

Business Insurance

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

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Pension conversions not reaping big savings

By JERRY GEISEL



cant change in costs.

These findings are based on an analysis of 78 hybrid plans by Bethesda, Md.-based benefit consultant Watson Wyatt Worldwide. The study involved analyzing benefit provisions of the old and new plans, as well as financial modeling in which Watson Wyatt re-

searchers used standard actuarial assumptions to determine, among other things, future employee salary increases and turnover.

The study comes in the wake of more than a year of highly negative publicity directed toward cash balance plans. Critics of the plans have charged that employers' principal motivation in adopting cash balance plans has been to slash pension benefits and costs.

But according to the study, what *See Plans on page 44*

Employers converting traditional defined benefit plans to cash balance and other hybrid plans typically are not reaping huge cost savings, according to a new study.

On average, employers converting to hybrid plans—mainly cash balance—cut pension costs by 1.4%. In all, 45% of employers achieved cost savings of at least 5%, while 37% experienced cost increases, and 18% had no signifi-

Legislative conflicts emerging, Blues report says

States examine health care

By MARK A. HOFMANN

WASHINGTON—State lawmakers appear likely to pursue two broad—and sometimes contradictory—health care initiatives this year: increasing government oversight of managed care plans and attempting to expand access to health insurance.

The conflict between those goals has already emerged, noted Susan Laudicina, director of state research for the Blue Cross & Blue Shield Assn. in Washington. Ms. Laudicina is one of the authors of "State Legislative Health Care and Insurance Issues: 1999 Survey of Plans," a report the Blues released at a Washington press conference last week.

Ms. Laudicina cited Vermont as an example of a state where the desire to regulate managed care plans has clashed with the desire to expand coverage.

"In Vermont, a very Democratic state, Democratic Gov. Howard Dean took the unusual step in his state of the state message of appealing to the *See Laws on page 47*

A plethora of mandates

States with laws mandating health benefits



Source: Blue Cross & Blue Shield Assn., December 1999

GRAPHIC BY JOHN HALL

Captive Gold Medal Insurance Co. ordered to pay parent's claim

MINNEAPOLIS—General Mills Inc.'s captive insurer must pay a massive property damage claim that followed the pesticide contamination of General Mills' oat grain in the early 1990s.

In an unusual case that has pitted the company against its own captive, General Mills sued Minnesota-domiciled Gold Medal Insurance Co. in 1996 after the captive denied coverage for the \$168.8 million loss under separate all-risks and named-perils property policies.

See Updates on next page

Lamel's exit leaves RIMS searching

By MICHAEL BRADFORD

NEW YORK—The Risk & Insurance Management Society Inc. is heading to its 50th anniversary conference without an executive director.

Linda H. Lamel stepped down from the post last week, when her three-year contract expired Feb.

17. She was unable to come to terms with RIMS on a contract extension that would have kept her on board through the society's conference that begins April 30 in San Francisco.

RIMS and Ms. Lamel both said that she is leaving because the objectives she was hired to accomplish have been achieved. The society has formed a search committee that will look for a replacement, and no deadline for hiring a new executive



Ms. Lamel

director has been set.

Until a new executive director is hired, the staff will be managed by Mary Roth, the society's deputy executive director in New York.

"The feeling was, of the things I was challenged to do when I came on board, those have been accomplished," Ms. Lamel said last week. "It was a three-year employment contract; it's over this week. The options were to renew it or let it end. We're letting it end."

Ms. Lamel was the third executive director to lead the society. She succeeded Eugene Ricci, who retired after serving in the position for more than six years. Ron Judd, the society's first executive

See Lamel on page 45

Spotlight on SELF-INSURANCE: PROPERTY/CASUALTY & EMPLOYEE BENEFITS BEGINS ON PAGE 3

Patients as gatekeepers

Employers equipping workers to make informed choices

By JOANNE WOJCIK KOCHANIEC

When a Honeywell International Inc. employee suspected the cancer that had been in remission for seven years was returning, he called his doctor, who recommended that the employee return to the same course of chemotherapy treatment he had prescribed before.

The employee decided, however, to first do some investigating on his own and called Consumers Medical Resources Inc., a company that Honeywell had contracted with to provide employees with patient education, to find out what other options existed.

After describing his condition to a CMR doctor, the physician, a

member of the Harvard Medical School staff, asked whether the employee's doctor had done a biopsy. He explained that the type of cancer that the employee had had the tendency to mutate when it recurs, so the same treatment might not be appropriate, and that a biopsy was necessary to determine whether the cancer had changed.

When the employee returned to his doctor with this information, a biopsy was conducted, and the results showed that the cancer had indeed changed. As a result, the doctor altered the employee's treatment.

The kind of patient education that CMR provided in this case is one example of a developing trend in health care. In an attempt to

shift to employees more of the burden for selecting and paying for health care, employers are increasingly providing employees with more tools to equip them for the task.

Today's managed care system has created "passive participants," said Brian Marcotte, vp-human resources at Honeywell International Inc. in Morristown, N.J. "Employees don't have a financial stake in the system, and managed care has taken away employees' control over how health care dollars are spent."

"As well-intentioned as physicians are, they don't know everything, so why not make the patient the gatekeeper, not the physician?" he suggested.

See Informed on page 44

Updates

Captive ordered to pay claim

Continued from previous page

The cereal maker had discovered in 1994 that an independent contractor had been spraying its raw oat grain with a pesticide that, while not hazardous to humans, was not approved by the U.S. Food and Drug Administration. The contractor, who billed General Mills for a more-expensive FDA-approved pesticide, was later convicted on criminal charges.

General Mills destroyed adulterated grain and 50 million unsold boxes of cereal, and it dismantled and cleaned machinery at several grain processing facilities across the country.

Gold Medal denied coverage on several grounds, including that the losses resulted from government regulation and did not, therefore, constitute physical damage. The captive also argued that contamination and faulty materials exclusions in the all-risk policy barred coverage.

After a failed attempt at arbitration, a Minnesota court appointed a retired judge to hear the case, and the referee decided largely in General Mills' favor. The losses constitute property damage, the referee found, because the pesticide application physically changed the grain and legally impaired its use.

The contamination exclusion does not apply, he added, because it featured an exception for losses caused by perils not otherwise excluded in the policy. Because the losses were caused, in part, by the contractor's intentional acts, and these were not excluded, the contamination provision is not triggered, the referee found.

The referee also refused to apply the faulty materials exclusion, finding it refers to building or construction materials, not food products.

At the same time, the referee found that General Mills has no coverage under its named perils policy for \$1.2 million in oat grain destroyed at a storage facility, since the actions of the contractor do not qualify as "malicious mischief" covered under the policy.

Judge John J. Sommerville of Hennepin County District Court approved the referee's findings Feb. 4.

Gold Medal is considering an appeal, according to Richard Mackowski, a lawyer with Cozen & O'Connor in Philadelphia. "We strongly disagree with (the referee's) report on the contamination exclusion," he said. "We don't think it was reasonable."

Separately, both General Mills and Gold Medal are appealing a New York bankruptcy judge's ruling that bars them from suing Gold Medal's reinsurer, Bermuda-based Hopewell International Insurance Co. Ltd. (BI, Sept. 13, 1999). Hopewell is being wound up in Bermuda under a solvent scheme of arrangement.

Voluntary cleanup at issue

SAN FRANCISCO—The California Supreme Court will review an appellate court finding that an insurer is not obligated to indemnify a policyholder for voluntary environmental cleanup.

Several environmental litigation experts said that, with a potential of billions of dollars at stake, the case of *Certain Underwriters at Lloyd's of London vs. Poverine Oil Co.* will draw amicus briefs from numerous insurers as well as from business organizations nationwide.

The high court's announcement last week that it would review the case eliminates, for now, the precedential value set by California's 2nd District Court of Appeals, said William G. Passanante, a partner at policyholder law firm Anderson Kill & Olick P.C. in New York. Since the lower court's ruling in October, liability insurers have cited the case as a reason to deny coverage, he said.

California Attorney General Bill Lockyer has called the lower court's decision a "step backward" that will make remediation more costly.

Other state courts, including the Washington Supreme Court in 1994 and an appellate court in New Jersey, have ruled that insurers must pay for voluntary cleanup efforts.

High court to hear ERISA case

WASHINGTON—The Supreme Court will hear arguments this week in a closely watched case that could redefine a fiduciary under the federal Employee Retirement Income Security Act.

The case, *Lori Pegram, M.D., et al. vs. Cynthia Herdrich*, stems from Ms. Herdrich's charge that Dr. Pegram delayed treating her inflamed abdominal mass for eight days because Dr. Pegram was participating in an HMO incentive plan that encouraged doctors to hold down costs (BI, Oct. 4, 1999).

Ms. Herdrich, who suffered a ruptured appendix, sued Dr. Pegram and the HMO, Health Alliance Medical Plans Inc., for malpractice and for alleged breach of ERISA fiduciary duties because the doctors who participated in the plan owned the HMO.

The U.S. District Court for the Middle District of Illinois dismissed the ERISA claim. A divided three-judge panel of the 7th U.S. Circuit Court of Appeals reversed the lower court, however, leading to an appeal by Dr. Pegram and the HMO to the U.S. Supreme Court.

The case has drawn national attention, with some benefit experts and employer groups fearing that a broad definition of an ERISA fiduciary could raise health insurance costs.

Insurers sue dialysis provider

NEW YORK—Kidney dialysis provider Fresenius Medical Care North America Inc. is facing renewed civil fraud charges in a lawsuit filed by several health insurers.

Connecticut General Life Insurance Co., affiliate CIGNA Employee Benefits Services, Equitable Life Assurance Society of the United States
See Updates on page 46

Errors & omissions

• A Jan. 10 article on facultative reinsurance omitted mention that St. Paul Re, a New York-based unit of the St. Paul Cos. Inc., will continue to write non-U.S. property facultative business. In October, St. Paul Re ceased writing property facultative reinsurance in the United States.

Buyer interest growing in integrated benefits

By ROBERTO CENICEROS

There is an upswing in employer interest in the idea of benefits integration, especially integrated disability management programs, observers say.

The growing demand represents a shift in attitude from a few years ago, when the chief proponents of benefits integration were vendors, observers note. At that time, insurance costs were declining, and many employers did not embrace the products and services the vendors had to offer.

Now, however, more employers are interested in

integrating benefits because of rising health care costs, a tightening workers compensation insurance market, and a leveling off of savings derived from managed care.

A wide variety of new vendors are moving into the integration market to meet the demand. Others, notably many managed care companies, continue to re-trench and no longer have an appetite for benefits integration business. Still other managed care companies that earlier entered the integration market held steady and continue to offer their products and services.

See Integration on page 46

Measure passes House but veto is likely

Bill protects product sellers

By MARK A. HOFMANN

WASHINGTON—A bill designed to limit the legal liability of the smallest businesses could give some of their larger counterparts a big liability break if it becomes law.

But that's a very big "if" as far as H.R. 2366, the Small Business Liability Reform Act, is concerned. Although the House last week approved the measure, the Senate has not yet scheduled hearings on companion legislation, S. 1185, sponsored by Sen. Spencer Abraham, R-Mich.

Further adding to the hazy outlook for reform is that President Clinton, as expected, has already threatened to veto the measure. The House's 221-193 vote in favor of the bill fell far short of the two-thirds majority needed to override a veto.

The measure, originally introduced by Rep. James Rogan, R-Calif., calls for circumscribing the legal liability of businesses with 25 or fewer employees. Most significantly, the bill would limit punitive damages against such businesses, under most circumstances, to the lesser of \$250,000

or three times compensatory damages. A small business would also be liable for non-economic damages only in proportion to its responsibility for the harm caused a plaintiff, as determined by a court.

The second section of the bill, however, would extend product liability relief to a broad segment of the economy, regardless of a company's size. The bill would absolve product sellers from product liability suits in any state or federal court, under most circumstances, provided the seller had
See Liability on page 45

Floodwaters carry risks of pollution

By LEE FLETCHER

Businesses dealing with flooding—such those in the Southeast after a succession of hurricanes in 1999—must also consider the pollution-related exposures that floodwaters can unleash.

"Pollution was a huge concern—before, during and after the flooding events," said Steve Tuttle, vp-communications for the Raleigh, N.C.-based North Carolina Citizens for Business & Industry. North Carolina was hit by three major hurricanes in 1999—Dennis, Floyd and Irene—that caused some of the worst flooding in the state's history.

While insured property losses from Floyd in North Carolina cost insurers an estimated \$1.8 billion, according to the Property Claim Services division of the Insurance Services Office Inc., the cost of environmental liability exposures remains to be seen.

One of the principal sources that contributed to flood-related pollution in North Carolina was
See Flooding on page 43

Aetna limits breast cancer marrow therapy

By JUDY GREENWALD

BLUE BELL, Pa.—Aetna U.S. Healthcare said last week it will limit coverage of a particular treatment for advanced breast cancer because researchers have failed to establish its effectiveness.

Meanwhile, other health maintenance organizations say they plan to continue providing coverage for now.

Dr. Joseph Carver, senior medical director for Aetna U.S. Healthcare, said the HMO will approve the treatment, which combines bone marrow transplants with high-dose chemotherapy, only if it is conducted under the aegis of clinical trials.

See Treatment on page 47

Inside

• Findings from a recent study on cash balance conversions provide a more-credible picture of the financial impact of the practice than that painted by its detractors, one of this week's editorials says. **PAGE 8**

• Insurers' subrogation efforts to recover compensation payments made after the 1988 Piper Alpha oil rig disaster in the North Sea appear headed to the House of Lords for appeal. **PAGE 39**

• A class-action lawsuit against Exxon-Mobil Australia Pty. Ltd. has been adjourned until March 17, following Mobil's challenge in the Victorian Supreme Court in Melbourne regarding the validity of Victoria's new rules for class actions. **PAGE 39**

• While policyholders that buy integrated insurance programs gain more-predictable protection, they often don't realize savings. **PAGE 46**

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Spotlight report

SELF-INSURANCE

PROPERTY/CASUALTY
& EMPLOYEE BENEFITSInterest in alternatives grows
as P/C rate increases loom

By MICHAEL BRADFORD

The threat of a hardening commercial market is reviving interest in non-traditional ways of funding property/casualty risks.

Insurers and reinsurers are boosting prices for many coverages after years of bargain-basement rates in a competitive marketplace. In turn, companies that are accustomed to low costs and confident of their ability to control losses are looking, in many cases, to retain more risk.

"We are definitely seeing insurers and reinsurers looking for rate increases," said Mark Charron, Hartford, Conn.-based partner and national practice leader in Deloitte & Touche L.L.P.'s risk management practice. "It's clearly in their renewal strategy this year."

As a result, Mr. Charron said, "more organizations are focusing on what the alternatives are."

"We are really beginning to see a ticking up in prices," agreed Barbara H. Monaco, vp with Atlantic Risk Services Inc., a Madison, N.J.-based subsidiary of Atlantic Mutual Cos. "Companies that in the past were not considering the alternative market because (traditional) prices were low are now giving it a second look."

"We're not seeing anything that looks like a mad rush into alternative funding arrangements, but any time the market becomes less competitive, people start looking for alternatives," said Ralph Korn, a senior

consultant with SRG Strategy & Risk Group, a Glendale, Ariz.-based subsidiary of Northshore International Insurance Services Group of Salem, Mass.

There still are deals to be found in the traditional market, according to Stephen Beene, branch manager with third-party administrator Ward North America Inc. in Lafayette, La. "They're there if you can find them and keep plugging away."

But the cyclical nature of the insurance business means self-insurance remains a "solid option," if traditional market prices get too high, Mr. Beene noted. Self-insuring is "always in the mix" of companies' choices, he remarked.

And some companies are getting ready to self-insure.

The Louisiana Assn. of Self Insured Employers, which has seen its membership grow in recent years, expects more employers to begin self-insuring their workers compensation risks, said Gary Patureau, LASIE's president.

"We've had people qualified to self-insure that have not" as workers compensation prices remained reasonable, he said, "but now they are looking to gear up" as those costs rise.

Employers are taking a look at the full range of options, experts say, with captives, rent-a-captives, large deductibles, self-insured retentions and other alternatives all being considered.

Jack Gohsler, senior vp with Conning & Co. in Hartford, Conn., said it doesn't appear

See *Self-insure* on page 14

Self-funded health plans
not expanding ranks

By MICHAEL PRINCE

Despite rising health care costs, the ranks of self-funded employers is holding steady.

Many employers have investigated options, including self-funding, that they hope will reduce the rate at which their health care plan costs are increasing. Few, though, have replaced their fully insured plans with self-funded plans, health care experts say.

According to the 1999 Mercer/Foster Higgins Annual Survey of Employer-Sponsored Health Plans, there has been no new movement by employers to self-funded health plans. Overall, 22% of employers have self-funded preferred provider plans in 1999, unchanged since 1996. Among large employers, those with at least 500 employees, the figure has been steady at about 70% for the past five years. About 90% of employers with at least 5,000 employees self-fund their preferred providers, a percentage that also has held steady for the last few

years, said Blaine Bos, a principal with William M. Mercer Inc. in Chicago.

The figures for employers that self-fund the health maintenance organizations they offer their employees, though less common, are also holding steady, the survey shows.

"We basically are at the level where people are comfortable" with their funding arrangements, Mr. Bos said.

Just because more employers haven't switched yet, however, doesn't mean they aren't thinking of making the move to self-funding.

In the 1990s, many employers moved over to insured HMOs as the plans cut rates to boost market share.

Now that HMO premiums are sharply rising again, employers are seeking to take more control of their health care dollars, said Chris Mathews, senior health care consultant with Watson Wyatt Worldwide in Washington.

Now, companies "ask themselves whether or not there are advantages to self-funding, and we're seeing a leading edge of movement to self-funding," he

See *Health care* on page 6

Self-funding withstands
medical stop-loss hikes

By GAVIN SOUTER

For a second straight year, self-insured employers are seeing sharp increases when renewing their medical stop-loss coverage.

Rate increases that began in 1999 are accelerating amid dwindling capacity and increases in catastrophic claims costs.

While some employers are finding relief from the hikes by changing insurers or raising their deductibles, the climb in stop-loss rates likely will continue into next year, observers note.

In addition to rate increases, some employers face other changes in the stop-loss environment, as more states adopt legislation in accordance with a National Assn. of Insurance Commissioners' model act, which imposes a minimum deductible for stop-loss coverage.

In spite of these developments, self-funding of health care benefits will remain an attractive option as a result of steep increases in the traditional health insurance market, observers say.

The medical stop-loss market is going through a "massive correction" that began last year and that will continue for at least another year, said David Kelley, chief operating officer of underwriting manager Cairnstone Inc. in Miami.

Several reinsurers, including Swiss Reinsurance Co., have exited the medical

stop-loss market in recent years. As a result, reinsurance capacity has shrunk by between 30% and 50%, restricting the ability of some insurers and managing general underwriters to write the business, Mr. Kelley said.

Rate increases for stop-loss coverage start at around 20% to 25%, climbing, in some cases, to over 100%, Mr. Kelley said. Triple-digit increases are "rare, but it is not uncommon to see 30% to 50%" hikes, he said.

The increases are occurring in the wake of several years of low rates that were the result of poor underwriting and excessive capacity, Mr. Kelley said. "So, prices for stop-loss insurance have been artificially low, and claims have been more than the premiums," he said.

"Rates are firming, and there is a focus on profitability rather than pure production," said Scott Taylor, vp at SAFECO Life Insurance Co. in Seattle, a major stop-loss underwriter.

The evaporation of some reinsurance capacity over the past year has diminished the clout of managing general underwriters, he said.

"But there are still probably too many players in the market," Mr. Taylor said.

Employers, through a combination of premium hikes and increased deductibles, are paying between 20% and 50% more for their stop-loss coverage, and more increases are likely next year,

See *Stop-loss* on next page

No rush to self-insure seen
despite comp rate jumps

By MEG FLETCHER

Employers may need to re-evaluate the way they finance their workers compensation liability if the market tightening seen in some states makes current arrangements less cost effective or appropriate.

In some markets, for example, employers face price increases and may be asked to retain more of their risk by buying retrospectively rated policies rather than guaranteed-cost policies, some observers say.

But because insurers' loss experience and pricing policies vary, it is sometimes hard to determine whether a market is actually hardening. In certain markets, pricing remains flat, with guaranteed-cost policies still available, observers say.

There is a consensus, though, that it is too early to point to a resurgence of interest in self-insurance for workers comp.

"There is a lot of turmoil in the industry," said Joe Gilles, a senior vp with Liberty Mutual Insurance Co. in Boston responsible for commercial markets administration.

The unsettled conditions are due, in part, to the deregulation of the workers comp line during the past decade and to the replacement of administered pricing with a loss-cost approach in many states. Such arrangements allow for greater variability in risk financing arrangements and let employers shop among insurers for better prices.

"Brutal" competition among insurers, particularly in California, was a major problem, and "the chickens are now coming home to roost," said Ralph Korn, a senior consultant with SRG Strategy & Risk Group, a Glendale, Ariz.-based subsidiary of North Shore International Insurance Services Group of Salem, Mass.

Last April, the National Council on Compensation Insurance predicted the 1998 accident-year ratio would climb to 121% from 116% in 1997 (*BI*, April 12, 1999). Since then, insurers' calendar-year ratio has further deteriorated, to 117% from 106%.

In the midst of such conditions, there are growing signs that insurers are finally

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Stop-loss

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he said. "It's a kind of transition year, and insurers will be looking for some profitable quarters, but we'll be looking for a real turnaround in 2001," Mr. Taylor said.

"Employers are mostly seeing large increases in the cost of stop-loss coverage," said Don Gasparro, managing director of actuarial consulting firm Apex Management in Princeton, N.J.

Reinsurers are increasing their rates and are withholding capacity from MGUs that do not provide profitable business, Mr. Gasparro said.

Last year, stop-loss prices increased by 10% to 20%; this year,

the increases are between 20% and 40%, Mr. Gasparro said.

Additional increases will likely follow, and the market will not stabilize for about 18 months, he said.

"It takes a while for the rate implementations to affect the books of carriers, so we'll see large increases for the rest of this year and then maybe some more stability next year," according to Mr. Gasparro.

Self-funding options continue to be attractive despite the stop-loss rate increases, because the insured alternatives are also seeing large rate increases, he said.

"Those employers that have gone into HMOs are finding that they are not reducing their costs, and they are not providing the choices which their employees want," Mr. Gasparro said.

Although the market is volatile, policyholders can limit premium increases to between 10% and 20% by changing insurers, said Tim Borchert, a benefits consul-

which typically have more than 20,000 employees, have taken deductibles of between \$75,000 and \$150,000. Now, to avoid large premium increases, those employers

'It's a kind of transition year, and (stop-loss) insurers will be looking for some profitable quarters, but we'll be looking for a real turnaround in 2001,' says Scott Taylor.

tant with Lincolnshire, Ill.-based Hewitt Associates L.L.C.

Employers are also holding down premium increases by accepting higher deductibles, Mr. Borchert said.

In the past, Hewitt clients,

are increasing their deductibles to between \$150,000 and \$500,000, he said.

Despite current efforts to limit premium increases, employers will likely face stiff increases next year as catastrophic claims costs

continue to grow, according to Mr. Borchert.

Small employers that self-insure also face regulatory changes that could affect their plans.

One key issue is the NAIC model act that mandates minimum attachment points for stop-loss coverage. That act—or similar legislation—has been accepted by 14 states thus far.

Such moves are being challenged by insurers, though. Last year, an insurance company in Maryland dropped its opposition to state legislation that set a minimum attachment point of \$10,000. The insurer, American Medical Security Group Inc., had fought the law on the grounds that the state statute was preempted by the federal Employee Retirement Income Security Act (ERISA, Nov. 1, 1999).

Regulators view the use of low attachment points a way to set up health plans that avoid state benefit mandates and other controls as well as a means of circumventing state premium taxes.

"When you assume less than \$10,000 of risk, you really are not assuming very much at all. Eight thousand dollars for one hospital stay is not considered a big claim anymore," said Susan Scheperle, a staff attorney at the Kansas Department of Insurance. The department is litigating with insurers over its implementation of a \$10,000 minimum attachment point for stop-loss cover.

The legislation is opposed by the Self-Insurance Institute of America, which maintains that self-funded plans are regulated by federal laws and attachment points should not be subjected to state regulations.

The level of deductible "is a decision to be made by the market and the employer," said James Kinder, CEO of the SIIA in Santa Ana, Calif.

The introduction of the model acts has not yet had much effect on the self-funded market, but insurers are concerned that additional state legislation could creep further forward as regulators try to void ERISA pre-emption of self-insurance, said Mr. Taylor of SAFECO.

"It hasn't had a significant effect to date, but there is a worry that it may go further." **BI**

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What can we do to help you?

Opinions

A balance of evidence

THE MESSAGE DELIVERED by critics of cash balance plans over the last year has been consistent—the real reason employers are replacing their traditional pension plans with cash balance plans is to cut benefit costs.

This message, despite evidence that is only anecdotal, increasingly has been accepted as fact, especially by members of Congress.

Now, a new study by benefit consultant Watson Wyatt Worldwide presents a very different, and far more credible, picture of the financial impact of cash balance plan conversions.

As we report this week, the cost savings achieved by the 78 employers whose pension plans Watson Wyatt analyzed amounted to, on average, a near-minuscule 1.4%.

How does this jibe with the claims of critics who say the savings—that is, the benefit cuts—are much higher?

One answer is that some critics frequently ignore, perhaps deliberately, other benefit changes—many of which are enhancements—that employers make when converting to cash balance plans. Many, for example, improve their 401(k) plans by increasing company matching contributions.

As a result, while the level of benefits provided through a company's defined benefit plan may decline compared with offerings under its prior plan, the combined benefits employees receive from cash balance and defined contribution plans likely will, in many cases, roughly equal what they previously received.

Having said that, there is no question—and the Watson Wyatt study alludes to this—that certain employees will not fare as well under cash balance plans as they did under the plans in which they previously were enrolled.

Typically, these employees were covered under plans that offered very rich benefits for employees retiring at very young ages. Such plans often were put in place when unemployment was high and companies wanted to encourage employees to retire early. Today, at a time of a sharp labor shortage, the last thing employers want to do is to encourage experienced employees to leave early.



In short, whether or not companies convert to cash balance plans, pension plans that provide richly subsidized early-retirement benefits likely will be eliminated.

What cash balance plans are doing is redistributing benefits. Shorter-service employees will receive somewhat more, while longer-service employees, particularly those in plans with subsidized early-retirement features, will receive somewhat less.

Whether such a benefit redistribution makes sense for its workforce is something each company must decide for itself.

We hope legislators pay as much attention to this study as they have to the objections of cash balance critics. There may indeed be a role for legislators to play in cash balance plan conversions, such as by mandating better corporate disclosure of benefit charges.

But if legislators do act, they should not do so under the assumption that employers are slashing retirement benefit programs. The facts, as evidenced by the Watson Wyatt study, prove otherwise.

Up the ante on rate hikes

BEFORE AGREEING TO PAY higher rates for property/casualty coverage, risk managers might consider calling insurers' bluff.

Almost every insurance company is trying to raise the stakes this year, pushing for higher rates on virtually all lines of coverage and trying to convince buyers that there is little choice but to fold.

But buyers still have a few aces up their sleeves and should stop to consider whether they might be able to beat the hand insurers are holding.

As we report in this issue, many risk managers are giving self-insurance options a new look in light of the industry's threat of higher rates. They are exploring a number of self-insurance options, from captive insurers to higher retentions.

These alternatives are all sound, proven strategies for cost-effective risk financing that have served companies well since the last broad industry effort to harden rates, roughly 15 years ago. These options should not be entered into lightly, however, as knee-jerk reactions to proposed rate hikes. Rather, they should be seen as part of a long-term strategy for controlling costs and a broad commitment to controlling one's losses.

Companies that are seriously exploring moving to some form of self-insurance are likely to find their insurers suddenly far more willing to renew programs at continued favorable terms.

That is because, for all of the industry's talk of rates rising across the board, the reality is that firmer pricing is occurring only in selected lines, such as workers compensation, and on selected accounts, where losses warrant rate hikes. It is true that insurers tried to push rates up at year-end renewals, yet they were far less successful in making the increases stick than they would have the market believe.

Although insurers would love to endear themselves to their shareholders by demonstrating a resolve to push rate increases through and improve their operating results, the fact is that they can still afford not to. That's because the industry still is bloated with excess capital. In addition, while sue-and-labor claims may yet come home to roost, the industry so far has avoided the billions of dollars in Y2K-related losses it had anticipated going into this year. The insurance industry also is likely to find new ways to lower its expenses and boost efficiency using the Internet.

In short, despite its bluff that widespread rate hikes are needed, the industry can continue to provide insurance on favorable terms to companies whose loss exposures do not otherwise warrant rate hikes.

And with a wide array of risk financing alternatives available, buyers can still wind up with the winning hand, regardless of whether insurers play their cards or fold.

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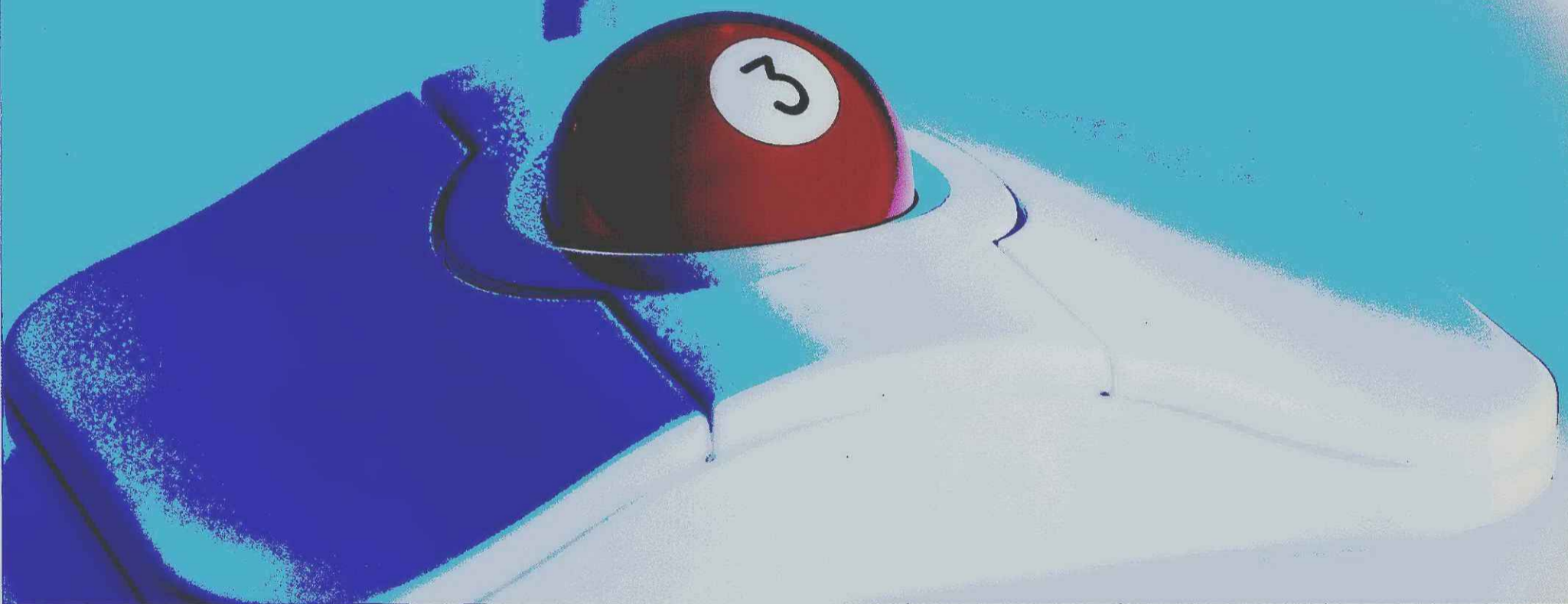


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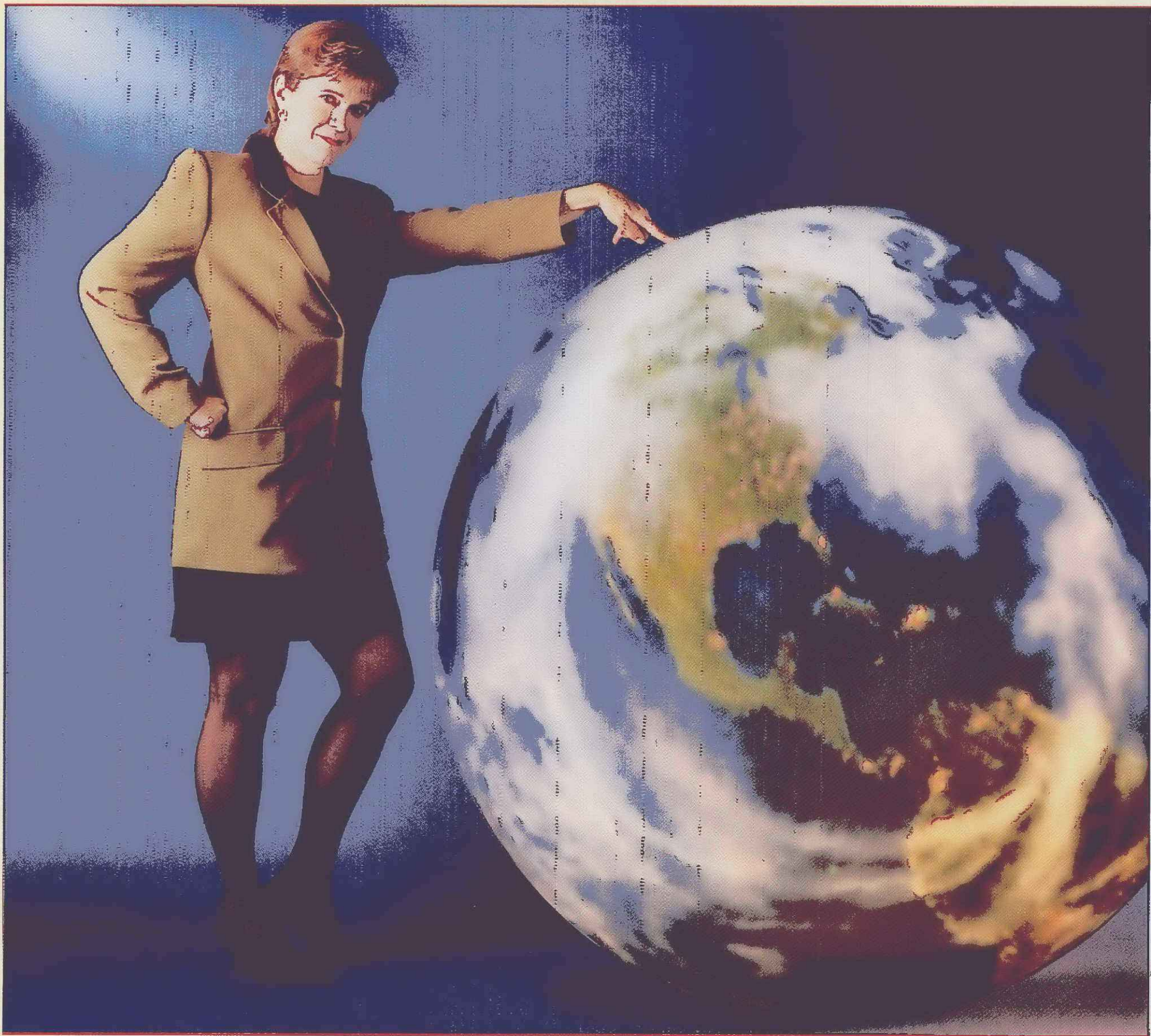
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Comp

Continued from page 3
taking steps to raise prices to help make up for mounting losses over the past several years.

For example, after years of filing for decreases, primarily in loss costs, the NCCI is now seeking increases in 13 states. That compares with four filings for increases in its 1998/1999 cycle, according to Peter Burton, senior vp-state relations in Wayne, Pa. Those filing requests are generally being approved, he noted.

Among those pending is a 20% increase for Vermont's assigned risk plan and 9.4% for its voluntary market, Mr. Burton said. Maine regulators earlier this month denied a request for a total increase of more than 13% but indicated they would approve a 10.3% increase.

In addition, California's workers comp rating bureau received approval in November 1999 for an increase in advisory loss costs that averaged 18% for risks located in that state.

Nationally, the workers comp market is "substantially different than it was two years ago," said Mr. Gilles. In 1998, prices were dropping 10% to 20%, while in 1999, prices were flat to increasing, he said.

Liberty Mutual is responding by raising its prices an average of 10% to 15% nationwide, and it is seeking increases of about 20% in California, he said.

But Mr. Korn said he understood that some employers in California and other Western states were facing increases of 30% to 100%, due mainly to higher-than-expected claims.

In addition, there is a trend to-

ward insurers asking employers to assume more risk, and employers generally are willing to do so, Mr. Gilles said.

Such a trend will lead increasing

'The market is changing, but it is just starting to change,' says Reliance National's Bill Watson.

numbers of employers to consider self-insuring, Mr. Korn said.

Texas, which does not require employers to have workers comp coverage, is one state where more employers are exploring alternatives to the traditional workers comp system.

More employers in Texas are looking at the possibility of opting out of the system, said Steve Bent, executive director of the Texas Assn. of Responsible Non-Subscribers in Austin, Texas, which represents large non-subscribers.

The employers interested in alternatives to the workers comp system are typically those that face premium increases—sometimes as high as 20% to 30%—and greater selectivity by insurers, Mr. Bent said. Those alternatives include providing benefits to injured workers through health-related coverages.

Currently, Texas has 150,000 non-subscribing employers, about 70% of which have 15 or fewer employees, he said.

The hardening workers comp insurance market also will eliminate guaranteed-cost policies and generate a return to retrospectively rated

policies, Mr. Korn said.

"Retros are a particular type of self-insurance, because insureds feel the effect of their loss experience and loss control efforts," he said. That is in the long-term best interests of employers whose previous guaranteed-cost policies gave them little or no incentive for loss control, Mr. Korn said.

But Bill Watson, an executive for Reliance National Insurance Co. in New York, has a different perspective on the workers comp market nationally.

"The market is changing, but it is just starting to change," said Mr. Watson, who heads Reliance's risk management division for large casualty accounts. Even the 18% increase in California probably hasn't had a significant effect on premiums there, he said.

Furthermore, "we are not seeing a return to retros at all. We are still seeing large-deductible policies being sold," sometimes as an alternative to higher prices on guaranteed-cost policies, Mr. Watson said.

Echoing Mr. Watson's view is a spokesman for the California Department of Industrial Relations' Division of Workers Compensation, who said that, even with the 18% increase in advisory loss costs, "premium rates are still very low for workers comp insurance in California."

In addition, there has been no recent increase in the number of applicants for self-insurer status in such states as California, Michigan or Tennessee, according to officials and representatives from each of those states.

"Quite a few" employers stopped self-insuring to buy competitively priced insurance in the soft market, and many have not returned, Mr. Watson said.

But the National Council of Self-Insurers said the organization lost fewer than 10 of its members, which now number 248 and include some non-employer professionals, according to Lawrence J. Holt, executive director of the organization, which is now based in New Providence, N.J.

Mr. Holt said that an employer usually stays committed to self-insurance because of its advantages, which include potential cost savings by the elimination of insurer overhead. Self-insurance also allows an employer to manage its own workers comp process and apply its own philosophy of claims handling, which can improve employee morale.

With the good economy, "I think employers may try to ride it out, as opposed to panicking and going self-insured," said Billie Fae Fuschi, director of workers comp for Methodist Healthcare in Memphis, Tenn., and vice chair of the external affairs team for the Risk & Insurance Management Society Inc. in New York. **BI**



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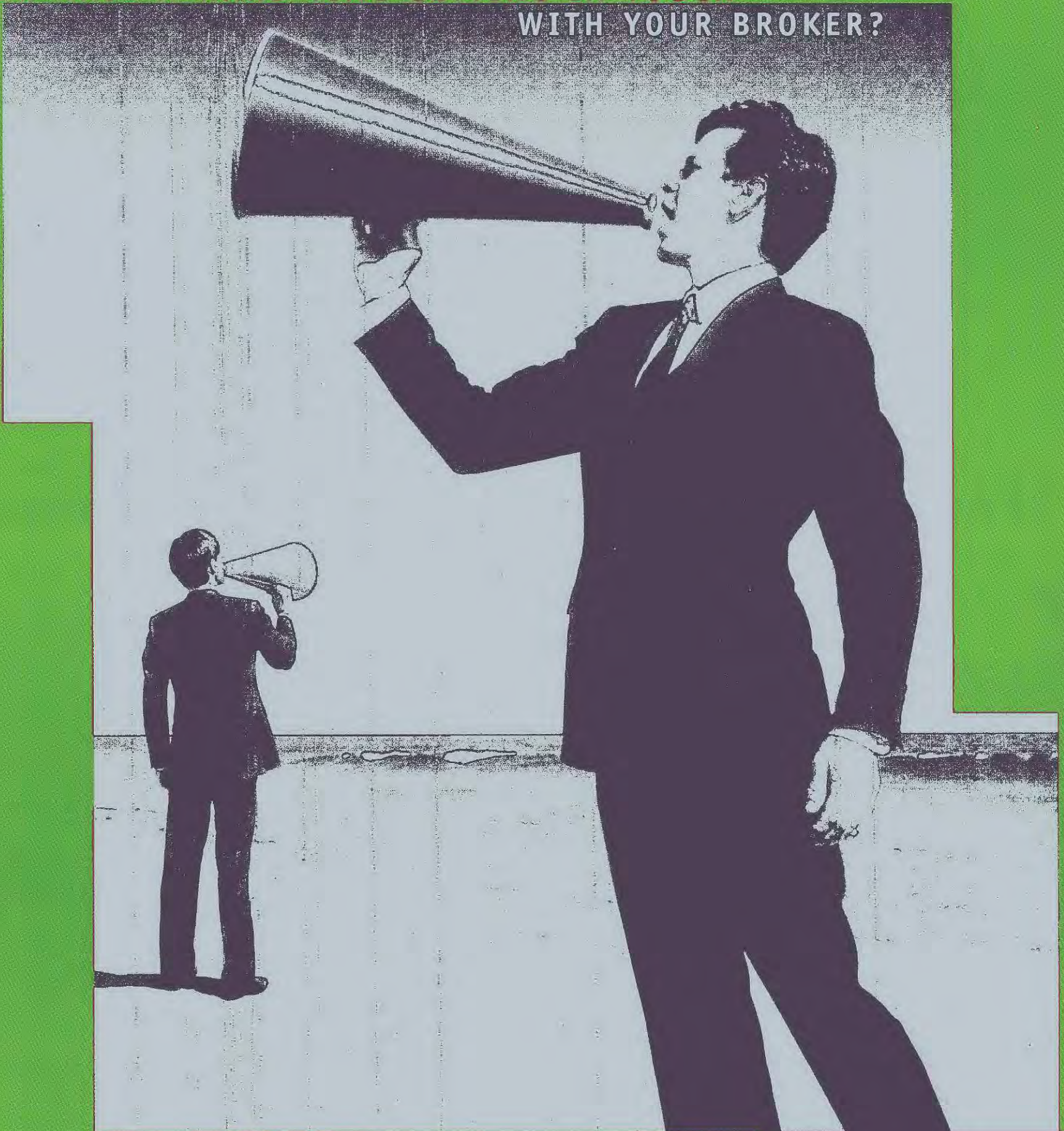
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Spotlight report

Self-insure

Continued from page 3

that any one type of alternative risk-funding method is getting the nod over others. As the non-traditional market has matured, a range of solid choices has developed, he said.

"A number of the alternative market forms have become more established," Mr. Gohsler noted, and, over the years, they have become readily accepted methods for funding risk.

Mr. Charron said he doesn't see employers leaning toward one particular approach, either.

"Pure self-insurance represents for many organizations the most cost-effective manner," he noted. "The risks can be predicted, projected, and you can build a program around it."

As interest among employers has picked up, Mr. Charron said, DeLoitte is "doing a lot more studies around looking at appropriate retention levels. How high can they go? What is the optimum retention level?"

Crown Vantage Co.'s paper mill in St. Francisville, La., illustrates how some employers are content to manage large portions of their risks. The mill holds a \$500,000 retention on its workers comp exposure and buys catastrophe coverage above that amount from American International Group Inc.

Because of its high retention, Crown Vantage, which was spun off from James River Corp. in 1995, operates essentially as if the risk were totally self-insured, said Gary Devall, safety and health supervisor. Claims never have exceeded the retention, he noted.

The company's aggressive effort to keep workers safe and quickly re-

turn to work those who have been injured keeps workers comp costs low, Mr. Devall said.

"We stay on the cutting edge" in offering safety training, with an ongoing focus on risks at the facility and participation by employees in loss-prevention programs that can keep down the number of injuries, he said.

Mr. Patureau of LASIE said he believes that "when you administer a tight, well-run self-insurance program, you are going to save dollars in many different areas. Getting the employee back to work quicker" is one of them.

Conoco Inc. carries large deductibles on its property/casualty risks for several reasons, according to Linda Luis, casualty insurance adviser at the Houston-based oil company.

"One principal reason we are confident that this is the right choice for our company is our outstanding safety program," she said.

Gaining control over the claims process, especially for workers comp and general liability claims, is another reason Conoco chooses to self-insure, Ms. Luis said. Conoco can say to its third-party administrator, "Hey, that's our money," when deciding how or whether to settle claims, she pointed out. An insurer, though, might not be as concerned about costs or as appreciative of the company's reasons that a claim should or should not be quickly settled, she said.

As employers assume more risk, they need to emphasize loss control, experts agree.

"Effective loss control is a necessity if you want to have a successful self-insurance program," said Mr. Korn of SRG. "If people abandon the marketplace and go into self-in-

surance, they have got to have good loss control. If losses are out of control, they have no business being in self-insurance."

Mr. Charron pointed out that when companies self-insure, they often allocate risk-funding costs to various units. Because some of those costs are loss-sensitive, those units become more aware of controlling losses.

"It's the carrot-and-stick theory,"

A well-run self-insurance program is 'going to save dollars in many different areas,' says Gary Patureau.

he said. "The cost-allocation method can promote the kind of behavior you're looking for in the loss control effort."

Employers continue to use captives as a favorite self-insurance vehicle, though the number of new formations is slowing.

Mr. Korn said that while he believes "there's going to be a resurgence in interest as the market moves into a harder, less competitive market," there is no evidence that there will be "mass (insurance) cancellations and people forming captives like they did in the mid-1980s."

Geoffrey H. Horsfield, assistant vp in charge of Atlantic Mutual's Commercial Affinity Program business, said: "What we're seeing, from a program perspective, is a heightened increase in any kind of rent-a-captive or captive. What we're able to do is provide accounts that typically were too small to enter the alterna-

tive market the ability to combine and access these facilities." For example, Atlantic Mutual provides alternative risk financing solutions for companies with similar exposures.

Industry sources point out that interest in using captives to cover workers comp exposures is on the upswing.

Ms. Monaco said California employers are showing a lot of interest as workers comp costs rise in that state.

Mr. Korn agreed, saying the tide is beginning to turn in California, where workers comp insurers are posting loss ratios of as much as 150% and asking for rate increases of 30% to 100% (see story, page 3).

Many employers had abandoned self-insurance schemes to buy inexpensive workers comp coverage from California insurers, he said. Now, however, it appears there will be "a movement back to self-insurance, particularly on the part of public entities who are more susceptible to criticism on pricing issues than private companies," Mr. Korn explained.

Industry observers point out that much of the increasing interest in captives during the hardening market will be in the form of new business to existing insurers and not necessarily in new formations.

"We talk to risk managers who own captives, and they alter their retentions according to what they can buy in the marketplace," explained Kathleen Waslov, editor of Captive Insurance Company Reports, a Tillingham-Towers Perrin-produced publication of the International Risk Management Institute in Dallas.

And, Ms. Waslov pointed out, while captive owners are preparing to increase the amount of business they send to the insurers during the

hardening market, the number of new companies appears to be tapering off.

Final figures for new formations in 1999 are not yet available, she said, but during the year, CICR counted 171 new captives licensed worldwide. That figure is expected to rise somewhat when it is rechecked with domiciles and formations that were missed are added to the total.

Even so, the final count is expected to fall short of 1998's 305 new formations globally, Ms. Waslov suggested. The captive count had risen steadily since 1995, when 278 new licenses were granted.

The number of new formations among risk retention groups also declined in the past year amid the lingering soft insurance market.

"In the last year, three risk retention groups were formed, all in the automobile extended warranty business," said Karen Cutts, publisher of The Risk Retention Reporter in Pasadena, Calif.

That's the fewest number of new formations in a single year since three were formed in 1991. Altogether, there are 67 groups operating, one fewer than a year ago, according to The Risk Retention Reporter.

Ms. Cutts said: "The risk retention groups that sat their roots down in the early 1990s and late '80s are continuing to do well. The ones that came along later had a hard time because the market was so soft." Competitive market conditions hampered the groups' ability to attract and retain members.

Ms. Cutts said she expects new formations to pick up soon. "Do I think the hard market will stimulate formation? Absolutely. I'm hearing of several risk retention groups in the pipeline." **BI**

TPAs working to improve service to employers

By JOANNE WOJCIK KOCHANIEC

Third-party administrators have become the most maligned vendors in the insurance industry.

On the 1998 and 1999 industry scorecards produced jointly by the Risk & Insurance Management Society Inc. and the recently dissolved Quality Insurance Congress, TPA scores for satisfaction, performance and loyalty lagged behind those for insurers and brokers.

What is it about TPAs that risk and benefit managers love to hate?

It's simple, according to Diana Rich, director of risk management and benefits administration at Sunstone Hotel Properties Inc. in San Clemente, Calif.: "They're handling claims, and that's a thankless job. Nobody likes the claims function."

Other risk and benefit managers, consultants, and even the TPAs themselves agree it's currently a no-win situation.

Common complaints are that TPAs don't handle claims fast enough, that they don't provide meaningful data and that they charge too much for their services, industry observers say.

The TPA industry acknowledges these problems and is working to correct them, TPA representatives say.

Some say that the industry is simply a victim of the booming economy; there just aren't enough talented workers available.

"Years ago, the carriers and TPAs had senior adjusters and supervisors who handled tougher claims," said Sue Sauer, managing director of Marsh Risk Consulting in Chicago. "Now, that's different. There's no career track for adjusters," so the profession attracts people who may or may not want to pursue a career in the insurance industry, she explained.

And because of the labor shortage, in many cases, "supervisors are given

caseloads like adjusters, so they don't have time to supervise," she said.

As a result, many new, less-experienced adjusters "are often sloppy at entering codes, and this can cause problems for employers," Ms. Sauer said. "And too many claims are being handled by each adjuster," she said. The overloading, Ms. Sauer said, slows claims processing and makes mistakes more likely.

The lowest rating TPAs received in the RIMS/QIC survey of more than 5,000 risk and benefit managers was for training and education programs, according to Roger Andrews, a first vp of RIMS and general counsel and director of risk management at E.D. Bullard Co. in Salt Lake City. TPAs scored just 46 out of a possible 100 points, he said.

Money has been a problem for a few TPAs, and that puts the TPA industry in a bad light, according to Steve Richter, a consultant at Watson Wyatt Worldwide in Los Angeles.

"I hear horror stories of employers that went to independent TPAs. Many of these are undercapitalized and don't have the money to invest in good systems," Mr. Richter said.

Poor employee compensation leads to high turnover, which, in turn, can affect the quality of claims handling, he said.

"Ten percent turnover is considered good in this industry, but some have as much as 50% employee turnover," Mr. Richter said.

"Employers should look at this and get guarantees (from the TPA) that senior people will be handling their claims," he advised.

Risk and benefit managers also complain that their TPAs don't provide enough meaningful information about their claims experience.

"Employers want meaningful data and interpretation, but this is something TPAs haven't provided for them," said Glenn

McLellan, president of McLellan Consulting Services, a TPA consultant in Avon, Conn. Instead, Mr. McLellan said, "the way TPAs address data needs is to provide more of it."

"Technology can build data warehouses, but you can't build a standard mold and pick 10 reports that work for every employer," he said. "That's where they're falling short. They all have decent reports, but what works for one client may not work for another."

TPAs are "still forgetting that they're not the only ones who have needs for information," agreed Ms. Rich. "The problem is getting information customized to employers' needs," she said.

But Jane Rastallis, a consultant at Tillingham-Towers Perrin in Boston, said that,

in the majority of cases, data management is a problem of communications, rather than technology.

Communication problems were perhaps the most significant findings of the QIC survey, according to Mr. Andrews of RIMS.

Under the category "keeps me informed," TPAs scored 58 out of a possible 100 points, and for "two-way interactive communication," the TPAs got 67 out of 100 points.

But the problem sometimes lies, in part, with the employer, Ms. Rastallis said.

Often "the person representing the employer isn't sophisticated enough to say, 'Here's the reports I need every month.' So the TPA thinks more is better," she said.

"I think the individual who is responsible for TPA relations on behalf of the

See TPAs on page 16

10 largest claims administrators

Based on claims paid for self-insurers

Company	1999 claims paid for self-insurers	1999 estimated gross revenues from claims services	1999 self-insured clients
Harrington Benefit Services	\$2,800,000,000	\$120,000,000	935
Sedgwick Claims Management Services Inc.	\$2,777,720,000	\$115,200,000	589
Gallagher Bassett Services Inc.	\$2,200,000,000	\$190,000,000	2,106
The TPA Inc.	\$2,100,000,000	\$83,000,000	1,000
ESIS Inc.	\$2,100,000,000	\$132,000,000	409
RSKCo	\$2,024,000,000	\$202,800,000	666
Crawford & Co.	\$1,800,000,000	\$484,000,000	5,478
CoreSource Inc.	\$1,762,000,000	\$113,765,000	1,450
Brokerage Concepts Inc.	\$1,489,320,000	\$59,051,000	1,026
The Principal Life Insurance Co. - National Accounts	\$1,084,000,000	\$72,000,000	215

Source: BI survey

Risk-taking



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TPAs

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employer needs to identify certain markers that they need to have every month—for example, number of claims in litigation, claims opened and closed, lost days, etc. If you get that information every month, you could see trends," she said. "A risk manager can do a lot working with the TPA to identify specifically what they want."

Arnold Katz, president of Brokerage Concepts Inc., a TPA based in King of Prussia, Pa., agreed.

"If the account is not set up properly, then all of the information gathered will have problems," he said.

For example, employers may ask TPAs for data on repetitive stress injuries but not specify types of in-

juries, such as carpal tunnel or tendonitis, and the employers later will complain that the information is too vague, said Marsh's Ms. Sauer.

"A lot of times, we'll take over a contract, and the employer will ask that the claims be paid as they were by the prior TPA," said Mike Shine, Brokerage Concepts' director of operations. "But then we'll find out that the prior carrier had an internal administrative guideline that altered the way claims were paid."

As a result, while the employer's contract may say one thing, it may be interpreted differently when put into practice, he said.

Such deviations are one reason the TPA industry has embarked on a data standardization effort that aims to improve the quality of the information that is gathered and disseminated.

"If you're not collecting the right

information, then it's 'garbage in, garbage out,'" observed Mr. McLellan.

'TPAs who are in the business of just paying claims aren't going to be in business very long,' says Glenn McLellan.

The Insurance Data Management Assn., created by insurance companies and industry reporting agencies 12 years ago to develop educational requirements for claims handlers, is three or four months away from being able to publish a standard list of data elements, according to Gary Knoble, vp of data management at

the Hartford Financial Services Group in Hartford, Conn. The Hartford is one of the insurer members of the association.

But because the IDMA's standard is initially focused on the insured community, the group is meeting this month with members of RIMS to develop a similar standard for self-insured employers, Mr. Knoble said.

Still, even if TPAs eventually do a better job of processing claims and develop better data management programs, there's the matter of cost, risk managers point out.

Employers need to feel they're getting their money's worth, said Sunstone's Ms. Rich. When she recently put Sunstone Hotels' workers comp claims-paying functions out to bid, five out of the six TPAs the company approached "still wanted to charge separately for claims handling and information management and re-

porting," she recounted. And, she added, some even wanted to charge an additional fee if she wanted to view claims online.

While the workers comp TPAs provided some data interpretation and access to claims files, less service was provided on the benefits side, which Sunstone also put out for bid last year.

"They're still just paying bills," Ms. Rich said. "So I was surprised to see such a big spread in fees."

When Ms. Rich asked one benefits TPA why it charged twice as much as a competitor, "they said, 'We have a Web site.' But the cheap companies have Web sites, too," she pointed out.

To ensure that risk and benefit managers get the most from their TPAs, Tillinghast-Towers Perrin's Ms. Rastallis suggests that TPA compensation be tied to performance.

But companies should be careful in selecting their performance standards, she warned. Some performance-based standards, such as the number of rings before a phone is answered—a common standard—are "worthless," she said.

Instead, a company should consider offering its TPA a share of its savings if its total claims come in below projections because the TPA is doing a good job, she said.

"Performance standards should relate to outcome, as opposed to process," agreed Watson Wyatt's Mr. Richter.

And, sometimes, perceptions should be taken into consideration, he said.

"One of the performance standards we like to use is the visceral reaction of the HR department. It's not too objective of a measurement," he admits, "but, at the end of the day, you need to feel positive about the results delivered."

"The employer, the broker and the TPA should sit down and develop a business plan at the beginning of every year to set goals," advised Mr. McLellan. Then they should also meet quarterly "to track (the results) against the goals and drill further down into the data" to spot trends and conduct other analyses.

Dana Novak, national work comp manager at Pepsi Bottling Group in Somers, N.Y., went a step further—she hired a motivational speaker to talk to her TPA.

"We wanted to take a non-traditional approach to building a successful partnership," Ms. Novak explained.

The adjusters assigned to the Pepsi Bottling Group account sat together with members of the company's in-house workers comp staff so they would feel as though they were on the same team, she said.

In the end, "they had a better understanding of what we were all about," enabling them to better serve the employer's needs, Ms. Novak explained.

Ms. Novak's efforts address the root of the problem Bill Bennett said he found while serving as president of TPA consultant AU Resources Group in Woodstock, Ga. Too often, TPAs "don't understand that they need to understand their client," said Mr. Bennett, who is now vp at Advanced Data Solutions, a TPA based in Atlanta.

"The only way a TPA can survive is to be flexible and efficient and thorough and competent," said Brokerage Concepts' Mr. Katz.

But today TPAs must do even more, Mr. McLellan said.

"TPAs who are in the business of just paying claims aren't going to be in business very long," he said. "But if TPAs can move to a point where they can help employers see how they compare to other companies, they would be providing a valuable service." **BI**

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70 Pine St.,
New York, N.Y. 10270;
212-770-7000; fax: 212-385-1046
www.aigcs.net

Property & Casualty

1999 revenues	
Total	\$221,005,000
Claims revenue	\$49,500,000
Claims administration	13.8%
Claims adjusting	3.6%
Other services	77.6%
Claims business by type	
Auto	20%
General liability	11%
Workers compensation	69%
Claims business by volume	
Administration claims paid	\$390,000,000
Adjusting projects conducted	500*
Clients	
Total	2,006*

Compensation: Administration: fee per claim, \$115 to \$775.

Adjusting: per hour, \$68 to \$85.

Administrative offices: 55 offices nationwide.

Sales offices: San Francisco; Chicago; New York; Cleveland; Philadelphia; Dallas.

Officers: Anthony Galioto, president; William Berge, executive vp; Carol Montgomery, senior vp.

Contact: Melinda Leary, assistant vp-communications, 110 William St., 16th Floor, New York, N.Y. 10038; melinda.leary@aig.com.

*Estimate.

The ASU Group

2120 University Park Drive,
Okemos, Mich. 48864;
517-349-2212; fax: 517-349-9053
www.asugroup.com

Property & Casualty

1999 revenues	
Total	\$30,000,000

Claims revenue	\$10,000,000
Claims administration	10%
Claims adjusting	20%
Claims auditing	5%
Other services	65%

Claims business by type

Auto	5%
Bonds	1%
General liability	10%
Inland marine	2%
Professional liability	5%
Property damage	2%
Workers compensation	75%

Claims business by volume

Administration claims paid	\$35,750,000
Adjusting projects conducted	550
Auditing projects conducted	10

Clients

Total	65
Staff	400

Claims services since: 1952.

Compensation: Adjusting: per hour. Auditing: per hour.

Administrative offices: Chicago; Indianapolis; Detroit; Flint, Grand Rapids, Lansing and Marquette, Mich.; Edina, Grand Rapids and St. Paul, Minn.; Akron, Cincinnati, Cleveland and Columbus, Ohio.

Sales offices: Orlando, Fla.; Chicago; Louisville, Ky.; Detroit and Lansing, Mich.; Minneapolis; Cincinnati.

Officers: Larry Musser, president; James Matthews, treasurer; April Zelinski, secretary.

Contact: Matt Carl, director-marketing, marketing@asugroup.com.

Acordia Inc.

P.O. Box 3043,
Charleston, W. Va. 25441-3043;
304-332-4732; fax: 304-353-8748

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$47,590,000
Claims revenue	\$41,000,000
Claims administration	86%
Other services	14%
Claims business by type	
Disability	1.5%
Flex compensation	2.5%
Pensions	1%

Workers compensation	17%
Other	2%
Health insurance	76%
Employees covered	355,000
Dependents covered	625,000

Claims business by volume

Administration claims paid	\$838,000,000
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Clients

Total	647
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Staff

Total	812
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Claims services since: 1946.

Compensation: Administration: employee benefits-per employee per month, \$5 to \$30; workers compensation-per claim/flat fee per month.

Administrative offices: workers compensation: Lexington, Ky.; Washington, Fa. Abington, Va.; Charleston, W. Va.

Sales offices: nationwide.

Officers: Richard H. Legg, COO-Acordia National; H. Harchiel Sims, COO-Acordia Employers Services.

Contact: Employee benefits: Richard H. Legg, 800-332-4732 ext. 8779; Acordia National, P.O. Box 3043, Charleston, W. Va. 25441-3043; 800-332-4732; fax: 304-353-8748; www.acordianational.com.

Workers compensation: Gary Waskey, 304-553-1161. Acordia Employers Services, P.O. Box 3389, Charleston W. Va. 25333; 304-556-1100; fax: 304-556-1165; www.empserv.com.

Alicare Inc.

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

Employee Benefits

1999 revenues	
Total	\$61,276,000
Claims revenue	\$33,874,000
Claims administration	55%
Other services	45%
Claims business by type	
Disability	5%
Flex compensation	0.5%
Life	5%
Pensions	12%
Health insurance	79.5%
Employees covered	200,000

Dependents covered	500,000
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Claims business by volume

Administration claims paid	\$350,000,000
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Clients

Total	47
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Staff

Total	450
-------	-----

Claims services since: 1943.

Compensation: Administration: per employee per month.

Administrative offices: Boston; Salem, N.H.; New York.

Sales offices: Boston; New York.

Officers: Richard C. Koven, president; Deanna Long, executive vp; Miriann Lee-Yoo, assistant vp.

Contact: Miriann Lee-Yoo, 212-539-5404, mleeeyoo@alicare.com.

Allied Benefit Systems Inc.

208 S. LaSalle St., Suite 1300,
Chicago, Ill. 60604;
312-906-8080; fax: 312-306-8443
www.alliedbenefit.com

Employee Benefits

1999 revenues	
Total	\$7,000,000
Claims revenue	\$6,300,000
Claims administration	90%
Other services	10%
Claims business by type	
Flex compensation	5%
Health insurance	95%
Employees covered	42,000
Dependents covered	54,000
Claims business by volume	
Administration claims paid	\$100,000,000
Clients	
Total	86
Staff	
Total	117
Claims service	95
Claims services since: 1980.	
Compensation: Administration: per employee per month.	
Officers: Laurence Wilneff, CEC. Mitchell Wilneff, president; Rob Valerious, senior vp.	
Contact: Rob Valerious, 312-316-8080 ext. 229, rvalerious@alliedbenefit.com.	

America's Choice Healthplans

700 American Ave., Suite 101,
King of Prussia, Pa. 19406;
610-962-1485; fax: 610-962-1984
www.achonline.com

Employee Benefits

1999 revenues	
Total	\$10,000,000
Claims revenue	\$10,000,000
Claims administration	100%
Claims business by type	
Disability	5%
Flex compensation	5%
Life	5%
Health insurance	85%
Employees covered	30,000
Dependents covered	32,000
Claims business by volume	
Administration claims paid	\$75,000,000
Clients	
Total	121
Staff	
Total	45
Claims service	30
Claims services since: 1989.	
Compensation: Administration: per employee per month, \$12 to \$20.	
Administrative offices: Millersville, Md.; King of Prussia, Pa.	
Sales offices: Hinsdale, Ill.; Scotch Plains, N.J.; Richmond, Va.	
Contact: Deana Biggins; dbiggins@mcmsinc.com.	

American Heritage Life Insurance Co.

177E AHL Drive,
Jacksonville, Fla. 32224;
904-372-1776; fax: 904-992-2695

Employee Benefits

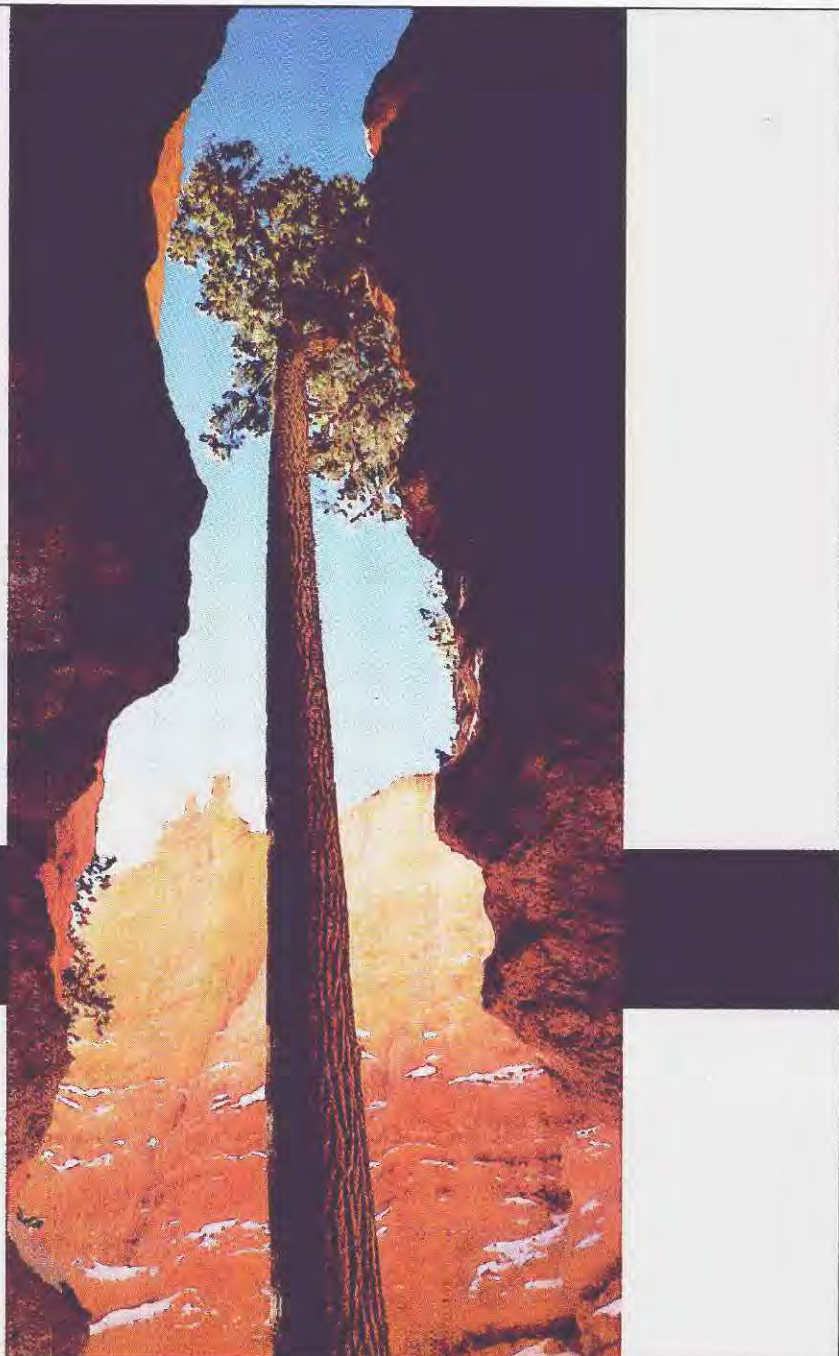
1999 revenues	
Total	\$26,000,000
Claims revenue	\$26,000,000
Claims administration	100%
Claims business by type	
Disability	3%
Life	2%

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Continued on page 20



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Continued from page 20

Employees covered	55,000
Claims business by volume	
Administration claims paid	\$350,000,000
Clients	
Total	74
Staff	
Total	115
Claims service	57

Claims services since: 1986.
Compensation: Administration: per employee per month, \$10 to \$20.

Administrative offices: Oak Park and Sterling Heights, Mich.; Toledo, Ohio.

Officers: Dan Gorczyen, president; Louis Lapiana, vp; John O'Brien, CFO.

Contact: Louis Lapiana or John Goddard, director-marketing.



Benefit Management Administrators Inc.
 10000 IH 10 W., Suite 400,
 San Antonio, Texas 78230;
 210-697-9900; fax: 210-697-0360
 www.bmatpa.com

Employee Benefits	
1999 revenues	
Total	\$2,500,000
Claims revenue	\$2,000,000
Claims administration	80%
Other services	20%
Claims business by type	
Health insurance	100%
Employees covered	6,000
Dependents covered	13,800
Claims business by volume	
Administration claims paid	\$10,196,000
Clients	
Total	66
Staff	
Total	15
Claims service	6

Claims services since: 1992.
Compensation: Administration: per employee per month, \$8.50 to \$21.
Contact: James E. Burkholder, president; 210-697-9900 ext. 203; www.james@bmatpa.com.

Benefit Services Inc.	
3636 Copley Road, P.O. Box 4138, Akron, Ohio 44321; 330-666-0337; fax: 330-666-6685	
Employee Benefits	

1999 revenues	
Total	\$9,200,000
Claims revenue	\$8,924,000
Claims administration	98%
Other services	2%
Claims business by type	
Flex compensation	7%
Life	2%
Pensions	5%
Health insurance	86%
Employees covered	52,090
Claims business by volume	
Administration claims paid	\$188,293,479
Clients	
Total	135
Staff	
Total	148

Claims services since: 1993.
Compensation: Administration: per employee per month.
Administrative offices: Miami and Tampa Fla.; Akron, Ohio.

Sales offices: Los Angeles; Miami and Tampa, Fla.; Charlotte, N.C.; Akron, Ohio; Philadelphia; Milwaukee.

Officers: Connie M. Frazier, president; Jerome F. Newbauer, COO; Robert C. Frazier Jr., executive vp-national sales.

Contact: Robert C. Frazier Jr., 714-692-5524.

Benefit Systems & Services Inc.
 760 Pasquinelli Drive, Suite 320,
 Westmont, Ill. 60559
 630-789-2082; fax: 630-789-2093
 www.benefit-sys.com

Employee Benefits	
1999 revenues	
Total	\$6,400,000
Claims revenue	\$3,800,000
Claims administration	60%
Claims adjusting	2%
Other services	38%
Claims business by type	
Disability	2%
Flex compensation	8%
Health insurance	90%
Employees covered	38,200
Dependents covered	49,900
Claims business by volume	
Administration claims paid	\$78,000,000
Adjusting projects conducted	43,000
Clients	
Total	103
Staff	
Total	79
Claims service	68

Claims services since: 1986.
Compensation: Administration: per employee per

month. Adjusting: per employee per month.
Officers: David H. Lloyd, president; Carmen J. Morreale, executive vp; Roy Wapiennik, vp.
Contact: David H. Lloyd, 800-423-1841.

Gregory B. Bragg & Associates Inc.
 1 Sierra Gate Plaza, Suite 250-B,
 Roseville, Calif. 95678;
 916-783-0100; fax: 916-783-0338
 www.gbbragg.com

Property & Casualty	
1999 revenues	
Total	\$5,890,000
Claims revenue	\$4,280,000
Claims administration	48%
Claims adjusting	25%
Other services	27%
Claims business by type	
Auto	20%
General liability	30%
Professional liability	2%
Property damage	3%
Workers compensation	45%
Claims business by volume	
Administration claims paid	\$30,000,000
Clients	
Total	167*
Staff	
Total	84
Claims service	55

Claims services since: 1986.
Compensation: Administration: per project. Adjusting: per hour, \$55 to \$65.

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

Officers: Gregory B. Bragg, president; Lee W. Collins, senior vp; Jeff Kimball, vp/CFO.

Contact: Gregory B. Bragg.
 *Estimate.

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

Employee Benefits	
1999 revenues	
Total	\$69,437,000
Claims revenue	\$59,051,000
Claims administration	81%
Claims adjusting	3%
Claims auditing	1%
Other services	15%
Claims business by type	
Disability	2%
Flex compensation	3%
Health insurance	95%
Employees covered	318,000
Dependents covered	731,000
Claims business by volume	
Administration claims paid	\$1,489,320,000
Clients	
Total	1,026
Staff	
Total	635
Claims service	508

Administrative offices: Baltimore; Waltham, Mass.; King of Prussia, Pa.

Sales offices: Jacksonville and Miami, Fla.; Waltham, Mass.; Red Bank, N.J.; King of Prussia, Philadelphia, Pittsburgh and Warminster, Pa.; Reston, Va.

Officers: Arnold M. Katz, president; Michael P. Shine, director-operations; Aaron Singer, director-financial.

Contact: Michael P. Shine, mike.shine@bcitpa.com.

Brokerage Services Inc.
 P.O. Box 11020,
 Albuquerque, N.M. 87192;
 505-292-5533; fax: 505-293-7725

Employee Benefits	
1999 revenues	
Total	\$5,000,000
Claims revenue	\$2,750,000
Claims administration	55%
Other services	45%
Claims business by type	
Health insurance	100%
Employees covered	22,000
Dependents covered	20,000
Claims business by volume	
Administration claims paid	\$25,500,000
Clients	
Total	48
Staff	
Total	28
Claims service	6

Claims services since: 1977.
Compensation: Administration: per employee per month, percentage of claims paid.

Officers: Tim Fischer and Jim Healy, principals; Sherrye Butler, vp.

Contact: Jim Healy.



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Continued from page 22

Property & Casualty	
1999 revenues	
Total	\$2,600,000
Claims revenue	\$1,400,000
Claims administration	30%
Claims adjusting	22%
Claims auditing	2%
Other services	46%
Claims business by type	
Auto	22%
General liability	20%
Professional liability	5%
Property damage	20%
Workers compensation	33%
Claims business by volume	
Administration claims paid	\$1,950,000
Adjusting projects conducted	968
Auditing projects conducted	5
Clients	
Total	19
Staff	
Total	58
Claims services since: 1933.	
Compensation: Administration: flat rate per claim/cost, \$295 to \$595. Adjusting: per hour, \$48 to \$55. Auditing: per hour, \$65 to \$75.	
Sales offices: Wilmington, Del.; Camden and Trenton, N.J.; Allentown, Altoona, Doylestown, Erie, Harrisburg, Homestead, New Castle, Philadelphia, Reading, Scranton, Trenton, Williamsport and York, Pa.	
Officers: Francis J. Marx, president/treasurer; Joseph N. Panichelli, chairman; Peter Kulaski, vp-operations.	

CBIZ-Health Administration Services	
100 Glenborough, Suite 450, Houston, Texas 77067-3614; 281-873-8682; fax: 281-873-5443 www.cbiz.com	
Employee Benefits	
1999 revenues	
Total	\$10,000,000
Claims revenue	\$6,000,000
Claims administration	60%
Other services	40%
Claims business by type	
Workers compensation	10%
Health insurance	90%
Employees covered	90,000
Dependents covered	60,000
Claims business by volume	
Administration claims paid	\$200,000,000
Clients	
Total	65
Staff	
Total	125
Claims service	80

Claims services since: 1984.	
Compensation: Administration: per claim, \$9 to \$10.	
Sales offices: Dallas, Houston.	
Officers: Richard D. Hillyer, Stephen E. Gauen, executive vps; Michael Nicknisch, vp-operations.	
CCS Holdings L.P.	
329 S. MacArthur Blvd., Coppell, Texas 75019; 800-743-2231; fax: 800-743-3293 www.ccsi-dallas.com	
Property & Casualty	
1999 revenues	
Total	\$2,650,000
Claims revenue	\$2,650,000
Claims administration	100%
Claims business by type	
Workers compensation	100%
Claims business by volume	
Administration claims paid	\$30,000,000
Clients	
Total	4
Staff	
Total	47
Claims service	28
Claims services since: 1997.	
Compensation: Administration: flat rate per file, \$500 to \$600.	

Administrative offices: Dallas; Richland, W.Va.	
Officers: Sheryl Roberts, CEO; Lisa McManis, president/COO; Deryck Parks, CFO.	
Contact: Suzanne Richardson, 800-743-2231 ext. 210; suzanner@ccsi-dallas.com.	
Cambridge Integrated Services Group Inc.	
8 Centre St., Jamesburg, N.J. 08831; 877-272-0180; fax: 609-655-0503	
Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$157,500,000
Claims revenue	\$122,500,000
Claims administration	75.6%
Claims adjusting	1.2%
Claims auditing	1%
Other services	22.2%
Claims business by type	
Auto	1.3%
Disability	5.7%
Flex compensation	0.6%
General liability	7.2%
Life	2.9%
Professional liability	3.1%
Workers compensation	45.5%
Other	1.9%
Health insurance	31.8%
Employees covered	60,000

Dependents covered	70,000
Claims business by volume	
Administration claims paid	\$927,088,000
Auditing projects conducted	75
Clients	
Total	6,528
Staff	
Total	2,300
Claims service	2,000
Claims services since: 1950.	
Compensation: Administration: varies. Adjusting: time/expense. Auditing: varies.	
Administrative offices: 113 offices nationwide.	
Sales offices: San Francisco; Chicago; Detroit; Parsippany, N.J.; Dallas; Houston; Seattle.	
Officers: Tracey A. Carragher, chairperson; Stephen A. Eisenmann, president; James D. Robertson, division president-business development.	
Contact: Frank C. Vidrik, 12005 Ford Road, Suite 700, Dallas, Texas 75234; 972-888-2412; frank_vidrik@cisgi.com.	

Employee Benefits	
1999 revenues	
Total	\$10,000,000
Claims revenue	\$6,000,000
Claims administration	60%
Other services	40%
Claims business by type	
Workers compensation	10%
Health insurance	90%
Employees covered	90,000
Dependents covered	60,000
Claims business by volume	
Administration claims paid	\$200,000,000
Clients	
Total	65
Staff	
Total	125
Claims service	80

Property & Casualty	
1999 revenues	
Total	\$2,650,000
Claims revenue	\$2,650,000
Claims administration	100%
Claims business by type	
Workers compensation	100%
Claims business by volume	
Administration claims paid	\$30,000,000
Clients	
Total	4
Staff	
Total	47
Claims service	28
Claims services since: 1997.	
Compensation: Administration: flat rate per file, \$500 to \$600.	

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$157,500,000
Claims revenue	\$122,500,000
Claims administration	75.6%
Claims adjusting	1.2%
Claims auditing	1%
Other services	22.2%
Claims business by type	
Auto	1.3%
Disability	5.7%
Flex compensation	0.6%
General liability	7.2%
Life	2.9%
Professional liability	3.1%
Workers compensation	45.5%
Other	1.9%
Health insurance	31.8%
Employees covered	60,000

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$23,141,283
Claims revenue	\$20,884,089
Claims administration	70%
Claims adjusting	10%
Claims auditing	10%
Other services	10%
Claims business by type	
Auto	1%
General liability	5%
Property damage	4%
Workers compensation	78%
Health insurance	12%
Claims business by volume	
Administration claims paid	\$164,750,000
Clients	
Total	223
Staff	
Total	307
Claims service	101
Claims services since: 1978.	
Administrative offices: Little Rock, Ark.; Scottsdale, Ariz.; Lake Mary and Margate, Fla.; Atlanta; Danville and Oak Brook, Ill.; Des Moines, Iowa; Overland Park, Kan.; St. Louis.	
Officers: G. Bryan Thomas, Steven F. Luebbert and Rodney J. Golden, directors.	
Contact: Sue Brown, 800-252-5059 ext. 1338.	

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OASYS Outsourced Administrative Systems, Inc.

Property & Casualty	
1999 revenues	
Total	\$10,000,000
Claims revenue	\$9,000,000
Claims administration	50%
Claims adjusting	30%
Claims auditing	15%
Other services	5%
Claims business by type	
General liability	10%
Professional liability	90%
Claims business by volume	
Administration claims paid	\$108,000,000
Adjusting projects conducted	9,100
Auditing projects conducted	104
Clients	
Total	184
Staff	
Total	90
Claims service	75
Claims services since: 1969.	
Compensation: Administration: flat fee, fee per file; time/expense; per hour, \$65 to \$100.	
Adjusting: flat fee; fee per file; time/expense; per hour, \$65.	
Auditing: flat fee; fee per file; time/expense; per hour, \$75 to \$125.	
Administrative offices: 27 offices nationwide.	
Officers: Charles McGill, president/CEO; Jim Page, Kathleen Conway, Alan Landberg, vps.	
Contact: Charles McGill.	

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Property & Casualty	
1999 revenues	
Total	\$3,500,000
Claims revenue	\$3,500,000
Claims administration	100%
Claims business by type	
Disability	3%
Workers compensation	97%
Claims business by volume	
Administration claims paid	\$25,000,000
Clients	
Total	84
Staff	
Total	56
Claims service	32

Citizens Management Inc.
808 N. Highlander Way, Howell, Mich. 48843; 517-546-2160; fax: 517-548-9246

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$3,500,000
Claims revenue	\$3,500,000
Claims administration	100%
Claims business by type	
Disability	3%
Workers compensation	97%
Claims business by volume	
Administration claims paid	\$25,000,000
Clients	
Total	84
Staff	
Total	56
Claims service	32

Insurer Topics

A special editorial section
sent exclusively
to insurers and reinsurers

Inside:

**IIF continuing
to promote
emerging
markets**

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**Opportunities,
challenges
face companies
growing abroad**

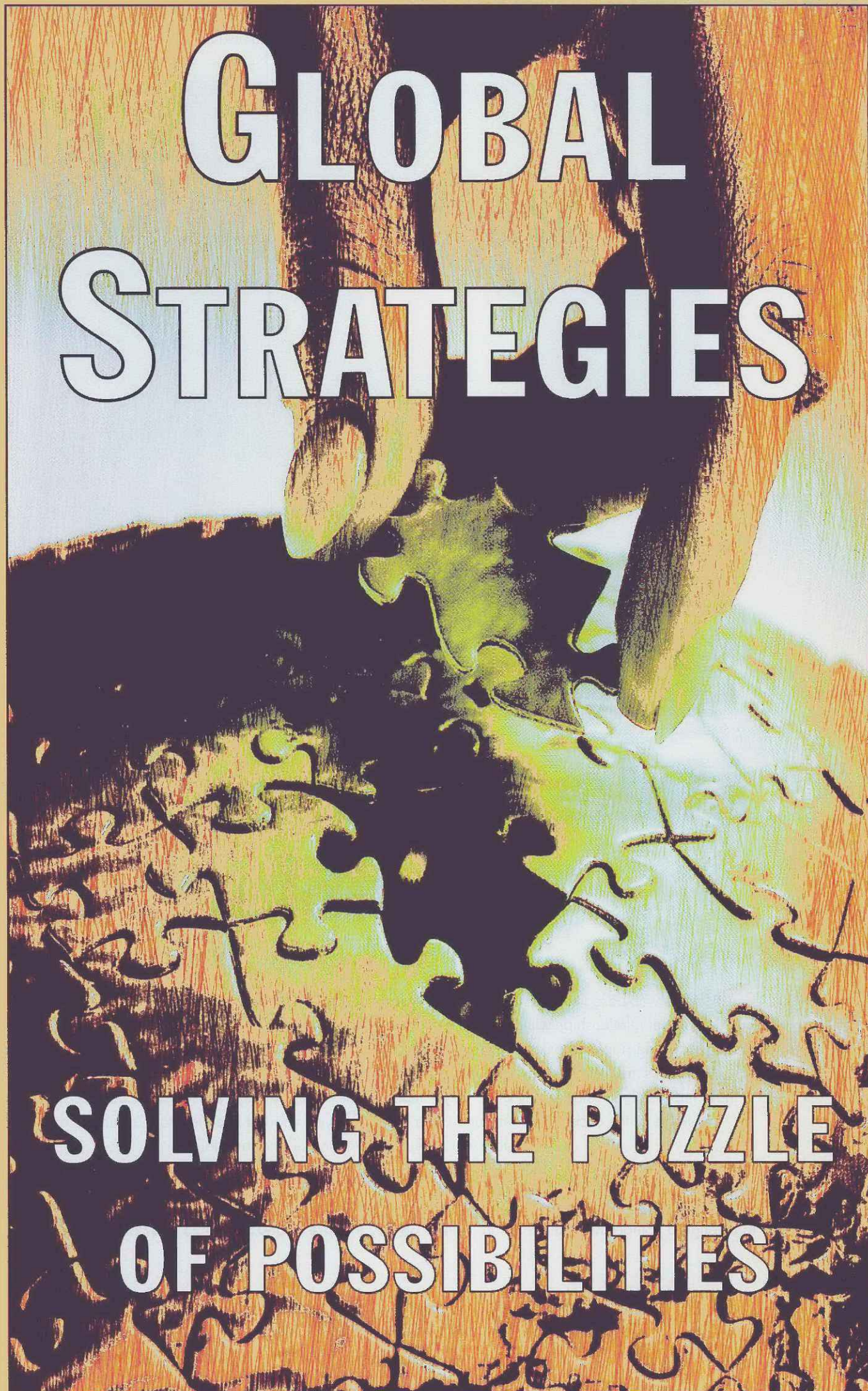
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access
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Foundation keeping its eye on emerging markets

By **RODD ZOLKOS**

As the International Insurance Foundation moves forward under the new leadership of only its second chairman, the

group aims to continue on the course set by the first.

That course is the promotion of a global private insurance industry operating under the guidance of educated regulators, an end it aims to achieve by providing technical assistance and professional education to

emerging insurance markets.

Last October the Washington-based IIF's board elected as chairman Donald J. Greene, of counsel to the LeBoeuf, Lamb, Greene & MacRae L.L.P. law firm in New York. Mr. Greene replaced the retiring Edward B. Jobe, who had held the post since

the foundation's formation in 1996.

"We got it off to a good start," said Mr. Jobe, former chairman and chief executive officer of American Re-Insurance Co., in reflecting on his tenure as IIF chairman. "I was the founding chairman, so we advanced it from an idea to something that

was very credible."

And looking ahead, the new chairman, Mr. Greene, said: "I see the organization doing more of what Ed envisioned. Economies everywhere are blossoming, and they must have insurance to continue to blossom."

Therefore, according to the IIF, the insurance industry can promote growth by educating those in developing countries on appropriate in-



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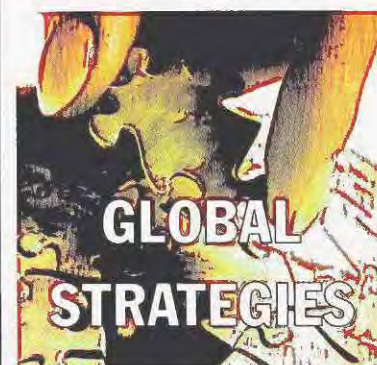
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insurance regulation and helping them establish necessary standards.

Fostering that sort of educated regulation will enhance the opportunity for insurance companies to bring capital to bear in those emerging nations and will provide increased choice for local insurance buyers, according to the foundation's leaders.

Open markets alone won't generate that kind of involvement—or the associated benefits—according to Robert J. Gibbons, the IIF's president. An appropriate regulatory system, he said, is critical.

"Many people who have been looking at international insurance have been looking at other markets and whether those markets are open," he said. "And we recognize that what is far more important is whether those markets actually exist and whether they function appropriately."

"It's reckless to be writing insurance in places that have no regulation," Mr. Greene said.

To promote educated regulation, the IIF works with organizations such as the Basel, Switzerland-based International Assn. of Insurance Supervisors to sponsor conferences and seminars for the insurance regulators of emerging nations.

Those conferences deal with such topics as exposure underwriting and pricing, licensing, solvency monitoring and insurance accounting and reporting.

"In the emerging markets, where it's always been the case that the underwriting and pricing is by the tariff and not by the individual exposure, it's kind of a new world" for regulators, Mr. Jobe said. "So they really need help in this area."

"There are so many new challenges that local regulators have never had to face before. So we're working with them to help them understand the changes," the former IIF chairman said.

The IIF draws its members from all segments of the industry, "so it really covers the bases, because the regulators in the emerging markets have to understand all aspects of the business," Mr. Jobe said.

See **Foundation** on page 24D

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Foundation

Continued from page 24B

To date, the IIF has sponsored five conferences around the world with the IAIS, and three more conferences are set for this year. In addition, a meeting is already scheduled for March 2001.

The close relationship with the body of international regulators is an important element of the foundation's work, Mr. Gibbons said.

"They're setting the standards, and we're helping to explain them and facilitate the path to implementing them," Mr. Gibbons said.

"The member companies are a

great resource for us, but the objectives are being set by the regulators themselves," he said. "We also draw quite a bit from the academ-

The IIF is trying to do 'a big job, and a lot of other people are interested in the same goals,' says Robert J. Gibbons.

ic community."

When he joined the IIF in 1996 as program director, Mr. Gibbons himself came from an academic

background, including serving as vp for curriculum at the American Institute of CPCU.

In working to promote global insurance markets, the IIF also has forged close relationships with the U.S. Department of Commerce, the U.S. Agency for International Development and the World Bank. "We all have common interests and common objectives, and that's been very helpful," Mr. Jobe said.

"I think with the relationships we've developed with the U.S. Department of Commerce and the U.S. Agency for International Development and the World Bank, we've really been able to bring a

lot to these emerging markets," he said.

The IIF recently entered into an agreement with the Department of Commerce to create the International Insurance Technical Assistance Partnership. The federal department will provide a \$1.1 million grant to support the joint venture, which will provide technical assistance to regulators in emerging insurance markets.

"It's truly a partnership," said

Mr. Gibbons, noting that the Commerce Department shares the IIF's interest in promoting the development of insurance markets and developing educated regulation.

"What we are trying to do is a big job, and a lot of other people are interested in the same goals," the organization's president said. "It seems as though practically every place in the world needs the same thing at the same time." **BI**

Global opportunities can be hard to tap

By **RODD ZOLKOS**

Global markets may appear attractive to insurance companies looking for new business opportunities, but finding ways to enter those markets might not be an easy proposition.

With the enactment of last year's Financial Services Modernization Act, allowing affiliations between U.S. banks and insurers, Citigroup naturally became the model many point to as an example of how such affiliation might be used as a way to reach into global markets.

Citigroup, which combines the forces of Citicorp and the Travelers Group, is an institution that some say can potentially use its size as a competitive advantage in doing business globally. One person who supports that idea is Jeff Foran, managing director and head of the financial services practice at consultant SDG/Navigant Consulting Inc. in Menlo Park, Calif.

By joining the two companies' resources into a single giant financial services concern, Citigroup is seemingly in a position to project the sorts of business it has done in the United States into developing markets around the world, he said.

For example, "Citigroup is attempting to move into Poland," said Jack Gohsler, senior vp at Conning & Co. in Hartford, Conn., citing a recent announcement by the conglomerate.

"When you start talking about a lot of the globalization, I think what a lot of the things the companies recognize is, 'Hey, you have a good model domestically and you may be able to export that model to another country, and that's probably good,'" he noted.

"Size is an important component; it's probably not the only component," Mr. Gohsler said. "There has to be the intelligence and the capability as well."

Weston M. Hicks, a managing director at J.P. Morgan Securities Inc. in New York, noted that there are only a few U.S. insurers doing business globally, and he said he doesn't think it's likely

that a U.S. insurer would purchase a foreign company to get access to an overseas market.

"Basically, Chubb and AIG are the only two that have a global business," Mr. Hicks said. "I won't say we won't see any cross-border mergers, but it's anybody's guess when that



might happen."

In the current business environment, then, insurance companies will be best served by aggressively looking for new opportunities and being willing to move out of areas that aren't panning out, Mr. Foran said.

In response, he noted that many companies are trying to apply their capital through new products that address new areas of risk. Product innovation and product design will be the key elements of companies that will thrive in the current insurance industry climate, Mr. Foran said.

As companies move into these new markets, it will be important that they be flexible "to go in and go out," he said, staying in those areas where margins are good and getting out of those where they are not.

"It's a skill most insurance companies don't have," Mr. Foran said. "I think insurers are a little slow to adjust to this."

And though size may be an advantage for the Citigroups of the world, small companies also can compete globally, Mr. Foran said.

To do so, however, they'll have to rely even more on innovative product design, joint ventures and alliances that can offer access to world markets and business networking.

"My experience is that some of the smaller companies are more agile than the larger," Mr. Foran said. **BI**

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E-commerce public policy principles outlined

By MARK A. HOFMANN

E-commerce may seem like a brave new world without reliable maps.

Public policy toward e-commerce has been understandably diffuse and often more than a little contradictory. For example, lawmakers and policymakers have split over how—or whether—to tax e-commerce transactions.

States, lacking consensus on a uniform framework, have enacted their own patchwork of laws concerning the treatment of electronic signatures. Factor in differing international approaches to the e-commerce challenge, and the confusion and inconsistency can grow exponentially.

In an effort to ensure that the interests of the commercial insurance industry are heard as the rules governing e-commerce are developed, three trade groups recently issued a list of 12 public policy principles for electronic commerce and insurance.

The principles were made public at the first Commercial Insurance Legislative Summit in Washington earlier this month. The summit brought together three Washing-

ton-based associations—the Council of Insurance Agents & Brokers, the American Insurance Assn. and the Reinsurance Assn. of America—each of which represents the bulk of commercial insurance transactions in its industry sector.

“The three organizations agreed that, in the commercial insurance area, we ought to take a leadership role. There was a sense we probably ought to step back and have a set of guiding principles,” said Franklin W. Nutter, president of the RAA.

He said the groups began working on the principles late last year. The RAA has been working with international organizations to set standards for e-commerce transactions involving reinsurance, he said. As that effort moved into “maintenance” rather than development, “we felt it was important that the primary industry get engaged in the development of standards related to e-commerce on a global basis,” he said.

“Before we start getting into the nuts and bolts of some of these issues, we needed a basic framework of how to approach the issues and where we thought public policy should go,” said David Corum, assistant vp-policy development and research for the AIA in Washington.

Mr. Corum noted the three trade groups “approached it more broadly” than just looking at insurance alone. “We really were thinking about what would be good economic policy for the entire economy.”

Outlining the key principles is a first step for the three groups in jointly developing a public policy statement on e-commerce, said Ken Crerar, president of the CIAB.

“From here, I think we continue to work on these major principles and fleshing them out. We will take this policy statement to all of the venues that are appropriate for it,” said Mr. Crerar, including state and federal policymakers.

The list of principles “basically says, ‘Let the industry do what it needs to do,’” he said. It reflects the “borderless” nature of e-commerce, and, with regard to regulating the developing world of e-commerce, says, “Let’s do it right the first time.”

The principles are designed to promote three broad objectives:

- Protecting the integrity of the insurance system.
- Promoting competition by providing open markets.
- Ensuring regulatory efficiency and supporting efforts to maximize system efficiency.

Five principles fall under the first objective:

- Electronic signatures should

have the same legal effect as written signatures, and electronic documents should have the same legal status as written documents.

- Electronic storage should be recognized as an acceptable alternative to the storage of written documents.

- Businesses responsible for protecting the confidentiality of e-commerce-related customer information should have maximum flexibility to implement the solutions that are best-suited to their particular needs and requirements.

Federal and state regulations on confidentiality should be consistent and should promote flexibility in responding to potential security threats.

- Fraudulent electronic business practices should be prohibited and prosecuted in the same manner as non-electronic fraud.

- Consumers and businesses should be able to use the strongest forms of encryption available.

Five principles apply to promoting competition and open markets:

- Business-to-business e-commerce transactions, including commercial insurance transactions, should be unregulated. No additional regulations should be imposed on electronic personal lines insurance transactions.

- No individual or business

should be denied the benefits of electronic commerce in order to protect or promote non-electronic forms of business.

- There should be a level playing field for all industries and businesses with respect to e-commerce regulatory requirements.

- Taxes on all goods and services should be technology neutral; therefore, there should be no unique Internet taxes. In determining whether to implement and administer a sales tax on Internet transactions, the difficulty and costs involved in adopting such a system should be weighed against any likely benefits.


- The use of electronic commerce in global business should be encouraged and supported by every nation and by the World Trade Organization.

The final two provisions target regulatory and technical standards:

- Issues of regulatory jurisdiction should be resolved in a manner that best serves the needs and interests of the e-commerce customer. Wherever electronic commerce is regulated by multiple jurisdictions, there should be uniformity and minimal duplication in regulatory requirements.

- The development and maintenance of e-commerce communication and data transmission standards should be led by the private sector. Technical e-commerce standards should be implemented voluntarily and should be reviewed. **BI**

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Regulatory system reviewed

By MARK A. HOFMANN

Evolution has been a key to the survival of state insurance regulation, according to a U.S. congressman who used to serve as his state's insurance commissioner.

Remarks made at a panel discussion during the recent Commercial Insurance Legislative Summit in Washington indicate, however, that the jury is still out as to whether state regulation can evolve quickly enough to deal with the challenges presented by the recent enactment of S. 900, the financial services modernization law.

S. 900, which was supported by much—but by no means all—of the commercial insurance industry, lowers many of the Depression-era barriers that have kept the businesses of insurance, banking and securities separate.

Rep. Earl Pomeroy, D-N.D., and both a former North Dakota commissioner and former president of the National Assn. of Insurance Commissioners, said that he thinks a federal alternative to the current system of state regulation would be a very bad idea, and he vowed to fight such a shift—but only if state regulation changes with the times.

The lawmaker cited several challenges that state regulators have faced in the more than 100 years since the NAIC came into being, including dealing with concerns over

insurer solvency in the wake of the savings and loan debacle of the late 1980s. The next step for regulators is facilitating efficient national and international insurance business, which would include addressing licensing uniformity, he said.

But, Rep. Pomeroy added, “all too often, a state regulatory system—like some trade associations—is bound by its lowest common denominator.” This would include some insurance agent-lawmakers in control of key state legislative committees who strive to block reforms for parochial reasons, he said.

While he several times stressed his opposition to federal insurance regulation, Rep. Pomeroy said that “if the state system can’t meet its challenges,” he would be among the first to introduce legislation in Congress that would transfer insurance regulation to the federal government.

Fred Smith, president of the Competitive Enterprise Institute, a Washington-based non-profit advocacy group that promotes free-market solutions as alternatives to government action, took a somewhat different view of S. 900 and its potential impact on state insurance regulation.

“Is this going to make it easier to be a state regulator? Frankly I don’t care,” said Mr. Smith.

In a global economy, “it’s harder to be an irresponsible regulator,” said Mr. Smith. Business that is unhappy with regulation will go somewhere more to its liking, he said.

Turning to the issue of commercial insurance deregulation, Mr. Smith said that the time was opportune for such reforms, but added that several questions remain. For example, there must be a definition of what constitutes a “large firm” that would be exempt from insurance regulation, he said. “How big do you have to be before you can’t blame someone else” for mistakes made in a deregulated environment? he asked.

Mr. Smith also cautioned his audience about the imposition of financial privacy regulations. Overly broad regulations could disrupt the flow of information and dry up credit, thus hurting the very consumers it was supposed to protect, he warned.

Rep. Pomeroy, though, had his own cautionary advice regarding privacy.

It would be a bad move “for the industry to take the position that privacy is of no concern to the public and Congress,” he said.

“Trying to wish” the issue away would be an “absolute loser,” he said.

Business Insurance Editor Paul D. Winston moderated the session.

The Commercial Insurance Legislative Summit, held in Washington Feb. 7-8, was a joint undertaking of three Washington-based trade associations—the Council of Insurance Agents & Brokers, the American Insurance Assn. and the Reinsurance Assn. of America. **BI**

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Online strategies crucial to bottom-line success

By Diana Capes

The Internet is revolutionizing the insurance and financial services industry by providing innovative, efficient ways of conducting business.

Instead of allocating computing resources solely to back-office functions, such as automating clerical duties, companies are taking advantage of the new technology to perform a wide variety of functions and services online.

For example, Insurance Holdings of America reports it is using browser-based insurance applications that include point-of-sale programs, quote generation, application submission, policy issuance and call-center operations.

Farmers Insurance Group uses the Internet to provide updates on pending legislation of significance to its operations throughout the United States.

The National Assn. of Professional Insurance Agents announced last year that it plans to develop a Web site that would give agents and brokers single sign-on access to such applications as sales tools and insurance certificate requests.

The Internet, which is already a great boon to insurers and their agents, will continue to be an asset in the years to come.

Bill O'Quin, president of Financial Services Online Inc., said, "The real benefits of the Net can be summed up in the five 'C's': communications, content delivery, compliance, convenience and cost savings."

In practical terms, the technology makes it possible for insurance companies to centralize information

IT Perspective

and distribute it to agents online. In addition, it provides an avenue for education. And, by using the Internet, agents can electronically deliver the required licensing information to their home offices.

Michael Heafey, vp of New England Financial in Boston, said: "The Internet has dramatically changed the way we do business. It's accelerated the licensing and appointment process but, more importantly, assures us that forms are correctly filled out. It's a critical tool for getting agents up to speed."

The conclusion seems obvious. It's not a matter of whether insurance companies and their agents should go online, it's more a matter of when.

"Expect all companies to develop extranets for management and agents as well as clients. Expect all management and agents to be online or out of business," Mr. O'Quin said.

There are few substitutes these days for these three simple watchwords—communicate, educate and automate. Ours is an age in which agents and their home offices stay in touch more effectively via e-mail and the Internet than with cellular phones. Access to the Internet can make important data available to the agent before his or her next sales call.

Customers, too, are going online to compare rates and services. Therefore, the same principle applies to communicating with customers. Larger and more-complex documents—such as contracts, surveys and database research materials—can be attached

and whisked through cyberspace.

In fact, an agent can contact the home office with his or her own computer and access critical information at a strategic moment in the call. This is vital and practical tool for field workers.

"Price isn't everything," says Lino Cambaliza, an agent for John H. Leming & Sons based in Santa Clarita, Calif. "You still have to sell the product."

Although many of us are now exposed to computer technology, it is a mistake to assume that everyone is comfortable navigating the Internet. Training is key to staying ahead of the competition. Savvy insurance companies will offer a recurring schedule of Internet training sessions for agents already in the field; this helps ensure that Web skills are kept up to date.

In addition, the Internet is being used for education. Currently, the American Institute for CFCU and the Insurance Institute of America offer online professional insurance education courses. The Independent Insurance Agents Assn. is also busily exploring new ways to help agents use the Internet.

In the case of insurance licensing, a cumbersome, paper-intensive process, Internet technology can be used to streamline the process across various state lines. The Insurance Regulatory Information Network, a non-profit affiliate of the National Assn. of Insurance Commissioners, has recently developed the Producer Database and the Producer Information Network.

The PDB links state insurance departments' licensing systems into one common repository of producer information that can be accessed by insurance companies via the Internet.

PIN is an electronic communication network that establishes standards for transmitting producer information to state insurance departments over the Internet.

It will take time to convert the state insurance departments to this new technology. In the meantime, there are other Internet solutions in the licensing arena.

One of the newest Internet

features available to insurance agents is the ability to collect license and appointment information.

The Internet allows agent data to be entered electronically from numerous remote locations. Such an approach eliminates the tedium of re-keying information scrawled on paper forms and faxes, and then delivers the data electronically to the home office's licensing department—a much more accurate and efficient process than was possible before the Web.

Zurich Personal Insurance Co., part of the Farmers Insurance Group, uses the Internet to electronically generate 1,000 to 1,500 licensing and appointment transactions each month, a volume that would represent a huge task if done via paper processing.

It's not likely that online services will ever replace agents in the day-to-day enterprise of maintaining and expanding a good book of business.

True, the Internet offers consumers a menu of choices and in-depth information they have not had before, but there's the rub—the sheer amount of information available can be overwhelming.

Personal knowledge of a client's individual needs is still essential in selecting the appropriate policy. A database is no substitute for customer-agent trust built over the

decades.

People do not change as fast as technology. In the age of high tech, "high touch" still matters. Mr. and Mrs. America still value proven friendships and contacts nurtured over the long haul, especially when it comes to making financial decisions for the future.

Seen this way, the Internet is not a threat to agents. It does not spell the end of traditional distribution. Instead, it is a powerful ally that can help agents do their jobs more easily and efficiently and help them grow professionally. Agents, agencies and home offices can harness the Internet to improve their ability to communicate, educate and automate.

The message is clear: If you're not online, your bottom line will surely suffer. The Internet will be vital to increased profitability and customer satisfaction in the 21st century.

So, if you don't want the parade to pass you by, learn how to use the Internet to save time and money, provide better services and continue your professional development. **BI**

Diana Capes is director of marketing, software and services at Indianapolis-based Pictorial Inc., which provides educational products and compliance software and services for the financial services industry.

IT Briefs

NAII rolls hit record

DES PLAINES, Ill.—The National Assn. of Independent Insurers added 83 property/casualty insurance companies to its membership in 1999, bringing the total number of member companies to more than 650 and setting new records for both annual growth and total membership.

Founded in 1945, the Des Plaines-based NAII is the nation's largest full-service property/casualty trade association. Its member companies write more than 32% of the property/casualty insurance in the United States.

The NAII's membership includes companies of every size and type, including stock companies, mutual insurers, reciprocals and underwriters at Lloyd's of London. The association's members are domiciled in 49 states and include 17 members that each write more than \$1 billion in premium annually.

TIO changes name

AUSTIN, Texas—The Texas Insurance Organization, a multipurpose, non-profit trade association of 439 companies authorized to write property and casualty insurance in Texas, has changed its name to the Insurance Council of Texas.

In addition to providing traditional trade association services,

the Austin-based council also participates as an official party in benchmark rate hearings and other regulatory matters before the Texas Department of Insurance. The council also prints and distributes copies of all Texas forms, manuals and policies.

ICT Services Inc., a wholly owned subsidiary of the council, functions as a service bureau for property/casualty insurers in the calculation of experience modifiers under the state's Automobile Liability and Experience Rating Plan.

State Farm backed

SPRINGFIELD, Ill.—Several insurance industry trade organizations have filed amicus briefs with the Illinois Supreme Court in support of State Farm Mutual Automobile Insurance Co.'s effort to reverse the verdict in a case involving the insurer's specification of generic parts in auto repair estimates.

The National Assn. of Mutual Insurance Cos., the Health Insurance Assn. of America, the American Council of Life Insurers, the Alliance of American Insurers, the American Insurance Assn. and the National Assn. of Independent Insurers all have rallied behind State Farm's appeal of the verdict in *Avery vs. State Farm Mutual Automobile Insurance Co.*

The associations say that the ruling, if allowed to stand, will hurt consumers by driving up the costs of auto repairs and, consequently, auto insurance as well. **BI**

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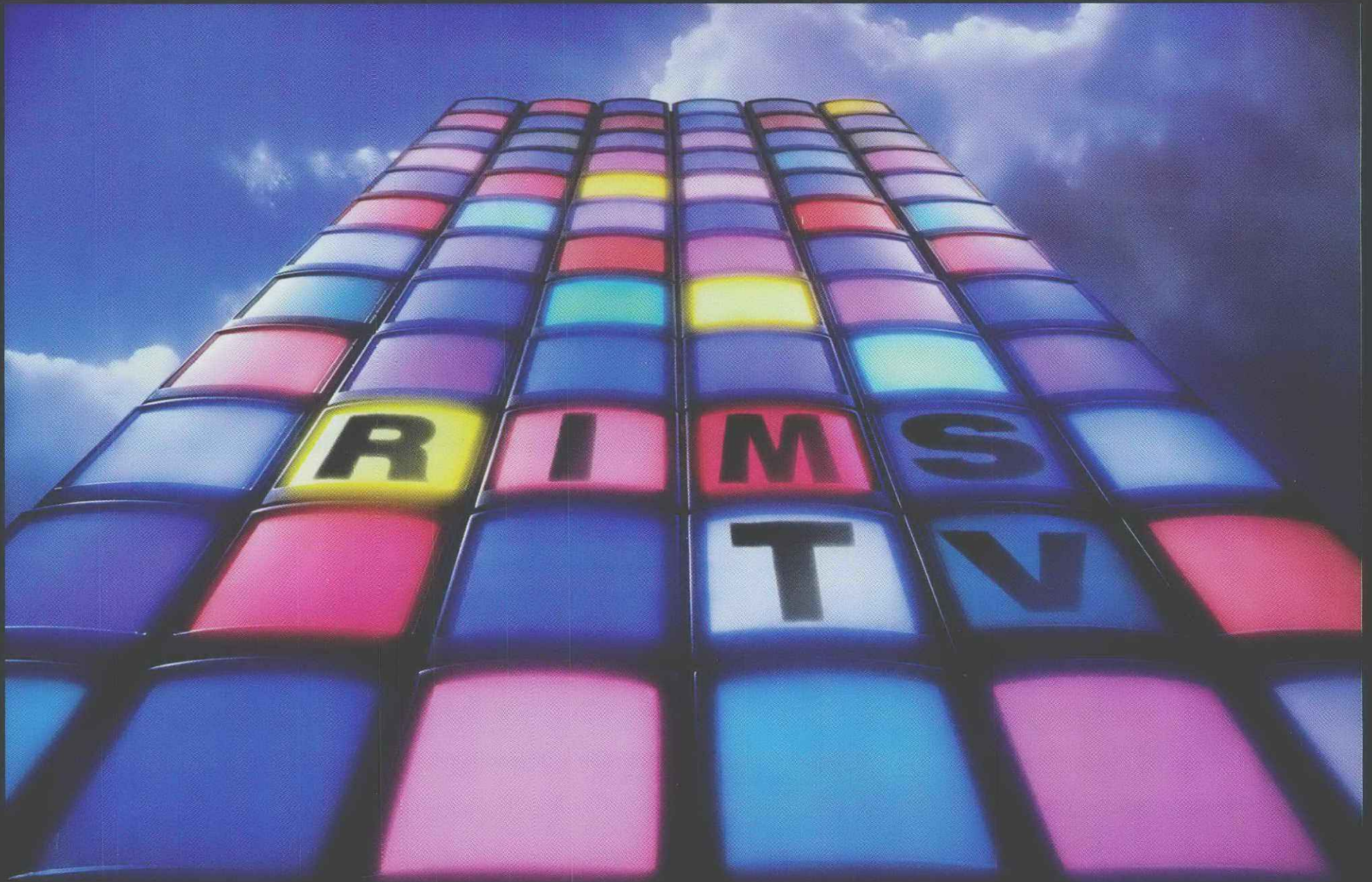
Insurer Topics

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**Business
Insurance**
www.businessinsurance.com

Continued from page 24

Claims services since: 1986.
Compensation: Administration: per claim or percentage of standard premium equivalent, \$5,000 to \$800,000.
Administrative offices: Atlanta; Chicago; Grand Rapids and Howell, Mich.; Piscataway, N.J.; Dallas.
Sales offices: Grand Rapids, Howell and Troy, Mich.
Officers: Scott W. Gaffner, vp/general manager; Dan Komar, vp/claims manager.
Contact: Scot Gaffner.

Claims Administrative Services Inc.
 501 Shelley Drive,
 Tyler, Texas 75711;
 903-509-8484; fax: 903-509-1888
 www.cas-services.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$8,268,675
Claims revenue	\$8,088,765
Claims administration	49%
Claims adjusting	49%
Other services	2%
Claims business by type	
Workers compensation	76%
Health insurance	24%
Claims business by volume	
Administration claims paid	\$42,663,835
Clients	
Total	22
Staff	
Total	65
Claims service	39

Claims services since: 1990.
Compensation: Administration (includes adjusting): workers comp-flat fee; health-per employee per month.
Administrative offices: Amarillo, Dallas, Houston, Lubbock and Tyler, Texas.
Sales offices: Amarillo, Houston, Sherman and Tyler, Texas.
Officers: Billy Hibbs Sr., CEO; Barry Jones, president; Wesley Slade, senior vp; Sheila Darland, assistant vp.
Contact: Barry Jones, bjones@hccas.com.

Claims Management Services Inc.
 P.O. Box 447,
 Roswell, Ga. 30077-1447;
 770-998-7411; fax: 770-594-9752
 www.claimsmgmtservices.com

Property & Casualty	
1999 revenues	
Total	\$2,000,000
Claims revenue	\$1,800,000
Claims administration	90%
Claims auditing	5%
Other services	5%
Claims business by type	
Auto	40%
General liability	20%
Workers compensation	40%
Claims business by volume	
Administration claims paid	\$40,000,000
Auditing projects conducted	1
Clients	
Total	98
Staff	
Total	23
Claims service	23

Claims services since: 1984.
Compensation: Administration: percentage of premium; per claimant; time/expense. Auditing: per hour, \$75 to \$95. Auditing: per hour, \$175 to \$225.
Administrative offices: Duluth and Roswell, Ga.
Officers: Gene L. Jones, president/CEO; Neill G. Stevens, vp/secretary/treasurer; Barry L. Lamann, assistant vp.
Contact: Gene L. Jones, gjones@claimsmgmtservices.com.

ClaimsCo International Inc.
 304 S. Barington Road,
 Wauconda, Ill. 60084;
 847-526-3953; fax: 847-526-6191
 www.claimscs.org

Property & Casualty	
1999 revenues	
Total	\$766,000
Claims revenue	\$698,000
Claims administration	83%
Claims adjusting	7%
Claims auditing	1%
Other services	9%
Claims business by type	
Auto	6%
General liability	57%
Inland marine	1%
Property damage	33%
Workers compensation	3%
Claims business by volume	
Administration claims paid	\$4,610,000
Adjusting projects conducted	39
Auditing projects conducted	2
Clients	
Total	9
Staff	
Total	8
Claims service	8

Claims services since: 1988.
Compensation: Administration: per hour, \$55 to \$65. Auditing: per hour, \$57.50 to \$85. Auditing: per day, \$1,000.

Administrative offices: Los Angeles.
Officers: Michael F. Harris, president; William K. Miller, chairman; Maxine Miller, secretary/treasurer.
Contact: Michael F. Harris, mharriscci@aol.com; Ken Hoxie, vp-claims administration.

Colonial HealthCare Inc.
 P.O. Box 827,
 Lanham, Md. 20703-0827;
 301-306-3020; fax: 301-306-0827
 www.colonialhealthcare.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$5,000,000
Claims revenue	\$4,750,000
Claims administration	85%
Claims adjusting	5%
Claims auditing	5%
Other services	5%
Claims business by type	
Auto	2%
Disability	4%
General liability	4%
Workers compensation	30%
Health insurance	60%
Claims business by volume	
Administration claims paid	\$40,000,000
Auditing projects conducted	10
Clients	
Total	65
Staff	
Total	77
Claims service	50

Claims services since: 1980.
Compensation: Administration: per employee per month. Auditing: per claim. Auditing: per hour.
Administrative offices: Lanham, Md.; Norristown, Pa.
Sales offices: Pittsburgh; Reston, Va.
Officers: William G. Franey, president; Patricia Biederman, Richard Slater, vps.

Commercial Risk Management Inc.
 P.O. Box 18366,
 Tampa, Fla. 33679-8366;
 813-289-3900; fax: 813-289-3771

Property & Casualty	
1999 revenues	
Total	\$1,400,000
Claims revenue	\$1,300,000
Claims administration	85%
Other services	15%
Claims business by type	
Workers compensation	100%
Claims business by volume	
Administration claims paid	\$8,000,000
Clients	
Total	21
Staff	
Total	25
Claims service	15

Claims services since: 1975.
Compensation: Administration: percentage of premium or per file, 2% to 3%.
Officers: John J. Shear, chairman; Susan E. Theis, president; Robert F. Widmer, executive vp.
Contact: Robert F. Widmer.

CompManagement Inc.
 6377 Emerald Parkway,
 P.O. Box 884,
 Dublin, Ohio 43017;
 800-825-6755; fax: 614-766-6888
 www.compmt.com

Property & Casualty	
1999 revenues	
Total	\$45,000,000
Claims revenue	\$25,000,000
Claims administration	55%
Claims adjusting	1%
Claims auditing	2%
Other services	42%
Claims business by type	
Disability	2%
Workers compensation	98%
Claims business by volume	
Administration claims paid	\$108,000,000
Staff	
Total	645
Claims service	395

Claims services since: 1984.
Compensation: Administration: flat fee plus incentives. Auditing: per claim. Auditing: recovery; flat fee.
Administrative offices: Indianapolis; Lexington, Ky.; Cincinnati, Cleveland and Columbus, Ohio; Seattle; Charleston, W.Va.
Sales offices: Indianapolis; Lexington, Ky.; Cincinnati, Cleveland and Columbus, Ohio; Seattle; Charleston, W.Va.
Officers: Robert J. Bossart, CEO; Jonathan R. Wagner, president; Paul Miller, CFO.
Contact: Jonathan R. Wagner, wagnerj@comp-mgt.com.

Comprehensive Care Services Inc.
 1200 Yankee Doodle Road,
 P.O. Box 64668,
 St. Paul, Minn. 55164-0668;
 651-662-5950; fax: 651-662-2159

Employee Benefits	
1999 revenues	
Total	\$10,270,000
Claims revenue	\$8,162,000
Claims administration	70%

Claims adjusting 5%
 Claims auditing 5%
 Other services 20%
Claims business by type
 Disability 1%
 Health insurance 99%
 Employees covered 45,558
 Dependents covered 104,834
Claims business by volume
 Administration claims paid \$120,647,600
 Auditing projects conducted 5
Clients
 Total 59
Staff
 Total 101
 Claims service 27
Claims services since: 1982.
Compensation: Administration: per employee per month.
Auditing: per hour; per project.
Officers: Chris Aasland, president; Dawn Hanson, vp; Paul Derouin, manager-finance.
Contact: Tony Weber.

Constitution State Services L.L.C.
 1 Tower Square,
 Hartford, Conn. 06183;
 860-277-8500; fax: 860-277-2558
 www.constitution-states.com

Property & Casualty	
1999 revenues*	
Total	\$90,000,000
Claims revenue	\$60,000,000
Claims administration	67%
Other services	33%
Claims business by type	
Auto	12%
General liability	13%
Workers compensation	75%
Claims business by volume	
Administration claims paid*	\$1,000,000,000
Clients	
Total	550

Claims services since: 1980.
Compensation: Administration: flat fee; percentage of adjusting fee.
Administrative offices: 50 offices nationwide.
Sales offices: Los Angeles; Hartford, Conn.; Atlanta; Chicago; New York; Dallas; Richmond, Va.
Officers: J. David Gibbs, chairman; John N. Wilson, CEO; Andrew J. Apicella, president.
 *Estimate.

Cook & Co. Inc.
 1025 Plain St., P.O. Box 1068,
 Marshfield, Mass. 02050;
 781-837-7300; fax: 781-837-5668
 www.cookandcompany.com

Property & Casualty	
1999 revenues	
Total	\$1,000,100
Claims revenue	\$1,000,100
Claims administration	100%
Claims business by type	
Workers compensation	100%
Clients	
Total	104
Staff	
Total	14
Claims service	14

Claims services since: 1987.
Compensation: Administration: annual flat fee, \$7,500 and up.
Officers: Peter A. Cook, CEO.
Contact: Karen M. Shanley.

CoreSource Inc.
 400 Field Drive,
 Lake Forest, Ill. 60045;
 800-832-3332; fax: 847-615-3900
 www.coresource.com

Employee Benefits	
1999 revenues	
Total	\$113,765,000
Claims revenue	\$113,765,000
Claims administration	95%
Claims adjusting	4%
Claims auditing	1%
Claims business by type	
Disability	5%
Flex compensation	15%
Health insurance	80%
Employees covered	2,209,055
Dependents covered	3,092,680
Claims business by volume	
Administration claims paid	\$1,762,000,000
Clients	
Total	1,450
Staff	
Total	1,459
Claims service	1,107

Claims services since: 1975.
Compensation: Administration: per employee per month.
Administrative offices: Tucson, Ariz.; Clearwater, Fla.; Matteson, Ill.; Anderson, Ind.; Kansas City, Kan.; Baltimore; Brooklyn Center and Jackson, Minn.; Charlotte and Raleigh, N.C.; Columbus, Ohio; Lancaster and Wayne, Pa.
Sales offices: Los Angeles; San Francisco; Atlanta; Clearwater, Fla.; Lake Forest and Matteson, Ill.; Anderson, Ind.; Kansas City, Kan.; Baltimore; Boston; Minneapolis; Newark, N.J.; Charlotte and Raleigh, N.C.; Columbus, Ohio; Lancaster and Wayne, Pa.; Dallas; Milwaukee.
Officers: Mark W. Schmidt, president/COO; Richard Moxley, Jerry Castelleo, senior vps.

Corporate Diversified Services Inc.
 P.O. Box 2835,
 2401 S. 73rd St., Suite 1,
 Omaha, Neb. 68103-2835;
 402-393-3133; fax: 402-398-3773

Employee Benefits	
1999 revenues	
Total	\$1,384,403
Claims revenue	\$1,384,403
Claims administration	100%
Claims business by type	
Flex compensation	22%
Health insurance	78%
Employees covered	13,388
Claims business by volume	
Administration claims paid	\$36,423,743
Clients	
Total	72
Staff	
Total	51
Claims service	18

Claims services since: 1983.
Compensation: Administration: per employee per month.
Officers: Richard L. Guffey, president/CEO; Cheri L. Kowal, executive vp/COO; Pam Silverman, vp-TPA operations.
Contact: Cheri L. Kowal.

Corporate Plan Management Inc.
 2900 S.W. Wanamaker Drive,
 Topeka, Kan. 66614;
 785-273-8398; fax: 785-273-6850

Employee Benefits	
1999 revenues	
Total	\$1,500,000
Claims revenue	\$1,050,000
Claims administration	70%
Other services	30%
Claims business by type	
Disability	1%
Flex compensation	5%
Health insurance	94%
Employees covered	7,000
Dependents covered	16,500
Claims business by volume	
Administration claims paid	\$13,000,000
Staff	
Total	21
Claims service	11

Claims services since: 1990.
Compensation: Administration: per employee per month, \$7 to \$15.
Officers: Mike Falley, president; Tim Carson, vp/COO; Jean Bass, secretary/treasurer.
Contact: Tim Carson, tcarson@midusa.net.

Corporate Systems Administration Inc.
 4722 Lake Park Drive,
 P.O. Box 4985,
 Johnson City, Tenn. 37602;
 423-282-3420; fax: 423-283-8834
 www.csabenefits.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$6,780,624
Claims revenue	\$5,424,499
Claims administration	80%
Other services	20%
Claims business by type	
Disability	5%
Flex compensation	5%
Life	5%
Workers compensation	7%
Health insurance	78%
Employees covered	25,600
Dependents covered	43,800
Claims business by volume	
Administration claims paid	\$75,000,000
Clients	
Total	110
Staff	
Total	60
Claims service	48

Claims services since: 1980.
Compensation: Administration: per employee per month, \$7.50 to \$15.
Administrative offices: Greenville, Tenn.
Officers: Thomas H. Repass, president/CEO; David Grazer, vp; Susan Towner, COO.
Contact: Thomas H. Repass.

Crawford & Co.
 5620 Glenridge Drive N.E.,
 Atlanta, Ga. 30342;
 800-241-2541; fax: 404-847-4028
 www.crawfordandcompany.com

Property & Casualty	
1999 revenues	
Total	\$695,000,000
Claims revenue	\$484,000,000
Claims administration	34%
Claims adjusting	28%
Claims auditing	8%
Other services	30%
Claims business by type	
Auto	7%
Disability	1%
General liability	25%
Workers compensation	59%
Other	8%
Claims business by volume	
Administration claims paid	\$1,800,000,000
Adjusting projects conducted	606,000

Clients
 Total 5,478
Staff
 Total 5,175
 Claims service 2,391

Claims services since: 1941.
Compensation: Administration: annual fee, flat rate, time and expense. Auditing: annual fee, flat rate, time and expense.
Administrative offices: 400 U.S. and 300 international offices.
Sales offices: Brea, Calif.; Atlanta; Chicago; Mahwah, N.J.; Dallas.
Officers: Archie Meyers Jr., chairman/CEO; Grover Davis, president/COO; Jeffrey Bowman, senior vp.

Creative Disability Management Inc.
 698 Pine St.,
 Herndon, Va. 20170;
 888-834-7140; fax: 703-834-7148
 www.cdminc-tpa.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$2,000,000
Claims revenue	\$2,000,000
Claims administration	90%
Claims adjusting	5%
Claims auditing	3%
Other services	2%
Claims business by type	
Auto	2%
General liability	3%
Inland marine	1%
Ocean marine	1%
Professional liability	1%
Property damage	2%
Workers compensation	88%
Health insurance	2%
Clients	
Total	5
Staff	
Total	34
Claims service	22

Claims services since: 1993.
Compensation: Administration: flat rate; per claim; percentage of premium.
Administrative offices: Baltimore; Herndon, Va.
Officers: Jane C. Smith, president; David Silver, senior vp.
Contact: David Silver, creative@idt.net.

Cunningham Lindsey
 3910 Brookside Drive,
 Tyler, Texas 75701;
 903-561-6700; fax: 903-581-2536
 www.cunninghamlindsey.com

Property & Casualty	
1999 revenues*	
Total	\$535,000,000
Claims revenue	\$16,000,000
Claims administration	3%
Other services	97%
Claims business by type	
Auto	12%
General liability	12%
Inland marine	2%
Professional liability	2%
Property damage	5%
Workers compensation	62%
Claims business by volume	
Administration claims paid	\$150,000,000
Clients	
Total	643
Staff	
Total	5,000
Claims service	170

Claims services since: 1923.
Compensation: Administration: per hour, \$50 to \$150. Auditing: per claim, \$50 to \$1,800. Auditing: per hour, \$75 to \$2

Continued from previous page

Property damage	3%
Workers compensation	91%
Claims business by volume	
Administration claims paid	\$240,000,000
Clients	
Total	313
Staff	
Total	1,500
Claims service	350
Claims services since: 1929.	
Compensation: Administration: per claim/per hour.	
Administrative offices: 39 offices nationwide.	
Sales offices: 25 offices nationwide.	
Officers: Danny Fullerton, president/COO; Kelly Hamilton, vp-finance and pricing; Jim Bryant, vp-sales.	
Contact: Scot Van Marter, vp-marketing.	

Gilbert-Magill Co.

920 Main St., Suite 1800,
Kansas City, Mo. 64152;
816-474-3535; fax: 816-842-5795
www.gilbert-magill.com

Employee Benefits

1999 revenues	
Total	\$1,052,000
Claims revenue	\$1,052,000
Claims administration	100%
Claims business by type	
Health insurance	100%
Employees covered	6,200
Claims business by volume	
Administration claims paid	\$18,600,000
Clients	
Total	29
Staff	
Total	14
Claims service	14
Claims services since: 1983.	
Compensation: Administration: per employee per month, \$10 to \$16.	
Officers: Claudia Henley, president-TPA division; Sarah Stalder, director-operations; Mindy Yates, director-claims.	
Contact: Claudia Henley, 800-522-2460, chenley@kc.net.	

Gilsbar Inc.

2100 Covington Centre,
Covington, La. 70433;
504-898-1550; fax: 504-898-1510
www.gilsbar.com

Employee Benefits

1999 revenues	
Total	\$18,700,000
Claims revenue	\$5,236,000
Claims administration	28%
Other services	72%
Claims business by type	
Flex compensation	1%
Health insurance	99%
Employees covered	45,800
Dependents covered	110,000*
Claims business by volume	
Administration claims paid	\$195,000,000*
Clients	
Total	190
Staff	
Total	350
Claims service	67

Claims services since: 1959.
Compensation: Administration: per employee per month, \$11 to \$26.
Administrative offices: Metairie, La.; Jackson, Miss.
Officers: Hank Mittenberger, president; Robert Ellis, senior vp-association services; Harold Aucoin, senior vp/COO.
Contact: Joe Loquet, *Estimate.

Goff Group Inc.

80 Techna Center Drive,
Montgomery, Ala. 36117;
334-215-0043; fax: 334-215-5120

Employee Benefits

1999 revenues	
Total	\$50,000,000
Claims revenue	\$15,000,000
Claims administration	10%
Claims adjusting	10%
Claims auditing	10%
Other services	70%
Claims business by type	
Inland marine	5%
Property damage	5%
Workers compensation	90%
Claims business by volume	
Administration claims paid	\$15,000,000
Clients	
Total	8,000
Staff	
Total	160

Claims service	15
----------------	----

Claims services since: 1992.
Administrative offices: Birmingham and Montgomery, Ala.; Lexington, Ky.; Jackson, Miss.; Raleigh, N.C.

Sales offices: Birmingham and Montgomery, Ala.; Lexington, Ky.; Jackson, Miss.; Raleigh, N.C.; Columbia, S.C.

Officers: John W. Goff, president; G. Ferrell Patrick, vp.

Contact: Kara Jacobs, director-marketing and public relations, kjacobs@goffgroup.com.

Group Administrators Ltd.

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

Employee Benefits

1999 revenues	
Total	\$6,500,000
Claims revenue	\$6,250,000
Claims administration	97%
Claims auditing	1%
Other services	2%

Claims business by type
Disability 1%
Flex compensation 1%
Health insurance 98%
Employees covered 40,000
Dependents covered 80,000

Claims business by volume
Administration claims paid \$100,000,000

Clients	
Total	142
Staff	
Total	85
Claims service	80

Claims services since: 1985.
Compensation: Administration: per employee per month, \$9 to \$15. Auditing: flat fee.
Officers: David Dorfman, executive officer; William Webbe, president; Barbara Wieda, executive vp.
Contact: david@groupadministrators.com.

Group Resources Inc.

3080 Premiere Parkway, Suite 100,
Duluth, Ga. 30097;
770-623-8383; fax: 770-623-4022
www.groupresources.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$32,000,000

Claims revenue	\$29,440,000
Claims administration	92%
Claims auditing	3%
Other services	5%

Claims business by type
Disability 1%
Flex compensation 1%
Workers compensation 4%
Health insurance 94%
Employees covered 90,000
Dependents covered 195,000

Claims business by volume
Administration claims paid \$175,000,000

Clients	
Total	310
Staff	
Total	172
Claims service	151

Claims services since: 1981.
Compensation: Administration: per employee per month.

Administrative offices: Birmingham, Ala.; Dallas, Texas; Kansas City, Mo.; Dallas; Houston.

Officers: Thomas S. Byrd, president/CEO; John Revelle Jr., executive vp/COO; Andy Willoughby, senior vp/chief information officer.



HCH Administration

P.O. Box 1986,
Peoria, Ill. 61656-1986;
309-673-7330; fax: 309-673-7369

Employee Benefits

1999 revenues	
Total	\$5,364,537
Claims revenue	\$2,500,000
Claims administration	47%
Other services	53%

Claims business by type
Health insurance 100%
Employees covered 25,000
Dependents covered 50,000

Claims business by volume
Administration claims paid \$100,000,000

Clients	
Total	119
Staff	
Total	112
Claims service	90

Claims services since: 1982.
Compensation: Administration: per employee per month, \$7.50 to \$12.50.

Officers: James D. Stevenson, president; Gloria Towles, executive vp-finance; Paul Wann, vp-operations.

Harden Group

1800 Sutter St., Suite 400,
Concord, Calif. 94520;
800-877-7707; fax: 925-356-2400

Employee Benefits

1999 revenues	
Total	\$11,000,000
Claims revenue	\$8,690,000
Claims administration	79%
Claims auditing	1%
Other services	20%

Claims business by type
Flex compensation 2%
Health insurance 98%
Employees covered 74,300
Dependents covered 136,600

Claims business by volume
Administration claims paid \$141,122,000

Clients	
Total	171
Staff	
Total	181
Claims service	82

Compensation: Administration: per employee per month, \$11.50 to \$28.

Administrative offices: Scottsdale, Ariz.; Concord, Calif.; Portland, Ore.

Sales offices: Scottsdale, Ariz.; Concord, Calif.; Portland, Ore.

Officers: James R. Dunathan, chairman/CEO; Thomas O. Hedford, president; Carol J. Haynosch, senior vp.

Contact: Thomas O. Hedford, 111 S.W. Columbia, Suite 600, Portland, Ore. 97201; 800-547-1402.

Harrington Benefit Services

3401 Morse Crossing,
Columbus, Ohio 43219;
614-470-7000; fax: 614-470-7102
www.healthplan.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$120,000,000
Claims revenue	\$120,000,000
Claims administration	100%

Continued on next page

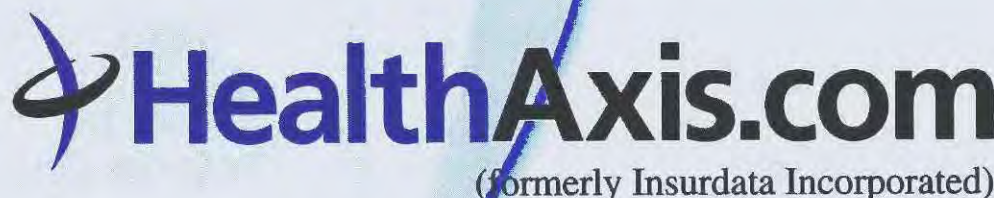
Web-Based Benefits Enrollment

It's open enrollment, but this time there's no paperwork. Employees can simply step up to their PC, any time of the day, any day of the week, to make their selections. Insur-Enroll™ provides the fastest, easiest open enrollment through the Internet or IVR—24 hours a day, seven days a week. Employees can literally enroll themselves in available benefit plans according to your rules.

Instead of the age-old, lengthy paper-driven process—with numerous plan summary documents, provider directories and brochures from multiple plan providers—Insur-Enroll maintains enrollment information online in real time so that it's timely and convenient for employees to access. And, you can dramatically reduce the costs of handling enrollment as well as improve turnaround time and accuracy of information.

The Information Age is here, and Insur-Enroll is the most cost-effective, timely solution for your company's enrollment processing needs.

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Contact Jim Reeves, Vice President of Sales at 972.443.5000 or jimreeves@insurdata.com.

www.insurdata.com

Continued from previous page

Claims business by type	
Disability	3%
Flex compensation	5%
Pensions	5%
Workers compensation	3%
Health insurance	84%
Employees covered	1,300,000
Dependents covered	3,300,000
Claims business by volume	
Administration claims paid	\$2,800,000,000
Clients	
Total	935
Staff	
Total	3,000
Claims service	1,300

Claims services since: 1964.
Compensation: Administration: per employee per month, \$7 to \$20.
Administrative offices: El Monte, Calif.; Tampa, Fla.; Chicago; Shreveport, La.; Joplin, Mo.; Las Vegas; Columbus, Dayton and Youngstown, Ohio; Duncan and Oklahoma City, Okla.; Charlestown, W.Va.; Lynnwood, Wash.
Sales offices: Tampa, Fla.; Shreveport, La.; Detroit; Cincinnati and Columbus, Ohio; Dallas; Lynnwood, Wash.; Milwaukee.
Officers: NeJ Lucco, president; Patrick J. Early, senior vp-sales/marketing; Jeff Mills, vp-information systems.
Contact: Patrick J. Early.

Health Design Plus Inc.

1755 Georgetown Road,
Hudson, Ohio 44236;
330-656-1072; fax: 330-656-9387
www.hdplus.com

Employee Benefits	
1999 revenues	
Total	\$5,200,000
Claims revenue	\$2,800,000
Claims administration	60%
Other services	40%
Claims business by type	
Flex compensation	2%
Other	1%
Health insurance	97%
Employees covered	25,000
Dependents covered	64,000
Clients	
Total	7
Staff	
Total	93
Claims service	41

Claims services since: 1996.
Compensation: Administration: per employee per month.
Administrative offices: Findlay and Hudson, Ohio.
Officers: M. Ruth Coleman, president/CEO; Connie Jones, senior vp-care management.
Contact: Roberta Kordish, director-sales/marketing, 330-463-1152, rkordi@hdplus.com.

Health Plans Inc.

P.O. Box 15100,
Worcester, Mass. 01615;
800-532-7575; fax: 508-754-9664
www.healthplansinc.com

Employee Benefits	
1999 revenues	
Total	\$7,500,000
Claims revenue	\$7,500,000
Claims administration	100%
Claims business by type	
Flex compensation	1%
Health insurance	99%
Employees covered	28,000
Dependents covered	70,000
Claims business by volume	
Administration claims paid	\$46,700,000
Clients	
Total	126
Staff	
Total	87
Claims service	45

Sales offices: Boston.
Officers: William Breidenbach, president; Deborah Hodges, vp.
Contact: William Breidenbach.

Helmsman Management Services Inc.

9 Riverside Road,
Weston, Mass. 02493;
617-243-7985; fax: 781-736-0256

Property & Casualty	
1999 revenues	
Total	\$103,726,000
Claims revenue	\$85,556,714
Claims administration	80%
Claims adjusting	1%
Claims auditing	1%
Other services	18%
Claims business by type	
Auto	20%
General liability	5%
Workers compensation	75%
Claims business by volume	
Administration claims paid	\$837,000,000
Adjusting projects conducted	300,000
Clients	
Total	403
Staff	
Total	750
Claims service	605

Claims services since: 1983.
Compensation: Administration: flat fee. Adjusting: per claim. Auditing: time and expense.

Administrative offices: Glendale, Calif.; Gahanna, Ohio.
Sales offices: all major metropolitan areas.
Officers: Edmund F. Kelly, president; Amy J. Leddy, vp/manager; Barry S. Gilvar, secretary.
Contact: Mark Catapano.

Hewitt Coleman & Associates Inc.

P.O. Box 5500,
Greenville, S.C. 29606;
864-240-5800; fax: 864-232-8824
www.hewittcoleman.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$5,800,000
Claims revenue	\$4,100,000
Claims administration	80%
Other services	20%
Claims business by type	
Auto	5%
Bonds	1%
Disability	3%
Flex compensation	2%
General liability	5%
Workers compensation	69%
Health insurance	15%
Claims business by volume	
Administration claims paid	\$41,000,000
Clients	
Total	196
Staff	
Total	73

Claims services since: 1923.
Compensation: Administration: percent of payroll; fixed fee.
Administrative offices: Atlanta; Indianapolis; Jackson, Miss.; St. Louis; Greensboro and Raleigh, N.C.; Millersburg, Ohio; Nashville, Tenn.
Officers: Charles R. Warne, president; Ronald J. Graves, vp-operations; Randy Chapman, senior vp.
Contact: Charles R. Warne, cwarne@hewittcoleman.com.

Hilb, Rogal & Hamilton Co. of Upstate New York Inc.

344 Delaware Ave.,
Buffalo, N.Y. 14202-1876;
716-856-6148; fax: 716-856-2313
www.hrh.com

Property & Casualty	
1999 revenues	
Total	\$1,400,000
Claims revenue	\$1,300,000
Claims administration	8%
Claims adjusting	68%
Claims auditing	10%
Other services	14%
Claims business by type	
Disability	10%
Workers compensation	90%
Claims business by volume	
Administration claims paid	\$3,300,000
Adjusting projects conducted	6,500
Auditing projects conducted	75
Clients	
Total	70
Staff	
Total	15
Claims service	13

Claims services since: 1982.
Compensation: Administration: per claim, \$95 to \$400. Adjusting: flat contract. Auditing: flat contract.
Administrative offices: Jamestown, Rochester and Syracuse, N.Y.
Sales offices: Buffalo, Jamestown, Rochester and Syracuse, N.Y.
Officers: Richard K. Mason, president; Robert J. McKeever, Michael H. Ernst and Diane C. Ambrose, executive vps.
Contact: Daniel K. Conley, Michael H. Ernst, Richard K. Mason.

Horizon Healthcare Administrators

3 Penn Plaza E., PP06T,
Newark, N.J. 07105-2200;
973-466-4591; fax: 973-466-4715
www.horizon-healthcare.com

Employee Benefits	
1999 revenues*	
Total	\$4,500,000
Claims revenue	\$4,500,000
Claims administration	100%
Claims business by type	
Disability	1%
Health insurance	99%
Claims business by volume	
Administration claims paid	\$53,500,000
Clients	
Total	25
Staff	
Total	33
Claims service	33

Claims services since: 1988.
Compensation: Administration: per employee per month, \$10 to \$15; per transaction.
Officers: Robert Meehan, president/CEO; Christopher LePre, COO; Lata Sinha, operations manager.
Contact: Lata Sinha.
*Estimate.

An explanation of terms can be found on page 19.

I

Insurance Claims Auditing
4725 Highway 55, Suite 101,
Minneapolis, Minn. 55422;
612-544-6611; fax: 612-544-5514
www.icaps.com

Employee Benefits	
1999 revenues	
Total	\$850,000
Claims revenue	\$807,500
Claims auditing	95%
Other services	5%
Claims business by type	
Disability	5%
Health insurance	95%
Claims business by volume	
Auditing projects conducted	58
Clients	
Total	58
Staff	
Total	9

Claims services since: 1988.
Compensation: Auditing: per hour, \$75 to 125.
Officers: Betty C. Clark, president; Margaret Rice, secretary/treasurer; Gloria Flavin-Bauer, vp.
Contact: Betty C. Clark.

Insurance Design Administrators

169 Ramapo Valley Road,
Oakland, N.J. 07436;
201-337-0007; fax: 201-337-1391
www.ida-tpa.com

Employee Benefits	
1999 revenues	
Total	\$11,635,000
Claims revenue	\$11,635,000
Claims administration	100%
Claims business by type	
Disability	2%
Flex compensation	3%
Health insurance	95%
Employees covered	103,962
Dependents covered	155,943
Claims business by volume	
Administration claims paid	\$202,017,775
Clients	
Total	169
Staff	
Total	130

Compensation: Administration: per employee, \$10 to \$22.
Sales offices: Philadelphia.
Officers: Robert Gallo, CEO; Russell P. Minetti, president; Paul Sabina, executive vp.
Contact: Russell P. Minetti.

Integrated Behavioral Health

18881 Von Karman, Suite 200,
Irvine, Calif. 92612;
949-475-5131; fax: 949-442-2196
www.ibhcorp.com

Employee Benefits	
1999 revenues	
Total	\$2,800,000
Claims revenue	\$2,500,000
Claims administration	85%
Claims adjusting	5%
Other services	10%
Claims business by type	
Disability	10%
Health insurance	90%
Employees covered	125,000
Dependents covered	275,000
Claims business by volume	
Administration claims paid	\$1,500,000
Adjusting projects conducted	5,000
Clients	
Total	16
Staff	
Total	26
Claims service	16

Claims services since: 1989.
Compensation: Administration: per employee per month (behavioral health only), \$2.50 to \$3.50. Adjusting: per employee per month (behavioral health only), \$1.50 to \$2.50.
Sales offices: Irvine, Calif.; Philadelphia.
Officers: Tom Yankoff, chairman; Edward M. Bosanac, COO; Samuel Mayhugh, chief clinical officer.
Contact: Edward M. Bosanac, 949-475-5131, ed.bosanac@coreinc.com.

J

Jl Specialty Services Inc.
9229 Waterford Centre Blvd., Suite 100,
Austin, Texas 78758;
512-346-5314; fax: 512-346-9321
www.jlcompanies.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$12,000,000
Claims revenue	\$8,000,000
Claims administration	67%
Other services	33%
Claims business by type	
Auto	7%
Flex compensation	2%

General liability	6%
Professional liability	10%
Property damage	5%
Workers compensation	30%
Health insurance	40%
Employees covered	24,000
Dependents covered	20,000
Claims business by volume	
Administration claims paid	\$50,000,000
Clients	
Total	158
Staff	
Total	140
Claims service	60

Claims services since: 1988.
Compensation: Administration: employee benefits: per employee per month, \$12 to \$15; workers compensation: per claim, \$300 to \$400.
Sales offices: Austin and Houston, Texas.
Officers: Francis J. Fey, president/CEO; Samuel D. Francis, executive vp/general counsel; William I. Martin Jr., executive vp/director-business development.
Contact: William I. Martin Jr., bill.martin@jicompanies.com.

Jardine Group Services Corp.

13 Cornell Road,
Latham, N.Y. 12110;
518-782-3000; fax: 518-782-3293
www.jgsc.com

Employee Benefits	
1999 revenues	
Total	\$35,800,000
Claims revenue	\$7,600,000
Claims administration	15%
Claims adjusting	5%
Other services	80%
Claims business by type	
Disability	10%
Professional review	15%
Health insurance	75%
Claims business by volume	
Administration claims paid	\$144,000,000
Clients	
Total	26
Staff	
Total	385
Claims service	82

Claims services since: 1982.
Compensation: Administration: per employee per month. Adjusting: per claim, per employee per month, contingency.
Administrative offices: Waterbury, Conn.; Latham, N.Y.
Sales offices: Waterbury, Conn.; Chicago; Latham, N.Y.
Officers: W. Michael Carroll, CEO; E. Paul Hanson, CFO; Gary P. Hickey, senior vp/managing director.
Contact: Colleen Sherin, vp, csherin@jgsc.com.

Johns Eastern Co. Inc.

P.O. Box 4175,
Sarasota, Fla. 34230;
941-907-3100; fax: 941-907-7227

Property & Casualty	
1999 revenues	
Total	\$14,000,000
Claims revenue	\$4,200,000
Claims administration	6%
Claims adjusting	22.5%
Claims auditing	1.5%
Other services	70%
Claims business by type	
Auto	10%
Flex compensation	15%
Professional liability	5%
Property damage	5%
Workers compensation	65%
Claims business by volume	
Administration claims paid	\$20,000,000
Adjusting projects conducted	5,500
Auditing projects conducted	2
Clients	
Total	53
Staff	
Total	175

Claims services since: 1946.
Compensation: Administration: contract. Adjusting: per hour, \$51. Auditing: per hour, \$76.
Administrative offices: Jacksonville, Miami, Sarasota, Tampa and West Palm Beach, Fla.; Baltimore and Landover, Md.; Raleigh, N.C.; Blue Bell, Pa.; Norfolk, Va.
Sales offices: Jacksonville, Miami, Sarasota, Tampa and West Palm Beach, Fla.; Baltimore and Landover, Md.; Raleigh, N.C.; Blue Bell, Pa.; Norfolk, Va.
Officers: Donald L. Johns, chairman; K.M. Johns III, president; Allen L. Ladd, executive vp.
Contact: Allen L. Ladd.

K

Keenan & Associates
P.O. Box 4328,
Torrance, Calif. 90510;
310-212-3344; fax: 310-212-0354
www.keenanassoc.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$56,700,000
Claims revenue	\$21,900,000
Claims administration	34%
Claims adjusting	4%
Other services	62%

Claims business by type	
Auto	2%
Disability	2%
General liability	3%
Property damage	4%
Workers compensation	79%
Health insurance	10%
Claims business by volume	
Administration claims paid	\$194,000,000
Adjusting projects conducted	3,700
Clients	
Total	1,004
Staff	
Total	550
Claims service	239

Claims services since: 1978.
Compensation: Administration: flat rate. Adjusting: per hour.
Administrative offices: Campbell, Eureka, Oakland, Rancho Cordova, Riverside, and San Ramon, Calif.
Sales offices: Campbell, El Dorado Hills, Fresno, Irvine, Oakland, Pasadena, Rancho Cordova, Riverside, San Diego, San Ramon, and Westlake Village, Calif.
Officers: John R. Keenan, CEO; Sean Smith, president-schools division; Jerry Ascolesi, president-healthcare division.
Contact: David J. De Wenter.

Key Benefit Administrators

9000 Keystone Crossing, Suite 400,
Indianapolis, Ind. 46240;
317-848-2700; fax: 317-848-2424
www.keyfamily.com

Employee Benefits	
1999 revenues	
Claims revenue	\$15,000,000
Claims administration	98%
Other services	2%
Claims business by type	
Disability	1%
Flex compensation	4%
Life	1%
Health insurance	94%
Employees covered	55,000
Dependents covered	71,500
Claims business by volume	
Administration claims paid	\$215,000,000
Clients	
Total	263
Staff	
Total	241
Claims service	80

Claims services since: 1979.
Compensation: Administration: per employer per month, \$15 to \$25.
Administrative offices: Evansville, Fort Wayne and Indianapolis, Ind.
Sales offices: Chicago; Evansville, Fort Wayne and Indianapolis, Ind.; Cincinnati.
Officers: Larry R. Dust, CEO; Bradley Ray, CFO; Wallace Gray, vp/general counsel.
Contact: Michael Weiss, mweiss@keybenefit.com.

Key Risk Management Services Inc.

P.O. Box 49129,
Greensboro, N.C. 27419;
800-942-0225; fax: 336-605-7553
www.keyrisk.com

Property & Casualty	
1999 revenues	
Total	\$3,000,000
Claims revenue	\$3,000,000
Claims administration	100%
Claims business by type	
Workers compensation	100%
Claims business by volume	
Administration claims paid	\$70,796,155
Clients	
Total	31
Staff	
Total	120
Claims service	30

Claims services since: 1986.
Compensation: Administration: per claim (subject to a minimum fee), \$500 to \$750.
Administrative offices: Alpharetta, Ga.; Raleigh, N.C.; Columbia, S.C.
Sales offices: Alpharetta, Ga.; Columbia, S.C.
Officers: Joe W. Sykes, president; Anne Roberts, assistant vp-alternative risk services.
Contact: Anne Roberts, 800-807-6327, aroberts@keyrisk.com.

Klais & Co. Inc.

1867 W. Market St.,
Akron, Ohio 44313;
330-867-8443; fax: 330-867-0827
www.klais.com

Employee Benefits	
1999 revenues	
Total	\$7,500,000
Claims revenue	\$6,800,000
Claims administration	91%
Other services	9%
Claims business by type	
Disability	1%
Flex compensation	2%
Workers compensation	7%
Health insurance	90%
Employees covered	45,000
Claims business by volume	
Administration claims paid	\$125,000,000
Clients	
Total	140
Staff	
Total	108

Continued on next page

Continued from previous page

Claims service 102
Claims services since: 1979.
Compensation: Administration: per employee per month.
Sales offices: Atlanta.
Officers: Nancy K. Archibald, president; James R. Mendicla, vp-finance; Richard Schoeler, vp-marketing.
Contact: Nancy K. Archibald.



Landin Inc.
 4912 Augusta Ave.,
 Richmond, Va. 23230;
 800-277-8721; fax: 804-359-9640

Property & Casualty

1999 revenues	
Total	\$1,400,000
Claims revenue	\$840,000
Claims administration	60%
Other services	40%
Claims business by type	
Auto	3%
General liability	2%
Workers compensation	95%

Claims business by volume
 Administration claims paid \$9,300,000
Staff
 Total 14
 Claims service 6
Claims services since: 1987.
Compensation: Administration: percentage of premium; per claim; fixed fee.
Sales offices: Richmond and Alexandria, Va.
Officers: David Craig Landin, president/CEO; David Carl Landin, chairman; William G. Deekins, executive vp.
Contact: Peter G. Baldwin, vp-marketing.

The Loomis Co.
 850 Park Road, P.O. Box 7011,
 Wyomissing, Pa. 19610;
 610-374-4040; fax: 610-374-6578
 www.loomisco.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$16,300,000
Claims revenue	\$11,410,000
Claims administration	10%
Claims adjusting	58%
Claims auditing	2%
Other services	30%
Claims business by type	
Disability	5%

Flex compensation 10%
 Health insurance 85%
 Employees covered 80,000
 Dependents covered 150,000
Claims business by volume
 Administration claims paid \$230,000,000
Clients
 Total 534
Staff
 Total 245
 Claims service 180
Claims services since: 1978.
Compensation: Administration: per employee per month, \$7 to \$25. Auditing: per employee per month, \$7 to \$25.
Administrative offices: Fort Lauderdale, Fla.; Annapolis, Md.; Lancaster and Wyomissing, Pa.
Sales offices: Fort Lauderdale, Fla.; Annapolis, Md.; Lancaster and Wyomissing, Pa.
Officers: James R. Loomis, president/CEO; Max S. Keever, vp-operations; Kathy E. Schlegel, treasurer.
Contact: James R. Loomis.

If you would like to be listed in next year's TPA directory, please call Assistant Directory Editor Michel Schwartz at 312-649-5313 and ask to be added to the mailing list.



The MIIX Group of Cos.

2 Princess Road,
 Lawrenceville, N.J. 08648;
 609-896-2404; fax: 609-896-2910
 www.miix.com

Property & Casualty

1999 revenues	
Total	\$250,000,000
Claims revenue	\$1,775,000
Claims administration	0.7%
Other services	99.3%
Claims business by type	
General liability	5%
Professional liability	95%
Claims business by volume	
Administration claims paid	\$7,140,000
Clients	
Total	2
Staff	
Total	60
Claims service	3
Claims services since: 1991. Compensation: Administration: charges by annual fee.	

Administrative offices: Indianapolis; Lawrenceville, N.J.; Harrisburg, Pa.; Dallas.
Sales offices: Indianapolis; Lawrenceville, N.J.; Harrisburg, Pa.; Dallas.
Officers: Kenneth Korewa, president/CEO; Joseph Hudson, Lisa Kramer, executive vps.
Contact: Lisa Kramer, lkramer@miix.com.

Managed Care of America Inc.

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

Employee Benefits

1999 revenues	
Total	\$20,000,000
Claims revenue	\$9,750,000
Claims administration	45%
Claims adjusting	3%
Claims auditing	3%
Other services	49%
Claims business by type	
Disability	3%
Flex compensation	5%
General liability	92%
Employees covered	57,600
Dependents covered	140,000
Claims business by volume	
Administration claims paid	\$213,000,000
Auditing projects conducted	60,000
Clients	
Total	699
Staff	
Total	152
Claims service	65
Claims services since: 1977. Administrative offices: Columbus, Ohio; Pittsburgh; Columbia, S.C. Sales offices: Atlanta; Charlotte, N.C.; Cleveland, Columbus and Dayton, Ohio; Pittsburgh; Columbia, S.C. Officers: Phyllis Shehab, CEO; Charles E. Davidson, president; Jay Ver Hulst, COO. Contact: Charles E. Davidson.	

ManagedComp

100 Fifth Ave.,
 Waltham, Mass. 02454;
 800-832-1600; fax: 781-672-3003
 www.managedcomp.com

Property & Casualty

1999 revenues	
Total	\$55,000,000
Claims revenue	\$6,500,000
Claims administration	12%
Other services	88%
Claims business by type	
Workers compensation	100%
Claims business by volume	
Administration claims paid	\$47,000,000
Clients	
Total	345
Staff	
Total	485
Claims service	103
Claims services since: 1987. Compensation: Administration: per claim, split or blended; percentage of premium; flat fees; performance-based charge. Administrative offices: Citrus Heights, Calif.; Orlando, Fla.; Atlanta; Chicago; Baton Rouge, La.; Springfield and Waltham, Mass.; Bedford, N.H.; Purchase, N.Y.; Pittsburgh and Radnor, Pa.; Providence, R.I.; Brentwood, Tenn.; Dallas. Sales offices: Citrus Heights, Calif.; Orlando, Fla.; Atlanta; Chicago; Baton Rouge, La.; Springfield and Waltham, Mass.; Bedford, N.H.; Purchase, N.Y.; Pittsburgh and Radnor, Pa.; Providence, R.I.; Brentwood, Tenn.; Dallas. Officers: James Walter, CEO; Jon Gice, president/COO; Jeffery Aycock, regional president. Contact: Bill Danylik, senior vp-marketing.	

Peter J. McBreen & Associates Inc.

20 N. Wacker Drive, Suite 2520,
 Chicago, Ill. 60606;
 312-332-4307; fax: 312-332-0290
 www.mcbreen.com

Property & Casualty

1999 revenues	
Total	\$2,000,000
Claims revenue	\$1,000,000
Claims administration	25%
Claims adjusting	24%
Claims auditing	1%
Other services	50%
Claims business by type	
General liability	60%
Property damage	20%
Other	20%
Claims business by volume	
Administration claims paid	\$10,000,000
Auditing projects conducted	2
Clients	
Total	65
Staff	
Total	20
Claims service	20
Claims services since: 1958. Compensation: Administration: flat fee per bid. Adjusting: time and expense, \$75 to \$115. Administrative offices: Simi Valley, Calif.; Fort Lauderdale, Fla.; Madison, N.J. Sales offices: Simi Valley, Calif.; Fort Lauderdale, Fla.	

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Continued on next page

Continued from previous page

Fla.; Madison, N.J.
Officers: Paul McBreen, president; Hugh McBreer, CEO.
Contact: Paul McBreen, mcbreench@aol.com.

McGee Risk Management Services
 P.O. Box 41903,
 Kansas City, Mo. 64141-6013;
 800-423-9044; fax: 816-472-5018
 www.thomasmcgee.com

Property & Casualty	
1999 revenues	
Total	\$2,200,000
Claims revenue	\$2,200,000
Claims administration	98%
Claims adjusting	1%
Claims auditing	1%
Claims business by type	
Auto	8%
General liability	12%
Inland marine	1%
Professional liability	5%
Property damage	1%
Workers compensation	73%
Claims business by volume	
Administration claims paid	\$10,000,000
Clients	
Total	300
Staff	
Total	80
Claims service	18

Claims services since: 1987.
Compensation: Administration: flat fee, per project. Adjusting: flat fee; per claim, \$80 to \$900. Auditing: per project; per hour, \$35 to \$200.
Officers: Gene Klein, Larry Kaminsky, Charlie Kaufmann.
Contact: Ed Treadwell, 816-843-4443, etreadwell@thomasmcgee.com.

Meadowbrook Claims Service
 26600 Telegraph Road,
 Southfield, Mich. 48034-2438;
 248-358-1100; fax: 248-358-3251
 www.meadowbrook.com

Property & Casualty	
1999 revenues	
Total	\$15,500,000
Claims revenue	\$15,500,000
Claims administration	100%
Claims business by type	
Auto	3%
Bonds	1%
Disability	1%
General liability	37%
Inland marine	2%
Professional liability	6%
Property damage	5%
Workers compensation	45%
Claims business by volume	
Administration claims paid	\$80,000,000
Clients	
Total	100
Staff	
Total	200
Claims service	150

Claims services since: 1980.
Compensation: Administration: per claim.
Administrative offices: Montgomery, Ala.; Carritos and Oakland, Calif.; Sarasota, Fla.; Overland Park, Kan.; Grand Rapids and Southfield, Mich.; Bloomington, Minn.
Sales offices: Montgomery, Ala.; Carritos and Oakland, Calif.; Sarasota, Fla.; Overland Park, Kan.; Grand Rapids and Southfield, Mich.; Bloomington, Minn.
Officers: Randolph W. Fort, senior vp; Thomas Tucker, vp; Mark Moore, assistant vp.
Contact: Randolph W. Fort, 248-204-8014.

Mountain States Administration
 13901 E. Exposition,
 Aurora, Colo. 80012;
 303-360-9600; fax: 303-360-9100
 www.msacclaims.com

Employee Benefits	
1999 revenues	
Total	\$3,500,000
Claims revenue	\$3,425,000
Claims administration	95%
Other services	5%
Claims business by type	
Disability	5%
Flex compensation	4%
Health insurance	91%
Employees covered	24,000
Dependents covered	55,200
Claims business by volume	
Administration claims paid	\$90,000,000
Clients	
Total	83
Staff	
Total	62
Claims service	62

Claims services since: 1980.
Compensation: Administration: per employee per month, \$9 to \$14.
Administrative offices: Aurora, Colo.; Salt Lake City.
Officers: Clarence Gray, president; Tim Catron, vp; Bettina Gray, secretary/treasurer.
Contact: Liz Whitney, client services coordinator.

N

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

Employee Benefits	
1999 revenues	
Claims revenue	\$700,000
Claims administration	90%
Other services	10%
Claims business by type	
Health insurance	100%
Claims business by volume	
Administration claims paid	\$3,800,000
Clients	
Total	70
Staff	
Total	13
Claims service	13

Claims services since: 1975.
Compensation: Administration: per member per month.
Officers: Alvin Kcningsberg, chairman; David Korningsberg, president; David Zaback, executive vp.

NATLSCO TPA Services
 1 Kemper Drive,
 Long Grove, Ill. 60049;
 847-320-2000; fax: 847-320-5335
 www.kemperinsurance.com

Property & Casualty	
1999 revenues	
Total	\$80,000,000
Claims revenue	\$80,000,000
Claims administration	100%
Claims business by type	
Auto	10%
Disability	10%
General liability	10%
Workers compensation	70%
Clients	
Total	24
Staff	
Total	1,800*

Claims services since: 1912.
Compensation: Administration: fee per claim; contract agreement, \$110 to \$1,400.
Administrative offices: most major U.S. cities.
Sales offices: Los Angeles; Atlanta; Chicago; Summit, N.J.; New York; Dallas.
Officers: David B. Mathis, chairman/CEO-Kemper Insurance Cos.; William D. Smith, president/COO-Kemper Insurance Cos.; Dennis P. Kane, president/CEO-Kemper Casualty Co.
Contact: Raymond Waters, vp-NATLSCO TPA

Services, 847-320-5335.
 *Estimate.

NetCare Services Inc.
 60 Gore St.,
 Cambridge, Mass. 02141;
 800-222-5963; fax: 617-494-1608

Property & Casualty	
1999 revenues	
Total	\$5,400,000
Claims revenue	\$3,800,000
Claims administration	70.3%
Other services	29.7%
Claims business by type	
Auto	25%
General liability	25%
Inland marine	5%
Property damage	40%
Workers compensation	5%
Claims business by volume	
Administration claims paid	\$20,000,000
Clients	
Total	8
Staff	
Total	65
Claims service	54

Claims services since: 1987.
Compensation: Administration: per employee per month.

Administrative offices: Fairfield, Conn.; Albany, N.Y.
Sales offices: Fairfield, Conn.; Cambridge, Mass.
Officers: David J. Lane, chairman; E. Donald Lewis, president; Marsha K. Burrigge, Jennifer L. Decker, executive vps.
Contact: Mark D. Osburn, vp.

New World Claims Services Ltd.
 2624 N. Fifth St.,
 Niles, Mich. 49120;
 616-684-6700; fax: 616-684-8138
 www.newworldservices.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$850,000
Claims revenue	\$850,000
Claims administration	100%
Claims business by type	
Disability	2%
Flex compensation	2%
Health insurance	96%
Employees covered	6,500
Dependents covered	16,000
Claims business by volume	
Administration claims paid	\$16,713,025
Clients	
Total	115

Continued on next page

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mail: info@usamco.com

Continued from previous page

Staff	
Total	13
Claims service	7

Claims services since: 1984.
Compensation: Administration: per employee per month.
Officers: Robert D. Cravens, president; Ruth E. Halvorson, administrative manager; Gregory R. Hegyi, controller.
Contact: Randy Weenum, marketing manager, rweenum@newworldservices.com.

North American Benefits Network Inc.

19800 Detroit Road,
Cleveland, Ohio 44116;
440-356-8212; fax: 440-356-0140
www.nabn.com

Employee Benefits

1999 revenues	
Total	\$15,900,000
Claims revenue	\$9,200,000
Claims administration	53%
Other services	42%
Claims business by type	
Disability	5%
Flex compensation	5%
Health insurance	90%
Employees covered	60,300
Dependents covered	150,300
Claims business by volume	
Administration claims paid	\$215,000,300
Clients	
Total	250
Staff	
Total	165
Claims service	39

Claims services since: 1962.
Compensation: Administration: per employee per month, \$9 to \$18.
Officers: Alexander D. Hahn, chairman; Dona d T. Baker, CEO.
Contact: Edward J. Tyburski, vp-brokerage services, 440-356-8370; etyburski@nabn.com.

Nova Healthcare Administrators Inc.

2680 Grand Island Blvd.,
Grand Island, N.Y. 14072;
716-773-1143; fax: 716-773-1276

Employee Benefits

1999 revenues	
Total	\$5,967,000
Claims revenue	\$4,538,000
Claims administration	76%
Other services	24%
Claims business by type	
Flex compensation	5%
Health insurance	95%
Employees covered	23,000
Dependents covered	60,000
Claims business by volume	
Administration claims paid	\$50,000,000
Staff	
Total	115
Claims service	80

Claims services since: 1982.
Compensation: Administration: per employee per month, \$8 to \$15.
Administrative offices: Niagara Falls, N.Y.
Sales offices: Niagara Falls, N.Y.
Officers: Larry Thompson, president; William Erothers, vp; Michael Blemel, vp/CFO.
Contact: Linda Shick, P.O. Box 308, Grand Island, N.Y. 14072.

The Nyhart Co. Inc.

9320 Priority Way W. Drive,
Indianapolis, Ind. 46240-1468;
317-803-7700; fax: 317-803-7895

Employee Benefits

1999 revenues	
Total	\$9,412,000
Claims revenue	\$7,100,000
Claims administration	75%
Other services	25%
Claims business by type	
Flex compensation	5%
Health insurance	95%
Employees covered	40,000
Dependents covered	100,000
Claims business by volume	
Administration claims paid	\$160,000,000
Clients	
Total	125
Staff	
Total	140
Claims service	60

Claims services since: 1957.
Compensation: Administration: per employee per month, \$9.75 to \$15.
Administrative offices: Evansville, Ind.
Sales offices: Evansville, Ind.
Officers: Daryl Dean, president/CEO/chairman; Gary Chattin, senior vp-consulting, marketing and sales; Kim Zurillo, senior vp-health and welfare administration.
Contact: Gary Chattin, P.O. Box 1090, Evansville, Ind. 47706-1090; 817-423-1938; garyc@nyhartco.com.

The directory begins on page 18. An explanation of terms appears on page 20.

P

PMA Management Corp.

380 Sentry Parkway,
Blue Bell, Pa. 19422;
610-397-5000; fax: 610-397-5027
www.pmagroup.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$10,000,000
Claims revenue	\$7,000,000
Claims administration	63%
Claims adjusting	3.5%
Claims auditing	3.5%
Other services	30%
Claims business by type	
Auto	10%
Disability	5%
General liability	10%
Workers compensation	75%
Claims business by volume	
Administration claims paid	\$86,653,000
Clients	
Total	105
Staff	
Total	92
Claims service	75

Claims services since: 1915.
Administrative offices: Wilmington, Del.; Atlanta; Hunt Valley, Md.; Mount Laurel, N.J.; Syracuse, N.Y.; Charlotte, N.C.; Allentown, Blue Bell, Erie, Harrisburg, Philadelphia, Pittsburgh and Williamsport, Pa.; Richmond and Roanoke, Va.
Officers: Frank X. Altieri III, president; George R. Dugan, assistant vp-claims; Michael S. MacAulay, assistant vp-sales.
Contact: Michael S. MacAulay, Century Corporate Center, 100 Century Parkway, Mount Laurel, N.J. 08054; 856-727-3157.

Pinnacle Risk Management Services

P.O. Box 571647,
Murray, Utah 84157-1647;
801-288-4288; fax: 801-288-4245
www.pinnaclelisk.com

Property & Casualty

1999 revenues	
Total	\$10,913,000
Claims revenue	\$10,687,000
Claims administration	94%
Claims adjusting	2%
Claims auditing	2%
Other services	2%
Claims business by type	
Auto	10%
General liability	30%
Professional liability	10%
Property damage	5%
Workers compensation	45%
Claims business by volume	
Administration claims paid	\$91,000,000
Auditing projects conducted	2
Clients	
Total	79
Staff	
Total	148
Claims service	138

Claims services since: 1968.
Compensation: Administration: per file, \$100 to \$1,100. Adjusting: per file, \$100 to \$1,100. Auditing: per hour, \$120.
Administrative offices: Scottsdale, Ariz.; Cypress, Los Angeles and Sacramento, Calif.; Boise, Idaho; Las Vegas; Albuquerque, N.M.; Portland, Ore.; Dallas; Salt Lake City; Everett, Federal Way and Spokane, Wash.
Sales offices: Scottsdale, Ariz.; Portland, Ore.; Dallas; Salt Lake City; Seattle.
Officers: Kenneth P. Palmer Jr., CEO; James Broyles, president; Shelley Kaas, vp-marketing.
Contact: Shelley Kaas, skaas@pinnaclelisk.com.

Platinum Safety & Claims Services L.L.C.

501 Shelley Drive,
Tyler, Texas 75701;
903-561-4242; fax: 903-581-2412
www.platinumclaims.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$2,500,000
Claims revenue	\$2,500,000
Claims administration	100%
Claims business by type	
Auto	5%
General liability	7%
Property damage	3%
Workers compensation	85%
Claims business by volume	
Administration claims paid	\$19,000,000
Clients	
Total	15
Staff	
Total	24
Claims service	13

Claims services since: 1997.
Compensation: Administration: flat fee.
Administrative offices: New Orleans; Pittsburgh; Fort Worth, Houston and Tyler, Texas.
Sales offices: Pittsburgh; Tyler, Texas.
Officers: Barry Jones, president; Richard Kerr, CEO; Billy Hibbs Sr., director.
Contact: Barry Jones, bjones@platinumclaims.com.

Continued on next page

Continued from previous page

com; Rick Fisher, rfisher@platinumclaims.com.

The Principal Life Insurance Co.-National Accounts
7745 Office Plaza Drive N.,
West Des Moines, Iowa 50266;
515-235-9351; fax: 515-235-9280
www.principal.com

Employee Benefits

1999 revenues	
Total	\$91,000,000
Claims revenue	\$72,000,000
Claims administration	80%
Other services	20%
Claims business by type	
Disability	3%
Life	7%
Health insurance	90%
Employees covered	350,000
Dependents covered	540,000
Claims business by volume	
Administration claims paid	\$1,084,000,000
Clients	
Total	215
Staff	
Total	908
Claims service	530

Claims services since: 1968.
Compensation: Administration: per employee per month, \$10 to \$18.
Administrative offices: Jacksonville, Fla.; Indianapolis; Ames, Cedar Rapids and Des Moines, Iowa; Springfield, Kansas City, Mo.; Salt Lake City.
Sales offices: 60 offices nationwide.
Officers: Jim Charling, vp; Phil Duey, John Maynard, executive directors.
Contact: Dave Todd, marketing director; 515-235-9288, todd.dave@principal.com

Proclaim America Inc.

9301 S.W. Freeway, Suite 370,
Houston, Texas 77074;
713-771-3500; fax: 713-771-7749
www.proclaimamerica.com

Property & Casualty

1999 revenues	
Total	\$2,650,000
Claims revenue	\$2,385,000
Claims administration	60%
Claims adjusting	28%
Claims auditing	8%
Other services	4%
Claims business by type	
General liability	10%
Professional liability	90%
Claims business by volume	
Administration claims paid	\$37,350,000
Adjusting projects conducted	2,475
Auditing projects conducted	11
Clients	
Total	37
Staff	
Total	44
Claims service	39

Claims services since: 1996.
Compensation: Administration: flat fee or per hour, \$75 to \$125. Adjusting: flat fee or per hour, \$65. Auditing: flat fee or per hour, \$90 to \$125.
Administrative offices: Sacramento and San Francisco, Calif.; Palm Springs and Tampa, Fla.; Atlanta and Dunwoody, Ga.; Chicago; New Orleans; Charlotte, N.C.; Edmond, Okla.; Collyville, Dallas and San Antonio, Texas; Bothell, Wash.
Officers: Joseph Constantino, president; Joseph D'heron and Rhonda Mosier, executive vps.
Contact: Joseph D'heron, 800-771-9818.

Professional Benefit Administrators Inc.

15 Spinning Wheel Road, Suite 210,
Hinsdale, Ill. 60521;
630-655-3755; fax: 630-887-7001
www.pbaclaims.com

Employee Benefits

1999 revenues	
Total	\$6,980,340
Claims revenue	\$6,980,340
Claims administration	100%
Claims business by type	
Disability	1%
Flex compensation	1%
Health insurance	98%
Employees covered	43,057
Dependents covered	55,615
Claims business by volume	
Administration claims paid	\$162,580,963
Clients	
Total	146
Staff	
Total	147
Claims service	147

Claims services since: 1985.
Compensation: Administration: medical only, \$9.50 to \$12.50.
Sales offices: Ronald Walter, president; David W. Plumb, corporate vp.
Officers: Ronald Walter, ronw@pbaclaims.com.

Professional Claims Management Inc.

4845 Fulton Drive N.W.,
Canton, Ohio 44718;
330-493-7278; fax: 330-493-5878
www.pcmtpa.com

Employee Benefits

1999 revenues	
Total	\$4,600,000
Claims revenue	\$3,870,000
Claims administration	84%
Other services	16%
Claims business by type	
Flex compensation	5%
Health insurance	95%
Employees covered	60,000
Dependents covered	150,000
Claims business by volume	
Administration claims paid	\$80,000,000
Clients	
Total	337
Staff	
Total	100
Claims service	40

Claims services since: 1983.
Compensation: Administration: per employee per month, \$10 to \$15.
Administrative offices: Indianapolis.
Sales offices: Winston-Salem, N.C.
Officers: Dave Bratton, COC; Mike Novelli, president; Robert Archibald, executive vp.
Contact: Jeff Mertic, director-marketing.

Professional Risk Management Inc.

7260 West Blvd., Building H.,
P.O. Box 1049,
Youngstown, Ohio 44501-1049;
330-726-5800; fax: 330-726-4482
www.prmtpa.com

Employee Benefits

1999 revenues	
Total	\$2,082,000
Claims revenue	\$1,534,000
Claims administration	74%
Other services	26%
Claims business by type	
Disability	0.5%
Flex compensation	0.5%
General liability	85%
Workers compensation	14%
Employees covered	14,348
Dependents covered	20,574
Claims business by volume	
Administration claims paid	\$32,977,059
Clients	
Total	119
Staff	
Total	74
Claims service	32

Claims services since: 1981.
Compensation: Administration: per employee, \$1.55 to \$9.40. Adjusting: per employee, \$5.45 to \$9.40.
Sales offices: Chillicothe and Youngstown, Ohio.
Officers: J.B. White, chairman; Ronald G. Blasko, president/CEO; Joseph J. Barak, vp-sales and marketing.
Contact: Ronald G. Blasko.



RMSCO Inc.

115 Continuum Drive,
Liverpool, N.Y. 13088;
315-448-9000; fax: 315-476-8440

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$11,443,000
Claims revenue	\$10,475,000
Claims administration	90.5%
Claims auditing	1%
Other services	8.5%
Claims business by type	
Auto	1%
Disability	9%
Flex compensation	5%
Workers compensation	40%
Health insurance	45%
Employees covered	120,000
Dependents covered	70,000
Claims business by volume	
Administration claims paid	\$240,000,000
Auditing projects conducted	19
Clients	
Total	178
Staff	
Total	207
Claims service	141

Claims services since: 1981.
Compensation: Administration: per claim; per employee per month. Auditing: flat fee.
Administrative offices: Albany and Rochester, N.Y.
Sales offices: Albany and Rochester, N.Y.
Officers: Richard Sykes, president; Michael Hotaling, vp.
Contact: Richard Sykes.

RSKCo

333 S. Wabash,
Chicago, Ill. 60685;
312-822-5593; fax: 312-817-3350
www.rskco.com

Property & Casualty

1999 revenues	
Total	\$296,100,000
Claims revenue	\$202,800,000
Claims administration	68%
Other services	32%

Continued on next page

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Continued from previous page

Claims business by type	
Auto	10%
General liability	13%
Workers compensation	77%
Claims business by volume	
Administration claims paid	\$2,024,000,000
Clients	
Total	666
Staff	
Total	2,470
Claims service	1,585

Claims services since: 1932.
Compensation: Administration: flat fee percentage of fees, per claim.
Administrative offices: 43 offices nationwide.
Sales offices: San Francisco; Atlanta; Chicago; Louisville, Ky.; New York; Dallas.
Officers: Robert Kulbick, CEO/president; Randall Hollenback, senior vp; David Preissler, CFO.
Contact: Kevin Battle, senior vp-marketing communication.

F.A. Richard & Associates Inc. (FARA)

2360 Fifth St.,
 Mandeville, La. 70471;
 504-624-8383; fax: 504-624-8489
 www.fara.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$18,473,780
Claims revenue	\$10,042,562
Claims administration	50%
Claims adjusting	4%
Claims auditing	3%
Other services	43%
Claims business by type	
Auto	13%
Disability	3%
General liability	11%
Inland marine	7%
Ocean marine	4%
Professional liability	3%
Property damage	9%
Workers compensation	42%
Health insurance	8%
Claims business by volume	
Administration claims paid	\$250,000,000
Adjusting projects conducted	24,000
Clients	
Total	153
Staff	
Total	310
Claims service	152

Claims services since: 1978.
Compensation: Administration: flat fee/per claim fee/cost plus percentage of premium. Auditing: time and expense/schedule fee. Auditing: time and expense/project fee.
Administrative offices: 31 offices nationwide.
Sales offices: Boca Raton, Fla.; Mandeville and New Orleans, La.; Houston; Norfolk, Va.
Officers: M. Todd Richard, president/CEO; Reed A. Bell, executive vp; Daniel J. Clark, senior vp.
Contact: Dorine L. Kornowski.

Risk Enterprise Management Ltd.

59 Maiden Lane,
 New York, N.Y. 10038;
 212-530-6996; fax: 212-530-7044
 www.remtd.com

Property & Casualty

1999 revenues*	
Total	\$112,000,000
Claims revenue	\$80,000,000

Claims administration	71%
Other services	29%
Claims business by type	
Auto	5%
General liability	25%
Professional liability	3%
Property damage	2%
Workers compensation	65%
Clients	
Total	2,538
Staff	
Total	600
Claims service	330

Claims services since: 1995.
Compensation: Administration: life of contract, cost plus, dedicated unit.
 Auditing: per hour; per project.
Administrative offices: 21 offices in the United States and the United Kingdom.
Sales offices: Brea, Calif.; Atlanta; Chicago; Minneapolis; Florham Park, N.J.; New York; Philadelphia; Memphis, Tenn.; Dallas; Milwaukee; London.
Officers: Michael Riney, president; Patricia Bowell and Barry Belknap, senior vps.
Contact: Barry Belknap, belknap@remtd.com.
**Less than 1% of total revenues is from claims auditing.*

Risk Management Services Corp.

9100 Markfield Road,
 Louisville, Ky. 40222;
 502-326-5900; fax: 502-326-5909
 www.rmssc.com

Property & Casualty

1999 revenues	
Total	\$1,200,000
Claims revenue	\$975,000
Claims administration	70%
Claims adjusting	9%
Claims auditing	2%
Other services	19%
Claims business by type	
Auto	5%
General liability	15%
Property damage	10%
Workers compensation	70%
Claims business by volume	
Administration claims paid	\$7,200,000
Adjusting projects conducted	3,200
Clients	
Total	36
Staff	
Total	17
Claims service	9

Claims services since: 1995.
Compensation: Administration: per claim. Auditing: per claim. Auditing: per hour, \$60; flat fee.
Sales offices: Sellersburg, Ind.; Lexington and Louisville, Ky.
Officers: John F. Neace, chairman; Mark L. Miller, president.
Contact: Mark L. Miller, markm@rmssc.com.

Risk Management Administrators

P.O. Box 40457,
 Indianapolis, Ind. 46240;
 800-723-7475; fax: 317-205-4450
 www.rmainsurance.com

Property & Casualty

1999 revenues	
Total	\$2,300,000
Claims revenue	\$1,200,000
Claims administration	40%
Claims adjusting	10%
Claims auditing	5%
Other services	45%
Claims business by type	

Workers compensation	100%
Claims business by volume	
Administration claims paid	\$3,500,000
Clients	
Total	6
Staff	
Total	23
Claims service	9

Claims services since: 1993.
Administrative offices: Champaign, Ill.; Indianapolis.
Officers: Stanley W. Murray, president/CEO.
Contact: Kevin Hill, vp-marketing, kevin.hill@mainsurance.com.



SMC Inc.

P.O. Box 1979,
 Searly, Ark. 72145;
 501-268-6442; fax: 501-268-7525

Employee Benefits

1999 revenues	
Total	\$1,707,574
Claims revenue	\$1,385,510
Claims administration	81%
Other services	19%
Claims business by type	
Health insurance	100%
Employees covered	9,320
Dependents covered	23,300

Claims business by volume

Administration claims paid	\$31,977,677
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Clients	
Total	36
Staff	
Total	23
Claims service	12

Claims services since: 1973.
Compensation: Administration: per employee per month, \$8.50 to \$10.
Officers: Scott Roussel, president; Paula Heatscott and Sandra Johnson, vps.
Contact: Scott Roussel.

Scibal Associates Inc.

P.O. Box 500,
 Somers Point, N.J. 08244-0500;
 609-653-8400; fax: 609-926-9270

Property & Casualty

1999 revenues	
Total	\$9,700,000
Claims revenue	\$9,120,000
Claims administration	94%
Claims adjusting	1%
Other services	5%
Claims business by type	
Auto	5%
General liability	30%
Property damage	5%
Workers compensation	60%
Claims business by volume	
Administration claims paid	\$70,000,000
Clients	
Total	316
Staff	
Total	127
Claims service	86

Claims services since: 1953.
Compensation: Administration: flat fee. Auditing: per claim, \$85 to \$1,200. Auditing: per hour.
Administrative offices: Jacksonville, Fla.; Livonia, Mich.; Edison, N.J.; West Chester, Pa.
Sales offices: Jacksonville, Fla.; Livonia, Mich.; Somers Point, N.J.

Officers: David A. Scibal, president/CEO; John Williamsen and Stephen J. Scibal, vps.

Sedgwick Claims Management Services Inc.

1000 Ridgeway Loop,
 Memphis, Tenn. 38120;
 901-761-1550; fax: 901-821-6810
 www.sedgwickcms.com

Property & Casualty

1999 revenues	
Total	\$120,000,000
Claims revenue	\$115,200,000
Claims administration	96%
Other services	4%
Claims business by type	
Auto	6%
Disability	12%
General liability	16%
Workers compensation	66%
Claims business by volume	
Administration claims paid	\$2,777,720,000
Clients	
Total	589
Staff	
Total	1,500
Claims service	1,330

Claims services since: 1971.
Compensation: Administration: cost plus; budget based; per claim.
Administrative offices: 82 offices nationwide.
Sales offices: Orange, Calif.; Stamford, Conn.; Atlanta; Chicago; Memphis, Tenn.
Officers: David A. North, president; Jim Wiertelak, COO; Robert J. Peterson, director-sales/marketing.
Contact: Robert J. Peterson, rpeterson@sedgwickcms.com.

Self Insured Benefit Administrators

18167 U.S. Highway 19 N., Suite 300,
 Clearwater, Fla. 33764;
 727-532-0400; fax: 727-530-0882
 www.onesourcegrp.com

Employee Benefits

1999 revenues	
Total	\$1,800,000
Claims revenue	\$1,800,000
Claims administration	100%
Claims business by type	
Disability	3%
Flex compensation	3%
Health insurance	94%
Employees covered	10,000
Dependents covered	22,000
Claims business by volume	
Administration claims paid	\$30,000,000
Clients	
Total	47
Staff	
Total	25
Claims service	20

Claims services since: 1988.
Compensation: Administration: per employee per month, \$10 to \$15.
Sales offices: Sarasota and Jacksonville, Fla.
Officers: Earl Horton, chairman; Michael McClain, president; Terrell Hawkins, senior vp.
Contact: Ronnie S. Brown, vp, rbrown.siba@onesourcegrp.com.

Self Insured Services Co. (SISCO)

300 Security Building,
 Dubuque, Iowa 52004;
 319-583-7344; fax: 319-583-0439
 www.cb-sisco.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$9,400,000
Claims revenue	\$9,400,000
Claims administration	100%
Claims business by type	
Auto	2%
Disability	2%
Flex compensation	5%
General liability	2%
Property damage	2%
Workers compensation	4%
Health insurance	83%
Employees covered	58,000
Dependents covered	140,000
Claims business by volume	
Administration claims paid	\$200,000,000
Adjusting projects conducted	1,500,000
Clients	
Total	430
Staff	
Total	137
Claims service	137

Claims services since: 1980.
Compensation: Administration: medical; per employee per month; workers compensation and auto: per claim, \$185 to \$250. Auditing: Per claim, \$185 to \$250.
Sales offices: Davenport and Dubuque, Iowa.
Officers: Steve Sesterhenn, vp; Steve Chapman, director-benefits; Nick Hopkins, director-casualty claims.

Southern California Risk Management Associates Inc.

313 E. Foothill Blvd.,
 Upland, Calif. 91786-3952;
 909-608-7171; fax: 909-608-7165
 www.scrma.com

Property & Casualty

1999 revenues	
Total	\$1,018,224
Claims revenue	\$1,018,224
Claims adjusting	100%
Claims business by type	
Workers compensation	100%
Clients	
Total	5
Staff	
Total	32
Claims service	32

Claims services since: 1990.
Compensation: Administration: life of claim, \$989 to \$1,425.
Administrative offices: 43 offices nationwide.
Sales offices: Brea, Calif.; Hartford, Conn.; Clearwater, Fla.; Atlanta; Chicago; Kansas City, Kan.; New York; Houston.
Officers: Dennis R. Replogle, president; Stephen M. Holcomb, senior vp-business development/loss control/account management; Kenneth F. Martino, senior vp-product development/performance measurement.
Contact: Annette L. Sanchez, vp-business development, 860-520-2575.
**Estimate.*

State Claims Adjusters Inc.

1412 Centre Court, Suite 300,
 Alexandria, La. 71301;
 318-443-0811; fax: 318-448-1773

Property & Casualty

1999 revenues	
Total	\$1,018,224
Claims revenue	\$1,018,224
Claims adjusting	100%
Claims business by type	
Workers compensation	100%
Clients	
Total	5
Staff	
Total	32
Claims service	32

Claims services since: 1990.

Property & Casualty

1999 revenues	
Total	\$4,850,000
Claims revenue	\$4,850,000
Claims administration	100%
Claims business by type	
Workers compensation	100%
Claims business by volume	
Administration claims paid	\$125,000,000
Clients	
Total	140
Staff	
Total	68

Claims services since: 1988.

Compensation: Administration: per reported claim, \$150 to \$1,200.
Administrative offices: Newport Beach, Oxnard and Upland, Calif.
Officers: Dale H. Jones, president; Jody A. Gray, vp.
Contact: Dale H. Jones.

Southern Risk Services Inc.

P.O. Box 2408,
 Birmingham, Ala. 35201-2408;
 800-277-7500; fax: 205-581-9172

Property & Casualty

1999 revenues	
Total	\$5,900,000
Claims revenue	\$5,200,000
Claims administration	88%
Claims auditing	2%
Other services	10%
Claims business by type	
Auto	5%
General liability	10%
Professional liability	2%
Property damage	3%
Workers compensation	80%
Claims business by volume	
Administration claims paid	\$60,000,000
Clients	
Total	75
Staff	
Total	66
Claims service	31

Claims services since: 1965.
Compensation: Administration: percentage of premium; time and expense; per claim. Auditing: Auditing: percentage of premium.
Administrative offices: Birmingham, Ala.; Jackson, Miss.; Raleigh, N.C.; Albuquerque, N.M.; Houston.
Sales offices: Birmingham, Ala.; Raleigh, N.C.; Houston.
Officers: L.B. Feemster, president; Frank Wear, vp-sales; Michael Pritchett, vp-claims.
Contact: Frank Wear.

Specialty Risk Services Inc.

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

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$104,000,000
Claims revenue	\$91,520,000*
Claims administration	88%
Other services	12%
Claims business by type	
Auto	14%
Disability	5%
General liability	11%
Inland marine	5%
Professional liability	1%
Property damage	3%
Workers compensation	70%
Claims business by volume	
Administration claims paid	\$94,007,680
Clients	
Total	207
Staff	
Total	910

Claims services since: 1990.
Compensation: Administration: life of claim, \$989 to \$1,425.
Administrative offices: 43 offices nationwide.
Sales offices: Brea, Calif.; Hartford, Conn.; Clearwater, Fla.; Atlanta; Chicago; Kansas City, Kan.; New York; Houston.
Officers: Dennis R. Replogle, president; Stephen M. Holcomb, senior vp-business development/loss control/account management; Kenneth F. Martino, senior vp-product development/performance measurement.
Contact: Annette L. Sanchez, vp-business development, 860-520-2575.
**Estimate.*

State Claims Adjusters Inc.

1412 Centre Court, Suite 300,
 Alexandria, La. 71301;
 318-443-0811; fax: 318-448-1773

Property & Casualty

1999 revenues	
Total	\$1,018,224
Claims revenue	\$1,018,224
Claims adjusting	100%
Claims business by type	
Workers compensation	100%
Clients	
Total	5
Staff	
Total	32
Claims service	32

Claims services since: 1990.

Travis Software

Continued from previous page

Compensation: Adjusting: per claim, \$75 medical only; \$475 indemnity.
Administrative offices: Atlanta; Alexandria, La.; Nashville, Tenn.
Sales offices: Atlanta; Alexandria, La.; Nashville, Tenn.
Officers: Roger Black, president; William Wolfe, corporate attorney; Judy Cosenza, claims manager.

Sterling Administrative Services Inc.

3 Parkway,
 Philadelphia, Pa. 19102-1376;
 800-357-4909; fax: 215-636-8550

Property & Casualty	
1999 revenues	
Total	\$8,750,000
Claims revenue	\$1,000,000
Claims administration	11%
Other services	89%
Claims business by type	
Auto	20%
General liability	10%
Workers compensation	70%
Clients	
Total	12
Staff	
Total	600

Claims services since: 1992.
Compensation: Administration: per claim.
Sales offices: Los Angeles; Philadelphia.
Officers: Bernard Scheidweiler, president; Richard Raup, vp; Paul Spector, secretary.
Contact: Richard Raup, 215-636-8550, rick.raup@sterlingtpa.com.

Summit Health Administrators

449 Halsey Road,
 Parsippany, N.J. 07054;
 973-889-0300; fax: 973-889-0170

Employee Benefits	
1999 revenues	
Total	\$8,000,000
Claims revenue	\$2,000,000
Claims administration	25%
Other services	75%
Claims business by type	
Flex compensation	8%
Health insurance	100%
Employees covered	20,000
Dependents covered	30,000
Claims business by volume	
Administration claims paid	\$50,000,000
Clients	
Total	61
Staff	
Total	130
Claims service	22

Claims services since: 1996.
Officers: Richard Dunn, chairman; Alan Gittlin, president; Kevin Dunn, senior vp.
Contact: Kevin Dunn.

Summit Risk Services Inc.

424 S. York Road,
 Hatboro, Pa. 19040;
 215-773-7700; fax: 215-773-7725

Property & Casualty	
1999 revenues	
Total	\$2,000,000
Claims revenue	\$1,850,000
Claims administration	69.3%
Claims adjusting	16.2%
Claims auditing	5%
Other services	7.5%
Claims business by type	
Bonds	2%
General liability	10%
Inland marine	10%
Life	1%
Professional liability	67%
Workers compensation	10%
Claims business by volume	
Administration claims paid	\$18,000,000
Adjusting projects conducted	600
Auditing projects conducted	3
Clients	
Total	152
Staff	
Total	18
Claims service	10

Claims services since: 1994.
Compensation: Administration: flat fee, per claim, \$725 to \$1,100. Adjusting: per hour, \$55. Auditing: per hour, \$55.
Administrative offices: Chicago; Hatboro, Pa.; Glen Allen, Va.
Sales offices: Chicago; Hatboro, Pa.; Glen Allen, Va.
Officers: Scott Rohr, president; Charles Henderson, claims manager.
Contact: Charles Henderson, henderson@summitrisk.com.

Superior Insurance Inc.

54 Corporate Park,
 Irvine, Calif. 92606;
 800-424-1343; fax: 949-476-8517
 www.superior-tpa.com

Employee Benefits	
1999 revenues	
Total	\$1,500,000
Claims revenue	\$1,400,000
Claims administration	98%
Claims adjusting	3%
Claims auditing	1%

Other services	8%
Claims business by type	
Flex compensation	1%
Health insurance	99%
Employees covered	14,000
Dependents covered	21,000
Claims business by volume	
Administration claims paid	\$26,500,000
Clients	
Total	36
Staff	
Total	49
Claims service	21

Claims services since: 1985.
Compensation: Administration: per employee per month. Adjusting: per employee per month. Auditing: per hour.
Administrative offices: Irvine, Oxnard, Riverside and Salinas, Calif.
Sales offices: Irvine, Oxnard, Riverside, Salinas and Santa Maria, Calif.
Officers: Bill Goodrich, president; Clare Einsmann, executive vp; Ed McClements, senior vp.

The TPA Inc.

708 E. Lake St.,
 Wayzata, Minn. 55391;
 612-476-6727; fax: 612-745-4875
 www.thetpa.com

Employee Benefits	
1999 revenues	
Total	\$83,000,000
Claims revenue	\$83,000,000
Claims administration	100%
Claims business by type	
Disability	5%
Flex compensation	2%
Other	2.5%
Health insurance	95%
Employees covered	444,000
Dependents covered	485,000
Claims business by volume	
Administration claims paid	\$2,100,000,000
Clients	
Total	1,000
Staff	
Total	1,225
Claims service	890

Claims services since: 1984.
Compensation: Administration: per employee per month, \$6 to \$12.
Administrative offices: Phoenix; Pueblo, Colo.; North Haven, Conn.; Maitland, Fla.; Marietta, Ga.; Naperville and Rockford, Ill.; Minneapolis; Blue Bell, Pa.; Brentwood, Tenn.
Sales offices: 25 offices nationwide.
Officers: William E. Sagen, chairman/president/CEO; Robert Brook, executive vp; Jon Gruenhagen, CFO.

TEDRO & Associates Inc.

2160 S. Foster Ave.,
 Wheeling, Illinois 60090;
 847-577-8828; fax: 847-577-8869

Employee Benefits	
1999 revenues	
Total	\$3,975,000
Claims revenue	\$2,500,000
Claims administration	65%
Other services	35%
Claims business by type	
Disability	5%
Life	5%
Pensions	10%
Health insurance	80%
Employees covered	20,000
Dependents covered	58,000
Claims business by volume	
Administration claims paid	\$70,000,000
Adjusting projects conducted	175,000
Clients	
Total	42
Staff	
Total	67
Claims service	24

Claims services since: 1980.
Administrative offices: Washington; Wheeling, Ill.; St. Louis; Milwaukee.
Sales offices: Washington; Wheeling, Ill.; St. Louis.
Officers: Gerald A. Mele, president/CEO; Robert C. Calamari, executive vp/treasurer; Patricia Ann Mele, vp.
Contact: Gerald A. Mele, gmele430@aol.com.

Trigon Administrators Inc.

7130 Glen Forest Drive,
 Richmond, Va. 23226;
 804-673-5900; fax: 804-673-5916
 www.trigoadmin.com

Employee Benefits/Property & Casualty	
1999 revenues	
Total	\$11,836,174
Claims revenue	\$11,836,174
Claims administration	90%
Claims adjusting	10%
Claims business by type	
Auto	2.5%
Disability	1.1%
Flex compensation	8%
Workers compensation	76.2%
Health insurance	12.2%
Clients	

Total	92
Staff	
Total	154
Claims service	103
Claims services since: 1987.	
Compensation: Administration: fixed fee; per claim. Adjusting: per claim.	
Administrative offices: Columbia and Rockville, Md.; Raleigh, N.C.; Chantilly and Richmond, Va.	
Sales offices: Columbia, Md.; Richmond, Va.	
Officers: Thomas G. Snead Jr., chairman; William D. Monday Jr., president; Thomas R. Byrd, treasurer.	
Contact: Sherry C. Laughlin, director-finance/administration, 804-673-6830.	

TRISTAR Risk Management

6133 Bristol Parkway, Suite 300,
 Culver City, Calif. 90230;
 310-342-0500; fax: 310-342-0503
 www.tristarisk.com

Property & Casualty

1999 revenues	
Total	\$10,000,000
Claims revenue	\$7,000,000
Claims administration	45%
Claims adjusting	20%
Claims auditing	5%
Other services	30%
Claims business by type	
Auto	5%
General liability	10%
Professional liability	20%
Property damage	5%
Workers compensation	60%
Claims business by volume	
Auditing projects conducted	5
Clients	
Total	73
Staff	
Total	140
Claims service	76

Claims services since: 1987.
Compensation: Administration: Flat fee. Adjusting: Per hour. Auditing: Flat fee; per hour.
Administrative offices: Phoenix; Culver City; Sacramento and San Diego, Calif.
Sales offices: Phoenix; Culver City; Sacramento

and San Diego, Calif.
Officers: Tom Veale, president; Kevin Burke, vp; Russ O'Donnell, vp.
Contact: Kevin Burke kevin.burke@trimas.com.

UICI Administrators Inc.

5201 N. O'Connor Blvd., Suite 400,
 Irving, Texas 75039;
 972-443-2500; fax: 972-443-2599
 www.uiciadministrators.com

Employee Benefits

1999 revenues	
Total	\$20,000,000
Claims revenue	\$19,200,000
Claims administration	96%
Other services	4%
Claims business by type	
Health insurance	100%
Employees covered	64,000
Dependents covered	140,800
Claims business by volume	
Administration claims paid	\$230,000,000
Clients	
Total	25
Staff	
Total	220
Claims service	212

Claims services since: 1964.
Compensation: Administration: per employee per month, \$12 to \$14.
Administrative offices: Costa Mesa, Calif.; Reno, Nev.; Irving, Texas.
Officers: Daniel Graf, president; Diana M. Valdez, senior vp; Michele Watson, vp.
Contact: Jill Prentiss, jprentiss@insurdata.com.

USI Administrators Inc.

5150 International Plaza, Suite 900,
 Fort Worth, Texas 76109;
 800-423-1282; fax: 817-496-3041
 www.usi-administrators.com

Employee Benefits

1999 revenues	
Total	\$77,604,670
Claims revenue	\$63,590,801
Claims administration	75%
Claims adjusting	5%
Claims auditing	5%
Other services	15%
Claims business by type	
Disability	1%
Flex compensation	4%
Health insurance	95%
Employees covered	669,221
Dependents covered	1,146,883
Claims business by volume	
Administration claims paid	\$580,453,890
Clients	
Total	731
Staff	
Total	1,003
Claims service	756

Claims services since: 1994.
Compensation: Administration: per employee per month, \$2 to \$23.
Administrative offices: Riverside and Stockton, Calif.; Danbury and New Haven, Conn.; Atlanta and Savannah, Ga.; Las Vegas and Reno, Nev.; Melville, N.Y.; Fort Worth, Texas.
Sales offices: Fresno, Riverside and Stockton, Calif.; New Haven, Conn.; Atlanta and Savannah, Ga.; Las Vegas and Reno, Nev.; Lake Success and Melville, N.Y.; Fort Worth, Texas; Herndon, Va.
Officers: James M. Pennington, president/CEO; Christopher Sherlock, senior vp/CFO.
Contact: James M. Pennington, 817-737-1733.

Underwriters Safety & Claims Inc.

11405 Park Road,
 Louisville, Ky. 40223;
 502-244-1343; fax: 502-244-1411
 www.uscky.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$18,400,000

Continued on next page



March 19 - 22, 2000
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International Alternative Insurance Symposium

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FOR MORE INFORMATION, CALL IAIS AT 612-928-4665 OR FAX 612-929-1318.

An Alliance for a Stronger Industry

Continued from previous page

Claims revenue	\$6,100,000
Claims administration	28.1%
Claims adjusting	5.8%
Other services	66.1%
Claims business by type	
Workers compensation	60%
Health insurance	40%
Employees covered	21,000
Dependents covered	29,000
Claims business by volume	
Administration claims paid	\$183,000,000
Clients	
Total	112
Staff	
Total	318
Claims service	126

Claims services since: 1941.
Compensation: Administration: per claim (workers compensation); per employee per month (group health).
Sales offices: Savannah, Ga.; Louisville, Ky.; Nashville, Tenn.
Officers: Bruce W. Ferguson, president; Scott C. Ferguson, Jack D. Stewart, executive vps.
Contact: Gary G. Gilmour.

Unisource Administrators Inc.
 5951 Catteridge Blvd., Suite 200,
 Sarasota, Fla. 34232;
 888-242-3646; fax: 941-342-6936
 www.unisourceadmin.com

Property & Casualty

1999 revenues	
Total	\$5,000,000
Claims revenue	\$3,500,000
Claims administration	60%
Claims adjusting	10%
Other services	30%
Claims business by type	
Workers compensation	100%
Clients	
Total	10
Staff	
Total	51
Claims service	30

Claims services since: 1995.
Officers: Andrew W. Olwert, president/CEO.
Contact: Laura Graves, 888-242-3646 ext. 151.

United Medical Resources Inc.
 5151 Pfeiffer Road, ML 400,
 Cincinnati, Ohio 45242;
 513-619-3000; fax: 513-619-3021
 www.umar.com

Employee Benefits

1999 revenues	
Total	\$25,500,000
Claims revenue	\$25,500,000
Claims administration	100%
Claims business by type	
Disability	9%
Flex compensation	2.5%
Health insurance	96.6%
Employees covered	355,800
Dependents covered	747,275
Claims business by volume	
Administration claims paid	\$419,263,000
Clients	
Total	213
Staff	
Total	374

Claims service 197

Claims services since: 1983.
Compensation: Administration: per employee per month, \$3 to \$20.
Officers: Victoria Buyniski Gluckman, president/CEO; Julia D. Mueller, executive vp.
Contact: Cheryl Tidwell, director-sales and marketing, 513-319-3369, ctidwell@umr.com.
 *Disability represents 0.9% of the claims services.

United Safety & Claims Inc.
 P.O. Box 471647,
 Tulsa, Okla. 74147-1647;
 918-664-8816; fax: 918-665-7310
 www.unitedsafety.com

Property & Casualty

1999 revenues	
Total	\$2,000,000
Claims revenue	\$1,750,000
Claims administration	88%
Other services	12%
Claims business by type	
Workers compensation	100%
Claims business by volume	
Administration claims paid	\$5,300,000
Adjusting projects conducted	1,500
Clients	
Total	28
Staff	
Total	22
Claims service	13

Claims services since: 1985.
Compensation: Administration: payroll, \$15,000 to \$500,000.
Officers: Brad Smallwood, president; Conrad Bergschneider, vp; Chali Stevens, CFO.
Contact: Conrad Bergschneider.

VPA Inc.
 23622 Calabasas Road,
 Second Floor,
 Calabasas, Calif. 91302-1501;
 800-473-9751; fax: 818-591-9647
 www.vpainc.com

Employee Benefits

1999 revenues	
Total	\$12,000,000
Claims revenue	\$12,000,000
Claims administration	100%
Claims business by type	
Disability	100%
Claims business by volume	
Administration claims paid	\$189,747,504
Clients	
Total	117
Staff	
Total	161
Claims service	111

Claims services since: 1979.
Compensation: Administration: per claim, \$100 to \$400.
Sales offices: Calabasas, Calif.; White Plains, N.Y.
Officers: Jack Bredehorn, president; John Gemert, senior vp; Barbara Walkden, vp-claims operations.
Contact: Robert Trotta, vp-business development, rtrotta@vpainc.com.

C.R. Vince & Associates
 3100 Dundee Road, Suite 501,
 Northbrook, Ill. 60062;
 847-205-0444; fax: 847-205-0409
 www.crvince.com

Property & Casualty

1999 revenues	
Total	\$1,100,000
Claims revenue	\$575,000
Claims administration	25%
Claims adjusting	25%
Claims auditing	5%
Other services	45%
Claims business by type	
Professional liability	100%
Claims business by volume	
Administration claims paid	\$20,000,000
Auditing projects conducted	5
Clients	
Total	3
Staff	
Total	10
Claims service	7

Claims services since: 1986.
Compensation: Administration: per hour, \$50 to \$190. Adjusting: per hour, \$50 to \$190. Auditing: per hour, \$50 to \$190.
Officers: C. Roy Vince, president; Peter J. Gavlin and Michael S. Knox, senior vps.
Contact: C. Roy Vince.

Ward North America Inc.
 610 W. Ash St., Suite 1500,
 San Diego, Calif. 92101;
 619-557-2777; fax: 619-557-2732
 www.wardna.com

Property & Casualty

1999 revenues	
Total	\$48,000,000
Claims revenue	\$34,000,000
Claims administration	45%
Claims adjusting	18%
Claims auditing	7%
Other services	30%
Claims business by type	
Auto	20%
General liability	25%
Inland marine	3%
Professional liability	8%
Property damage	7%
Workers compensation	37%
Claims business by volume	
Administration claims paid	\$98,250,000
Auditing projects conducted	33
Clients	
Total	640
Staff	
Total	620
Claims service	400

Claims services since: 1928.
Compensation: Administration: flat fee, per claim, \$300 to \$1,150. Adjusting: time and expense; per hour, \$55 to \$65. Auditing: time and expense; per hour, \$95 to \$125.
Administrative offices: 40 offices in United States and Canada.
Sales offices: Concord, San Diego and Tustin, Calif.; Tampa, Fla.; Atlanta; Chicago; Robbinsville, N.J.; Dallas.
Officers: Jeffrey S. Ward, chairman/CEO; Craig Bowls and Diana Rollinson-Hamilton, senior vps.
Contact: Liz Nelson, senior vp, 17862 E. 17th

An explanation of terms used in the directory can be found on page 20.

Street, Suite 111, Tustin, Calif. 92780, 714-544-0980; Kevin Thar, senior vp, 150 S. Wacker Drive, Suite 1300, Chicago, Ill. 60606, 312-960-9273.

Carl Warren & Co.
 750 The City Drive S.,
 Orange, Calif. 92668;
 800-572-6900; fax: 714-740-7992
 www.carlwarren.com

Property & Casualty

1999 revenues	
Total	\$20,000,000
Claims revenue	\$19,000,000
Claims administration	80%
Claims adjusting	15%
Other services	5%
Claims business by type	
Auto	30%
General liability	70%
Claims business by volume	
Adjusting projects conducted	30,000
Clients	
Total	600
Staff	
Total	250
Claims service	250

Claims services since: 1944.
Compensation: Administration: time and materials.
Sales offices: 21 offices nationwide.
Officers: Roy George, president/CEO; Michael Dekema and Larry Hunt, executive vps.
Contact: Michael Dekema, 800-854-1587, mdekema@carlwarren.com.

Willis Administrative Services Corp.
 26 Century Blvd.,
 Nashville, Tenn. 37214;
 615-872-4000; fax: 615-872-4333
 www.wcasc.com

Employee Benefits/Property & Casualty

1999 revenues	
Total	\$27,926,420
Claims revenue	\$23,278,193
Claims administration	81%
Other services	19%
Claims business by type	
Auto	4%
General liability	11%
Professional liability	2%
Property damage	1%
Workers compensation	32%
Other	9%
Health insurance	41%
Employees covered	63,506
Dependents covered	69,010
Claims business by volume	
Administration claims paid	\$542,234,934
Clients	
Total	332
Staff	
Total	342
Claims service	158

Claims services since: 1959.
Compensation: Administration: per claim (property and casualty); per employee per month (life and health), \$45 to \$1,465 (property and casualty); \$6 to \$43 (life and health).
Administrative offices: 25 offices nationwide.
Sales offices: Stockton, Calif.; Atlanta; Lexington and Louisville, Ky.; Nashville, Tenn.
Officers: Fred Massa, CEO; Doree Collins, CFO; Robert Bennett, senior vp/national claims manager.
Contact: Robert Bennett, 615-872-4020.

WRAMSCO
 1431 Opus Place, Suite 622,
 Downers Grove, Ill. 60515;
 630-960-1020; fax: 630-960-9725

Property & Casualty

1999 revenues	
Total	\$3,000,000*
Claims revenue	\$2,750,000*
Claims administration	43%
Claims adjusting	2%
Claims auditing	50%
Other services	5%
Claims business by type	
Auto	2%
General liability	4%
Workers compensation	94%
Claims business by volume	
Administration claims paid	\$3,000,000*
Adjusting projects conducted	370
Auditing projects conducted	19
Clients	
Total	25*
Staff	
Total	12
Claims service	6

Claims services since: 1981.
Compensation: Administration: annual contract or per claim. Adjusting: per project or per claim. Auditing: contingency; by project; time and expense.
Officers: Thomas G. Walker, president/owner; Dan McKinney, senior vp-marketing and sales; Carol Schoolcraft, vp.
Contact: Dan McKinney.
 *Estimate.

York Claims Service Inc.
 111 John St., 10th Floor,
 New York, N.Y. 10038;
 212-732-0505; fax: 212-732-1789

Property & Casualty

1999 revenues	
Total	\$21,500,000
Claims revenue	\$17,200,000
Claims administration	70%
Claims auditing	10%
Other services	20%
Claims business by type	
Auto	10%
General liability	40%
Inland marine	3%
Professional liability	2%
Property damage	30%
Workers compensation	10%
Other	5%
Claims business by volume	
Administration claims paid	\$500,000,000
Clients	
Total	780
Staff	
Total	238
Claims service	112

Claims services since: 1962.
Compensation: Administration: percentage of premium; flat rate; time and expense.
Adjusting: flat rate; time and expense.
Administrative offices: Sacramento, Calif.; Fort Lauderdale, Jacksonville, Orlando, Rockledge, Stuart, Tallahassee and Tampa, Fla.; Chicago; Parsippany, N.J.; New York; Las Vegas; Pittsburgh.
Sales offices: Orlando, Fla.; Chicago; Parsippany, N.J.; New York.
Officers: Thomas MacArthur, president; Arthur Barry, executive vp; Peter Lind, vp/general counsel.
Contact: Arthur Barry, arthur.barry@york-claims.com.

Zenith Administrators Inc.
 7645 Metro Blvd.,
 Minneapolis, Minn. 55435;
 612-835-7035; fax: 612-835-2803
 www.zenithtpa.com

Employee Benefits

1999 revenues	
Total	\$62,324,000
Claims revenue	\$39,264,000
Claims administration	10%
Claims adjusting	50%
Other services	40%
Claims business by type	
Flex compensation	1%
Health insurance	99%
Employees covered	350,000
Dependents covered	525,000
Claims business by volume	
Administration claims paid	\$650,000,000
Adjusting projects conducted	3,800,000
Clients	
Total	192
Staff	
Total	800
Claims service	400

Claims services since: 1967.
Compensation: Administration: per member per month, \$2 to \$10. Adjusting: per member per month, \$10 to \$20.
Administrative offices: 28 offices nationwide.
Sales offices: 28 offices nationwide.
Officers: Robert A. Georgine, chairman/CEO; James W. Luce, president; Jerome P. Pollock, executive vp/COO.
Contact: Jerome P. Pollock, jpollock@zenith-tpa.com.



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 612-835-7035; fax: 612-835-2803
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Employee Benefits

1999 revenues

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Contact: Jerome P. Pollock, jpollock@zenith-tpa.com.

INTERNATIONAL

Global Briefs

Mitsui Marine & Fire Insurance Co. has dropped out of a planned three-way merger with Nippon Fire & Marine Insurance Co. and Koa Fire & Marine Insurance Co. that would have created Japan's largest non-life insurer. The merger broke down because of the insurers' traditional loyalties to their keiretsu, or the informal alliances among companies affiliated with the same bank. Mitsui said it wanted to remain a member of the Mitsui Group, while Nippon Fire and Koa Fire both have strong ties to the Sanwa Banking Group. Koa Fire and Nippon Fire have said they will press ahead with a two-way deal. . . . Meanwhile, **Moody's Investors Service** downgraded its outlook ratings for both Koa Fire and Nippon Marine to "developing" from "positive" because the collapse of negotiations with Mitsui Marine added to uncertainty about the future of the two companies. . . . Mitsui Marine is now considering a merger with Japan's fourth-largest non-life insurer, Sumitomo Marine & Fire Insurance Co. Sumitomo Bank, the parent of Sumitomo Marine, is set to merge with Sakura Bank, the core financial institution of the Mitsui Group, by April 2002. A merger between Mitsui Marine and Sumitomo Marine would create **Japan's largest non-life insurer**, with combined assets of 5.37 trillion yen (\$49.23 billion). . . . The directors of the French credit insurance group **Euler** are rethinking the company's flotation price after the debut of its rival, Coface, on the Paris stock exchange. Euler's flotation is planned for May. Coface became the world's first publicly owned credit insurer when it listed at the beginning of February, and its share price has since doubled. Euler's directors are now revising their company's valuation above the 1 billion euros (\$982.1 million) initially set. . . . Meanwhile, a joint company is to be set up between Euler, which is 68% owned by Assurances Generales de France S.A., and Allianz A.G. Holding credit insurer Hermes. The company, provisionally named **Euler-Hermes International**, will be based in London. Euler is to take over Hermes' business in the United Kingdom and Italy, with the remaining global business shared between the two companies. . . . Aon Risk Services is designing **professional indemnity products for solicitors in the United Kingdom**. Aon's announcement follows the decision by the Law Society of England and Wales to allow solicitors to buy liability insurance from approved insurers beginning Sept. 1. Currently, almost 10,000 firms pay premiums totaling about £250 million (\$399.1 million) to the Solicitors Indemnity Fund, which provides coverage up to £1 million (\$1.6 million) for any one claim. In September, though, the SIF is to be replaced by a managing general agency, which will write on behalf of St. Paul International Insurance Co. Ltd. and will be able to provide higher levels of coverage. Solicitors can obtain coverage through an approved insurer or through the MGA, but Aon has expressed concern that St. Paul's appointment might lead to unfair competition. . . . Two Japanese non-life insurers affiliated with Tokyo-based Nippon Life Insurance Co. plan to merge in April 2001. **Dowa Fire & Marine Insurance Co.**, in which Nippon Life holds about a 20% stake, is to merge with Nippon's wholly owned subsidiary, Nissay General Insurance Co. Dowa Fire will be the surviving entity, and the company will be headed by Dowa Fire President Shuichiro Sudo. The two companies had combined net premiums of 250 billion yen (\$2.29 billion) for the year ended March 1999. The new company aims to boost premium volume to 316.5 billion yen (\$2.90 billion) by March 2003 and to increase its domestic market share to between 7% and 10% in the next three or four years, according to Dowa. . . . Allianz A.G. Holding has acquired an 80% stake in Egyptian insurer **Arab International Insurance Co.** Munich-based Allianz was a co-founder of AIIC in 1976 and originally held a 5% stake in the company. When deregulation of the Egyptian insurance market began in 1999, Allianz and Paris-based AXA S.A. each increased their participating stake in AIIC to 40%. Allianz has now bought AXA's stake.

Cross-border freedom upheld

E.C. clarifies insurance practices across E.U. member states

By STACY SHAPIRO

BRUSSELS, Belgium—The European Commission wants freedom of insurance services across borders in practice as well as in theory.

To that end, the commission earlier this month issued an "interpretative communication" on cross-border insurance practices in the European Union.

The communication is not legally binding, and no amendments to any directives already in place have been suggested. It does, however, shed light on the European Commission's intentions when it published the so-called Third Life and Non-Life insurance directives in 1992. The directives, which were implemented in July 1994, coordinate the laws, regulations and administration provisions for the insurance industry in the European Union.

When the directives were published, there

was great optimism that policyholders—from multinational companies to individual consumers—would be able to buy coverage in any E.U. country, regardless of where in the European Union they lived or were based.

Indeed, there was talk of a so-called "Europolicy"—a single policy that would eliminate the need for a policyholder's subsidiaries to purchase separate local policies in each of the member states in which the policyholder operated.

In practice, however, cross-border freedom of insurance services did not materialize; it was hindered by too many onerous obligations laid on by the regulators of individual member states.

"There is a single European insurance market, but it's very difficult to implement," summed up John Inwood, senior casualty underwriter of Zurich International in London.

For example, the various member states have differing premium tax practices, making the use of a single Europolicy "very complex," he said. As a result, although single-policy coverage is available, few such policies are bought. "We are still far off from having a single insurance market in Europe," Mr. Inwood said.

Like many other insurers, Zurich International offers individual insurance policies to the subsidiaries of a multinational and then coordinates the servicing of those policies with the parent company.

Anything that clarifies the situation, such as the European Commission's communication, is "welcome," said Mr. Inwood.

It is true that, in practice, there isn't a single insurance market in the European Union, said a spokesman for the Comité Européen des Assurances, the Paris-based trade body that

See E.C. on page 41

Piper Alpha ruling heading to appeal

By CAROLYN ALDRED

EDINBURGH, Scotland—Insurers' subrogation efforts to recover compensation payments made after the 1988 Piper Alpha oil rig disaster appear headed to the House of Lords.

Contractors whose employees died while working on the rig are appealing a December 1999 decision by a Scottish appellate court that could leave them liable for the compensation paid plus interest, according to Douglas Russell, a partner at the Edinburgh law firm of Simpson & Marwick who represents the contractors.

The North Sea oil rig exploded in July 1988, killing 167. With an insured loss of about \$1.4 billion, the Piper Alpha disaster remains one of the largest insured man-made losses in history.

The 560-page Dec. 20 decision at the Court of Session in Edinburgh ruled that the insurers of the rig's operators, which had funded the original settlement with the disaster's survivors and victims' relatives, could seek reimbursement from the contractors who employed the victims, in the name of the operators.

In 1997, a lower court judge had ruled that the operators' insurers could not sue on behalf of policyholders, because the operators had already been indemnified for their loss.

The appellate ruling, if it stands, means that the rig operators' insurers can seek about £150 million (\$239.4 million), including interest, said Michael Payton.

Mr. Payton, an attorney at the law firm of Clyde & Co. See **Piper Alpha** on next page



PHOTO: AP/WIDE WORLD

The 1988 explosion of the Piper Alpha oil platform, which killed 167, remains one of the costliest man-made insured losses ever.

Mobil challenges suit jurisdiction

By PAULA WESTON

MELBOURNE, Australia—A class-action lawsuit against Exxon-Mobil Australia Pty. Ltd. has been adjourned until March 17, following Mobil's challenge in the Victorian Supreme Court in Melbourne regarding the validity of Victoria's new rules for class actions.

The Sydney-based plaintiff law firms of Slater & Gordon and Maurice Blackburn Cashman, representing Mobil customers affected by the contaminated aviation fuel crisis (*BI*, Feb. 7), have combined their actions against Mobil, with both lawsuits now filed with Victorian Supreme Court. Slater & Gordon attorney Lisa Nichols said that the collaboration had been undertaken to gain "strength in numbers."

At a preliminary hearing on Feb. 4, attorneys for Mobil questioned whether it was appropriate for the Supreme Court to hear the matter, as the action is the first of its kind to be heard in the Victorian state jurisdiction.

Ms. Nichols said Victorian Supreme Court judges passed an order in January enabling class-action lawsuits to be lodged in

their court. Prior to that, class-action suits were heard only in federal court.

A Mobil spokeswoman said Judge John Hedighan agreed that the court's jurisdiction needed to be clarified, and he adjourned the case until March 17. The spokeswoman said Mobil would now apply to the Victorian Court of Appeal for a ruling on the jurisdictional issue.

Meanwhile, Mobil has announced a new compensation package, "with no predetermined limit," for businesses that have suffered direct losses from the contaminated fuel.

Light planes around Australia were grounded in late December, when aviation fuel supplied by Mobil's Altona plant in Melbourne was found to be contaminated.

Although initial figures from the Civil Aviation Safety Authority, Australia's federal aviation regulator, indicated that 5,000 planes were grounded, a CASA survey has now revealed the figure of grounded planes to be substantially smaller.

Mike Smith, CASA aviation safety promotions assistant direc-

See **Mobil** on next page

Global warming risk rising, speaker says

LONDON—The global insurance industry is sitting on a ticking time bomb with its exposure to global warming, an expert warns.

Jeremy Leggett, chief executive of Solar Century, a Richmond, England-based company that promotes solar energy and sustainable energy supplies, urged the business community to factor global warming into its investment decisions or risk a spate of bankruptcies.

Speaking earlier this month at a London conference, "Investors and Environment 2000," Mr. Leggett warned: "If the dice roll unkindly on cyclones, floods, wildfires and increasingly ferocious weather conditions hit urban concentrations, the entire insurance industry could go belly up."

He said there is compelling evidence that global warming is happening and is already threatening economies.

A 1995 report by the United Nations Intergovernmental Panel on Climate Change concluded that the first signs of global warming were becoming apparent, Mr. Leggett said. He added that other evidence can be seen in insurance industry reports on natural disasters.

"Already the insurance industry is paying out billions in climate change-related damages," Mr. Leggett said. While no link between climate change and catastrophes has been proved, changes in demographic factors alone cannot explain the higher frequency and severity of disaster, he said.

He told his audience of investment advisers that they must help bring about an energy revolution and invest in the wide variety of alternatives across the clean-energy industries. For example, the use of photovoltaic cells, such as those in solar panels, may one day become a leading energy source, he said.

Some of the trillion-plus dollars that the insurance industry takes in each year in premiums should be invested in these clean-energy sources, said Mr. Leggett.

—By Edwin Unsworth

Piper Alpha

Continued from previous page
in London, represented the insurers in the litigation. The insurers include ACE Bermuda Insurance Ltd., Lloyd's of London reinsurer Equitas Ltd. and London-based CGU P.L.C.

That decision also reaffirms the "general legal position in the North Sea that each operator or contractor is responsible for its own employees and property," said Mr. Payton.

The long-running litigation against the contractors was brought in the name of Caledonia North Sea Ltd., formerly owned by a unit of Occidental Petroleum Corp., on behalf of the insurers of the rig's four operators. Relatives of the victims and survivors of the disaster were compensated by the rig's operators. It was described as a "Mid-Atlantic" settlement, as the amount of compensation agreed to was higher than the level of compensation normally awarded in Scotland though not as high as typical U.S. awards.

The operators' insurers then sought to subrogate the loss against the contractors whose employees had been killed or injured while working on the rig, because the contractors' contracts included indemnity clauses under which they would be responsible for claims arising from their own employees.

A lower-level Court of Session hearing started in 1996 and lasted a record 391 days. The hearing, in which the contractors disputed the insurers' claims, involved much of the same evidence as a 1990 report from the public investigation into the disaster.

The contractors failed to prove

The lower court ruling 'would have driven a coach and horses through' subrogation laws, says Nicholas Taylor.

willful negligence on the part of the operators, which would have negated their indemnity contracts. They also were unable to convince the judge that the settlements reached with the victims' relatives and survivors of the explosion were excessive.

But on the 381st day of the hearing, the contractors claimed that the action should have been brought in the insurers' own names and not in the name of the operators. While recognizing that this argument should have been raised at the beginning of the case, the judge, Lord Kaplan, agreed that the operators could not recover under indemnities

with the contractors because they had already recovered from their insurers and should not be compensated twice.

On appeal, the Court of Session judges, after a 55-day hearing ruled that the insurers were able to seek reimbursement from the contractors in their own name or on behalf of their policyholders. As a result, the insurers would be able to recover compensation from London Eridge Engineering Ltd., Pickup No. 7 Ltd., Norton (No. 2) Ltd., Kelvin International Services Ltd. and Coflexip Stena Offshore Ltd.

The contractors' lawyer, Mr. Russell, declined to name the contractors' insurers, but he noted that some of the contractors are now in liquidation.

A statement issued by the London law firm of Clyde & Co., which specializes in shipping, energy and insurance law, immediately after the appeal court decision, said there was "general relief in the oil industry at the outcome of the appeal, establishing as it does that the 'knock for knock' regime in the North Sea works as everybody had previously understood it."

The appeal court judgment is a "thoroughly good statement of law regarding subrogation," said Nicholas Taylor, senior assistant lawyer in the London law firm of Davies Arnold Cooper.

If the lower court decision had

been allowed to stand, "it would have driven a coach and horses through current laws of subrogation. It would have had a major impact on the law and insurance," said Mr. Taylor, who specializes in construction and engineering law.

"There was general concern that, even in more-traditional litigation, insurers and lawyers would be having to look more carefully in whose name an action was brought. It could have had far-reaching consequences," agreed David Reynolds, a partner at Clyde & Co. Mr. Reynolds added that a colleague at another law firm had informed him that they "were reviewing all their cases in the light of the Kaplan decision."

Lesley A. Gray, a partner at Paull & Williamson, the Edinburgh law firm representing the rig operators, described the appellate ruling as a "victory for common sense," noting the operators were relieved that "the courts have now found responsibility lies with the employers."

Mr. Payton, the insurers' attorney, added that "the insurers have expended a great deal of money to achieve these recoveries, and now they are vindicated. Substantial sums will be accruing to Lloyd's syndicates reinsured into Equitas, the London and Scandinavian company market and ACE Bermuda Insurance Ltd., as well as some uninsured loss for the joint (operators)." **BI**

Mobil

Continued from previous page
tor, said the authority's latest figures indicated that 1,407 planes had been affected.

Mr. Smith said all registered aircraft owners had been asked to respond to a survey about the extent to which they were affected by the contaminated fuel; the new figure was determined by responses to that survey.

Mobil was alerted to the fuel problem after several light-plane operators reported rough-running engines and loss of power in late December, said Mick Toller, CASA's chief executive officer.

CASA issued a directive on Dec. 24 that all piston-engine planes using the Mobil fuel had to have their fuel systems removed and inspected for a black residue indicating contamination. Mobil has since developed a test kit that eliminates the need to remove the fuel systems.

Mr. Smith said a survey on Feb. 4 indicated that 140 planes were back flying, and he said the authority was "comfortable the testing process was proceeding well."

In January, Mobil offered an emergency relief package of \$15 million Australian (\$9.5 million) to help those customers that were in "immediate financial difficulties," including flying schools and small commuter airlines.

Alan Bailey, manager of corporate affairs for Mobil Australia, said \$800,000 Australian (\$504,640) had been paid out from the fund as of Feb. 9. Claims are being managed by Brisbane-based third-party administrator Wyatt Gallagher Bassett Pty. Ltd.

Mr. Bailey said it was still unknown whether the oil company or its insurer, which he refused to name, would eventually pay for that fund and the other compensation packages Mobil had offered.

In a new advertising campaign, launched Feb. 4 in daily newspapers across Australia, Mobil stresses that applying for payment under its compensation programs "does not require our customers to give up any of their rights to pursue legal action."

"Only when customers wish to accept our offer of compensation for their direct business losses in full and final settlement are we asking that they agree not to make any further claims against Mobil," the advertisement copy reads.

According to the advertisement, Mobil aims "to provide fair compensation for affected customers for their direct business losses, as quickly as possible."

Mobil has also offered to reimburse the cost of inspecting and testing aircraft for contamination, the cost of cleaning fuel systems in line with CASA directives, and the cost of replacing the fuel in affected aircraft.

Mr. Bailey said compensation was an "evolving process," with the original emergency package of \$15 million Australian representing "a sum offered to meet the immediate needs of customers in mid-January."

"It was never intended that it would be the sum total likely to be required to offset losses," Mr. Bailey said.

"We want to have an ongoing relationship with our customers. It is not in Mobil's interest to have businesses collapsing," he said.

Mr. Bailey said the oil company launched the advertising campaign to clarify what forms of compensation were available to Mobil customers.

"At times, it has been difficult to get our message out clearly through normal media channels," he said.

Mr. Bailey said it was too early to identify what lessons Mobil could learn from the incident.

"Based on the knowledge and
See Mobil on next page

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INTERNATIONAL

E.C.

Continued from page 39

represents insurance associations in 29 European countries, including the 15 member countries of the European Union. "It's very complex" to trade across borders, noted the CEA spokesman. "But that could change with e-commerce (and could) revitalize freedom of insurance services."

With electronic trading, an insurance company could offer coverage over the Internet in all member states, even though it is based in just one of those countries, according to the CEA spokesman.

The European Commission also stated in the interpretative communication that freedom of insurance services was being seriously undermined by "considerable legal uncertainty." Member states have interpreted the directives differently, deterring insurers from "doing business in the single market," the communication says.

These differences of interpretation "are also preventing those seeking insurance from having access to insurance undertakings elsewhere in the Community and to the range of insurance products available within the single market," the communication states.

Consequently, it is "necessary to publicize, by means of an interpretative communication, (the commission's) own interpretation of the rules on the freedom to provide services and the general good in the insurance sector," according to the commis-

sion's communication.

Among other things, the interpretative communication on insurance services distinguishes between an insurer's "establishment," where the parent is subject to regulation, and where it may have branch offices or other representation. By doing this, the commission is specifying which regulator is in charge of the parent insurer and its operating subsidiaries.

However, the commission is flexible on the definition of "establishment," saying that the issue must be decided on a case-by-case basis. Possible definitions of "establishment," for example, are where an insurer's head office or its main branch office is located. The commission reminds regulators, though, that "under the insurance directives, the home member state alone is responsible for checking compliance by an insurance undertaking with the conditions un-

der which the single license was granted. The host member state is not entitled to carry out any such checks."

An independent agent of an insurance company may be considered established in a member state—and therefore under that country's regulatory control—if three conditions are met. The agent must.

- Be subject to the direction and control of the insurer he or she represents.

- Be able to underwrite on behalf of the insurer.

- Have received a permanent brief, or business plan, from the insurer.

The member state of an insurer's establishment also is the regulator for that company's electronic insurance commerce, the communication says. Establishment is not determined by the location of the technological means used to provide the e-com-

merce service. According to the communication, Internet transactions "are subject to the provisions of the insurance directives relating to the freedom to provide services."

Similarly, an insurance company cannot be subject to local regulatory requirements simply because it advertises in a host member state, according to the communication.

The communication also clarifies certain criteria that must be met before a host member state can require an insurer subsidiary to comply with local law for the "general good" of the public. Those criteria include that the regulations are not discriminatory; that they do not duplicate rules of the insurer's country of establishment; and that they serve a purpose that is imperative for the general good of the public, such as preventing fraud.

In addition, an insurer can lodge a complaint with the European Com-

mission if it maintains that the local laws with which its subsidiaries must comply are unfair.

"The inclusion by some member states of whole areas of their national legislation in the list of provisions adopted in the interest of the general good could prove to constitute a misuse of the concept of general good," the communication states. "Several of them are tending to treat as rules adopted in the interest of the general good all their legislation on consumer protection, their tax or commercial law or their competition law."

Meanwhile, the commission recognizes that premium taxes might need to be paid on individual policies in host member states. It warns, however, that tax rules must not "constitute a restriction that is incompatible with the conduct of insurance business under the freedom to provide services within its territory." **BI**

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Continued from previous page

understanding of processes and production at the Altona plant, it is difficult to see where things could have been done differently," he said.

Mr. Bailey responded to a charge by a federal legislator, Sen. Winston Crane, who is chairing a Senate inquiry into the problem, that Mobil's fuel monitoring process at Altona is "less than satisfactory." That accusation, Mr. Bailey said, is premature.

"There is an investigation into the production of supply of fuel at Altona by the Australian Transport & Safety Bureau, and I think it is appropriate to wait for its findings before making speculations. It is yet to be proven there was any deficiency," he said.

"Mobil maintains," Mr. Bailey continued, "that all reasonable precautions had been, and are always, taken with fuel quality, especially with aviation fuel, which has more-stringent checks than any other product."

Sen. Crane said he was "staggered" when evidence from Mobil presented to the inquiry indicated there was no risk analysis or benchmark testing of any fuels at Altona. "This should be an ongoing process," the senator said.

Mr. Bailey also rejected claims by Margaret Beardow, former associate commissioner of the Trade Practices Commission, a now-defunct federal authority, that the problem of the tainted fuel related to "old-fashioned technology due to low investment through low profitability."

Mr. Bailey said Mobil spent \$250 million Australian (\$157.7 million) upgrading the Altona plant in 1996 and 1997.

The production facility "was considered quite satisfactory," Mr. Bailey said. "The suggestion we would skimp on our investment when we have spent so much money at the plant is ludicrous."

When asked about risk management practices at Mobil, Mr. Bailey replied that it was the responsibility of all operational management to supervise activities in ways that minimize exposure. **BI**

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LEGAL NOTICE

Return Date: April 12, 2000
 Time: 2:30 p.m.
UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
 In re
 Petition of Anthony James McMahon and Philip Wedgewood Wallace, as Joint Provisional Liquidators of ANGLo AMERICAN INSURANCE COMPANY LIMITED
 Debtor in Foreign Proceedings.

In a Proceeding Under Section 304 of the Bankruptcy Code Case Nos. 97-B-41556(PCB)

NOTICE OF MOTION FOR PERMANENT INJUNCTION PURSUANT TO SECTION 304(b) OF THE BANKRUPTCY CODE

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 April 12, 2000, at 2:30 p.m., or as soon thereafter as counsel may be heard, before the Honorable Prudence Carter Beatty in Courtroom 701 of the Bankruptcy Court which is located at The Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004, to consider the motion (the "Motion") of the Provisional Liquidators of ANGLo AMERICAN INSURANCE COMPANY LIMITED ("Anglo") for entry of an order pursuant to 11 U.S.C. §§ 105(a) and 304(b) granting permanent injunctive relief (the "Permanent Injunction Order") giving full force and effect in the United States to the Scheme of Arrangement (the "Scheme") between Anglo and its Scheme Creditors (as defined in the Scheme).

The Provisional Liquidators have proposed the Scheme pursuant to section 425 of the Companies Act 1985 of Great Britain. If the requisite statutory majorities of creditors (i.e. a majority in number representing 75% in value of those in each class present and voting in person or by proxy) approve the Scheme, a hearing to sanction the Scheme will be held before the High Court of Justice of England and Wales. If that Court sanctions the Scheme, the Provisional Liquidators will proceed with their motion.

A summary of the proposed Permanent Injunction Order is set forth in an Appendix to the Explanatory Statement relating to the Scheme. Copies of the Scheme, the Explanatory Statement, the Motion, the form of the Permanent Injunction Order to be presented on the Return Date and the Memorandum of Points and Authorities in Support of the Motion are available by written request to the Provisional Liquidators' counsel:

Cadwalader, Wickersham & Taft
 100 Maiden Lane
 New York, New York 10038
 (212) 504-6666 (Facsimile)
 ldagosti@cw.com (email)
 Attention: Theresa D'Agostino

PLEASE TAKE FURTHER NOTICE that any and all objections to the Motion must be in writing, filed with the Bankruptcy Court, with a copy delivered to the Chambers of the Honorable Prudence Carter Beatty, Room 712, and another copy served on counsel to the Provisional Liquidators so as to be received on or before March 27, 2000.

Dated: New York, New York
 February 2, 2000

CADWALADER, WICKERSHAM & TAFT
 Attorneys for the Provisional Liquidators
 By: /s/ Ken Coleman
 Ken Coleman (KC 9750)
 Stephen Doody (SD 6738)
 100 Maiden Lane
 New York, New York 10038
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LEGAL NOTICE

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
 2000 : No. 5

IN THE MATTER OF BRISTOL REINSURANCE LTD., IN LIQUIDATION
AND IN THE MATTER OF THE COMPANIES ACT, 1981, SECTION 99

NOTICE IS HEREBY GIVEN that, by an Order dated 20 January 2000 made in the Supreme Court of Bermuda ("the Court") in the above matter ("the Order"), a meeting was ordered to be convened of the Scheme Creditors (as defined in the Scheme of Arrangement hereinafter mentioned) of the above named company (hereinafter called the "Company") for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the Scheme Creditors (as therein defined) and that such meeting will be held at the offices of PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT, England on 30 May 2000 commencing at 11:00a.m. at which place and time all such Scheme Creditors are requested to attend.

Claims Statements which have been forwarded to all creditors appearing in the books of the Company must be returned on or before 12 May 2000 in accordance with the instruction thereon appearing. Failure to return the Claims Statement by the date will not prevent a creditor from voting but the value attributed to that vote will be as appears on the Claims Statement.

If you are a creditor of the Company and have not received a Claims Statement you should contact the Liquidator at the address appearing below.

The Scheme Creditors may vote in person at the said meeting or they may appoint another person, whether such person is or is not a Scheme Creditor, as their proxy to attend and vote in their place and are requested to complete the Form of Proxy and return it to the Company at Dorchester House, 7 Church Street, Hamilton HM11, Bermuda (facsimile number (441) 295-1242). The Form of Proxy should be received by 5:00pm on 23 May 2000. Faxed proxies will be accepted.

Each Scheme Creditor or his proxy will be required to register his attendance at the meeting prior to its commencement. Registration will commence at 9:30a.m.

By the Order, the Court has appointed Peter C B Mitchell or failing him, a designated partner of PricewaterhouseCoopers who is an insolvency practitioner, to act as Chairman at the said meeting and has directed the Chairman to report the result of the meeting to the Court.

A copy of the Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 100 of the Companies Act 1981 and the Form of Proxy for use at the meeting and the Claims Statement are incorporated or enclosed with the Scheme Document. Additionally, these documents are available from the Company's offices at the above address. The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated this 15 day of February 2000.

Peter C B Mitchell, Liquidator
 Bristol Reinsurance Ltd, In Liquidation
 c/o PricewaterhouseCoopers,
 Dorchester House,
 7 Church Street,
 Hamilton HM11
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REQUEST FOR PROPOSAL

REQUEST FOR PROPOSAL

NOTICE

The Kansas State Employees Health Care Commission will issue two (2) Request for Proposals(s) on March 1, 2000. RFP #01138 identifies the dental component, and RFP #00947 identifies the prescription drug component of the health plan. Responses may be for insured, self-funded or capitated arrangements. Currently, 34,000 active employees and 9,700 retirees participate in the health plan. Total covered lives are 87,000. Membership is increasing due to inclusion of unified school districts. If interested in receiving a copy of the either RFP, please identify the dental by "RFP #01138" and prescription drug by "RFP #00947" by contacting:

KANSAS DEPARTMENT OF ADMINISTRATION
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LEGAL NOTICE
CITY OF NAPERVILLE
REQUEST FOR PROPOSALS
RFP 99-24
Excess Liability Coverage

The City of Naperville, Illinois does hereby invite proposals for excess liability coverage. The purpose of this proposal is to gather information from organizations that are relative to the City of Naperville's required scope of services and key selection criteria for excess liability coverage.

Proposals will be received at the City of Naperville, Purchasing Division, 400 South Eagle Street, P.O. Box 3020, Naperville, Illinois 60566-7020 until **3:00 P.M.**, local time, on March 6, 2000.

Those desiring to tender proposals may obtain copies of the specifications between the hours of 8:00 A.M. and 5:00 P.M., Monday through Friday, in the Purchasing Division, at the above address.

Check the City's web site (<http://www.naperville.il.us>) for this proposal and others.

The City reserves the right to reject any or all proposals.

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Premera settles over emergency care

SEATTLE—Premera Blue Cross has agreed to pay \$55,000 in fines and revise its contracts with providers, Washington state Insurance Commissioner Deborah Senn said earlier this month.

The contracts stated that the health insurer has sole discretion to decide whether claims arising from emergency room visits were valid.

✚ Premera Blue Cross

The agreement ends an insurance department investigation of Seattle-based Premera sparked by physician claims that insurers have discouraged the use of emergency room treatment, according to Ms. Senn.

The commissioner commended the insurer for its cooperation in settlement negotiations.

Premera, however, issued a statement saying it settled to avoid further litigation and that it believes its emergency room claims practices fully complied with the law. No members were denied care due to Premera's claims practices, the statement says.

Oregon to consider cap on damages

SALEM, Ore.—Oregon voters will decide in May whether state lawmakers can cap damage awards in civil lawsuits.

The proposed amendment to Oregon's constitution, which voters will consider in a May 16 primary election ballot, stems from a state Supreme Court ruling from last year. The high court ruled in a product-defect case that an existing \$500,000 cap on pain-and-suffering damages in personal-injury cases violates the state's constitutionally guaranteed right to a fair trial.

The case, *John Lakin and Anne Marie Lakin vs. Senco Products Inc.*, involved a Portland man, Mr. Lakin, who suffered brain damage after a nail gun he was using double-fired, causing it to recoil and fire a third nail, which pierced his skull. A jury ordered Cincinnati, Ohio-based Senco Products Inc. to pay Lakin \$10 million in damages. The award included \$2.87 million for non-economic damages, an amount that the trial court, citing the cap, reduced to \$500,000. The high court's ruling reinstated the jury's full award.

Immediately after that ruling, legislators voted to place the constitutional amendment on the May ballot.

NAMIC approved for thrift charter

INDIANAPOLIS—Assurance Partners Bancorp, the bank holding company affiliated with the National Assn. of Mutual Insurance Cos., has received approval from the federal Office of Thrift Supervision to open Assurance Partners Bank.

Some 262 NAMIC member companies have invested \$12.5 million in the effort to create the bank, which will support financial

product distribution through the companies and their independent agency forces. Initially, the bank will offer selected loan products and related services in Indiana markets, with plans to expand to other states. Assurance Partners Bank, which will be headquartered in Carmel, Ind., is expected to open in June 2000.

Assurance Partners Bancorp also is awaiting approval of its deposit insurance application.

Florida targets citrus canker outbreak

TALLAHASSEE, Fla.—Florida agriculture officials are stepping up their efforts to stop a widening citrus canker crisis.

Gov. Jeb Bush declared a state of emergency and backed a plan by Florida Agriculture Commissioner Bob Crawford to spend \$110 million over the next year in an effort to stop the outbreak.

The agriculture commissioner is getting \$35 million in state funds to begin cutting down as many as 1 million lime trees that have been attacked by the canker. He is asking for an additional \$75 million in state and federal money.

Citrus canker, a bacteria that is spread by wind, rain and other means, has ruined more than 500,000 lime trees, which must be destroyed to prevent the bacteria from spreading. Officials are concerned about the threat of damage to the state's orange and grapefruit crops.



PHOTO: AP/WIDE WORLD

ISO premium-tax software debuts

TALLAHASSEE, Fla.—The Florida Department of Insurance is the first department to use new software developed by the Insurance Services Office Inc. to verify that insurers are properly assigning local premium taxes.

ISO's Geographic Underwriting System allows the Florida In-

urance Department to analyze insurers' records of policyholder addresses. The software determines whether insurers are assigning the proper premium taxes based on the policyholder's municipality or fire district. In cases where incorrect assignments have been made, insurers are subject to sanctions by the department.

Florida law requires insurers to have an accurate means of identifying fire district and municipal boundary information to determine premium taxes for most commercial and personal automobile and homeowners policies.

Information in brief

Atlanta-based online health care company **Healthon/WebMD Corp.** has agreed to acquire Medical Manager Corp., a leading provider of physician practice management systems, and its subsidiary, CareInsite Inc., which provides health care network and clinical communication services, in an all-stock deal. . . . Frontier Insurance Group Inc. has **abandoned its planned purchase of ManagedComp Inc.** in an attempt to improve its capital. Frontier, which did not disclose how much it had planned to pay for ManagedComp, will pay a \$4.5 million termination fee to the company. Last week, Frontier laid off 71 staff members from its Rock Hill, N.Y., headquarters in an effort to cut costs. The staff reduction should save Frontier about \$5 million annually, the company said in a statement. Frontier is also cutting consulting, purchasing and other expenses that will reduce costs by another \$3.7 million annually, the insurer said. . . . Adding to its prior list of targets, a prominent group of plaintiffs lawyers has filed a **federal lawsuit against UnitedHealthcare** that seeks class-action status. The same group filed a similar suit against five other large health maintenance organizations last year. The suit alleges that UnitedHealthcare, the HMO unit of UnitedHealth Group Inc., gives physicians financial incentives to deny patient treatment, which violates federal law. The suit also claims that UnitedHealthcare's announcement last year that it will eliminate its prior-approval requirement for physician decisions mislead members, as the company still requires pre-certification for certain treatments. . . . Dallas-based **Summit Global Partners Inc.** recently acquired A.J. Renner & Associates Inc., a specialty managing general agency based in Chicago. The MGA, which specializes in professional and products liability for the health care and pharmaceutical industries, will become a division of Vista Insurance Programs-Illinois Division. . . . Gerling Global Reinsurance Corp. has established a **property facultative department**, which will be headed by Robert E. Giddings. Mr. Giddings was previously a senior vp at American Re-Insurance Co. . . . **Alan R. Hoops**, 52, president and CEO of Santa Ana, Calif.-based PacificCare Health Systems Inc., said he plans to retire by March 31, 2001, according to the company. Mr. Hoops, who will continue in his positions until his retirement, will lead the search for his successor. **BI**

Flooding

Continued from page 2

overflow at municipal sewage treatment plants, said Mr. Tuttle.

"Many cities have their sewage treatment plants by the river, or wherever they take their water. When those go under water, the treatment facilities fail, and millions of gallons of untreated human waste flow into the rivers," he said.

The other major source of pollution involved runoff from agricultural and animal-processing operations, he said.

"Eastern North Carolina is still a predominantly agricultural area. So, there were huge agricultural operations, major farming facilities that, just from the water runoff across the fields, washed (away) a lot of agricultural chemicals and animal waste," he said.

In addition, pollution resulted from flooding at animal agricultural operations, particularly industrial-sized hog and poultry processing operations, Mr. Tuttle said. A particular problem involved lagoons in which animal waste is stored before being used to fertilize animal-feed crops.

"Some parts of eastern North Carolina during the hurricane received 20 inches of rain within a 24-hour period, so a lot of these waste lagoons ruptured and washed into the rivers," Mr. Tuttle said.

Bill Patton is program manager for the federal Environmental Protection Agency's regional office in Atlanta. He chairs an EPA task force that is studying the flooding from the three major hurricanes that hit North Carolina last year. Mr. Patton noted that there are over 2,000 hog farms located within the 25 counties of eastern North Carolina.

"There are as many as 3,000 treat-

ment lagoons, which hold hundreds of thousands of pounds of this hog waste. Many of these lagoons were breached or flooded, and a lot of the waste was carried off and has moved over to the coastal waters," he said.

Mr. Patton also cited a serious environmental risk caused by an algae called pfiesteria, which forms when waste mixes with sediment. The algae can be toxic to aquatic organisms.

"Pfiesteria gives off a toxin and literally kills crabs and fish. We expect, as the waters warm up from the winter, there will be an outbreak of pfiesteria, which could close down the crabbing and other shellfish operations in North Carolina. It's on a scale we've never seen before," he said.

Businesses in the Midwest also faced environmental exposures when the Mississippi River flooded in 1993. Insured losses totaled more than \$650 million, while the economic losses exceeded \$15 billion.

Floating fuel tanks became dislodged from either businesses or homeowner's property, according to Bill Landis, public information specialist for the EPA's Region 7, which covers Missouri, Kansas, Nebraska and Iowa.

"Several hazards are involved there. For one, (the fuel) is flammable and two, it can contaminate the water. We're talking about some huge, hundreds-of-thousands-of-gallon fuel tanks," Mr. Landis said. Fortunately, most of the tanks weathered the flooding intact, he noted.

Even though many of the tanks came loose and floated away, it was still possible to identify their owners, as some companies' names were visible on the tanks, said Jim Callier, chief of the chemical risk information branch for the Region 7 of the EPA.

Another hazard Mr. Landis cited was solid-waste landfills. As materi-

als in landfills decompose, methane gas is created, he said. "When the landfills were flooded, the water on top of them would create a hydraulic pressure that would squeeze the gas out, often causing it to move underground, and, in some instances, there might be homes located within a relatively close proximity," creating a risk of explosion, Mr. Landis explained.

One step businesses can take to mitigate the risk of flood-related pollution liability is to make sure they have proper environmental impairment liability coverage, observers say.

Joe Boren, president and chief executive officer of American International Group Inc. unit AIG Environmental in New York, contends that coverage is crucial. "The way to protect yourself if you're in a high-risk zone and you're using materials which, in an improper state, can cause contamination—you've got to buy insurance," he said. "Whatever the condition is that causes a pollution problem, if we've insured you for pollution and a flood causes a pollution condition, you're covered."

"Floods can happen anywhere," Mr. Boren said, "but everyone has their own profile of risk."

Dennis R. Connolly, managing director of New York-based Marsh Risk Consultants, observed that it's likely that many affected parties have insurance in one form or another for pollution events that occur "rapidly," meaning those events in which there was insufficient time to take action to prevent the pollution.

Mr. Connolly did suggest, however, that, "If I were in the farm corporate world, I would cast a wary eye on this and consider what options there would be to get a little extra protection while the market remains soft." One risk management consultant

experienced flooding risks firsthand as the risk manager of a meatpacking company that had plants in areas affected by severe flooding in 1993.

Lucky Gallagher, the former vp-risk management at Greeley, Colo.-based Monfort Inc. and ConAgra Red Meat Cos., said of the company's two Midwestern plants in Des Moines, Iowa, and St. Charles, Mo.: "We had plenty of flood insurance as far as limits are concerned. Being a large company, we had substantial deductibles. I can remember being on the phone with the plant and the insurance carrier. It's very important to keep in touch and immediately notify your carrier, because they also have some resources they can bring," she said.

For example, the insurer at the time offered a helicopter to survey flood damage and water levels, said Ms. Gallagher, who is now an independent risk management consultant based in the Denver area.

The double risk of pollution and flooding "makes for a classic risk management problem," said John McLaughlin, national director of Arthur J. Gallagher & Co.'s public-entity division in Itasca, Ill. "There's high upside risk (for those events individually) but very low probability of this type of disaster happening."

Although comprehensive pollution coverage is available, Mr. McLaughlin noted that most public entities lack across-the-board pollution coverage. "Usually, pollution has been written on a site-specific basis," said Mr. McLaughlin.

Another problem is that floodplain maps are sometimes outdated, leaving public entities, business owners and homeowners uninformed of flooding risks.

The Federal Emergency Management Agency "cannot keep track of these areas. They are supposed to up-

date them every three to five years, and some of them were 15 years old," Mr. Patton said.

Mr. Tuttle of the NCCBI said the best knowledge he gained was that businesses need to thoroughly research areas in which they own property, whether commercial or residential, and not rely on potentially bad information from outdated maps. "Just because the government records and financial institutions don't raise that point about flood plains, that does not mean that you're safe," Mr. Tuttle said.

Mr. Callier of the EPA strongly emphasized the need for preparedness, noting that different types of flooding call for different planning approaches.

"One type of flooding is where the river gradually rises and the businesses and industry may have hours or even days to prepare for being inundated. That's one aspect that businesses should consider is the area that they're in—whether they're in an area where the river can rise and eventually creep over toward their facility."

The other type of flooding, he noted, occurs with less warning—such as the breaking of a levee. "All of a sudden you have very little time—minutes—before your facility is inundated. You should know by the location of your facility which preparedness route you should consider in doing some emergency planning," he said.

Ms. Gallagher attributes the lack of environmental problems at ConAgra to the great preparation in place at the facility in Des Moines, Iowa.

"It's so important to have the people in place and get the action in place quickly. Otherwise you could be down a lot longer, you could experience a greater loss, you could also experience some pollution problems," she said. **BI**

Informed

Continued from page 1

"In the managed care model, the consumer is usually not paying enough of the bill to exercise some value judgment," said the benefit manager for another large East Coast company planning to implement CMR's medical decision support service.

"The advent of managed care has really degraded the consumer's judgment calls. People are less critical of the recommendations doctors make if they only pay a small portion of the cost of those recommendations. I don't think patients ask enough questions, because they don't have enough of a stake in it," said the benefit manager, who asked not to be identified.

By contrast, under a more consumer-driven health care model, "We give them lots of education. The objective is to help make our employees more conscious of their health care purchasing choices—not just at the insurance plan level, but at the health care delivery level," the benefit manager said.

"It also gets to the whole patient safety issue," said Tom Beauregard, a consultant at Hewitt Associates L.L.C. in Rowayton, Conn.

"We're killing people by accident in this country," he said, referring to a recent National Academy of Sciences report that found that medical errors result in tens of thousands of deaths each year and untold unnecessary health care expenditures.

Indeed, in the next decade, employers will focus more on helping their employees avoid medical errors by equipping them to better question their prescribed care, as such an approach can reduce the overall cost of health care, predicts Helen Darling, a senior consultant at Watson Wyatt Worldwide in Stamford, Conn.

While, on the surface, services like those provided by CMR may seem adversarial to managed care, they actually can facilitate its objectives by making employees more comfortable

with the recommendations of managed care plan physicians, said Larry Bussey, communications director for Ceridian Performance Partners, a work-life program vendor in Minneapolis, which in March will begin marketing CMR's medical decision support service as part of its services.

"If you go to any managed care plan and you speak with a physician and he says there's two options, one being less costly, and he recommends the less costly treatment, you're going to question that more than if the recommendation comes from outside the plan," he said. "CMR provides an independent perspective."

Furthermore, "medical decision support doesn't make recommendations; it just provides information and lets the patient decide," he added.

CMR was founded in 1996 by David Hines, a former executive of Franklin Health, a New Jersey-based medical case management firm, using Harvard Medical School staff physicians to deliver patient education services.

Mr. Hines said he formed the Duxbury, Mass.-based company because he "was frustrated by the lack of information available to patients. So I set out to build a product to help people who are sick and needed to make a decision on a short timetable."

"This is really a patient-empowerment approach," he said.

Employees or their dependents can access CMR's medical decision support service after being diagnosed with one of 33 types of illnesses and medical conditions, including cancer, multiple sclerosis, HIV and the need for a transplant. A team led by a practicing Harvard Medical School physician then assembles a customized report on the condition and provides counseling over the phone. The report includes, among other things, the top-10 questions patients ask about the condition as well as data on best practices and outcomes.

CMR provides employers with a hold-harmless agreement to protect them from liability. The firm has professional liability insurance simi-

lar to that purchased by utilization review firms, according to Mr. Hines. CMR's coverage is underwritten by Lexington Insurance Co., a unit of New York-based American International Group Inc.

While the primary objective of CMR's service is to provide information to help patients make better-educated health care purchasing decisions, it also can reduce health care costs for its employer clients, according to Mr. Hines.

He cites as an example the case of 58-year-old husband of an employee

'A lot of patients are out there grabbing information off the Internet that doesn't pertain to them,' says David Hines.

who had been misdiagnosed as having Parkinson's disease. When CMR physicians found that he had never tested positive for the condition, he was taken off the medication, which was costing the employer more than \$1,700 per year. And the patient's family was saved the cost of remodeling their home to add wheelchair access, which eventually would have been necessary had he been afflicted with Parkinson's. When the patient sought a second opinion, he learned he was suffering only from benign hand shaking, for which no treatment was necessary, according to Mr. Hines.

CMR's service costs large employers between 80 cents and \$1.35 per employee per month.

Because CMR is only four years

old, it has not yet generated a large enough sampling of users' experience to provide accurate cost-savings estimates, Mr. Hines said. Even so, the results so far are surprising, he noted.

Of the more than 80 Honeywell employees and dependents who have used CMR's service since the company implemented it in July, 10 have changed doctors after reviewing information CMR provided, according to Mr. Marcotte.

"It's gotten them either very comfortable with the treatment recommended or made them change doctors or treatment or both," he said.

Another employer, The Bessemer Group Inc. of New York, has had a similar experience since it started offering its 400 employees access to CMR's service four years ago.

"We had an employee with a brain tumor whose doctor wanted to operate," recounted Maria Freitas, human resources manager.

After reviewing the materials provided by CMR, the employee sought a second opinion and learned that if the tumor wasn't malignant or growing in size, it was better left alone, as surgery could result in paralysis or other negative side effects, Ms. Freitas said.

Now that employee takes pain medication, which is far less expensive than the cost of surgery, she said, not to mention the cost to the company of lost productivity should the employee have been incapacitated.

While CMR's service is a cost-saver, it's also "good PR for the human resources department," points out Bart Sharp, senior vp-human resources at The Bessemer Group. "We have a managed care program, but this gives employees the ability to ask some questions that they never would have thought about asking."

And even though a lot of the information CMR provides is already available on the Internet or from other sources, such as medical school libraries, "most people don't have the time or the inclination" to sort through it, he said.

In addition, they may need an intermediary to serve as a translator, Mr. Hines pointed out.

"A lot of patients are out there grabbing information off the Internet that doesn't pertain to them," because they're often "not conversant in the terminology," he explained.

So far, the only shortcoming that Honeywell's Mr. Marcotte has found in CMR's program is the fact that it currently is available only for serious conditions.

Responding to this need, Mr. Hines already is working on adding a module for less-serious, chronic conditions such as asthma, diabetes, hypertension and heart disease.

While CMR is among the first companies to market patient education services to employers, many health care industry observers anticipate others are likely to sprout up in response to the increasing demand for patient education.

A new breed of Internet-based intermediaries will provide the support patients need to make better medical decisions, predicts Regina Herzlinger, a Harvard Business School professor who is writing a book on consumer-driven health care.

"The quality of information on health care available today is laughable," she said.

And Hewitt's Mr. Beauregard said, "There needs to be more information on health care delivery—not just on insurance plan design—to make a consumer-driven health care model work." **BI**

Plans

Continued from page 1

critics often miss in their analysis of the financial impact of cash balance conversions on employees are the other benefit changes that are simultaneously taking place.

If only the switch to cash balance from traditional plans is taken into account, the conversion to typically does in fact generate substantial cost savings. According to the study, the change to cash balance plans cut pension costs by an average of 10.3%.

But when the impact of other plan changes are considered, principally adding or beefing up defined contribution plans, especially 401(k) plans, average conversion-cost savings amount to just 1.4%.

Watson Wyatt consultants say they hope the survey puts to rest the impression that employers are implementing cash balance plans solely to slash costs.

"To say that dramatic cost savings is the motivation behind the majority of conversions simply is not correct. The facts, rather than impressions based on one or two entities, speak for themselves," said Eric Lofgren, Watson Wyatt's director of benefit consulting in Philadelphia.

To be sure, Mr. Lofgren said, some companies converting to cash balance plans have cut benefit costs, and some have communicated benefit changes to employees in what Mr. Lofgren described as "too rosy" a manner. But, he added, "The generalization that companies typically are adopting these plans to cut benefits is proven false."

What the study did find is that cash balance plan conversions result in a significant redistribution of benefits, with younger, shorter-service employees receiving greater benefits than they would have un-

der the prior traditional plan and longer-service employees receiving reduced benefits.

On average, the study notes, a typical 40-year-old leaving a company after 10 years of service will receive a cash balance plan benefit 2.4 times greater than the benefit he or she would have received under the traditional plan.

On the other hand, the average 60-year-old with 30 years of service would receive only 78% of the benefit he or she would have gotten under the prior plan.

In short, the study notes, the "cash balance phenomenon is not

'Is it fair to maintain a plan where 90% of the benefits go to 10% of the participants?' asks Eric Lofgren of Watson Wyatt.

about reducing costs. It is about redistributing retirement dollars more democratically among workers and using retirement programs more effectively to meet long-term workforce needs."

This benefit redistribution is part of growing corporate recognition that too large a percentage of a pension plan's benefits were flowing to too small a percentage of the workforce, Mr. Lofgren said.

"Is it fair to maintain a plan where 90% of the benefits go to 10% of the participants?" Mr. Lofgren asked.

Where companies have significantly cut benefits and costs in cash balance plan conversions is the area of early retirement subsidies, which often are being eliminated. Under such arrangements, employees who complete a certain number of years of service, for example, or have

achieved a certain combination of age and service can immediately receive a pension with no actuarial reduction for age.

But the study notes that the elimination or reduction of early retirement subsidies isn't surprising at a time when, due to a labor crunch, companies cannot afford to encourage their most experienced workers to leave.

Much of the backlash against cash balance plans, in fact, has come from workers who expected to qualify for early retirement subsidies. For example, International Business Machines Corp. faced a revolt by longer-service employees last summer when it set up a cash balance plan to replace a traditional plan that provided full pension benefits to employees—regardless of age—who completed 30 years of service.

In the face of that revolt, IBM agreed to more than double the number of employees who could remain in the old plan.

While longer-service employees can face benefit reductions when their companies switch to cash balance plans, overall, most workers receive greater benefits, the study found.

For example, in analyzing a representative cash balance plan conversion where an employer attempted to keep costs neutral, the study found that 80% of participants would earn greater benefits under the new plan compared with the prior plan.

Copies of "The Unfolding of a Predictable Surprise: A Comprehensive Analysis of the Shift from Traditional Pensions to Hybrid Plans," can be downloaded from Watson Wyatt Worldwide's Web site, www.watsonwyatt.com. Free printed copies will be available in mid-March by calling 1-800-388-9868.

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Every picture tells a story

It is that time of year, once again, when the Academy of Motion Picture Arts & Sciences releases its nominations for the Academy Awards and I realize how much I need to get out of the house more.

Every year, I go through the painful ritual of reviewing the list of nominees and realizing how few of these movies I actually saw in the previous year. Of the five films nominated for best picture last week by the Academy, I saw zero. Best actor category: zero. Best actress: zero. Best screenplay: zero.

What happened to "Toy Story 2," "End of Days" and "Bowfinger"?

As I delve deeper into the list of nominations, however, I am rescued from certain gloom by the discovery that I have seen a few movies that actually were nominated for one award or another—maybe not the big marquee awards, but awards nonetheless.

Take, for example, one of the nominees for best original song: "Blame Canada" from "South Park: Bigger, Longer & Uncut." I not only saw the movie but was moved to tears by the haunting beauty of this anthem.

As for best sound effects editing, I actually saw all three nominees: "The Matrix," "Fight Club" and "Star Wars: Episode I—The Phantom Menace." If it weren't for the din of people loudly pawing their popcorn, I'm sure my ear would have picked up the nuanced quality of the sound editing. From what I could hear, though, it sounded just fine.

OK, so maybe I can pick a winner at the box office after all. Perhaps my record is improving and this year I will actually see a movie that ends up being nominated for best picture, rather than only those nominated for speedy release to video.

In spite of my limited exposure to the current crop of potentially award-winning movies, I feel that many of this year's films offered story lines remarkably similar to industry events with which we are all familiar. If you suspend your disbelief for the next three minutes, I'm sure you'll agree.

Take for example:

- **"Unicover Club."** The first rule of Unicover Club is you don't talk about Unicover Club, says a hustling young reinsurance executive who looks like Brad Pitt. But, of course, someone leaks information about this bizarre and perverse club. And the wildly leveraged workers comp pool quickly unravels into a tragic and violent morass of litigation. Several critics were appalled by the subject matter, so the film garnered few nominations.

- **"North American Beauty."** This film tells the story of the dark underbelly of consolidation, as Bermuda insurer ACE Ltd., facing a midlife crisis, makes a bold move to expand in the United States with its acquisition of CIGNA's property/casualty operations. This move results in tragic consequences, however, in the form of a dramatic plunge in its stock price.

- **"Being Warren Buffett"** is the story of a low-level New York stock analyst who discovers that behind her Bloomberg terminal is a portal into the mind of the Wizard of Omaha. People flock to enter this dimension in the hope of experiencing Mr. Buffett's greatness and picking up some stock hints. But instead of learning why Berkshire Hathaway stock is trading down about \$35,000 per share, they instead wind up with brain freeze from the copious amount of Dairy Queen products consumed by the title character.

- **"The Hurricane"** portrays the struggle of a Miami housing contractor to avoid prosecution and a lengthy prison term when his failure to adhere to building code comes to light after a cyclone reduces his structures to toothpicks.

- **"The Sixth Sense"** is the eerie story of a young underwriter who is haunted by an apparition of a hardening property/casualty market, yet, having never seen one firsthand, does not understand what he is seeing. His failure to recognize and heed the ghostly warnings from the past result in ruin.

- **"The Matrix."** This high-tech adventure film explores a young hotshot insurance marketing executive's voyage of self-discovery. The executive comes to realize that the entire world has gone digital except for him. His Zen-like struggle to master and conquer this Internet thing keeps audiences glued to their seats but fails to woo many critics.

Best of luck to these Oscar contenders, which no doubt will turn up on your video store shelves real, real soon.

Editor Paul D. Winston's Commentary appears fortnightly. He can be reached at pwinston@crain.com.

Lamel

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director, held the position for 24 years. It took seven months for RIMS to find and hire Ms. Lamel after Mr. Ricci's departure. Prior to joining RIMS, Ms. Lamel held several insurance industry positions, including serving as president of The College of Insurance in New York from 1983 to 1988 and as deputy superintendent of the New York State Insurance Department from 1977 to 1983.

RIMS President Susan Meltzer, who also is assistant vp-insurance and risk management at Sun Life Assurance Co. of Canada in Toronto, said Ms. Lamel was told last October that RIMS would not be renewing her contract. "We were trying to work out an extension," said Ms. Meltzer, but when terms could not be reached, both sides agreed "it would be a good time to part ways."

Ms. Lamel confirmed that she and the society were unable to strike a deal that would have kept her at work through the conference week.

The 50th anniversary conference won't be hobbled by the loss of the society's executive director, said Roger Andrews, RIMS' first vp, who is general counsel/director of risk management at E.D. Bullard Co. in Cynthiana, Ky.

"As great a lady as Linda is," her departure won't diminish the event, Mr. Andrews said. "The conference won't miss a step."

Meanwhile, RIMS is gearing up to find a successor.

A task force has been established to determine the skills a new executive director should possess. Ms. Meltzer said those qualifications are not yet completely defined.

The society would like to have someone who has "a presence with the membership," Ms. Meltzer noted, and someone who can continue to develop the relationships RIMS has established with other associations.

Ms. Lamel helped forge those relationships, and she was praised for that and other accomplishments since coming on board less than two months before the society's 1997 conference in Atlanta.

The executive director "fulfilled

everything we wanted," Ms. Meltzer emphasized. "There is nothing negative to say about Linda Lamel."

"I think she did a good job for us during her tenure," said W. Michael McDonald, the executive council's vp-governance and secretary. He is director of risk management at Walter Industries Inc. in Tampa.

Ms. Lamel was hired to "make a lot of changes, and she accomplished that objective, and the society is looking for someone different to lead us into the new millennium," Mr. McDonald said.

"I have great respect for Linda,"

'I like to work where I can make a difference,' says former Executive Director Linda Lamel. 'I think I did that.'

he said, crediting her with a number of achievements, including establishing the Fellow in Risk Management designation, participating in the publication of two quality scorecards that graded risk managers' business partners, and improving the quality of the RIMS staff.

"I'm celebrating my 30th anniversary as a RIMS member, and no one can touch the people we've got now," Mr. McDonald said.

Ms. Lamel staffed a communications department at RIMS, and one of her objectives was to raise the profile of RIMS and risk managers. RIMS had "a great deal of success in that area," she said, noting that it had received coverage in The Wall Street Journal, The New York Times, Forbes and other mainstream publications.

"We have established ourselves as a source" for information on topics related to risk management, Ms. Lamel said.

And the society is more visible in legislative matters, she said, noting the lobbying efforts at the society's first Washington fly-in, which was implemented during her term. "That was a real eye-opener for Congress," Ms. Lamel said, and it helped establish the society as a re-

source on workplace issues. "We did a lot on the OSHA bill and helped with the Y2K bill," she said regarding RIMS' participation in helping shape federal legislation of importance to employers.

"I did a lot of outreach to other organizations," Ms. Lamel said of her work to form ties between RIMS and similar groups. As a result, working relationships have begun with the American Society for Healthcare Risk Management, the Public Risk Management Assn., the Public Entity Risk Institute and others, she said.

Ms. Lamel said she is leaving an organization that has "a very solid base" and that faces the challenge of meeting the needs of a diverse constituency.

"A sea change has swept across risk management," she said. RIMS' membership, Ms. Lamel said, is no longer made up of risk managers whose jobs focus mostly on buying insurance. "A lot of (risk managers) have expanded, larger roles."

As for herself, Ms. Lamel said she would like to continue working in the insurance and risk management field.

While she isn't certain as to exactly what role she could play for an employer or whether she should offer her services as a consultant, the former executive director said she has ideas about how improvements in quality and the strategic uses of technology can help organizations.

"People are starting to take quality seriously," Ms. Lamel noted. Organizations are exploring ways of improving the quality of their operations—"They're starting to talk the talk," she said.

"I've really gotten very committed to that issue," Ms. Lamel said, and she is convinced that problems related to poor quality can be solved.

Leaving RIMS is bittersweet, she said. While she is ready to go "because that was the deal, and I feel good about what I've accomplished," Ms. Lamel added that "there are a lot of risk managers that I have come to respect and like a lot. And the staff here is one of the best I've ever worked with."

"I like to work where I can make a difference," Ms. Lamel said. "I think I did that." **BI**

Liability

Continued from page 2
not altered the product.

A statement by Rep. Rogan's office after the House approved his bill said the provision is designed to prevent "many 'deep-pockets' lawsuits aimed at multiple parties. Often, these suits attack multiple firms, regardless of harm, fault or involvement."

"That part of the bill certainly has a lot of support," said Amy Kimball, executive director of the Washington-based Coalition for Uniform Product Liability Law.

The measure is the second major product liability reform bill to win House passage this month. On Feb. 2, lawmakers approved a measure that would set a uniform 18-year statute of repose for liability claims relating to durable workplace goods (BI, Feb. 7).

Melissa Shelk, assistant vp-federal affairs for the American Insurance Assn. in Washington, noted that recent movement on the two bills followed the enactment of legislation that offered business some protection against lawsuits stemming from the Year 2000 computer problem, which never materialized as a major threat to the economy.

"The first six months of last year, everybody across the board was focused on the Y2K legislation, after

which the focus switched to other reform measures," said Ms. Shelk.

Lawrence Fineran, an assistant vp with the National Assn. of Manufacturers in Washington, said the bills' introduction "sends two messages: The House leadership views legal reform as important and, more importantly, I think, they chose these bills because of the bipartisan support for them."

Employer groups welcomed the House action but acknowledged the bill's uncertain future.

"Product liability continues to be

'Legal reform measures are always tough, and they're always going to be tough,' says Jim Anderson of the NAWD.

a concern for both small and large companies. It is reassuring to know that the House has seen fit to offer some relief," said Lance J. Ewing, chair of the Risk & Insurance Management Society Inc.'s External Affairs Team.

"However, my optimism fades rather quickly in recognition of how the White House has responded to similar bills. RIMS continues to keep a watchful eye on any form of liabil-

ity reform," said Mr. Ewing, who is also director of insurance and loss prevention for GES Exposition Service & Exhibit Group in Las Vegas.

As for what happens next, Jim Anderson, vp-government relations for the National Assn. of Wholesaler Distributors in Washington, said: "We mount an effort in the Senate. Our goal is to enact this legislation into law. Yesterday is one step up that ladder."

"Legal reform measures are always tough, and they're always going to be tough. I think it is important to remember what the administration has had to say about some of this in the past," he said.

Mr. Anderson noted that President Clinton had said in 1998 that he would not oppose a broader product liability reform bill that contained a product-seller liability provision similar to that in the small-business bill (BI, July 13, 1998). "The White House can call the sun the moon and the moon the sun all it wants, but there really isn't any basis for them to turn back now," he said.

"Of course, now we're all relying on the Senate to come through. We're all in support of getting incremental change this year," said Ms. Kimball of the Coalition for Uniform Product Liability Law. "It really has a lot to do with the timing on it and politically what's happening at the time." **BI**



Paul D. Winston

Integration

Continued from page 2

Employers, for their part, increasingly see integration as a cost-effective way to deliver competitive benefits. Such an approach can involve a variety of methods that link several areas, such as workers comp, long-term disability, group health and factors related to employee absence.

Treating each of those areas as separate is very inefficient, said William Molmen, general counsel for the San Francisco-based Integrated Benefits Institute. An integrated approach, he said, can reduce costs and promote productivity. And employers are increasingly recognizing those advantages, he said.

"What we are seeing now, from our viewpoint, is that the clients are driving interest, and vendors are hurrying to catch up with the right products," Mr. Molmen said. "There has been a shift."

The IBI is a membership organization dedicated to furthering benefits integration and to providing information on the issue. Its members include employers and insurers.

A growing demand for quality employees also will spur employers to integrate benefits in some form, said April Cox, manager of membership, disability and life services for Electronic Data Systems in Plano, Texas. As employees increasingly become an irreplaceable resource in high demand, employers will become ever more resourceful at keeping them healthy and productive.

EDS has about 65,000 employees nationwide. The business technology services company now is phasing in an integrated approach to disability, which includes centralizing the reporting of disability absences, whether they stem from occupational or non-occupational factors. The company also has centralized its use of disability vendor services.

Some form of benefits integration appears to be on the minds of many employers, Mr. Molmen said, judging by his organization's rapid membership growth.

Employer membership has grown to 120, up from 30 a year ago, Mr. Molmen said, although he noted that part of that growth can be attributed to IBI efforts to target employer membership.

But there is additional evidence, he points out. Of 700 agents and brokers polled nationwide for a soon-to-be-released IBI survey, 52% said that their clients are now interested in integrated benefits. Additionally, a survey last year of about 800 employers nationwide found that 45% of the respondents want to explore or implement benefits integration. Among those who are interested in benefits integration, 70% want to include an absence management program to address the time employees spend away from work on family and medical leave, taking sick days and for other reasons, Mr. Molmen said.

But in spite of growing employer interest, plenty of vendors are leaving the benefits integration market, according to a recent IBI market review. IBI annually publishes a list of integrated benefits programs available from a wide variety of vendors. The compilation includes insurers, third-party administrators and other industry organizations.

There currently are 94 vendors listed, about 60 of which offer programs that include hands-on management of employees. Others provide facilitative support, such as consulting services or reinsurance.

In the past year, 25 vendors have added information about their programs to IBI's compilation. Yet there were also 17 companies that withdrew their listings during the same period.

Over the three years prior to the 17 withdrawals, only 13 companies had removed their listings.

A shakeout is taking place, Mr. Molmen said. Some companies have left the business due to mergers and acquisitions. Others are managed care companies that have been leaving benefits integration focus on their core operations.

That finding is consistent with a Milliman & Robertson Inc. survey of health maintenance organizations, said William L. Granahan, manager of Milliman & Robertson's risk management consulting practice in Worcester, Mass. The soon-to-be-released study found that many managed care companies have lost interest in benefits integration because of their poor financial condition. Those companies are too busy trying to shore up their core offerings.

"The health insurance community right now doesn't have the time, the

resources, or the mind-set to look at new products and services when they are not surviving their current products and services," Mr. Granahan said.

Mr. Granahan said he, too, is hearing of employer demanding for benefits integration. Yet, at this point, it is difficult to talk to HMOs about broadening their services to include care for occupational injuries, he said.

Some of the managed care companies began offering benefits integration services a few years ago, when workers compensation and group health insurance prices were dropping. Consequently, there were few buyers, and many companies opted to drop the programs and concentrate on other areas.

But some companies, such as Aetna Inc. and CIGNA Corp., remained in the business and took advantage of the soft-market environment to refine their offerings, Mr. Molmen said.

For 2000 business, CIGNA IntegratedCare has seen a 60% increase in employer demand over 1999, said Joseph Braunstein, CIGNA senior vp in Philadelphia.

There is a demand for products and services that link occupational and non-occupation disability management, he said. But the more aggressive, emerging trend calls for products and services that link disability duration management with overall health care. The desired goal is to lower health care costs while keeping employees productive and on the job.

While some health insurers have lost interest in benefits integration, increasing employer demand will likely pull them back in, EDS' Ms. Cox said.

EDS itself has not yet included health plans in its integration program, she said. But, she added, the company eventually plans to ask its health insurers to get involved in its return-to-work efforts.

Ms. Cox said she believes that integration efforts will succeed only if they include coordinated medical care. For now, though, many employers still must iron out internal issues, such which side of the house—risk management or benefits—will oversee integration efforts.

"It's an evolving process," she said. "A little more evolves each year." **BI**

Balance urged in blend deals

By GAVIN SOUTER

NEW YORK—Policyholders that buy integrated insurance programs gain more-predictable protection, but often they do not save any money, said E. Randall Clouser, president of Zurich Corporate Solutions, a New York unit of Zurich Financial Services Group.

To achieve both the protection and also cost savings, policyholders should include non-traditional risks in an integrated package, he said.

But the more extensive integrated packages need to be carefully balanced and constructed, he said.

The growing number of customers that are using integrated risk financing structures generally start out with an integrated insurance program that has a single aggregate limit for, say, property/casualty and executive protection coverages, said Mr. Clouser at a meeting of the APIW, an association for women in insurance, in New York last week.

Once risk managers move away from traditional monoline coverages for individual exposures, they start to look at a wider array of risks, he said.

Convergence of financial prod-

ucts is driven "by corporate customers that are more demanding, savvy and are looking at the risks of their corporations in a different way," Mr. Clouser said.

Most of the 40 integrated risk financing programs that Zurich has structured have been integrated insurance programs, but a growing number of the programs are including risks that are not traditionally insured, such as foreign exchange risks, he said. Currently, about 80% of the integrated programs that Zurich Corporate Solutions structures include a non-traditional exposure, Mr. Clouser said.

And while integrated insurance programs are "cost neutral," the inclusion of non-traditional exposures can lead to cost savings, he said.

For example, Zurich constructed a package for a policyholder that was willing to assume a significant amount of total risk on its balance sheet, including equity market losses. The policyholder saved its overall costs for covering financial exposures by including the equity risk in the insurance program, Mr. Clouser said.

Previously, the policyholder had bought catastrophe coverage for

traditionally insured events and hedged in the financial markets against catastrophe equity losses. "If you look at hedging equities on a stand-alone basis, they may have a situation where their equity portfolio is down but their other exposures perform better, so they would have overhedged the equity portfolio when they had the balance sheet capacity to take it," he said.

But, he cautioned, the traditional insurance risks and the other financial risks must be balanced. "You can't put \$10 million of insurance risk with \$100 million of currency risk," Mr. Clouser said.

In assembling the programs, policyholders need to pull together different departments within their organizations, he said.

The programs need to be worked on by the treasurer, the risk manager and other financial managers, such as foreign exchange managers, Mr. Clouser said.

"We've had transactions that have taken a year. They move as quickly as the client is prepared to commit the resources to the project. We can underwrite them and structure them in the same time it takes for a traditional program," Mr. Clouser said. **BI**

Updates

Insurers sue dialysis provider

Continued from page 2

and Guardian Life Insurance Co. of America sued Fresenius and several of its units in federal court in New York last month.

The complaint alleges that dialysis provider National Medical Care Inc.—which Fresenius acquired from W.R. Grace & Co. in 1996—defrauded insurers starting in 1987 by submitting false claims for unnecessary tests and by paying kickbacks to clinic owners and operators to use NMC services. The charges mirror those in a pending lawsuit filed in 1997 by Aetna Life Insurance Co. (BI, Jan. 19, 1998). The latest group of insurers, like Aetna, is represented by the New York law firm Kornstein, Veisz & Wexler.

Fresenius last month agreed to pay a record \$486.3 million in fines to settle federal civil and criminal charges that NMC defrauded Medicare (BI, Jan. 24).

In a statement, Fresenius Senior Vp John Markus called the latest complaint a "piggyback lawsuit" that is unlike the government's Medicare case "because virtually all of the issues covered by the government settlement related to rules and procedures specific to Medicare and other federal programs."

"The government has also acknowledged that Fresenius took immediate steps to identify and end unacceptable business practices when it acquired NMC," Mr. Markus said.

PBGC assumes HIP shortfall

WASHINGTON—The Pension Benefit Guaranty Corp. is taking over the underfunded pension plan of Health Insurance Plan of New Jersey, an HMO that collapsed last year and was dissolved by state regulators.

The HIP pension plan has liabilities of \$22.5 million and assets of \$13.6 million, with the PBGC picking up the funding shortfall of roughly \$9 million. The plan has 1,622 participants.

At the time of its takeover by New Jersey insurance regulators, HIP was the state's fourth-largest HMO, with 194,000 enrollees.

Patient bill nearing passage

OLYMPIA, Wash.—Patient protection legislation in the state of Washington is one step closer to becoming law following the overwhelming approval of a bill last week by the House.

The 92-3 vote in the House follows the 48-1 state Senate approval last month of a similar bill (BI, Jan. 31). Differences in the two bills must be reconciled by a conference committee before going to Gov. Gary Locke.

In January, during a state-of-the-state address, the governor said he supports creation of a patients' bill of rights law. His criteria for signing a bill include a requirement that a patient seeks external review of a denied claim before filing legal action, a spokeswoman for the governor said. Both the House and Senate bills have such a provision.

With three weeks left before legislators adjourn, "we're pretty optimistic" that they will present the governor with an acceptable bill, the spokeswoman said.

Unified building code proposed

TALLAHASSEE, Fla.—Florida may have a uniform building code early next year.

The Florida Building Commission approved a final draft of a code that requires homebuilders to install hurricane shutters or impact-resistant glass on new construction in areas where wind speeds historically have exceeded 120 miles per hour. The code—which would take effect Jan. 1, 2001—must be passed as law and signed by Gov. Jeb Bush to become effective. The proposal has not yet been introduced in bill form.

Insurers fought for the requirement against homebuilders who lobbied to have the wind speed threshold set at 130 miles per hour. A higher threshold would have required builders to install the protection on new construction in a much smaller area.

"All it really does is change the venue of the debate from the Building Commission to the Legislature," said Keith Lessner, chairman of the Insurance Building Code Coalition, a national group of insurance industry associations. "For those that believe the strongest protection possible is better for the people of Florida, the battle doesn't stop here," said Mr. Lessner, who also is vp-safety and environment at the Alliance of American Insurers in Downers Grove, Ill.

Briefly noted

The House Judiciary Committee expects to vote March 1 on a bill that would create a federally administered **asbestos compensation fund** to settle claims brought by victims of asbestos-related diseases. The measure, the Asbestos Compensation Act of 2000, is a substitute for the Fairness in Asbestos Compensation Act of 1999, both of which were sponsored by Judiciary Chairman Henry Hyde, R-Ill. (BI, July 5, 1999). The committee had planned to vote on the new measure last week, but the vote was postponed twice as committee members dealt with other issues. . . . **Pricewaterhouse Coopers L.L.P.** last week said it will separate its human resources consulting practice from the organization's audit and tax practice. . . . The American Bankers Assn. called last week for the establishment of a **federal insurance commissioner's office** that would oversee federally chartered insurance companies. Under the ABA proposal, the commissioner would have the authority to establish standards to assure that federally chartered insurers operated "safely, soundly and fairly" but would not have power over forms and rates. . . . A proposed \$120 million acquisition of Tampa, Fla.-based **HealthPlan Services Corp.** by Dallas-based health insurer **UICI** has received approval by both companies' boards. Combined, UICI and HealthPlan Services' third-party administration operations would handle more than 20 million claims annually. . . . A court in Hamburg, Germany, has approved the extradition of **alleged swindler Martin Frankel** to face charges of defrauding several insurers in the United States. Germany's Justice Ministry must still approve the extradition.

Laws

Continued from page 1

Legislature to not enact a liability bill. His reason is that Vermont already has strong patient protection and opening up more lawsuits on plans, and employers could only drive the price up higher. And Gov. Dean has pledged that before he leaves office he wants to cover every child in the state," said Ms. Laudicina.

Another area in which the two goals conflict is that of drug formularies, said Ms. Laudicina. She pointed out that, faced with rising prescription drug costs, large employers are encouraging employees to use formulary and generic drugs. But measures that would weaken the cost effectiveness of such an approach were enacted in 10 states last year, she said. Those measures include requiring managed care plans to cover non-formulary drugs under some circumstances and restricting the use of generic drugs. "Here you have a direct clash" between employers' attempts to hold down costs and legislatures—responding to providers, drug manufacturers and others—efforts to require coverage, said Ms. Laudicina.

The Blues' survey of its member plans showed that managed care plans are being targeted by state lawmakers from a variety of angles, said Ms. Laudicina.

The "most contentious" effort was the push to allow participants in managed health care plans to sue plans for damages, said Ms. Laudicina. Although such liability-extending legislation came before 40 state legislatures, only three states—Texas, Louisiana and Georgia—have enacted laws

so far, she pointed out. Nevertheless, the Blues expect at least 12 other states this year to "seriously consider" legislation that would permit suits against plans.

But "many states, like Vermont and Virginia, are turning to alternatives," such as requiring mandatory external review, said Ms. Laudicina. "External review could pass in up to a dozen more states," she predicted.

According to the survey, the 14 state external review laws enacted last year took a variety of approaches. Several of the laws allow the plans themselves to choose the independent external review organization from a list approved by the state insurance

The Blue Cross & Blue Shield Assn. expects at least 12 states this year to 'seriously consider' legislation that would permit suits against health plans.

department. Other laws limit the number of external reviews per case.

State benefit mandates were also popular in state houses last year, though perhaps not to the degree seen in recent years, said Ms. Laudicina.

"I'm not saying love of mandated benefits has abated—they've just metamorphized," she said, noting, for example, that bills requiring plans to pay for a specified minimum stay for mastectomy patients, very popular a few years ago, are no longer a major issue.

Bills that called for various forms of mental health coverage parity were introduced in more than 30 states, but were enacted by only 10, according to the Blues survey. And the scope of the new laws varied considerably. For example, five of the new laws exempted from parity requirements employer groups below a certain size.

States also grappled with the question of whether plans should be required to pay for patient care costs incurred during participation in clinical trials. Five states passed such legislation, and another eight will "seriously debate" the issue this year, said Ms. Laudicina.

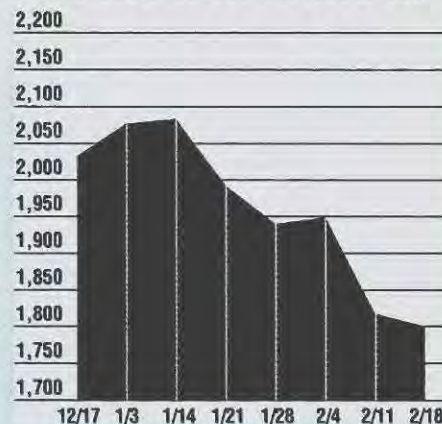
Not all attempts to mandate coverage succeeded, she noted. For example, New Jersey's Republican Gov. Christine Todd Whitman used a pocket veto to kill a measure that would have required plans to cover fertility treatments, said Ms. Laudicina.

Another controversial issue that arose last year was allowing physicians to circumvent antitrust laws and collectively bargain with health plans. Thus far, only Texas has enacted such legislation, but Ms. Laudicina predicted that physicians in nine other states will mount "strong efforts" to achieve the same goal this year.

Fourteen states passed laws addressing the expansion of coverage were passed last year, with more expected to follow suit this year, said Ms. Laudicina. The methods varied widely, from offering tax incentives employers and the self-employed to subsidizing costs of private health insurance for the working poor.

For further information on the report, please contact Bill Pierce at 202-626-4818.

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: CNET Investor (investor.cnet.com) Boulder, Colo.

PCS catastrophe options

As of Jan. 21	Call spread	Price bid/ask	Call spread	Price bid/ask
National Annual 2000			California Annual 2000	
60/80	5.0/—		150/155	0.1/0.3
100/150	7.5/—		Western Annual 2000	
150C	6.0/—		150/155	0.2/0.4
190/195	0.3/0.5		300/350	0.5/—
200/250	3.7/—		Eastern September 2000	
			40/60	1.5/—
			80/100	1.0/—

Total volume: 0 Total open interest: 792

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.

Source: Chicago Board of Trade

British Issues

Companies	Price	P/E	Div. %	Yield %	52-week high-low
Legal & Gen	150	18.5	3.6	2.4	237-130
Royal & Sun	348	12.2	23.0	6.6	633-313

Brokers

Brokers	Price	P/E	Div. %	Yield %	52-week high-low
Lmbrt Fenchurch	142	14.0	4.2	3.0	145-58
JLT	255	11.2	12.0	4.8	286-166

Note: Prices are Feb. 18 closings; other numbers from Feb. 17.

Source: CNET Investor (investor.cnet.com) Boulder, Colo.

Treatment

Continued from page 2

There is "virtually no scientific evidence that high-dose chemotherapy and bone marrow transplants for women with breast cancer is effective," Dr. Carver said. By approving the treatment only within the context of clinical trials, "we can help answer the question (of its effectiveness) and get on with this," he said.

Dr. Carver noted it was recently learned that a South African study that had showed some promise for the value of the treatment had fabricated its results.

Meanwhile, four other studies that were presented along with the South African study at the annual meeting in May of the

Alexandria, Va.-based American Society of Clinical Oncology "showed, at best, equivocal results" for the treatment when it was compared with the standard treatment of chemotherapy alone, Dr. Carver said.

Even before the South African study was repudiated, requests for approval of the combined bone marrow/chemotherapy treatment had dropped dramatically at Blue Bell, Pa.-based Aetna U.S. Healthcare last year because of the other studies' findings, Dr. Carver said. He said they declined to a rate of about nine requests and approvals per month beginning in June, down from a rate of 21 per month earlier in the year.

Other HMOs, though, said they plan to continue to offer coverage. A spokeswoman for Woodland Hills, Calif.-based Founda-

tion Health Systems Inc., said that, at this point, the HMO does not plan to alter its policy. "It's a decision, really, between the physician and the patient, and if the physician says it's medically necessary, then it is something we have covered in the past."

The spokeswoman added, though, that she expects physicians to "take seriously" the research that has come out over the past six months and advise their patients on the most-appropriate treatment.

A spokesman for Glendale, Calif.-based CIGNA HealthCare of California said that, nationally, CIGNA plans to continue to consider covering the treatment on a case-by-case basis. A spokesman for Louisville, Ky.-based Humana Inc. said that Humana also will consider approving the treatment on a case-by-case basis.

BI Industry Stock Report FEB. 14, 2000, THROUGH FEB. 18, 2000

BROKERS			Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)			
Aon Corp.	NYS	22.69	-5.22	-43.26	46.66	22.69	5862	Enhance Financial Services	NYS	12.00	-7.25	-26.15	27.38	11.88	1626	Selective Ins. Group	NDQ	15.38	2.50	-10.55	22.50	14.83	729
Clark Bardes Holdings	NDQ	14.25	-16.18	-0.87	21.00	11.63	98	Everest Reinsurance	NYS	26.13	16.76	17.09	35.88	20.50	2442	Terra Nova Ins Co. Ltd.	NYS	21.81	-3.86	-27.29	32.63	20.50	485
E.W. Blanch Holdings Jr.	NYS	46.13	-5.63	-24.69	71.75	46.13	189	Fremont General Corp.	NYS	7.56	13.08	2.34	23.25	4.69	841	Tokio Marine & Fire	NDQ	46.13	-4.90	-21.99	67.00	45.25	626
Gallagher Arthur J. & Co.	NYS	49.69	-8.41	-23.26	66.25	44.06	170	Frontier Insurance Group	NYS	2.81	7.14	-18.18	17.25	2.38	1067	Torchmark Corp.	NYS	19.88	-5.36	-31.61	38.00	19.88	2156
Hibb, Rogal & Hamilton	NYS	25.81	-1.67	-8.63	29.13	15.56	57	Gainco Inc.	NYS	6.19	1.02	15.12	6.94	3.94	107	Transatlantic Holdings	NYS	69.94	-1.84	-10.41	80.50	68.75	108
Kaye Group Inc.	NDQ	8.88	-1.39	5.97	11.88	5.00	14	Harleysville Group	NDQ	12.88	0.00	-9.65	22.25	11.63	133	Travelers Property Casualty	NYS	31.06	1.84	-9.31	41.88	27.69	1508
Marsh & McLennan	NYS	82.88	-1.85	-13.39	104.75	59.19	4736	HSB Group Inc.	NYS	24.50	-3.45	-27.54	42.25	24.50	561	Trenwick Group Inc.	NYS	13.50	5.37	-20.30	33.00	12.75	197
Brown & Brown	NYS	35.38	-5.74	-7.67	40.63	29.31	51	HCC Insurance Holdings	NYS	12.91	3.54	-2.84	25.13	8.00	510	Unico American Corp.	NDQ	6.50	-5.45	-7.14	13.13	6.19	25
BROKERS AVERAGE			-3.78	-1.95				ING Groep N.V.	NYS	53.81	8.30	-11.78	63.94	47.44	446	United Fire & Casualty	NDQ	20.13	-12.26	-11.05	33.00	18.75	5
								IPC Holdings Ltd.	NDQ	11.88	9.20	-20.17	22.50	9.75	746	Untrin	NDQ	34.44	-0.54	-8.47	42.38	30.50	283
								Hartford Financial Services	NYS	33.06	-4.51	-30.21	66.44	32.81	5654	UNUM Corp.	NYS	14.25	-2.15	-55.56	56.88	13.00	29333
								LaSalle Re Holdings Ltd.	NYS	12.19	0.52	-26.14	19.88	10.88	269	Vesta Insurance Co.	NYS	4.63	1.37	19.35	8.19	3.38	229
								Lincoln National	NYS	30.38	-5.81	-24.06	57.50	30.38	2437	XL Capital Ltd.	NYS	42.00	-4.55	-19.04	67.19	41.94	4141
								MAIC Holdings Inc.	NYS	16.88	-10.89	-20.35	30.53	16.88	152	Zenith National Ins.	NYS	19.44	1.97	-5.76	26.69	18.75	28
								Market Corp.	NYS	137.00	-5.84	-11.61	193.00	134.00	79	INSURERS/REINSURERS AVERAGE			-0.67	-11.60			
								MBA Insurance Group	NYS	39.31	0.32	-25.56	71.88	38.88	2805								
								Meadowbrook Insur. Group	NYS	4.88	-7.14	-25.71	17.13	4.75	153								
								MMI Cos. Inc.	NYS	9.25	-0.67	7.25	17.44	3.31	458								
								Mutual Risk Mgmt. Ltd.	NYS	14.88	-1.65	-11.52	43.25	9.81	1009								
								Navigators Group	NDQ	10.38	2.47	6.41	16.00	9.13	27								
								NYMAGIC Inc.	NYS	13.56	5.34	2.84	19.50	12.00	32								
								Ohio Casualty Corp.	NDQ	11.94	1.60	-25.68	21.00	11.13	1250								
								Old Republic Int'l	NYS	11.38	-1.09	-16.51	20.69	11.00	1485								
								Partner Re Ltd.	NYS	32.06	-4.29	-1.16	46.13	28.38	473								
								Penn-America Group Inc.	NYS	8.50	4.23	9.68	11.44	6.63	46								
								PMA Capital Corporation	NDQ	18.00	1.41	-9.43	21.13	16.00	62								
								Philadelphia Cons. Holding	NDQ	15.19	-1.22	4.74	25.50	10.81	158								
								PXRE Corp.	NYS	13.75	13.40	5.77	22.00	9.94	424								
								Reliance Group Holdings	NYS	6.06	6.59	-3.49	11.88	2.81	5180								
								ReliaStar Financial Corp.	NYS	30.06	-7.32	-23.29	49.81	28.72	2095								
								RenaissanceRe Holdings Ltd.	NYS	38.44	4.95	-5.96	43.19	30.00	204								
								Risk Capital Holdings	NDQ	14.25	0.44	12.87	22.00	11.00	47								
								RLI Corp.	NYS	30.63	-2.39	-9.93	38.81	27.88	87								
								St. Paul Cos.	NYS	23.63	-3.08	-29.87	37.06	23.63	3515								
								SCOR	NYS	47.75	-2.55	7.91	58.56	42.94	11								
								SAFECO Corp.	NDQ	21.06	-2.03	-15.33	46.75	21.00	3962								
								SCPIE Holdings Inc.	NYS	31.75	-6.27	-1.17	36.94	23.69	NA								
								Seibels Bruce Group	NDQ	1.66	-17.19	-5.36	6.25	1.47	104								

Top advancing issues: ACE Ltd., Everest Reinsurance, Acceptance Insurance Cos. Leading decliners: Siebels Bruce Group, Clark Bardes Holdings, United Fire & Casualty. Most active issue: Citigroup. The BI Index lost 0.95%; the Dow Jones 30 Industrials decreased 1.97%; the S&P 500 went down 2.96%, and the NYSE Composite lost 2.94%. Average P/E: Brokers, 17.5; Insurers/reinsurers, 16.5; HMOs, 13.8.

Source: CNET Investor (investor.cnet.com) Boulder, Colo.

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