

# business insurance

Reporting weekly for corporate risk, employee benefit and financial executives/\$1.50 a copy; \$52 a year

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## Structured settlement to end litigation against South Tucson

SOUTH TUCSON, Ariz.—The city of South Tucson will pay \$3.1 million in a structured settlement to an injured Tucson police officer who was accidentally shot by a South Tucson police officer during a mutual-aid response to an Oct. 11, 1978, shootout in South Tucson.

The settlement includes the transfer of a piece of city property to the plaintiff and the issuance of a \$1.5 million annuity. *Continued on next page*

## Employers prepare defense against assault on FSAs

By JERRY GEISEL

WASHINGTON—The Internal Revenue Service is stepping up its attack on flexible spending accounts, but employers are preparing a counteroffensive to rescue the tax-saving FSAs (BI, Feb. 20).

IRS agents, under orders from IRS headquarters in Washington, are fanning out across the Midwest to find employers that offer reimbursement accounts to their employees.

"There was a rush for information," said Bill Fernholz, manager of benefits and planning for Milwaukee-based Johnson Controls Inc., which started an FSA plan for its 7,000 salaried employees in January.

The IRS agent, who visited Johnson Controls three or four days after the IRS issued a news release Feb. 10 that implied that most forms of FSAs are invalid, wanted to know how the plan worked and how it compared with other plans sponsored by employers, Mr. Fernholz said.

Other employers say the IRS has asked them to turn over the brochures that they distributed to employees to explain their FSA programs. The agents are forwarding the brochures to Washington.

"The agent said the request (for the FSA booklet) came from Washington, which needed them for a survey," said Gene Mason, vp-taxes for First Bank System, a Minneapolis-based bank holding company that began an FSA program in January.

But consultants say that IRS agents, in some cases, want more than just brochures.

Dale Gifford, a partner with consultant Hewitt Associates in Lincolnshire, Ill., says some of the company's clients have been asked by the IRS to estimate the dollars flowing into the plans.

"The IRS wants to know how much money is involved," Mr. Gifford said. "They are fine-tuning their questions."

And there have been reports that the IRS had asked major benefit consultants to turn over lists of clients that sponsor FSAs or are about to begin FSAs. However, none of the major consultants confirmed that they were asked.

Meanwhile, employer groups, like the Assn. of Private Pension & Welfare Plans and the Employers Council on Flexible Compensation, are gearing up for a Feb. 28 hearing by the House Ways and Means Committee in Washington that will address the FSA tax

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## States betting on variety of work comp reforms

By CAROL CAIN

Looking for a good tip in the workers compensation arena?

The odds for 1985 favor an increase in state legislation calling for wage-loss systems, open rating, formation of state funds and revamped rehabilitation programs.

Workers compensation observers are betting that special studies under way this year in several states will produce these and other changes.

These study groups, appointed by the legislature or the governor in California, Hawaii, New York, Michigan, Maine, Massachusetts, Georgia, Tennessee and Washington, are looking for ways to increase workers' benefits while lowering employer costs.

Many of the states are doing a complete inside-out investigation, keeping all options open. None of the states has reached any conclusions yet, though Massachusetts and Maine hope to have their recommendations ready in April.

Several of the study groups aren't limiting explorations to their own states. They are crossing state lines to examine how other systems have worked—or failed.

The feasibility of converting to a wage-loss system will be a key area of study in both California and Maine.

Under the wage-loss concept, injured workers do not receive permanent partial disability benefits except for extreme impairment. Instead, benefits are paid only for

proven lost wages after an accident. If an injured worker returns to a lower-paying job, he or she would be compensated for the difference in salary.

Florida pioneered the wage-loss benefit system in 1979, and Louisiana adopted a similar plan last year.

In 1983, California employers paid about \$4 billion in workers compensation insurance premiums, "yet California's level of benefits for injured workers is low compared with other states," a recent Chamber of Commerce newsletter reported.

The Chamber, the California Manufacturers Assn. and the California Self-Insurers Assn., are behind a wage-loss system and are raising funds to push one through the Legislature (BI, Oct. 10, 1983).

A joint legislative study committee, created under legislative resolution ACR 49, met Feb. 16 to organize. It will spend the rest of the year looking not only at a wage-loss system, but also at the adequacy and equity of workers compensation benefits, related court cases and legislation and the effect of self-insurers on the system.

"It's wide open," said Casey Young, a principal consultant to the California Senate Industrial Relations Committee and the senior staffer on the joint committee.

At its first meeting, the study committee, which includes the nine members of the Assembly's workers comp subcommittee and the nine members of the Senate's Industrial Relations Committee, "heard the major

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Graphic: Amy Palmer

## Sorry, Charlie: City wants tougher safety plan

By STEVE TARAVELLA

LOS ANGELES—The city of Los Angeles is threatening to shut down a local tuna and pet food processing plant owned by Star-Kist Foods Inc. unless the company adopts a stringent safety and accident prevention program.

Citing the high incidence of serious employee injuries, the city is asking the Los Angeles Superior Court for an injunction to close the Terminal Island facility, which employs from 1,750 to 2,600 people, depending on the season.

During the past four years, on-the-job accidents at the plant have resulted in broken fingers, crushed hands, fractured arms, eye lacerations, finger and toe amputations and chemical burns.

"Their primary motive has always been to have maximum productivity, and it's fre-

quently at the cost of safety," says Jan Chaten-Brown, Los Angeles' senior assistant city attorney.

The safety program that the city wants Star-Kist to adopt in order to keep the plant open was jointly designed by the city attorney's office and the California Occupational Safety and Health Administration.

Among other things, the plan would require that Star-Kist:

- Maintain a full-time safety director.
- Establish a health and safety committee whose members will include representatives from both labor and management, and which will meet at least once a week.

Among the duties of the committee members are: periodic safety inspections of the fa-

cility; investigations into any instances of worker exposure to dangerous substances or noise levels; reviews of written reports prepared by the safety director; investigations into all employee reports of industrial injury, illness or hearing loss; promotion of health and safety education, including an analysis of initial training needs.



Graphic: Amy Palmer

- Recognize union-appointed safety stewards. One steward is to monitor and enforce safe working conditions on every shift.
- Post appropriate caution and hazardous condition signs in work areas.

- Conduct daily safety inspections of all machinery at the beginning of each shift.
- Train employees twice a month on the

safe operation of all equipment.

- Develop specific procedures for unclogging any machine that may jam during its operation, and allow only certain personnel to repair or unjam the machines.

- Provide prompt transportation and first aid to injured employees, including well-marked first-aid stations and easy access to first-aid supplies.

- Post explanations about an accident or injury within 24 hours of its occurrence, with instructions to other employees on how to avoid similar incidences.

- Provide a safety suggestion box in each department, with forms for employees to report safety problems.

Star-Kist has been cited for 151 violations of Cal-OSHA regulations and of California Business and Professions Code regulations over the past four years. Thirty-eight of these

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NEWSPAPER

## update

### South Tucson settles claim

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million municipal bond to cover some of the cost of the settlement. After the shooting, the city was hit with a \$3.6 million liability judgment that exceeded its annual budget by almost \$1 million. It ultimately filed for municipal debt readjustment Aug. 25 under Chapter 9 of the Federal Bankruptcy Act when it could not reach an agreement on how to pay the award (BI, Sept. 12).

The settlement, reached between the city and Roy Garcia Feb. 23 after an all-night negotiation session, is expected to be approved by the U.S. Bankruptcy Court judge this week, ending South Tucson bankruptcy proceedings.

South Tucson also was arguing the \$3.6 million liability judgment in trial court, but that motion has been vacated.

Mr. Garcia received a \$70,000 cash payment Feb. 23 and will receive five \$10,000 monthly payments beginning in seven months, plus \$40,000 a year for 10 years beginning May 1, 1986; a piece of property valued at between \$700,000 and \$1.2 million; and the proceeds from a \$1.5 million municipal bond issue if the city can sell the bonds by April 30.

If the city cannot find a lender by then, it will make annual payments to the injured police officer in the amount it would have paid to the bond lender, said Bill Walker, South Tucson's special city attorney with the firm of Stompoly & Even in Tucson.

The city also will pay an estimated \$150,000 to the Arizona Industrial Commission, which has paid out that much to Mr. Garcia in workers compensation benefits with the understanding that it would be reimbursed if there were an award or settlement.

Finally, the city has assigned 90% of any amount recovered in a suit that may be filed against an insurance agent who allegedly told the city it could only get a \$100,000 police liability policy—the amount of the policy written by Jefferson Insurance Co. of New York at the time of the accident.

Since the accident, South Tucson has increased its liability coverage to \$10 million.

### New chairman named at Jardine

SAN FRANCISCO—Harold R. Talbot, Jr., 47, is the new chairman and chief executive officer of Jardine Insurance Brokers Inc. in San Francisco, the 11th-largest U.S. insurance brokerage.

Mr. Talbot replaces Bernard H. Mizel, 47, who has headed the company and its predecessor firm, Albert M. Bender Co., through two acquisitions since 1966. "Mr. Mizel resigned to pursue personal interests," according to a statement issued by the company. There have been no other top management changes, said a spokesperson.

Since November 1982, Mr. Talbot has been a member of the executive committee of Jardine Insurance Brokers, a London-based unit of Jardine Matheson & Co. Ltd. in Hong Kong that includes all of the parent company's worldwide insurance operations, including the San Francisco operation. Previously, he was associated for 25 years with broker Marsh & McLennan Inc., most recently as managing director and area manager for Europe.

### Right to pension assets upheld

WASHINGTON—Time Inc. is entitled to all \$4 million in excess assets that remained after it terminated a subsidiary's pension plan, an appellate court says.

The U.S. Court of Appeals for the District of Columbia upheld a lower-court ruling that said Time, publisher of the defunct Washington Star, was entitled to the excess assets in the Star's major pension plan. Judge Barrington Parker previously ruled that the 987 participants in the Evening Star Employees' Benefit Plan had no right to a windfall resulting from overly generous employer contributions to the 63-year-old plan (BI, Jan. 23).

### FASB to separate proposals

STAMFORD, Conn.—The Financial Accounting Standards Board says it will conduct a separate review of a proposed rule that would move unfunded liabilities for post-employment benefits onto corporate balance sheets. It originally combined its suggestions on accounting for retirement life and health insurance with its controversial proposals on pension accounting.

Employers' complaints that the benefit issue was being "overshadowed" by the pension proposals prompted the board's decision to separate consideration of the two rule changes.

Under the proposal, employers would have to accrue the costs of retirement benefits during the working lives of employees. The unfunded portion would then be shown as a balance sheet liability. Most employers now fund these benefits as the costs arise.

Experts say the new liabilities could in some cases exceed companies' multimillion-dollar pension liabilities.

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# Marriott may sell captive

By RHONDA L. RUNDLE

LOS ANGELES—Marriott Corp. in Washington, is discussing the sale of its Bermuda captive insurance company with at least two reinsurance companies.

C.L. International Insurance Co. Ltd. was formed in 1977 and has been used primarily to reinsure its parent's workers compensation and other casualty risks. Today, it boasts assets of more than \$10 million and is managed by Pinehurst Management Co. in Bermuda.

John Woods, Marriott's director of corporate insurance, confirmed that the hotel and food service giant is involved in negotiations to sell its captive, but declined to be interviewed for this report except on terms unacceptable to Business Insurance.

Other industry sources helped piece together a general picture of Marriott's plans on the condition that they not be identified.

The company's decision to sell its captive is a re-

sponse to the competitive cash-flow financing alternatives now available through the commercial insurance market and to recent court decisions that favor for tax purposes the status of self-funded programs over captive insurance company programs, industry sources say.

Marriott also is known as a highly safety-minded company, which employs about 30 full-time safety professionals. The success of its loss-prevention program combined with its work force of about 100,000 probably makes it an attractive risk to the commercial insurance market, which would provide excess and umbrella coverages in a self-funded program.

Marriott's search for a prospective buyer for its captive is unusual because most other parent corporations have wound down insurance subsidiaries by letting the loss reserves run off over time or by selling outstanding loss reserves to an unrelated reinsurer.

The decision to sell the captive has several tax and  
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### BI appoints directory editor

CHICAGO—Marilou C. Jones, 26, has joined Business Insurance in the newly created position of directory editor in the Chicago headquarters, BI Editor Kathryn J. McIntyre announced.

Ms. Jones' primary responsibility will be the compilation and production of the 1984 Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services. The first edition of this directory was published last year and listed the key financial, risk management and benefits personnel at more than 1,300 major U.S. companies.



Ms. Jones

The 1984 edition of the directory will retain the format of the 1983 directory, but the number of companies listed will be expanded and each listing will include additional risk management and benefits personnel.

Ms. Jones received her bachelor's degree in music from the University of Iowa and her master's degree in music from Northwestern University in Evanston, Ill. Before joining BI, Ms. Jones was assistant to the editor and advertising manager at The Instrumentalist Co. in Evanston, Ill., where she compiled several directories annually.

The first questionnaires requesting information for the 1984 Business Insurance directory will be mailed in March. The 1984 directory will be available for purchase in August for \$40.

Ms. Jones can be contacted at 312-649-5279.

## Cities ordered to pay pregnancy benefits

By JERRY GEISEL

SANTA BARBARA, Calif.—The city of Santa Barbara says it is obeying a court order requiring it to pay equitable pregnancy benefits to the spouses of male employees who have given birth since 1979.

However, another California municipality is being sued by the Justice Department over the same issue.

Santa Barbara says it has complied with a consent decree obtained by the Justice Department that requires the city to retroactively increase the pregnancy benefits it paid to wives of male employees from 1979 to 1983.

But the city of Glendale, which says it also is paying retroactive pregnancy benefits to male employees' wives, is the target of a Justice Department lawsuit filed in U.S. District Court in Los Angeles because it would not sign such a decree.

"We're puzzled and stunned" by the suit, said Jack Hoffman, Glendale's personnel director, who said the city is doing everything the Justice Department wants.

Both cities became entangled with the Justice Department over their interpretations of the 1978 Pregnancy Discrimination Act. Santa Barbara and Glendale, as well as a number of private employers, believed that the act only required the employers' health plans to cover the pregnancies of female employees like any other employee disability.

But, shortly before the law's April 29, 1979, effective date, the federal Equal Employment Opportunity Commission issued guidelines that said the act also applied to the pregnancy benefits offered to male employees' wives.

The EEOC later sued a number of employers that refused to provide equitable pregnancy benefits to male employees' wives.

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### New deadline for captive manager directory

The deadline for returning questionnaires for Business Insurance's annual directory of captive management companies has been extended to March 15.

The original deadline of Feb. 20 has been changed to accommodate overseas companies that may have experienced a delay in receiving their questionnaires.

The directory will appear in a special report on captive insurance that will be published April 2 and distributed free at the annual Risk & Insurance Management Society conference in New York. The captive managers' directory is published as an editorial service; there is no charge for a listing.

If you have not received a questionnaire yet, call Diane Kastiel at Business Insurance at 312-649-5398.

## School board sues asbestos firms

By STEPHEN TARNOFF

CLEVELAND—The Cleveland Board of Education is the latest among a growing list of school districts and local governments to sue asbestos producers and marketers over asbestos found in municipal buildings.

### errors & omissions

• The Wyatt Co. maintains 48 benefit consulting offices, 24 in the United States and 24 abroad. The number of Wyatt's offices was incorrectly stated in the Dec. 19, 1983, issue. In addition, the conclusions reached regarding Wyatt's benefit consulting business in 1983 compared with 1982 were erroneous. Wyatt reported data on its worldwide operations in 1982 and reported data on its U.S. operations only in 1983; therefore the data was not comparable. BI regrets the errors.

In a 10-count complaint filed Feb. 15 in Cuyahoga County Court of Common Pleas, the Board of Education makes numerous allegations of disregard for health and safety by the companies stemming from the installation of asbestos products in the city's schools.

The suit, which names 28 companies, seeks \$20 million in actual and \$20 million in punitive damages.

Among the allegations contained in the suit are that the defendants:

- Failed to properly investigate or test the health impact on those who would foreseeably come into contact with the materials.
- Failed to properly design insulation and acoustical materials by substituting materials safer than asbestos.
- Failed to provide the Board of Education with proper, adequate and correct warnings concerning the health risks associated with asbestos products.

Because of these failures, the board estimates it will have to spend \$20 million for detection, analysis, abatement and removal of asbestos to restore buildings to a safe and reasonable condition, the complaint says.

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# Worker sues Aramco, charging that alcohol and Arabia don't mix

By DOUGLAS McLEOD

HOUSTON—If Robert Taggart had been arrested for moonshining in the mountains of Kentucky, he might have drawn only a light fine and a few chiding laughs from the locals.

Unfortunately, Mr. Taggart was arrested in Saudi Arabia, where he was sentenced to 200 lashes and a two-year prison term.

Now awaiting an appeal of the verdict in the Thuqbah Jail in Dhahran, Saudi Arabia, Mr. Taggart is suing his employer, the Arabian American Oil Co., claiming that Aramco encouraged its employees to operate illegal stills in the company compound.

The lawsuit, filed in U.S. District Court in Houston, seeks to recover \$10 million in compensatory damages and \$50 million in punitive damages on each of four claims against Aramco.

These include fraud and breach of the employment contracts of Mr. Taggart and his wife of 26 years, Mildred, who worked as a computer programmer in the company-run school system in Dhahran.

Mrs. Taggart has been refused permission to leave Saudi Arabia before her husband's appeal is decided.

Spokesmen for Aramco would not comment on the lawsuit, and an executive in the company's risk management and insurance division refused to give details of liability insurance that might cover an award to the Taggarts.

**Mr. Taggart's suit alleges that Aramco actually encouraged employees to distill their own spirits.**

Aramco—jointly owned by Exxon Corp., Mobil Corp., Texaco Inc. and Standard Oil Co. of California—has not yet filed an answer to the complaint.

Mr. Taggart joined Aramco in January 1978, working in the Houston office until August 1983, when he accepted a transfer to Dhahran as a division manager of the corporate services audit division, according to the lawsuit.

Before he accepted the transfer, Mr. and Mrs. Taggart say in the suit, they were assured by Aramco officials that employees lived "apart from Saudi life and citizenry" in the company's residential and office compound in Dhahran.

They also claim they were assured that Saudi laws forbidding the manufacture, use or sale of alcohol would be overlooked within the boundaries of the compound.

The lawsuit charges that Aramco actually encouraged the bending of that law by:

- Publishing and distributing a book entitled "The Blue Flame," which contained recipes for distilling alcoholic beverages.
- Providing stills for the use of Dhahran employees.
- Designing and building "still rooms" with water and electrical supplies for distillery operations.
- Selling employees 110-pound bags of sugar and 2.2-pound cans of yeast "exactly suited for the manufacture of alcohol."

Aramco officials also told the Taggarts the company would take steps to protect employees or get them out of the country before "problems" related to alcohol use came to the attention of Saudi police, the suit alleges.

For example, in previous cases where stills had exploded or caught fire, Aramco employees "uniformly" covered up the cause of the damage by removing the wrecked equipment before the police arrived and later submitted false accident reports, the lawsuit charges.

But in other cases where police discovered alcohol use—particularly outside the company compound—Aramco employees have been arrested and jailed, according to the Taggarts' lawyer, Bruce Locke of the Houston firm of Chamberlain, Hrdlicka, White, Johnson & Williams.

Mr. Taggart operated more than one still, but sold the product only within the company compound, Mr. Locke said.

Last November, Aramco security officials confronted Mr. Taggart about his distilling activity, threatening that if he didn't answer their questions and submit to a search of his house, they would "turn the matter over to

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# A winning ticket

## Risk managers team up to govern town

By CAROL CAIN

PARK RIDGE, N.J.—Some risk managers get together after work to play a set of tennis or shoot a few baskets. Others meet for dinner.

But two New Jersey risk managers spend their evenings doing something a little more time-consuming: They help run the local government of Park Ridge.

The borough's new mayor is David N. Grubb, 37, director of insurance and pension investments for The Great Atlantic & Pacific Tea Co. in Montvale, N.J. And one of Park Ridge's six councilmen is Kevin J. Christel, 36, senior director of insurance for Western Union Corp. in Upper Saddle River, N.J.

Both men took office Jan. 1.

The two had been acquaintances for a couple of years, bumping into each other socially in Park Ridge or at a function of the New Jersey Chapter of the Risk & Insurance Management Society. But the big plan to run together for council seats was hatched at the 1982 RIMS conference in Washington.

As Mr. Christel tells it, the two were going to dinner and, as they were walking across Pennsylvania Avenue in front of the White House, Mr. Grubb popped the question.

"That's where I really put the pressure on Kevin to run," Mr. Grubb admits.

To make a long story short, they ran for the council—and lost.

It was Mr. Christel's first election. The campaign was rough and losing was hard.

For Mr. Grubb, who had already spent six years on the council, the defeat by less than a dozen votes was a surprise.

"I felt that Dave and I made a good team. But after being beaten and running so hard, I was tentative about ever running again," Mr. Christel said.

But 1983 brought another election and, for the two risk managers, another campaign. This time they won, with Mr. Grubb nabbing the mayoral post.

"The methodology of risk management, I've always found, is fairly well-suited to the effective management of local government," Mr. Grubb said.

"One of the critical elements of risk management is that the risk manager has to understand how his organization works and all the facets of how it works. He is one of the few individuals of the company who should understand how all the parts of the company fit the whole. He has to understand all

that to know the risks... he has to understand the interrelationships of all the functions.

"A municipal situation is similar, with its road department and electrical department... In order to effectively manage you have to know how each relates to the other... and to look for opportunities to produce a better service for a lower cost," Mr. Grubb said.

A risk manager is an ideal candidate for local government "because he's trained to understand not only the pieces but how they fit into a whole," he said.

The borough of Park Ridge has 8,500 residents and a budget of \$10 million. "It's small and as a result you don't see the sophisticated risk management in New Jersey as in other parts of the country, but the exposures are the same," Mr. Grubb said, noting

that the borough has its own police and fire departments, school district, library and electric and water utilities.

To get around the problem of small size, 10 municipalities in the state have joined together to review their insurance programs. The initial discussion was conducted by the mayors of the towns who belong to the Pascack Valley Mayors Assn. Each mayor appointed a representative to the steering committee and Mr. Grubb, who was a councilman at the time, was appointed to represent Park Ridge. Mr. Christel



Photo: Tom Skevin  
A&P's David Grubb is mayor of Park Ridge, N.J., while Western Union's Kevin Christel is a councilman.

now represents the borough.

"First we were looking at a pool, but there were serious problems with the New Jersey legislation. So instead, we worked on a joint block policy," Mr. Grubb said, explaining that the municipalities worked together to negotiate separate multiline policies that include general liability, property, workers compensation, crime and boiler and machinery coverages.

He said the result was a substantial improvement in coverage and a substantial reduction in cost.

New Jersey has since adopted a law allowing municipalities to form self-insurance pools for workers compensation, property and liability risks (BI, Sept. 19, 1983), and the 10 towns are taking another look at pooling their risks, Mr. Christel said.

But insurance issues aren't the only reason both men jumped into the political arena.

Mr. Grubb, who has a degree in political science and history, has always been interested in politics. A Park Ridge resident for 10 years, he wanted to see the municipality's management improve and a long-

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# Revco hopes workouts will reduce comp costs

By DONNA GORDON

TWINSBURG, Ohio—Revco D.S. Inc.'s new employee exercise program is designed to trim workers compensation costs, not waistslines.

Since Jan. 1, workers at 11 Revco warehouses take time out from their normal work to stretch, bend, twist and turn twice a day. The five-minute programs, which follow morning and lunchtime breaks, consist of 10 stretching exercises that reduce tension and increase the workers' flexibility.

Revco is not the only company where worker exercises are a fixed feature of employees' workdays. But Revco's program is not structured with any other type of employee wellness or fitness program. The sole goal of the program is to reduce on-the-job injuries.

Alton Schexnayder, Revco's director of loss prevention, says the program is working even better than he thought it would, based on test results.

Results from a pilot program at two Revco warehouses show that injuries stemming from strains have almost been eliminated. Strains had comprised 46% of Revco's warehouse accidents and consumed 55% of the company's workers compensation benefits.

Overall employee accidents have been cut in half at the two sites, Mr. Schexnayder says, adding that the exercise program has even improved productivity.

The Revco program dates back to last March, when the drug store company hired two consultants from St. Vincent Charity Hospital & Health Center in Solon, Ohio, to study the company's accident reports and videotapes of people working in the warehouses.

After an on-site analysis at Revco's Cleveland warehouse, the analysts reported that most of the company's warehouse injuries resulted from workers being tired, bored and not in shape.

They recommended the exercise program as a solution, and it was given a seven-month

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Photo: Wausau Insurance Co.

Workers at some companies take a couple of minutes from their jobs to work out so they will be more alert and limber.

# Miners' benefits include medicine man care

Denver-based Pittsburg & Midway Coal Mining Inc. will have to wait three more years before trying to pass a portion of health care costs to workers at two Western mines.

The United Mine Workers unions made no health care concessions in the three-year contract it ratified with the Gulf Corp. subsidiary last week.

In fact, Navajo Indians who work in the McKinley mine outside of Gallup, New Mexico, will see an increase in some unusual benefits. For instance, the health care plan will now cover \$300 in annual medicine man fees per family, up from \$200.

Employees also will see a \$5 across-the-board increase in the fixed fee schedule for vision care benefits.

For instance, the company will

## benefit beat

pay \$25 under the new contract for an eye examination, \$15 for single-lens eyeglasses and \$20 for bifocal lenses.

Pittsburg & Midway, which self-insures its health benefits, had proposed a deductible of \$10 per physician visit, with an annual maximum of \$200 per family; a \$5 deductible per prescription with an annual maximum of \$100; a 20% employee contribution toward the cost of the plan; and 20% copayments on major medical with a \$1,000 stop-loss limit.

However, all of these proposals were rejected by the union.

Retirees at the McKinley mine and the Edna mine in Oak Creek,

Colo., also will see increases in their pension benefits.

Monthly pension payments to existing retirees will increase by \$20, and the company instituted a \$95 monthly widow pension for widows of retirees who retired under an earlier plan, a company spokesman said.

The special provision for medicine man fees was originally put into the contract in December 1977. According to a Pittsburg & Midway spokesman, a similar provision is included "in one form or another in every UMW contract out here."

The McKinley mine is adjacent to a Navajo reservation and an increasing number of employees are

seeking health care from the tribe's medicine men, the company spokesman said.

Medicine man fees can run from \$75 to \$100 for a diagnosis to several hundred dollars for a ceremony, said a spokesman from the Gallup Indian Medical Center.

But the fees vary tremendously, said Edgar Monetathchi, a traditional medicine specialist with the Tucson, Ariz., office of the Indian Health Service part of the federal Department of Health and Human Services.

"Some charge to perform a certain ceremony, others charge nothing, but say that a donation comes from the heart. Then, there are those who won't accept money but will accept goods," Mr. Monetathchi said.

A Business Insurance check with

Blue Cross & Blue Shield Assn. and other major group health insurers in Western states shows that commercial insurers only cover licensed practitioners, and therefore would not include a provision for medicine man fees in their plans.

## Ford foot care

The feet of 50,000 Ford Motor Co. employees in Michigan will be cared for under a preferred podiatrist program.

In an effort to curb the sharply rising costs of foot care, Ford has signed an agreement with National Foot Care Program Inc., a subsidiary of National Rehabilitation Corp. of Southfield, Mich.

If employees with foot problems seek treatment from member physicians and therapists of the National Foot Care Program, the company plan will pay 100% of the costs of preventive and therapeutic treatment not previously covered by the company's medical insurance. In exchange, Ford receives a discount.

However, if employees seek treatment from non-member providers, the company pays for either 50% of a scheduled amount for the treatment or 50% of the provider's charge, whichever is less.

Ford spent \$4.8 million for employee foot care in 1981, an 80% increase from 1977.

Ford's Michigan employees, which comprise more than 50% of the company's total workforce, incur four times the foot care expenses as Ford employees in other states. The spokesman said the claim rate is so high, but that Ford intends to tackle the problem with the pilot program.

Ford has also revised its medical benefits for 56,000 salaried employees and 27,000 retirees or surviving spouses, effective Jan. 1. Now employees have a comprehensive medical plan with a front-end deductible of \$200 for individuals (\$250 for families) and 20% copayment up to a \$750 out-of-pocket maximum. Previously, the company offered first-dollar basic health coverage and cost-sharing for major medical services.

The new plan also eliminates a separate \$100 deductible for office visits.

Employee copayments for most dental services was also increased to 30% from 10%, though costs for procedures like cleaning and X-rays will still be covered at 100%.

Ford self-insures its foot care, medical and dental plans. Medical and dental plans are administered by Blue Cross/Blue Shield of Michigan; dental benefits are administered by John Hancock Mutual Life Insurance Co. for employees outside of Michigan.

## 401(k) deduction

Contributions made to 401(k) salary reduction plans will no longer be taxed by New Jersey as a result of legislation signed by Gov. Thomas H. Kean.

Previously, New Jersey did not recognize 401(k) deferrals under its state income tax code.

"We're basically conforming the New Jersey income tax law with the federal code in recognizing this deferral," said John T. Bodnar, assistant to the director of the state's taxation division. Employers' 401(k) contributions are not subject to federal income tax.

Under a 401(k) plan, employees can defer a percentage of their gross salary to a company savings plan, where it accumulates interest tax-free until it is withdrawn. Employees pay income taxes only on their salaries after the 401(k) contribution is deducted.

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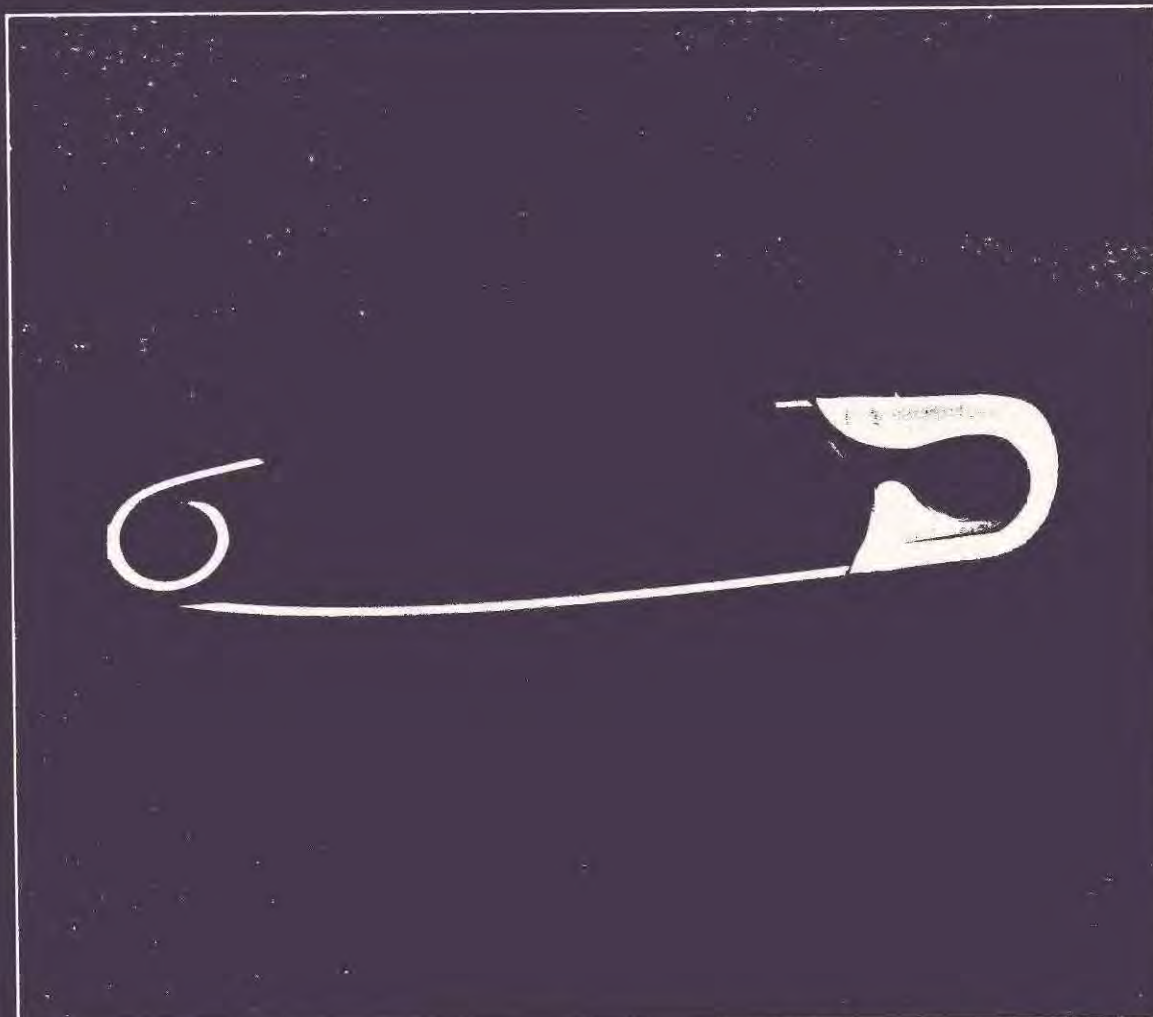
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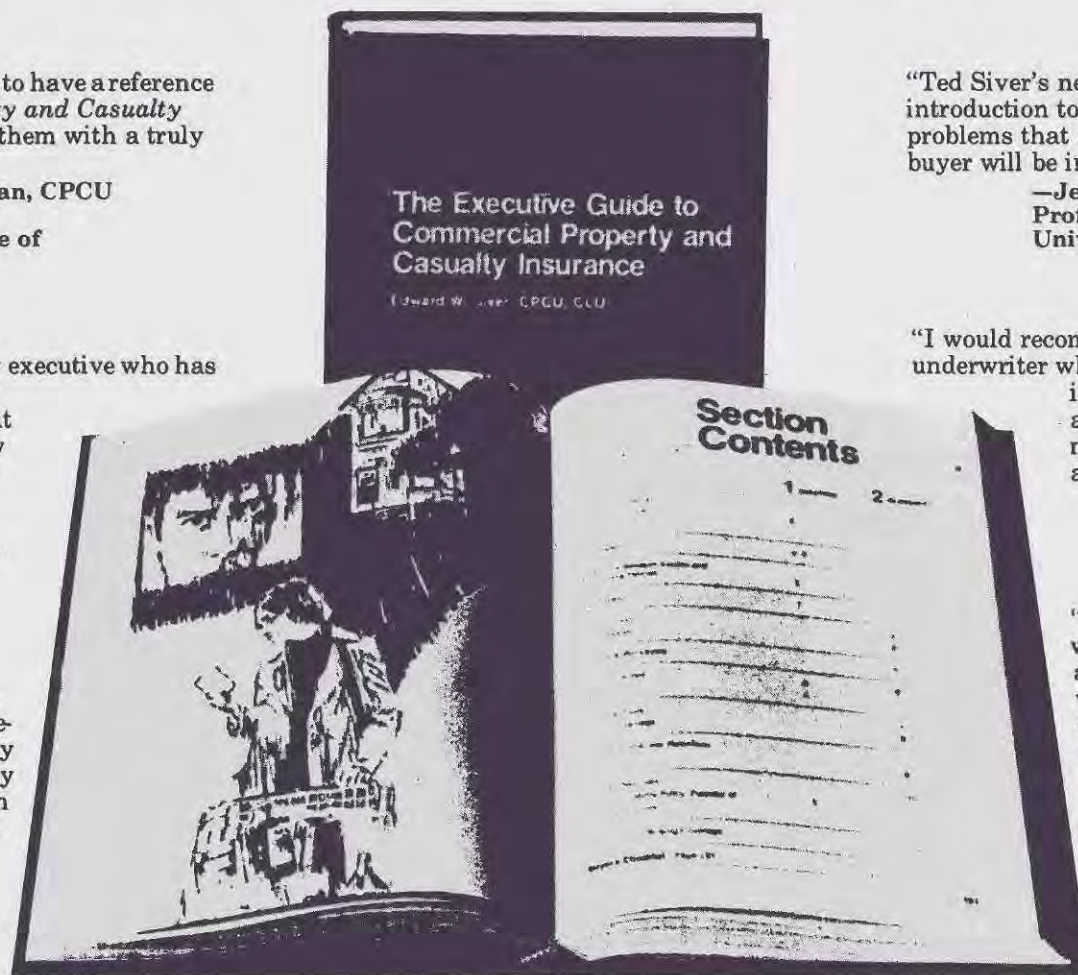
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## About the Author

Ted Siver, CPCU, CLU, the founding principal of E.W. Siver & Associates, has been very active in the insurance industry for over 25 years as a broker and consultant. He has contributed numerous articles to such publications as *Business Insurance*, *Agent & Broker*, and others.



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# Combating courtroom abuse

CHIEF JUSTICE WARREN E. BURGER should be commended for floating a proposal designed to control the abuse of our legal system and is encouraged to shepherd it through implementation.

In his state of the judiciary address to the American Bar Assn. earlier this month (*BI*, Feb. 20), Chief Justice Burger noted that the Judicial Conference of the United States is considering a proposal to strengthen Rule 68 of the Civil Rules. The strengthening of the rule would allow either a defendant or a plaintiff to offer a settlement. If the offer is refused and the case goes to trial and results in a judgment less favorable to the party that refused the settlement, the court would have the authority to order the refusing party to pay all of the costs incurred by the party that offered to settle after its offer was rejected, including attorneys' fees.

We hope the Judicial Conference, which is headed by Chief Justice Burger, asks the Supreme Court to issue such a rule. The court most likely would grant the request, but there is a potential barrier to such a rule: Congress has the authority of disapproval.

One might think that Congress would not want to disapprove of a rule that would encourage settlements and provide for penalties for those who misuse the courts to press unjustified cases and outrageous demands for awards. But, some attorneys and at least one leading newspaper in the country, *The New York Times*, already have rejected this proposal—wrongly, we think.

Critics of this rule change contend that it could "work a severe hardship and injustice," in the words of *The New York Times*, against those who cannot afford to make—or resist—settlement offers. The prospect is presented of a poor individual suing a large company for \$100,000 and being offered \$50,000. That person would have to "weigh not only the risk of going to trial but also the extra penalty of a legal bill that could run into tens of thousands. The lawyer fees could even exceed the amount in contention. The penalty could hurt a plaintiff even if his suit and claim had merit," according to the newspaper.

What the editorial writer failed to recognize—or chose to ignore—is that the rule change will give the judge presiding over the trial the authority to assign

court costs to the party that refuses to settle. The rule change will not require the judge to assign the court costs to the party that refused the settlement. We would not support such a hard-and-fast rule, either.

But, we would trust judges with the discretionary authority to assign these costs. We trust that judges would not assess court costs when the party that refused the settlement had a meritorious claim and the case went to trial because two reasonable parties disagreed. We also trust that judges would find numerous opportunities to assign costs to parties that refuse settlements and go to trial with outrageous demands that are rejected by even the most sympathetic juries.

Indeed, we currently trust judges with the task of reconsidering the adequacy or excessiveness of jury awards following a trial. The responsibility imposed by this rule would be no greater and the judgment required in exercising it would be essentially the same. And, a judge's order under this rule would be subject to appeal.

The Assn. of the Bar of the City of New York and the New York County Lawyers Assn. also have rejected the proposal. The City Bar says the rule could deter "the good faith assertion of novel or difficult legal claims and defenses." We think not, because judges will not assign court costs when the suit is continued in "good faith." Otherwise, we hope that this rule would indeed deter the number of novel or difficult legal claims and defenses that are brought not in good faith but out of greed.

The only parties who have anything to fear from this rule change are those attorneys who represent clients with weak cases or are seeking outrageous damages—just the parties we'd like to see pay the price for dragging out litigation.

Of course, the proposed rule is only as good as the judges who will be called upon to administer it. If they have the strength and integrity to use it appropriately, it will be an effective deterrent to frivolous litigation. But, if they choose to ignore or abuse the rule, the result will be further erosion of public confidence in our legal system. Hopefully, a balance between the rights of the litigants and the demands of due process can and will be struck before the scales of justice collapse of their own weight.

## letters

### Dentists need to know risk management principles

To the editor: Your excellent article on the current national situation regarding dental professional liability insurance (*BI*, Jan. 23) neglected to state that the St. Paul Fire & Marine Insurance Co. program offers limits of liability up to \$10 million per occurrence/\$10 million aggregate for all claims in any one calendar year. Your article incorrectly stated that the Chubb/ADA program offered the highest limits at \$1 million per occurrence/\$1 million aggregate.

Our firm designed the program sponsored by the American Assn. of Oral & Maxillofacial Surgeons back in 1982. This program, currently underwritten by St. Paul Fire & Marine Insurance Co., is sup-

ported by nearly half of the 4,000 AAOMS members. As was noted by several state dental societies, the AAOMS' adoption of its own sponsored program was directly related to Chubb's extremely poor tracking of claims and premium information and, particularly, causes of loss within the specialty area. Furthermore, the apparent lack of commitment to risk management education provided a further catalyst for the move.

The linchpin of the AAOMS/St. Paul program is a concerted and aggressive risk management education effort, which it is hoped will increase the awareness of practicing oral and maxillofacial surgeons to ways to mitigate professional liability

claims.

*Business Insurance* is to be commended for the excellent article. The issue of availability and cost of dental professional liability insurance, we believe, will become more critical as insurers more accurately determine actual loss experience from treatment over the past several years.

We hope that you will monitor the situation and provide annual updates on the dental professional liability area in the future.

**Bartholomew G. Nyhan**

President  
Glenn, Nyhan & Associates Inc.  
San Francisco

### Bank insurance sales could hurt firms' best interests

To the editor: Theoretically, each buyer for a company shops for and selects the best product available for his company, independent of any other purchasing done for the company. In real life, this does not occur.

In practice, many insurance companies will underprice one line of coverage to sell a package including more profitable lines. The astute risk manager can see through this ploy and usually improve his bottom-line cost by unbundling.

When bank credit becomes a part of the package, the normally greater clout of the company financial officer could adversely

influence the purchase of the best insurance product. Banks are as good as insurance companies at holding out attractive plums.

It is, therefore, understandable for the risk managers responding to the recent Risk Management Board survey (*BI*, Jan. 30) to be somewhat cool about the prospect of banks brokering commercial insurance coverages. They've been bitten before.

Will all the risk managers out there who have, at one time or another, been required—or at least requested—by a senior officer of the company to use or con-

sider his favorite broker please stand up?

**Lawrence J. Bell**

Assistant Vp  
Risk Management  
Revco D.S. Inc.  
Twinsburg, Ohio

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New York: 212-210-0100

Washington: 202-662-7200

ADVERTISING: New York: 212-210-0133

Chicago: 312-649-5276

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COMMUNICATIONS: New York: 212-210-0132

CIRCULATION: Chicago: 312-649-5221

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Published weekly at 740 Rush St., Chicago, Ill. 60611. Offices: 220 East 42nd St., New York, N.Y. 10017; Suite 814, National Press Building, Washington, D.C. 20045; 6404 Wilshire Blvd., Los Angeles, Calif. 90048; 20-22 Bedford Row, London WC1R 4EB, England. \$1.50 a copy. \$52 a year in U.S. Canada and all other foreign add \$14 for surface mail. Europe and Middle East only add \$44 for air delivery. First-class mail to U.S. and Canada only, add \$50. Bermuda only, \$97 per year expedited delivery. WILLIAM STRONG, vp-circulation. ROBERT FIORITO, circulation manager. ROGER DIGREGORIO, fulfillment director. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Dept., Business Insurance, 740 Rush St., Chicago, Ill. 60611 or phone 312-649-5221. Telex 25-4248; Cable CRAINCOM. Microfilm copies are available from University Microfilms, 300 Zeeb Rd., Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: ART MERTZ, The Crain Syndicate, 740 Rush St., Chicago, Ill. 60611, 312-649-5303. For reprints or reprint permission contact: Reprint Dept., Business Insurance, 220 E. 42nd St., New York, N.Y. 10017, 212-210-0229.



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# Scholar tackles major piece on regulation



Photo: Mary Herlehy  
**Spencer Kimball says the 'key to insurance regulation' is to separate insurance companies from other financial services companies.**

By KATHRYN J. McINTYRE

CHICAGO—Spencer L. Kimball is an insurance law scholar who likes to jump into the trenches of insurance regulation.

In his 35-year career since earning his law degree as a Rhodes Scholar at Oxford University in 1949, Mr. Kimball has been dean of two law schools, executive director of the American Bar Foundation, a law school professor and a prolific writer on insurance regulation.

Simultaneous with his academic career, Mr. Kimball rolled up his sleeves and wrote insurance laws. He was the principal author of the massive rewrite of the Wisconsin insurance laws from 1967 to 1977 and more recently the revision of Utah insurance laws.

He served as the hearing officer for numerous hearings in Illinois and Michigan on controversial insurance rating issues.

And, he was a member of the New York Special Committee on Insurance Holding Companies, whose 1968 report recommended relaxation of investment regulations and rules permitting incidental operations by insurance companies to meet their needs in a changing business climate.

Now, a professor at the University of Chicago and a research attorney with the American Bar Foundation, Mr. Kimball at age 65 has an ambitious new goal: Writing a comprehensive book on insurance regulation.

"It will not be an encyclopedia, nor even a practitioner's treatise, but an analysis of the objectives, methods and problems of the enterprise to help provide understanding" of insurance regulation, he says.

Mr. Kimball's book will cover the entire field of insurance regulation, discussing the kinds of regulatory activities needed involving investments, marketing practices, other activities, the corporate separation of insurance from other financial services and pricing.

Separating insurance companies from other financial services companies is "terribly important," Mr. Kimball says. "That's the key to insurance regulation—that the policyholder is not subject to risks of other enterprises."

On price regulation, Mr. Kimball notes, "I'm pretty much a free marketer."

How could such a scholarly work put Mr. Kimball in the trenches of insurance regulation?

It could because Mr. Kimball will explain legal theories of insurance regulation at a time when current insurance regulatory practices are being called into question by the financial services agglomeration that is beginning to engulf the insurance business, by concerns about the solvency of insurance companies and by congressmen who are taking a new interest in the insurance business and its exemption from federal regulation under the McCarran-Ferguson Act.

As lawmakers and jurists search for answers in response to demands for changes in insurance regulation, Mr. Kimball's book could become their definitive source.

Mr. Kimball doesn't expect "single, large decisions" to radically overhaul insurance regulation. Instead, he expects decisions about insurance regulation "will be made incrementally, by a Supreme Court here and a relatively limited statute there."

"The only way in which the direction can be influenced in an important way is by the provision of good and accepted theory as a touchstone for those who make the numerous small decisions that will produce the new world of insurance regulation."

Mr. Kimball is too modest to promise that his book will do so. "That remains to be seen," he says of his project, which he says will take at least two years to complete, maybe longer.

In the meantime, Mr. Kimball will publish articles on various subjects he is covering in his book. The first will be on the present status of federal and state activities involving insurance regulation.

Mr. Kimball shared his research to date on this issue with the Fellows of the American Bar Foundation at a seminar earlier this month during the American Bar Assn.'s mid-year meeting in Las Vegas, Nev.

A self-proclaimed champion of state regulation of insurance, Mr. Kimball predicted, with regrets, that the federal government is likely to become more involved in regulating the insurance business.

The integration of insurance with other financial services under the same corporate umbrella and insurers' diversification into non-insurance products invite more federal regulation of insurance, Mr. Kimball says.

The Securities and Exchange Commission can be expected to become involved in many aspects of insurance regulation, including the process of combining financial services companies into a single network or group, Mr. Kimball said.

Further involvement by federal authorities that regulate banks can be expected to the extent that banks succeed in getting involved in insurance, he added.

Despite the prospect of federal regulation, insurance companies are going along with this agglomeration of financial services because "they have little choice but to go

along with the movement or be at a disadvantage in competition with diversified institutions developed out of other contexts," Mr. Kimball noted.

Insurance companies, both life and non-life companies, may themselves be inviting greater federal involvement in their business as they "unbundle and recombine elements of the traditional products in novel ways," Mr. Kimball observed.

"Life insurance was traditionally sold as a combination insurance and forced savings vehicle. The investment and insurance elements have tended to be torn apart and then sometimes recombined in new and interesting ways. The result is increasing SEC interest, even in general account products of life insurance companies."

"Non-life insurance companies, too, have been unbundling their products and selling any part of the traditional insurance package to all comers. Sometimes the sale is of administrative services only, and then the insurer is hardly engaged in an insurance transaction. Nor is it selling insurance if it sells only investigative services or claims adjustment services or loss prevention services, or many other things that used to be an integral if minor part of the insurance transaction."

Meanwhile, some Justice Department officials and some state insurance regulators are suggesting that the insurance business be deregulated.

"What is most often meant when deregulation of insurance is touted is the elimination of rate regulation (which has already been partly achieved under state auspices), and its replacement by federal antitrust law. But the latter is only another form of regulation and is no more benign than explicit rate regulation," Mr. Kimball observed.

He also warned that if there is private enforcement of the antitrust law—individuals claiming they have been harmed and suing for treble damages under the Sherman Antitrust Act—such regulation "may not be benign at all."

The strongest threat of more federal involvement in the regulation of insurance is the suggestion that insurance companies be given the option of federal incorporation, somewhat on the model of banking. That suggestion was introduced as a bill in the 1970s by then-Sen. Edward Brooke, R-Mass.

Had that bill passed, then a guaranty fund or alternative protective device on the federal level would have had to follow, Mr. Kimball says.

"To justify such a guaranty fund or other device, it would have been necessary for an appropriate federal authority to undertake regulation of the financial solidity of the insurers that chose the federal option and were protected by the system. That would have pre-empted the heart of the state system of insurance regulation: solidity of insurers, not prices, is the center of state insurance regulation."

"Proposals to repeal McCarran or to modify the scope of the antitrust exemption enacted by McCarran pale to insignificance by contrast" with this proposal, he said.

Mr. Kimball strongly defends state regulation of insurance. "For historical reasons, it is a system in being, it works tolerably well (statements to the contrary are most often made by those with an axe to grind) and there is not the slightest assurance that a federal system would work any better," he said.

Indeed, he suggests federal regulation of insurance would be worse. "A look at federal statute drafting in relevant fields, such as in

*Continued on facing page*

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Continued from facing page ERISA, fills one with despair. A look at federal regulation in similar fields, such as banking, is no ground for great illusions.

"The only thing federal bank regulation clearly does better than state insurance regulation is to pay off quickly in the case of bankruptcy, and that is a curable defect in state regulation.

"In the comparison, state regulation as a system in being tends always to be looked at with all its warts; federal regulation as an abstract idea tends to be conceived of as it would be if it were ideally constructed and administered. The comparison is unreal and naive."

Mr. Kimball also criticized Supreme Court decisions that have "emasculated" the McCarran-Ferguson Act, finding fault with the decisions' interpretations of the act that have subjected aspects of the insurance business to federal regulation.

For example, in Securities and Exchange Commission vs. Variable Annuity Life Insurance Co. in 1959, the Supreme Court was persuaded that variable annuities were not insurance and, therefore, subject to regulation under securities and investment acts.

A sequence of cases also interpreted the meaning of the "business of insurance" as used in the McCarran-Ferguson Act in such a way to allow more federal involvement in insurance regulation. These decisions, Mr. Kimball suggested, ignored the fact that the meaning of "the business of insurance" as used in the act "was too obvious for comment" at the time the act was drafted.

"For the present," however, Mr. Kimball believes "threats to the primacy of state regulation of insurance, except to the extent that it has already been overridden in certain areas, seem muted."

He allows that the unisex rating bill, H.R. 100, sponsored by Rep. John Dingell, D-Mich., and Rep. James Florio, D-N.J., will be pressed and may succeed. He called the bill "ill-conceived" and an effort to "superimpose current social policy on rating classifications," but added, "while unfortunate, that does not go to the heart of insurance regulation either."

Nonetheless, Mr. Kimball expects that "half a century from now the mix of federal and state regulation will be considerably different from what it is now. I suspect the federal component will be larger, but it will still be a mixed system. State involvement will be hard to uproot, absent a catastrophe."

The specifics of Mr. Kimball's current studies were new to some who heard his remarks in Las Vegas, but his contributions to research in law and government were recognized by many just a few hours after the seminar. At the annual banquet of the Fellows of the American Bar Foundation, Mr. Kimball was presented with the Fellows' annual award for outstanding research in law and government.

The award recognized Mr. Kimball's 10-year stewardship of the American Bar Foundation as executive director from 1972-1982, during which he founded the American Bar Foundation Research Journal; his numerous books and articles; and his influence on insurance legislation and regulatory practice.

The award also recognized Mr. Kimball's outstanding academic career: He was first in the class of 1940 at the University of Arizona where he majored in mathematics; a Rhodes Scholar, earning his law degree at Oxford in 1949; dean of the University of Utah College of Law the following year when he was just 31; professor at the University of Michigan Law School from 1957-1968; dean of the University of Wisconsin Law School from 1968-1972; and professor at the Uni-

versity of Chicago Law School since 1972.

Mr. Kimball is the 28th person to receive this award. The first to receive the award was Arthur T. Vanderbilt, a former dean of New York University School of Law. Among others to receive the award were A. James Casner of Harvard Law School, Kenneth Culp Davis when he was at the University of Chicago and Irwin N. Griswald, former Dean of Harvard Law School and former solicitor general of the United States.

Mr. Kimball graciously thanked the Fellows for the award and credited many of his colleagues over the years for their assistance. And, he credited his wife Kathryn for her support of his career at the sacrifice of her own that allowed him to engage in the studies that brought him the award.

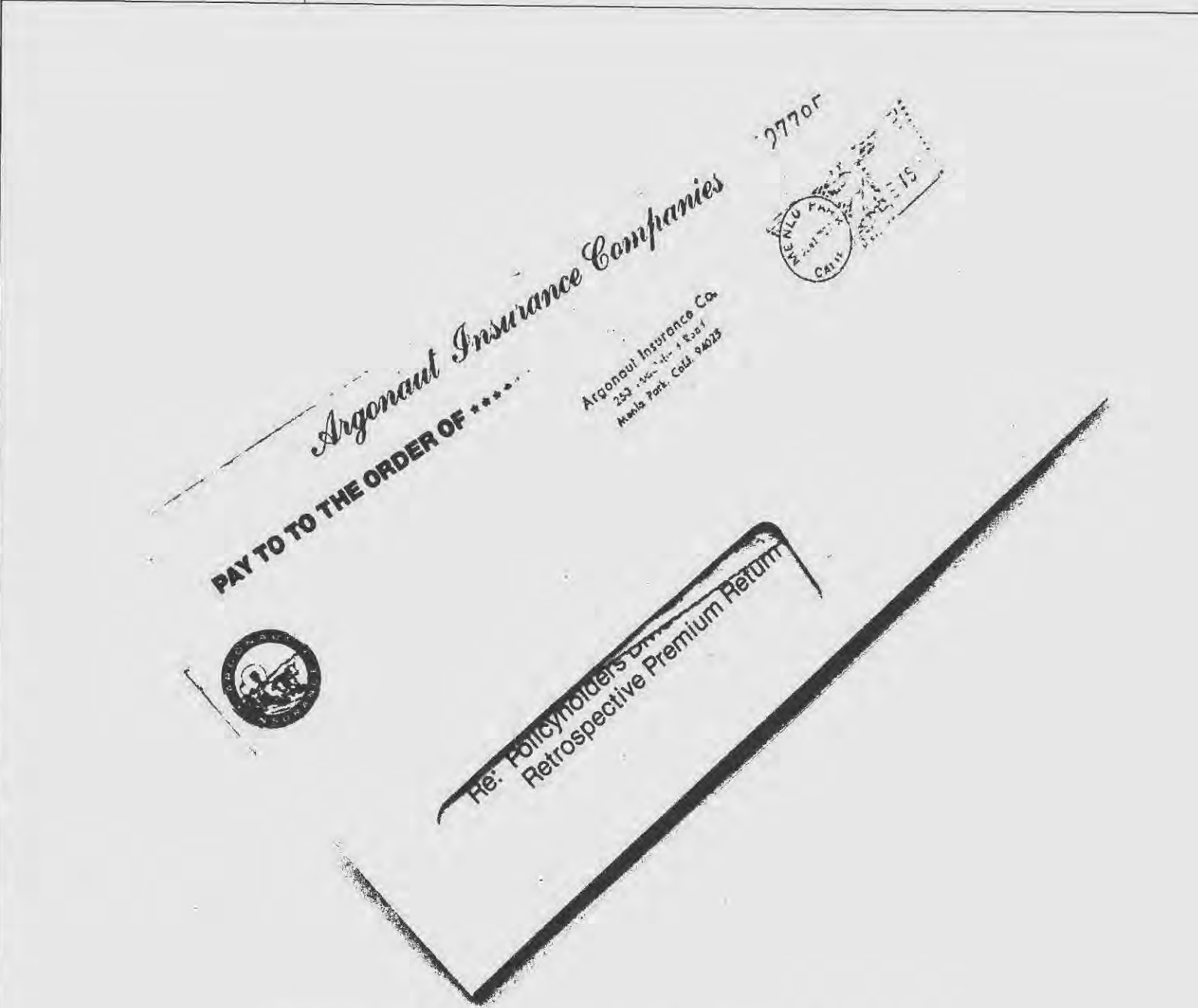
Those who heard Mr. Kimball speak at the seminar earlier in the day speculated that his greatest research work is yet to be published. ■

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# PBGC OKs withdrawal liability exemption

By JERRY GEISEL

## washington

WASHINGTON—Many West Coast longshore and stevedoring companies will be able to withdraw from a multiemployer pension plan without paying any of the plan's liabilities.

The Pension Benefit Guaranty Corp. earlier this month approved an amendment by the International Longshoremen's & Warehousemen's Union Pacific Maritime Assn. Pension Plan that allows some employers to leave the plan without incurring withdrawal liability.

Under the amendment, an employer that left the plan would be subject to withdrawal liability only if it remained in the jurisdiction of the collective bargaining agreement governing the plan or re-

sumed work in the area within five years after withdrawal.

As a result, withdrawal liability is eliminated for employers who retire, die or go out of business.

Under the Multiemployer Amendments Act of 1980, the PBGC has authority to approve amendments proposed by plans to exempt certain employers leaving the plans from withdrawal liability (BI, March 29, 1982).

An exemption from withdrawal liability can save an employer millions of dollars. Some employers that have left underfunded multiemployer plans now face withdrawal liability claims that exceed their net worth.

In approving the amendment, the PBGC said the longshore plan must increase its ratio of assets to vested benefits from the current 30% to 50% by 1994 by adopting accelerated funding schedules. In addition, the ratio must increase to 80% by 2004.

If those funding objectives are not met, the plan's special exemption from withdrawal liability will automatically be canceled, the PBGC said.

As of Dec. 1, 1981, the plan had almost 19,500 participants, assets of \$178.8 million and accrued liabilities of \$529 million. The monthly maximum pension benefit a longshoreman covered by the plan can

receive is \$780.

While the plan has major liabilities, its financial condition has been improving. For example, between 1977 and 1981, annual plan income exceeded the amount of money it had to pay for benefits to retirees, the PBGC said.

Just seven multiemployer plans of the nation's 2,000 plans have applied for permission to adopt withdrawal liability exemptions, and the ILWU-PMA exemption is the second to be approved.

The PBGC previously approved a similar amendment adopted by Division 1181 Amalgamated Transit Union-New York Employees Pension Plan & Fund that allows many New York City school bus operators to leave the plan without paying any of the plan's liabilities (BI June 27, 1983).

## Safety grants

The Labor Department has awarded almost \$1.4 million to 14 labor groups and 12 employer organizations to develop and improve job safety and health education programs.

"These grants are an important step in expanding labor's and management's awareness of hazards and knowledge of how to deal effectively with them," said Secretary of Labor Raymond Donovan.

Groups receiving the awards, which were based on competitive applications, include the American Federation of Grain Millers, the Service Employees International Union, the American Electronics Assn. and the American Hospital Assn.

## OPIC results

The Overseas Private Investment Corp. is coming off another good year.

Fiscal 1983 net income for OPIC, the federal corporation that provides political risk insurance to U.S. companies investing in less-developed countries, totaled \$82.7 million, down slightly from the record \$83.5 million reached in 1982.

Insurance coverages issued, though, reached a record \$3.9 billion for 107 projects last year, up from \$3.1 billion in 1982.

During the last year, the Overseas Private Investment Corp. coverages issued to U.S. companies investing in China expanded rapidly. OPIC first began providing coverage to Chinese ventures in 1982.

Last year, OPIC issued about \$140 million in various political risk coverages to U.S. companies starting new projects in China.

## Social Security

Rep. Lawrence Smith, D-Fla., has introduced legislation, H.R. 4150, that would bar the consideration of income from certain tax-exempt securities when determining whether a retiree should be taxed on his or her Social Security benefits.

Under last year's Social Security Amendments Act, individuals whose adjusted gross incomes exceed \$25,000 and couples whose adjusted gross incomes exceed \$32,000 are taxed on 50% of the Social Security benefits received. Income from tax-exempt bonds is included in determining whether an individual or a couple is over the tax threshold (BI, April 4, 1983).

However, under Rep. Smith's bill, income from tax-exempt securities that were owned prior to the April 1983 enactment of the Social Security Amendments Act would not be included in the income threshold.

## Agents' probe

WASHINGTON—The Federal Trade Commission is investigating two insurance agents' associations, the Independent Insurance Agents of America and the National Association of Professional Insurance Agents.

The FTC's Bureau of Competition, which examines possible anti-trust violations, has asked the two groups to submit information dating back to 1979, including membership lists and correspondence, press releases and documents relating to the way insurance is marketed, sold and distributed.

A PIA spokesman says the association intends to comply with the FTC request. "We're confident that we haven't done anything to violate federal law," he commented, adding that the association does not know the motives for the investigation.

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# Delaware pollution rules receive federal approval

By STEVE TARAVELLA

WILMINGTON, Del.—Delaware is the first state to be granted permission to administer and enforce financial responsibility regulations for hazardous waste management independent of the federal Resource Conservation and Recovery Act.

And, the state's financial responsibility requirements are stricter than the RCRA's.

The federal law requires that owners or operators of hazardous waste treatment, storage and disposal sites have environmental liability insurance or qualify for self-insurance.

For sudden and accidental occurrences, they must have coverage of \$1 million per occurrence and \$2 million aggregate. For non-sudden or gradual pollution, they must have coverage of \$3 million per occurrence and \$6 million aggregate.

Delaware requires the same coverage limits but on a per-site, not a per-company, basis.

"We want to substantiate that the particular facility has enough money to take care of itself," explains William G. Razor, supervisor of the Delaware Division of Environmental Control's solid and hazardous waste branch in Dover.

Current hazardous waste operations in Delaware include 25 storage facilities, two incinerators and two landfill sites.

The Delaware program will be phased in gradually, Mr. Razor says. Nine operating permits will be reviewed this year, while the remaining 16 are scheduled for review over a five-year period. Annual financial stability and risk analysis reviews will take place thereafter.

Permits issued under the RCRA regulations will be honored during the interim period.

"We're very optimistic, and have a very good and talented staff," Mr. Razor says. "We feel Delaware can serve the needs of industry and environmentalists in Delaware in a more cost-effective manner."

Administering the financial responsibility program on the state level removes one layer of bureaucracy and allows Delaware to be more responsive to its own needs, Mr. Razor points out. "We know the industry, the city and its concerns."

The EPA will grant a state final authority to run its own environmental management program if the state's regulations are consistent with RCRA regulations. A state may have stricter regulations than RCRA, but not more lenient ones.

States have until Jan. 26, 1985, to apply for authorization to conduct

their own program. When application is made, the state is usually given interim authority to manage itself until its plan can be reviewed on two levels, leading to final authorization (BI, Nov. 28, 1983).

New York was granted interim authority to manage its own program Dec. 27, bringing to 44 the total number of states and territories (Guam, Puerto Rico and the District of Columbia) with at least partial operating authority.

Eleven states now have passed both phases of initial approval and are working toward final authorization, following in Delaware's footsteps. They are: Arkansas, Connecticut, Georgia, Louisiana, Maine, North Carolina, Mississippi, Oklahoma, South Carolina, Texas and Vermont.

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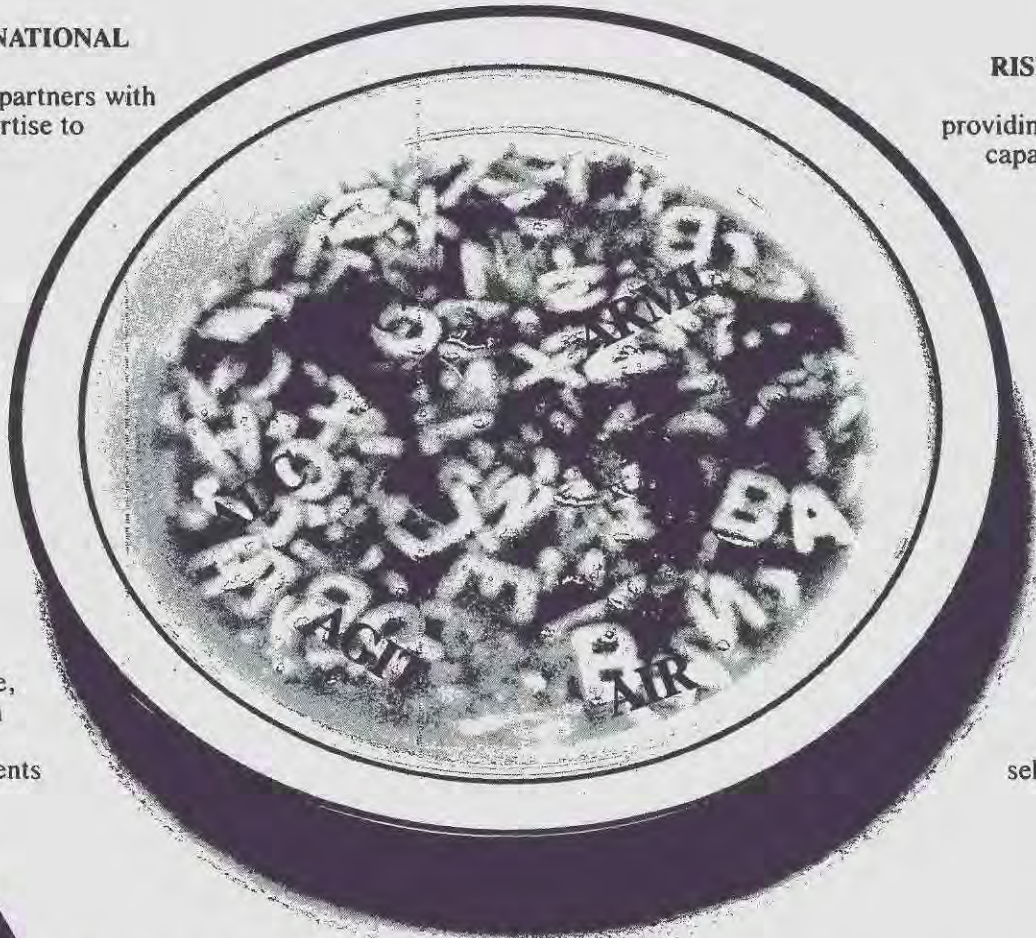
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## Carroll to assume Rhode Island post

PROVIDENCE, R.I.—Attorney William F. Carroll is the new director of the Department of Business Regulation in Rhode Island, which also includes the state's insurance division.

He took over the post from Thomas J. Caldarone Jr., who held the post since 1977. Mr. Caldarone is now a superior court judge.

Mr. Carroll, 47, had been a practicing attorney, specializing in corporate law, before being appointed to the post by Gov. J. Joseph Garrahy. Mr. Carroll had served at one time as Gov. Garrahy's chief of policy, and looks at the new appointment as "being called back into service."

Mr. Carroll says his experience in insurance lies mostly in his background as an attorney, noting that he has represented insurance companies.

# A&A to arbitrate with ex-Howden officials

By STACY SHAPIRO

LONDON—Alexander & Alexander Services Inc. will begin arbitration proceedings May 14 with four former Alexander Howden Group P.L.C. directors who A&A says misappropriated millions of dollars in Howden assets.

According to an agreement A&A signed with the four men in 1982, any disputes arising from the allegations must go to arbitration before A&A can sue to recover the missing funds (BI, Sept. 27, 1982).

The four former Howden officials involved in the arbitration are former Chairman Kenneth V. Grob and former Directors Ronald C. Comery, Alan J. Page and Jack H. Carpenter.

Another former Howden official accused of misappropriating funds,

## london line

underwriter Ian R. Posgate, did not sign the agreement, and A&A is pressing a civil suit against him.

### Minet investigation

The allegations of similar improprieties at Minet Holdings P.L.C. and underwriting subsidiary P.C.W. Underwriting Agencies Ltd. have taken another turn.

Earlier this month, Sedgwick Group P.L.C. announced that two of its marine brokers, M.R. Adams and G.F. Naude, had received payments from former P.C.W. Chairman Peter Cameron-Webb or a company he controlled.

According to Sedgwick Secretary

Frank Hitchman, the Sedgwick board was informed of the payments in December and set up an investigation. Mr. Hitchman would not say how much money the men received or for what reasons.

Mr. Adams had retired from the company before the latest announcement, while Mr. Naude resigned the day before the announcement was made.

Sources close to Minet say that about \$57 million in Lloyd's syndicate funds were misappropriated by Minet's underwriting agencies. Minet is expected to recover about \$40 million from Gibraltar companies (BI, Jan. 23).

Independent investigators have

filed a report on the Miner allegations with the Council of Lloyd's of London.

### Marine underwriters

London marine insurers are blaming broker "barons" for keeping their premium rates down in many foreign markets.

"Many of these markets are suffering from the broker pressures that have haunted the London market for the past 10 years," says Tony Nunn, former chairman of the Institute of London Marine Underwriters.

The powerful muscle that can be used by large brokerages to obtain quick and competitive quotations for their shipping industry clients is attracting growing attention from underwriters.

"Half-truths, 'desk' quotes, new staff with limited experience and threats of non-existent competition are being used by some brokers to place business on their own terms," Mr. Nunn complains. "I'm sure there is no deliberate desire for dishonesty, but some brokers still find it too easy to place business without too many questions being asked."

The only way mariner underwriters can buck this trend, he says, is for underwriters to revert to their old standards and make sure they know the nature of the business being offered.

"I'm not saying statistics are doctored, but we're all aware of the efforts made to place business with weak underwriters if they will accept it," he warned.

Donald Town, the institute's new chairman, points out that major brokers can now "whistle up quotations from markets around the world" in a matter of minutes to present competitive offers.

"The institute itself can do nothing about this," he concedes. "It is up to individual underwriters to get all the information they need on business offered them."

Mr. Nunn agrees: "The brokers are finding life a little more difficult and are themselves beset with continual changes. But, in my view, many of them still accrue disproportionately high profits at little or no risk."

### Syndicate records

The public will get its first official look at the finances of individual Lloyd's of London syndicates sometime this summer, according to Lloyd's Chief Executive Ian Hay Davison.

A bylaw recently passed by the Lloyd's Council details the rules by which syndicates will be mandated to disclose their annual financial accounts to the Lloyd's Council, Lloyd's members and the general public (BI, Oct. 10, 1983).

According to the bylaw, managing agents must file their reports, beginning with their 1981 accounts, with Lloyd's by June 15. Mr. Davison says that the accounts will be made available to the public a short time later. Those wishing to look at the financial results will be charged a fee, Mr. Davison says, adding that they will be allowed to make copies of the accounts.

### 'Personal' pensions

A proposal to set up "personal and portable" pension plans would not benefit workers, says Britain's largest pension insurer.

Under the proposal, now being studied by the British Department of Health and Social Security, employers would set up "personal" pension plans for each worker to replace the current "occupational" or employer-provided pension plans.

Workers would be able to transfer their pension to a new employer when they change jobs, even if they are not yet vested.

However, "Personal and portable" pensions could seriously undermine U.K. occupational pension schemes and leave millions of employed people and their families worse-off," Legal & General Assurance Society Ltd. says.

"We have to question the wisdom of such independent plans for the majority of employed people," noted Legal & General's Pensions Director John Craddock.

However, Legal & General does favor the establishment of personal pension plans to supplement occupational pension plans. That would help assure that workers who switch jobs often would have a private pension income when they retire, Mr. Craddock said.

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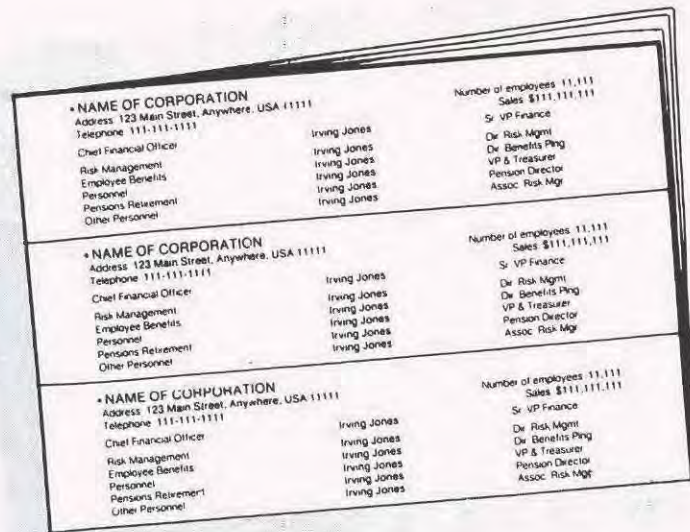
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# Zurich-American names Hueppi chief executive

**Rolf F. Hueppi** has been named chief executive officer of Zurich-American Insurance Co. in Schaumburg, Ill. He also was appointed manager of the U.S. branch of Zurich Insurance Co.

Mr. Hueppi retains his position as a general manager of Zurich Insurance Group, based in Zurich, Switzerland.

In addition to his responsibilities for Zurich's U.S. operations, Mr. Hueppi is responsible for Zurich operations in Canada, Bermuda, the United Kingdom, Australia, the Middle East and the Far East.

In addition, **R.M. Jamieson**, formerly chief executive at Zurich-American, will continue as chairman of various Zurich companies in the United States and as chief executive of two Zurich operating groups. He will be based in Kansas City, Mo.

#### Other insurer changes:

In a reorganization move, **Ernest Auerbach** named president of the consolidated life and group insurance operations of CIGNA International Corp. in Reigate, England. He will manage recently acquired Crusader Insurance P.L.C. Mr. Auerbach will become managing director of Crusader upon British government approval. Previously, he was senior vp of CIGNA International.

**James D. Dawson** promoted to vp-international division of Grupo Seguros La Comercial, based in Mexico City. Mr. Dawson is based in the company's Chicago office.

**Robert E. Nixon** appointed president of John Deere Insurance Co. in Moline, Ill. The company underwrites commercial and personal lines. Mr. Nixon, who has been with Deere for 16 years, previously was manager of administration for John Deere Insurance Group.

Reliance Standard Life Insurance Co. in Philadelphia named **Karl F. Pomeroy** vp-group sales. Mr. Pomeroy was most recently assistant vp-sales at Reliance. He joined the company in 1978.

**Richard L. Anderson** elected senior vp of SAFECO Corp.'s property/casualty companies in Seattle.

#### Agents/brokers

**A.M. D'Alessandro** named chief operating officer of the Human Resource Management Division of Alexander & Alexander Inc. In his new position, Mr. D'Alessandro will have full responsibility for HRM's operations, including employee benefit consulting and design, pension and profit-sharing plan services and employee benefit communications.

#### Reinsurers

Three were promoted at Scor Reinsurance Co. in Irving, Texas. **Patrick Peugeot** is now chairman of Scor Re and SCOR U.S. Corp. He also is chairman of the Scor Re parent, Societe Commerciale de Reassurance in Paris. **Larry F. Bachel** was promoted to vp of Scor Re's facultative property administration. **Allan M. Cohen** is now vp and manager of Scor Re's Hartford regional office.

**Claus Cardinal** named executive vp of Gerling Global Offices Inc. in New York, the U.S. manager for Gerling Global Reinsurance Corp. of Cologne, West Germany. He had been senior vp. Also, **Roger Cunningham**, **Bill Egan** and **Ken Bolen** promoted to senior vps. Mr. Cunningham is responsi-

## comings & goings: industry

ble for treaty operations; Mr. Egan heads the facultative casualty department; and Mr. Bolen heads the facultative property department.

#### Other suppliers

**Thomas G. Nelson** named an actuary in the Chicago office of Milliman & Robertson Inc. He previously had been with A.S. Hansen Inc., William M. Mercer Inc. and CNA Insurance Cos.

**Bruce T. Hibbitt Jr.** named president of The Wiedemann & Johnson Cos. in Dallas, an employee benefit administration firm. In addition, **Frederic F. Wiedemann** named chairman and **James**

**W. Rutledge** named executive vp of the firm.

Actuarial Associates of America Inc., an employee benefit administrator in Fayetteville, Ark., promoted **Jerry Landers** and **Steve Howard** to vps. Mr. Landers is vp-field operations, while Mr. Howard is vp-group administration.

#### Excess/surplus

American Eagle General Agency in Lincoln, Neb., promoted **James L. Hippard** to president. American Eagle is a managing general agency and a subsidiary of Guaranty National Insurance Co.

**Jack S. Hupp** named president

of Rathbone, King & Seeley Inc., a managing general agency in San Francisco.

He also becomes president of American Star Insurance Co. in San Francisco. Both companies are subsidiaries of The Seibels Bruce Group Inc. Mr. Hupp had been executive vp of Fireman's Fund Insurance Cos.

**Arthur J. Forenza Jr.** joined J.G. Special Risk Insurance Brokers in New York as vp and branch manager of the San Francisco office. Mr. Forenza has 10 years of casualty insurance and reinsurance experience.

Two were promoted at American Sports Underwriters Inc. in Woburn, Mass. **Joe Selman** named vp, specializing in underwriting and developing insurance for collegiate athletics. He will be located in Charlottesville, Va. **Eugene M. Matusko** appointed vp of administration at the company, heading up new product development and claims administration. Mr. Matusko had formerly been chief administrator for State Mutual Life Assurance Co.'s group special products division.

**William A. Wallner** named vp and underwriting manager for Strong General Insurance Agency in Los Alamitos, Calif. Mr. Wallner had been commercial property/package underwriting manager for Zurich Insurance Co. in Tustin, Calif.



Mr. Hupp

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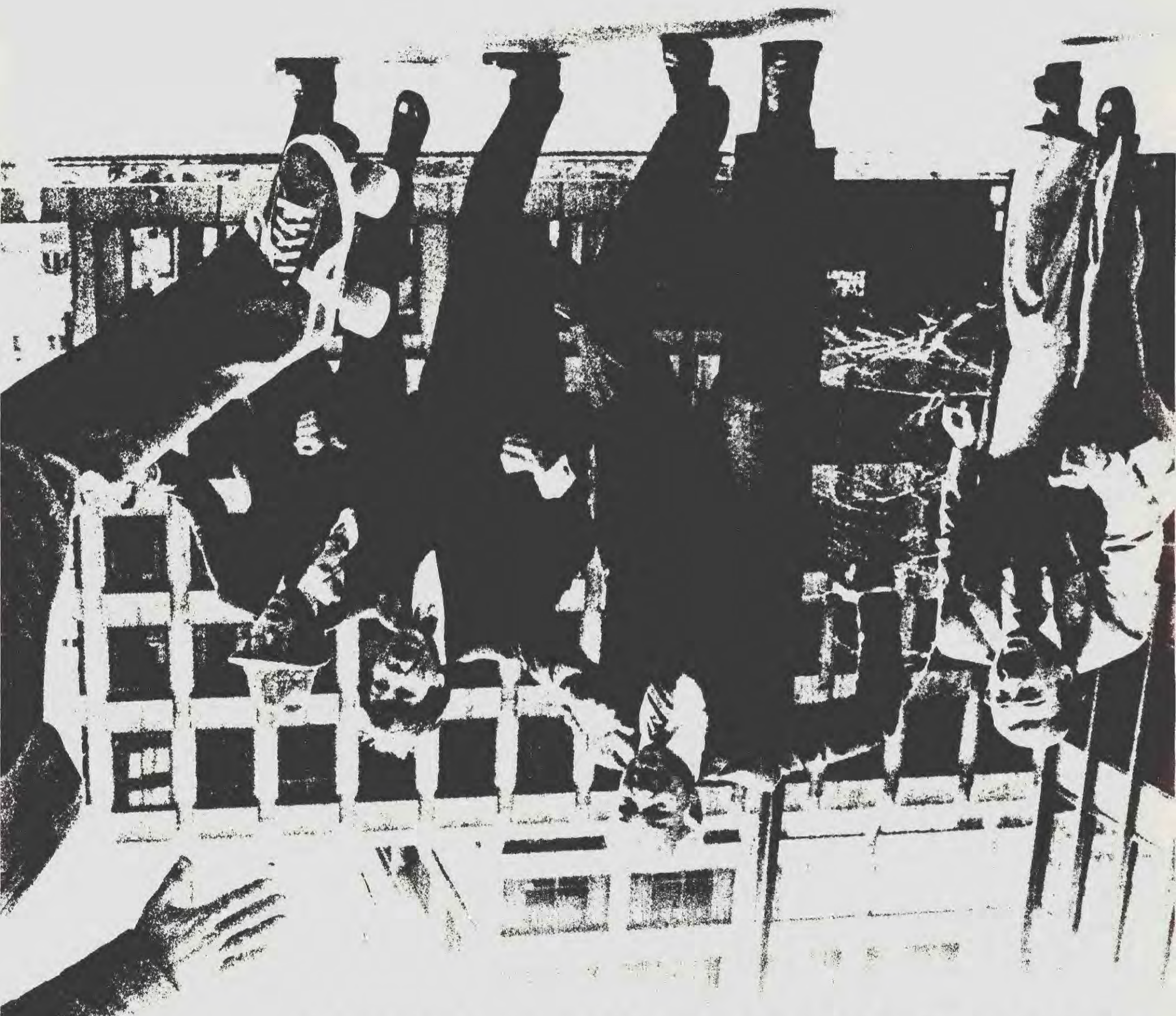
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# Nevada court bars comp-related firings

CARSON CITY, Nev.—Nevada employers may not fire injured workers just because they file a workers compensation claim, according to a state Supreme Court ruling.

The court said it knew of no more effective way to nullify the basic purpose of the Nevada workers compensation code than to make workers choose between continuation of employment or the submission of a claim.

The ruling was based on two separate cases involving injured workers at Harrah's a Reno casino-hotel, and the MGM Grand Hotel, also in Reno. The two hotel companies are among the largest employers in the state.

In both cases, there was a question of whether Nevada's "terminable at will" law, which allows dis-

## around the states

missal of employees for any reason also applies to workers compensation cases. A lower court said that since the law did not deal specifically with this issue, it would have to be dealt with legislatively.

But in acknowledging the Nevada law, the Supreme Court said an exception should be permitted in workers comp situations by allowing employees to pursue damages against employers if they believe they were dismissed because they filed a work comp claim.

Both cases must go back to lower courts where plaintiffs' attorneys say they will try to prove their clients were dismissed solely because of a work comp claim.

## Work comp appeals

SPRINGFIELD, Ill.—A recently created five-member panel of Illinois judges will hear appeals of workers compensation cases from circuit courts.

The Industrial Commission division of the state Appellate Court was created Feb. 1 by an Illinois Supreme Court order. That order overturns a 10-year-old high court rule that allowed workers compensation appeals to bypass the appellate courts and go straight to the Supreme Court.

The new panel, which is composed of one judge from each of the state's five appellate districts, will

"sit periodically, as its judicial business requires," according to the order. It's anticipated that most cases will be heard in Chicago or Springfield.

The panel is expected to hear 18 cases this month—a small dent in an extensive backlog according to court sources.

Under the previous system, workers compensation appeals that went to the Supreme Court accounted for some 30% of the high court's docket. In 1983, 94 new cases were filed. During the same period, the court disposed of 83 cases.

The Supreme Court had been considering the creation of the special panel for several months, according to Judge Roy O. Gulley, administrative director of Illinois courts.

The original rule allowing workers comp appeals to bypass appellate courts was drafted in 1964 when the Illinois appellate court system was revised by a constitutional amendment, Judge Gulley said.

## Gabay resigns

NEW YORK—Donald D. Gabay, first deputy superintendent of the New York Insurance Department, is leaving the state post to resume private law practice.

Mr. Gabay, who served as first deputy superintendent for the past six years, was instrumental in the development in the New York Insurance Exchange, the New York Insurance Fraud Bureau and several changes in insurance regulation.

## N.Y. fines insurer

NEW YORK—The New York Insurance Department has fined Charter Security Life Insurance Co. \$100,000 for illegal stock purchases and other violations of New York insurance law.

Charter Security, a unit of Charter Co. of Jacksonville, Fla., illegally purchased more than 5% of the voting stock of eight companies in early 1983, before the law was amended to allow such investments, an insurance department spokesman said.

The eight companies were not named.

The insurance unit also violated laws that forbid investments in common stocks to exceed policyholders' surplus and that forbid securities transactions to contain agreements restricting subsequent sale of the shares.

Along with the fine, Charter Security is required to divest itself of the illegal purchases. ■

## 10th anniversary of ERISA noted

WASHINGTON—The Labor Department is taking note of the 10th anniversary of the pension reform law.

Next month, the department will sponsor a public meeting in Washington on the "Impact of ERISA and Related Legislation on the Development of Private Retirement Plans."

The meeting will be held March 15 in the Regency Ballroom A, Hyatt Regency Hotel, 400 New Jersey Ave. N.W.

Several congressmen are expected to present remarks at the morning session, which begins at 9:30.

The afternoon session will start at 1:30 and feature remarks by employers, union officials, plan participants and employee benefit plan advisers.

The forum "presents an opportunity to explore issues which affect the benefits of American workers and the financial stability of the private employee benefit plan system," said Secretary of Labor Raymond Donovan.

"It is appropriate that we discuss these issues as we approach the 10th anniversary of the passage of ERISA," Mr. Donovan added.

The Employee Retirement Income Security Act, among other things, sets fiduciary, reporting and vesting standards for private pension plans.

The pension reform law, which was signed by President Ford in September 1974 following several years of intense debate, is considered the most comprehensive benefits legislation ever enacted by Congress. ■

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*perspective*

# TWENTY YEARS OF CHANGE IN THE INSURANCE MARKET

*What are the most significant changes from the '60s to the '80s in the insurance industry?*

*Is it increased litigation over product liability? The surge of occupational disease claims? The influence of investment income?*

*Robert J. Vairo, chairman and chief executive officer of Crum & Forster Underwriters Group, talks about changes in the industry over the last 20 years and how insurers are grappling with those changes.*

By Robert J. Vairo

**T**WENTY YEARS AGO, Americans took a lot for granted: a continually improving standard of living, an inexhaustible supply of fuel and single-digit inflation.

We in the business community took those things for granted, along with other things: cheap money, an expanding gross national product and constantly-growing markets.

Twenty years ago, things seemed pretty calm, almost bucolic, compared to today. And, 1963 wasn't a particularly good year, in terms of underwriting results. Insurers were at the start of a three-year downturn, but they were used to that. When losses got to a certain level, prices would begin to firm and business would turn around.

Insurers were a pass-through mechanism in 1963—the means by which society was protected against financial disaster. We operated in a cartel-like environment. We didn't have to worry particularly about pricing our products.

Whatever the cost of providing insurance was, the industry would determine what rates would support that cost and insurers would add that to premiums. Even the effects of inflation were passed on to the customers. So the system moved along very nicely.

Things aren't like that anymore. Today—and as far as we can see into the future—insurers are not going to be allowed to just pass on these costs. That's partly due to competition and partly due to a market environment that is *not* expanding, contrary to predictions of 20 years ago.

What we expected then was endless population growth, endless growth in the GNP and endless markets to be tapped.

Listen to these words from the president of the Insurance Information Institute in 1963: "The yeast of competition has stirred things up. New policies, new packaging, flexible rating, a more aggressive approach. . . ." He ends with the words, "These are exciting times."

Exciting times. Well, the 1980s are exciting times, too. Competition is still "stirring things up"; now, though, some insurance companies won't survive.

If insurers have learned anything through these past 20 years, it's that when you are planning for the future, you dare not take for granted one single thing about past or present operating environments.

Why are things so different now? What's happened to the insurance business to cause this huge change?

One thing that has happened was the tremendous growth in the importance of investment income to insurance. In 1963, investment income for the entire industry was \$720 million. In 1982, it was almost \$12 billion.

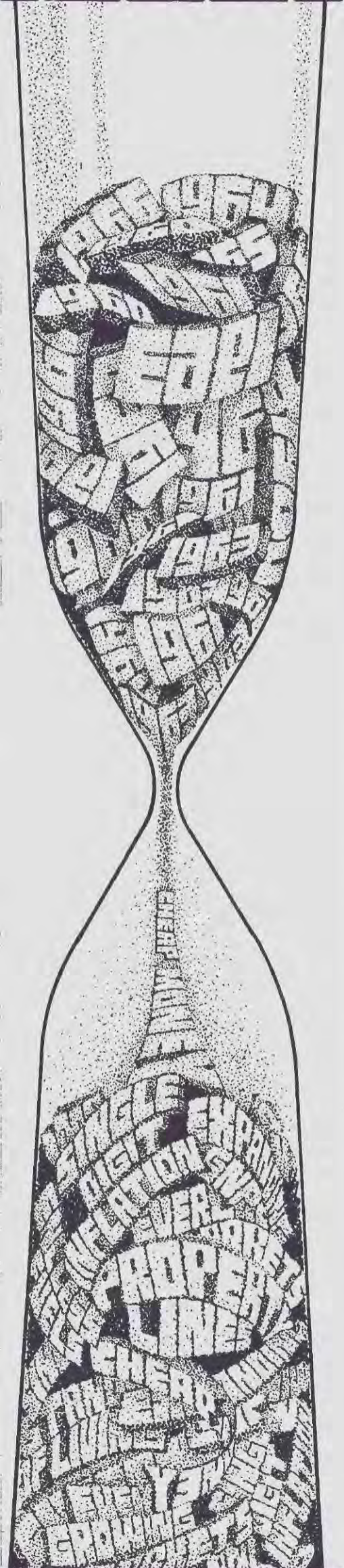
Much of that increase was due to the enormous increase in interest rates, the highest in decades. And much of it was due to the increase in reserves for the growing numbers of long-tail, big-dollar claims.

This made it a lot more attractive to jump into the insurance business, and the number of companies grew accordingly. Today, there are 2,950 property/casualty companies doing business in the United States. And they all are looking to retain or increase their market share.

What we insure has changed, too. Property insurance used to represent the biggest part of our business. Not anymore. Liability lines have taken over the lion's share as a result of the explosion in litigation we've seen the past 20 years.

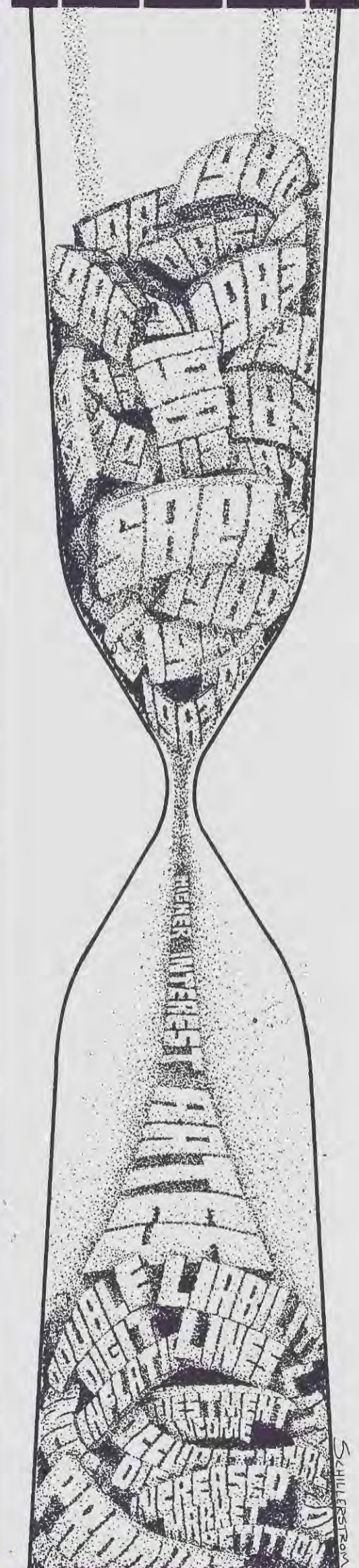
*Continued on next page*

1960's



1980's

1980's



1980's

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PUBLISHING DATES	ADVERTISING OPPORTUNITIES	FULL-RUN ADVERTISING CLOSING DATES	ISSUES CONTAINING AGENT-BROKER TOPICS DEMOGRAPHIC SECTIONS	CLOSING DATES FOR AGENT/BROKER TOPICS SECTION
JAN 2		<b>CLOSED</b>	JAN 2	<b>CLOSED</b>
JAN 9	MARKET PREVIEW/INFO FOR BUYERS			
JAN 16				
JAN 23				
JAN 30	SELF INSURANCE/FINANCIAL SERVICES			
FEB 6				
FEB 13				
FEB 20	RISK MANAGEMENT SERVICES			
FEB 27				
MAR 5				
MAR 12	EMPLOYEE BENEFITS: CONTROLLING COSTS	Feb 28 T		
MAR 19		Mar 7		
MAR 26		Mar 14		
APR 2	RIMS PREVIEW/CAPTIVES OFFSHORE	Mar 20 T	APR 2	Mar 12
APR 9	RIMS REPORT # 1	Mar 27 T		
APR 16	RIMS REPORT # 2	Apr 3 T		
APR 23		Apr 11		
APR 30		Apr 18		
MAY 7		Apr 25	MAY 7	Apr 16
MAY 14	SPECIALTY RISKS	May 1 T		
MAY 21		May 9		
MAY 28	EMPLOYEE BENEFITS: CONFRONTING THE FUTURE	May 15 T		
JUN 4		May 22 T	JUN 4	May 14
JUN 11		May 30		
JUN 18		Jun 6		
JUN 25	AGENT/BROKER PROFILES	Jun 12 T		
JUL 2		Jun 20	JUL 2	Jun 11
JUL 9		Jun 26 T		
JUL 16		Jul 3 T		
JUL 23	MARKET REPORT/INSURANCE EXCHANGES	Jul 10 T		
JUL 30		Jul 18		
AUG 6		Jul 25	AUG 6	Jul 16
AUG 13		Aug 1		
AUG 20	EXCESS/SURPLUS	Aug 7 T		
AUG 27	Distribution at Monte Carlo Rendez-Vous	Aug 15		
SEP 3	EMPLOYEE BENEFITS: INTERNATIONAL	Aug 21 T	SEP 3	Aug 13
SEP 10	IIAA Convention	Aug 28 T		
SEP 17	RENDEZ-VOUS REPORT	Sep 4 T		
SEP 24	LOSS PREVENTION	Sep 11 T		
OCT 1		Sep 19	OCT 1	Sep 10
OCT 8		Sep 26		
OCT 15	INTERNATIONAL RISK MANAGEMENT/INSURANCE	Oct 2 T		
OCT 22		Oct 10		
OCT 29		Oct 17		
NOV 5		Oct 24	NOV 5	Oct 15
NOV 12	REINSURANCE/NAII Conference	Oct 30 T		
NOV 19		Nov 7		
NOV 26		Nov 13 T		
DEC 3		Nov 20 T	DEC 3	Nov 12
DEC 10	MARKET REPORT: SMALL BUSINESS	Nov 27 T		
DEC 17		Dec 5		
DEC 24/31*	EMPLOYEE BENEFITS: IN RETROSPECT	Dec 11 T		
<b>1985 ISSUES</b>				
JAN 7		Dec 19, '84	JAN 7	Dec 17, '84
JAN 14	MARKET PREVIEW/INFO FOR BUYERS	Dec 26		

\* year end double issue.

NOTE: Editorial information is subject to change.

FULL-RUN AD CLOSING DATES: Last advertising forms normally close in Chicago on Wednesday, 12 days preceding date of publication. However, certain issues will close as indicated: M for Monday, T for Tuesday.

MARKET REPORTS: Special Market Report Sections will be published as integral parts of two issues of Business Insurance during 1984.

AGENT/BROKER TOPICS DEMOGRAPHIC SECTION: The section appears in the first issue of every month. Last advertising forms for this demographic section close in Chicago, on Monday, 3 weeks preceding date of publication.

# Poor safety record could close tuna plant

Continued from page 1  
are violations for which the company had previously been cited, but had not corrected.

Ms. Chatten-Brown calls the safety environment at the plant "grossly inadequate."

"Two or three injuries a day is just about the norm over there," she adds, pointing out, however, that not all injuries have been serious.

Star-Kist has the worst record in the Long Beach Cal-OSHA district, in terms of the gross number of injuries based on inspection-preventable accidents among the 100 highest-risk industries as cited by the California Division of Labor Statistics, according to court papers.

The request for the injunction is included in a civil suit filed by the city against Star-Kist, its parent company—Pittsburgh-based H.J. Heinz Co.—and seven directors, officers and other employees of the two companies.

Individual defendants are Henry J. Heinz II, chairman of Heinz; Joseph J. Bogdonovich, chairman of Star-Kist; Brian W. Leamy, vp-operations of Star-Kist; Hank Tomlinson, Star-Kist's corporate safety director; Joanne Baker, the plant's safety director; Terrance Manson, the plant's personnel director; and M. Ed Stockwell, the plant's general manager.

If the city is successful, Star-Kist and the co-defendants could be assessed nearly \$3.4 million in penalties for violating safety regulations. This would include \$377,500 from

each of the seven individual defendants and from Star-Kist and Heinz.

The \$377,500 represents a \$2,500 fine for each of the 151 violations.

Star-Kist, however, calls the suit "an unwarranted action" and claims the company already abides by most of the safety requirements the city is demanding.

The company's safety record compares favorably with similar businesses, says Edward A. Ryan, Star-Kist's vp-administration.

Mr. Ryan also questions Cal-OSHA's method of assessing Star-Kist's safety record.

Instead of measuring the number of gross injuries, which does not consider the number of employees at a plant, he says the city should look at its number of accidents per 100,000 or 200,000 man-hours, another industry standard. Using this measure, the company's safety record would not appear so poor, he says.

However, he declined to say what the Star-Kist's plant's safety record would be based on this criterion.

"As far as we're concerned, we have a good, viable safety record, and we're working to make it an outstanding one," Mr. Ryan comments.

A hearing is set for March 14 in Superior Court to decide if the plant will have to cease production until it adopts a strict safety program. Fines against defendants will be addressed at a later unscheduled date.

Shortly after the Jan. 12 suit was filed against Star-Kist, Heinz and the seven individual defendants, the city offered to settle out of court for \$362,000, which included \$327,000 from Star-Kist and \$25,000 and \$10,000 from two of the seven individual defendants.

The city asked that the \$25,000 and \$10,000 penalties come directly from the pockets of the two defendants and that they not be reimbursed by Star-Kist or Heinz.

"We don't want a corporate officer, or whoever is the responsible person, to be able to pass (the cost of the fine) onto the corporation," says Ms. Chatten-Brown.

However, Star-Kist never responded to the offer, and in effect, rejected it. Mr. Ryan says the settlement was simply unacceptable to the company.

Jerome J. Fleckenstein, manager of casualty insurance for Heinz in Pittsburgh, would not comment on whether the company has directors and officers liability coverage for any of the individuals named in the suit. Heinz handles virtually all property/casualty insurance arrangements for its subsidiaries, which include Star-Kist, Weight Watchers International Inc. and Ore-Ida Foods Inc.

A D&O policy would probably cover the two chairmen and Star-Kist's vp-operations named in the suit. It could also extend to the corporate safety director, though this is a gray area that depends on the terms and conditions of the policy and the specific situation, according

to D&O underwriters.

To illustrate the poor safety conditions at the Star-Kist plant, the city attorney's office points to related accidents that occurred in June and December 1983.

According to Ms. Chatten-Brown, in June an employee lost a finger from his left hand while operating a can-filling machine. He returned to work after his recovery, only to lose the remaining four fingers in an egg-dicing machine in December.

He was not given any training before using the dicing machine, she says.

"These things just kept occurring," notes Cal-OSHA attorney Allan L. Coie in Los Angeles. "There was a failure to correct things that had been cited previously."

Cal-OSHA referred the case to the city in June 1983. The California Occupational Health and Safety Act of 1973 allows Cal-OSHA to refer cases to prosecutors in the appropriate city when a workplace has failed to correct repeated violations.

Some of unsafe working conditions for which the company has been cited include:

- Failing to instruct employees in general safe work practices. (Prior to May 1983, the company did not have a full-time safety director.)
- Failing to turn off machinery during cleaning, servicing or adjusting.
- Failing to enforce the use of

eye and face protection for employees exposed to hazardous substances or flying particles.

- Failing to report a serious industrial accident.

- Failing to notify Cal-OSHA prior to working with certain asbestos-related materials.

- Failing to guard floor openings.

- Failing to provide a safe maintenance area in which employees would service or repair machinery.

- Failing to provide guard rails on platforms more than 30 inches above other working areas.

- Allowing employees to enter confined spaces where they could be exposed to air contamination or oxygen deficiency without easy-to-understand operating and rescue procedures.

"Unless enjoined, defendants will continue to operate the business of Star-Kist with improperly guarded equipment, inadequately trained employees and a lack of enforcement of safety procedures," the suit states. "Such operations constitute an illegal business practice and present a serious menace to the lives or safety of persons employed by Star-Kist."

Although the suit asks that the plant stop production until an acceptable safety program can be implemented, Ms. Chatten-Brown points out that putting the factory out of business is not the city's goal.

"We don't want to shut them down," she explains. "We just want to implement a comprehensive accident prevention program." ■

## Beacon ordered into rehabilitation

RALEIGH, N.C.—Beacon Insurance Co., a North Carolina-chartered casualty insurer and reinsurer with administrative offices in Richardson, Texas, has been ordered into state-controlled rehabilitation by a North Carolina state court.

North Carolina Insurance Commissioner John Ingram requested the court order late last week after Beacon officials disclosed to the Insurance Department that they anticipated problems meeting requests for letters of credit sought by ceding companies to guarantee future claims payment.

Beacon, Cherokee Insurance Co. of Nashville, Tenn., a London reinsurance intermediary and a New Orleans-based managing general agency are currently defendants in a lawsuit filed by Universal Marine Insurance Co. of Bermuda in U.S. District Court in Statesville, N.C. The suit alleges that Beacon, Cherokee and the other defendants conspired to defraud Universal Marine of \$16.5 million in reinsurance premium and other income.

As part of the ongoing legal action, Beacon was recently prevented by the federal court from drawing upon \$5.6 million in letters of credit posted by Cherokee alleg-

edly to guarantee payment of reinsurance claims to Beacon (BI, Feb. 20).

"We requested that Commissioner Ingram seek rehabilitation for Beacon when it became clear that it would not have access to Cherokee letters of credit for some time," explained Katherine D. Woodruff, an attorney for Beacon. "However, Beacon is current on the payment of claims and has at least \$1.5 million in cash on hand to finance future claims payments."

## Arrest triggers lawsuit

Continued from page 3  
the Saudi police," the complaint says.

Mr. Taggart then signed a statement admitting that he'd been making and using alcohol, according to the lawsuit.

He returned home from work that day to find the house occupied by Aramco security officials and Saudi police and was placed under arrest after several hours of interrogation, the suit says. Mrs. Taggart's passport also was confiscated.

The reason for Aramco's cooperation, according to the complaint, was its alleged "Saudiization pro-

gram," through which it attempted to hire and promote Saudi nationals to "curry favor" with the government.

This program supposedly started after the Taggarts moved to Dhahran, and the company participated with local police in Mr. Taggart's arrest to make room for a Saudi employee, the lawsuit charges.

## Arrest triggers lawsuit

gram," through which it attempted to hire and promote Saudi nationals to "curry favor" with the government.

This program supposedly started after the Taggarts moved to Dhahran, and the company participated with local police in Mr. Taggart's arrest to make room for a Saudi employee, the lawsuit charges.

Mr. Taggart was tried Dec. 27 and sentenced to two years in Thuqbah Jail and 200 lashes. Three weeks later, Aramco fired Mrs. Taggart and advised her to leave the country.

The lawsuit charges that Aramco fraudulently misrepresented the terms of the Taggarts' employment, breached their employment agreements and caused them "great embarrassment, mental anguish, humiliation and pain."

Mrs. Taggart is also suing for the loss of companionship of her husband while he's in prison.

U.S. District Judge George Cire hasn't set a date yet for preliminary hearings on the complaint.

Aramco must file its answer within 20 days of receiving the complaint.

Meanwhile, a decision on Mr. Taggart's appeal in Dhahran is expected within a month, according to Mr. Locke. ■

## Cities ordered to pay disputed pregnancy claims

Continued from page 2

The Supreme Court finally resolved the issue last year when it ruled in the Newport News Shipbuilding case that the act applied to the pregnancy benefits offered to employees and to male employees' wives (BI, June 27, 1983).

The consent decree involving Santa Barbara involves 25 claims that will cost a total of \$14,000 to pay. The payment per claim ranged from \$300 to \$900.

From April 29, 1979, to June 20, 1983, the city's self-insured medical plan paid 50% of the pregnancy-related expenses of male employees' wives. At the same time, it paid 80% of health care expenses incurred by female employees' husbands covered by the plan.

Under the consent order issued by the U.S. District Court in Los Angeles, the city must pay 80% of the pregnancy-related expenses incurred by male employees' wives between April 29, 1979, and June 20, 1983.

In addition, the city must add 12% interest from July 1, 1983, to the date the claim is paid.

Rich Bouma, Santa Barbara's risk manager and employee services officer, said the city had paid or was in the process of paying the retroactive claims when the consent order was published this month.

Currently, the city pays 100% of the cost, or about \$60 a month, for employee-only coverage health care coverage. Employees, depending on their bargaining unit, pay about \$50 of the \$190 monthly cost of family coverage, he said.

Since the Newport News Shipbuilding decision was handed down last year by the Supreme Court, the city has covered pregnancy expenses of male employees' wives on the same reimbursement schedule—80%—as it covers health care expenses of spouses of female employees.

Unlike Santa Barbara, the city of Glendale didn't provide any pregnancy benefits for male employees' wives until last summer, when it overhauled the plan underwritten by Occidental Life Insurance Co.

The city then tracked down pregnancy claims incurred by male employees' wives since April 29, 1979.

Mr. Hoffman, the city personnel director, said 41 claims were identified and the city is paying about \$70,000 in retroactive reimbursement to participants in the dependent health care program.

Scott Howard, a city attorney, said Glendale refused to sign a consent decree that the Justice Department presented in late December.

At the time, the department wanted the city to pay interest on the retroactive claims, to which the city would not agree at the time.

Mr. Howard noted that in another consent decree involving the city of Newport Beach, Calif., the department didn't require that city to pay interest on retroactive pregnancy claims.

However, after negotiations between the Justice Department and Glendale broke down, the city on its own agreed to pay 12% interest from July 1, 1983, to the date a claim was paid.

The Justice Department lawsuit, which was filed after the city wouldn't sign the consent decree, seeks "full compensation," including interest, for pregnancy claims of male employees' wives. ■

## insurance services guide

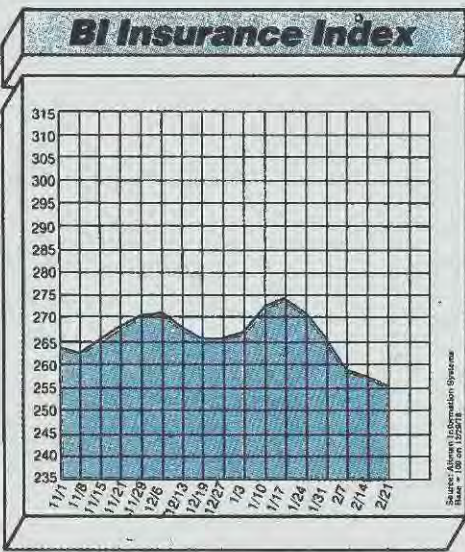
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The Business Insurance stock index continued to follow the market bears by falling 2.7 points from 257.8 to 255.1 during the five-day trading period ending Feb. 21. The index had dropped 1.5 points during the previous period. In the latest period, 15 stocks closed up, 19 were unchanged and 27 issues posted losses. The largest gains were reported by Mission Insurance Group Inc., 9.9%; SRI Corp., 6.3%; Chubb Corp., 4.8%; Avemco Corp., 4.1%; and SAFECO Corp., 4.1%. The largest losses were reported by Carolina Casualty Insurance Co., 12.5%; Frank B. Hall & Co. Inc., 8.2%; Aneco Reinsurance Co. Ltd., 7.7%; Fremont General Corp., 7.5%; and Foremost Corp. of America, 6.0%. The Business Insurance index posted a 1.1% decline. The New York Stock Exchange composite reported a 1.3% drop during the same period, while the Dow Jones 30 industrials showed a 2.1% decline.

# Industry's results headed on an uncharted course

By MYRON M. PICOULT  
Special to Business Insurance

*"Underwriting, the final frontier! This is the voyage of the Starship Inept, piloted by Captain Combined and his Ratios. Its mission, as it enters the sixth year of a three-year cycle, is to explore strange new concepts... to seek out higher combined ratios, wider underwriting losses and other unique ways of losing money... to boldly go where this industry has never gone before!"*

PERHAPS THIS IS the best way to convey our thoughts about the initial review of the property/casualty industry's 1983 fourth-quarter underwriting experience and operating results—to paraphrase the classic introduction to the television series "Star Trek."

Most of the major companies have now posted their fourth-quarter and full-year results. With few exceptions, underwriting results have been worse than expected and operating earnings have been well below the recently revised consensus estimates.

With statistics from 14 of the 17 property/casualty companies that we track, we have found the following trends for the fourth quarter:

- Net premiums written, on average, expanded 6.3%. Only three insurers—Continental Corp., Fireman's Fund Insurance Cos. and The Home Group Inc.—recorded declines in written premiums. Increases ranged from just more than 1% to about 21.5%. Trends in earned premiums followed a similar pattern.

- The combined ratio after policyholders' dividends hovered around 116.5%, with the loss ratio standing at approximately 81% and the expense ratio at about 35.5%. To date, no company has reported a combined ratio of less than 100%. The lowest ratio recorded was SAFECO Corp.'s with 103.8% and the highest was Fireman's Fund with an estimated figure of 153%. Eleven of the 14 companies that have provided statistical data were clustered

Myron M. Picoult is senior vp and senior insurance analyst with Oppenheimer & Co. in New York. He is the past president of the Assn. of Insurance & Financial Analysts and a member of the New York Society of Security Analysts. His column appears the fourth Monday of every month.

in the 116%-to-129% range.

- Pretax net investment income expanded 14.5%. However, the figure is distorted by sharp gains at Fireman's Fund and U.S. Fidelity & Guaranty Corp. Adjusting for these aberrations, an 8% average is produced. Nonetheless, a very wide variance is evident with increases ranging from 1% up to 22.5%. Only Aetna Life & Casualty posted a decline in pretax investment income.

- Property/casualty operating earnings declined 27.5%, while consolidated earnings recorded 7%.

- Reserve patterns are very uneven. On average, loss reserves were 9.5% higher than year-end 1982 levels. Paid claims during the same period rose about 12%. To date, only one company, The Home, appears to have released reserves in the fourth quarter. For all other companies in our survey, the increases ranged from substantial (Fireman's Fund) to negligible (Crum & Forster). As a general rule of thumb, it appears that more reserve adjustments are still in the wings.

- Cash flow—defined as written premiums less expenses and paid claims—continues to deteriorate. Most companies in our survey posted negative cash flow for the quarter.

In recent weeks, the cry that the underwriting cycle has bottomed has been heard once again. Admittedly, we appear to be going through the bottoming-out process. However, the bottom may be much lower than either industry players or industry observers currently perceive.

It is virtually a fait accompli that the combined ratios for the stock companies in 1984 (excluding catastrophe losses) will be materially worse than the final 1983 figure. A ratio of about 115.5%, resulting in a more than 20% decline in operating earnings, is quite realistic. Individual company earnings estimates, prepared internally and externally, do not appear to adequately recognize the impact of the industry's lackluster pricing and reserving practices over the past few years.

The reasons the industry's pricing practices

should improve increase in both number and substance almost monthly. However, the industry's capital base remains healthy and most management teams remain too sanguine about their ability to withstand the current trauma and remain viable competitors.

We still believe that less of a bad thing, namely poorly priced property/casualty business, is good. Market share paranoia continues to dominate the operating decisions of most companies. The spaceship is still headed into a black hole.

The real initiation of a corrective pricing phase may be left to the industry's client base. At some point, buyers will begin to shy away from underwriters that they perceive not to be safe and viable competitors. Once they are tarred and feathered, it will be difficult for them to shake the image.



Mr. Picoult

## Financial briefs Commercial Union

Commercial Union Assurance P.L.C. says it has spent \$148 million to beef up its U.S. reserves and to reinsure about \$200 million of mainly long-tailed U.S. losses.

According to the British-based insurer, which operates in the United States as Commercial Union Insurance Cos., CU has paid a premium of \$98 million to reinsurers led by North American Reinsurance Corp. to reinsure \$200 million of losses expected in the 1990s, says Alan Palmer, deputy controller of the parent company.

Also, CU has made a direct addition of \$50 million to its U.S. claims reserves to cover known liabilities prior to 1984.

In addition, the British parent company announced an operating loss of 8.1 million pounds (\$11.79 million), compared with an operating gain of 13.8 million pounds (\$20.08 million) in 1982. Realized investment gains, however, resulted in 1983 net income of \$22 million pounds (\$32 million).

CU reported a worldwide underwriting loss of 314.2 million pounds (\$457 million), of which about \$365 million were from U.S. operations.

Kenneth Duffy, a CU executive vp in Boston, said the reinsurance purchase and the reserve strengthening stem from a greater proportion of business derived from long-tail liability than in the past, plus higher inflation rates.

Mr. Duffy added that the additional reserves go "across the whole portfolio" of the company and that "they have nothing whatsoever to do with asbestos."

He noted, however, that while CU has not changed its policy on asbestos with respect to substantive issues, it is no longer engaged in "tilting at windmills."

The company's prior policy of being a very visible spokesman on asbestos created few rewards and a great deal of confusion, to the point where some identified Commercial Union as the largest asbestos insurer, he said.

In fact, CU's involvement in asbestos is primarily as an excess insurer with a "fairly modest" involvement that is heavily reinsured, Mr. Duffy said, though he declined to state CU's total exposure to asbestos claims.

However, others say that a recent change in CU's management has led to a different posture by the company and that it is settling many more cases now. "They are now resolving claims which they never did before," one plaintiff's attorney said.

## Mission Insurance Group

American Financial Corp. has announced that it is making a tender offer for 1.5 million shares of Mission Insurance Group Inc. at \$23 each.

Last week, Mission stock was trading at \$20.875 a share.

American Financial, which already has a 20.7% stake in Mission, says that the new purchase would boost its interest to 33.3%. American Financial has said that it may buy as much as 49.9% of the insurer's shares (BI, Oct. 31, 1983). Mission said that it was considering American Financial's bid.

## British Issues

21 Feb Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low
Comml Union	76	N/A	16.86	9.6	176—172
Genl Accident	447	13.1	26.43	5.9	447—440
Gdn Royal Exch	520	13.3	30.71	5.9	525—507
Phoenix	470	20.4	26.00	5.5	470—458
Royal	518	13.3	39.28	7.6	522—515
Sun Alliance	1400	16.1	78.57	5.6	1413—1400

Brokers	Price	P/E	Div. pence	Yield %	1 Week High—Low
CE Heath	340	8.5	22.86	6.7	355—340
Hogg Robinson	168	12.9	9.43	5.6	168—159
JH Minet	140	10.8	7.57	5.4	145—138
Sedg Grp	223	11.1	11.43	5.1	230—223
Stew Wrightson	300	10.0	22.57	7.5	315—300
Willis Faber	690	14.4	30.00	4.3	695—690

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London.

# BI Industry Stock Report

FEB. 21, 1984 2/15/84 THRU 2/21/84

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Insurance Cos.	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol. (000)	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol. (000)	
Aetna Life & Cas Co	33.75	-4.3	11.0	2.64	7.8	35.00	33.75	1,208.5	29.25	0.0	10.4	0.88	3.0	29.25	29.25	0.5	
American Bankers Ins Group	12.00	-2.0	9.7	0.50	4.2	12.63	12.00	74.1	55.25	-1.3	9.1	3.84	7.0	56.50	55.25	195.8	
American General Corp	20.25	-0.6	6.8	0.90	4.4	20.38	20.25	932.6	24.88	-5.7	7.7	1.00	4.0	26.50	24.88	21.7	
American Indty Finl Corp	21.00	0.0	18.3	1.12	5.3	21.00	21.00	0.5	25.50	0.0	7.3	0.96	3.8	26.25	25.50	83.6	
American Intl Group Inc	56.50	0.0	9.5	0.44	0.8	57.50	56.50	982.2	22.63	-3.2	10.8	1.08	4.8	23.75	22.38	30.1	
American Natl Ins Co	22.13	1.1	8.0	0.96	4.3	22.13	22.13	11.8	13.50	-1.3	9.1	0.60	4.4	13.75	13.50	15.1	
Aneco Reins Ltd	3.00	-7.7	21.4	0.00	0.0	3.25	3.00	5.1	AVERAGE			10.1				4.0	
Avemco Corp	18.88	4.1	12.3	0.58	3.1	18.88	18.50	5.4	AGENTS/BROKERS								
Banks Iowa Inc	50.50	0.0	18.8	1.52	3.0	51.00*	50.50	1.7	Alexander & Alexander Svcs	20.50	-1.8	0.0	1.00	4.9	21.25	20.50	301.9
Bitco Corp	16.25	1.6	0.0	1.33	8.2	16.25	16.00	4.3	Baldwin & Lyons Inc	37.00	0.0	15.4	0.80	2.2	37.00	37.00	0.0
Carolina Cas Ins Co	5.25	-12.5	0.0	0.00	0.0	6.00	5.25*	5.3	Corroon & Black Corp	23.75	-1.6	10.7	1.00	4.2	24.00	23.75	10.4
Chubb Corp	66.00	4.8	9.6	3.12	4.7	66.00	64.25	184.5	Crum E H Cos Inc	10.75	0.0	15.6	0.40	3.7	10.75	10.75	43.1
Combined Intl Corp	31.75	-5.9	8.2	2.00	6.3	32.75	31.75	170.5	Emett & Chandler Cos Inc	9.75	0.0	26.4	0.00	0.0	9.75	9.75	1.1
Continental Corp	27.13	-0.5	142.8	2.60	9.6	27.25	27.13	163.6	Hall Frank B & Co Inc	21.00	-8.2	22.1	1.35	6.4	22.75	21.00*	184.3
Crawford & Co	15.50	0.0	11.0	0.66	4.3	15.50	15.50	3.6	Integrated Res Inc	24.00	-6.8	7.8	0.00	0.0	25.25	24.00	148.7
Crown Life Ins Co	120.50	0.4	7.9	3.20	2.7	120.50	120.00	0.4	Marsh & McLennan Cos Inc	44.88	2.0	12.9	2.20	4.9	45.13	44.50	75.8
Employers Cas Co	32.00	0.0	7.2	1.20	3.8	32.00	32.00	2.4	Poe & Assoc Inc	5.25	0.0	0.0	0.00	0.0	5.25	5.25	0.2
Equifax Inc	25.63	-1.4	10.2	1.60	6.2	26.25	25.63	88.1	Reed Stenhouse Cos Ltd	12.00	0.0	14.6	0.60	5.0	12.00	12.00	5.7
Farmers Group Inc	40.63	1.6	10.0	1.52	3.7	41.00	40.63	422.0	AVERAGE			15.5				3.5	
Foremost Corp Amer	23.50	-6.0	10.9	0.88	3.7	25.25	23.50*	48.0	CONGLOMERATES/HOLDING COS.								
Fremont Gen Corp	12.38	-7.5	112.5	0.48	3.9	13.63	10.88	612.2	American Express(Fireman's Fd)	28.63	-1.3	11.3	1.28	4.5	29.13	28.63	2,120.6
Great West Life Assurn Co	270.00	0.0	9.7	12.00	4.4	270.00	270.00	0.0	Anderson Clayton(Ranger/PanAm)	28.50	-5.0	32.0	1.32	4.6	30.25	28.50	15.9
Hanover Ins Co	49.25	-4.4	6.3	0.88	1.8	51.50	49.25	13.0	Araco Inc	19.13	-2.5	0.0	0.40	2.1	19.88	19.13	251.5
Hartford Steam Boiler Insptn	50.00	1.0	8.6	3.00	6.0	50.00	49.50	4.1	Baldwin Utd Corp	2.25	-10.0	0.0	0.00	0.0	2.38	2.25	249.3
Jefferson Natl Life Ins Co	40.00	-2.4	16.5	0.76	1.9	40.50	40.00	2.0	CIGNA Corp	39.13	-2.5	7.4	2.48	6.3	39.63	39.13	812.9
Kemper Corp	37.75	0.3	8.1	1.80	4.8	37.75	37.63	23.1	City Investing Co. (Home Ins.)	33.75	3.1	8.4	1.80	5.3	35.00	33.75	407.9
Lincoln Natl Corp Ind	30.50	0.4	8.8	1.68	5.5	30.50	29.75	136.7	CNA Finl Corp (CMA)	22.63	-3.7	5.6	0.00	0.0	22.88	22.00	227.9
Mission Ins Group Inc	20.88	9.9	0.0	0.50	2.4	21.50	18.75*	841.2	Control Data (Comm. Credit)	35.25	-11.0	8.4	0.66	1.9	39.38	35.25*	745.7
Nationwide Group Ohio	41.75	0.0	15.3	0.70	1.7	0.00	18.75*	TRADE	General Re Corp	54.63	-2.9	11.5	1.44	2.6	56.25	54.63	159.3
Northwestern Natl Life Ins	37.25	1.0	9.3	1.50	4.0	37.50	37.00	23.3	ITT (Hartford Group)	39.75	-0.6	8.9	2.76	6.9	39.75	39.25	955.1
Ohio Cas Corp	43.50	-0.6	9.0	2.68	6.2	43.75	43.50	80.4	Optimum Hldg Corp	5.00	0.0	38.5	0.00	0.0	5.00	5.00	0.2
Old Rep Intl Corp	32.38	0.8	7.0	0.90	2.8	32.38	32.25	64.5	Sears Roebuck & Co. (Allstate)	34.75	-4.1	9.1	1.76	5.1	36.75	34.75	2,792.3
Orion Cap Corp	25.50	-5.6	12.3	0.76	3.0	26.75	25.50	56.5	Teledyne Inc (Argonaut)	157.25	-1.7	10.6	0.00	0.0	161.50	157.25	427.4
Preferred Risk Life Ins Co	19.75	0.0	7.5	0.67	3.4	19.75	19.75	0.7	Transamerica Corp	24.50	-3.0	8.8	1.56	6.4	25.00	24.50	290.1
Provident Life & Acc Ins Co	69.50	0.0	7.3	2.60	3.7	70.00	69.50	11.7	(Occidental & Fred S. James)	AVERAGE			13.1				2.9
St Paul Cas Inc	59.13	1.1	9.2	3.00	5.1	59.25	59.13	284.8	*Record high/low since Jan. 1, 1983								
SAFECO Corp	59.88	4.1	8.4	2.60	4.3	59.88*	58.75	181.0	System design: Altman Information Systems								
Sri Corp	17.00	6.2	8.5	0.68	4.0	17.00	16.00	46.9									
Seibels Bruce Group Inc	18.88	-0.7	12.3	0.80	4.2	19.25	18.88*	11.4									
Statesman Group Inc	7.63	0.0	6.6	0.15	2.0	7.63	7.63	20.8									
Tokio Marine & Fire Ins Co	114.00	-1.7	23.0	0.96	0.8	116.00	114.00	14.6									
Travelers Corp	31.25	-1.6	7.7	1.92	6.1	31.75	31.00	478.8									



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