996 revenues</b>	
Total	\$1,600,000
Claims revenue	\$1,200,000
Claims administration	85%
Claims auditing	15%
<b>Claims business by type</b>	
Flexible benefits	10%
Health insurance	90%
Employees covered	10,000
Dependents covered	22,000
<b>Claims business by volume</b>	
Administration claims paid	\$20,000,000
<b>Clients</b>	
Total	30
Corporations	26
Public/government entities	2
Union-sponsored plans	2
<b>Staff</b>	
Total	22
Claims services	22
<b>Claims services since: 1988.</b>	

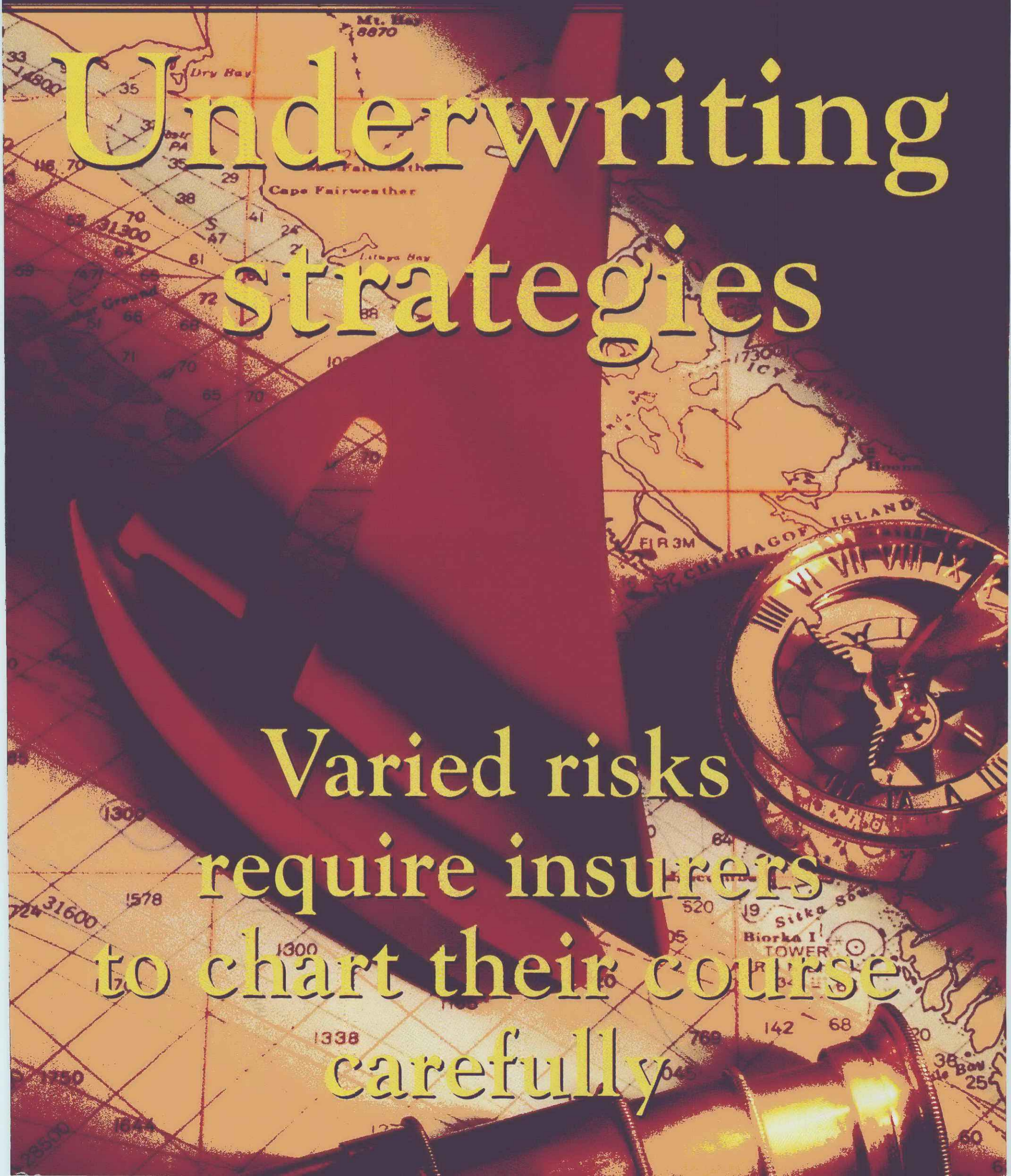
Continued on page 46

# Insurer Topics

A special editorial section sent exclusively to insurers and reinsurers

# Underwriting strategies

Varied risks  
require insurers  
to chart their course  
carefully



# Insurers struggle to collect third-party deductibles

By REGIS COCCIA

A little-recognized problem is occurring at many property/casualty insurers, and it may be costing those companies a bundle.

The problem, which stems from a popular form of underwriting, involves policy deductibles that go uncollected because of inadequate tracking of claims and policy information, insurance executives and others say.

A particular concern is third-party deductibles, where the claimant differs from the policyholder. When a company makes a claim on its own policy and the insurer pays the claim, billing to collect the deductible is straightforward: It typically goes to the same entity.

But, when a third party—for example, someone who suffers a loss insured under the company's general liability policy—receives a claim payment, the insurer's claims staff may not have sufficient information to determine whether the policyholder owes a deductible and how to bill for it.

A few hundred dollars on a claim here, a thousand there, and over time the uncollected third-party de-

ductibles add up to significant amounts, industry sources say.

How much money is going uncollected? Industrywide, "\$100 million is a fairly safe bet," said John Gradowski, assistant vp-commercial insurance group at USF&G Corp. in Baltimore.

"Insurance companies are large and very difficult to coordinate. You've got underwriting, claims and accounting departments. If procedures aren't in place to coordinate those areas, money can fall through the cracks very easily," he said.

Paul Reid, regional claims officer in Sacramento, Calif., at CNA Personal Insurance, a division of CNA Financial Corp., agrees. He encountered uncollected third-party deductibles a few years ago when he worked in commercial lines at CNA.

"Underwriting would sell the (deductible programs), but it was never clear who was responsible for collection," he said. "We found clearly, over time and all over the country, it really came down to an accounting nightmare. (Deductibles) change, insureds cancel coverage and grow. It's hard to keep up with."

Deductibles go uncollected largely because of a lack of communication among the claims, underwriting and billing areas and antiquated com-

puter systems that were not designed to keep pace with underwriting changes, two software experts say.

"It's a classic case of the underwriting department developing a concept. The problem is, nobody checks with the accounting tail of the dog and says, 'How are we going to account for this?'" said Ron Morris, president of JDWarren & Associates, a Carnegie, Pa.-based software service company that helps insurers recoup uncollected deductibles.

"The type of policy with deductibles is complex. The products appear very nice when you sell them. There's a lot of appeal to it. But the bookkeeping for it is not easy," explained Mike Lopes, executive vp at JDWarren.

Mr. Morris, who co-founded JDWarren in 1994 to develop software for manufacturing companies with Mr. Lopes and a third partner, didn't intend to get involved in insurance industry software. That same year, however, an insurance executive approached him at a trade show. Hearing how the company couldn't collect certain deductibles, JDWarren began developing software to solve the problem.

The software company since has helped two large insurers collect

nearly \$5 million.

"It's real money. It's money that goes right to the bottom line," Mr. Morris said. "It's a lot of money to be just floating around out there."

The problem of outstanding deductibles is relatively new. The commercial property/casualty industry did not begin offering deductible insurance programs widely until 1990, Mr. Gradowski explained. As market competition grew, more underwriters began offering deductibles to share risk with the policyholder, which reduces the buyer's premiums, he said.

Third-party deductibles are most common in general liability, auto and workers compensation policies, Mr. Gradowski said. "A third-party deductible is attractive for insureds that are serious about reducing their loss experience," he said. Third-party deductible programs "can be designed and tailored to the specific needs of the insured."

In 1996, USF&G estimated it had about \$2 million a year in uncollected third-party deductibles on a \$600 million book of auto liability and general liability business, Mr. Gradowski said.

"Most of the major property/casualty insurance companies have run into the same problem," he said.

USF&G assigned its claims department to work on the problem, but after learning of JDWarren through word of mouth, the insurer sought the software company's help, Mr. Gradowski said.

"Smaller vendors (like JDWarren) can respond more rapidly to a problem than we can," he said, adding that he knows of no other vendor that specifically handles uncollected third-party deductibles.

Since October 1996, JDWarren has collected about \$250,000 a month for USF&G, Mr. Morris said. Similarly, JDWarren has helped CNA collect several million dollars since 1994, he said.

JDWarren runs claims data from its insurer clients through a software program that flags claims filed under policies that may have deductibles. By mining the data, the software company identifies claims needing further investigation, Mr. Lopes said.

Once uncollected deductibles are discovered, JDWarren's customer service staff members, who are used to solving software problems over the phone, contact the policyholder on behalf of the insurer. It has been very successful so far, according to Mr. Morris. "We've never alienated a customer," he said.

Mr. Gradowski agreed. "The people they (JDWarren) talk to say: 'Gee, I know I owe this money. I just didn't know who or where to pay.'"

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SCUDDER



# Underwriters troubled by managed care practices

By Steven C. Spina

As managed care organizations weave their way into the fabric of our national health care delivery system, they are raising concerns for underwriters.

Primarily as a result of the federal government's failure to find an appropriate balance among quality of care, access to care and controlled costs, managed care organizations have become "de facto health care reform."

Yet managed care systems have produced much controversy over their ability to improve health care delivery. Many say the system has been successful, attributing some of the controversial decisions managed care organizations make in weighing cost vs. care to the industry's "growing pains." Others argue that the health care industry's shift to for-profit from non-profit status is changing the medical community's allegiance from the patient to the stockholder, sacrificing quality of care.

Professional liability underwriters are monitoring the many issues facing managed care organizations and their inevitable effect on liability risks. How these issues play out—particularly vicarious medical professional liability, negative publicity and industry consolidation—will determine how underwriters respond in terms of underwriting philosophy, approach toward coverage and product pricing.

In the past, many underwriters of managed care errors and omissions coverage viewed vicarious liability as something that "just existed" from the potential for managed care organizations to be held liable under the legal theories of ostensible agency or respondeat superior. This is no longer the case, for a number of reasons.

Managed care organizations were thought to be shielded from liability by the Employee Retirement Income Security Act. ERISA's pre-emption clause states that if the complaint "relates to" a benefit plan, the case is automatically pre-empted at the state level, excluding discussion of compensatory and punitive damages.

Recently, courts have more liberally interpreted the "relates to" clause of ERISA with respect to managed care organizations and in a handful of situations have not allowed cases to be pre-empted automatically (BI, July 29, 1996).

Therefore, these cases remained at the state level, where damages are not limited as they are under ERISA. The potential erosion of the ERISA protection for managed care organizations increases the risk of medical professional cases being brought against the managed care organization under the theories of ostensible agency and respondeat superior. This is an issue that has not fully matured but

one that professional liability underwriters are watching very closely.

A companion issue to the potential erosion of ERISA is that utilization review decisions are becoming more closely related to diagnostic medical care and no longer just a purely administrative function. As underwriters, we look for the controls, contract wording and procedures to be in place that limit a managed care organization's liability as "health care provider" during the utilization review process.

However, this is becoming increasingly difficult to do because the power managed care organizations wield in determining payment for care can be viewed as impacting the quality of care a patient receives. The problem is exacerbated when managed care organizations offer bonuses, risk withholdings and other forms of compensation to encourage utilization review decision-makers to control costs. The resulting shift to for-profit status from non-profit means these decision-makers may appear to have a sinister motive for making cost-

containment decisions, thus increasing liability exposure that underwriters must take into account.

Another trend complicating liability underwriting for managed care organizations is the creation and evolution of integrated delivery systems, which function as both a health care provider and a managed care organization—that is, an insurance company, risk taker and administrator of benefit plans.

IDSs are emerging from opposite directions. First is the provider side, which is attempting to com-

pensate for the loss of control and profits to managed care organizations by taking on and managing risk themselves. The second is the insurer side, where large managed care organizations such as Aetna, CIGNA and United HealthCare are creating "super" health care organizations by bringing what they know about utilization and cost to the provider side for greater control and to settle some of their disputes with providers.

The resulting organizations no longer can use the defense that

*Continued on next page*

A company that manages every medical aspect of catastrophic injury from any point in the life of the claim, anywhere in the country. That actually manages cost by ensuring high-quality treatment and uncompromising

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*Continued from previous page*  
they "are not the providers of care, just facilitators," which increases their liability beyond the realm of vicarious liability, as they have actively engaged in the business of providing medical care. This increased liability has a significant impact on pricing, terms and attachment points, closing the gap in pricing between managed care liability vs. medical professional liability.

Large managed care organizations are being aggressively underwritten. More and more, these managed care organizations have components of direct medical professional liability exposure or a much higher level of vicarious lia-

bility risk, which underwriters need to take into account when determining pricing and attachment point.

These organizations are growing rapidly through acquisition and attrition and are just beginning to accumulate the higher level of liability exposure, which has yet to show its face to the underwriters of these organizations. In most cases, not only are these entities being underwritten at a low deductible or self-insured retention, but the retention also is being aggregated.

The historical loss data that gave underwriters a certain comfort level in allowing low deductibles and aggregates now is

useless in predicting future results, because a new organization with new exposures exists.

Undeveloped liabilities are accumulating, most of which are due to the increase in exposure from more significant vicarious liability and the introduction of direct medical professional liability exposure. This, along with the potential erosion of ERISA pre-emption and the prospect that utilization review is starting to be viewed as "diagnosis" as opposed to "administrative," may make the medical professional liability risks inherent in these organizations outweigh the current attachment point and premium levels. Managed care organizations are

undertaking new functions, causing underwriters to rethink their entire approach to assessing risk and developing a premium. Assigning a premium to a certain type of managed care organization simply by virtue of its type no longer works.

For example, underwriters historically have looked at a PPO as being much less of a risk than an HMO. PPOs traditionally did not get involved in capitating providers, conducting prospective or concurrent utilization review, collecting premiums or paying claims, which are all functions HMOs provide.

But now PPOs are taking on a new role as utilization review con-

tractors and claim handlers to varying degrees. Conversely, many managed care organizations are subcontracting functions such as utilization review that they traditionally performed, hiring contractors who may carry their own liability insurance specific to their function. All of this "cross-functioning" has made the underwriter's evaluation of the risk more challenging.

Despite the managed care industry's efforts to monitor enrollee satisfaction and conduct surveys to help enhance the perception of the quality of care they provide, public scrutiny of managed care organization activities is at an all-time high. Numerous stories about HMOs are reported in the media, such as wrongful denial of benefits to an enrollee and discharge orders for new mothers 24 hours after delivery. The increasing public awareness has put pressure on regulators and lawmakers to react, creating new challenges for the underwriter of managed care liability insurance, including:

- The potential for increased claims as enrollees realize they can file grievances under the plan's provisions.
- The potential for managed care organizations to be easier targets for plaintiffs attorneys from negative publicity portraying managed care organizations as the profit-seeking "villain."
- Increased regulation by lawmakers of managed care organizations, already seen with the issues of "managed care organization gag orders," "drive-through" deliveries and copayment cases.
- Liability potential created from more accurately defined protocols, whether they evolve from regulation, accreditation or are self-imposed by managed care organizations.

This last issue is a particular problem, because without these protocols, establishing bad faith on the part of the managed care organization must be egregious to be sufficiently proven. Underwriters need to be concerned that as these industry protocols develop, claim defenses can be weakened by ambiguity of protocol until accepted as a standard for operation and a managed care organization's policies and procedures that differ from established protocols.

Managed care, as well as and the health care industry in general, is experiencing consolidation through mergers, acquisitions and other structural alliances, posing new issues to be addressed by managed care liability underwriters, including:

- Antitrust. Not only do mergers and acquisitions create potential antitrust risk from the perspective of market monopolization, price fixing and restraint of trade, but also in ambiguities between the merging organizations' policies on provider credentialing and peer review. These ambiguities can create liability risk from the perspective of deselection of providers in the credentialing

See **Health** on page 44H

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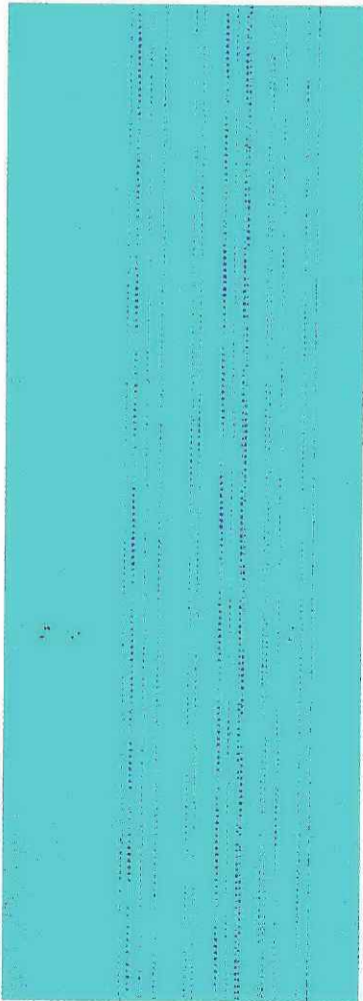
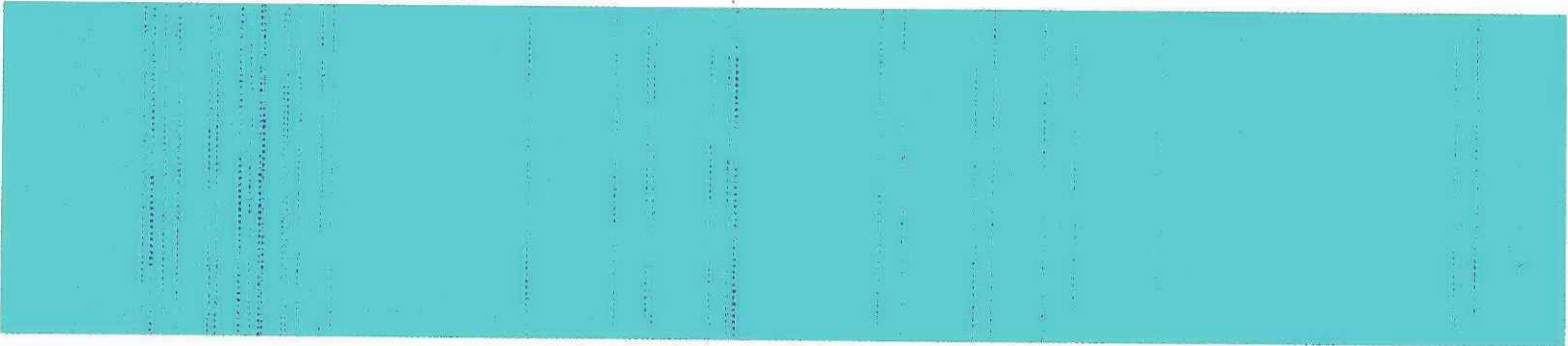
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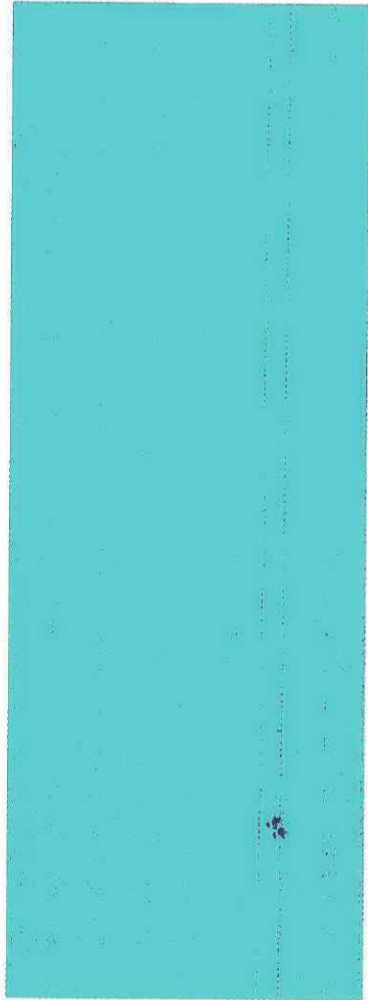
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# Health

Continued from page 44E  
and peer review processes.

- Utilization review and claims handling.

Ambiguity can result from the merging of entities that have differing policies and procedures for handling utilization review or claims. They may, for instance, have different enrollee

plan documents with conflicting definitions.

Any ambiguity, such as in defining "experimental treatment," can be used to sue a managed care organization.

- D&O claims. Consolidation can result in claims against directors and officers in their handling of such transactions.

Publicly traded companies are more susceptible to expensive actions by shareholders than

privately held companies.

As managed care organizations look for an appropriate balance between quality and cost, underwriters will continue to look for the appropriate balance between premium and risk.

By now it has become clear to underwriters of managed care organizations that the historical profitability of managed care organization professional liability insurance no longer can be re-

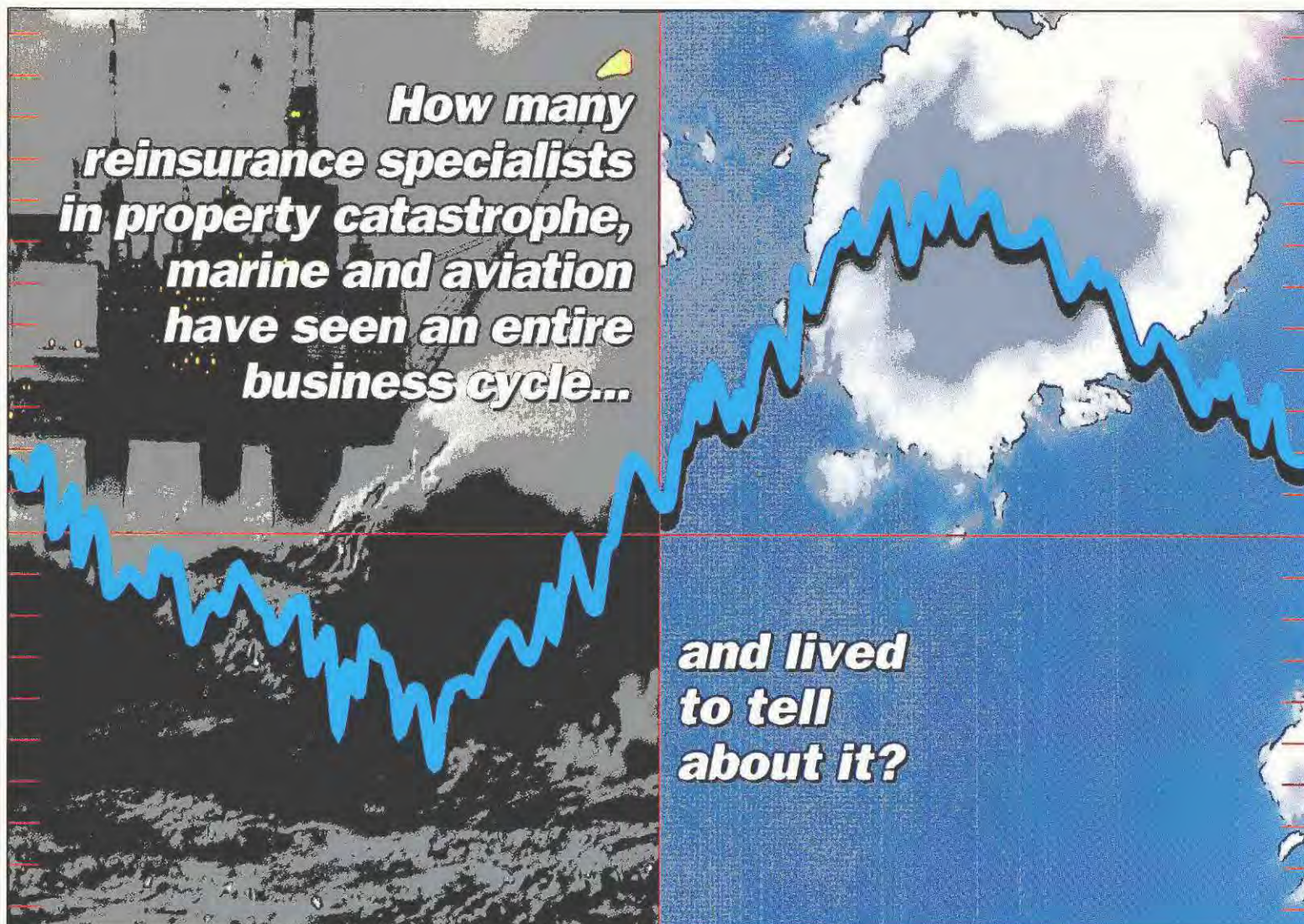
lied on to predict profitability, because the nature of the risk has changed so dramatically in recent years.

But, with their evolution in unprecedented directions and the liability risks associated with them, managed care organizations have made these exciting times for underwriters who have the privilege to work in such a fast-paced and dynamic industry.

Steven C. Spina is assistant vp for Zurich-American Specialties, a unit of Zurich-American



Insurance Group in Schaumburg, Ill. He is responsible for Zurich's health care professional liability underwriting in the Central Region.



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## Agents, brokers urged to help fight mandates

By MARK A. HOFMANN

**I**nsurance agents and brokers have a vital role to play in making sure that insurers and other businesses aren't hampered by government health care mandates.

And new mandates seem certain to arise during the current Congress, agreed participants in a panel discussion of health care reform at the Council of Insurance Agents & Brokers in Washington earlier this month.

For example, legislation has already been introduced that would require that health insurers cover mandatory minimum stays for mastectomy patients, pointed out Stuart J. Brahs, vp-federal government relations in the Principal Financial Group's Washington office.

Mr. Brahs also warned that many other mandates have little health care value but that lawmakers get swept into supporting them.

In addition, the president is attempting to expand children's health care coverage, noted Mr. Brahs. He called doing so "a very nice concept" but added that the concept demonstrates a lack of understanding of the working of health plans.

How do you define a child? he asked rhetorically. Fifteen years? Eighteen years? Twenty-five years?

"Simply tell your congressman, 'No new mandates, period,'" advised Mark Isakowitz, director of government affairs for the National Federation of Independent Business.

Mr. Brahs agreed. He said that an agent knows more about the things he or she does on a daily basis than a congressman does. That puts agents in the role of educators who walk people through their concerns about mandates and other health care issues.

"I want to take a couple of conventional wisdoms and throw them out," said Mr. Isakowitz.

The examples of conventional wisdom he wished to demolish were the notion that health care costs have been licked and that attempts to extend the govern-

See **Health** on page 44I

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# Independent agent's future seen in commercial lines

## Agents expected to remain essential to commercial lines: Conning & Co.

By MICHAEL PRINCE

**I**ndependent insurance agents that specialize in commercial lines will thrive, but those focusing on personal lines may face extinction, a study states.

The study, conducted by Hartford, Conn.-based analysts Conning & Co. from a survey of 85 insurance agencies throughout the country, indicates that while more personal lines insurance will be sold directly to the public, agents' services still will be needed for commercial lines business. The 85 agencies responding to the survey represent "top-notch" firms based on recommendations of agency associations, consulting firms, insurers or Conning's own contact with them.

The number of agencies that derive 85% or more of their revenue from commercial lines will more than double in the next 10 years, the study states.

"Since the services rendered by the independent agent/broker continue to be more valued in the distribution of this more complex business—compared to personal lines—this group continues to control the majority of commercial insurance," the study says.

Commercial agencies' size also benefits them. Bigger agencies have advantages in the future, "because they tend to be the larger, higher-capitalized agencies, they are better positioned to focus on new sales, tend to be more strategically minded and can better utilize technology" than independent agencies dominated by

personal lines.

In contrast, for the past 20 years, agencies' share of the personal lines business has steadily declined. "From a 53% share of personal lines premium in 1972, agency writers controlled only one-third of the market (33.1%) by 1995. Conversely, direct writers now write 66.9% of all personal lines premium, up from 47% in 1972," according to the study, released last month. Surveyed agents expect this decline to continue.

Also, the number of independent agencies depending on personal lines for at least half their revenue is expected to decline. The study estimates the number of such agencies will decline 31% in the next 10 years.

The Internet is one factor contributing to the agents' decline. Although the study states insurance sales through banks or the Internet are a small segment of the property/casualty market, that could change in the future.

"If either distribution channel takes hold, particularly in personal lines, it will have a profound impact on the way independent agents do business," the study states. "We believe the Internet's golden ring in insurance ultimately will be marketing and selling directly to the consumer, particularly in personal lines."

The study projects that by the year 2000, sales of homeowners and auto insurance through the Internet will reach \$2.4 billion in premiums, 2% of the market. Growth is expected because Internet sales will have 23% lower distribution costs compared to

agency writers and 5% savings over direct writers.

The inevitable result of this shift is the elimination of agents for personal lines, with insurers selling directly to customers. "In the long run, I don't see how it will involve the agent," said Nancy Carini, assistant vp at Conning and author of the study. "I don't see what added value the independent agent will have in that electronic process."

Direct response will continue to increase in popularity as its lower costs save policyholders money.

"With a (10 to 15 percentage) point expense advantage over other distribution systems, many insurers are exploring the direct response option," the study states. "As a result, we continue to expect this method of distribution to rise in prominence in the future."

Satisfying their customers' needs compels insurers to direct servicing, Ms. Carini said. "The

young are used to being provided with service quickly and efficiently," she said, as well as being more comfortable with electronic commerce.

"All insurers are looking at their distribution and realize their customers should be driving their means of distribution rather than the agents," she said.

The long-term result of these two trends is an insurance world where commercial insurance is purchased through an agent and personal insurance is purchased directly from insurers, Ms. Carini said. This also will blur the line between insurers historically classified as direct writers or agency writers. In the future insurers will be both, selling commercial lines through agents and personal lines directly.

This highlights another conclusion of the study: insurers are using multiple channels to sell their products.

"Multiple channels of distribution is becoming the norm rather

than an exception," Ms. Carini said. "One insurer is not relying on only one way of distributing its product."

Despite their expected growth, commercially focused independent agencies must evolve to prosper.

"To stay in the game, an agent must take the time to look ahead and assess what the playing field will be like in the 21st century," the study states. "The 85 top-notch agents we surveyed do have a vision of tomorrow, and that vision most definitely involves change."

Of the strategies mentioned by the surveyed agencies to increase sales, targeted marketing was considered the most fruitful. To do this successfully, however, requires close cooperation between the agency and the insurer, something that has eluded most agencies to date. Also, the study states that increased customer service is the best way to retain existing clients and enhance the agency's reputation.

One weakness the survey noted with agencies in general is poor training of the sales force.

Those that make the necessary changes will be positioned to succeed like successful direct response writers of personal lines.

"By strengthening their marketing awareness—reputation in the community—and emphasizing excellent customer service, these top-notch agencies are managing their books of business much like direct response writers, whose primary strategies for top performance come from the economic advantages of both strong brand identity and increased retention," the study states.

*Copies of the study are available for \$495 from Conning & Co., City-Place II, 185 Asylum St., Hartford, Conn. 06103; 860-520-1521.*

## Trends in distribution

- ◆ More insurers using agents are entering direct-response markets.
- ◆ Insurers with exclusive agents turning to independent agents.
- ◆ Independent agencies are becoming exclusive marketers for insurers.
- ◆ Insurers and agents exploring sales via Internet.
- ◆ Banks partnering with both insurers and agents.

Source: Conning & Co.

## Zurich American tackles computer disposal

By H. LEE MURPHY

Crain News Service

**F**or decades, Zurich-American Insurance Group has replaced old computers by buying new ones.

But the insurer recently introduced a new program to lease desktop computers for its 1,200 employees. One big reason for the switch: Zurich doesn't want to be stuck with finding a home for old machines.

"We do worry about disposing of our older computers," admits Edward Vesper, a senior consultant who oversees Zurich's equipment buying and trading. "It seems like it's getting harder and harder to find people who want them. And we don't have room to store them."

Indeed, technological advances have encouraged corporate personal computer users such as Schaumburg, Ill.-based

Zurich to upgrade hardware more often. At one time, older machines typically were recycled to staffers who were computer neophytes or to "light" users who spent most of their days pushing a pencil. Now, however, virtually every office worker is computer-literate, and each wants to run the latest Windows software on blazing-fast equipment.

Schools and low-budget non-profit organizations no longer are the dumping grounds they once were, either.

"Most high schools today are running very sophisticated computer labs," says Robert Keizer, a senior financial planner at Lucent Technologies Inc. in Lisle, Ill., who buys and sells computers for 9,000 employees in the Chicago area. "They don't want our old 386 machines at all."

Fortunately, the market for used computers hasn't run dry. A few resellers around Chicago still will pay for personal computers

that aren't too antiquated. Meantime, a growing network of salvagers has cropped up to take unwanted equipment and recycle its component parts.

Recycling is critical, in fact, for certain materials in a computer—such as beryllium in color monitor tubes—that are deemed hazardous waste by the Environmental Protection Agency and thus not fit for an ordinary landfill. A corporation like an insurance company, with 1,000 surplus computers, for example, has serious disposal concerns.

"The EPA has found computers sitting in garbage dumps, copied the serial numbers and gone back to the manufacturer to find out who they were sold to," says Michael Rushakoff, president of Oxford Metals Inc. in Chicago, a leading salvage firm. "Once they find out who the owner was, they fine them. The bigger the company, the bigger the fine."

What are the guidelines for disposal? Roughly this: There is vir-

tually no reuse market for old IBM XTs and 286s. There is only marginal demand today for 386s that were mainstays in many offices as recently as 1993. More and more companies are switching to the latest Microsoft operating systems—either Windows 95 or Windows NT—that require plenty of hard-drive speed and memory to work properly.

Chicago Computer Exchange, a storefront operation in Chicago's Hyde Park neighborhood, maintains an inventory of 1980s-era computers and monitors, but co-owner Paul Erling acknowledges that demand for such equipment is drying up. "There are still people out there using old XTs, and therefore we keep some old boxes around so they will have extra parts if they need them," he says. "But the problem is when these old machines break down, there aren't many people around who know how to fix them. And you can't buy the older software that runs

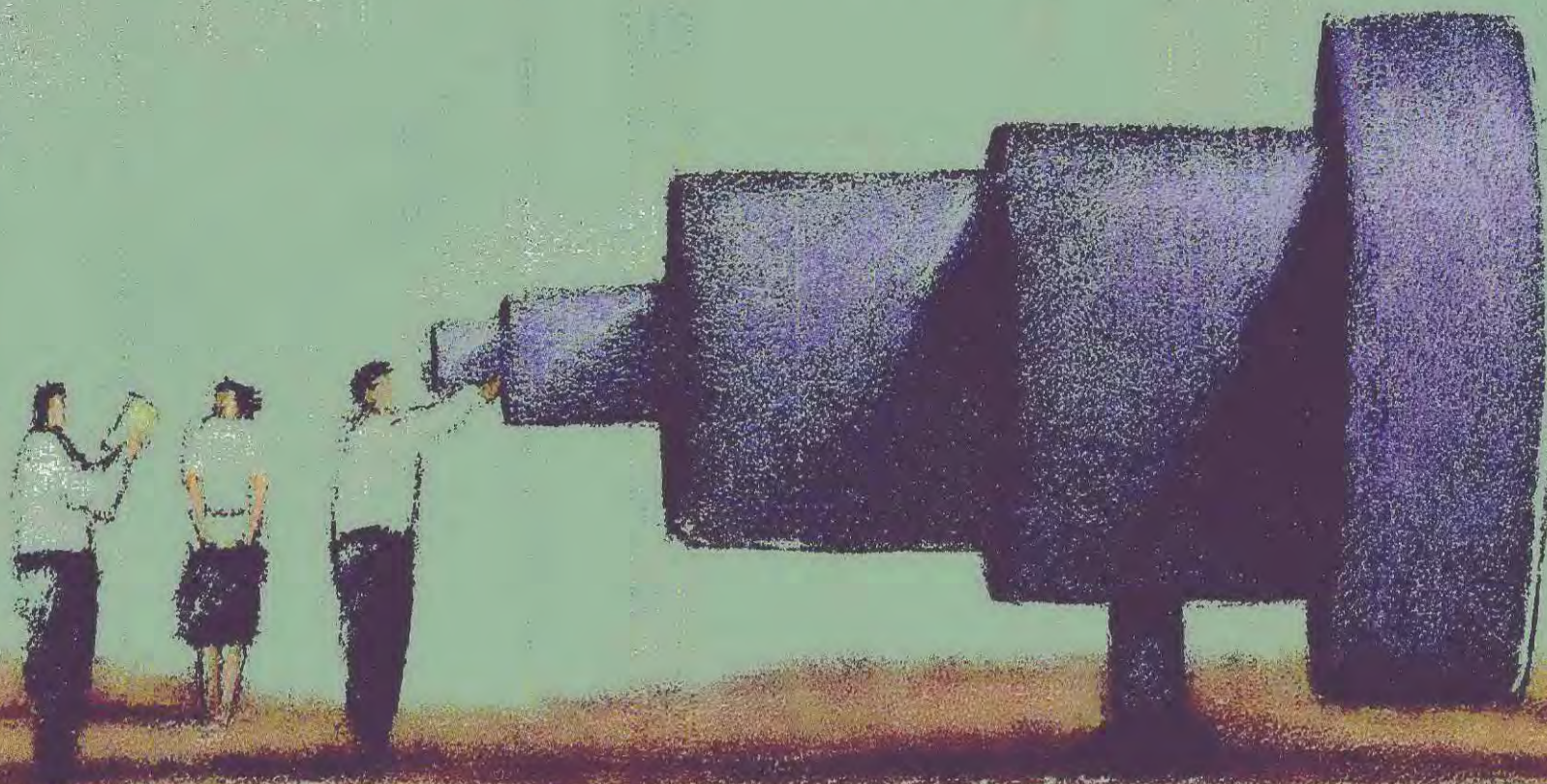
on them anywhere. On a 10-year-old machine, if something isn't working right, it's not as though you can call a Microsoft 800 number for help."

The maintenance hassles are one reason why non-profits have quit accepting older computers. "They've found that too many of the machines donated to them don't work anymore," Mr. Erling says. "The problem is that too many companies put their old computers in storage for a couple of years before donating them. If they'd recycle them right away to other users, they'd find more interest."

Ironically, even if the oldest computers have no value on the resale market, they actually are of some value to scrap dealers. Early generations of IBM-compatibles had more gold, aluminum and other precious metals in their connectors that current models. Manufacturers have since figured out ways to make computers with far less valuable raw material.

Another paradox: The cheaper  
See **Computers** on page 44L

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May 5	Benefits: Pensions/Retirement Plans <sup>RS</sup> <i>Directory: 401(k) Plan Administrators</i>	ABT Agency/Insurer Relations	Apr 23
May 12			Apr 30
May 19	Government Risk Management <sup>RS</sup> <i>Directory: Alternative Risk Financing Facilities Distribution: AAMGA; NAIB; PRIMA</i>	IT Information Technology	May 7
May 26			May 14
Jun 2	PRIMA Report	ABT Automation	May 20
Jun 9	Specialty Risks: Environmental & Professional <sup>RS</sup> <i>Directory: Environmental Risk Management Consultants Distribution: NAIC</i>		May 28
Jun 16			
Jun 23	Benefits: Balancing Work & Family <sup>RS,SS</sup> <i>Directory: EAPs &amp; Dependent Care Resources &amp; Referral Services Distribution: AAHP; SHRM</i>	IT Reinsurance Recoveries	Jun 4
Jun 30			Jun 11
			Jun 13

RS: Reader Service, SS: Starch Study

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**Chicago:** 740 N. Rush Street, IL 60611-2590 ■ Tel: 312-649-5276 ■ Fax: 312-649-7799  
**Los Angeles:** 6500 Wilshire Blvd., CA 90048-4947 ■ Tel: 213-651-3710 ■ Fax: 213-655-8157  
**Circulation:** 965 E. Jefferson Ave., Detroit, MI 48207 ■ Tel: 800-678-9595 ■ Fax: 313-446-6777

**Insurer Topics**

# Computers

*Continued from page 44J*

clones of yesteryear also hold more value than such brand names as IBM and Compaq. The latter were produced in an integrated fashion. Their components resist separation and adaptation to other systems today.

Computer Recyclers Inc. in Elmhurst, Ill., won't take old Apples—"They won't run any of the new software," says Gene Tauber, general manager—but it does accept 386 machines. A 386DX running at 40 megahertz with 4 megabytes of RAM and a 100-megabyte hard drive will run Windows 3.1 software adequately. The company will pay \$175 to \$200 for a machine, spend four hours reconditioning it and then resell it with a monitor for about \$400.

Older personal computers are another matter. Until last year, Hobi International Inc. in West Chicago, Ill., picked up 286 computers free for disposal. This year, however, Hobi is charging clients \$15 per machine.

"It's a cumbersome process to disassemble them," says Cathy Hill,

president of Hobi. "We send the monitors to Canada, where a company takes the lead out of the glass and recycles the material. Circuit boards from the 1970s had so many metals that we could get \$16 a pound for them from scrap dealers. For boards made in the '90s, we get more like 16 cents a pound."

Some companies have initiated employee sales programs, offering surplus computers to workers who once used them at their desks. It's a good idea that hasn't worked well in practice, experts say. The machines are sold without warranties, and rancor often develops once the machines break down at home, which they inevitably do.

Elementary schools are another outlet. Lucent, for instance, donates computers to institutions where employees are active on PTAs or school boards. Again, the problem is reliability. Few schools have any expertise to fix or recondition old machines that nobody else wants.

"The problem is that new computers are so cheap to buy today," said Lucent's Mr. Keizer. "People want the latest, and they're willing to forget all about the old stuff they once depended on." **BI**

# Mandates

*Continued from page 44H*

ment's role in health care issues have been beaten back.

Regarding the first piece of convention wisdom, Mr. Isakowitz said that recent a survey of NFIB members showed that the cost of health insurance is their number one concern, even more than tax issues. He said that the recent survey by A. Foster Higgins & Co. Inc., showing that employers' health care costs were rising relatively modestly was flawed in its methodology because it defined small businesses as those with 10 to 500 employees (*BI*, Jan. 20). NFIB members have an average of 5 employees, and therefore weren't part of the survey, he said.

To remedy the situation, Mr. Isakowitz urged that small businesses be allowed to set up buying groups that would be exempt from mandated benefits. Large businesses with plans governed by the federal Employee Retirement Income Security Act enjoy immunity from state mandates,

he said. That allows larger employers to take advantage of the savings available through managed care without having to deal with state curbs on managed care, he said. All employer plans should be regulated the same way, said Mr. Isakowitz.

He then dealt with the second

**'We don't want the government to run health care,' yet mandates increase the government role, says Mark Isakowitz.**

piece of conventional wisdom he wished to demolish, the notion that the government role in health care issues had been beaten back. "We don't want the government to run health care," yet mandates increase the government role, he said. The states alone collectively impose more than 1,000 mandates, he said.

Mr. Isakowitz urged his audience to make their opposition to an expanded government health care role known. **BI**

"If you don't like this, don't ask your congressman to oppose this if you are not willing to speak out against this yourself," he warned.

Mr. Brahs had another warning for his audience. "There is a movement undermining employer-provided benefits" on Capitol Hill, he said.

This could be manifested through tax policy as lawmakers examine the tax breaks employers receive for providing health care and other benefits, he said. Many members of Congress have indicated that they believe individuals should be more responsible for their own health care and retirement, through vehicles such as tax-favored medical savings accounts and individual retirement accounts, he pointed out.

"I think members of Congress are saying: 'Hold on here. What are we, the government, getting out of this? Should we continue to provide tax incentives on the same basis?'"

Matthew J. Dolan, a partner in the Washington office of the law firm Baker & Hostetler, moderated the session. **BI**

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### Issue of February 17

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103	The Wheatley Group.....	44B

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  - H  Ins/Reins Co
  - I  Consultant
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  - L  TPA
  - M  Health care
  - N  Other
- Number of employees:
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  - 2  151 - 499
  - 3  500 - 999
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106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
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## IT Briefs

### Ethics awareness

MALVERN, Pa.—Life and property/casualty insurers, trade groups and professional associations once again will commemorate March as Ethics Awareness Month.

Ethics Awareness Month is designed to promote awareness of ethics issues affecting the insurance industry as a whole. Participants from 270 insurance companies, professional societies and associations in the insurance and financial service industry are expected to be involved in the educational effort.

Many insurers have planned activities such as reaffirming their commitment to a code of ethics and publishing ethics-related articles in employee publications and training guides for Ethics Awareness Month.

The American Institute for CPCU, the CPCU Society, The American College and the American Society of CLU & ChFC are sponsoring the event. Many CPCU and CLU/ChFC chapters will host ethics programs with speakers and panel discussions.

For more information on the program, contact Karen Burger, 720 Providence Road, Malvern, Pa. 19355-0716; 610-644-2100, ext. 7805; fax: 610-644-7629; e-mail: burgerk@cpcuiiia.org.

## Environmental cover

Almost 70% of contractors do not have environmental liability insurance coverage, according to a recent survey by an environmental insurance services provider.

The survey also showed almost 40% of contractors do not know their general liability policies contain pollution exclusions.

Of about 60% of contractors who are aware of the exclusion, only 31% buy pollution policies, according to the survey commissioned by Exton, Pa.-based ECS Underwriting, which provides environmental insurance services.

The most common reason contractors gave for not carrying pollution insurance was their belief that the construction work they performed had no environmental exposures, said Mark Elgin, a senior underwriter at ECS. Cost and a lack of understanding and availability of coverages also were cited.

Mr. Elgin talked about the findings at a recent Construction Financial Management Assn. meeting.

The survey, conducted in October 1996, asked about 250 contractors about their awareness and use of pollution insurance, ECS said.



For more information, contact Christine Weirsky, 609-895-0200, ext. 414.

## Errors & omissions

An article in the Jan. 20 *Insurer Topics* incorrectly stated that Thomas S. Carpenter is the former president of American International South Insurance Co. Mr. Carpenter is the current president of the New York-based insurer, which is a unit of American International Group Inc. In addition, Mr. Carpenter was a field office manager for 32 years with Aetna Life & Casualty Co. of Hartford, Conn.



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Continued from page 44

**Parent:** Jones & Hawkins Insurance.  
**Service area:** Nationwide.  
**Charges:** Administration: \$9 to \$15 PEPM.  
**PPO access.**  
**Officers:** Terrell V. Hawkins, president; Michael McClain, senior vp; Charles Honeywell, executive vp; Ronnie S. Brown, vp; Bonnie Hiller-Spearman, claims manager.  
**Contact:** Ronnie S. Brown.



**TBG/USA Inc.**  
 P.O. Box 719, Union, N.J. 02083;  
 908-352-3456; fax: 908-354-0664

<b>1996 revenues</b>	
Total	\$1,000,000
Claims revenue	\$1,000,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	5%
Flexible benefits	10%
Health insurance	85%
Employees covered	10,000
Dependents covered	23,000

<b>Clients</b>	
Total	28
Corporations	25
Multiemployer plans	3
<b>Staff</b>	
Total	20
Claims services	15
<b>Claims services since:</b> 1983.	
<b>Service area:</b> Nationwide.	
<b>PPO access.</b>	
<b>Officers:</b> Neil Shapiro, president; Alan Gittlin, executive vp; Jay Force, secretary/treasurer.	
<b>Contact:</b> Alan Gittlin.	

**Tedro and Associates Inc.**  
 2160 S. Foster Ave., Wheeling, Ill. 60090;  
 847-577-8828; fax: 847-577-8869

<b>1996 revenues</b>	
Total	\$3,200,000
Claims revenue	\$1,800,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	5%
Health insurance	95%
<b>Claims business by volume</b>	
Administration claims paid	\$32,000,000

<b>Clients</b>	
Total	36
Corporations	12
Multiemployer plans	22
Union-sponsored plans	2
<b>Staff</b>	
Total	65
Claims services	50
<b>Claims services since:</b> 1980.	
<b>Service area:</b> East, Midwest.	
<b>Charges:</b> Administration: \$8 to \$9.50 PEPM.	
<b>Branch offices:</b> Administrative and sales offices in Washington; Milwaukee.	
<b>Officers:</b> Gerald A. Mele, president/CEO; Robert C. Calamari, executive vp; Patricia Ann Mele, vp.	
<b>Contact:</b> Gerald A. Mele.	

**Three Rivers Benefit Corp.**  
 518 Eighth St., Suite E, Sioux City, Iowa  
 51101; 712-258-1525; fax: 712-255-3521

<b>1996 revenues</b>	
Total	\$840,000
Claims revenue	\$800,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	2%
Flexible benefits	3%
Health insurance	95%
Employees covered	3,500

<b>Claims business by volume</b>	
Administration claims paid	\$4,000,000
<b>Clients</b>	
Total	50
Corporations	50
<b>Staff</b>	
Total	12
<b>Claims services since:</b> 1974.	
<b>Service area:</b> Midwest.	
<b>Charges:</b> Administration: \$7 to \$10 PEPM.	
<b>PPO access.</b>	
<b>Contact:</b> Peter Benson, president.	

**Total Plan Administrators Inc.**  
 3 Penn Plaza E., PP-06T,  
 Newark, N.J. 07105-2200;  
 201-466-4696; fax: 201-466-4715

<b>1996 revenues</b>	
Total	\$3,800,000
Claims revenue	\$3,800,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	99%
Employees covered	35,000
Dependents covered	50,000
Other	1%

<b>Claims business by volume</b>	
Administration claims paid	\$50,000,000
<b>Clients</b>	
Total	34
Association plans	1
Corporations	22
Multiemployer plans	2
Public/government entities	3
Union-sponsored plans	1
<b>Staff</b>	
Total	32
Claims services	32
<b>Claims services since:</b> 1988.	
<b>Parent:</b> Blue Cross Blue Shield of New Jersey Inc.	
<b>Service area:</b> New Jersey, New York, Pennsylvania.	
<b>Charges:</b> Administration: \$7 to \$10 PEPM and/or transaction.	
<b>Officers:</b> Robert A. Marino, president/CEO; William J. Hussey, executive director; Robert Miller, manager-operations; Yvonne Golden, manager-operations.	
<b>Contact:</b> William J. Hussey, 201-466-4591.	

**Tucker & Clark Administrators Inc.**  
 5757 Alpha Road, Suite 300, Dallas,  
 Texas 75240; 972-392-2930;  
 fax: 972-490-6347

<b>1996 revenues</b>	
Total	\$4,171,721
Claims revenue	\$3,219,338
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	100%
Employees covered	12,000
Dependents covered	18,000
<b>Claims business by volume</b>	
Administration claims paid	\$42,000,000
<b>Clients</b>	
Total	65
Corporations	65
<b>Staff</b>	
Total	52
Claims services	40
<b>Claims services since:</b> 1983.	
<b>Parent:</b> Tucker & Clark Inc.	
<b>Service area:</b> Southwest.	
<b>Charges:</b> Administration: \$8 to \$15 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> John Clark, president/CEO; Clyde New, vp-operations.	
<b>Contact:</b> John Clark.	

<b>1996 revenues</b>	
Total	\$41,300,000
Claims revenue	\$32,100,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	0.5%
Flexible benefits	2%
Health insurance	95%
Employees covered	314,500
Dependents covered	346,000
Other	2.5%
<b>Claims business by volume</b>	
Administration claims paid	\$1,200,000,000
<b>Clients</b>	
Total	574
<b>Staff</b>	
Total	587
Claims services	376
<b>Claims services since:</b> 1985.	
<b>Parent:</b> United HealthCare Corp.	
<b>Service area:</b> Nationwide.	
<b>Branch offices:</b> Administrative offices in Phoenix; North Haven, Conn.; Marietta, Ga.; Rockford, Ill.; Minneapolis; Blue Bell, Pa.; Brentwood, Tenn.; North Arlington, Texas; Seattle. Sales offices in Los Angeles and Walnut Creek, Calif.; Englewood, Colo.; Mailland and Tampa, Fla.; Naperville and Schaumburg, Ill.; Columbia, Md.; Boston; Shrewsbury, N.J.; Port Chester, N.Y.; Charlotte, N.C.; Loveland, Ohio.	
<b>PPO access.</b>	
<b>Officers:</b> Rob Brook, president/CEO; Andy Thompson, Mark Davis, senior vps; Jon Gruenhagen, CFO; Ron Nadeau, chief information officer.	
<b>Contact:</b> Rick Newell, 612-945-8134.	

**United HealthCare Administrators Inc. (The TPA)**  
 5995 Opus Parkway, Suite S201,  
 Minnetonka, Minn. 55343; 612-945-8506;  
 fax: 612-945-8501

<b>1996 revenues</b>	
Total	\$14,331,149
Claims revenue	\$14,331,149
Claims administration	100%
<b>Claims business by type</b>	
Flexible benefits	5%
Health insurance	95%
Employees covered	94,684
Dependents covered	142,026
<b>Claims business by volume</b>	
Administration claims paid	\$24,507,986

**United Medical Resources Inc.**  
 2343 Auburn Ave., Cincinnati, Ohio 45219;  
 513-651-3737; fax: 513-651-4356

<b>1996 revenues</b>	
Total	\$14,331,149
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Feb 19	Utilization Review Providers & Case Managers
Mar 4	Risk Management Consultants
Mar 18	Benefit Information & Claims Systems
Apr 22	Captive Managers
May 20	401(k) Plan Administrators
Jun 3	Alternative Risk Financing Facilities
Jun 24	EAPs & Dependent Care Resources and Referral Services
Jul 22	Agents & Brokers
Aug 5	Prescription Benefit Managers
Aug 19	Property Loss Control Consultants
Sep 2	Leading Reinsurers Worldwide
Sep 16	Surplus Lines Insurers & Wholesalers
Oct 14	Reinsurance Brokers
Oct 28	Benefit Communication Systems
Nov 4	Safety Consultants & Rehabilitation Services
Nov 11	Environmental Risk Management Consultants
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### 1997 DIRECTORIES

Issue Date	Directory
Feb 3	Utilization Review Providers & Case Managers
Feb 17	Third-Party Administrators
Mar 3	Benefit Information & Claims Systems
Mar 17	Risk Management Consultants
Apr 14	Captive Managers
May 5	401(k) Plan Administrators
May 19	Alternative Risk Financing Facilities
Jun 9	Environmental Risk Management Consultants
Jun 23	EAPs & Dependent Care Resources and Referral Services
Jul 21	Agents & Brokers
Aug 4	Prescription Benefit Managers
Aug 18	Property Loss Control Consultants
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**Business  
Insurance**  
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Continued from page 46

<b>Clients</b>	
Total	259
Corporations	247
Public/government entities	12
<b>Staff</b>	
Total	250
Claims services	101
<b>Claims services since: 1983.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$9 to \$14 PEPM.	
<b>Branch offices:</b> Administrative offices in Newport, Ky.; Springdale, Ohio.	
<b>PPO access.</b>	
<b>Officers:</b> Victoria B. Buyniski, president/CEO; Julie D. Mueller, vp-sales/marketing; Evie Hensley, vp-operations; Anne Rogers, vp-operations; Jen C. Cooper, vp-national accounts.	
<b>Contact:</b> Julie D. Mueller, 800-346-4100.	

<b>V</b>	
<b>VPA Inc.</b>	
23622 Calabasas Road, Suite 250, P.O. Box 9830, Calabasas, Calif. 91372-0830; 818-591-9444; fax: 818-591-9647	

<b>1996 revenues</b>	
Total	\$7,500,000
Claims revenue	\$7,500,000
Claims administration	99%
Claims auditing	1%
<b>Claims business by type</b>	
Disability	100%
<b>Claims business by volume</b>	
Administration claims paid	\$91,300,000
<b>Clients</b>	
Total	204
Corporations	202
Public/government entities	2
<b>Staff</b>	
Total	107
Claims services	75
<b>Claims services since: 1979.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$100 to \$350 per claim.	
<b>Officers:</b> Jack Bredehorn, president; Ronald Johnson, vp-national account marketing; Barbara Ann Walkden, vp-claims operations; John Gemert, vp-finance/administration; Jeff Bredehorn, vp-information systems.	
<b>Contact:</b> Bob Trotta.	

# Directory of P/C administrators



**ASU Risk Management Services Ltd.**  
2120 University Park Drive,  
P.O. Box 77, Okemos, Mich. 48805-0077;  
517-349-6700; fax: 517-349-9063

<b>1996 revenues</b>	
Total	\$4,500,000
Claims revenue	\$4,000,000
Claims administration	70%
Claims adjusting	25%
Claims auditing	5%
<b>Claims business by type</b>	
Automobile	10%
General liability	20%
Workers compensation	65%
Other	5%
<b>Clients</b>	
Total	235
Association plans	5
Corporations	200
Public/government entities	30
<b>Staff</b>	
Total	100
Claims services	80
<b>Claims services since: 1952.</b>	
<b>Parent:</b> ASU Group.	
<b>Service area:</b> Nationwide.	
<b>Branch offices:</b> Administrative offices in Indianapolis; Grand Rapids and Livonia, Mich.; Edina, Minn.	
<b>Subsidiaries:</b> Adjusting Services Unlimited Inc., Recovery Unlimited Inc.	
<b>PPO access.</b>	
<b>Officers:</b> Larry Musser, chairperson; April Zelinski, president; Anne Staples, executive vp; Robert E. Showers, secretary; Michael Wood, treasurer.	
<b>Contact:</b> Robert E. Showers.	

<b>1996 revenues</b>	
Total	\$1,750,000
Claims revenue	\$937,000
Claims administration	62%
Claims adjusting	37%
Claims auditing	1%
<b>Claims business by type</b>	
Automobile	18%
General liability	50%
Property damage	9%
Workers compensation	23%
<b>Claims business by volume</b>	
Administration claims paid	\$8,763,000

**AEGIS Claims Management Services**  
7 Penn Center, 1635 Market St.,  
10th Floor, Philadelphia, Pa. 19103;  
888-850-2267; fax: 215-563-1100

<b>1996 revenues</b>	
Total	\$1,256
Claims revenue	\$935
Claims administration	63%
Claims adjusting	25%
Claims auditing	12%
<b>Claims business by type</b>	
General liability	1%
Professional liability	10%
Workers compensation	89%
<b>Claims business by volume</b>	
Administration claims paid	\$57,300,000
Auditing-projects conducted	5C
<b>Clients</b>	
Total	30
<b>Staff</b>	
Total	261
Claims services	250
<b>Claims services since: 1980.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Adjusting/auditing: \$140 to \$165 per hour.	
<b>Branch offices:</b> Administrative offices in Davis, Los Angeles, Oakland, Orange, Rancho Cordova, Sacramento, San Diego, San Francisco, Stockton and Ventura, Calif. Consulting offices in Oakland and Palm Springs, Calif.; El Paso and Dallas, Texas.	
<b>PPO access.</b>	
<b>Officers:</b> Irvin D. Nicholas, president/CEO; William Handley, Larry Dean, Jay Ayala, Dan Nicholson, senior vps.	
<b>Contact:</b> Peggy Eller.	

**Alexis Inc.**  
17187 N. Laurel Park Drive, Suite 423,  
Livonia, Mich. 48152; 313-953-4400;  
fax: 313-953-4515

<b>1996 revenues</b>	
Total	\$30,200,000
Claims revenue	\$86,900,000
Claims administration	100%
<b>Claims business by type</b>	
Automobile	4%
General liability	8%
Property damage	1%
Workers compensation	87%
<b>Claims business by volume</b>	
Administration claims paid	\$900,000,000
<b>Clients</b>	
Total	1,222
Association plans	19
Corporations	846
Public/government entities	357
<b>Staff</b>	
Total	1,256
Claims services	935
<b>Claims services since: 1932.</b>	
<b>Parent:</b> Continental Casualty Co.	
<b>Service area:</b> Nationwide.	
<b>Branch offices:</b> Administrative offices in 45 locations nationwide. Sales offices in 26 locations nationwide.	
<b>Subsidiaries:</b> Alexis Risk Management Services Inc.	
<b>PPO access.</b>	
<b>Officers:</b> Thomas E. Donnelly, CEO; Clyde K. Hensley, president/COO; William C. Wallace, senior vp/CFO; Matthew J. Syrek, senior vp/director-operations; Sally K. Kaled, senior vp/national sales director.	
<b>Contact:</b> Sally K. Kaled.	

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

<b>1996 revenues</b>	
Total	\$29,000,000
Claims revenue	\$26,700,000
Claims administration	63%
Claims adjusting	25%
Claims auditing	12%
<b>Claims business by type</b>	
General liability	1%
Professional liability	10%
Workers compensation	89%
<b>Claims business by volume</b>	
Administration claims paid	\$57,300,000
Auditing-projects conducted	5C
<b>Clients</b>	
Total	30
<b>Staff</b>	
Total	261
Claims services	250
<b>Claims services since: 1980.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Adjusting/auditing: \$140 to \$165 per hour.	
<b>Branch offices:</b> Administrative offices in Davis, Los Angeles, Oakland, Orange, Rancho Cordova, Sacramento, San Diego, San Francisco, Stockton and Ventura, Calif. Consulting offices in Oakland and Palm Springs, Calif.; El Paso and Dallas, Texas.	
<b>PPO access.</b>	
<b>Officers:</b> Irvin D. Nicholas, president/CEO; William Handley, Larry Dean, Jay Ayala, Dan Nicholson, senior vps.	
<b>Contact:</b> Peggy Eller.	

**Applied Risk Management**  
2101 Webster St., Suite 900, Oakland,  
Calif. 94612; 510-452-9300;  
fax: 510-452-1479

<b>1996 revenues</b>	
Total	\$29,000,000
Claims revenue	\$26,700,000
Claims administration	63%
Claims adjusting	25%
Claims auditing	12%
<b>Claims business by type</b>	
General liability	1%
Professional liability	10%
Workers compensation	89%
<b>Claims business by volume</b>	
Administration claims paid	\$57,300,000
Auditing-projects conducted	5C
<b>Clients</b>	
Total	30
<b>Staff</b>	
Total	261
Claims services	250
<b>Claims services since: 1980.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Adjusting/auditing: \$140 to \$165 per hour.	
<b>Branch offices:</b> Administrative offices in Davis, Los Angeles, Oakland, Orange, Rancho Cordova, Sacramento, San Diego, San Francisco, Stockton and Ventura, Calif. Consulting offices in Oakland and Palm Springs, Calif.; El Paso and Dallas, Texas.	
<b>PPO access.</b>	
<b>Officers:</b> Irvin D. Nicholas, president/CEO; William Handley, Larry Dean, Jay Ayala, Dan Nicholson, senior vps.	
<b>Contact:</b> Peggy Eller.	

**Applied Risk Management**  
2101 Webster St., Suite 900, Oakland,  
Calif. 94612; 510-452-9300;  
fax: 510-452-1479

<b>1996 revenues</b>	
Total	\$29,000,000
Claims revenue	\$26,700,000
Claims administration	63%
Claims adjusting	25%
Claims auditing	12%
<b>Claims business by type</b>	
General liability	1%
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<b>Claims business by volume</b>	
Administration claims paid	\$57,300,000
Auditing-projects conducted	5C
<b>Clients</b>	
Total	30
<b>Staff</b>	
Total	261
Claims services	250
<b>Claims services since: 1980.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Adjusting/auditing: \$140 to \$165 per hour.	
<b>Branch offices:</b> Administrative offices in Davis, Los Angeles, Oakland, Orange, Rancho Cordova, Sacramento, San Diego, San Francisco, Stockton and Ventura, Calif. Consulting offices in Oakland and Palm Springs, Calif.; El Paso and Dallas, Texas.	
<b>PPO access.</b>	
<b>Officers:</b> Irvin D. Nicholas, president/CEO; William Handley, Larry Dean, Jay Ayala, Dan Nicholson, senior vps.	
<b>Contact:</b> Peggy Eller.	

Continued on next page

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Continued from previous page



**Berkley Administrators**

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

<b>1996 revenues</b>	
Total	\$19,000,000
Claims revenue	\$13,600,000
Claims administration	100%
<b>Claims business by type</b>	
Automobile	2%
General liability	2%
Property damage	2%
Workers compensation	93%
Other	1%
<b>Clients</b>	
Total	1,494
Association plans	202
Corporations	95
Public/government entities	1,197
<b>Staff</b>	
Total	303
Claims services	73

**Claims services since:** 1979.  
**Parent:** W.R. Berkley Corp.  
**Service area:** Arkansas, Colorado, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Washington, Wisconsin.  
**Branch offices:** Administrative offices in Pierre, S.D.; Seattle.  
**Officers:** Stephen P. Letak, president; Gregory L. Bickle, vp-field operations; Ronald Johnson, vp-sales/marketing; Gregg A. Murray, vp-client services.  
**Contact:** Ronald Johnson.

**Berkley Risk Services Inc./ Allied Adjusters Inc.**

920 Second Ave. S., Suite 700, Minneapolis, Minn. 55402-4023; 612-376-4200; fax: 612-376-4299

<b>1996 revenues</b>	
Total	\$5,500,000
Claims revenue	\$2,900,000
Claims administration	53%
Claims adjusting	46%
Claims auditing	1%
<b>Claims business by type</b>	
Automobile	25%
Bonds	1%
General liability	37%
Inland marine	5%
Professional liability	5%
Property damage	15%
Workers compensation	12%
<b>Claims business by volume</b>	
Auditing projects conducted	25
<b>Clients</b>	
Total	1,180
Association plans	5
Corporations	20
Multiemployer plans	5
Public/government entities	1,150
<b>Staff</b>	
Total	79
Claims services	35

**Claims services since:** 1973.  
**Parent:** W.R. Berkley Corp.  
**Service area:** Nationwide; claims adjusting in Minnesota, North Dakota, South Dakota and Wisconsin.  
**Charges:** Adjusting: \$40 to \$75 per hour. Auditing: \$75 to \$115 per hour.  
**Branch offices:** Administrative and sales offices in Phoenix; Denver; Atlanta; 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.  
**Subsidiaries:** Arizona All Claims Inc., Phoenix and Tucson, Ariz.; Berkley Risk Managers, Mays Landing and Somerset, N.J.; Southwest Risk Services Inc., Phoenix.  
**Officers:** Berkley Risk Services Inc.: Lou Golinvaux, chairman; Mark Tansey, president; Leland Johnson, Ken Hopkins, senior vps. Allied Adjusters Inc.: Peter Huber, president; Jeff Wanat, vp.  
**Contact:** Leland P. Johnson.

**BORDEL Corp.**

470 W. Main St., Cheshire, Conn. 06410; 203-250-8825; fax: 203-250-8841

<b>1996 revenues</b>	
Total	\$750,000
Claims revenue	\$600,000
Claims administration	96%
Claims adjusting	2%
Claims auditing	2%
<b>Claims business by type</b>	
Automobile	40%
General liability	15%
Professional liability	5%
Workers compensation	40%
<b>Claims business by volume</b>	
Administration claims paid	\$6,200,000
Auditing projects conducted	12
<b>Clients</b>	
Total	38
Corporations	32
Public/government entities	3
Other	3
<b>Staff</b>	
Total	13
Claims services	13

**Claims services since:** 1991.  
**Service area:** Nationwide.  
**Officers:** Boris Biloskirka, president/CEO; Debra Biloskirka, vp-administration; Betty Slowther, vp/claim manager.  
**Contact:** Boris Biloskirka.

**Gregory B. Bragg & Associates Inc.**

1 Sierra Gate Plaza, Suite 250B, Roseville, Calif. 95678; 916-783-0100; fax: 916-783-0338

<b>1996 revenues</b>	
Total	\$4,400,000
Claims revenue	\$3,600,000
Claims administration	92%
Claims adjusting	7%
Claims auditing	1%
<b>Claims business by type</b>	
Automobile	10%
General liability	30%
Professional liability	2%
Property damage	3%
Workers compensation	55%
<b>Claims business by volume</b>	
Administration claims paid	\$23,356,023
<b>Clients</b>	
Total	115
Corporations	15

Public/government entities.....100  
**Staff**  
 Total .....79  
 Claims services.....53  
**Claims services since:** 1986.  
**Service area:** Western states.  
**Charges:** Administration: \$55 to \$65 per hour; flat rate. Adjusting: \$42 to \$65 per hour; flat rate. Auditing: \$90 to \$100 per hour; flat annual.  
**Branch offices:** Administrative offices in Chico, Fairfield, Redding, Sacramento, Stockton and Walnut Creek, Calif.  
**Officers:** Greg Bragg, president; Lee W. Collins, vp/secretary; Jeff Kimball, vp/CFO.  
**Contact:** Greg Bragg or D. Diann Cohen, 800-422-7244.



**The CEI Group Inc.**

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

<b>1996 revenues</b>	
Total	\$44,000,000
Claims revenue	\$32,000,000

Claims administration.....85%  
 Claims auditing.....15%  
**Claims business by type**  
 Automobile.....100%  
**Clients**  
 Total.....155  
 Corporations.....155  
**Staff**  
 Total.....120  
 Claims services.....65  
**Claims services since:** 1983.  
**Service area:** Nationwide.  
**Branch offices:** Sales office 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.

**Coronia Corp.**

3300 PGA Blvd., Suite 700, Palm Beach Gardens, Fla. 33410; 800-227-6642; fax: 561-694-1990

<b>1996 revenues</b>	
Claims revenue	\$9,000,000
Claims administration	50%
Claims adjusting	35%
Claims auditing	15%

<b>Claims business by type</b>	
General liability	10%
Professional liability	65%
Workers compensation	10%
Other	15%
<b>Claims business by volume</b>	
Administration claims paid	\$85,000,000
Auditing projects conducted	73
<b>Clients</b>	
Total	180
Association plans	28
Corporations	90
Multiemployer plans	50
Public/government entities	12
<b>Staff</b>	
Total	100
Claims services	65

**Claims services since:** 1969.  
**Service area:** Nationwide.  
**Charges:** Administration: \$65 to \$100 per hour; fixed fee. Adjusting: \$65 per hour. Auditing: \$75 to \$125 per hour; per file; fixed fee.  
**Branch offices:** Administrative offices in Irvine and San Francisco, Calif.; Denver; Sarasota and Tampa, Fla.; Atlanta; Chicago; Louisville, Ky.; New Orleans; Boston; Detroit; St. Louis; New York; Raleigh, N.C.; Portland, Ore.; Greenville, S.C.

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# Directors & Officers Liability Insurance For Condominiums, Co-ops, Homeowners Associations



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Continued from previous page

Dallas, Fort Worth and Houston, Texas; Falls Church, Va.  
**PPO access.**  
**Officers:** Charles McGill, president/CEO; Ben Thompson, CFO.  
**Contact:** Charles McGill.

**Chubb Services Corp.**

25 Independence Blvd., Warren, N.J. 07059; 800-543-4580; fax: 908-903-7187

<b>1996 revenues</b>	
Total	\$4,600,000
Claims revenue	\$1,280,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	10%
<b>Claims business by type</b>	
Automobile	2%
General liability	45%
Inland marine	5%
Property damage	48%
<b>Staff</b>	
Total	94
Claims services	58
<b>Claims services since:</b> 1991.	

**Parent:** Chubb & Son Inc.  
**Service area:** Nationwide.  
**Branch offices:** Administrative office in Chicago. Sales offices in Los Angeles; Atlanta; Chicago; Murray Hill, N.J.; Houston.  
**Officers:** Bob Felch, president; Pat Pisano, executive vp/claims manager; Sam Lee, vp-loss control; Claude Garrett, vp/sales manager; Bob Santoro, vp/self-insurance group manager.  
**Contact:** Claude Garrett, 312-454-4385.

**Claims Management Services Inc.**

P.O. Box 1447, 360 Market Place, Roswell, Ga. 30077-1447; 770-998-7411; fax: 770-594-9752

<b>1996 revenues</b>	
Total	\$450,000
Claims revenue	\$160,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	10%
<b>Claims business by type</b>	
Automobile	15%
General liability	20%
Professional liability	10%
Workers compensation	55%
<b>Claims business by volume</b>	
Administration claims paid	\$50,000,000

<b>Clients</b>	
Total	104
Association plans	2
Corporations	81
Public/government entities	21
<b>Staff</b>	
Total	20
Claims services	20

**Claims services since:** 1984.  
**Service area:** Nationwide; Arkansas, Louisiana and southeastern states for workers comp.  
**Charges:** Adjusting: percent of revenue; \$60 per hour, per claim. Auditing: \$125 per hour.  
**PPO access.**  
**Officers:** Gene L. Jones, president; Neill G. Stevens, vp/secretary/treasurer; Barry Lamanno, assistant vp.  
**Contact:** Pamela Royalty, marketing director.

**ClaimsCo International Inc.**

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

<b>1996 revenues</b>	
Total	\$905,155
Claims revenue	\$736,800
Claims administration	94%
Claims adjusting	1%
Claims auditing	5%

<b>Claims business by type</b>	
Automobile	28%
General liability	61%
Property damage	2%
Workers compensation	9%
<b>Claims business by volume</b>	
Administration claims paid	\$4,467,592
Auditing projects conducted	2

<b>Clients</b>	
Total	9
Association plans	1
Corporations	8
<b>Claims services since:</b> 1988. <b>Service area:</b> Nationwide. <b>Charges:</b> Adjusting: \$55 per hour; \$180 to \$560 per claim. Auditing: \$45 to \$100 per hour. <b>Branch offices:</b> Administrative office in Los Angeles. <b>Officers:</b> Michael F. Harris, president; Wallace Bruneau, vp; Maxine Miller, secretary/treasurer; Kenneth J. Hoxie, director-marketing. <b>Contact:</b> Kenneth J. Hoxie or Michael F. Harris.	

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

<b>1996 revenues</b>	
Total	\$1,200,000

Claims revenue	\$1,150,000
Claims administration	95%
Claims auditing	5%
<b>Claims business by type</b>	
Workers compensation	100%
<b>Claims business by volume</b>	
Administration claims paid	\$3,200,000
Auditing projects conducted	2

<b>Clients</b>	
Total	34
Corporations	33
Public/government entities	1
<b>Staff</b>	
Total	13
Claims services	13

**Claims services since:** 1994.  
**Parent:** Aon Corp.  
**Service area:** Connecticut, Maine, Massachusetts, Rhode Island.  
**Charges:** Auditing: \$85 to \$125 per hour, per project.  
**Branch offices:** Administrative and sales offices in Meriden, Conn.; Boston.  
**Officers:** Derrick Amato, vp/claims manager.

**Constitution State Service Co.**

1 Tower Square, 10 GS, Hartford, Conn. 06111; 860-277-8500; fax: 860-277-0142

<b>1996 revenues</b>	
Total	\$90,000,000
Claims revenue	NA
Claims administration	95%
Claims auditing	5%

<b>Claims business by type</b>	
Automobile	12%
General liability	13%
Workers compensation	75%
<b>Claims business by volume</b>	
Administration claims paid	\$710,000,000

<b>Clients</b>	
Total	550
Corporations	525
Public/government entities	25
<b>Staff</b>	
Total	5,700
Claims services	5,700

**Claims services since:** 1980.  
**Parent:** The Travelers/Aetna Property & Casualty Insurance Co.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices nationwide. Sales office in Fort Lee, N.J.  
**PPO access.**  
**Officers:** C.J. Clarke, J.S. Fishman, W.P. Hanon, J.M. Michener, directors.

**Cook & Co. Inc.**

1025 Plain St., Marshfield, Mass. 02050; 617-837-7300; fax: 617-837-5668

<b>1996 revenues</b>	
Total	\$900,000
Claims revenue	\$900,000
Claims administration	100%

<b>Claims business by type</b>	
Workers compensation	100%

<b>Clients</b>	
Total	75
Corporations	9
Public/government entities	66

<b>Staff</b>	
Total	13
Claims services	13

**Claims services since:** 1987.  
**Service area:** Massachusetts.  
**Charges:** Administration: \$10,000 to \$120,000 annual flat fee.  
**PPO access.**  
**Officers:** Peter A. Cook, CEO; Peter C. Sarage, president; Thomas J. Hickey, executive vp.  
**Contact:** Karen M. Shanley, vp.

**Crawford & Co.**

5620 Glenridge Drive, Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4028

<b>1996 revenues</b>	
Total	\$633,000,000
Claims revenue	\$208,000,000
Claims administration	22%
Claims adjusting	68%
Claims auditing	10%

<b>Claims business by type</b>	
Automobile	7%
General liability	26%
Property damage	2%
Workers compensation	64%
Other	1%
<b>Claims business by volume</b>	
Administration claims paid	\$1,958,009,476

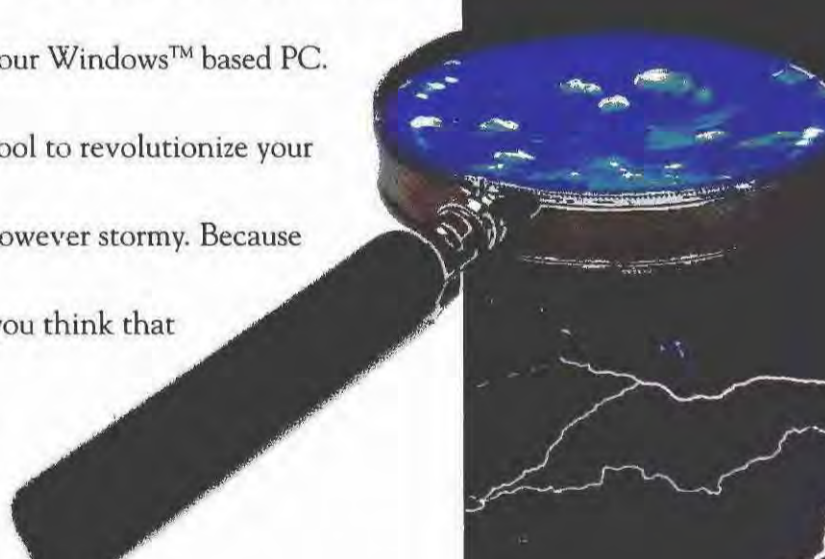
<b>Clients</b>	
Total	2,245
Association plans	55
Corporations	1,998
Public/government entities	192

<b>Staff</b>	
Total	7,790
Claims services	2,508

**Claims services since:** 1941.  
**Service area:** Worldwide.  
**Branch offices:** Administrative offices in 800 locations worldwide. Sales offices in Los Angeles; San Francisco; Washington; Chicago; New York; Dallas; Toronto; London.

Continued on next page

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Continued from previous page

**Subsidiaries:** Risk Sciences Group.  
**PPO access.**  
**Officers:** D.A. Smith, chairman/CEO; J.R. Bryant, president/COO-risk management; A.L. Meyers, president/COO-claims services; G.L. Box, president-international; D.R. Chapman, executive vp-finance.  
**Contact:** Dick Calhoun, assistant vp-sales.

**Curley Adjustment Bureau Inc./  
 C.A.B. Claims Administrators**

306 Walnut St., Philadelphia,  
 Pa. 19106; 800-233-3380;  
 fax: 215-627-4176

**1996 revenues**

Total	\$2,635,000
Claims revenue	\$1,510,000
Claims administration	56%
Claims adjusting	19%
Claims auditing	25%

**Claims business by type**

Automobile	39%
General liability	33%
Property damage	5%
Workers compensation	23%

**Claims business by volume**

Administration claims paid	\$4,123,650
Auditing projects conducted	5

**Clients**

Total	22
Association plans	2
Corporations	16
Public/government entities	4

**Staff**

Total	83
Claims services	35

**Claims services since:** 1933.  
**Service area:** Nationwide.  
**Charges:** Administration: \$45 to \$60 per hour. Adjusting: \$45 per hour. Auditing: \$45 to \$55 per hour.  
**Branch offices:** Administrative offices in Wilmington, Del.; Camden and Trenton, N.J.; Allentown, Allentown, Doylestown, Erie, Harrisburg, New Castle, Pittsburgh, Reading, Scranton, State College, Williamsport and York, Pa.  
**Subsidiaries:** C.A.B. Medical Consultants, Doylestown, Pa.  
**Officers:** Joseph N. Panichelli, chairman; Francis J. Marx, president/treasurer; Gino F. Dattilo, Pete Kulaski, vps; Patricia Preston, secretary; Joan Karpowicz, assistant treasurer.  
**Contact:** Francis J. Marx.



**Employers Risk Services**

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

**1996 revenues**

Total	\$2,000,000
Claims revenue	\$1,000,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%

**Claims business by type**

General liability	3%
Property damage	2%
Workers compensation	95%

**Claims business by volume**

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

**Clients**

Total	11
Association plans	5
Corporations	5
Public/government entities	1

**Staff**

Total	28
Claims services	16

**Claims services since:** 1994.  
**Service area:** Nationwide.  
**Branch offices:** Administrative office in Nashville, Tenn. Sales offices in Lexington, Ky.; Nashville, Tenn.  
**Officers:** Tim Renfro, president; Don Turner, vp.  
**Contact:** Don Turner.

**Environmental Claims  
 Administrators Inc.**

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

**1996 revenues**

Total	\$3,700,000
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%

**Claims business by volume**

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

**Clients**

Total	30
Corporations	30

**Staff**

Total	42
-------	----

**Claims services since:** 1990.

**Parent:** Environmental Compliance Services Inc.  
**Service area:** Nationwide.  
**Officers:** William Kronenberg III, president/CEO; David M. Rosenberg, executive vp; Frank Pillero, CFO; Randall E. Hobbs, vp.  
**Contact:** Robert Brown, marketing manager.

**ESIS Inc.**

601 Chestnut St., TLP32, Philadelphia,  
 Pa. 19192-2325; 215-761-6783;  
 fax: 215-761-5476

**1996 revenues**

Total	\$160,000,000
Claims revenue	\$60,000,000
Claims administration	93%
Claims adjusting	5%
Claims auditing	2%

**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	\$2,500,000,000
Auditing projects conducted	15

**Clients**

Total	72
Association plans	2
Corporations	50
Public/government entities	20

**Staff**

Total	2,615
Claims services	12

**Claims services since:** 1953.  
**Parent:** INA Holdings Corp.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Wilmington, Del.; Richmond, Ind.; Columbus, Ohio. Sales offices in Los Angeles; San Francisco; Atlanta; Chicago; Boston; New York; Dallas; Houston.  
**PPO access.**  
**Officers:** Raymond E. Hafner, president; Brian P. O'Hara, vp/CFO; Sharon E. Simpson, vp-marketing; James V. Young, vp-claims; William B. Hemphill, corporate secretary.  
**Contact:** Sharon E. Simpson, 215-761-6781.

**Essential Services  
 & Programs Inc.**

P.O. Box 910, Great Neck, N.Y. 11022;  
 516-487-0432; fax: 516-487-0498

**1996 revenues**

Total	\$1,000,000
Claims revenue	\$700,000

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

**Claims business by type**

Automobile	20%
General liability	40%
Workers compensation	40%

**Clients**

Total	25
Corporations	25

**Staff**

Total	21
Claims services	15

**Claims services since:** 1988.  
**Service area:** Nationwide.  
**Charges:** Adjusting: \$50 per hour. Auditing: \$100 per hour.  
**Officers:** Gary Ricker, president; Michael Bednar, vp.



**EC Fackler Inc.**

P.O. Box 642810, Chicago,  
 Ill. 60664-2810; 312-629-0888;  
 fax: 312-629-2506

**1996 revenues**

Total	\$4,100,000
Claims revenue	\$4,000,000
Claims administration	85%
Claims adjusting	10%
Claims auditing	5%

**Claims business by type**

Workers compensation	100%
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**Claims business by volume**

Administration claims paid	\$7,200,000
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**Clients**

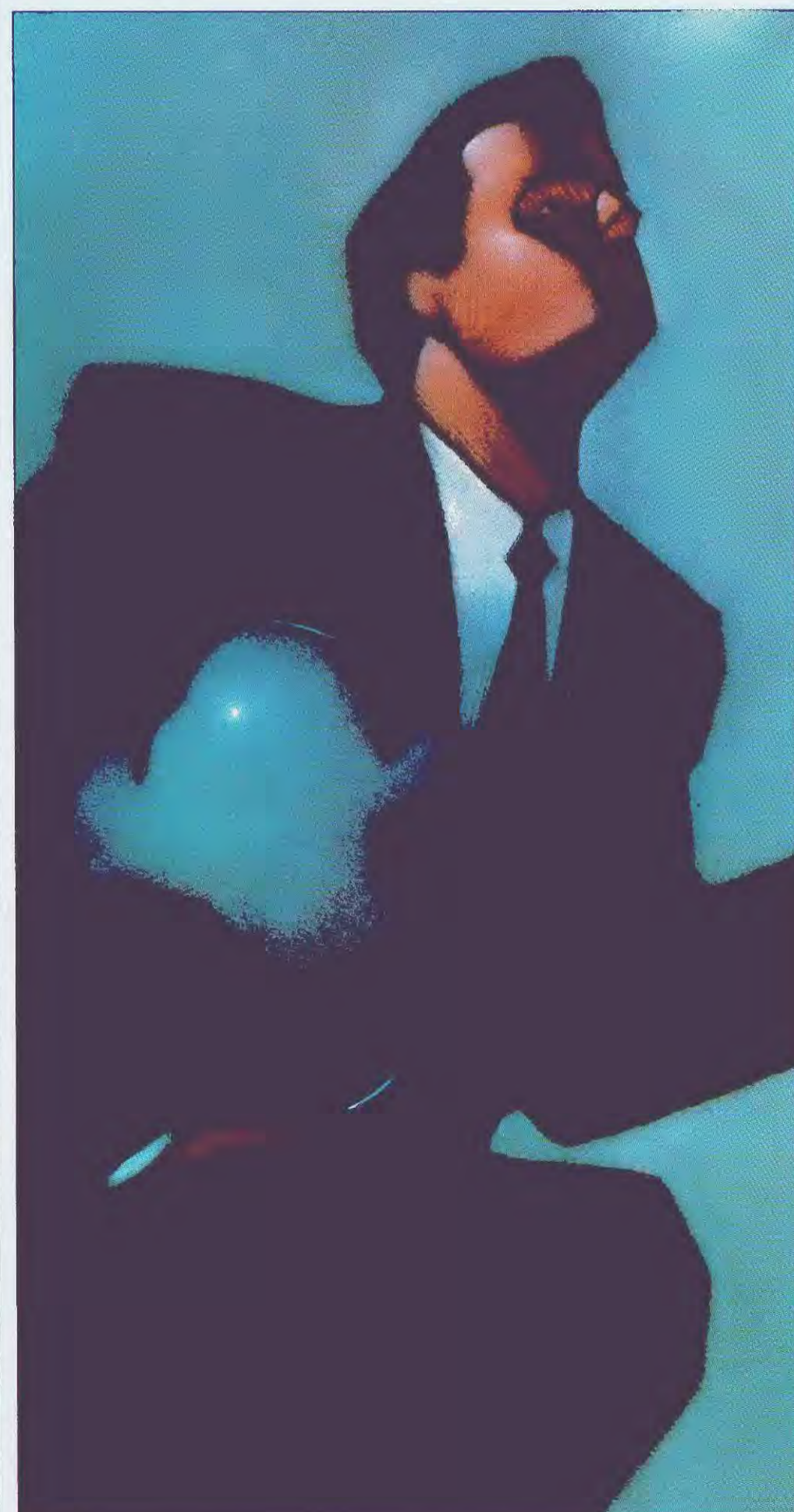
Total	15
Association plans	12
Corporations	2
Public/government entities	1

**Staff**

Total	43
-------	----

**Claims services since:** 1991.  
**Service area:** Illinois, Michigan, Minnesota, Oregon.  
**Branch offices:** Administrative offices in Plymouth, Minn. Sales offices in Southfield, Mich.; Plymouth, Minn.; Portland, Ore.  
**Officers:** Ernest C. Fackler, president; Carl D. Link, CFO; Torquata R. Johnson, branch manager.  
**Contact:** Steven Brezinski, sales manager.

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## MCLARENS TOPLIS

GLOBAL CLAIMS MANAGEMENT

Continued from previous page

**FIRM SOLUTIONS**

390 N. Wiget Lane, Walnut Creek, Calif. 94598; 510-930-9883; fax: 510-930-7268

1996 revenues	
Total	\$38,000,000
Claims revenue	\$34,200,000
Claims administration	85%
Claims adjusting	8%
Claims auditing	7%

Claims business by type	
Automobile	2%
General liability	3%
Workers compensation	85%
Other	10%

Claims business by volume	
Administration claims paid	\$100,000,000

Clients	
Total	113

Staff	
Total	450
Claims services	360

**Claims services since:** 1982.  
**Parent:** Foundation Health Corp.  
**Service area:** Arizona, California, Florida, Georgia, Hawaii, Louisiana, New Jersey, Oregon, Texas, Utah.

**Branch offices:** Administrative offices in Irvine, Oakland, Orange, San Francisco and San Ramon, Calif.; Atlanta; Morristown, N.J.; Tigard, Ore. Sales office in Orange, Calif.

**PPO access.**  
**Officers:** Greg Franceschi, president; Steve Smith, vp-finance; Diane Dunphy, vp-information services; Ronald Van Buskirk, vp-marketing; Nancy Sharek, vp-operations.  
**Contact:** Ronald Van Buskirk, 510-975-4260.

**Frontier Adjusters Inc.**

P.O. Box 7610, Phoenix, Ariz. 85011; 800-528-1187; fax: 800-553-4799

1996 revenues	
Total	\$48,000,000
Claims revenue	\$4,000,000
Claims administration	20%
Claims adjusting	70%
Claims auditing	10%

Claims business by type	
Automobile	30%
Bonds	10%
General liability	20%
Inland marine	5%
Ocean marine	5%
Professional liability	5%
Property damage	5%
Workers compensation	20%

Clients	
Total	24
Corporations	12
Public/government entities	12

Staff	
Total	900
Claims services	40

**Claims services since:** 1957.  
**Parent:** Frontier Adjusters of America Inc.  
**Service area:** Nationwide.

**Branch offices:** Administrative offices in 650 locations nationwide and Canada.

**Officers:** William J. Locke, CEO; Jean E. Ryberg, president; Francis J. LaPalo, executive vp; James S. Locke, secretary/treasurer; Patric R. Greer, CFO/controller.  
**Contact:** James S. Locke.

**GAB Robins North America Inc.**

9 Campus Drive, Parsippany, N.J. 07054; 201-993-3400; fax: 201-993-3321

1996 revenues	
Total	\$290,000,000
Claims revenue	\$92,000,000
Claims administration	94%
Claims auditing	5%
Claims auditing	1%

Claims business by type	
Automobile	20%
General liability	21%
Workers compensation	58%
Other	1%

Claims business by volume	
Administration claims paid	\$1,650,000,000
Auditing projects conducted	5

Clients	
Total	1,097

Staff	
Total	2,700

**Claims services since:** 1885.  
**Parent:** SGS North America Inc.  
**Service area:** Nationwide.

**Branch offices:** Administrative offices in 408 locations nationwide. Sales offices in Los Angeles; Maitland, Fla.; Atlanta; Chicago; New York; Nashville, Tenn; Houston.

**Subsidiaries:** Intermodal Transportation Services, Parsippany, N.J.; INS Investigations Bureau Inc., Scottsdale, Ariz.

**PPO access.**  
**Officers:** Antony M. Czura, chairman/CEO; David W.J. McGirr, president; James A. McGee, AI Sha-

hade, executive vps; Eileen C. Laymon, senior vp-corporate marketing.

**Contact:** Jean Kida, manager-communications, 201-993-3868.

**Gates McDonald**

3455 Mill Run Drive, Hilliard, Ohio 43026; 614-777-3000; 614-777-3265

1996 revenues	
Total	\$59,500,000
Claims revenue	\$26,000,000
Claims administration	50%
Claims adjusting	45%
Claims auditing	5%

Claims business by type	
Automobile	6%
General liability	2%
Workers compensation	92%

Claims business by volume	
Administration claims paid	\$280,000,000
Auditing projects conducted	80

Clients	
Total	356
Association plans	1
Corporations	305
Public/government entities	50

Staff	
Total	875
Claims services	374

**Claims services since:** 1929.  
**Parent:** Nationwide Insurance.  
**Service area:** Nationwide.

**Branch offices:** Administrative and sales offices in Concord, Los Angeles and Oakland, Calif.; Atlanta; Chicago; Columbus, Ohio; Pittsburgh; Dallas. Additional administrative offices in 31 locations nationwide.

**PPO access.**  
**Officers:** David Hollingsworth, president; Rich Hoyt, vp-unemployment services; David Brown, vp-business development; Gerry Sheldon, vp-risk management operations; Peter Barr, vp-Healthcare Management Service Plus.  
**Contact:** David Brown.

**R.L. Gresham & Co. Inc.**

P.O. Box 2065, 1200 S. Fourth St., Suite O, Las Vegas, Nev. 89125-2065; 702-384-9700; fax: 702-382-3029

1996 revenues	
Total	\$3,000,000
Claims revenue	\$1,000,000
Claims administration	5%
Claims adjusting	95%

Claims business by type	
Automobile	50%
General liability	40%
Inland marine	3%
Property damage	3%
Workers compensation	4%

Claims business by volume	
Administration claims paid	\$500,000

Clients	
Total	40
Corporations	30
Public/government entities	10

Staff	
Total	66
Claims services	20

**Claims services since:** 1947.  
**Service area:** Arizona, Nevada.  
**Charges:** Administration/adjusting: \$40 per hour plus expenses.

**Branch offices:** Administrative offices in Flagstaff, Lake Havasu, Phoenix, Tucson and Yuma, Ariz.; Laughlin and Reno, Nev.  
**Officers:** Robert L. Gresham Jr., president; Judy L. Gresham, vp; Barbara M. Gresham, secretary.  
**Contact:** Robert L. Gresham Jr.

**HRH Risk Services**

600 Luckie Drive, Suite 175, P.O. Box 530430, Birmingham, Ala. 35253-0430; 205-871-3300; fax: 205-871-3112

1996 revenues	
Total	\$1,769,164
Claims revenue	\$1,250,310
Claims administration	100%

Claims business by type	
General liability	1%
Workers compensation	99%

Claims business by volume	
Administration claims paid	\$15,651,947

Clients	
Total	39
Corporations	31
Public/government entities	6
Other	2

**Claims services since:** 1993.  
**Parent:** Hilb Rogal & Hamilton Co. of Alabama Inc.

**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Mobile, Ala.; Savannah, Ga.

**PPO access.**  
**Officers:** Richard E. Simmons III, chairman/CEO; Fred Renneker III, president; Richard H. Pardue,

COO; J. Rawlins McKinney, vp-marketing; Kevin Hennigan, vp claims.

**Contact:** Rawlins McKinney, 205-868-0213.

**Hastings-Tapley Services Inc.**

60 Gore St., P.O. Box 240, Cambridge, Mass. 02141; 800-222-5963; fax: 617-494-1608

1996 revenues	
Total	\$7,200,000
Claims revenue	\$4,300,000
Claims administration	99%
Claims adjusting	1%

Claims business by type	
Automobile	19%
General liability	13%
Inland marine	1%
Property damage	5%
Workers compensation	62%

Claims business by volume	
Administration claims paid	\$15,500,000

Clients	
Total	10
Association plans	1
Corporations	3
Public/government entities	6

Staff	
Total	77
Claims services	49

**Claims services since:** 1987.  
**Parent:** Hastings-Tapley Insurance Agency Inc.  
**Service area:** Connecticut, Massachusetts, New Hampshire, New Jersey, New York, Texas, Vermont, Virginia.

**Branch offices:** Administrative and sales offices in Fairfield, Conn.; Albany, N.Y.; Dallas; Glen Allen, Va.

**Subsidiaries:** Governmental Entities Management Services Inc., Albany, N.Y. and Glen Allen, Va.  
**PPO access.**  
**Officers:** David J. Lane, chairman; E. Donald Lewis, president; Marsha K. Burridge, executive vp; Jennifer L. Decker, corporate vp; Ralph J. Gemelli, senior vp.  
**Contact:** Ralph J. Gemelli.

**Healthcare Alliance Corp.**

2260 Park Towne Circle, Sacramento, Calif. 95825; 916-971-8200; fax: 916-489-2611

1996 revenues	
Total	\$1,486,000
Claims revenue	\$1,223,000
Claims administration	100%

Claims business by type	
Workers compensation	100%

Claims business by volume	
Administration claims paid	\$15,200,000

Clients	
Total	48
Public/government entities	48

Staff	
Total	35
Claims services	22

**Claims services since:** 1991.  
**Parent:** Assn. of California Hospital Districts.  
**Service area:** California.

**Charges:** Adjusting: \$120 to \$1,210 per file.  
**Branch offices:** Administrative and sales offices in Roseville, Calif.

**Officers:** Vic Biswell, president/CEO; Jim Giannini, CFO.  
**Contact:** Gene M. Marsh, 800-780-2440.

**Helmsman Management Services Inc.**

9 Riverside Road, Weston, Mass. 02193; 617-243-7985; fax: 617-736-0256

1996 revenues	
Total	\$76,000,000
Claims revenue	\$37,000,000
Claims administration	98%
Claims adjusting	1%
Claims auditing	1%

Claims business by type	
Automobile	20%
General liability	5%
Workers compensation	75%

Claims business by volume	
Administration claims paid	\$745,000,000
Auditing projects conducted	15

Clients	
Total	467
Association plans	5
Corporations	457
Public/government entities	5

Staff	
Total	720
Claims services	575

**Claims services since:** 1983.  
**Parent:** Liberty Mutual Group.  
**Service area:** Nationwide.

**Branch offices:** Administrative offices in Glendale, Calif.; Gahanna, Ohio. Sales offices in all major metropolitan areas.

**PPO access.**  
**Officers:** Edmund Kelly, president; Amy 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

1996 revenues	
Total	\$34,000,000
Claims revenue	\$18,000,000
Claims administration	95%
Claims auditing	5%

Claims business by type	
Automobile	88%
General liability	12%

Clients	
Total	71
Association plans	3
Corporations	58
Public/government entities	10

Staff	
Total	392

**Claims services since:** 1981.  
**Parent:** The Hertz Corp.  
**Service area:** Nationwide.  
**Charges:** Administration: \$500 to \$550 per claim.  
**Branch offices:** Administrative and sales offices in Los Angeles; Washington; Miami; Chicago; Boston; Pittsburgh; Dallas; Europe.  
**PPO access.**  
**Officers:** Howard Rezak, president; Bill Gavin, vp-sales; Richard McEvilly, vp/general counsel; John Fahay, vp-liability.  
**Contact:** Bill Gavin, vp-sales or Kenneth Fulton, national account manager.

**Heyenrath & Associates**

1616 W. Dean Ave., Spokane, Wash. 99201-1825; 509-325-9726; fax: 509-325-2431

Revenues	
Total	\$500,000
Claims revenue	\$400,000
Claims auditing	100%

Claims business by type	
Automobile	5%
General liability	30%
Ocean marine	5%
Property damage	5%
Workers compensation	40%
Other	15%

Claims business by volume	
Auditing projects conducted	45

Clients	
Total	114
Corporations	16
Public/government entities	92
Other	6

Staff	
Total	10

**Claims services since:** 1980.  
**Service area:** Nationwide.  
**Charges:** Auditing: per project; \$150 to \$200 per hour plus expenses.

**Branch offices:** Administrative office in Manhattan Beach, Calif.  
**Officers:** Leo Heyenrath, senior partner.

**ITT Specialty Risk Services Inc.**

55 Farmington Ave., Suite 300, Hartford, Conn. 06105; 860-520-2575; fax: 860-520-2503

1996 revenues	
Total	\$50,980,000
Claims revenue	\$45,986,000
Claims administration	95%
Claims auditing	5%

Claims business by type	
Automobile	5%
General liability	15%
Workers compensation	80%

Claims business by volume	
Administration claims paid	\$570,000,000

Clients	
Total	41
Association plans	1
Corporations	33
Public/government entities	7

Staff	
Total	600
Claims services	537

**Claims services since:** 1980.  
**Parent:** The Hartford Group.  
**Service area:** Nationwide.

**Branch offices:** Administrative offices in Brea, Calif.; Chicago; Syracuse, N.Y.; Philadelphia; Nashville, Tenn.; Dallas. Sales offices in Los Angeles; Atlanta; Chicago; New York; Dallas.

**PPO access.**  
**Officers:** Dennis Replogle, president; Lonnie Maytubby, Steve Holcomb, Holly Polvin, senior vps; Joanne Larson, James Leonard, vps.  
**Contact:** Joanne Larson.

**IndemMed Management Inc.**

P.O. Box 2851, Fullerton, Calif. 92837; 714-738-8802; fax: 714-526-4984

1996 revenues	
Claims administration	75%
Claims auditing	25%

Claims business by type	
Workers compensation	100%

Staff	
Total	4

Claims services	
Total	2

**Claims services since:** 1997.  
**Service area:** California.  
**Branch offices:** Sales office in Palm Desert, Calif.  
**Contact:** Eric Parkin, CEO or Ron Paine, president/COO.

**Inservco Insurance Services Inc.**

P.O. Box 3899, Harrisburg, Pa. 17105-3899; 800-356-0438; fax: 717-221-6060

1996 revenues	
Total	\$7,900,000
Claims revenue	\$4,800,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%

Claims business by type	
Automobile	15%
Professional liability	10%
Property damage	5%
Workers compensation	70%

Continued from previous page

**Johns Eastern Co. Inc.**  
P.O. Box 4175, Sarasota, Fla. 34230;  
941-361-3100; fax: 941-361-3107

1996 revenues

Total	\$14,000,000
Claims revenue	\$4,000,000
Claims administration	20%
Claims adjusting	75%
Claims auditing	5%

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	47
Corporations	22
Public/government entities	25

Staff  
Total: 148

**Claims services since:** 1946.  
**Service area:** District of Columbia, Florida, Maryland, New Jersey, Pennsylvania, Virginia.  
**Charges:** Adjusting: \$50 per hour plus expenses. Auditing: \$75 per hour plus expenses.  
**Branch offices:** Administrative and sales offices in Jacksonville, Miami, Tampa and West Palm Beach, Fla.; Baltimore and Greenbelt, Md.; Philadelphia; Norfolk, Va.  
**PPO access.**  
**Officers:** Donald L. Johns, chairman; K.M. Johns II, president; Allen L. Ladd, executive vp; Philip Shields, Norman Sensinger, vps.  
**Contact:** Allen L. Ladd.

**Johnston & Culberson Inc.**  
3500 2 Union Square, 601 Union St.,  
Seattle, Wash. 98101; 206-622-2141;  
fax: 206-621-9749

1996 revenues

Total	\$5,400,000
Claims revenue	\$5,000,000
Claims administration	100%

Claims business by type

Workers compensation	100%
----------------------	------

Claims business by volume

Administration claims paid	\$40,200,000
----------------------------	--------------

Clients

Total	187
Association plans	2
Corporations	167
Public/government entities	18

Staff  
Total: 100  
Claims services: 80

**Claims services since:** 1973.  
**Service area:** Oregon, Washington.  
**Branch offices:** Administrative office in Portland, Ore. Sales offices in Portland, Ore.; Seattle and Spokane, Wash.  
**Officers:** Gerald A. Johnston, president; Fred R. Culberson, executive vp.  
**Contact:** Fred R. Culberson.

**Kemper Risk Management Services Inc.**  
1 Kemper Drive, Long Grove,  
Ill. 60049; 847-320-2000;  
fax: 847-320-2494

1996 revenues

Total	\$146,000,000
Claims revenue	\$87,000,000
Claims administration	98%
Claims adjusting	1%
Claims auditing	1%

Claims business by type

Automobile	15%
General liability	48%
Workers compensation	37%

Claims business by volume

Administration claims paid	\$450,000,000
----------------------------	---------------

Clients

Total	254
Corporations	252
Public/government entities	2

Staff  
Total: 2,500  
Claims services: 2,500

**Claims services since:** 1968.  
**Parent:** Kemper Insurance Cos.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in 70 locations nationwide. Sales offices in City of Industry, Calif.; Plantation, Fla.; Chicago; Summit, N.J.; Grand, Texas.  
**Subsidiaries:** Kemper National Services, Plantation, Fla.; NATLSICO, Long Grove, Ill.  
**PPO access.**  
**Officers:** E.M. Lindner, president/CEO; W.L. White, secretary/treasurer; D.K. Patterson, R.P. Boyd, officers.

Contact: Joseph N. Zuniga, 847-320-5112.

**Key Risk Management Services Inc.**

P.O. Box 49129, Greensboro,  
N.C. 27419; 910-668-9050;  
fax: 910-668-7941

1996 revenues

Total	\$14,000,000
Claims revenue	\$14,000,000
Claims administration	100%

Claims business by type

Workers compensation	100%
----------------------	------

Clients

Total	27
Association plans	3
Corporations	20
Public/government entities	4

Staff  
Total: 151  
Claims services: 57

**Claims services since:** 1986.  
**Parent:** W.R. Berkley Corp.  
**Service area:** Georgia, North Carolina, South Carolina.  
**Charges:** Administration: 8% to 15% of premium.  
**Branch offices:** Sales offices in Atlanta; Raleigh, N.C.; Columbia, S.C.  
**Officers:** Bob Biggerstaff, chairman; Joe Sykes, president/CEO; Roger Pearman, vp claims/loss control; Karen Wrangham, vp/CFO; Penni Gray-Boutelle, vp-information systems; Otelia Travis, vp-agency services/sales/marketing.



**Legalgard Inc.**

The Corn Exchange Building,  
123 Chestnut St., Philadelphia, Pa. 19106;  
800-525-3426; fax: 215-923-4223

1996 revenues

Total	\$5,000,000
Claims revenue	\$650,000
Claims auditing	100%

Claims business by type

Automobile	30%
General liability	30%
Professional liability	20%
Property damage	5%
Workers compensation	15%

Claims business by volume

Auditing projects conducted	10
-----------------------------	----

Staff  
Total: 66  
Claims services: 15

**Claims services since:** 1987.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Baltimore; Pittsburgh; Dallas.  
**Officers:** Dennis Costello, CEO; Ed Charlton, president; Frank Dalicandro, Larry Kwasny, executive vps.  
**Contact:** Dennis Costello.

**Lindsey Morden Claims Management Inc.**

P.O. Box 6030, Tyler,  
Texas 75711; 903-561-6700;  
fax: 903-561-9407

1996 revenues

Total	\$170,000,000
Claims revenue	\$30,000,000
Claims administration	10%
Claims adjusting	85%
Claims auditing	5%

Claims business by type

Automobile	20%
General liability	20%
Professional liability	5%
Property damage	5%
Workers compensation	50%

Claims business by volume

Administration claims paid	\$250,000,000
Auditing projects conducted	50

Clients

Total	356
Association plans	85
Corporations	93
Public/government entities	178

Staff  
Total: 1,200  
Claims services: 300

**Claims services since:** 1923.  
**Parent:** Lindsey Morden Group.  
**Service area:** Nationwide.  
**Charges:** Administration: flat fee; \$250 to \$1,000 per claim. Adjusting: per hour; \$250 to \$1,000 per claim. Auditing: \$40 to \$75 per hour.  
**Branch offices:** Administrative offices nationwide. Sales offices in San Francisco; Atlanta; Chicago; Louisville, Ky.; New York; Dallas; Houston; Toronto.  
**PPO access.**  
**Officers:** Ken Polley, chairman/CEO; Don Smith, president/COO; Paul Maggi, senior vp; Randy Neal, Michael Young, vps.  
**Contact:** Jody K. Jernigan.

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# READER REPLY SERVICE

## PRODUCTS & SERVICES LISTING

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19	Facts Services Inc.	67	43	U.S. Risk Underwriters, Inc.	54
—	Financial Public Relations	62	44	D. W. Van Dyke & Company	28
20	Fortis Inc.	26-27	—	Wausau Insurance Company	5
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—	Information Products Inc.	37	—	Zurich Reinsurance Int'l	36
24	InPhoto Inc.	61			



**Kemper Risk Management Services Inc.**  
1 Kemper Drive, Long Grove,  
Ill. 60049; 847-320-2000;  
fax: 847-320-2494

1996 revenues

Total	\$146,000,000
Claims revenue	\$87,000,000
Claims administration	98%
Claims adjusting	1%
Claims auditing	1%

Claims business by type

Automobile	15%
General liability	48%
Workers compensation	37%

Claims business by volume

Administration claims paid	\$450,000,000
----------------------------	---------------

Clients

Total	254
Corporations	252
Public/government entities	2

Staff  
Total: 2,500  
Claims services: 2,500

**Claims services since:** 1968.  
**Parent:** Kemper Insurance Cos.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in 70 locations nationwide. Sales offices in City of Industry, Calif.; Plantation, Fla.; Chicago; Summit, N.J.; Grand, Texas.  
**Subsidiaries:** Kemper National Services, Plantation, Fla.; NATLSICO, Long Grove, Ill.  
**PPO access.**  
**Officers:** E.M. Lindner, president/CEO; W.L. White, secretary/treasurer; D.K. Patterson, R.P. Boyd, officers.



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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

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Phone ( ) \_\_\_\_\_

The annual directory of third-party administrators specializing in employee benefit claims begins on page 21. A listing of TPAs specializing in property/casualty claims starts on page 48, and a directory of TPAs that handle both benefits and P/C claims begins on page 58.

Continued from previous page

Claims business by type	
Automobile	5%
General liability	40%
Inland marine	30%
Ocean marine	20%
Workers compensation	5%

Claims business by volume	
Administration claims paid	\$1,500,000
Auditing projects conducted	10

Clients	
Total	5
Corporations	5

Staff	
Total	11
Claims services	7

Claims services since: 1992.  
 Service area: Nationwide.  
 Charges: Administration/adjusting/auditing: \$65 to \$75 per hour.  
 Branch offices: Administrative office in Lafayette, La. Sales offices in Lafayette, La.; Houston.  
 Contact: Bruce M. Shuman, president.  
 \* Estimate.

### Simon Compensation Services Co.

P.O. Box 218210, Columbus, Ohio 43221-8210; 800-321-0424; fax: 614-442-5970

1996 revenues	
Total	\$800,000
Claims revenue	\$300,000
Claims administration	70%
Claims adjusting	20%
Claims auditing	10%

Claims business by type	
Workers compensation	100%

Claims business by volume	
Administration claims paid	\$3,500,000

Clients	
Total	10
Corporations	10

Staff	
Total	12
Claims services	4

Claims services since: 1989.  
 Charges: Administration: \$1,000 to \$12,000 per month.  
 Subsidiaries: Premier Managed Care Services Inc., Columbus, Ohio.  
 PPO access.  
 Officers: George Simon, president; Moorthy Iyer, vp.  
 Contact: Tom Nikola, marketing manager.

### Southern California Risk Management Associates Inc.

250 W. First St., Suite 222, Claremont, Ca. 91711-4740; 909-621-1335; fax: 909-624-3746

1996 revenues	
Total	\$2,850,000
Claims revenue	\$2,850,000
Claims administration	100%

Claims business by type	
Workers compensation	95%
Other	5%

Clients	
Total	60
Association plans	2
Corporations	15
Public/government entities	40
Other	3

Staff	
Total	37
Claims services	33

Claims services since: 1988.  
 Service area: Arizona, California.  
 Branch offices: Administrative office in Newport Beach, Calif.  
 Contact: Dale H. Jones, president.

### Southern Risk Services Inc.

2211 Seventh Ave. S., P.O. Box 2403, Birmingham, Ala. 35201-2408; 205-252-9870; fax: 205-581-9172

1996 revenues	
Total	\$6,600,000
Claims revenue	\$6,100,000
Claims administration	98%
Claims auditing	2%

Claims business by type	
Automobile	5%
General liability	10%
Professional liability	2%
Property damage	3%
Workers compensation	80%

Claims business by volume	
Administration claims paid	\$59,814,854
Auditing projects conducted	4

Clients	
Total	74
Association plans	6
Corporations	61
Public/government entities	7

Staff	
Total	76
Claims services	76

Claims services since: 1965.  
 Parent: McGriff, Seibels & Williams Inc.  
 Service area: Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas.  
 Branch offices: Administrative offices in Jackson, Miss.; Raleigh, N.C.; Houston. Sales offices in Orlando and Pensacola, Fla.; Raleigh, N.C.; Houston.  
 PPO access.  
 Officers: L.B. Feemster, president; Mike Fritchett, vp claims; Frank Wear, vp-sales; Herb Sparks, in-house counsel.  
 Contact: Frank Wear, 205-581-9103.

### Special Claims Services Inc.

2700 E. Dublin Granville Road, Suite 470, Columbus, Ohio 43231; 614-794-2000; fax: 614-794-2401

1996 revenues	
Total	\$700,000
Claims revenue	\$700,000
Claims administration	40%
Claims adjusting	40%
Claims auditing	20%

Claims business by type	
General liability	95%
Workers compensation	5%

Claims business by volume	
Administration claims paid	\$200,000,000
Auditing projects conducted	75

Clients	
Total	16
Corporations	14
Other	2

Staff	
Total	12
Claims services	8

Claims services since: 1991.  
 Service area: Nationwide.  
 Charges: Administration/adjusting/auditing: \$45 to \$100 per hour.  
 Branch offices: Administrative offices in Highland, Ind.; New Orleans; Buffalo, N.Y.; Cleveland.  
 Officers: Donald E. Ward, president; Verna J. Ward, secretary/treasurer.  
 Contact: Donald E. Ward.

### Sterling Risk Management Services Inc.

440 Lincoln St., Suite S447, Worcester, Mass. 01653; 508-855-4553; fax: 508-853-6202

1996 revenues	
Total	\$8,200,000
Claims revenue	\$4,500,000
Claims administration	44%
Claims adjusting	56%

Claims business by type	
Automobile	18%
Disability	5%
General liability	2%
Workers compensation	75%

Claims business by volume	
Administration claims paid	\$15,000,000

Clients	
Total	402
Association plans	6
Corporations	391
Public/government entities	4
Other	1

Staff	
Total	43
Claims services	35

Claims services since: 1992.

Parent: First Allmerica Financial Life Insurance Co.

Service area: Nationwide.  
 Charges: Adjusting: \$90 to \$600 per claim.  
 Branch offices: Administrative offices in Cheshire, Conn.; New Orleans; Portland, Maine; Bedford, N.H.; Piscataway, N.J. Sales offices in Cheshire, Conn.; New Orleans; Portland, Maine; Parsippany, N.J.  
 Subsidiaries: Citizens Management Inc., Howell, Mich.  
 Officers: Philip Soule, president; William Whitehead, Michael Malone, Robert Soby, Ronald Dama, vps.  
 Contact: William Whitehead.

### Summit Risk Services Inc.

424 S. York Road, Hatboro, Pa. 19040; 800-851-9403 or 215-773-7700; fax: 215-773-7725

1996 revenues	
Total	\$1,200,000
Claims revenue	\$500,000
Claims administration	50%
Claims adjusting	40%
Claims auditing	10%

Claims business by type	
Professional liability	100%

Claims business by volume	
Administration claims paid	\$4,000,000
Auditing projects conducted	4

Clients	
Total	102
Association plans	1
Public/government entities	100
Union-sponsored plans	1

Staff	
Total	14
Claims services	9

Claims services since: 1996.  
 Parent: APEX Insurance.  
 Service area: Nationwide.  
 Charges: Adjusting: \$55 to \$100 per hour. Auditing: \$100 to \$150 per hour.  
 Branch offices: Administrative and sales offices in Chicago; Richmond, Va. Sales office in Philadelphia.  
 Officers: Scott Rohr, president; Bret Van Leeuwen, 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

1996 revenues	
Total	\$2,250,000
Claims revenue	\$1,000,000
Claims administration	65%
Claims adjusting	15%
Claims auditing	20%

Claims business by type	
General liability	20%
Professional liability	20%
Other	60%

Claims business by volume	
Administration claims paid	\$7,520,000

Clients	
Total	21
Corporations	21

Staff	
Total	15
Claims services	3

Claims services since: 1985.  
 Parent: IRISC.  
 Service area: Nationwide.  
 Charges: Administration: \$95 to \$150 per hour. Auditing: \$50 to \$95 per hour. Auditing: \$105 to \$150 per hour.  
 Officers: Sam Terzich, Kurt Meyer, executives vps; Robert Duda, vp; Denise Dupuis, assistant vp.  
 Contact: Sam Terzich or Kurt Meyer.



### TPA Associates Inc.

10 New England Business Center, Suite 303, Andover, Mass. 01810; 508-691-2470; fax: 508-691-2477

1996 revenues	
Total	\$3,500,000
Claims revenue	\$630,000
Claims administration	35%
Claims adjusting	20%
Claims auditing	45%

Claims business by type	
Workers compensation	100%

Claims business by volume	
Administration claims paid	\$6,500,000

Clients	
Total	667

Staff	
Total	38
Claims services	5

Claims services since: 1990.  
 Service area: Georgia, Massachusetts, New Hampshire, Rhode Island, Tennessee, Vermont.  
 Branch offices: Administrative office in Nashville, Tennessee.  
 PPO access.  
 Officers: Charles T. Tagman, chairman; Robert F. Roach, president; Robert C. Spring, vp-operations; John A. Geljookian, vp claims; Kenneth K. Bell, director-marketing.  
 Contact: Charles T. Tagman or Kenneth K. Bell.

### Transcontinental Technical Services Inc. dba ServCo

333 S. Wabash, Chicago, Ill. 60685; 800-822-1860; fax: 312-817-0171

1996 revenues	
Total	\$132,000,000
Claims revenue	\$119,500,000
Claims administration	100%

Claims business by type	
Automobile	20%
General liability	15%
Workers compensation	65%

Claims business by volume	
Administration claims paid	\$1,305,554,233

Clients	
Total	732

Staff	
Total	1,475

Claims services since: 1992.  
 Parent: Continental Casualty.  
 Service area: Nationwide.  
 Branch offices: Administrative offices in 31 locations nationwide. Sales offices in San Francisco; Atlanta; New York; Dallas.  
 Officers: Frank C. Soricelli, COO; Steven Wootton, Linda McMurray, Michael Foster, Susan Drake, senior vps.  
 Contact: Susan Drake.

### TRISTAR Risk Management

6133 Bristol Parkway, Suite 300, Culver City, Calif. 90230; 310-342-0500; fax: 310-342-0503

1996 revenues	
Total	\$5,100,000
Claims revenue	\$4,200,000
Claims administration	80%
Claims adjusting	18%
Claims auditing	2%

Claims business by type	
Automobile	5%
General liability	10%
Professional liability	25%
Property damage	5%
Workers compensation	55%

Claims business by volume	
Auditing projects conducted	5

Clients	
Total	53
Association plans	4
Corporations	23
Public/government entities	19
Union-sponsored plans	7

Staff	
Total	70
Claims services	58

Continued on next page



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 One Sansome Street, Suite 1900  
 San Francisco, California 94104  
 415.951.1086

CORE Insurance Company is rated A++ (XV) by A. M. Best Company.

Continued from previous page

**Claims services since:** 1972.  
**Parent:** Sierra Center Inc.  
**Service area:** Nationwide.  
**Branch offices:** Administrative and sales offices in Phoenix; Sacramento, San Diego and Santa Ana, Calif.  
**PPO access.**  
**Officers:** Tom Verle, president; Kevin Burke, Ken Beck, Linda DeVreugd, vps.  
**Officers:** Tom Verle, president; Kevin Burke, Ken Beck, Linda DeVreugd, vps.  
**Contact:** Kevin Burke, 310-342-0505 ext. 125.



**VIA Claims Management**

650 Sentry Parkway, Blue Bell, Pa. 19422; 610-825-4900; fax: 610-825-2238

**1996 revenues**

Total	\$3,500,000
Claims revenue	\$800,000
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	\$1,018,027
Auditing projects conducted	3

**Clients**

Total	7
Corporations	2
Public/government entities	3
Other	2

**Staff**

Total	34
Claims services	12

**Claims services since:** 1967.  
**Parent:** Vincent Insurance Adjusters.  
**Service area:** Florida, New Jersey, Pennsylvania.  
**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.; Allentown, Harnsburg and Shenandoah, Pa.  
**Officers:** Leslie J. Tolles, president; Anthony G. Montuori, senior vp; Alexander Kristowicz, vp; Ke-dron Hay, controller.  
**Contact:** Anthony G. Montuori, 908-272-6000, or Leslie J. Tolles, 610-825-4900.



**Ward-THG**

610 W. Ash St., Suite 1500, San Diego, Calif. 92101; 619-557-2777; fax: 619-557-0408

**1996 revenues**

Total	\$48,000,000
Claims revenue	\$20,000,000
Claims administration	80%
Claims adjusting	15%
Claims auditing	5%

**Claims business by type**

Automobile	25%
General liability	40%
Professional liability	5%
Property damage	10%
Workers compensation	20%

**Claims business by volume**

Administration claims paid	\$100,000,000
Auditing projects conducted	40

**Clients**

Total	950
Association plans	50
Corporations	500
Public/government entities	400

**Staff**

Total	620
Claims services	300

**Claims services since:** 1928  
**Parent:** Ward North America Inc.  
**Service area:** Nationwide.  
**Charges:** Adjusting: \$40 to \$70 per hour. Auditing: \$70 to \$90 per hour.  
**Branch offices:** Administrative and sales offices in Phoenix; Los Angeles; San Francisco; Atlanta; Chicago; Minneapolis; Albuquerque, N.M.; New York; Dallas; Seattle.  
**Subsidiaries:** Ward-ISRIM, Vancouver, Canada.  
**Officers:** Jeffrey S. Ward, CEO; Liz Nelson, Craig Bowlius, senior vps; John Fleming, Greg Hall, executive vps.  
**Contact:** Liz Nelson.

**Carl Warren & Co.**

750 The City Drive S., Suite 400, Orange, Calif. 92868; 800-572-6900 or 714-740-7999; fax: 714-740-7992

**1996 revenues**

Total	\$23,000,000
Claims revenue	\$20,000,000
Claims administration	90%
Claims adjusting	10%

**Claims business by type**

Automobile	30%
------------	-----

**General liability**.....70%

**Clients**

Total	694
Corporations	491
Public/government entities	203

**Staff**

Total	250
Claims services	250

**Claims services since:** 1944.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Phoenix; Bakersfield, Fresno, Glendale, Sacramento, San Bernardino, San Francisco, San Diego, San Luis Obispo, Santa Barbara and Ventura, Calif.; Honolulu; Albuquerque, N.M.; Seattle.  
**Officers:** Roy S. George, pres dent/CEO; Michael Dekerna, Larry Hunt, executive vps.  
**Contact:** Michael Dekerna, 800-854-1587 or 619-457-3500.

**Scott Wetzel Services Inc.**

101 E. Kennedy Blvd., Suite 2980, Tampa, Fla. 33602; 813-229-7475; fax: 813-229-9922

**1996 revenues**

Total*	\$25,000,000
Claims revenue*	\$21,000,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%

**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	\$525,000,000
----------------------------	---------------

**Clients**

Total	343
Association plans	9
Corporations	312
Public/government entities	22

**Staff**

Total	350
Claims services	280

**Claims services since:** 1941  
**Service area:** Nationwide.  
**Charges:** Administration: \$95 to \$125 per medical only claim; \$475 to \$1,200 per indemnity claim. Adjusting/auditing: \$65 to \$125 per hour.  
**Branch offices:** Administrative and sales offices in Anchorage, Alaska; Jacksonville, Ark.; Glendale, Los Angeles, Orange and Pleasant Hill, Calif.; Aurora, Colo.; District of Columbia; Tampa, Fla.; Atlanta; Chicago; Rockville, Md.; Manchester, N.H.; Cranford, N.J.; Albany, N.Y.; Portland, Ore.; Nashville, Tenn.; Dallas; Houston; Bremerton, Wash. Sales offices in Denver, Tampa, Fla.; Atlanta; Chicago; Cranford, N.J.; Houston.  
**Officers:** John Harrold, president; Peter Greenland, senior vp; Harry Silverman, Kristie Dowdy, Jeff Aguiar, vps.  
*\* Estimate.*

**1996 revenues**

Total	\$6,400,000
Claims revenue	\$4,300,000
Claims administration	90%
Claims adjusting	5%
Claims auditing	5%

**Claims business by type**

Automobile	10%
General liability	10%
Workers compensation	70%
Other	10%

**Claims business by volume**

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

**Clients**

Total	37
Corporations	2
Public/government entities	35

**Staff**

Total	125
Claims services	90

**Claims services since:** 1983  
**Parent:** Willis-Rollinson Inc.  
**Service area:** Nationwide.  
**Charges:** Administration: \$100 per file up to \$1.3 million per annual project; Adjusting: \$42 to \$58 per hour. Auditing: \$100 per hour.  
**Branch offices:** Administrative offices in Austin, Beaumont, El Paso, Houston and San Antonio, Texas.  
**Officers:** Diana Rollinson-Hamilton, president; Robert L. Reagan, vp.  
**Contact:** Diana Rollinson-Hamilton.

**1996 revenues**

Total	\$4,560,000
Claims revenue	\$4,360,000
Claims administration	30%
Claims auditing	70%

**Claims business by type**

Automobile	10%
General liability	20%
Workers compensation	70%

**Claims business by volume**

Auditing projects conducted	12
-----------------------------	----

**Clients**

Total	8
-------	---

**WRAMSCO**  
 1431 Opus Place, Suite 622, Downers Grove, Ill. 60515; 630-960-1020; fax: 630-960-9725

**1996 revenues**

Total	\$23,000,000
Claims revenue	\$20,000,000
Claims administration	90%
Claims adjusting	10%

**Claims business by type**

Automobile	30%
------------	-----

**Carl Warren & Co.**  
 750 The City Drive S., Suite 400, Orange, Calif. 92868; 800-572-6900 or 714-740-7999; fax: 714-740-7992

**1996 revenues**

Total	\$23,000,000
Claims revenue	\$20,000,000
Claims administration	90%
Claims adjusting	10%

**Claims business by type**

Automobile	30%
------------	-----

**Carl Warren & Co.**  
 750 The City Drive S., Suite 400, Orange, Calif. 92868; 800-572-6900 or 714-740-7999; fax: 714-740-7992

**1996 revenues**

Total	\$23,000,000
Claims revenue	\$20,000,000
Claims administration	90%
Claims adjusting	10%

**Claims business by type**

Automobile	30%
------------	-----

**Carl Warren & Co.**  
 750 The City Drive S., Suite 400, Orange, Calif. 92868; 800-572-6900 or 714-740-7999; fax: 714-740-7992

**1996 revenues**

Total	\$23,000,000
Claims revenue	\$20,000,000
Claims administration	90%
Claims adjusting	10%

**Claims business by type**

Automobile	30%
------------	-----

**Carl Warren & Co.**  
 750 The City Drive S., Suite 400, Orange, Calif. 92868; 800-572-6900 or 714-740-7999; fax: 714-740-7992

**Association plans**.....2  
**Corporations**.....6

**Staff**

Total	12
Claims services	6

**Claims services since:** 1981.  
**Service area:** Nationwide.  
**Branch offices:** Administrative office in Torrance, Calif.  
**Officers:** Thomas Walker, president; Carol Schoolcraft, assistant vp; R. Dean Irwin; Ray Willis; Dan McKinney.  
**Contact:** Carol Schoolcraft or Dan McKinney.



111 John St., New York, N.Y. 10038; 212-732-0505; fax: 212-732-1789

**Revenues**

Total	\$12,000,000
Claims revenue	\$8,500,000
Claims administration	90%
Claims adjusting	10%

**Claims business by type**

Automobile	20%
General liability	60%
Professional liability	5%
Workers compensation	5%
Other	10%

**Claims business by volume**

Administration claims paid	\$275,000,000
Auditing projects conducted	25

**1996 revenues**

Total	\$316,000,000
Claims revenue	\$53,539,000
Claims administration	69.7%
Claims adjusting	1.7%
Claims auditing	28.6%

**Claims business by type**

Automobile	9%
General liability	10%
Workers compensation	81%

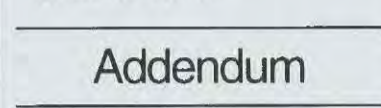
**Clients**

Total	880
Corporations	860
Public/government entities	20

**Staff**

Total	140
Claims services	85

**Claims services since:** 1962.  
**Parent:** American International Group.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Rockledge, Fla.; San Juan, Puerto Rico.  
**Officers:** Stuart Myers, president; Fred Schiller, executive vp; Eileen Rachelson, secretary/treasurer; San Miller, CFO; Peter Lind, vp/general counsel.  
**Contact:** Fred M. Schiller.



**AIG Claim Services (AIGCS)**  
 70 Pine St., New York, N.Y. 10270; 212-770-7000

**1996 revenues**

Total	\$316,000,000
Claims revenue	\$53,539,000
Claims administration	69.7%
Claims adjusting	1.7%
Claims auditing	28.6%

**Claims business by type**

Automobile	9%
General liability	10%
Workers compensation	81%

**Claims business by volume**

Administration claims paid	\$322,925,000
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**Clients**

Total	1,138
Corporations	1,135
Public/government entities	3

**Staff**

Total	1,853
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**Claims services since:** 1978.  
**Parent:** American International Group.  
**Service area:** Nationwide.  
**Branch offices:** Property/casualty administrative offices in 15 locations nationwide. Workers comp administrative offices in 24 locations nationwide. Sales offices in Los Angeles; San Francisco; Denver; Atlanta; Chicago; New Orleans; Boston; New York; Portland, Ore.; Cleveland; Philadelphia; Dallas; Houston.  
**PPO access.**  
**Officers:** Anthony J. Galoto, president; William J. Frey, senior vp-sales/marketing; Willam F. Bergs, senior vp-claims.

Continued on next page

Organizations are asked to use these definitions when reporting information: claims administration includes overseeing control of claims files, directing adjusters and paying claims; adjusting includes investigating claims and making recommendations to the claims administrator but does not include paying claims; claims auditing includes reviewing the overall integrity of the claims file operation, verifying the accuracy and direction of claims payments and recommending solutions to claims administration problems.

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

<b>1996 revenues</b>	
Total	\$27,400,000
Claims revenue	\$24,300,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	2%
General liability	9%
Health insurance	88%
Employees covered	361,000
Dependents covered	600,000
Workers compensation	1%
<b>Claims business by volume</b>	
Administration claims paid	\$513,393,471
<b>Clients</b>	
Total	350
Association plans	10
Corporations	32
Multiemployer plans	3
MEWAs	7
Public/government entities	10
Union-sponsored plans	5
<b>Staff</b>	
Total	500
<b>Claims services since: 1976.</b>	
Parent:	Acordia Inc.
Service area:	Nationwide.
PPO access:	
Officers:	Richard H. Legg, senior vp/COO; Beverly Burdette, Marcia Nutter, John Thomas, Roger Stewart, Martha Fezell, vps.
Contact:	Richard H. Legg.

**American Claims Evaluation Inc.**  
1 Jericho Plaza, Third Floor, Wing B,  
Jericho, N.Y. 11753; 516-938-8000;  
fax: 516-938-0405

<b>1996 revenues</b>	
Total	\$5,240,000
Claims revenue	\$1,650,000
Claims administration	50%
Claims auditing	50%
<b>Claims business by type</b>	
Automobile	1%
Health insurance	95%
Workers compensation	4%
<b>Staff</b>	
Total	40
<b>Claims services since: 1981.</b>	

**Service area:** Nationwide.  
**Branch offices:** Administrative office in Dallas.  
**Subsidiaries:** RPM Rehabilitation & Associates Inc., Moses Lake and Spokane, Wash.  
**Officers:** Gary Gelman, president/CEC; Gary J. Knauer, CFO/treasurer; Bonnie Jackson, vp-operations.  
**Contact:** Bonnie Jackson, 800-827-8037.

**Associated Risk Services Corp.**  
4501 Circle 75 Parkway,  
Suite C 3250, Atlanta, Ga. 30339;  
770-980-1908; fax: 770-984-8930

<b>1996 revenues</b>	
Total	\$3,000,000
Claims revenue	\$2,000,000
Claims administration	100%
<b>Claims business by type</b>	
Flexible benefits	10%
Health	35%
Pensions	5%
Workers compensation	50%
<b>Claims business by volume</b>	
Administration claims paid	\$29,000,000
<b>Clients</b>	
Total	41
Association plans	3
Corporations	33
Public/government entities	5
<b>Staff</b>	
Total	28
Claims services	15

**Claims services since: 1984.**  
**Parent:** Youngs Development Co.  
**Service area:** Nationwide.  
**Charges:** Administration: \$350 to \$500 per claim (property/casualty); \$10 to \$12 PEPM; flat fee (benefits).  
**Branch offices:** Administrative office in Columbus, Ohio.  
**PPO access.**  
**Officers:** Richard L. Maloney, president; Kathleen D. Oliver, president-Associated Risk Services Corp.; Gloria Aaberg, president-ARS Benefits Inc.  
**Contact:** Fred "Bud" Bockoven, group health administration; Rich Maloney or Kevin Spencer property/casualty claims administration.

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

<b>1996 revenues</b>	
Total	\$1,187,000
Claims revenue*	\$1,068,000
Claims administration	85%
Claims adjusting	5%
Claims auditing	10%
<b>Claims business by type</b>	
Flexible benefits	4%

Health insurance .....95%  
Workers compensation.....1%

**Claims services since: 1985.**  
**Service area:** Nationwide.  
**Charges:** Administration: \$5.45 to \$11 PEPM.  
**PPO access.**  
**Officers:** Joe Halow, president; Lami Halow, executive vp; Eddie Garcia, vp-administration; Dennis Dungan, vp-information services.  
**Contact:** Joe Halow, 800-247-714.  
\* Estimate.



**Barron Risk Management Services Inc.**  
5815 Callaghan Road,  
San Antonio, Texas 78228;  
210-681-6055; fax: 210-681-8617

<b>1996 revenues</b>	
Total	\$4,000,000
Claims revenue	\$3,000,000
Claims administration	70%
Claims adjusting	25%
Claims auditing	5%
<b>Claims business by type</b>	
Automobile	10%
General liability	20%
Health insurance	5%
Workers compensation	65%
<b>Claims business by volume</b>	
Administration claims paid	\$25,000,000
<b>Clients</b>	
Total	100
Association plans	10
Corporations	20
Public/government entities	70
<b>Staff</b>	
Total	60
Claims services	40

**Claims services since: 1969.**  
**Service area:** Southwestern states, including Texas.  
**Branch offices:** Administrative offices in Austin and Harlingen, Texas.  
**Subsidiaries:** Southwest Medical Management Associates.  
**PPO access.**  
**Officers:** Buddy Barron, president  
**Contact:** Marsh Gentry, vp/general manager.

**Benefit Systems & Services Inc.**  
760 Pasquini Drive, Suite 320, Westmont,  
Ill. 60559; 630-789-2082; fax: 630-789-2093

<b>1996 revenues</b>	
Total	\$3,679,000

Claims revenue .....\$2,555,000  
Claims administration .....91%  
Claims adjusting .....8%  
Claims auditing .....1%

<b>Claims business by type</b>	
Health insurance	99%
Employees covered	28,550
Dependents covered	38,970
Workers compensation	1%
<b>Claims business by volume</b>	
Administration claims paid	\$91,645,500
<b>Clients</b>	
Total	77
Corporations	50
Multiemployer plans	2
Public/government entities	23
Other	2
<b>Staff</b>	
Total	55
Claims services	43

**Claims services since: 1986.**  
**Service area:** Nationwide.  
**Officers:** David H. Lloyd, president; Carmen J. Morreale, executive vp; Roy Wapinnek, vp; Jackie Wenzel, director-client service; Pam Martin, director-benefit administration.  
**Contact:** Dave Lloyd.

**Berkeley Risk Managers**  
270 Davidson Ave., Somerset,  
N.J. 08875-6753; 908-302-2400;  
fax: 908-302-2440

<b>1996 revenues</b>	
Total	\$6,048,077
Claims revenue	\$4,466,831
Claims administration	78%
Claims adjusting	17%
Claims auditing	5%
<b>Claims business by type</b>	
Automobile	8%
Disability	2%
Flexible benefits	5%
General liability	10%
Health insurance	23%
Life	2%
Professional liability	6%
Property damage	9%
Workers compensation	35%
<b>Claims business by volume</b>	
Auditing projects conducted	4
<b>Clients</b>	
Total	153
Association plans	5
Corporations	52
Public/government entities	65
Union-sponsored plans	18
Other	13
<b>Staff</b>	
Total	115
Claims services	88

**Claims services since: 1975.**  
**Parent:** W.R. Berkeley Corp.  
**Service area:** Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia; New England states.  
**Charges:** Administration/adjusting: \$450 to \$750 per claim. Auditing: \$75 per hour.  
**Branch offices:** Administrative and sales offices in Dover, Del.; Mays Landing, N.J.; New York; Malvern, Pa.  
**PPO access.**  
**Officers:** Dan M. Robertson, president; Richard Cusack, chief marketing officer; Jackie Margadonna, vp-property casualty programs; Linda Wagner, vp-employee benefit programs.  
**Contact:** Richard Cusack.

**CDS of Nevada**  
3700 Grant Drive, Suite C,  
Reno, Nev. 89509; 702-826-8855;  
fax: 702-826-9224

<b>1996 revenues</b>	
Total	\$5,000,000
Claims revenue	\$5,000,000
Claims administration	98%
Claims auditing	2%
<b>Claims business by type</b>	
Health insurance	40%
Workers compensation	60%
<b>Claims business by volume</b>	
Administration claims paid	\$66,000,000
<b>Clients</b>	
Total	73
Corporations	60
Public/government entities	13
<b>Staff</b>	
Total	80
Claims services	78

**Claims services since: 1980.**  
**Parent:** Great States Administrators Inc.  
**Service area:** Colorado, Nevada.  
**Branch offices:** Administrative and sales offices in Denver; Las Vegas.  
**PPO access.**  
**Officers:** L.R. Zimmerman, president; Leslie Bell, C.J. Verre, vps.  
**Contact:** L.R. Zimmerman.

**Cannon Cochran Management Services Inc.**  
2 E. Main St., Towne Centre Building,  
Danville, Ill. 61832; 217-446-1089;  
fax: 217-443-0927

**Claims services since: 1990.**  
**Service area:** Arkansas, Idaho, Louisiana, Mississippi, Oklahoma, Pennsylvania, New Mexico, Texas, West Virginia.  
**Branch offices:** Administrative and sales offices in Dallas; Houston. Administrative offices in Amarillo and Longview, Texas.  
**PPO access.**  
**Officers:** Billy E. Hibbs Sr., CEO; Barry L. Jones, president; Billy E. Hibbs Jr., vp; Mary Smith, secretary/treasurer.  
**Contact:** Barry L. Jones.

<b>1996 revenues</b>	
Total	\$6,931,000
Claims revenue	\$6,751,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	30%
Employees covered	6,441
Dependents covered	4,532
Workers compensation	70%
<b>Claims business by volume</b>	
Administration claims paid	\$18,517,787
<b>Clients</b>	
Total	372
Association plans	357
Corporations	14
Public/government entities	1
<b>Staff</b>	
Total	51
Claims services	18

**Claims services since: 1978.**  
**Service area:** Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Michigan, Mississippi, Missouri, Nebraska.  
**Branch offices:** Administrative offices in Little Rock, Ark.; Margate, Fla.; Atlanta; Oak Brook, Ill.; Des Moines, Iowa; Brighton, Mich.; Kansas City and St. Louis, Mo.  
**Subsidiaries:** Management Services USA, Southeastern Insurance Co.  
**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:** Annie Mariage, 800-252-5059 ext. 200.

**Citizens Management Inc.**  
808 N. Highlander Way, Howell,  
Mich. 48843; 517-546-2160;  
fax: 517-548-9246

<b>1996 revenues</b>	
Total	\$4,000,000
Claims revenue	\$4,000,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	2%
Workers compensation	98%
<b>Claims business by volume</b>	
Administration claims paid	\$18,750,000
<b>Clients</b>	
Total	81
Association plans	7
Corporations	57
Public/government entities	16
<b>Staff</b>	
Total	52
Claims services	28

**Claims services since: 1986.**  
**Parent:** Citizens Insurance Co.  
**Service area:** Alabama, Connecticut, Delaware, District of Columbia, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia.  
**Charges:** Administration: 1% to 5% of standard premium.  
**Branch offices:** Administrative and sales offices in Chicago; Grand Rapids, Mich.  
**Subsidiaries:** Sterling Risk Management Services, Scarborough, Maine; Worcester, Mass.; Parsippany, N.J.  
**PPO access.**  
**Officers:** Dave Johnson, assistant vp/general manager; Steve Butler, branch manager-Chicago; Dan Komar, claims manager; Scott Gaffner, manager-group accounts; William Whitehead, vp-Sterling Risk Management.  
**Contact:** Dave Johnson, 517-546-2160 or Steve Butler, 630-773-3635.

**Claims Administrative Services Inc.**  
P.O. Box 7500, Tyler, Texas 75711;  
903-509-8484; fax: 903-509-1888

<b>1996 revenues</b>	
Total	\$5,000,000
Claims revenue	\$5,000,000
Claims administration	98%
Claims auditing	2%
<b>Claims business by type</b>	
Health insurance	40%
Workers compensation	60%
<b>Claims business by volume</b>	
Administration claims paid	\$66,000,000
<b>Clients</b>	
Total	73
Corporations	60
Public/government entities	13
<b>Staff</b>	
Total	80
Claims services	78

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<b>1996 revenues</b>	
Total	\$23,500,000
Claims revenue	\$17,600,000
Claims administration	100%
<b>Claims business by type</b>	
Automobile	1%
General liability	3%
Health insurance	9%
Property damage	5%
Workers compensation	82%
<b>Claims business by volume</b>	
Administration claims paid	\$112,000,000
<b>Clients</b>	
Total	162
Association plans	31
Corporations	88
MEWAs	7
Public/government entities	27
Union-sponsored plans	9
<b>Staff</b>	
Total	307
Claims services	118

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**Coopers & Lybrand L.L.P.**

1301 Ave. of the Americas,  
New York, N.Y. 10019;  
212-259-1840; fax: 212-259-4057

<b>1996 revenues</b>	
Total	\$4,500,000
Claims revenue	\$2,250,000
Claims adjusting	25%
Claims auditing	75%
<b>Claims business by type</b>	
General liability	10%
Health insurance	30%
Professional liability	10%
Workers compensation	30%
Other	20%
<b>Staff</b>	
Total	26
Claims services	26

**Service area:** Nationwide.  
**Branch offices:** Administrative offices in 100 locations nationwide. Sales offices in Washington; Los Angeles; San Francisco; Tampa; Chicago; Boston; Parsippany, N.J.; New York; Dallas.  
**Officers:** Fred Kist, managing principal; Michael Flaherty, principal/national director-casualty claims; Deborah E. Hessel, principal-group health/welfare.  
**Contact:** Michael Flaherty.

**CoreSource Inc.**

630 Dundee Road,  
Northbrook, Ill. 60062; 800-832-3332;  
fax: 847-559-8353

<b>1996 revenues</b>	
Total	\$87,061,155
Claims revenue	\$50,741,447
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%
<b>Claims business by type</b>	
Automobile	1%
Disability	2%
Flexible benefits	2%
General liability	3%
Health insurance	68%
Employees covered	1,172,500
Dependents covered	1,641,500
Inland marine	1%
Property damage	1%
Workers compensation	22%
<b>Claims business by volume</b>	
Administration claims paid	\$2,056,000,000
Auditing projects conducted	275
<b>Clients</b>	
Total	1,419
Association plans	11
Corporations	1,214
MEWAs	1
Public/government entities	193
<b>Staff</b>	
Total	1,163
Claims services	750

**Claims services since:** 1968.  
**Service area:** Nationwide.  
**Charges:** Administration: \$8 to \$20 PEPM.  
**Branch offices:** Administrative and sales offices Clearwater, Fla.; Downers Grove and Matteson, Ill.; Anderson, Ind.; Baltimore; Detroit and Grand Rapids, Mich.; Kansas City, Mo.; Charlotte and Raleigh, N.C.; Columbus, Ohio; Lancaster and Wayne, Pa.  
**PPO access.**  
**Officers:** James W. Duff Sr., president/CEO; James D. Long, senior vp/CFO; Mark W. Schmidt, senior vp-finance/operations; Ed Holleran, senior vp-workers comp division; Richard Moxley, senior vp-TPA division, east region; Fred Kinsler, senior vp-TPA division, north region; Fred Rowland, senior vp-TPA division, south region.  
**Contact:** James D. Long, 847-559-2426.

**Employee Plans Inc.**

3811 Illinois Road, P.O. Box 1705,  
Fort Wayne, Ind. 46801; 219-436-1616;  
fax: 219-432-4083

<b>1996 revenues</b>	
Total	\$13,000,000
Claims revenue	\$2,250,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	5%
Flex compensation	5%
Health insurance	80%
Employees covered	26,000
Dependents covered	60,000
Workers compensation	10%
<b>Claims business by volume</b>	
Administration claims paid	\$63,000,000
<b>Clients</b>	
Total	89
Corporations	85
MEWAs	1
Public/government entities	3
<b>Staff</b>	
Total	180
Claims services	60

**Claims services since:** 1974.  
**Parent:** Insurance & Risk Management.  
**Service area:** Nationwide.  
**Charges:** Administration: \$6 to \$12 PEPM.  
**Branch offices:** Administrative offices in Fort Wayne and Muncie, Ind. Sales offices in Fort Wayne, Indianapolis, Muncie and Warsaw, Ind.; Defiance and Sylvania, Ohio.  
**PPO access.**  
**Officers:** John A. Hettwer, David A. Stahl, partners; Jim Snyder, manager-TPA; Rose F. Black, di-

rector-marketing.  
**Contact:** Rose F. Black.

**Employers Service Corp.**

P.O. Box 3389, Charleston,  
W.Va. 25333; 304-556-1100;  
fax: 304-556-1111

<b>1996 revenues</b>	
Total	\$7,800,000
Claims revenue	\$4,000,000
Claims administration	50%
Claims auditing	50%
<b>Claims business by type</b>	
Disability	1%
Workers compensation	88%
Other	11%
<b>Claims business by volume</b>	
Administration claims paid	\$120,000,000
<b>Clients</b>	
Total	223
Corporations	220
Public/government entities	3
<b>Staff</b>	
Total	160

**Claims services since:** 1946.  
**Service area:** Kentucky, Pennsylvania, Virginia, West Virginia; federal black lung done nationwide.  
**Branch offices:** Administrative offices in Lexington, Ky.; Washington, Pa.; Abingdon, Va. Sales offices in 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 W. 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

<b>1996 revenues</b>	
Total	\$24,026,000
Claims revenue	\$20,870,000
Claims administration	92%
Claims adjusting	8%
<b>Claims business by type</b>	
Disability	1%
Flex compensation	2%
Health insurance	95%
Employees covered	305,000
Dependents covered	456,000
Workers compensation	2%
<b>Claims business by volume</b>	
Administration claims paid	\$445,000,000
<b>Clients</b>	
Total	274
Association plans	3
Corporations	251
Multiemployer plans	9
Public/government entities	8
Union-sponsored plans	3
<b>Staff</b>	
Total	440
Claims services	370

**Claims services since:** 1974.  
**Parent:** Alliance Blue Cross Blue Shield, Blue Cross Blue Shield of Kansas City.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Louisville, Kan.; St. Louis. Sales offices in Waterloo, Iowa; Overland Park, Kan.; St. Louis.  
**PPO access.**

**Officers:** John Barton, president; Thomas Sax, executive vp/COO; Eileen Hutchinson, vp-finance.  
**Contact:** John Barton.



**FEISCO**

2601 Cattlemen Road, Sarasota,  
Fla. 34232-6249; 941-955-2811;  
fax: 941-951-3615

<b>1996 revenues</b>	
Total	\$37,580,371
Claims revenue	\$1,690,500
Claims administration	75%
Claims adjusting	20%
Claims auditing	5%
<b>Claims business by type</b>	
General liability	5%
Health insurance	10%
Workers compensation	85%
<b>Claims business by volume</b>	
Administration claims paid	\$70,125,829
<b>Clients</b>	
Total	22
Association plans	2
Corporations	15
Public/government entities	5
<b>Staff</b>	
Total	238
Claims services	23

**Claims services since:** 1959.  
**Parent:** FCCI Insurance Group Inc.  
**Service area:** Alabama, Florida, Georgia, Mississippi.  
**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, vp/COO; Robert McManus, executive vp-loss control/underwriting; David Webber, executive vp/CFO; William Chastain, executive vp-market development.  
**Contact:** James Bos, senior vp.

**The Frank Gates Service Co.**

5000 Bradenton Ave., Dublin,  
Ohio 43017; 614-793-8000;  
fax: 614-791-7650

<b>1996 revenues</b>	
Total	\$24,000,000
Claims revenue	\$9,500,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	5%
Employees covered	6,000
Dependents covered	3,000
Workers compensation	95%
<b>Claims business by volume</b>	
Administration claims paid	\$121,000,000
<b>Clients</b>	
Total	255
Association plans	5
Corporations	250
<b>Staff</b>	
Total	450
Claims services	140

**Claims services since:** 1946.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Phoenix; Los Angeles; Orlando, Fla.; Atlanta; Chicago; Louisville, Ky.; Baton Rouge and New Orleans, La.; Baltimore; Ann Arbor, Mich.; Las Vegas; New York; Charlotte, N.C.; Pittsburgh; Dallas; Seattle; Charleston, W.Va. Sales offices in Minneapolis; Raleigh, N.C.; Akron, Ohio; Tulsa, Okla.; Nashville, Tenn.  
**PPO access.**  
**Officers:** J. Robinson McCormick, chairman; Niles C. Overly, CEO; R. James Kelly, executive vp; Gregory P. Smith, vp-finance/treasurer; J. Luke McCormick, senior vp.

**Genelco Inc.**

1600 S. Brentwood Blvd., St. Louis,  
Mo. 63144; 314-962-2040;  
fax: 314-963-8275

<b>1996 revenues</b>	
Total	\$41,500,000
Claims revenue	\$6,500,000
Claims administration	95%
Claims auditing	5%
<b>Claims business by type</b>	
Disability	5%
Flexible benefits	5%
Health insurance	80%
Employees covered	140,000
Dependents covered	350,000
Workers compensation	10%
<b>Claims business by volume</b>	
Administration claims paid	\$1,807,207,000
Auditing projects conducted	15

<b>Clients</b>	
Total	1,885
Association plans	17
Corporations	1,215
Public/government entities	617
Other	36
<b>Staff</b>	
Total	1,657

**Claims services since:** 1962.  
**Parent:** Arthur J. Gallagher & Co.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in 114 locations worldwide. Sales offices in 60 locations worldwide.  
**Subsidiaries:** Gallagher Benefit Administrators, Gallagher Woodsmall Inc., Pacific Atlantic Administrators, IMC Risk Management Group.  
**PPO access.**  
**Officers:** John G. Campbell, chairman; Peter J. Durkalski, president; Jack Lazzaro, CFO; Richard R. Rothman, Richard McKenna, executive vps.  
**Contact:** Richard R. Rothman, 630-285-3594.

**The Frank Gates Service Co.**

5000 Bradenton Ave., Dublin,  
Ohio 43017; 614-793-8000;  
fax: 614-791-7650

<b>1996 revenues</b>	
Total	\$24,000,000
Claims revenue	\$9,500,000
Claims administration	100%
<b>Claims business by type</b>	
Health insurance	5%
Employees covered	6,000
Dependents covered	3,000
Workers compensation	95%
<b>Claims business by volume</b>	
Administration claims paid	\$121,000,000
<b>Clients</b>	
Total	255
Association plans	5
Corporations	250
<b>Staff</b>	
Total	450
Claims services	140

**Claims services since:** 1946.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Phoenix; Los Angeles; Orlando, Fla.; Atlanta; Chicago; Louisville, Ky.; Baton Rouge and New Orleans, La.; Baltimore; Ann Arbor, Mich.; Las Vegas; New York; Charlotte, N.C.; Pittsburgh; Dallas; Seattle; Charleston, W.Va. Sales offices in Minneapolis; Raleigh, N.C.; Akron, Ohio; Tulsa, Okla.; Nashville, Tenn.  
**PPO access.**  
**Officers:** J. Robinson McCormick, chairman; Niles C. Overly, CEO; R. James Kelly, executive vp; Gregory P. Smith, vp-finance/treasurer; J. Luke McCormick, senior vp.

**Genelco Inc.**

1600 S. Brentwood Blvd., St. Louis,  
Mo. 63144; 314-962-2040;  
fax: 314-963-8275

<b>1996 revenues</b>	
Total	\$41,500,000
Claims revenue	\$6,500,000
Claims administration	95%
Claims auditing	5%
<b>Claims business by type</b>	
Disability	5%
Flexible benefits	5%
Health insurance	80%
Employees covered	140,000
Dependents covered	350,000
Workers compensation	10%
<b>Claims business by volume</b>	
Administration claims paid	\$1,807,207,000
Auditing projects conducted	15

<b>Claims business by volume</b>	
Administration claims paid	\$191,000,000
<b>Clients</b>	
Total	56
Association plans	2
Corporations	45
Multiemployer plans	2
Public/government entities	7
<b>Staff</b>	
Total	450

**Claims services since:** 1973.  
**Parent:** General American Life Insurance Co.  
**Service area:** Nationwide.  
**Branch offices:** Sales offices in Hartford, Conn.; Atlanta; Salisbury, N.C.; Dallas; Mexico City; Madrid, Spain.  
**PPO access.**  
**Officers:** Warren Winer, CEO; E. Christopher Simmonds Jr., president/COO; Marla Zimmerman, CFO; David K. Garver, executive vp; Mary E. Layton, vp.  
**Contact:** Larry R. Jackson, director-sales/marketing.

**Gow Management Services Inc.**

344 Delaware Ave., Buffalo, N.Y. 14202;  
716-856-6148; fax: 716-856-6179

<b>1996 revenues</b>	
Total	\$1,200,000
Claims revenue	\$1,050,000
Claims administration	91%
Claims adjusting	3%
Claims auditing	6%
<b>Claims business by type</b>	
Disability	10%
Workers compensation	85%
Other	5%
<b>Claims business by volume</b>	
Administration claims paid	\$3,120,000
Auditing projects conducted	3
<b>Clients</b>	
Total	63
Corporations	16
Public/government entities	47
<b>Staff</b>	
Total	22

**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 and sales offices in Rochester and Syracuse, New York.  
**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. Ernest, Daniel K. Conley, Richard K. Mason.

**Group Employee Benefits Administrators Inc.**

2646 Highway Ave., P.O. Box 9189,  
Highland, Ind. 46322; 219-972-5177;  
fax: 219-972-5122

<b>1996 revenues</b>	
Total	\$780,000
Claims revenue	\$632,000
Claims administration	100%
<b>Claims business by type</b>	
Flexible benefits	1%

*Continued on next page*



3811 Illinois Road, P.O. Box 1705,  
Fort Wayne, Ind. 46801; 219-436-1616;  
fax: 219-432-4083

<b>1996 revenues</b>	
Total	\$13,000,000
Claims revenue	\$2,250,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	5%
Flex compensation	5%
Health insurance	80%
Employees covered	26,000
Dependents covered	60,000
Workers compensation	10%
<b>Claims business by volume</b>	
Administration claims paid	\$63,000,000
<b>Clients</b>	
Total	89
Corporations	85
MEWAs	1
Public/government entities	3
<b>Staff</b>	
Total	180
Claims services	60

**Claims services since:** 1974.  
**Parent:** Insurance & Risk Management.  
**Service area:** Nationwide.  
**Charges:** Administration: \$6 to \$12 PEPM.  
**Branch offices:** Administrative offices in Fort Wayne and Muncie, Ind. Sales offices in Fort Wayne, Indianapolis, Muncie and Warsaw, Ind.; Defiance and Sylvania, Ohio.  
**PPO access.**  
**Officers:** John A. Hettwer, David A. Stahl, partners; Jim Snyder, manager-TPA; Rose F. Black, di-

FOR SERVICE CONTRACTOR INSURED AND THEIR CLIENTS

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Bay Shore, NY 11706-9175  
(800) 645-5820 · In NY (516) 666-5050  
FAX: (516) 666-5723 · <http://www.brownyard.com>



Continued from previous page

Health insurance.....80%	Employees covered.....6,000
Life.....10%	Workers compensation.....9%
<b>Claims business by volume</b>	
Administration claims paid.....\$14,600,000	
<b>Clients</b>	
Total.....6	
Corporations.....1	Public/government entities.....5

<b>Staff</b>	
Total.....12	Claims services.....10
<b>Claims services since: 1985.</b>	
<b>Service area:</b> Illinois, Indiana.	
<b>Charges:</b> Administration: \$7 to \$9.85 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Terrance O'Brien, CEO; Jerome Coppage, president.	
<b>Contact:</b> Terrance O'Brien.	



**HRH Risk Services**  
600 Luckie Drive, Suite 175,  
P.O. Box 530430, Birmingham,  
Ala. 35253-0430; 205-871-3300;  
fax: 205-871-3112

<b>1996 revenues</b>	
Total.....\$1,769,164	Claims revenue.....\$1,250,310
Claims administration.....100%	

<b>Claims business by type</b>	
General liability.....1%	Workers compensation.....99%

<b>Claims business by volume</b>	
Administration claims paid.....\$15,651,947	

<b>Clients</b>	
Total.....39	Corporations.....31
Public/government entities.....6	Other.....2

<b>Staff</b>	
Total.....36	Claims services.....24

**Claims services since: 1993.**  
**Parent:** Hilb Rogal & Hamilton Co. of Alabama Inc.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Mobile Ala.; Savannah, Ga.  
**PPO access.**  
**Officers:** Richard E. Simmons III, chairman/CEO; Fred Renneker III, president; Richard H. Pardue, COO; J. Rawlins McKinney, vp-marketing; Kevin Hennigan, vp claims.  
**Contact:** Rawlins McKinney, 205-868-0213.

**Hastings-Tapley Services Inc.**  
60 Gore St., P.O. Box 240, Cambridge,  
Mass. 02141; 800-222-5963;  
fax: 617-494-1608

<b>1996 revenues</b>	
Total.....\$7,200,000	Claims revenue.....\$4,300,000
Claims administration.....99%	Claims adjusting.....1%

<b>Claims business by type</b>	
Automobile.....19%	

General liability.....13%	Inland marine.....1%
Property damage.....5%	Workers compensation.....62%

<b>Claims business by volume</b>	
Administration claims paid.....\$15,500,000	

<b>Clients</b>	
Total.....10	Association plans.....1
Corporations.....3	Public/government entities.....6

<b>Staff</b>	
Total.....77	Claims services.....49

**Claims services since: 1987.**  
**Parent:** Hastings-Tapley Insurance Agency Inc.  
**Service area:** Connecticut, Massachusetts, New Hampshire, New Jersey, New York, Texas, Vermont, Virginia.  
**Branch offices:** Administrative and sales offices in Fairfield, Conn.; Albany, N.Y.; Dallas; Glen Allen, Va.  
**Subsidiaries:** Governmental Entities Management Services Inc., Albany, N.Y. and Glen Allen, Va.  
**PPO access.**  
**Officers:** David J. Lane, chairman; E. Donald Lewis, president; Marsha K. Burridge, executive vp; Jennifer L. Decker, corporate vp; Ralph J. Gemelli, senior vp.  
**Contact:** Ralph J. Gemelli.

**Healthcare Alliance Corp.**  
2260 Park Towne Circle, Sacramento,  
Calif. 95825; 916-971-8200;  
fax: 916-489-2611

<b>1996 revenues</b>	
Total.....\$1,486,000	Claims revenue.....\$1,223,000
Claims administration.....100%	

<b>Claims business by type</b>	
Workers compensation.....100%	

<b>Claims business by volume</b>	
Administration claims paid.....\$15,200,000	

<b>Clients</b>	
Total.....48	Public/government entities.....48

<b>Staff</b>	
Total.....35	Claims services.....22

**Claims services since: 1991.**  
**Parent:** Assn. of California Hospital Districts.  
**Service area:** California.  
**Charges:** Adjusting: \$120 to \$1,210 per file.  
**Branch offices:** Administrative and sales offices in Roseville, Calif.  
**Officers:** Vic Biswell, president/CEO; Jim Giannini, CFO.  
**Contact:** Gene M. Marsh, 800-780-2440.

**Helmsman Management Services Inc.**  
9 Riverside Road, Weston,  
Mass. 02193; 617-243-7985;  
fax: 617-736-0256

<b>1996 revenues</b>	
Total.....\$76,000,000	Claims revenue.....\$37,000,000
Claims administration.....98%	Claims adjusting.....1%
Claims auditing.....1%	

<b>Claims business by type</b>	
Automobile.....20%	General liability.....5%
Workers compensation.....75%	

<b>Claims business by volume</b>	
Administration claims paid.....\$745,000,000	Auditing projects conducted.....15

<b>Clients</b>	
Total.....467	Association plans.....5
Corporations.....457	Public/government entities.....5

<b>Staff</b>	
Total.....720	Claims services.....575

**Claims services since: 1983.**  
**Parent:** Liberty Mutual Group.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Glendale, Calif.; Gahanna, Ohio. Sales offices in all major metropolitan areas.  
**PPO access.**  
**Officers:** Edmund Kelly, president; Amy 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

<b>1996 revenues</b>	
Total.....\$34,000,000	Claims revenue.....\$18,000,000
Claims administration.....95%	Claims auditing.....5%

<b>Claims business by type</b>	
Automobile.....88%	General liability.....12%

<b>Clients</b>	
Total.....71	Association plans.....3
Corporations.....58	Public/government entities.....10

<b>Staff</b>	
Total.....392	Claims services since: 1981.....392

**Claims services since: 1981.**  
**Parent:** The Hertz Corp.  
**Service area:** Nationwide.  
**Charges:** Administration: \$500 to \$550 per claim.  
**Branch offices:** Administrative and sales offices in Los Angeles; Washington; Miami; Chicago; Boston; Pittsburgh; Dallas; Europe.  
**PPO access.**  
**Officers:** Howard Rezak, president; Bill Gavin, vp-sales; Richard McEvily, vp/general counsel; John Fahy, vp-liability.  
**Contact:** Bill Gavin, vp-sales or Kenneth Fulton, national account manager.

**Heyenrath & Associates**  
1616 W. Dean Ave., Spokane,  
Wash. 99201-1825; 509-325-9726;  
fax: 509-325-2431

<b>Revenues</b>	
Total.....\$500,000	Claims revenue.....\$400,000
Claims auditing.....100%	

<b>Claims business by type</b>	
Automobile.....5%	General liability.....30%
Ocean marine.....5%	Property damage.....5%
Workers compensation.....40%	Other.....15%

<b>Claims business by volume</b>	
Auditing projects conducted.....45	

<b>Clients</b>	
Total.....114	Corporations.....16
Public/government entities.....92	Other.....6

<b>Staff</b>	
Total.....10	Claims services since: 1980.....10

**Claims services since: 1980.**  
**Service area:** Nationwide.  
**Charges:** Auditing: per project; \$150 to \$200 per hour plus expenses.  
**Branch offices:** Administrative office in Manhattan Beach, Calif.  
**Officers:** Leo Heyenrath, senior partner.

**JI Specialty Services Inc.**  
9420 Research Blvd., Suite 300, Austin,  
Texas 78759; 512-346-5314;  
fax: 512-346-9321

<b>1996 revenues</b>	
Total.....\$5,200,000	Claims revenue.....\$3,100,000
Claims administration.....100%	

<b>Claims business by type</b>	
Automobile.....10%	General liability.....10%
Health insurance.....20%	Professional liability.....5%
Property damage.....5%	Workers compensation.....50%

<b>Claims business by volume</b>	
Administration claims paid.....\$14,000,000	

<b>Clients</b>	
Total.....160	Association plans.....8
Corporations.....20	Public/government entities.....132

<b>Staff</b>	
Total.....80	Claims services.....52

**Claims services since: 1988.**  
**Parent:** JI Financial Group.  
**Service area:** Texas.  
**Charges:** Administration: \$40 to \$60 per hour (workers comp only). Adjusting: \$250 to \$350 per claim (workers comp only).  
**Branch offices:** Sales office in Austin, Texas.  
**Officers:** Frances J. Fey, president/CEO; William I. Martin Jr., Samuel D. Francis, Don C. Moore, executive vp; Martha King, CFO.  
**Contact:** William I. Martin Jr.

**JRH Risk Services Inc.**  
P.O. Box 36697, Birmingham, Ala. 35236;  
800-277-4457; fax: 205-978-7540

<b>1996 revenues</b>	
Total.....\$2,000,000	Claims revenue.....\$2,000,000
Claims administration.....100%	

<b>Claims business by type</b>	
Automobile.....5%	Disability.....2%
Health insurance.....48%	Employees covered.....8,000
Dependents covered.....20,000	Workers compensation.....45%

<b>Claims business by volume</b>	
Administration claims paid.....\$30,000,000	

<b>Clients</b>	
Total.....47	Corporations.....45
Public/government entities.....2	

<b>Staff</b>	
Total.....34	Claims services since: 1984.....12

**Claims services since: 1984.**  
**Service area:** Nationwide.  
**Branch offices:** Administrative office in Atlanta. Sales offices in Panama City Beach, Fla.; Atlanta.  
**PPO access.**  
**Officers:** Larry Mathis, president; Venny Cable, vp; Sharon Langer vp-workers comp.  
**Contact:** Venny Cable.

<b>1996 revenues</b>	
Total.....\$42,900,000	Claims revenue.....\$17,020,000
Claims administration.....88%	Claims adjusting.....12%

<b>Claims business by type</b>	
Automobile.....2%	General liability.....2%
Health insurance.....6%	Property damage.....4%
Workers compensation.....86%	

<b>Claims business by volume</b>	
Administration claims paid.....\$162,000,000	

<b>Clients</b>	
Total.....933	Corporations.....45
Public/government entities.....888	

<b>Staff</b>	
Total.....450	Claims services since: 1978.....215

**Claims services since: 1978.**  
**Service area:** California.  
**Branch offices:** Administrative offices in Chico, Eureka, Fresno, Campbell and Riverside, Calif. Sales offices in Chico, Campbell, Fresno, Oakland, Riverside, Santa Ana, Sacramento, San Diego and Westlake Village, Calif.  
**Subsidiaries:** Innovative Care Systems, San Ramon and Rancho Cordova, Calif.; Regency Claims, Campbell, Fresno, Oakland and Torrance, Calif.  
**PPO access.**  
**Officers:** John R. Keenan, CEO/president; David J. De Wenter, executive vp/COO; Sean K. Smith, president; Richard B. Stewart, executive vp; Keith R. Pippard, CFO.  
**Contact:** David J. De Wenter.

**Lawrence Healthcare Administrative Services Inc.**  
2716 Albany St., Schenectady,  
N.Y. 12304-1888; 518-370-3828;  
fax: 518-370-3890

<b>1996 revenues</b>	
Total.....\$4,300,000	Claims revenue.....NA
Claims administration.....75%	Claims adjusting.....15%
Claims auditing.....10%	

<b>Claims business by type</b>	
Disability.....2%	Flexible benefits.....3%
Health insurance.....65%	Employees covered.....30,618
Dependents covered.....32,878	Workers compensation.....30%

<b>Claims business by volume</b>	
Administration claims paid.....\$71,072,113	

<b>Clients</b>	
Total.....62	Association plans.....2
Corporations.....16	Public/government entities.....44

<b>Staff</b>	
Total.....82	Claims services since: 1985.....82

**Claims services since: 1985.**  
**Parent:** Florida Physicians Insurance Co.  
**Service area:** Southeast.  
**Branch offices:** Administrative office in Fort Meyers, Fla.  
**PPO access.**  
**Officers:** William T. McCreary, president/CEO; Patrick M. Bowen, executive vp; James E. Davis, Mark Spano, Jean Becker, vps.  
**Contact:** Patrick M. Bowen, 561-287-7650 ext. 470.

**Mutual Assurance Administrators Inc.**  
3015 United Founders Blvd., Oklahoma City,  
Okla. 73112-4250; 405-848-1975  
or 800-825-3540; fax: 405-848-1284

<b>1996 revenues</b>	
Total.....\$3,324,000	Claims revenue.....\$2,296,000
Claims administration.....90%	Claims adjusting.....10%

<b>Claims business by type</b>	
Disability.....1%	Flexible benefits.....3%
Health insurance.....94%	Employees covered.....74,098
Dependents covered.....152,008	Life.....1%
Workers compensation.....1%	

<b>Claims business by volume</b>	
Administration claims paid.....\$102,027,616	

<b>Staff</b>	
Total.....103	Claims services since: 1987.....87

**Claims services since: 1985.**  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Phoenix; Albuquerque, N.M.; Portland, Ore.; Austin, Texas.  
**Subsidiaries:** Matrix Consolidated Programs Inc., Matrix Self Insurance Resources Inc., Oliver & Larkin, San Jose, Calif.  
**Officers:** John Payne, chairman; David Nolan, president; Martin Graber, Thomas Larkin, Michael Oliver, Thomas Sitter, vps.  
**Contact:** Michael Oliver.

**McCreary Corp.**  
700 Central Parkway, Stuart,  
Fla. 34994-3985; 561-287-7650;  
fax: 561-287-1387

<b>1996 revenues</b>	
Total.....\$5,100,000	Claims revenue.....\$5,000,000
Claims administration.....15%	Claims adjusting.....85%

<b>Claims business by type</b>	
Automobile.....5%	Disability.....1%
Flexible benefits.....5%	General liability.....5%
Health insurance.....45%	Employees covered.....30,000
Dependents covered.....30,000	Life.....5%
Pensions.....5%	Professional liability.....2%
Property damage.....2%	Workers compensation.....25%

<b>Claims business by volume</b>	
Administration claims paid.....\$60,000,000	

<b>Clients</b>	
Total.....41	Corporations.....16
Public/government entities.....25	

<b>Staff</b>	
Total.....68	Claims services since: 1985.....58

**Claims services since: 1985.**  
**Parent:** Florida Physicians Insurance Co.  
**Service area:** Southeast.  
**Branch offices:** Administrative office in Fort Meyers, Fla.  
**PPO access.**  
**Officers:** William T. McCreary, president/CEO; Patrick M. Bowen, executive vp; James E. Davis, Mark Spano, Jean Becker, vps.  
**Contact:** Patrick M. Bowen, 561-287-7650 ext. 470.

**Mutual Assurance Administrators Inc.**  
3015 United Founders Blvd., Oklahoma City,  
Okla. 73112-4250; 405-848-1975  
or 800-825-3540; fax: 405-848-1284

<b>1996 revenues</b>	
Total.....\$3,324,000	Claims revenue.....\$2,296,000
Claims administration.....90%	Claims adjusting.....10%

<b>Claims business by type</b>	
Disability.....1%	Flexible benefits.....3%
Health insurance.....94%	Employees covered.....74,098
Dependents covered.....152,008	Life.....1%
Workers compensation.....1%	

<b>Claims business by volume</b>	
Administration claims paid.....\$102,027,616	

<b>Staff</b>	
Total.....103	Claims services since: 1987.....87

**Claims services since: 1985.**  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in Phoenix; Albuquerque, N.M.; Portland, Ore.; Austin, Texas.  
**Subsidiaries:** Matrix Consolidated Programs Inc., Matrix Self Insurance Resources Inc., Oliver & Larkin, San Jose, Calif.  
**Officers:** John Payne, chairman; David Nolan, president; Martin Graber, Thomas Larkin, Michael Oliver, Thomas Sitter, vps.  
**Contact:** Michael Oliver.

**McCreary Corp.**  
700 Central Parkway, Stuart,  
Fla. 34994-3985; 561-287-7650;  
fax: 561-287-1387

<b>1996 revenues</b>	
Total.....\$5,100,000	Claims revenue.....\$5,000,000
Claims administration.....15%	Claims adjusting.....85%

<b>Claims business by type</b>	
Automobile.....5%	Disability.....1%
Flexible benefits.....5%	General liability.....5%
Health insurance.....45%	Employees covered.....30,000
Dependents covered.....30,000	Life.....5%
Pensions.....5%	Professional liability.....2%
Property damage.....2%	Workers compensation.....25%

<b>Claims business by volume</b>	
Administration claims paid.....\$60,000,000	

<b>Clients</b>	
Total.....41	Corporations.....16
Public/government entities.....25	

<b>Staff</b>	
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Continued from previous page

<b>Clients</b>	
Total	41
Corporations	31
Public/government entities	5
Union-sponsored plans	4
Other	1
<b>Staff</b>	
Total	64
Claims services	32
<b>Claims services since: 1975.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration/adjusting: \$7.50 to \$15 PEPM. Auditing: \$0.50 to \$2 PEPM.	
<b>PPO access.</b>	
<b>Officers:</b> Richard E. Carlson, CEO; Jacqueline R. Carlson, COO; Todd E. Archer, executive vp.	
<b>Contact:</b> Todd E. Archer.	



**NBA Corp. dba NBA Insurance Administrators**

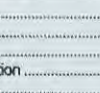
109 E. Lexington Ave., El Cajon, Calif. 92020; 800-350-9991; fax: 619-447-6234

<b>1996 revenues</b>	
Total	\$1,000,000
Claims revenue	\$790,000
Claims administration	95%
Claims auditing	5%
<b>Claims business by type</b>	
Flexible benefits	2%
Health insurance	96%
Employees covered	12,000
Dependents covered	18,000
Workers compensation	2%
<b>Claims business by volume</b>	
Auditing projects conducted	2
<b>Clients</b>	
Total	45
Association plans	5
Corporations	36
Public/government entities	2
Union-sponsored plans	2
<b>Staff</b>	
Total	19
Claims services	10
<b>Claims services since: 1982.</b>	
<b>Service area:</b> Nationwide.	
<b>Charges:</b> Administration: \$9 to \$13 PEPM.	
<b>Branch offices:</b> Administrative office in Linda Vista, Calif. Sales offices in Spring Valley, Calif.; Boise, Idaho.	
<b>PPO access.</b>	
<b>Officers:</b> Ralph L. Ball, president; Jason R. Ball, executive vp; Winn D.L. Raleigh, vp-marketing; Suzanne Stewart, vp-claims administration; Lorraine Ball, treasurer.	
<b>Contact:</b> Winn Raleigh or Jason Ball.	

**Northshore International Insurance Services Inc.**

76 Lafayette St., Salem, Mass. 01970; 508-745-6655; fax: 508-741-1642

<b>1996 revenues</b>	
Total	\$5,200,000
Claims revenue	\$1,560,000
Claims administration	10%
Claims adjusting	10%
Claims auditing	80%
<b>Claims business by type</b>	
Automobile	10%
Disability	5%
General liability	20%
Workers compensation	25%
Other	40%
<b>Claims business by volume</b>	
Auditing projects conducted	100
<b>Clients</b>	
Total	166
Association plans	18
Corporations	90
Multiemployer plans	7
MEWAs	5
Public/government entities	46
<b>Staff</b>	
Total	63
<b>Service area:</b> United States, Canada, South Africa, South America.	
<b>Charges:</b> Administration/auditing: \$95 to \$140 per hour.	
<b>Branch offices:</b> Administrative offices in DeLand, Fla.; Chicago; Morristown, Pa.; Greenville, S.C.; Austin, Texas; London; Johannesburg, South Africa.	
<b>Subsidiaries:</b> International Managed Care Services Inc., International Subrogation Management Co., International Tertiary Network, NIS U.K. Ltd., NIS South Africa Ltd.	
<b>Officers:</b> David W. Ives, president; Norman C. Ardif, executive vp; Mark E. Scerra, senior vp; Joseph J. Yablonski, vp.	
<b>Contact:</b> David W. Ives.	



**CA Solutions Inc.**

P.O. Box 166007, Altamonte Springs, Fla. 32716; 800-883-4000; fax: 407-788-8648

<b>1996 revenues</b>	
Total	\$82,000,000
Claims revenue	\$28,000,000
<b>Claims business by type</b>	
Disability	5%
Flexible benefits	10%
General liability	10%
Health insurance	30%

<b>Claims administration</b>	
Total	100%
<b>Claims business by type</b>	
Automobile	2%
General liability	2%
Health insurance	10%
Inland marine	1%
Workers compensation	85%
<b>Claims business by volume</b>	
Administration claims paid	\$250,000,000
<b>Clients</b>	
Total	62
Association plans	12
Corporations	40
Public/government entities	10
<b>Staff</b>	
Total	97
Claims services	296

<b>Claims services since: 1978.</b>	
<b>Parent:</b> Physician Corp. of America.	
<b>Service area:</b> Alabama, Florida, Georgia, Kansas, Louisiana, Mississippi, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas.	
<b>Branch offices:</b> Administrative offices in Montgomery, Ala.; Atlanta; Topeka, Kan.; Baton Rouge, La.; Jackson, Miss.; Raleigh, N.C.; Oklahoma City; Columbia, S.C.; Nashville, Tenn.	
<b>PPO access.</b>	
<b>Officers:</b> D. Mark Olson, CEO/president; David Willis, CFO; Marshall Snipes, executive vp; Sherman Evans, chief information officer; William Turner, senior vp.	
<b>Contact:</b> Roy Stringfellow.	

**PMA Management Corp.**

380 Sentry Parkway, Blue Bell, Pa. 19422; 610-397-5000; fax: 610-397-5028

<b>1996 revenues</b>	
Total	\$10,215,000
Claims revenue	\$7,450,000
Claims administration	90%
Claims adjusting	5%
Claims auditing	5%
<b>Claims business by type</b>	
Automobile	3%
Disability	3%
General liability	7%
Property damage	2%
Workers compensation	85%
<b>Claims business by volume</b>	
Administration claims paid	\$80,000,000
<b>Clients</b>	
Total	98
Association plans	6
Corporations	70
Multiemployer plans	2
Public/government entities	20
<b>Staff</b>	
Total	95
Claims services	78

<b>Claims services since: 1915.</b>	
<b>Parent:</b> PMA Group.	
<b>Service area:</b> Delaware, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia.	
<b>Branch offices:</b> Administrative and sales offices in Wilmington, Del.; Hunt Valley, Md.; Mount Laurel, N.J.; Syracuse, N.Y.; Charlotte and Raleigh, N.C.; Columbus, Ohio; Allentown, Erie, Harrisburg, Pittsburgh, Valley Forge and Williamsport, Pa.; Richmond and Roanoke, Va.	
<b>Officers:</b> Jim Fleming, senior vp; John Santulli, vp; Maureen Starr, vp-managed care; Mike McMahon, vp-risk control; Derek Hopper, manager-corporate operations.	
<b>Contact:</b> Ken Stanley, vp-sales.	

**Palmer & Cay**

P.O. Box 847, Savannah, Ga. 31402; 912-231-6980; fax: 912-234-8523

<b>1996 revenues</b>	
Total	\$3,000,000
Claims revenue	\$3,000,000
Claims administration	100%
<b>Claims business by type</b>	
Automobile	2%
General liability	5%
Health insurance	2%
Workers compensation	91%
<b>Clients</b>	
Total	45
Association plans	3
Corporations	35
Public/government entities	7
<b>Staff</b>	
Total	40
Claims services	40

<b>Claims services since: 1980.</b>	
<b>Service area:</b> Southeast.	
<b>Branch offices:</b> Administrative offices in Gainesville and Tallahassee, Fla.; Savannah, Ga.; Richmond, Va.	
<b>PPO access.</b>	
<b>Officers:</b> John Cay, Lewis Oden, Mike Crowley.	
<b>Contact:</b> Ron Nolting.	

**Precise Group**

500 N. Broadway, Jericho, N.Y. 11753; 516-390-6000; fax: 516-390-0994

<b>1996 revenues</b>	
Total	\$4,500,000
Claims revenue	\$3,100,000
Claims administration	80%
Claims adjusting	20%
<b>Claims business by type</b>	
Disability	5%
Flexible benefits	10%
General liability	10%
Health insurance	30%

<b>Employees covered</b>	
Total	30,000
Dependents covered	46,000
Property damage	10%
Workers compensation	35%
<b>Clients</b>	
Total	128
Association plans	3
Corporations	30
Multiemployer plans	9
Public/government entities	80
Other	6
<b>Staff</b>	
Total	60
Claims services	24

<b>Service area:</b> Nationwide (benefits), New York (workers compensation).	
<b>PPO access.</b>	
<b>Officers:</b> David Black, CFO; Ann Marie D'Alessandro, senior vp; Timothy T. Crowley, president; Jack Howlett, director-marketing.	
<b>Contact:</b> Jack Howlett, 800-797-2296 ext. 6034.	

**Preferred Works**

5251 Viewridge Court, San Diego, Calif. 92123; 619-278-2273; fax: 619-278-1262

<b>1996 revenues</b>	
Total	\$19,500,000
Claims revenue	\$17,000,000
Claims administration	95%
Claims adjusting	2%
Claims auditing	3%
<b>Claims business by type</b>	
Disability	15%
General liability	1%
Property damage	1%
Workers compensation	82%
Other	1%
<b>Claims business by volume</b>	
Administration claims paid	\$68,576,572
Auditing projects conducted	20
<b>Clients</b>	
Total	245
Association plans	3
Corporations	163
Public/government entities	43
Other	36
<b>Staff</b>	
Total	150
Claims services	92

<b>Claims services since: 1940.</b>	
<b>Parent:</b> Value Health Inc.	
<b>Service area:</b> Alabama, Arkansas, California, Florida, Georgia, Iowa, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Mississippi, North Carolina, New York, Oklahoma, South Carolina, South Dakota, Tennessee, Wisconsin, plus nationwide disability management.	
<b>Charges:</b> Administration: \$450 to \$650 per claim. Adjusting: \$75 to \$500 per claim.	
<b>Branch offices:</b> Administrative and sales offices in Pasadena and Santa Clara, Calif.; Maitland, Fla.; Minneapolis; Jackson, Miss.; Buffalo, N.Y.	
<b>Officers:</b> James E. Buncher, CEO; Debra Cerruelo-Ruedisil, COO; Shannon Johnston, chief administrative officer; Pat Sullivan, chief marketing officer; Blaine Faulkner, CFO.	
<b>Contact:</b> Scott Samuels.	
<i>* Estimate.</i>	

**Presidium**

2923 Bradley St., Pasadena, Calif. 91107-7001; 818-296-4205; fax: 818-296-4220

<b>1996 revenues</b>	
Total	\$35,000,000
Claims revenue	\$28,000,000
Claims administration	100%
<b>Claims business by type</b>	
Disability	5%
Health insurance	5%
Workers compensation	90%
<b>Claims business by volume</b>	
Administration claims paid	\$367,000,000
<b>Clients</b>	
Total	122
Corporations	108
Public/government entities	14
<b>Staff</b>	
Total	502
Claims services	382

<b>Claims services since: 1976.</b>	
<b>Service area:</b> Nationwide.	
<b>Branch offices:</b> Administrative offices in Phoenix; San Diego; San Francisco; Washington; Miami; Chicago; Boston; Detroit; Park Ridge, N.J.; Pittsburgh; Dallas; Houston; Seattle. Sales offices in San Francisco and Santa Ana, Calif.; Detroit; Park Ridge, N.J.	
<b>PPO access.</b>	
<b>Officers:</b> Kent Spafford, CEO; Bob Tausz, CFO; Paul Glover, chairman; Hamilton Chaffee, chief information officer; Fred Crim, vp-managed care; Maryellen Peters, vp-client services.	
<b>Contact:</b> Kent Spafford.	

**Professional Risk Management Inc.**

7260 West Blvd., Youngstown, Ohio 44512; 330-726-5800; fax: 330-726-3786

<b>1996 revenues</b>	
Total	\$2,732,202
Claims revenue	\$2,379,604
Claims administration	100%
<b>Claims business by type</b>	
Disability	0.5%
Flexible benefits	0.5%
Health insurance	85%
Employees covered	30,325
Dependents covered	50,743
Workers compensation	14%

**RMSCO Inc.**

731 James St., Syracuse, N.Y. 13203; 315-474-8200; fax: 315-476-8440

<b>1996 revenues</b>	
Total	\$9,216,000
Claims revenue	\$8,105,000
Claims administration	99%
Claims auditing	1%
<b>Claims business by type</b>	
Automobile	1%
Disability	9%
Flexible benefits	5%
Health insurance	45%
Employees covered	105,000
Dependents covered	61,000
Workers compensation	40%
<b>Claims business by volume</b>	
Administration claims paid	\$225,000,000
Auditing projects conducted	19
<b>Clients</b>	
Total	169
Association plans	3
Corporations	126
Public/government entities	40
<b>Staff</b>	
Total	202
Claims services	140

<b>Claims services since: 1981.</b>	
<b>Service area:</b> Indiana, Kentucky, Ohio, Pennsylvania, West Virginia.	
<b>Charges:</b> Administration: \$6.45 to \$8.45 PEPM.	
<b>Branch offices:</b> Sales office in Chillicothe, Ohio.	
<b>PPO access.</b>	
<b>Officers:</b> James B. White, president; Ronald G. Blasko, executive vp; Robert Carr, vp; Robert E. Hogg Jr., treasurer.	
<b>Contact:</b> Ronald G. Blasko.	

**1996 revenues**

Total	\$11,800,000
Claims revenue	\$8,600,000
Claims administration	88%
Claims adjusting	7%
Claims auditing	5%
<b>Claims business by type</b>	
Automobile	12%
Disability	1%
General liability	8%
Health insurance	4%
Inland marine	5%
Ocean marine	3%
Professional liability	2%
Property damage	5%
Workers compensation	40%
Other	20%
<b>Claims business by volume</b>	
Administration claims paid	\$285,000,000
<b>Clients</b>	
Total	163
Association plans	1
Corporations	110
Public/government entities	52
<b>Staff</b>	
Total	190
Claims services	145

<b>Claims services since: 1978.</b>	
<b>Service area:</b> Nationwide.	
<b>Branch offices:</b> Administrative offices in Long Beach, Calif.; Boca Raton, Fla.; Atlanta; Baton Rouge, Houma, Lafayette, Lake Charles, New Orleans and Shreveport, La.; Pascagoula, Miss.; Beaumont, Corpus Christi, Dallas and Houston, Texas; Norfolk and Richmond, Va. Sales offices in Boca Raton, Fla.; New Orleans; Dallas; Norfolk, Va.	
<b>Subsidiaries:</b> 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.	
<b>PPO access.</b>	
<b>Officers:</b> Francis A. Richard, chairman; M. Todd Richard, president; Reed A. Bell, executive vp; Daniel J. Clark, R.B. Calhoun, senior vps.	
<b>Contact:</b> M. Todd Richard.	

**SRT Corp.**

2255 N. 44th St., Suite 220, Phoenix, Ariz. 85008-3278; 602-244-0811; fax: 602-244-1089

<b>1996 revenues</b>	
Total	\$1,500,000
Claims revenue	\$1,200,000
Claims administration	100%
<b>Claims business by type</b>	
Automobile	5%
Disability	1%
Flexible benefits	1%
General liability	20%

Continued on next page

<b>Claims business by volume</b>	
Administration claims paid	\$45,658,524
<b>Clients</b>	
Total	130
Corporations	118
Public/government entities	12
<b>Staff</b>	
Total	51
Claims services	44

<b>Claims services since: 1981.</b>	
<b>Service area:</b> Indiana, Kentucky, Ohio, Pennsylvania, West Virginia.	
<b>Charges:</b> Administration: \$6.45 to \$8.45 PEPM.	
<b>Branch offices:</b> Sales office in Chillicothe, Ohio.	
<b>PPO access.</b>	
<b>Officers:</b> James B. White, president; Ronald G. Blasko, executive vp; Robert Carr, vp; Robert E. Hogg Jr., treasurer.	
<b>Contact:</b> Ronald G. Blasko.	



**RMSCO Inc.**

731 James St., Syracuse, N.Y. 13203; 315-474-8200; fax: 315-476-8440

<b>1996 revenues</b>	
Total	\$9,216,000
Claims revenue	\$8,105,000
Claims administration	99%
Claims auditing	1%
<b>Claims business by type</b>	
Automobile	1%
Disability	9%
Flexible benefits	5%
Health insurance	45%
Employees covered	105,000
Dependents covered	61,000
Workers compensation	40%
<b>Claims business by volume</b>	
Administration claims paid	\$225,000,000
Auditing projects conducted	19
<b>Clients</b>	
Total	169
Association plans	3
Corporations	126
Public/government entities	40
<b>Staff</b>	
Total	202
Claims services	140

<b>Claims services since: 1981.</b>	
<b>Service area:</b> Nationwide.	
<b>Branch offices:</b> Administrative and sales offices in Albany and Rochester, N.Y.	
<b>PPO access.</b>	
<b>Officers:</b> James Heitzhaus, president; Richard Sykes, Michael Hotelling, vps.	
<b>Contact:</b> Richard Sykes.	

**F.A. Richard & Associates Inc.**

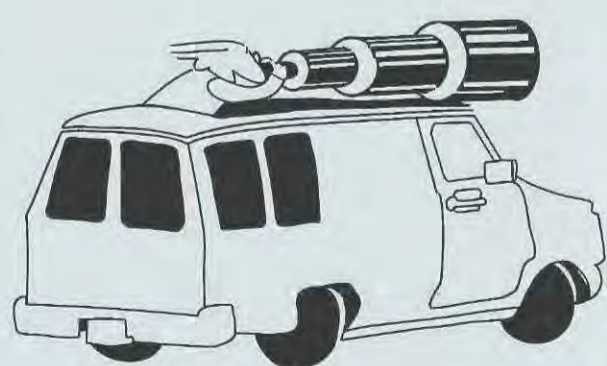
2360 Fifth Ave., Mandeville, La. 70471; 504-624-8383; fax: 504-624-8489

<b>1996 revenues</b>	
Total	\$1,500,000
Claims revenue	\$1,200,000
Claims administration	100%
<b>Claims business by type</b>	
Automobile	5%
Disability	1%
Flexible benefits	1%
General liability	20%

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Continued from previous page

Health insurance	40%
Employees covered	4,500
Dependents covered	7,000
Property damage	2%
Workers compensation	31%

<b>Claims business by volume</b>	
Administration claims paid	\$6,000,000

<b>Clients</b>	
Total	7
Corporations	5
Public/government entities	2
<b>Staff</b>	
Total	25
Claims services	20

**Claims services since:** 1979.  
**Service area:** Nationwide.  
**Subsidiaries:** SRT Administrators Inc.  
**PPO access.**  
**Officers:** Bob G. Redmon, CEO; Cliff Wright, president; Fred Delgado, executive vp; Karmel Vavra, senior vp.  
**Contact:** Cliff Wright.

**Sedgwick Claims Management Services Inc.**

230 W. Monroe St., Suite 2300, Chicago, Ill. 60606; 312-346-3000; fax: 312-726-4123

<b>1996 revenues</b>	
Total*	\$80,000,000
Claims revenue*	\$68,000,000
Claims administration	100%

<b>Claims business by type</b>	
Automobile	2%
Disability	5%
General liability	9%
Workers compensation	84%

<b>Claims business by volume</b>	
Administration claims paid	\$1,829,870,000

<b>Clients</b>	
Total	612
Association plans	32
Corporations	504
Public/government entities	76

<b>Staff</b>	
Total	1,020
Claims services	1,020

**Claims services since:** 1971.  
**Parent:** Sedgwick Group P.L.C.  
**Service area:** Nationwide.  
**Branch offices:** Administrative and sales offices in 72 locations nationwide.  
**Subsidiaries:** AEGIS Claims Management Services.  
**PPO access.**  
**Officers:** David A. North, president; James Wiertelak, Susan Steagall, Robert Wisecarver, senior vps; Jack Stone, vp.  
**Contact:** Jack Stone, 312-683-7676.  
*\* BI estimate.*

**Self Insured Services Co. (SISCO)**

P.O. Box 389, Dubuque, Iowa 52004-0389; 319-583-7344; fax: 319-583-0439

<b>1996 revenues</b>	
Total	\$7,000,000
Claims revenue	\$6,400,000
Claims administration	100%

<b>Claims business by type</b>	
Automobile	5%
Disability	1%
Flexible benefits	4%
Health insurance	80%
Employees covered	60,000
Dependents covered	165,000
Workers compensation	10%

<b>Claims business by volume</b>	
Administration claims paid	\$135,000,000

<b>Clients</b>	
Total	300
Corporations	282
Public/government entities	11
Union-sponsored plans	7

<b>Staff</b>	
Total	103
Claims services	103

**Claims services since:** 1980.  
**Service area:** Nationwide.  
**Branch offices:** Sales office in Davenport, Iowa.  
**PPO access.**  
**Officers:** John E. Butler, president; Andrew J. Butler, executive vp.  
**Contact:** Andrew J. Butler.

**SIEBA Ltd.**

111 Grant Ave., P.O. Box 5000, Endicott, N.Y. 13761-5000; 800-252-4624; fax: 607-786-3437

<b>1996 revenues</b>	
Total	\$2,200,000
Claims revenue	\$1,600,000
Claims administration	100%

<b>Claims business by type</b>	
Disability	1%
Flexible benefits	8%
Health insurance	90%
Employees covered	20,215
Dependents covered	23,421
Pensions	1%

<b>Claims business by volume</b>	
Administration claims paid	\$35,000,000

<b>Clients</b>	
Total	89
Corporations	38
MEWAs	2
Public/government entities	46
Union-sponsored plans	1
Other	2

<b>Staff</b>	
Total	39
Claims services	16

**Claims services since:** 1983.  
**Service area:** Nationwide.  
**Charges:** Administration: \$1.75 to \$20 PEPM.  
**PPO access.**  
**Officers:** Richard G. DoBell, president; Marc L. Marion, vp.  
**Contact:** Marc Marion.

**Standard Financial General Adjustment Inc.**

12770 Coit Road, Suite 1215, Dallas, Texas 75251; 972-991-8077; fax: 972-991-8498

<b>1996 revenues</b>	
Total	\$535,000
Claims revenue	\$535,000
Claims administration	25%
Claims adjusting	50%
Claims auditing	25%

<b>Claims business by type</b>	
General liability	25%
Health insurance	25%
Workers compensation	50%

<b>Claims business by volume</b>	
Administration claims paid	\$3,500,000

<b>Clients</b>	
Total	43
Association plans	3
Corporations	15
Public/government entities	25

<b>Staff</b>	
Total	7
Claims services	6

**Claims services since:** 1986.  
**Service area:** Texas.  
**Officers:** Rae Kakacek, president; Connie Holmes, secretary/treasurer.  
**Contact:** Rae Kakacek.



**Underwriters Safety & Claims Inc.**

11405 Park Road, Louisville, Ky. 40223; 502-244-1343; fax: 502-244-1411

<b>1996 revenues</b>	
Total	\$18,000,000
Claims revenue	\$7,100,000
Claims administration	100%

<b>Claims business by type</b>	
Health insurance	30%
Workers compensation	60%
Other	10%

<b>Claims business by volume</b>	
Administration claims paid	\$152,000,000
Auditing projects conducted	2

<b>Clients</b>	
Total	113
Association plans	5
Corporations	104
Public/government entities	4

<b>Staff</b>	
Total	330
Claims services	141

**Claims services since:** 1941.  
**Service area:** Alabama, Arkansas, Georgia, Illinois, Indiana, Kentucky, Mississippi, Missouri, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, Wisconsin.  
**Charges:** Administration: PEPM; \$70 to \$450 per claim (workers compensation).  
**Branch offices:** Administrative offices in Savannah, Ga.; Marion and Woodridge, Ill.; Indianapolis; Paintsville, Ky.; Pittsburgh; Knoxville and Memphis, Tenn.; Norton, Va. Sales offices in Savannah, Ga.; Nashville, Tenn.  
**PPO access.**  
**Officers:** Bruce L. Ferguson, chairman; Bruce W. Ferguson, president; Scott C. Ferguson, Jack D. Stewart, executive vps; Gary Gilmour, senior vp.  
**Contact:** Gary Gilmour.



**Wausau Insurance Cos.**

2000 Westwood Drive, Wausau, Wis. 54401; 715-845-5211; fax: 715-847-8977

<b>1996 revenues</b>	
Total	\$1,467,000,000
Claims revenue	\$42,500,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%

<b>Claims business by type</b>	
Automobile	1%
General liability	3%
Health insurance	75%
Employees covered	211,000
Dependents covered	536,000
Professional liability	2%
Workers compensation	10%

<b>Claims business by volume</b>	
Administration claims paid	\$591,000,000
Auditing projects conducted	4

<b>Clients</b>	
Total	238
Association plans	10
Corporations	205
Multiemployer plans	2
MEWAs	2
Public/government entities	20

<b>Staff</b>	
Total	5,748
Claims services	420

**Claims services since:** 1971.  
**Parent:** Nationwide Group.  
**Service area:** Nationwide.  
**Charges:** Adjusting: \$41 to \$100 per hour.  
**Branch offices:** Administrative offices in 27 locations nationwide. Sales offices in 150 locations nationwide.  
**Subsidiaries:** Countrywide Services Corp., St. Louis.  
**PPO access.**  
**Officers:** Richard McFerson, CEO; Galen Barrer, nationwide president, vp-Wausau Insurance Co. Dwight Davis, president/COO; Scott Isaacson, executive vp-FMA; Douglas Robinette, executive vice-president service.  
**Contact:** Ronald Fisher, assistant vp-loss management services/marketing, 715-842-6229.

**Willis Corroon Administrative Services Corp.**

26 Century Blvd., Nashville, Tenn. 37214; 615-872-4000; fax: 615-872-4333

<b>1996 revenues</b>	
Total	\$30,523,451
Claims revenue	\$25,944,333
Claims administration	100%

<b>Claims business by type</b>	
Automobile	2%
General liability	5%
Health insurance	20%
Employees covered	45,000
Dependents covered	110,000
Professional liability	2%
Property damage	1%
Workers compensation	50%

<b>Clients</b>	
Total	361
Association plans	2
Corporations	19
Public/government entities	10

<b>Staff</b>	
Total	48
Claims services	38

**Parent:** Willis Corroon P.L.C.  
**Service area:** Nationwide.  
**Branch offices:** Administrative offices in 34 locations nationwide. Sales offices in Pasadena, Calif; Atlanta; Chicago; Louisville, Ky.; Minneapolis; St. Louis; Philadelphia; Nashville, Tenn.  
**PPO access.**  
**Officers:** Louis E. Midden, CEO-property/casualty division; Brian D. Johnson, chairman; Richard L. Hughes, Fred Massa, chief administrative officers; Richard Q. Ford, CEO-life/health division.  
**Contact:** Fred Massa, 615-360-4563 or Richard L. Hughes, 615-872-4126.

**Deadlines near**

The deadlines are approaching for companies to be listed in two *Business Insurance* annual directories.

The directory of risk management consultants will appear in the March '97 issue, which also will contain a Spotlight report on risk management services. The extended deadline for returning questionnaires is Feb. 26.

The directory of captive managers will appear in the April 14 issue, which also will contain a Spotlight report on trends in captive insurance. The deadline for returning questionnaires is Feb. 28.

If your company has not received a questionnaire to be listed in either of these directories, please request one by calling Assistant Directory Editor Rich Trout at 312-649-5483.

There is no charge to be listed in these *BI* directories; companies need only fill out and return a questionnaire.



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## INTERNATIONAL

## Global Briefs

London-based CNA International Reinsurance Co. Ltd. has won permission from the Monetary Authority of Singapore to open an office there. CNA plans to write property/casualty, liability and marine reinsurance out of Singapore. . . . Callum Stewart has been appointed managing director of Heath Reinsurance Broking Ltd., part of London broker C.E. Heath P.L.C. . . . Good risk management procedures will be rewarded by lower premiums in a new construction vehicles insurance program launched by Commercial Union P.L.C. Covering the United Kingdom and Europe, the policy offers discounts for various security methods and no deductible if construction vehicles are equipped with tracking devices in case of theft. . . . Corporations should formalize and publish their risk management policies in annual reports to shareholders, recommends the Assn. of Insurance and Risk Managers. Responding to a consulting paper issued by the Committee on Corporate Governance, AIRMIC suggests that the proposed Cadbury Code on Corporate Governance should include a working definition of risk management, requiring best practices but without setting specific rules. . . . Chicago-based Aon Corp. has completed the initial phase of consolidating its recent London acquisitions with the naming of its U.K. retail executive board. Geoff Whitehead has been appointed chairman and chief executive of the operation, now called Aon Risk Services. Greg Collins and Ian Falconer have both been named vice chairmen and executive directors. . . . Graham McKean, chairman of London broker Ballantyne, McKean & Sullivan Ltd., is to chair a group looking into the future role of unlimited liability capital at Lloyd's of London. It is expected to report its findings to the Council, Lloyd's ruling body, in the spring. . . . U.S. insurance buyers will have a new route into the Lloyd's of London market if a complicated project by new London insurer Medway Insurance Group P.L.C. takes off. Medway is looking to offer shares on the Alternative Investment Market to raise £70 million (\$114.1 million) to provide the company with working capital and finance a \$54 million purchase of U.S. reinsurer Hansa Reinsurance Co. of America, presently owned by Trygg Hansa Insurance Co. Ltd. of Stockholm, Sweden. Hansa Re will be renamed Medway Insurance Co. and will be recapitalized with assets of \$100 million. Medway aims to get multiline licenses for Hansa Re in all U.S. states—it currently is licensed in 16 and holds reinsurance licenses or reinsurer accreditation in a further 19. Medway intends to write U.S. business, reinsuring a substantial portion of its book into the Lloyd's market. . . . The London insurance market is a step closer to computerization with the launch of its Electronic Closing and Accounting system. ECA enables risks, endorsements and accounts to be closed and settled electronically, removing duplication, simplifying the business process and making cost savings.

## U.S. losing chance to shape Latin American markets

By GAVIN SOUTER

NEW YORK—Insurance is one area in which the United States is losing out on opportunities by standing on the sidelines of trade integration in North and South America, a former diplomat says.

Latin American countries are forging strong trade links and integrating their economies, while U.S. politicians are preventing the United States from playing a role in the process, he said.

But while Latin American countries are agreeing to free trade and economic integration in principle, the practical application of the principles often is difficult, Latin American insurance officials say.

The varying stages of liberalization in the many markets makes integration of financial services particularly difficult, they say.

The United States is watching Latin American integration

rather than trying to influence the process, said Michael Skol, the former U.S. ambassador to Venezuela and now senior vp at Diplomatic Resolutions Inc., a



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consulting firm in Washington.

"More is going on amongst Latin countries in terms of genuine trade integration than is going on in Washington," he said during the Roundtable on Insurance Conditions in Latin America, sponsored by the International Insurance Council last month in New York.

If the United States continues to remain outside the integration process, it will not win economic advantages, Mr. Skol

said. "The future of the U.S., the future of U.S. commerce, and the future of our economy is in integration," he said.

Although the United States negotiated the North American Free Trade Agreement with Mexico and Canada in 1993, efforts to further integrate the United States with Latin America have stagnated, Mr. Skol said.

The NAFTA agreement sparked arguments among politicians over the effect the availability of cheap labor in Mexico would have on U.S. employment levels, and those arguments still are holding back trade negotiations, Mr. Skol argued.

Meanwhile, countries in Latin America continue to forge trade links among themselves.

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## Insurers urged to establish Latin American operations

By GAVIN SOUTER

NEW YORK—International insurers must establish full-fledged underwriting operations in Latin America rather than branches with little autonomy if they want to take advantage of growing demand for capacity in the region, a Chilean broker says.

While setting up a well-managed local office or subsidiary can take years, the prospects for growth in Latin American insurance markets should make it a worthwhile investment, the broker says.

As in other areas of the world, overcapacity and the absence of significant catastrophe losses over the past several years is putting pressure on reinsurers to

lower rates, said a reinsurer, adding there is no sign of any change in 1997.

They were speaking at the Roundtable on Insurance Conditions in Latin America sponsored by the International Insurance Council late last month in New York.

International insurers looking to enter the Latin American insurance markets should learn from the lessons of other insurers that have found success, said Jaime Searle, senior vp at Claro, Marsh & McLennan S.A., a unit of Marsh & McLennan Cos. Inc. in Santiago, Chile.

"The only way to be successful is by finding more flexible ways to operate and allowing local underwriters to function in the local

environment," he said.

Historically, most international insurers have set up local offices in Latin America but largely left the underwriting decisions in their head offices, Mr. Searle said.

The head offices had little knowledge of the local market and were conservative in granting capacity to the local risks, he said.

"The subsidiaries then became brokers dealing with their own home office," Mr. Searle said.

Policyholders in Latin America confronted with this system found that an easier route to accessing significant international capacity was to use a Lloyd's of London broker to access the

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## Liberty Re aims to carve niche

By EDWIN UNSWORTH

LONDON—What can a new reinsurance company, particularly one that has already delayed its start-up by more than a year because of unfavorable market conditions, hope to offer by entering an already competitive marketplace?

John Engestrom, recently appointed chief executive of Liberty Re Ltd., a company being set up in London by Liberty Mutual Group of Boston, has a ready answer to that question. The new company will provide service, expertise and expanded choice, rather than contribute to cut-priced competition.

"We don't want to provide commodity capacity, which is price led," says Mr. Engestrom, who is credited with having spearheaded the return to profitability of Mercantile & General Reinsurance Co. P.L.C. during his four-year tenure there as chief executive.



"If we don't get our margins and if the structure of the deal is not right, we will let someone else do it," says John Engestrom.

Reinsurance brokers also say that a new player in the London market may be a good thing.

Mike Hernandez, a director of London-based Willcox Johnson & Higgins Reinsurance Brokers Ltd. said, "We don't feel negative about it at all. In a way, as brokers, we feel that anything that adds to London's capacity is a good thing."

While acknowledging that the market is "tremendously" soft as a result of oversupply, he said he welcomes Liberty Mutual's faith in London by

choosing it over fast growing markets in Bermuda, Europe or the United States.

And it's highly unlikely that one more company will have any weakening influence on reinsurance rates, according to Callum Stewart, managing director of Heath Reinsurance Brokers Ltd.

Prefacing his remarks by pointing out that Liberty Mutual is a major client of his parent company, C.E. Heath P.L.C., Mr. Stewart said his understanding is that Liberty Re will go after a small number of accounts in a big way, which should hardly affect rates. He added that with the right people and the right amount of capital—"both of which Liberty Re has probably got"—any time is a good time to set up in London.

At M&G Re, Mr. Engestrom introduced underwriting teams that provided flexible multiline programs to clients on a global basis and charged

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## Employers to benefit as PPOs enter U.K. market

By SARAH GODDARD

LONDON—U.K. employers that offer private health care benefits could see premiums stabilize now that two more health insurers are establishing preferred provider networks.

PPP healthcare group P.L.C. and Norwich Union Healthcare announced partnerships with hospitals earlier this month in a bid to catch up with British United Provident Assn., the country's largest private medical insurer.

BUPA set up its own preferred provider network of 170 hospitals last April. Employers that offer employees only the preferred provider network option generally pay lower premiums than companies that do not require their employees to use the network providers.

Premium rates, employee copayments and scope of coverage can vary according to options the employer chooses.

Norwich Union Healthcare is negotiating with the National Health Service Trust Federation, the U.K. state health care provider, about forming a joint venture. Additionally, Norwich has linked up with Nuffield Hospitals, an independent U.K. network of 34 private hospitals, to form a preferred provider network and is seeking additional preferred provider partners to cover geographic areas the Nuffield group does not serve.

"Policyholders will receive no immediate benefits," said a Norwich Union Healthcare spokeswoman, "but it (the deal with Nuffield) should keep health care costs down so premiums will not go up as fast as they otherwise would."

PPP estimates it will see cost savings of 15% from the network it launched earlier this month. The network comprises four hospitals in Bournemouth, Poole, Nottingham and Sheffield, within a 160-mile radius of London.

PPP plans to form its own network of 150 hospitals during the next two years, working with a much smaller group than the 650 hospitals with which it deals now. The smaller network will allow the insurer to "build up a relationship with hospitals," said a PPP spokesman. Both private hospitals and NHS "pay beds"—private beds in public-service hospitals—will be invited to bid for a place in the network and will be judged on commitment to quality and cost.

For policyholders who elect to use the preferred provider hospitals, PPP has guaranteed a one-year price freeze on premiums, beginning at employers' next renewals, which it estimates will save the policyholder 15% compared with those who continue to use hospitals outside the network.

PPP's four private hospitals in London, which it owns in a joint venture with U.S. health care provider Columbia/HCA Healthcare Corp., will be incorporated

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## Operations

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London market directly, he said.

Some international insurers have since changed their strategy and are sending underwriters to Latin America to learn more about the markets, Mr. Searle said. "The expats come in and only after three, four or five years do they have a good idea of what's going on."

However, once the underwriters know the market, they can write significant programs directly from the Latin American office, he said.

Already, this approach is benefiting some international insurers and their

policyholders in Chile, Mr. Searle said.

"I've been able to put together some very large programs using only international companies in Chile," Mr. Searle said.

The international insurers that commit operations to Latin America will be able to take full advantage of the liberalized insurance markets in the region and the economic liberalization, including privatization of state-controlled industries, which is leading to an increased demand for insurance, he said.

The increased demand for insurance capacity is doing little to stem reinsurance competition in the region, said Keith Shroyer, vp-Latin Ameri-

### Competition among reinsurers is 'like watching a limbo contest on a cruise liner,' says Keith Shroyer.

can operations at American Reinsurance Co. in Princeton, N.J.

In the near term, international reinsurers with an eye on Latin America are seeing rates in the region plummet, Mr. Shroyer said.

As one reinsurer reduces its rate for a risk, another reinsurer cuts its rates

even further, he said.

"It's like watching a limbo contest on a cruise liner," Mr. Shroyer said.

For example, at year-end renewals, catastrophe excess-of-loss rates were down by 50% for many Central American risks, he said.

The sharp reduction in reinsurance rates for Central America is due partly to a lack of rate reductions there over the past two years, while rates were falling throughout the rest of Latin America, Mr. Shroyer said.

Excess-of-loss catastrophe rates still fell between 10% and 25% in the Caribbean and an average of 20% in the rest of Latin America at year-end renewals, he added.

About the lowest catastrophe rates

in the region are in Chile, where the rate on line, calculated by dividing reinsurance limits by the premium, is 0.66%, Mr. Shroyer said. "It's really incredible."

The low excess-of-loss rates helped push down primary insurance rates, which in turn helped drive down the premiums for proportional treaties, he said.

"We did not see a single proportional property reinsurance treaty in 1996 that met its estimated premium income," Mr. Shroyer said.

And there is no sign of the fall in rates being halted in 1997, he said.

Reinsurers have plentiful capacity and are aggressively seeking premium income, Mr. Shroyer said. **BI**

## Trade

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For example, the Mercosur agreement linking Argentina, Brazil, Paraguay and Uruguay is gathering strength, and Chile was admitted as an associate member in 1996.

"We cannot be second to Brazil and Argentina in terms of the political commitment to change in this hemisphere," Mr. Skol said.

But while the Mercosur group is making rapid progress in principle, it faces difficult problems in its attempt to integrate its insurance sectors, said Francisco Susmel, undersecretary of banking and insurance in the Ministry of Economy and Public Works in Argentina.

The Mercosur countries signed a customs agreement in 1995 and are working toward the creation of an

### While the E.U. took 30 years to evolve, Mercosur is trying to attain similar goals more quickly, says Francisco Susmel.

integrated common market, similar to the European Union, as early as the year 2000, he said.

The process of integrating insurance will resemble the process of dismantling insurance trade barriers in

the European Union, which started off with the recognition of licenses issued in other countries, Mr. Susmel said.

But while the European Union took more than 30 years to agree to evolve into a fully integrated market, the Mercosur group is trying to attain similar goals much more quickly, he said.

"We are going at a much faster pace than the European experience," Mr. Susmel said.

That rapid pace is challenging for officials involved in the integration of insurance among the member countries, said Helio Portocarrero, superintendent of insurance in Brazil.

Although all Latin American countries are liberalizing their insur-

ance markets, the level of liberalization varies greatly, he said.

For example, the liberalization of the insurance industry in Chile and Argentina was largely completed several years ago, while in Brazil the process is ongoing, Mr. Portocarrero said.

And while Mercosur countries are attempting to integrate their insurance sectors, there is resistance from some who prefer the old state-authorized monopolies, he said.

"In Brazil, many people throughout the insurance industry would prefer that it had not started," Mr. Portocarrero said of integration.

In particular, the integration of the reinsurance business is proving difficult. In Argentina, the state reinsurance monopoly was ended in 1992,

but in Brazil the state monopoly still is in place, and the liberalization process is moving forward slowly, he said.

Also, workers compensation deregulation in Brazil is lagging behind Argentina, according to Mr. Portocarrero.

Argentina set up a private worker comp system last year, but in Brazil the system still is state-controlled, he said.

To overcome the difficulties, the different countries in the Mercosur group will have to work together to develop more easily aligned insurance systems, Mr. Portocarrero said.

"It's not that we should have the same regulatory framework, but we shall have to agree on some principles," he said. **BI**

## Liberty Re

*Continued from previous page*

what he believed to be economic rates. It was largely his success with these policies that led Swiss Reinsurance Co. to decide to acquire M&G Re last August (*BI*, Sept. 2, 1996) from its U.K. parent, Prudential Corp. P.L.C.

Although Mr. Engestrom publicly supported the merger and was promised a place within the Swiss Re group when his position was eliminated, he made it clear that he was examining his options.

He now believes he has found his niche at Liberty Re. Mr. Engestrom says he hopes the company will start writing business in the fourth quarter. To do that, he must appoint the senior members of his team and secure a license from the U.K. Department of Trade and Industry.

So far Mr. Engestrom is the sole representative of Liberty Re in London. Liberty Mutual Chairman Gary Countryman also will chair the London company but will remain in Boston.

Mr. Engestrom hopes to select other core members of his team, including underwriters, by March. He envisions a staff of about 40 by the end of the year and of 80 to 100 by the end of 1998. These numbers should be fairly evenly split between three areas: property/casualty; life/health; and support, including information technology, finance and administration.

He stresses that his underwriting team will be "flexible, non-hierarchical, very non-bureaucratic." Furthermore, "it's going to be a team-oriented, customer-focused approach, where we all pitch in, we all have fun, we all work very hard. But there should be this sense of entrepreneurial spirit and even ownership." The latter will be developed through a reward system to include annual bonuses based on bottom-line results, rather than premium volume, he said.

Liberty Mutual shelved plans for Liberty Re in late 1995, claiming

market conditions were not right for a launch.

In April 1995, the insurer hired James M. Payne, former vice chairman of Sedgwick Group P.L.C., to be CEO of Liberty Re (*BI*, May 29, 1995). Graham Potter, who was then managing director of Copenhagen Reinsurance Co. (U.K.) Ltd., joined several months later as chief operating officer. However, Mr. Potter then resigned a few months later, and rumors circulated in the London market that Liberty Re may have problems obtaining a license from the Department of Trade and Industry because of Mr. Payne's al-

the rest of the year. "If it gets worse, we will be very reticent to write business. We would have to be extremely selective. That means we would write very little or no business come year-end 1997 for '98," he said.

However, Liberty Re would still pursue business in the health and life areas, he said. It also will be involved in tailor-made alternative risk transfer mechanisms.

While aware that Liberty Re will be criticized by other reinsurers for adding to the reinsurance market's capacity and thereby possibly delaying any hardening of rates, Mr.

### If the soft property/casualty market gets worse, Liberty Re 'would be very reticent to write business. We would have to be extremely selective,' says John Engestrom.

leged prior involvement with the H.S. Weavers line slip, a major source of U.S. casualty coverage, which collapsed in 1990 (*BI*, Nov. 20, 1995).

Mr. Payne retired from Liberty Re at the end of 1995, and plans to launch the reinsurer were suspended, Mr. Engestrom said.

The initial DTI license application process was halted when the first plan was shelved. As a result, the DTI never reached a decision on either that application generally or more specifically on Mr. Payne's involvement, according to Mr. Engestrom.

So why resurrect plans now when the market does not look much better, and Mr. Engestrom has been quoted as saying Liberty Re will "sit on its hands" if market conditions have not improved by start-up time?

Mr. Engestrom says the quote referred to the soft property and casualty market, which he acknowledges still presents uncertainties for

Engestrom said the current market players quote rates that "get softer and softer and they provide larger and larger capacities."

"If we don't get our margins and if the structure of the deal is not right, we will let somebody else do it," he insisted.

The world may not need another reinsurance company, but it "does need a different reinsurance company—and that's what we hope to be," he said.

With its "strategic partnerships" with clients and its management of interrelated risks, Liberty Re will find its niche in the market, he said.

While he maintains that other reinsurers commonly talk of partnership arrangements, they do not always deliver.

"You need to respect the commercial reality of the relationship, and you need also to give something with value added beyond the commodity of reinsurance," he said.

This means fully understanding the client's strategy, objectives and

lines of business so that Liberty Re can analyze the insurance risks and assess how they affect areas like investment strategy and foreign exchange, Mr. Engestrom added.

Liberty Re's aim will be to take lead positions in business it knows—property, casualty, life and health. "We will certainly be repricing and re-underwriting every proposal that comes to us, even if it has to be led by somebody else. So, with that kind of capability, we would expect to be asked to lead quote," said Mr. Engestrom.

The company also aims to help clients with operational risks, such as ventures into new products or geographic territories, by providing support in understanding the marketplace, distribution techniques, support systems and regulatory environment.

For these reasons, Liberty Re's staff will have a core expertise in these areas, he said. In addition, it will maintain contacts with a network of external suppliers ranging from investment bankers to information technology consultants. The Liberty Re team will include the "financial wizards who can construct unconventional deals to suit the client's needs," said Mr. Engestrom. And, it will employ every distribution channel, ranging from direct relationships to brokered business.

Liberty Mutual has committed £250 million (\$409.3 million) of initial capital to its new reinsurance unit, but is letting Mr. Engestrom determine when to begin operations and to set his own initial revenue targets.

Liberty Mutual takes a very long-term perspective, Mr. Engestrom said. They're looking at success in five to 10 years' time, not in one or two years, Mr. Engestrom said.

The parent is also prepared to inject more cash if Liberty Re sees opportunities for expansion. This could include any opportunity to secure additional business on favorable terms or to acquire blocks of business, or even a possible company acquisition, he said. **BI**

## PPO

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into the network.

PPP and Columbia paid about £50 million (\$85.6 million) each for the four central London hospitals last October and last month the Department of Trade and Industry approved the deal. The organization is looking at future hospital acquisitions, the PPP spokesman confirmed, though no deals are imminent.

PPP should reap substantial cost savings by implementing the network, said the spokesman. Private hospitals in the United Kingdom are running at about 50% occupancy—some as low as 20%—with high fixed costs, he explained. Higher occupancy rates from directing customers toward the network hospitals should make policyholders' premiums more stable.

Meanwhile, BUPA Ireland, based in Fermoy, has reached an agreement with the Irish Department of Health to continue trading in the country (*BI*, Jan. 13).

The Irish health minister, Michael Noonan, had objected to what the regulators thought was the packaging of a non-community-rated health plan with a community-rated plan. Ireland requires community rating on health care coverage products.

A spokesman for BUPA Ireland said the company still is selling the community-rated Essential Hospital Plan and a plan that pays out cash for any purpose, based on the number of days a patient stays in the hospital, and is developing new plans for the market. Under the agreement, the marketing materials will make it clear the two plans are not linked.

## INTERNATIONAL

# Lloyd's seeks additional funds for R&R plan

By SARAH GODDARD

LONDON—Lloyd's of London members thought that the September approval of the reconstruction and renewal plan defined the terms for ending their problems with the market, but five months later many are learning they have to put up additional assets before making a final exit.

About a quarter of the members who participated in the Lloyd's settlement as part of the R&R plan are being billed for more money to meet shortfalls in their payments to leave the market. Nearly 9,000 members will be billed for a total of £25.6 million (\$41.9 million).

A number of factors have led to the

shortfall. In some cases, members' assets, such as letters of credit or life insurance policies, ultimately did not bring in enough to pay what they owed Lloyd's. About 175 members found their funds short by a total of £5 million (\$8.2 million) because of this, said a Lloyd's spokesman.

But about £2 million (\$3.3 million) of the shortfall is a result of exchange rate losses, as sterling has strengthened against the dollar in recent months. About 6,000 members have been hurt by the currency exposures diminishing the value of their dollar-denominated assets, and 2,500 have been asked for an additional £18.6 million (\$30.5 million) to shore up the dollar value of Lloyd's U.S. funds.

Exchange rate fluctuations also

have caused problems for members expecting repayments of surpluses. Although Lloyd's stated in its Settlement Offer Document that members would be paid any outstanding money within three months of the R&R plan being accepted, some 600 names are still waiting to receive any payment, and many more have outstanding dollar-denominated surpluses.

The complexity of calculating who gets what has caused the delay in paying surpluses, but shifts in the exchange rate are eroding the funds before the members receive them.

Lloyd's stated in the SOD that it would not hedge its currency exposures.

Meanwhile, Lloyd's is playing down reports from CBS Analysis, the

research department of members agent Christie Brockbank Shipton Ltd., that it is being forced to use 80% of its capacity this year as a term of its £300 million (\$491.2 million) loan from a group of banks: Citibank International P.L.C., NatWest Capital Market Ltd. and Royal Bank of Canada Europe Ltd.

Writing in its February market review, CBS comments that Lloyd's near future is "grim" because of too much capital at the wrong point in the insurance cycle, coupled with a very high utilization requirement. "This is a totally unrealistic scenario and CBS recommends that Lloyd's renegotiates the terms of this loan without delay," said the report.

A Lloyd's spokesman said the loan

conditions do include a capacity utilization clause, but that the proportion to be used to satisfy the loan is substantially less than CBS stated. The spokesman could not indicate how much the banks were requiring Lloyd's to use. **BI**

## Aetna in Brazil venture

SAO PAULO, Brazil—Aetna Inc. plans to enter the Brazilian life and health insurance market through a joint venture with Sul America Seguros, a Rio de Janeiro-based insurer.

Aetna will invest \$300 million in the venture, called Sul America Aetna, giving it a 49% stake in the new company. The Hartford, Conn.-based insurer may invest an additional \$90 million depending on future performance.

Its Brazilian partner will bring all of its existing life and health business, which in 1996 generated \$1.2 billion in premiums, to the joint venture.

The new company, which will be based in Sao Paulo, aims to take advantage of the growing market for group and individual private life and health insurance in Brazil, said Rony Lino, president of Sul America Seguros. Only about 3% of Brazil's population buys private health insurance, he said.

"However, as Brazil continues to move to a combined public and private system of health care, we expect that private health plans will play an increasingly significant role," Mr. Lino said.

—By Gavin Souter

# CTW roiled by directors' disqualification

LONDON—Lloyd's of London members agency Cox Tudsbury & Wills Ltd. could become an acquisition target after a recent court ruling banned two of its directors from running a company in the United Kingdom.

David Coulthard was disqualified as a director for four years, and Hugh Shuttleworth was banned for five years, because of their conduct as directors of agency Dawes & Henderson (Agencies) Ltd. in an action brought by the U.K. Department of Trade and Industry.

Another Dawes director, Alan Dawes, was banned from holding a directorship for three years. Dawes & Henderson was put into voluntary liquidation in 1993, four years after the Cox Members Agencies Group bought it.

All three men admitted to breaches of the Companies Act 1985 involving more than £500,000 (\$817,000) of loan arrangements between Dawes and its holding company, Henda Ltd. The High Court also ruled that Mr. Shuttleworth gave preference to one creditor.

In a statement, CTW's board said the sentence on the three men was harsh, particularly because none had gained personally, all Dawes creditors had been paid and the men had relied on professional advisers.

CTW said it will have new Lloyd's-approved directors in place by the time the ban becomes effective Feb. 25. The directors likely will

## CTW will reviews its options. . .including whether to merge or be acquired, says Nick Paterson-Morgan.

come from outside the agency and will be non-executive directors, said CTW Director Nick Paterson-Morgan.

CTW will review its options in the next few days, including whether to merge or be acquired, he said. The agency has had discussions with pos-

sible suitors over the past couple years, but talks foundered because of the Dawes situation, he added. One possibility is a linkup with Lloyd's corporate capital investors, similar to Angerstein Underwriting Trust P.L.C.'s recent takeover of Lloyd's agency Stace Barr Holdings Ltd. (*BI*, Feb. 3), though no deals are pending, said Mr. Paterson-Morgan.

Meanwhile, the Angerstein takeover of Stace Barr may have started a trend. Last week, ALIT Insurance Services Ltd., a subsidiary of Abtrust Lloyd's Insurance Trust P.L.C., agreed to buy members agent Minorities Underwriting Agencies Ltd., pending Lloyd's approval of the deal.

As a corporate spread vehicle, placing capacity with a number of Lloyd's syndicates around the market, Abtrust sees its future lying more with individual members rather than with dedicated corporate members, which support just one syndicate. "We are looking to align with the traditional market and not go down the insurance company route," a spokesman said.

Adding Minorities' £360.9 million

(£611.5 million) in traditional members' capacity to Abtrust's £53.2 million (\$90 million) means that Abtrust will control at least 4% of Lloyd's 1997 capacity.

"We will look to be acquisitive (of more members agents)," said Colin Percival, managing director of Minorities and chief executive-designate of ALIT Insurance Services. This sort of deal gives agents economies of scale, which allow them to cut costs and improve profitability, he added.

Minorities caused a stir last spring by filing for court protection from bankruptcy after failing to settle a dispute over a £4 million (\$6.1 million) errors and omissions claim with Gooda Walker and Feltrim names action groups. French insurers writing part of the coverage disputed the claim (*BI*, March 18, 1996).

Minorities came out of administration in late October, once the R&R plan was fully in place. It had upped its contribution to the settlement in exchange for Lloyd's taking over legal action against the defaulting insurers.

—By Sarah Goddard

# Disaster

Continued from page 1

Something that most people probably think is a good idea, but there's still a lot of the attitude that 'It can't happen to me,' she said. "Sometimes companies are not as aware of their vulnerabilities as they should be. We think in big terms, such as earthquakes and hurricanes, but there are so many other things that can have an impact on your business."

"Unless business recovers, the community never fully recovers," said Mary L. Carrido, president of LC & Associates, an Irvine, Calif.-based business consulting firm and a director of the new alliance.

Ms. Carrido said she and the Disaster Recovery Business Alliance's other founding directors hope to incorporate the organization as a non-profit group later this year. They also hope to start up business disaster recovery alliances throughout the country.

When there is a disaster, the alliance will "come in as sort of a Red Cross" to help get businesses back in operation, she explained.

"Everybody talks about public and private partnership—the DRBA truly is public/private partnership," she said.

According to its charter, the DRBA hopes to, among other things, provide ongoing research into what the private sector should do to

mitigate losses from a wide range of disasters; act as liaison with public agencies, trade groups and researchers to "advance shared goals of hazard mitigation"; and to provide programs, leadership development and other services to a "network of regional alliances and their members."

The DRBA already has won the support of the National Emergency Management Assn., which is a society of state emergency management officials. The two groups signed a memorandum of understanding to

## 'Sometimes companies are not as aware of their vulnerabilities as they should be,' says Millie Workman.

work together in Washington last week.

"This gives state (emergency management) directors another tool in their toolbox" to deal with economic impact on communities of disasters, said A. David Rodham, president of NEMA and assistant secretary of Massachusetts' executive office of public safety.

Without planning to get businesses up and running as quickly as possible after a disaster, "the second disaster will occur," said Roy C. Price

Sr., Hawaii's vice director of civil defense. The second disaster comes in the form of lost tax revenue and unemployment, said Mr. Price, a past president of NEMA.

The DRBA's approach differs from traditional contingency planning, said Stephen Baruch, team leader of the Palo Alto, Calif.-based Electric Power Research Institute's Community Initiative and one of the three founding directors of the DRBA. The Electric Power Research Institute is a non-profit research facility supported by the utilities industry.

Contingency plans usually only address facility survival rather than business continuation, he said. The DRBA approach looks at community infrastructure and recovery, he said.

"The purpose is to provide a true collaboration between the private and public sectors, to exchange information both before, during and after a disaster, and it's the missing link between the public and private sector that will help mitigate and reduce losses," said Mr. Baruch.

After Hurricane Andrew struck South Florida in 1992, Southern California Edison Co. sent a team of employees to the hurricane-damaged area to see what they could learn from Florida's experience. The team found that the missing link in recovery was getting businesses back in business quickly, Mr. Baruch said.

"Communities don't rebuild until their businesses rebuild," he said.

The DRBA's multipoint approach to disaster mitigation includes a fo-

cus on how to strengthen links between entities rather than on internal corporate planning; placing an emphasis on "lifelines and key economic players"; a stress on recovery and reconstruction rather than emergency response; and stressing restoration of normal commercial channels rather than disaster relief.

Large-scale disasters have a "significant ripple effect," said Janet W. Gorman, the group's third founding director, principal of The Workman Group of Pasadena, Calif., and executive director of the state's Orange County Disaster Recovery Alliance. The Orange County alliance, founded in 1995, is developing a comprehensive regional business recovery plan.

"Traditionally, it seems that the focus has been on insured property damage. That implies that the only losses result from direct hits on facilities. In that aspect of loss, there's a great deal of energy placed on mitigation of those losses," including improved building codes and construction techniques, she said.

"Our focus is a little different. Our concern is really broader than that. We're looking at the hit to the system to which these businesses are part," she said.

That "system" often goes unnoticed, she pointed out. "As long as everything works fine, we don't notice it."

Then comes the disaster, links are cut, and business connections are lost, said Ms. Gorman.

In fact, the typical business is more likely to suffer from the ripple effect of a catastrophe than from a direct hit, she added. "Our work focuses on whole regional areas. That's why these alliances that we're forming are so important to us."

The DRBA looks at "core systems," she said. The DRBA seeks to get representatives of such systems—major employers, trash and waste disposal, utilities and the like—as initial members in an alliance. Such lifeline systems would be the first to be restored after a catastrophe. According to the DRBA's founders, the private/public planning partnerships will help accelerate economic recovery after a catastrophe occurs.

Supporters of the DRBA's approach are ready for any criticism that such a public/private partnership amounts to a disguised form of "corporate welfare."

"This is a clearinghouse. Government is not forcing this or playing any favoritism," said Ms. Carrido.

Dale W. Shipley, Ohio's emergency management director, said working with industry to help prevent businesses and their employees from becoming disaster victims might "help me better perform my job of taking care of victims."

For more information on the DRBA, contact Stephen D. Baruch at the Electric Power Research Institute, 3412 Hillview Ave., Palo Alto, Calif. 94303-0813; 415-855-8912; sbaruch@epri.com

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## NOTICE

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CITY OF LOS ANGELES is seeking the services of firm(s) experienced in Workers' Compensation Medical Cost Review and Containment. This includes Bill Review, Utilization Management, and Discount Service Provider Networks serving the W/C industry. Firm(s) can bid on any or all of the services.

Firm(s) interested in contracting with the City may obtain a copy of the Request for Proposal at City of Los Angeles, Workers' Compensation Division, 700 E. Temple Street, Room 210, Los Angeles, CA 90012 or by mail with submission of a self-addressed stamped (\$3.77) envelope 10" by 13" to the attention of Diana Tong, Personal and Confidential at the above reference address. Proposals are due on March 28, 1997 no later than 4:00 pm. (Revised date. Please note.)

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## LEGAL NOTICE

## LEGAL NOTICE

### UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

IN THE PETITION OF PAUL ANTHONY BRERETON EVANS AND RICHARD CLAUDE BOYS-STONES, AS JOINT PROVISIONAL LIQUIDATORS OF THE ORION INSURANCE COMPANY PLC AND THE LONDON AND OVERSEAS INSURANCE COMPANY PLC  
Case Nos. 94-B-44968 (SMB) and 94-B-44969 (SMB) Jointly Administered

PLEASE TAKE NOTICE that pursuant to an order of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), a hearing will be held on March 6, 1997 at 10:00 a.m. (the "Return Date"), or as soon thereafter as counsel can be heard, before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, at the Bankruptcy Court, The Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, to consider the motion (the "Motion") of the Provisional Liquidators of The Orion Insurance Company PLC and The London and Overseas Insurance Company PLC (together, the "Companies") for entry of an order (the "Order") pursuant to 11 U.S.C. §§ 105 and 304(b) providing permanent injunctive relief to give effect in the United States to the Scheme of Arrangement dated November 20, 1996 (the "Scheme of Arrangement") between the Companies and their respective Scheme Creditors (as defined in the Scheme of Arrangement). The Scheme of Arrangement was proposed pursuant to section 425 of the Companies Act 1985 of Great Britain.

On or about December 1, 1996, the Scheme of Arrangement, together with the Explanatory Statement dated November 20, 1996 (the "Explanatory Statement") and, together with the Scheme of Arrangement, the "Scheme Document") was mailed to all known policyholders, creditors, agents and brokers of the Companies. The provisions of the Order requested by the Provisional Liquidators are set forth on pages 67 through 69 of the Scheme Document.

Pursuant to an order of the High Court of Justice of England and Wales (the "High Court"), meetings of classes of the Scheme Creditors are scheduled to be held in London on February 14, 1997. If at that time resolutions approving the Scheme of Arrangement are passed by the requisite statutory majorities (i.e., a majority in number representing 75% in value of those in each class present and voting in person or by proxy), it is anticipated that a hearing to sanction the Scheme of Arrangement will be held before the High Court on March 5, 1997. If the High Court sanctions the Scheme of Arrangement and the Bankruptcy Court enters the Order, it is expected that the effective date of the Scheme of Arrangement will be in March 1997.

Copies of the Scheme Document, the form of the Order to be presented on the Return Date, the section 304 petitions dated October 24, 1994, which were filed to commence the above-captioned cases, and the Memorandum of Points and Authorities in Support of the Motion are available upon written request to the Provisional Liquidators' U.S. counsel:

**Chadbourne & Parke LLP  
30 Rockefeller Plaza  
New York, New York 10112  
(212) 408 - 5100 (Telephone)  
(212) 541 - 5369 (Facsimile)**

Attention: Kenneth P. Coleman, Esq.

PLEASE TAKE FURTHER NOTICE that any and all objections to the Motion must be in writing, filed with the Bankruptcy Court, with two (2) copies to the Chambers of Bankruptcy Judge Bernstein, and served so as to be received by counsel to the Provisional Liquidators on or before February 28, 1997.

*The Orion Insurance Company PLC, a U.K. company, is not affiliated in any way with Orion Capital Corporation or any of the Orion Capital Companies.*

## LEGAL NOTICE

## LEGAL NOTICE

### IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATTER OF THE LIQUIDATION OF )  
FIRST OAK BROOK CORP. SYNDICATE ) NO. 96 CH 10138

#### NOTICE OF CLAIM FILING DEADLINE AND PROCEDURES

PLEASE TAKE NOTICE, that on November 12, 1996, the Circuit Court of Cook County, Illinois entered an Order of Liquidation With A Finding of Insolvency against First Oak Brook Corp. Syndicate ("First Oak Brook"). Mark Bozell, Director of Insurance of the State of Illinois, is the statutory and court affirmed Liquidator of First Oak Brook ("Liquidator").

TAKE FURTHER NOTICE, that on January 2, 1997, the Circuit Court of Cook County, Illinois, entered an Order Fixing Rights and Liabilities and Providing for the Filing of Claims and Claim Filing Deadlines ("Fixing Order"). Pursuant to the Fixing Order, all rights and liabilities of First Oak Brook and its policyholders, creditors and stockholders, and all other persons interested in its property or assets, are fixed as of November 12, 1996, unless otherwise provided in prior or further orders of the Court.

TAKE FURTHER NOTICE, that all persons and entities who have, or may have, claims against First Oak Brook, its property or assets, or against a First Oak Brook insured or policyholder, shall have the right to present and file with the Liquidator proper proofs of claim on or before November 12, 1997 at 4:30 p.m. (C.S.T.).

TAKE FURTHER NOTICE, that any insured under an insurance policy issued by First Oak Brook shall have the right to present and file with the Liquidator a proper proof of claim setting forth a contingent claim on or before November 12, 1997 at 4:30 p.m. (C.S.T.). No contingent claim shall be allowed for purposes of participating in any distribution of estate assets that may be made at the fourth priority level, 215 ILCS 5/205(1)(d), unless such claim has been liquidated and the insured claimant has presented and filed evidence of payment of such claim to the Liquidator on or before November 12, 1998 at 4:30 p.m. (C.S.T.). Any contingent claim for which a proper proof of claim is filed on or before November 12, 1997 at 4:30 p.m. (C.S.T.), but which is not liquidated on or before November 12, 1998 at 4:30 p.m. (C.S.T.), may be estimated pursuant to 215 ILCS 5/209(4)(b) for purposes of participating in any distribution of estate assets that may be made at the fifth priority level, 215 ILCS 5/205(1)(e), unless otherwise directed by the court.

TAKE FURTHER NOTICE, that the form and required contents of all proofs of claim are described in 215 ILCS 5/203. Proofs of claim, along with supporting documents, if any, are to be filed with, and may be obtained from, the Liquidator of First Oak Brook, at 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654. A proof of claim shall be deemed "filed" with the Liquidator upon the Liquidator's receipt thereof. The Liquidator reserves the right to require such additional information with respect to any claim filed with him as he may deem necessary. The Liquidator further reserves any and all defenses available to First Oak Brook upon all filed claims. All proofs of claim must be duly sworn to before an officer authorized to take oaths.

THE LAST DATE FOR THE FILING OF PROOFS OF CLAIM WITH THE LIQUIDATOR IS SET FORTH ABOVE. NO PERSONS OR ENTITIES HAVING OR CLAIMING TO HAVE ANY CLAIMS AGAINST FIRST OAK BROOK CORP. SYNDICATE, OR ITS POLICYHOLDERS, SHALL PARTICIPATE IN ANY DISTRIBUTION OF THE ASSETS OF THE COMPANY UNLESS SUCH CLAIMS ARE PROPERLY FILED WITH THE LIQUIDATOR ON OR BEFORE NOVEMBER 12, 1997 AT 4:30 P.M. (C.S.T.).

Peter G. Gallanis  
Special Deputy Receiver

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The position will work directly with the Sr. Vice President and the Chief Underwriting Officer in formulating underwriting and pricing strategies. Other responsibilities will include: development and application of underwriting guidelines; delegation of authority to underwriters; and development and management of agent relationships. The candidate will also train underwriters, serve as a liaison to Information Systems, and participate in the development of new products and/or enhancement of existing products.

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# Fraud

*Continued from page 2*

Anecdotal evidence suggests such warnings may help deter fraudulent claimants from cashing checks, the report said. In addition, the warnings may "provide useful evidence of criminal intent when claimants knowingly sign and cash the checks when they have side jobs or other illegal sources of income," according to the report.

- Lobby states to give workers compensation judges more powers. These include the ability to order restitution for victims of fraud, hold perpetrators in contempt for perjury and refer medical providers for disciplinary actions.

- Sponsor educational programs for employers so they can learn how to combat claims fraud and identify fraudulent insurance providers.

- Research evolving fraud issues in managed workers comp care settings.

- Urge state lawmakers to enact the coalition's model insurance fraud act.

The coalition's model act encompasses all forms of insurance, including workers comp insurance. It would create broad criminal and civil sanctions against perpetrators of fraud, provide restitution for victims and sanction providers convicted of fraud. It also includes immunity provisions that would encourage fraud reporting and cooperation with law enforcement agencies.

Five states have adopted at least some portion of the coalition's model act: Colorado, Michigan, Minnesota, Tennessee and Wisconsin.

Similar bills are pending in seven states: Arkansas, Nevada, New Mexico, Oklahoma, Oregon, South Dakota and Virginia.

"We are encouraged by the amount of legislative action so early in the season," said Dennis Jay, the coalition's executive director.

- Enact model legislation proposed by the National Assn. of Insurance Commissioners governing employee leasing arrangements.

That model would give states and insurers additional tools to make sure businesses are not using employee leasing arrangements to avoid paying appropriate workers comp premiums, the report said.

The recommendations accompanied three key findings by the coalition:

- Workers comp judges in most states lack the authority to discipline defrauders.

"In even blatant attempts to defraud by claimants, attorneys and medical providers, the only option usually available to the judge is to deny eligibility for further benefits," the report said.

- Prosecutors often are stymied with claims fraud cases because of the difficulty in proving intent to defraud, which is the legal standard for criminal conviction, the report said.

"In other forms of insurance, intent to defraud is often supported by claims forms and other documents claimants sign to attest to the validity of their claims. However, because of the no-fault nature of workers comp, claimants usually do not sign any document in order to receive or continue receiving benefits," the coalition said.

- Insurers and state agencies often lack the ability to battle fraud.

"Many insurers, state plans and law enforcement agencies lack the expertise to investigate premium fraud and prepare cases for prosecution" because such cases "often are highly complex with long paper trails reminiscent of a federal tax audit," the report said.

Single copies of "Workers Compensation Fraud: Public Policy Issues for the Future" are available free. Contact the coalition at 1511 K St. N.W., Suite 22, Washington, D.C. 20005; 202-333-7330.

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# EPL

Continued from page 2

A claim brought by an individual arguing workplace discrimination fetches an average court award of \$300,000, Ms. Longmore noted. Arguments regarding raises and promotions end in average awards of \$350,000, and harassment claims net an average of \$150,000.

And that's the tip of the iceberg, she pointed out. "There are very few court awards."

She said it is thought that more than 95% of employment practices liability cases are settled for amounts that probably are higher than the av-

erage court awards.

While average court awards may distress employers, those amounts or settlements to individual claimants are not the worst nightmare, she said. "The doomsday scenario is a class action. One out of every four actions filed in this area is a class action. That's what many of the employers we've spoken to are concerned about."

An employer facing a class action should not rely solely on in-house legal talent but should immediately hire outside counsel, said J. Glenn Dockery, managing director and senior vp at Willis Corroon Financial Services.

Make sure, he advised, that lawyers

retained to handle such cases are well-qualified to take on those claims. "There are attorneys that have expertise in certain areas, and then there are generalists."

Mr. Dockery and Ms. Longmore discussed reasons other than high costs that employers give for not buying employers liability insurance. Excuses they have heard include:

- We don't get those kinds of claims. We just don't do those kinds of things; that's not who we are.

"Companies who say, 'I'm not that kind of company,' may be missing the boat," Ms. Longmore stressed. It doesn't take an intentional violation of the law to be hit with a lawsuit, she pointed out, if an action is "disproportionately harmful to a protected class." Closing a plant, for example, where the workforce was made up of

older employees, women or a minority is enough to spur a claim.

- We don't want to encourage those kinds of acts by buying insurance.

Employers are wrong if they think employees are more likely to sue because they know the company has employers liability coverage, Ms. Longmore said. "You're a target whether you have the insurance or not."

Plaintiffs attorneys, she added, generally don't know or care whether a company has the coverage because they are going for the largest award they can get regardless of whether there is insurance to pay it.

- We have better things to do with our money.

Maybe so, Ms. Longmore said. If there is a choice between spending money on insurance or putting in risk

management controls to lessen the liability, choose the controls, she noted. "Without them, you can't even buy policy. You don't have those manual procedures in your drawer, you're never going to get through the application process."

- We can't get as much insurance as we would want.

Not so, Ms. Longmore countered, pointing out that Willis Corroon has arranged limits of \$250 million for client and could have obtained up to \$350 million.

Large, high-profile companies with tens of thousands of employees around the world "should be looking at real cat limits," she added. "An what are they? They're close to you (general liability) limits. . . . Are those kinds of limits available? Can they be stacked up on this side? Yeah."

Tim Smith, safety and risk administrator for Athens-Clarke County, Ga., moderated the session. **E**



## Low acts arise from hire problems

By MICHAEL BRADFORD

ATLANTA—Risk managers need to rely on more than their consciences when making sure workplaces are free of unethical behavior.

They must hire carefully and make sure employees are aware of the legal consequences of bad behavior, said E. Bruce Mather, general counsel at DeRoyal Industries Inc., a medical device manufacturer in Knoxville, Tenn.

Speaking at the 14th Annual Educational Conference held by the Atlanta chapter of the Risk & Insurance Management Society Inc. earlier this month, Mr. Mather told his audience that employers can avoid some legal troubles if workers behave ethically.

Because management has done a poor job of enforcing ethical behavior, Congress has stepped in to pass laws that define such behavior, he said.

The Civil Rights Act of 1964, which outlaws forms of discrimination, is one example, and "the list goes on and on," Mr. Mather added.

The definition of ethics has evolved so that "what is ethical is legal and what is unethical is illegal," Mr. Mather explained. "That's not a definition that I agree with, but that's how we're having to approach this whole question."

That means employees should be aware of laws on ethical behavior, partly because it will keep the employer out of court.

"Each of you in this room are having to become attorneys, you're having to know the laws yourself. From a corporate standpoint, if you're not engaging in training your employees. . . on the laws that affect the workplace, you're making a big mistake" Mr. Mather said.

He referred to an Arthur Andersen & Co. S.C. estimate that U.S. companies paid more than \$1.3 billion last year to federal agencies in fines and assessments for violating statutes governing ethical behavior.

"That's money down the tube. You have to learn these laws, you have to learn these statutes, and you have to ensure that you, as an agent of the corporation, innocently don't put your employer in court," he said.

Most suits stem from innocent mistakes such as "supervisors doing or saying something that they simply don't know is illegal. And that's our fault, in management, for not letting these people know," he said.

Unethical behavior can affect a company in other ways, Mr. Mather noted. For example, if discrimination is allowed, "you are losing a valuable source of employees, you're endangering your employee morale, you're not adding to your bottom line."

While ethical decisions aren't always clear-cut, doing what is perceived to be the right thing is a good rule of thumb, he said.

Ethical decisions will vary from person to person, because people don't always agree on what is ethical, he explained. "The thing I always urge in a

business situation is that if you have a question of whether something is ethical or not, do the right thing. The right thing depends on the way you approach ethical behavior."

Hiring practices are the first line of defense in heading off a legal problem that could result from unethical behavior, Mr. Mather stressed.

"So many of our ethical issues or legal issues come simply as a result of poor hires. You have not done adequate background checks" or sufficient interviews if employees are hired who later cause problems, according to Mr. Mather.

Substance abuse tests are controversial but needed to weed out potential problems, he said. "You don't want to hire substance abusers of any type."

"Ethics starts at the top and must work down," Mr. Mather remarked. Employees will respond to the type of behavior they see in managers and owners, and those who condone bad behavior will see it in their workforce, he said.

"We don't tell our employees the information they need. Lower-level employees need to know, just like upper-level employees, the ethical corporate culture we expect. And it's more than a handbook; handbooks are not real. It's actual training," he said.

Workers have to understand which actions are unacceptable and that they will be fired if they engage in that behavior, Mr. Mather said. "That message needs to be loud and clear."

Dean R. Jobko, risk management principal at Southern Co. in Atlanta moderated the session. **E**

### Gerald J. Sullivan & Associates, Inc.

announces the sale of its shares in

Sullivan, Kelly & Associates, Inc.

June 1996

This announcement appears as a matter of record only.

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## 450 celebrate chapter's 40th year

ATLANTA—The Atlanta chapter of the Risk & Insurance Management Society Inc. celebrated its 40th year at its annual educational conference this month.

The conference, in its 14th year, drew a record 450 attendees to the Inforum in Atlanta Feb. 6-7.

Risk managers, brokers and insurance industry professionals discussed topics including violence in the workplace, ethics and the insurance professional, and employment practices liability.

The Atlanta chapter will host this year's national RIMS conference April 13-18.

New York-based RIMS is helping attendees learn more about the city and the event with its World Wide Web site, <http://www.rims.org>. The site also has a link to information on Atlanta.

The RIMS page is expected to list information on conference exhibitors later this month, according

to Anne Weathersby, executive vp of Information Inc.

Ms. Weathersby, who helped create the Web site and the RIMSNET system for the national organization, said information also will be available on conference sessions and exhibitors.

The Atlanta chapter presented its Walter H. Buce Jr. Memorial Award to Sandra Gustavson, a University of Georgia professor and department head of insurance, legal studies, real estate and management science.

The award, which recognizes excellence in risk management and insurance, was created last year to honor a longtime chapter member who was killed in a 1995 car accident.

Next year's chapter conference will be Jan. 29-30 at the Inforum. For information, call Art Kirchoffer, property risk manager at BellSouth Corp., 404-249-2951.

# Brokers

Continued from page 2

Alexander Services Inc., which Aon acquired in December (BI, Dec. 23, 1996).

A&A, formerly the world's fourth-largest broker, is one of several brokers that are missing from the ranks of the world's largest brokers.

London-based Bain Hogg Group P.L.C., the world's 11th-largest broker last year, also is gone following Aon's acquisition of the company in October (BI, Oct. 23, 1996). And French broker Compagnie Européenne de Courtage d'Assurances et de Reassurances, or CECAR, formerly the world's 20th-largest broker, has been bought by Marsh & McLennan Cos. Inc. (BI, Feb. 3).

The future of two other brokers also is in the air.

Anthem Insurance Cos. Inc. earlier this month announced it is exploring the sale of its Acordia Inc. subsidiary's property/casualty brokerage business. Acordia ranked as the world's seventh-largest broker based on 1995 revenues. More than half of its \$661 million in 1996 revenues are attributable to property/casualty brokerage (see related story).

In addition, M&M confirmed last month it was in talks with The St. Paul Cos. Inc. to buy its London broker subsidiary Minet Group, the world's ninth-largest broker.

Brokerage executives say acquisitions are necessary to keep afloat in the competitive soft pricing environment.

"Clients are looking for more efficiencies and more resources," noted Patrick G. Ryan, chairman and chief executive officer of Aon Group. "They don't want to pay for redundant costs in the system."

These redundancies occur when there are too many branch offices and back room offices, he said. Brokers are put under economic pressure in this environment, which results in an inability to deliver resources clients want.

"The reason A&A decided to sell is, by themselves, they couldn't grow," Mr. Ryan said. A&A is a "large microcosm of what's driving consolidation" in the industry, he said.

"With the soft market and heavy competition, we'd probably be flat if it were not for acquisitions," noted Robert H. Hilb, chairman and CEO of Hilb, Rogal & Hamilton. The Glen Allen, Va.-based broker acquired 15 independent agencies in 1996, which contributed to a 7% rise in revenues.

HRH was not alone on the acquisition trail: Arthur J. Gallagher & Co. made seven acquisitions in 1996, Acordia made nine, and Poe & Brown Inc. completed four.

"Consolidation will continue," predicts J. Michael Bischoff, vp-corporate development for M&M, which joined the acquisition frenzy last month when it bought CECAR for \$200 million.

"The pace, timing and which firms will be involved is hard to anticipate," he said. However, "it has been clear for years that consolidation needed to occur in the insurance sector."

Individual results of the largest U.S.-based publicly held brokers follow:

## Marsh & McLennan

Solid growth from almost every segment at the world's largest broker is responsible for its 10% growth in total revenues in 1996 to \$4.16 billion. Profits also were up, increasing 14% to \$459.3 million.

Revenues at Putnam Investment Inc., its Boston-based investment management company, grew 44% over the year to \$1.1 billion, while consulting revenues, including those from William M. Mercer Inc., grew 10% to \$1.2 billion.

Revenues from insurance services,

which includes insurance brokerage, reinsurance brokerage and program management business, however, was down 3% over the year to \$1.9 billion.

Excluding its second-quarter 1996 sale of The Frizzell Group Ltd., a U.K.-based insurance program management company, revenues would have been up about 2% for the year, Mr. Bischoff said.

Insurance brokerage business had "a very strong year" with a 5% to 6% increase in revenues, he said. Revenues from reinsurance brokerage business, on the other hand, were down 12% for the year to \$258.5 million.

Such trends as higher retentions, price reductions in catastrophic risks

In addition to acquisitions, Aon experienced good "organic growth," Mr. Ryan said.

"Growth came from international business and consulting did well," he noted. "Reinsurance continues to be under pressure, and U.S. retail did fine. The lift principally came from international business."

Consulting revenues were up 9.3% to \$273.8 million, while insurance and other services were up 17.1% to \$1.7 billion.

"It was a good year. We're happy," Mr. Ryan said.

## Acordia

The Indianapolis-based broker posted the largest revenue and profit

benefits company the broker acquired in the fourth quarter.

Gallagher also is continuing to focus on expense controls and making its business processes more efficient, Mr. Cloherty said. "There's not much more you can do."

In 1996, total expenses were up 3% to \$387.3 million.

Further expense reductions and efficiencies will result from the broker's continued "redesign" efforts, he said.

At the end of the third quarter, Gallagher announced it was reviewing all aspects of the broker's costs and related expenses due to a shortfall in expected commission and fee growth in the fourth quarter.

Revenues were up a scant 2% to \$119.5 million, and profits tumbled 12% to \$11.3 million during the fourth quarter.

Gallagher continues to review and redesign "operations that are having profitability difficulties," he said.

Mr. Cloherty did not elaborate about the restructuring, except to say he estimates it to be complete by the first half of 1997 and that efforts so far have resulted in more "efficiency to its delivery system."

## Hilb, Rogal & Hamilton

HRH's merger and acquisition strategy played a key role in its 7% rise in revenues for the year to \$158.2 million.

Profits, however, were down 4% for the year to \$11.4 million.

Mr. Hilb said while the company was "deeply concerned" about a profit decline, a difference of a few hundred thousand dollars "wasn't significant."

"It was a tough damn year," he noted. "The competitive nature of the business has not changed."

In December, HRH completed the sale of substantially all of the operating assets of its Voorhees, N.J., office to Wharton/Lyon & Lyon.

Continuing with its acquisition strategy—it acquired 15 independent agencies in 1996—HRH already has completed two acquisitions in 1997.

HRH's Birmingham, Ala., office acquired substantially all of the operating assets of Lynam Insurance Agency Inc., also in Birmingham, and acquired substantially all of the operating assets of S.H. Gow & Co. Inc., which has offices in Buffalo, Rochester and Syracuse, N.Y.

Terms of the deals were not disclosed.

"We're going to be all right," said Mr. Hilb, who announced he is retiring as CEO of the broker at the end of May. He expects 1997 results to be an improvement over 1996, a year he describes as a "reasonably acceptable."

Andrew L. Rogal, president and chief operating officer, will succeed Mr. Hilb, who will remain chairman of the company.

## Poe & Brown

An equal portion of internal growth and acquisitions fueled a 12% rise in revenues at the Daytona Beach, Fla.-based broker in 1996 to \$118.7 million. Net income also grew last year, increasing 11% to \$16.5 million.

Excluding a 1995 favorable tax reserve adjustment, profits were up 15%, which meets the broker's goal, said J. Hyatt Brown, chairman and CEO.

New business growth in Poe & Brown's retail brokerage segment—which represented \$75 million of its revenues—was up 25% over 1995, he said.

The broker additionally made four acquisitions in 1996.

However, the rate of lost business stayed constant over the year and expenses were up 10% to \$91.6 million, which partially offset the growth.

"We feel good about our prospects" in 1997, Mr. Brown said. The broker's goal is to increase its earnings per share by 15% in 1997. "We're pretty optimistic." ■

## 1996 broker results

(in millions of dollars)

	Gross revenues	% change from 1995	Net income	% change from 1995
Marsh & McLennan	\$4,163.3	9.9%	\$459.3	14.0%
Aon Group <sup>1</sup>	2,002.3	15.9	182.0 <sup>2</sup>	(14.1)
Acordia	661.0	19.0	29.9	27.0
Arthur J. Gallagher	456.7	4.0	45.8	7.7
Hilb, Rogal & Hamilton	158.2	6.8	11.4	(3.6)
Poe & Brown	118.7	11.6	16.5	11.5

Source: Company reports. <sup>1</sup>1995 figures are restated. <sup>2</sup>Pretax

and consolidation of insurers hurt reinsurance brokerage results. Mr. Bischoff said while these trends will continue through 1997, they will not affect the business as severely.

The reinsurance segment "is looking forward to improved profits and results in '97," he said.

M&M took a \$59.4 million pretax fourth-quarter charge related to finding new London quarters. The charge also will go toward some systems integration and process improvements in its insurance services segment, Mr. Bischoff said. The charge offsets a \$40 million one-time tax credit M&M received in the quarter.

In January, M&M bought CECAR for \$200 million. The combination of CECAR and M&M's existing French broker, Faugere & Jutheau S.A., will make it the largest broker in France.

CECAR is "a superb company," Mr. Bischoff said. The two French brokers have "tremendous complimentary activity. While they don't need to be put together, our intent is to integrate them in '97."

As to its negotiations with St. Paul to buy Minet, Mr. Bischoff said, "We're still looking at it, but the deal has not been done."

## Aon Group

Growth from international operations plus a hefty dose of acquisitions bumped Aon Group's revenues up 16% to \$2 billion in 1996. Pre-tax profits, however, were down 14% to \$182 million. The decline is attributed to \$75.3 million in charges Aon took in the second quarter relating to an early-retirement program and in the fourth quarter relating to the integration of Bain Hogg.

Aon additionally expects to take a \$100 million charge in the first quarter relating to the integration of A&A, Mr. Ryan said. Revenues from A&A's operations also will be included in Aon's first-quarter results.

Revenues from Bain Hogg were included in the fourth quarter of 1996. Revenues were up 30.8% to \$583.6 million in the quarter as a result.

Mr. Ryan said the integration of Bain Hogg and A&A into Aon is "going quite well."

He anticipates all decisions relating to "people issues" to be made by the first half of the year. The actual physical integration of the companies will come after that.

increases among the six largest U.S.-based publicly held brokers.

Revenues increased 19% to \$661 million, while profits grew 27% to \$29.9 million.

Keith A. Maib, executive vp and chief financial officer for Acordia, said top line growth can be attributed to Acordia's strategic relationship with its parent company, Anthem Insurance, and to acquisitions.

Revenues from Acordia's health-related operations increased 20% over 1995 primarily due to Anthem's merger with Cincinnati-based Community Mutual Insurance Co. Overall, about \$326 million of Acordia's 1996 revenues came from Anthem.

Also during the fourth quarter, Acordia sold its wholesale life operation in Salt Lake City. Together with the third-quarter sale of its Tyler, Texas-based third-party administration unit, Acordia reported a \$2.8 million gain for the year.

Total expenses, however, grew 19% over the year to \$573 million.

In December, Frank C. Witthun was named CEO of Acordia, succeeding L. Ben Lytle, who continues as chairman of Acordia and chairman and CEO of Anthem.

Despite questions on the future of Acordia and Anthem, Mr. Maib said business will continue as usual.

"We are highly focused on margin expansion in '97," Mr. Maib said, adding that acquisitions will continue to be "fundamental to our strategy."

## Arthur J. Gallagher

Executives at the Itasca, Ill.-based broker are pleased with its year-end 4% growth in revenues to \$456.7 million.

"It continues to be a very tough pricing environment," said Michael J. Cloherty, executive vp at Gallagher.

"The good news is 96% of our clients stayed," he said. "But we don't make as much revenues as we used to."

While results are good, "we're not going to sit on our hands," he noted. Part of the broker's strategy is acquisition growth. "We're always looking for good acquisition candidates," he said.

In 1996, Gallagher acquired seven companies, including Alliance Insurance Group, a property/casualty broker in Phoenix, and R.W. Stephens & Co. Inc. a Pasadena, Calif.-based

# Who'll buy Acordia's P/C book?

By SALLY ROBERTS

INDIANAPOLIS—The possible sale of Acordia Inc.'s property/casualty brokerage business has the market wondering who that potential buyer could be.

Acordia's property/casualty business accounted for a little more than half of its \$661 million in 1996 revenues, which would still place the Indianapolis-based company among the world's 12-largest brokers.

Anthem Insurance Cos. Inc., which owns 67% of Acordia, said it is hoping to capitalize on the recent merger and acquisition activity in the brokerage industry, as it focuses on health care business.

But it is that consolidation among the world's largest brokers coupled with Acordia's size that has some market observers skeptical that a domestic broker would emerge as a potential buyer. Instead, they speculate, a more likely scenario would be a foreign broker or a company outside the brokerage industry offers to buy Acordia.

"It's hard to envision who the prospective buyer is going to be," noted Timothy J. Cunningham, a principal with Insight Management Consulting Group in Westchester, Ill. "I don't see a domestic broker necessarily jumping to the head of the pack because of (Acordia's) size and because of the nature and complexion of Acordia."

"It essentially is a good middle-market broker, but it doesn't have an unusual strategic element that might be attractive to a buyer," Mr. Cunningham said.

"It may be possible a foreign buyer will emerge, but again, it's hard to envision who that might be," he said. "It may end up being someone outside the brokerage business."

"We know a number of business units of Acordia that are very fine assets," said John Wicher, managing director for Russell Miller Inc. in San Francisco.

"I would think Acordia will be attractive. I can't tell you who to... but in a no-growth market, acquisitions will play a key strategy for well-capitalized brokers," he noted.

"Will the mid-market commercial book look attractive to U.S. financial players? Maybe not," said Mr. Wicher. But, he added, it might be appealing to a foreign financial player.

One broker not interested in buying Acordia's property/casualty operations is Hilb, Rogal & Hamilton Co., the world's 18th-largest broker.

"Obviously we've read about it," said Robert H. Hilb, chairman and CEO of the Glen Allen, Va.-based broker. "We had a short meeting about it and decided it was nothing we'd probably have an interest in because of the size we perceive the P/C piece to be."

"I don't know any (broker) above (Acordia) that... has the ability to pay for it," Mr. Hilb noted.

While Marsh & McLennan Cos. Inc. and Aon Group Inc. have the money, they "have too much on their plates" right now, he said.

# Weather

Continued from page 1

can often be crippled," she said.

Besides endorsements, businesses in designated flood plains may be able to obtain additional flood insurance from insurers if they also buy coverage from the government-run National Flood Insurance Program.

Most major insurers offer such commercial coverage in several combinations, such as on a coinsurance or excess basis, Mr. Johnson explained.

Companies have two other ways to get coverage for business interruption triggered by natural disasters if they have not sustained real property damage themselves, said Tim Owen, vp in Seattle at Maxson Young Associates Inc., a claims adjusting firm that specializes in commercial insurance.

Included in property forms is coverage for contingent business interruption, which applies when a business is unable to operate because of damage to one of its suppliers, he added.

There also may be some standard business interruption coverage when access to a business is prohibited by an act of a civil authority.

For example, a Pennsylvania company received payment from its property insurer to cover the payroll of its employees who were unable to come to work when the State Patrol shut down a freeway during the February 1996 storms, Mr. Owen said.

Several Leavenworth, Wash., businesses are filing business interruption claims sustained when a highway pass was closed for two weeks early this year due to snow, cutting off access to the town so that "no one from Seattle could get over," he said.

Such losses would be calculated based on the revenues the businesses would have generated if civil authorities hadn't closed the road, he said.

But not all insurers will pay out in these situations.

A spokesman for Chicago-based CNA Insurance Cos. said CNA's policies would not respond if police were to bar traffic to a business because of flooding, though "some difference-in-

conditions policies may respond." CNA so far has received about 600 claims, totaling \$18 million, from the Northwest storm, he said (BI, Jan. 13).

Even if an insurer initially denies a business interruption claim, a policyholder may be able to win coverage, Mr. Owen said. For example, several hoteliers obtained coverage after Mount St. Helen's erupted in 1982, spewing volcanic ash onto their parking lots. Initially, the hoteliers thought the claims would not be covered.

Insurers also have paid claims by East Coast hotels that lost business during hurricanes when potential patrons could not reach them, he said.

"Sometimes the insurance adjuster will suggest there's no coverage available," said Mr. Johnson of Deloitte & Touche. "But policies are always subject to different interpretations."

In many cases, policyholders don't file claims even if they are insured, thinking the damage isn't substantial enough to exceed the deductible, other insurance experts note.

Microsoft Corp. closed its campus one day from the Northwest snow based on state patrol advisories, "but we never really thought of putting in a BI claim or extra expense (claim)," said Scott Lange, director of risk management for the Redmond, Wash.-based software maker.

"To have business interruption, I guess, you would have to not be able to ship product, and certainly that would not have affected us like it would a small business that may have lost sales for the day," he said.

In cases that do involve property damage, policyholders should be sure to have an expert survey the damage before deciding not to file a claim, Deloitte & Touche's Ms. Landa said.

Policyholders shouldn't settle their claims without thorough damage assessments, she warned. For example, a policyholder may underestimate the amount of damages when its insurer prepares the "scope of damages" assessment if the damages are not analyzed by a trained eye. It is easy to overlook crucial damage that will only show up months or years later, explained Greg Higgins, Northwest

area director of the business interruption practice of Deloitte & Touche.

Floods usually do not appear to destroy property; things just "need to be cleaned up," he said. "But the destruction that does occur," such as pipe corrosion, "can show up much later."

Estimates also may be low if the adjuster or risk manager fails to consider upgrades that may be needed once repair begins, Mr. Johnson said. "The uniform building code may require all parts of a facility to be code upgraded, even if not all of it is damaged."

In some cases, policyholders that try to mitigate their losses may diminish their insurance recoveries if they fail to document their costs carefully.

Apple products company Tree Top Inc. in Selah, Wash., tried to reduce its losses before its insurer arrived but was careful to document its expenses.

"Everyone was in agreement that we needed to do what we could to mitigate these losses," even though the insurer couldn't get an adjuster to the site for a couple of days due to inclement weather, said Scott Taylor, corporate cash and risk manager.

Two of Tree Top's warehouse facilities suffered partial roof collapses, but the pallets of packaged apple juice helped hold up the roof in some places, he said. "Since we're insured for the sales price value, we would have had a \$9 million loss," he said.

By salvaging, cleaning and repackaging the undamaged bottles and cans of juice, the company's storm claim fell to just under \$4.7 million, Mr. Taylor estimated.

Tree Top buys property and flood insurance from Wausau Insurance Co. The storage facilities are covered under an endorsement to the policies.

But Tree Top is more the exception than the rule, said Ms. Landa.

"After a loss, a company is forced into a position where it has to make business decisions quickly," she said. "It's important that the policyholder look carefully at what happens following the loss to determine which expenditures may be covered. Unfortunately, they don't always make claims for all of the coverage they are entitled to," she said. **BI**

also could help meet the increasing need for primary care professionals.

According to the American Medical Assn., for instance, the percentage of general practice physicians dropped 70.9% between 1970 and 1995, although the number of specialists in family practice has increased.

Some benefit managers also view the program positively.

If this approach means delivering quality care while managing cost, it could be an option, said Bernard Knobbe, manager-employee benefits for Morton International Inc. in Chicago. "It doesn't surprise me health plans are starting to consider another alternative to meet the needs of their employees or patients."

"We support the use of allied health professionals," said Suzanne Mercure, manager of benefits administration for Southern California Edison Co. in Rosemead, Calif.

"In our concept of a patient care team there should be many options, and a nurse practitioner can easily be one," Ms. Mercure said of the program. She added, "I really do believe in the future we will use many more allied health professionals. It won't be such an aberration."

However, Helen Darling, manager of health care strategy at Stamford, Conn.-based Xerox Corp., questioned how receptive employees would be to the program. "I don't think that consumers, at least the consumers I know, are going to be happy with any sort of diminution in the level of expertise that they're able to have available to them on a routine basis," she said.

"I actually think the average employee and their family would be concerned if there was any perception

there was anyone coming between them and their doctor," she said.

While the program could be cost-effective and increase focus on preventive care, "I think this concept creates a plethora of questions and concerns that will need to be addressed before it has any chance of success," said Brian Humphrey, vp and managing executive at Sedgwick Noble Lowndes in St. Louis.

"For example, who is ultimately responsible for the decisions made, the nurse or the doctor or the health plan? Secondly, I would expect an increase in liability and ultimately an increase in costs as a result."

Also of concern, he said, is the difference between nurse practitioners and primary care physicians in technical knowledge, diagnostic skill and triage skills. In addition, this approach could create a lack of credibility with patients and lead to more use of specialists, said Mr. Humphrey.

Katherine Chavigny, a registered nurse and director in Chicago of the AMA's office of health-related professions and nursing affairs, said: "I don't think that the public knows the limitations of the nurse practitioner or physicians assistant. I think the most cost-effective care is when the nurses and the physicians assistants and the physicians work together."

Dr. Robert Scully, an internist and associate medical director at the Urbana, Ill.-based Health Alliance Medical Plan, said his plan also favors a team approach. "We think the nurse practitioner and physicians assistant works better in collaboration with a physician," with the physician ultimately responsible for the decisions made, he said. **BI**

## Updates

### City quells benefit controversy

Continued from page 2

In reaching an agreement with Archbishop William Levada, the city defused a growing controversy with the Catholic Church. The archbishop said providing domestic partner benefits recognizes a relationship contrary to the denomination's beliefs.

The largest business objection to the ordinance also was resolved, for the moment. UAL Corp., parent of United Airlines, balked at providing the benefits as a condition to signing a lease for additional space at San Francisco International Airport. The compromise agreement approved by the city's Board of Supervisors provides United with a one year and 364-day lease with an option for a 23-year renewal. United wanted a 25-year lease without offering the benefits. United then must provide the benefits or the lease won't be renewed. The ordinance exempts contracts under two years in length from providing the benefits if the contracts are signed by June 1. A similar agreement was reached earlier this month with Pacific Telesis Group.

"It provides for the proper allotment of time for United to complete the review of the ordinance and how it affects the company," a United spokeswoman said.

Mr. Ammann pointed out that United has other contracts up for renewal in July that will be approved only if the company offers the benefits at that time.

### E.W. Blanch buys Swire Fraser

LONDON—E.W. Blanch Holdings Inc. is buying 70% of Swire Fraser (Insurance) Holdings Ltd. from Swire Pacific Ltd. and Swire Fraser directors for an undisclosed amount.

Hong Kong-based Swire Pacific will retain a 30% stake in the broker. Last week's deal follows Swire Pacific's sale of its underwriting operations to Royal & Sun Alliance Insurance Group P.L.C. and Zurich Insurance Group (BI, Jan. 27).

Swire Fraser and E.W. Blanch have been equal partners for more than two years in international reinsurance broker Swire Blanch Holdings Ltd. As part of the new deal, E.W. Blanch also is upping its stake in the joint venture to 70% and will merge Swire Fraser into Swire Blanch.

The purchase is likely to make E.W. Blanch the third-largest U.S. based reinsurance broker, behind Guy Carpenter & Co. Inc. and the combined operations of Alexander Reinsurance Intermediaries Inc. and Aon Re Worldwide Inc.

E.W. Blanch's gross revenues for 1996 were \$110 million, while Swire Fraser revenues hit \$33 million.

Executives denied the deal was a reaction to recent merger and acquisition activity in the broking sector. "This is a strategic deal between two close partners," and a natural development from the joint venture, said Gary Bearman, chairman and chief executive officer of Swire Blanch.

The motivation for the deal was greater access to the London insurance market, said Cory Moulton, president and chief operating officer of Swire Blanch. Also, there are "complementary skills" in Swire Fraser, such as specialty business and marine reinsurance "which are just not in E.W. Blanch in the U.S.," he added.

Swire Blanch will give E.W. Blanch significant income from outside of the United States, said Ted Blanch Jr., chairman and CEO of E.W. Blanch.

Uppermost on the agenda will be "efforts to closely integrate the U.S. and worldwide operations," said Mr. Moulton. Swire Fraser is strongly represented in Asia-Pacific and Europe, and Mr. Moulton said both of these areas will be strengthened, as well as Latin America-based business. "We are expecting significant growth," he said, which could entail additional acquisitions by E.W. Blanch.

### Briefly noted

Shareholders approved the merger between **Lowndes Lambert Group Holdings P.L.C.** and **Fenchurch Insurance Brokers Ltd.** late Friday (BI, Jan. 20). The new company, Lambert Fenchurch Group P.L.C., will begin doing business today. . . Willis Corroon Corp. has named **P. Richard Hackenburg** chief executive officer of its new Risk Management Services national practice group, effective March 15. Mr. Hackenburg, currently president of the broker's Advanced Risk Management Services Division in Nashville, Tenn., will relocate to New York. . . The Illinois Legislature is considering a bill that would require state-regulated health insurers to offer significantly **broader mental health benefits**, including policy terms and conditions, comparable to those available for physical ailments. A recent federal law, which takes effect next year for ERISA-regulated plans, requires that health care payers providing mental health coverage must have equal annual and lifetime payment limits for mental and physical illnesses. . . Hartford Group Inc. said last week its wholly owned subsidiary, **Hartford Life Inc.**, has filed a registration statement with the Securities and Exchange Commission for an initial public offering of up to 20% of its common stock. Hartford Life writes group disability products as well as individual annuities. . . Stockholders of Rancho Cordova, Calif.-based Foundation Health Corp. and Woodland Hills, Calif.-based Health Systems International Inc. **approved the companies' planned \$3 billion merger** last week (BI, Oct. 7, 1996). A date has not been set for the close of the transaction, which will follow regulatory approvals. . . Lincolnshire, Ill.-based Hewitt Associates L.L.C. is planning a **benefits outsourcing center** near Orlando, Fla., its third such facility. The center will serve large employers, and the company expects 1,000 jobs to be created in the next five years. . . Lloyd's of London authorities are considering a proposal to allow captives to operate within the market. Changes in U.K. legislation governing the taxation of offshore operations and the introduction of syndicates with one corporate owner make **Lloyd's-based captives** a viable alternative for U.K. businesses. . . Houston-based **American General Corp.** last week offered \$1.8 billion in stock to buy rival insurer USLife Corp. of New York. . . The New York State Court of Appeals has ruled that plaintiffs in **toxic tort litigation** have three years to bring suit from the time their injury is discovered. That decision could reduce the number of toxic tort cases in New York, defense attorneys say.

# Oxford

Continued from page 1

Furthermore, she said, nurse practitioners are "more likely to recommend and prescribe preventive care, and they're much more likely to engage the patient in developing some health promotion activities."

A public relations campaign targeted at employers and employees will be introduced in conjunction with the program, she said.

Dr. Ben Safirstein, vp-medical affairs at Oxford, said in a statement that the agreement is for a clinical study that is a "first step in the research and study of the health care benefits nurse practitioners may be able to provide our members. The pilot program is a breakthrough for nurses looking to utilize their special skills. It will create a dialogue to discuss new ways for nurses and doctors to work together to improve the quality of health care to patients."

In the past few years, in a trend the reimbursement system has reinforced, doctors have spent less time with patients but authorized more procedures, said Dr. Stephen Rosenberg, director of clinical services at Coopers & Lybrand in New York and a professor at Columbia College of Physicians and Surgeons, which also is affiliated with Columbia Presbyterian.

Physicians may be inclined to immediately order \$800 in tests to rule out the possibility of a rare disease. A nurse is more likely to encourage a patient to change his diet and wait to see how that works out before turning to an expensive test, said Dr. Rosenberg, who added programs such as these

# HCFA

Continued from page 1

been covered under employer plans at the time Medicare paid hospital and physician bills.

Armed with this information, HCFA demanded more than \$1.6 billion in Medicare overpayments from employers, insurers and plan administrators and recovered at least \$400 million.

But courts have delivered what HCFA officials and others say are crippling blows to the Data Match program.

In 1994, the U.S. Court of Appeals for the District of Columbia said HCFA could not demand payment in situations in which a beneficiary, such as an older worker or provider, had not filed a claim within a health care plan's or insurer's deadline (*BI*, March 27, 1995).

That appeared to be the coup de grace to the Data Match program, as employers and third-party administrators say HCFA's demands for repayment of mistaken Medicare claims usually involve claims that employees and providers never submitted to them.

HCFA is resisting complying with the appeals court ruling. It is arguing before the same appeals court that struck down the original HCFA regulations that the 1994 court decision only applies to the two insurer trade groups—the Health Insurance Assn. of America and the Blue Cross & Blue

Shield Assn.—that challenged the regulation.

While HCFA's appeal is pending, the agency wants legislation to spell out that it is not bound by a plan's claims filing deadline to recover Medicare overpayments.

In a brief description in the budget package, HCFA says the Clinton administration will prepare legislation that "clarifies" Medicare's authority to recover certain overpayments.

HCFA officials said the new provision, which still is being fine-tuned, refers to the HIAA-Blue Cross & Blue Shield decision.

"This strikes me as more than a clarification when courts, in fact, have struck down HCFA regulations," notes Bob Roth, a principal with the law firm of Michaels, Wisner & Bonner in Washington.

If HCFA succeeds in getting its proposal passed, it raises the possibility the agency could seek recovery payments from group plans long after employers have closed their books on a plan year.

"This could create a burdensome record-keeping problem for employers. Many employers may not have readily available records for old claims. Thus, if HCFA came in and demanded payment for a claim, the employer might no longer have the records to see if, in fact, HCFA's demand was justified," said Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York.

The other HCFA proposal is less clear, perhaps a reflection that it still is being

drafted. In the president's budget package, HCFA said the provision would require a "beneficiary's other insurance plan to tell Medicare when that beneficiary is covered."

One HCFA staffer said that, under the proposal, insurers and plan administrators would be required to give HCFA the names of those employees and dependents covered in their group plans who are eligible for Medicare. This would give the agency and its administrators ready access to coverage information and reduce the likelihood that Medicare would improperly pay claims for those individuals.

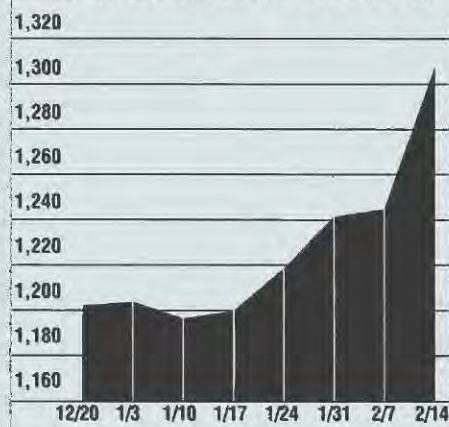
But another HCFA staffer said that under the proposal, insurers or plan administrators would be required to give enrollment information for all their group plans.

While HCFA staffers disagreed on the extent of the proposal, they agreed that the new reporting requirement would not be imposed on employers.

Last year, in fact, Congress repealed a 1993 law—never enforced—that would have required employers to provide coverage information to HCFA to enable the agency to develop a health care plan data bank.

Employers said the requirement was burdensome, while the information provided to HCFA was largely useless as a tool for the agency to spot older workers' health care claims that group plans—not Medicare—should have paid. **BI**

## BI Insurance Index



Base=100 on Dec. 29, 1978  
Source: Nordby International Inc.

## PCS catastrophe options

As of Feb. 14			
Call spread	Price bid/ask	Call spread	Price bid/ask
<b>Eastern September 1997</b>			
40/60	3.2/3.9	<b>California Annual 1997</b>	
60/80	2.4/3.5	40/60	—/3.9
80/100	2.1/2.5	80/100	1.3/1.8
<b>National Annual 1997</b>			
80/100	5.5/8	<b>Western Annual 1997</b>	
120/140	3/4.7	40/60	2.2/3.9
<b>June Midwestern 1997</b>			
10/20	1.1/1.4	80/100	1.4/2

Total volume: 242 Total open interest: 10,751

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.

Source: Chicago Board of Trade

# Legislators

Continued from page 2

maternity stays, she said.

This targeted approach will continue in 1997, according to the association's survey of its member Blues plans, said Ms. Laudicina.

Based on the survey, legislative efforts are expected to fall into two categories, she said. The first, which she termed "medical management mandates," includes such requirements as a minimum length of stay in hospitals for mastectomy patients, which is expected to be an issue in 27 states.

In addition, lawmakers in 21 states are expected to push for mental health benefits parity. Another mandated benefit likely to be entertained by 16 state legislatures includes requiring that insurers pay for "experimental" treatment, which Ms. Laudicina said often is loosely defined.

Sixteen legislatures also are expected to deal with a bill that would require managed care programs to provide coverage for

emergency room visits.

Ms. Laudicina called the second category "special-interest legislation" for providers. For example, the surveyed Blues plans anticipate that legislatures in 27 states will

**Most states will have to modify their existing health insurance reforms to comply with the Kassebaum-Kennedy Act, says Susan S. Laudicina.**

push for direct access, in which plan participants can visit certain providers without first obtaining gatekeeper approval, and other measures that run counter to managed care, she pointed out.

Lawmakers in at least four states are expected to seek enactment of legislation that will ban health plans from prohibiting

providers from talking about medical treatment options with patients.

Another issue likely to emerge in state legislatures is how best to comply with the Health Insurance Portability and Accountability Act of 1996, also known as the Kassebaum-Kennedy Act.

Ms. Laudicina said most states will have to modify their existing health insurance market reforms, if only slightly, to comply with the act. The law, among other things, imposed portability requirements on employer-funded plans, including major restrictions on pre-existing medical condition exclusions; set federal requirements for plans offering coverage in large and small group markets; and gave states flexibility to opt out of the law's requirements by setting acceptable mechanisms of their own.

As a result, some states may enact legislation to create medical high-risk pools for certain people, she said. She added, though, that some Blues plan respondents fear the opt-out legislation could become a vehicle for more benefit mandates by the states. **BI**

## British Issues

Feb. 14	Price	P/E	Div. Yield	52 week high—low
<b>Companies</b>				
Comm Union	716	12.0	29.0	5.1 759—550
Genl Accident	859	9.3	31.7	4.6 876—612
Gdn Royal Exch	297	4.8	9.3	3.9 301—218
Independent	679	12.4	12.0	2.2 679—373
Royal & Sun	499	9.0	19.0	4.8 515—349
<b>Brokers</b>				
Bradstock	78	12.0	5.7	9.7 81—54
Fenchurch	63	NA	5.5	10.9 142—46
CE Health	104	12.6	4.5	5.4 115—74
JIB Group	156	NA	9.8	6.3 155—98
Lloyd Thompson	200	NA	10.0	6.3 206—167
Lowndes Lmbrt	105	12.1	8.4	10.0 150—102
Nelson Hurst	143	9.5	8.1	7.1 206—143
Sedgwick Grp	124	10.9	9.8	7.9 152—115
Steel Bri Jones	32	7.5	3.8	14.6 48—28
Willis Corroon	133	10.9	6.6	6.3 169—117

Source: Nordby International Inc.

# BI Industry Stock Report FEB. 10, 1997, THROUGH FEB. 14, 1997

BROKERS							INSURERS/REINSURERS							HEALTH MAINTENANCE ORGANIZATIONS									
Company	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	Company	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	Company	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)			
Accordia Inc.	NYS	30.50	5.63	5.17	33.75	27.25	151	EMC Insurance Group Inc.	NDO	12.00	-1.03	0.00	14.50	10.13	24	RLI Corp.	NYS	35.63	-0.70	6.74	36.25	22.38	224
Alexander & Alexander	NYS	17.38	0.00	0.00	21.63	13.63	46	Everest Reinsurance	NYS	29.00	3.57	0.87	29.50	21.38	927	St. Paul Companies	NYS	70.13	4.28	19.62	71.00	50.13	2757
E.W. Blanch Holdings Inc.	NYS	23.25	2.20	15.53	25.50	17.75	171	Executive Risk Inc.	NYS	45.00	18.81	21.62	45.00	27.25	212	SAFECO Corp.	NDO	41.25	7.84	4.6C	42.25	30.88	1925
Gallagher Arthur J. & Co.	NYS	31.00	1.22	0.00	39.50	29.13	177	EXEL Ltd.	NYS	45.00	6.51	18.81	45.00	31.75	448	Seibels Bruce Group	NDO	2.13	0.00	3.03	4.25	1.88	185
Hills, Rogal & Hamilton	NYS	13.13	-2.78	-0.94	14.00	11.38	901	Fremont General Corp.	NYS	29.88	-0.42	-3.63	31.63	21.50	438	Selective Ins. Group	NDO	41.75	1.21	9.87	43.50	31.00	168
Kaye Group Inc.	NDO	4.88	-4.88	-7.14	7.63	4.63	4	Frontier Insurance Group	NYS	40.75	3.82	6.54	41.13	30.13	256	Sphere Drake Holdings	NYS	9.88	0.00	11.27	12.00	8.13	39
Marsh & McLennan	NYS	121.50	7.05	16.83	121.50	88.00	1429	Gainsco Inc.	NYS	9.25	-3.90	-3.90	11.75	8.75	79	TIG Holdings	NYS	37.25	7.97	9.96	37.38	27.00	1583
Poe & Brown	NDO	27.25	2.83	2.83	27.50	22.75	53	GCR Holding Ltd.	NDO	23.25	0.54	4.49	27.25	21.50	365	Titan Holdings, Inc.	NYS	16.88	1.50	2.27	17.88	12.50	41
BROKERS AVERAGE							INSURERS/REINSURERS AVERAGE							HEALTH MAINTENANCE ORGANIZATIONS AVERAGE									
1.41 4.03							2.02 6.11							3.76 4.97									