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Updates

Employers Re agrees to buy most of Aachen Re operations

OVERLAND PARK, Kan.—Employers Reinsurance Corp. will acquire most of the reinsurance business of Aachener Ruckversicherungs Gesellschaft A.G., the world's 19th largest reinsurer, in a deal announced last week. Terms were not disclosed.

Under an agreement in principle, Aachen Re, a subsidiary of AMB Aachener & Munchener Beteiligungs A.G., will form a new company that will still operate under the Aachen Re name and receive most of Aachen Re's reinsurance business. Aachen Re's chief

Continued on next page

Zurich may beef up Home offer

Regulators, insurers press for more policyholder protection

By MEG FLETCHER and GAVIN SOUTER

Under pressure from state regulators, Zurich Insurance Group is expected to bolster its proposed offer for Home Holdings Inc. to include more guarantees to cover future claims by existing Home policyholders.

As early as this week, Zurich is expected to file a modified version of its earlier proposal—perhaps including reinsurance or payments for the business Zurich would take—with regulators in the seven states that oversee The Home Insurance Co. and several smaller units.

Any or all of those regulators could potentially scuttle the deal or at least force Zurich and Home to modify it.

The outcome of the Home-Zurich negotiations with regulators is likely to be closely watched by the industry, because it could set a precedent for similar deals.

Other major property/casualty insurers—including, sources say, Chubb Corp. and American International Group Inc.—have been pressuring regulators to require the added protection for current policyholders. Those Home competitors argue that without further assurances, claims against The Home may eventually have to be paid by state guaranty funds.

Should regulators ultimately reject the Zurich deal, Home would be left a much weaker company than it was only a few months ago. Some of its more desirable accounts shifted to Zurich at Jan. 1 renewals, leaving the long-tail liabilities to constitute an even larger share of The Home's book of business.

Under the Zurich deal, a group led by Zurich would purchase all the publicly held shares of Home Holdings and between 4.8 million and all 22.5 million of the shares held by its parent, Trygg-Hansa SPP Holding A.B.; a $170 million loan from Trygg-Hansa to Home Holdings would be restructured; Zurich American Insurance Group would take over a large block of The Home's business, estimated at more than $1 billion of the company's $2 billion in gross written premiums; and The Home would cease underwriting and be

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Fund loss may spur pension plan reform

Orange County loss hits retirement plan

By RODD ZOLKOS

NEWPORT BEACH, Calif.—The revelation that participants in an Orange County, Calif., deferred compensation pension program will lose 10% of their savings could prompt significant changes in these public-sector retirement plans.

As they deal with the ongoing fallout from their multibillion-dollar investment pool losses, Orange County officials attempted to spin the news of the retirement savings loss as a normal investment risk. The 10% loss was passed on to the 1,800 participants in the county's $80 million Section 457 retirement plan.

"You're deferring compensation that you would normally get in your paycheck, but it's an investment," an Orange County spokesman said. "So it would rise and fall as you go."

"Being told that as of Dec. 31, they were going to get 90 cents on the dollar should have come as good news," the spokesman said. "The loss in the investment pool was pegged at 22%."

But for many government workers in Orange County and elsewhere, the announcement was

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Regulators examine AIG's relationship with reinsurer

By DOUGLAS McLEOD

NEW YORK—State insurance departments conducting regular examinations of several units of American International Group Inc. are probing AIG's dealings with one of its largest reinsurers.

That reinsurer is Coral Reinsurance Co. Ltd., a Barbados company with $15 million in share capital from which AIG subsidiaries reported roughly $1 billion in reinsurance recoverables at year-end 1993.

While AIG is not a Coral Re shareholder, an unusual 1987 private offering of Coral Re stock described its plans to reinsure AIG units, and AIG and Coral Re together provided information to potential investors, documents obtained by *Business Insurance* show.

Those investors included the Arkansas Development Finance Authority and several chairmen of Fortune 500 companies.

Since the offering, AIG has accounted for most, if not all, of Coral Re's business—including treaties covering AIG units for uncollectible reinsurance from other reinsurers—and an AIG subsidiary in Barbados has managed the company, according to regulatory sources.

Several state insurance departments now examining AIG units are raising questions about the Coral Re transactions, including whether Coral Re's treaties with AIG actually transfer risk and whether Coral Re should be considered an AIG affiliate even though AIG is not a shareholder, according to sources familiar with the exams.

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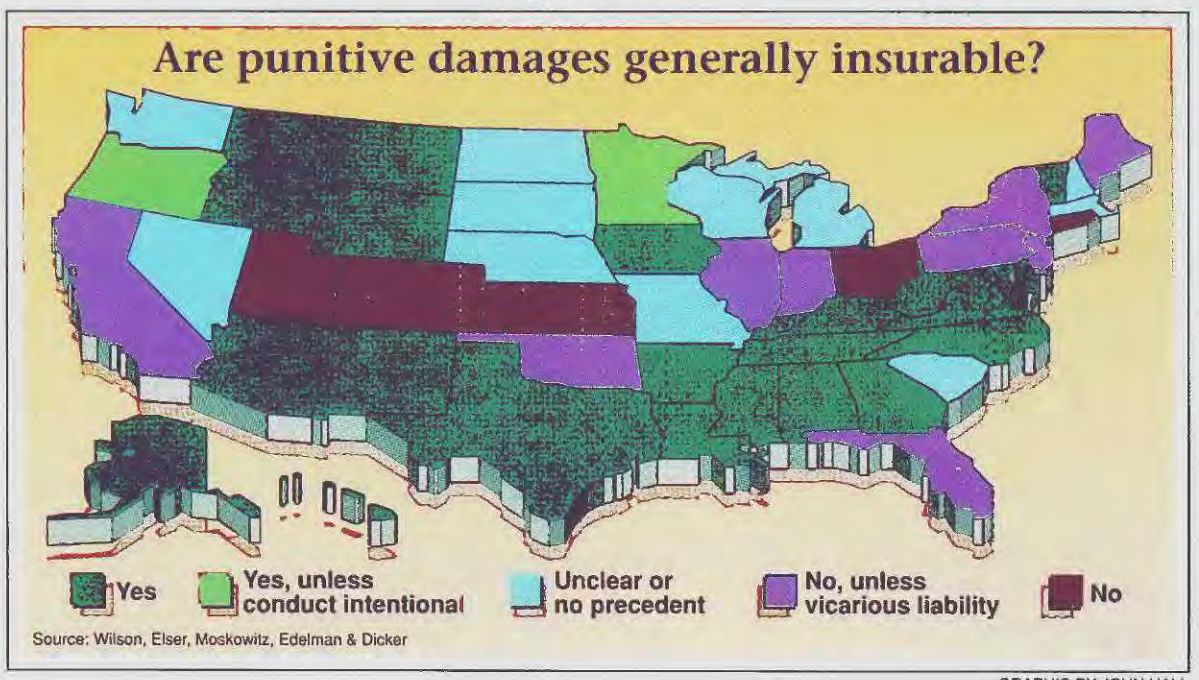
'Excessive' punitive awards a matter of debate



GRAPHIC BY JOHN HALL

By JOANNE WOJCIK

It sometimes seems like punitive damage verdicts are being awarded against companies today like lottery prizes:

- McDonald's Corp. was hit with a judgment of $2.7 million in punitive damages, along with $200,000 in compensatory damages, to a woman burned by its coffee.
- A sexual harassment victim won $6.9 million in punitive damages and $100,000 in compensatory damages from Baker & McKenzie.
- Hilton Hotels Corp. was told to pay $5 million in punitive damages and $1.7 million in compensatory damages to a U.S. Navy officer who was sexually harassed by aviators at a Tailhook convention at the Las Vegas Hilton.

What rarely makes the news is that many of the huge punitive damage awards that make the front page are later reduced.

For example, the McDonald's verdict has been slashed to $400,000, and the Baker & McKenzie verdict (*BI*, Sept. 5, 1994) was cut almost in half to $3.8 million. Hilton is appealing the Tailhook verdict (*BI*, Nov. 7, 1994).

At the same time many punitive awards are being lowered, the so-called litigation "explosion" that fueled many tort reform efforts in the 1980s may actually be fizzling out: Tort filings have essentially remained constant over the past eight years and actually declined by 2% between 1990 and 1992, according to the National Center for State Courts in Arlington, Va.

In spite of this apparently improved climate, tort reform advocates insist that excessive jury verdicts and frivolous lawsuits continue to plague the U.S. civil

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Updates

Employers Re, Aachen Re deal

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executive, Arno Morenz, said he will continue in his post at the new company. If approved by regulators and various corporate bodies, the deal could be completed by March 31.

The deal will add at least $750 million in net premiums to Employers Re's volume, which was $3.4 billion on a statutory basis in 1994, said Kaj Ahlmann, Employers Re's chairman, president and CEO.

About 80% of Aachen Re's volume is proportional treaty, said Mr. Munoz. Employers Re will gain branches in Germany, Atlanta, Dublin, South Africa, Copenhagen, Paris, Luxembourg, Hong Kong, Singapore, Malaysia and Thailand, and also Luxembourg and Dublin units.

Not included in the deal is some of the business Aachen Re wrote on behalf of its parent company. AMB, said Mr. Munoz, had decided to exit the reinsurance business to concentrate on primary business.

This is the second major deal recently involving a U.S. firm's acquisition of a foreign reinsurer. Last year, General Reinsurance Corp. acquired control of Cologne Reinsurance Co. (*BI*, Oct. 31, 1994).

Regulation of Lloyd's backed

LONDON—For the first time, Lloyd's of London underwriting agencies say they would prefer the market to drop self-regulation in favor of external regulation.

Lloyd's agents, members and others in the market are airing their views at an ongoing hearing before the House of Commons Treasury and Civil Service Committee on regulation of financial services.

Lloyd's is governed by the Lloyd's Act of 1982 and, privately, both supporters and critics of the market favor revision of that law, which provides for self-regulation.

Lloyd's Chairman David Rowland is to address the panel today.

"In the long run, it would be better if Lloyd's was regulated externally" by the Department of Trade and Industry, Malcolm Mackenzie, chairman of the Lloyd's Underwriting Agents' Assn., told the committee last week. That change should be made gradually, though, to allow existing regulatory reform to continue, he said.

Although they conceded that some agents violated their duty of care to members in the 1980s, LUAA executives argued that more recent changes in regulation have increased professionalism.

But some committee members were skeptical. Diane Abbott, a Labour Party member of Parliament, asked if some market professionals were "crooks" and looked on members as "sheep to be shorn."

And Quentin Davies, a Conservative MP, asked whether Lloyd's had made all the regulatory improvements that were needed.

"No," replied Mr. Mackenzie, adding that disclosure has improved and the market and regulatory boards are dominated by outsiders appointed by the DTI and members who don't work in the market.

Jaw implant cases near end

WILMINGTON, Del.—E.I. du Pont de Nemours & Co. says it is near the end of six years of litigation related to Teflon it supplied to Vitek Inc., a defunct Houston company that made jaw implants.

In January, the 2nd, 7th and 9th U.S. Circuit Courts of Appeal ruled in favor of Du Pont in product liability suits filed over the temporomandibular jaw implants. Hundreds of people with the so-called TMJ implants sued after they broke, causing tissue reactions.

The 9th Circuit, for instance, upheld the dismissal of suits against Du Pont, holding that as a mere supplier of raw materials it had no duty to warn ultimate users that the product could cause harm.

Also in January, the company said, U.S. District Judge Paul Magnusen of St. Paul, Minn., in a ruling on 300 consolidated jaw implant suits, ruled that Du Pont had not violated a duty to warn and was not strictly liable for the harm from broken implants.

Du Pont has now won about 600 federal cases related to the implant, said Senior Counsel Ross Schmucki. Du Pont did lose one jaw implant case in Oregon, where a jury awarded $460,000 in 1993 to a woman with an implant (*BI*, March 29, 1993). Du Pont is appealing.

Insured toll may top $6 billion

TOKYO—Insured damage from the Jan. 17 earthquake in Kobe could top $6 billion, says one analyst, far higher than the ¥200 billion ($2 billion) that the Marine & Fire Assn. of Japan is estimating.

J. Brian Waterhouse, senior analyst in the research department of James Capel Pacific Ltd. in Tokyo, estimates Japanese insurers' net insured losses alone will be ¥220 billion ($2.2 billion) and gross losses will be ¥600 billion ($6 billion).

Total economic loss estimates, meanwhile, reached ¥9 trillion ($90 billion) by last Thursday. Reports last week said that the government was considering raising taxes to help pay for the tragedy.

Ross E. Matthews, regional vp-commercial lines in the Far East region for American International Group Inc., also expects insured losses to be far higher than the official estimate.

"I still think no one has any idea of the marine losses, and how much of them will go to the London market. I think ¥200 billion is very conservative," said Mr. Matthews.

Updates continued on page 54

Errors & omissions

• A Jan. 23 Benefit Beat item incorrectly explained an IRS private-letter ruling about the Writers Guild-Industry Health Fund extending spousal benefits to same-sex domestic partners. The health plan may provide these benefits without losing its tax-exempt status as long as the partner benefits do not exceed 3.4% of the total annual cost of benefits.

RIMS petitions Congress to reform Superfund liability

By MARK A. HOFMANN

WASHINGTON—The Risk & Insurance Management Society Inc. wants Congress to include three key liability reforms in any Superfund reauthorization legislation it considers this year.

The reforms—elimination of joint and several liability, elimination of retroactive liability and creation of a binding allocation system for liability—are spelled out in a Jan. 27 letter sent to every member of Congress.

Meanwhile, the Republican chairmen of the House and Senate subcommittees that would be the first to deal with any Superfund legislation say that "everything is on the table" regarding Superfund reform.

Coverage of the Atlanta RIMS educational conference begins on page 51.

But Sen. Robert Smith, R-N.H., chairman of the Senate Environment and Public Works Committee's Subcommittee on Superfund, Waste Control and Risk Assessment, made clear that not everything on the table had the same likelihood of becoming part of the final bill.

For example, last year's proposed Environmental Insurance Resolution Fund, which would have been funded by a new tax on property/casualty insurers, is "not off the table, but it's certainly near the edge," said Sen. Smith.

"We're sorry to hear that. We were under the assumption that it was off the table. We would like to see it fall off the table," Paul Brown, general counsel for New York-based RIMS, said after an informal press briefing held by the congressmen last week.

The fact that RIMS sent its letter to Capitol Hill less than a month after the 104th Congress convened was no accident.

"I think this is probably the best opportunity for constructive reform and this is why we tried to

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Europe's record floods

Many businesses are uninsured for flood losses

By DON LEWIS KIRK and DIGBY LARNER

Northern European companies are reporting substantial losses in the wake of some of the worst flooding this century, which has forced hundreds of thousands out of their homes and disrupted the operations of thousands of businesses.

Officials expect property losses in France, Germany and the Netherlands to exceed $2 billion. Insured losses, though, will be smaller because flood insurance is unavailable in the Netherlands and flood coverage and business interruption policies are seldom bought in Germany.

In France, though, flood coverage is compulsory and included in all non-life policies, so insurance will cover a significant portion of losses there. An insurer-financed catastrophe fund will pay business interruption claims.

One of Germany's hardest-hit industries is shipping. Similar floods in December 1993 shut down river transportation for a

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AP/WIDE WORLD

Severe flooding in Europe has forced the evacuation of tens of thousands of people as well as farmers' livestock.

Illinois employers seek cap on fees, improved quality

Rehabilitating health costs

By CHRISTINE WOOLSEY

PEORIA, Ill.—Thirty-four employers in central Illinois have launched a group purchasing initiative that will narrow the wide variance in physical therapy/rehabilitation provider fees they pay and cap future fee increases.

At the same time, the group is co-sponsoring a project designed to minimize variance in other physician fees and practices that, if successful, could reduce health care costs in the region by $50 million.

The employers, members of the Central Illinois Business Group on Health, reached an agreement in January with 15 physical therapy and rehabilitation clinics in Illinois that, among other things, requires those clinics to adhere to a fee schedule developed by the coalition.

The agreement also prohibits the clinics from raising 1996 and 1997 fees more than increases in the overall Consumer Price Index.

And, the pact requires the clinics to adhere to specific quality improvement and patient satisfaction guidelines for both occupational and non-occupational treatments.

The CIBGH says its new fee schedule, which is based on a range of reasonable and customary fees employers currently pay for 63 different procedures, will save its member companies at least 20% in annual physical therapy and rehabilitation charges.

The coalition members, which collectively provide health care to 330,000 employees, retirees and dependents, identified physical therapy and rehabilitation as an area that had "fallen through the cracks" in terms of care and cost management, said Gary Lindsay, manager of welfare benefits for Keystone Steel & Wire Co. in Peo-

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Inside

• Proposals that would make it easier for employees to withdraw funds from their 401(k) plans are a bad idea, one of this week's editorials says. **PAGE 8**

• Analyst Chatset Ltd. predicts Lloyd's of London will post a £1 billion loss on the 1992 year. **PAGE 47**

• States are now backing away from ambitious comprehensive health care reform initiatives. **PAGE 45**

• Risk managers can protect intellectual property with loss prevention techniques, experts said at a meeting of Atlanta chapter of RIMS. **PAGE 52**

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Self-Insurance

Few reverse course after self-insurance

Most firms prefer control of P/C risks

By JUDY GREENWALD

Making the decision to self-insure property/casualty risks represents a point of no return for many companies.

The soft market notwithstanding, "we never see anyone go back to insurance once they've embarked on a self-insurance program," says Joseph H. Albert, president of J.H. Albert International Insurance Advisors Inc. in Needham, Mass.

There are two reasons for this.

First is the fear that the soft market is only temporary and eventually risk managers again will be at the hard market's mercy.

Second, cost is not necessarily the only or even a primary reason behind many companies' move to self-insurance. Just as critical is the greater control self-insurance gives risk managers over other functions of their property/casualty program, such as claims administration. And that remains a compelling reason regardless of the soft market.

"The market's still soft, but we want to control our own destiny," says Jonathan Chapman, director of risk management for San Francisco-based Norcal Waste Systems Inc., which self-insured one group of its units for workers compensation last year and plans to take another group the same route in April. The company is also considering a Hawaii captive for both its workers comp and liability risks.

"We're tired of being pushed around by what I call the primary markets," added Mr. Chapman.

Still, observers acknowledge the movement toward self-insurance has probably slowed—though certainly not stopped—in response to the slow market.

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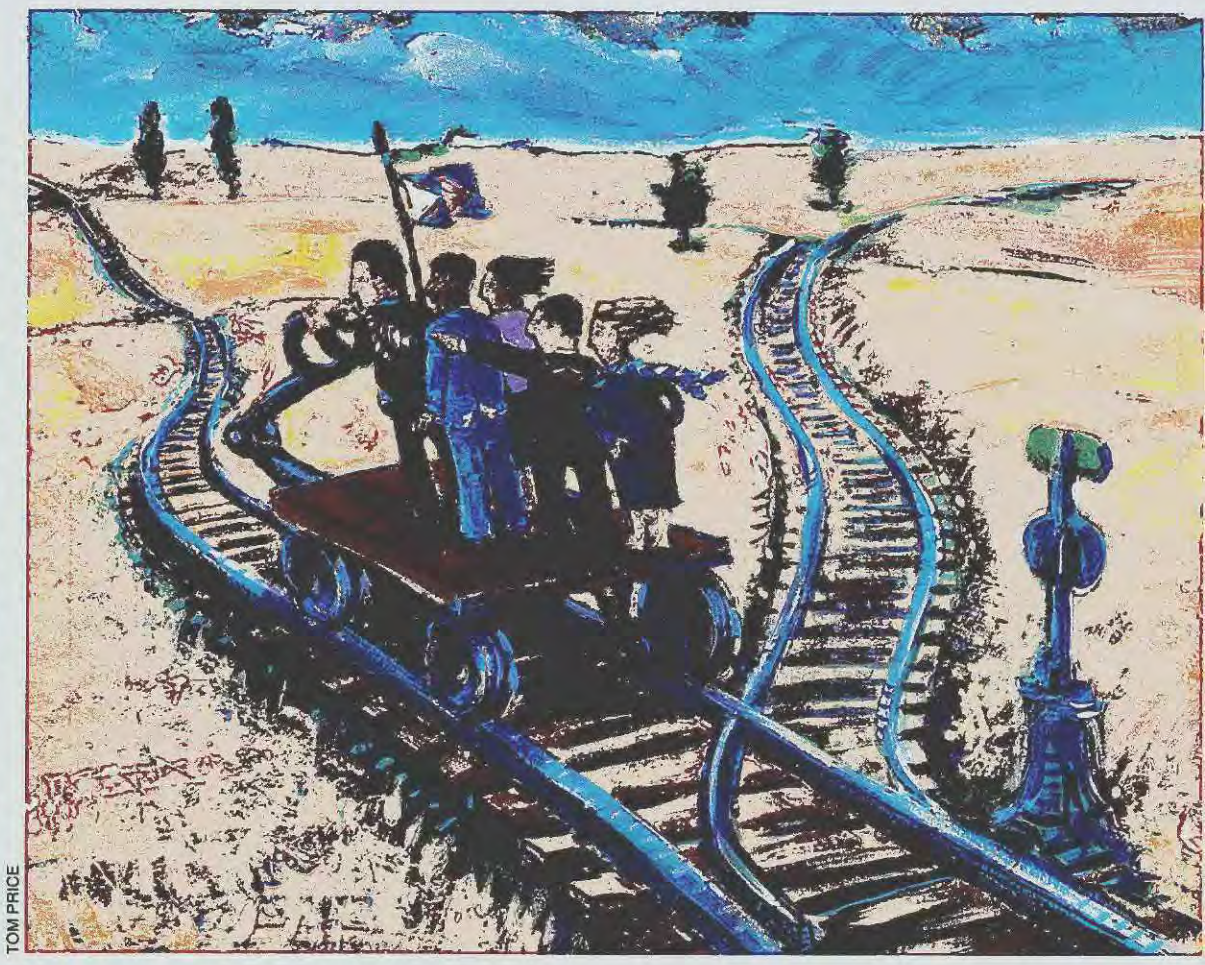


TOM PRICE

Self-insurers rally to defend favored benefit funding tool

By MICHAEL SCHACHNER

Companies that self-insure health benefits are preparing to fight proposals in Congress that would make their plans more expensive and more difficult to administer.

They've done it before. Last year, big business lobbying helped sink a Clinton administration proposal that would have required all but the largest employers to purchase health care through regional alliances. But that victory may be short-lived.

It is unclear whether Congress will grant individual state requests for waivers of the Employee Retirement Income Security Act of 1974 so they can implement their own versions of health care reform.

Allowing waivers of ERISA, which pre-empts state laws that "relate to" benefit plans, could open the way for states to tax self-insured plans or require them to provide certain benefits. Giving states that freedom, employers argue, would make health plans more expensive and more difficult to administer.

Benefit managers and benefit consultants say they doubt the new Republican-led Congress will be eager to let states create programs that would hurt the large employers that have benefited from ERISA protection for more than two decades.

The federal government, they say, is more likely to try less drastic steps like prohibiting pre-existing condition exclusions in health policies and making benefits more portable between jobs.

"I don't know why Congress would want to go back to allowing highly intrusive, regulated changes that were espoused by Hillary Clinton over 1,400 pages but were rejected," said Alan MacLennan, executive vp-employee benefits with Great-West Life Insurance & Annuity Co. in Englewood, Colo.

Meanwhile, as the uncertainty about ERISA pre-emption continues in Congress, self-insurance remains the funding method of choice for large employers as well as a viable, albeit somewhat risky, option for smaller companies.

As in 1993, 78% of larger employers—those with 1,000 or more employees—self-funded their medical indemnity plans in 1994, according to a survey soon to be released by ICR Survey Research Group of Media, Pa., and A. Foster Higgins & Co. of New York.

That survey, which measured the responses of 2,100 employers but weighted the responses of those with fewer than 500 employees because they outnumber larger companies by about 50 to 1, found only marginal growth in self-insurance among employers with fewer than 1,000 workers. Among that group,

Continued on next page

Top 10 claims administrators

Ranked by claims paid

Company	Claims paid for self-insurers (in millions)	Number of self-insured administration clients	Type of claims for self-insurers: Health[1]	Non-health benefits[2]	Workers comp	General liability	All other	Staff serving self-insurers	1994 gross revenues (in millions): Total	From claims administration
1. First Health Strategies Inc.	$3,000.0	860	93%	7%	0%	0%	0%	1,600	$165.0	$145.0
2. CoreSource Inc.	2,300.0	2,353	74	1	20	2	3	1,400	106.0	61.0
3. Crawford & Co.	2,124.3	1,715	0	0	54.5	23.5	22	N/A	588.0	209.0
4. EBP HealthPlans Inc.	1,900.0	2,400	98	2	0	0	0	1,100	235.0	77.0
5. Harrington Services Corp.	1,850.0	605	87	10	3	0	0	1,290	70.2	58.0
6. The Travelers Plan Administrators Inc.	1,796.0	687	85	15	0	0	0	650	66.0	N/A
7. Sedgwick James Inc.[3]	1,572.0	3,783	8	2	85	3	2	958	N/A	N/A
8. Gallagher Bassett Services Inc.	1,418.7	2,158	29	0	41	14	16	1,440	122.5	112.5
9. GAB Business Services Inc.	1,400.0	979	0	0	57	27	16	N/A	285.0	N/A
10. Alexsis Inc.	1,300.0	1,070	0	0	82	13	5	1,325	101.0	92.0

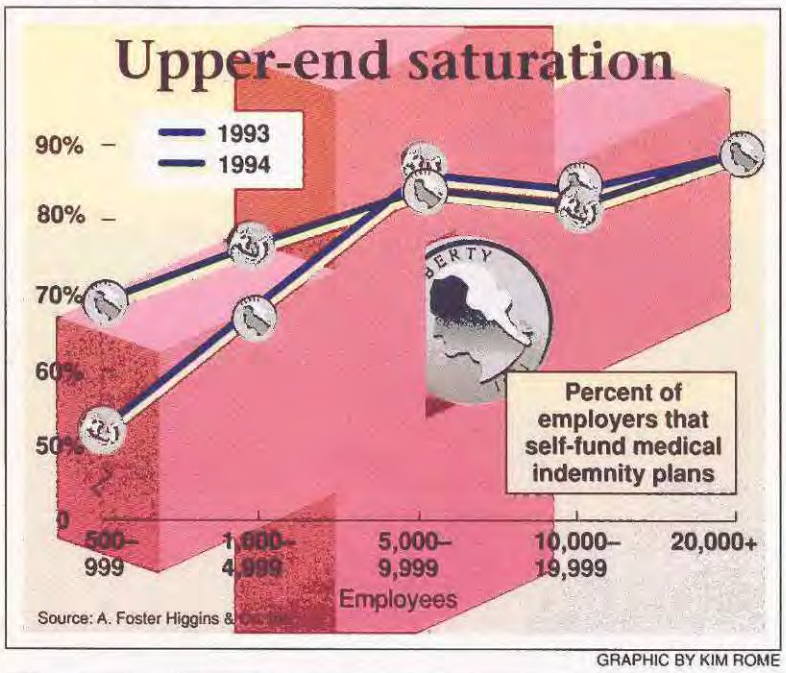
[1]Includes medical, dental, vision and prescription drug plans [2]Includes pensions, flexible compensation, disability and life [3]Includes Sedgwick James Inc. Claims Management Services (property/casualty) and Sedgwick Noble Lowndes Administrators (employee benefits) N/A= not available
Source: *BI* survey

GRAPHIC BY KIM ROME

10 Risk managers keeping a closer eye on property/-casualty TPAs

16 Managed care, quality top demands on benefits TPAs

18 Stop loss insurance: competition heats up in saturated market



GRAPHIC BY KIM ROME

Health

Continued from previous page

the percentage of employers that self-insure rose to 20% from 19% in 1993.

Larger companies usually opt for self-insurance because they can spread costs across a large group, avoid sizable premium taxes and offer and administer a uniform plan in more than one state.

For small companies, though, the risks of self-insurance may outweigh the advantages. Unless smaller companies carry appropriate stop-loss insurance, a year with extraordinary claims can mean a potentially lethal hit to their bottom line. What's more, group health premiums are at their most favorable level in recent years (*BI*, Dec. 19, 1994).

Benefit consultants therefore suggest it may be wise for smaller companies to forego self-insurance and simply buy coverage. But if there is any movement among such companies toward or away from self-insurance, it appears to be toward it.

At Great-West, Mr. MacLennan offers the rare perspective of a self-insured employer that is also a group health insurer and plan administrator.

"The statistics indicate that a greater proportion of companies are self-insuring. Virtually all of our new contracts are for (administrative services only). There is still some growth here," he said.

One of the few changes is that larger employers that have self-insured for years are starting to explore self-insured managed care arrangements.

Some group health insurers and managed care companies are offering self-funded products to employers that request them. One advantage for employers: They gain control of the health data used to set rates.

ICR and Foster Higgins found that 7% of employers with more than 1,000 employees self-funded their HMO plans in some way last year, while 15% said they would go this route if their HMOs would work with them. Another 47% said they would consider self-funding their HMOs in the future.

"Employers have begun speaking up about the generally healthy group that are insured through HMOs, and they want some money back in good years," said Gary Lake, a consulting actuary with Foster Higgins in Washington. "It's not pure self-insurance but kind of a hybrid. Call it an at-risk arrangement."

Mr. Lake said only a few HMOs do these deals now, and usually only with their best and largest customers. Small employers probably could not strike such deals. "But as soon as the word gets out which HMOs are offering money back on low utilization, it's going to become a reality in this marketplace," he said.

"Self-insurers are subtly getting educated to the fact that HMOs aren't controlling costs because they're so great but because they have all the healthy people," said John Hickey, a partner with Kwasha Lipton in Fort Lee, N.J.

Consistent with research in previous years, the ICR/Foster Higgins study shows that large companies are committed to self-insurance. Among employers with 1,000 to 4,999 employees, 77% self-insure, as do 84% to 89% of employers with more than 5,000 employees.

"You go down the list, and the reasons why are clear," said Harvey Sobel, a principal with Buck Consultants Inc. in Secaucus, N.J. "They want to avoid mandates and premium taxes."

Both prospects have employers worried. "Some states would love to fund entitlement programs off taxes paid by self-insurers. The arena is brighter now than it was at this time a year ago, but the minute we think it's all business as usual is when we'll lose it," said James Kinder, executive vp with the Self-Insurance Institute of America.

A benefits executive at a large company that has self-insured for years sounded uncertain about the prospects for ERISA waivers.

"I don't think we know enough about this Congress to say for sure what will happen. . . .Hopefully they won't yield too much to the states," said Alan Peres, manager-benefits planning with Ameritech, the Chicago-based communications company that employs 66,000 people primarily in five states.

"But a number of states want to do some things with universal access and Medicaid which would require waivers," Mr. Peres said. "It's a big issue for us. We're concerned."

Ameritech offers its active employees and its 50,000 retirees a self-insured PPO and a point-of-service plan with a network option, Mr. Peres said. Its HMO offerings are not self-insured and it carries no stop-loss insurance because of its size.

"Self-insurance works well for us. No one is saying we should get rid of it. Our risk pool is probably bigger and more diverse than that of many small insurers," he said. But the company could have to overhaul its programs if any of the Midwestern states where it operates are allowed to require companies to offer certain benefits. BI

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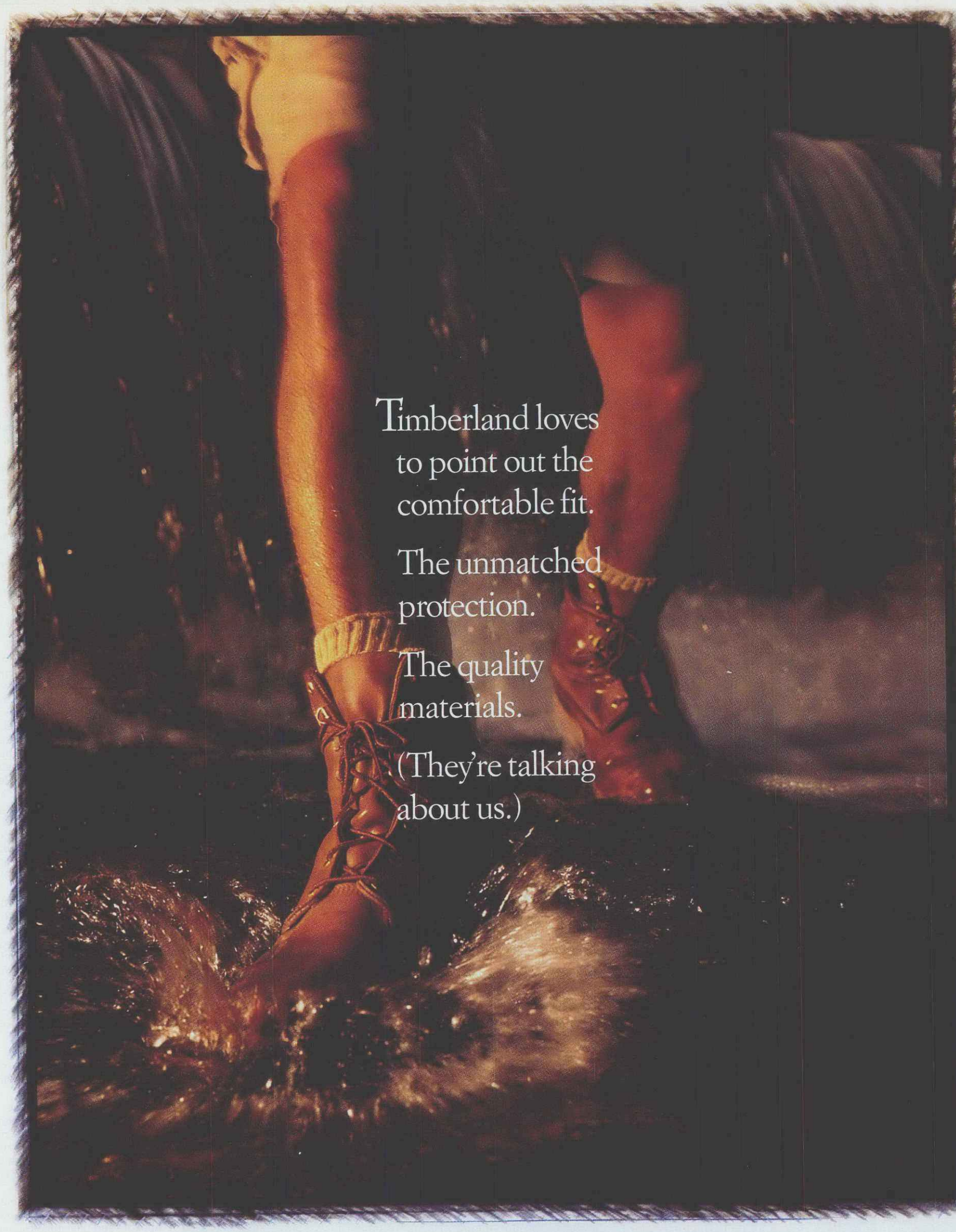

"Wausau's kept up with Timberland's expanding work force, providing education and safety training. They've created a high deductible workers compensation program continuing the same level of protection but without the initial drain on our working capital. Wausau's become a valuable business partner."

Nancy A. Wels, Director of Finance, The Timberland Company

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Self-insurers

Continued from page 3

In addition, many risk managers with high self-insured retentions are taking advantage of the soft market by placing more risk in the traditional markets, though remaining committed to their SIR programs.

Self-insurance will continue growing, predicts Sedgwick James Inc. in a recent report based on discussions with clients and other sources.

Sedgwick estimates the commercial market will decline to 56.4% of the total commercial property/casualty market, or $134.5 billion in premiums this year, from 57.8% of the total, or $130.6 billion last year.

Alternative financing methods will account for the remaining 43.6% of the market in 1995, says Sedgwick.

Of the alternative portion, Sedgwick projects:

- Qualified self-insurance will increase to 16.1% of the market, or $38.5 billion, from 15.5%, or $35 billion last year.
- Private retentions, including high-deductible programs, will increase slightly to 13.4% of the market, or $32 billion, from 13.2%, or $29.8 billion.
- Captives will increase to 7.8% of the market, or $18.5 billion, from 7.7%, or $17.5 billion.
- Pools and trusts will increase to 5.5% of the market, or $13 billion, from 5.3%, or $12 billion.
- Risk retention groups will increase to 0.8% of the market, or $2 billion, from 0.4%, or $1 billion.

"The momentum toward self-insurance, particularly in the form of risk retention, is continuing," says Steve Christiansen, senior vp for consulting firm Conning & Co. in Hartford, Conn. "The growth may be slowed a bit by the soft market and by increasing competition on the part of traditional carriers, but I don't think it is reversing in the sense that self-insurers or risk retainers are suddenly going off and financing their risk in the traditional way."

Mark Charron, director of risk management consulting services for Deloitte & Touche in Hartford, Conn., agreed.

"I think more and more clients are understanding the need to control their own destiny, and the soft insurance market is giving them some leverage and some bargaining power," said Mr. Charron. But, he added, they also are focusing more on their losses by, for example, doing more claims administration.

Self-insurance seems as appealing to risk managers as ever.

The city of Jacksonville, Fla., which self-insures most of its risks, has no plans to return to the insured market, said Anton M. Kronenburg, risk manager. "It's never been looked at seriously. I don't think it's viable. . .just because they didn't want us years ago."

Similarly, going back to the commercial market holds no appeal for Cinemark USA, which is largely self-insured.

"I'm a strong believer in handling as much risk as you can, and not using available capacity in the insurance marketplace unless you have to," explained Don MacMeekin, corporate risk manager for the Dallas-based theater chain.

Risk managers also are keeping an eye on the future, said William L. Granahan, senior consultant with Milliman & Robertson's Risk Management Division in Worcester, Mass. "Some people are looking to self-insured programs to head off what they believe the inevitable hard market will do," including making insurance more expensive or unavailable altogether.

In some ways, the trend toward self-insurance is being encouraged by the insurance industry itself, says Michael Murphy, principal consultant with Denver-based RISKCAP. Over the past four years the insurance industry has "really woken up to this incredible industry out there," he said.

One of the striking developments emerging from this realization is that insurers and reinsurers are "finding out that they can make more money servicing the alternative market industry than they ever did with underwriting profits from those same accounts." These include services such as stop-loss coverage, fronting, claims management and loss control.

That was the thought behind USF&G Corp.'s recent $78.5 million acquisition of Discover Re Managers, which provides insurance, reinsurance, excess insurance and advisory services to the alternative risk transfer market (*BI*, Jan. 16).

And, risk managers are realizing that cost savings are only one of the many benefits of self-insurance.

"We're seeing self-insurance programs being formed where, in the midst of the soft cycle, (risk managers) could actually save money by continuing to purchase insurance from primary insurance companies. Unlike prior soft cycles, self-insurance is continuing to grow, and that's pretty impressive," said Mr. Murphy, who identified stability, coverage enhancement and management control as the reasons.

The benefit of self-insuring "so much goes beyond just simple cost that once they have it, I haven't seen anybody go out and buy insurance and lower their self-insured retentions," said Charles McGill, executive vp of Melville, N.Y.-based Caronia Corp., a risk management consulting firm that specializes in health care organizations. He credits self-insurance with providing control over risk and the claims process, as well as cash flow benefits.

That was the case at clothing manufacturer VF Corp., which began self-insuring in 1990 and now self-insures more than 90% of its workers comp risks.

Cost savings were only the final factor in the decision, said Rick Broderick, director of risk management for Wyomissing, Pa.-based company, which makes Lee and Wrangler jeans, among other products.

"We believe we needed to gain control in our program," he said. With traditional insurance, even in a soft market, basic control still rests with the insurer.

Observers agree that risk managers are shifting the focus from the market to themselves in their insurance decisions.

Jerry Miccolis, practice leader with Towers Perrin/Tillinghast in St. Louis, said organizations are more often basing decisions on whether to self-insure and how much risk to retain on their capacity to retain risk.

"In other words, it's being based more and more on their own risk appetite and their financial capabilities," as well as their "corporate philosophy toward risk, rather than what the market happens to be offering this year, so it's becoming much more of a demand-driven rather than a supply-driven decision.

"The bottom line's increased retentions generally, but it's not really based on whether the market's hard or soft," said Mr. Miccolis.

Companies are developing their own long-term strategies. For in-

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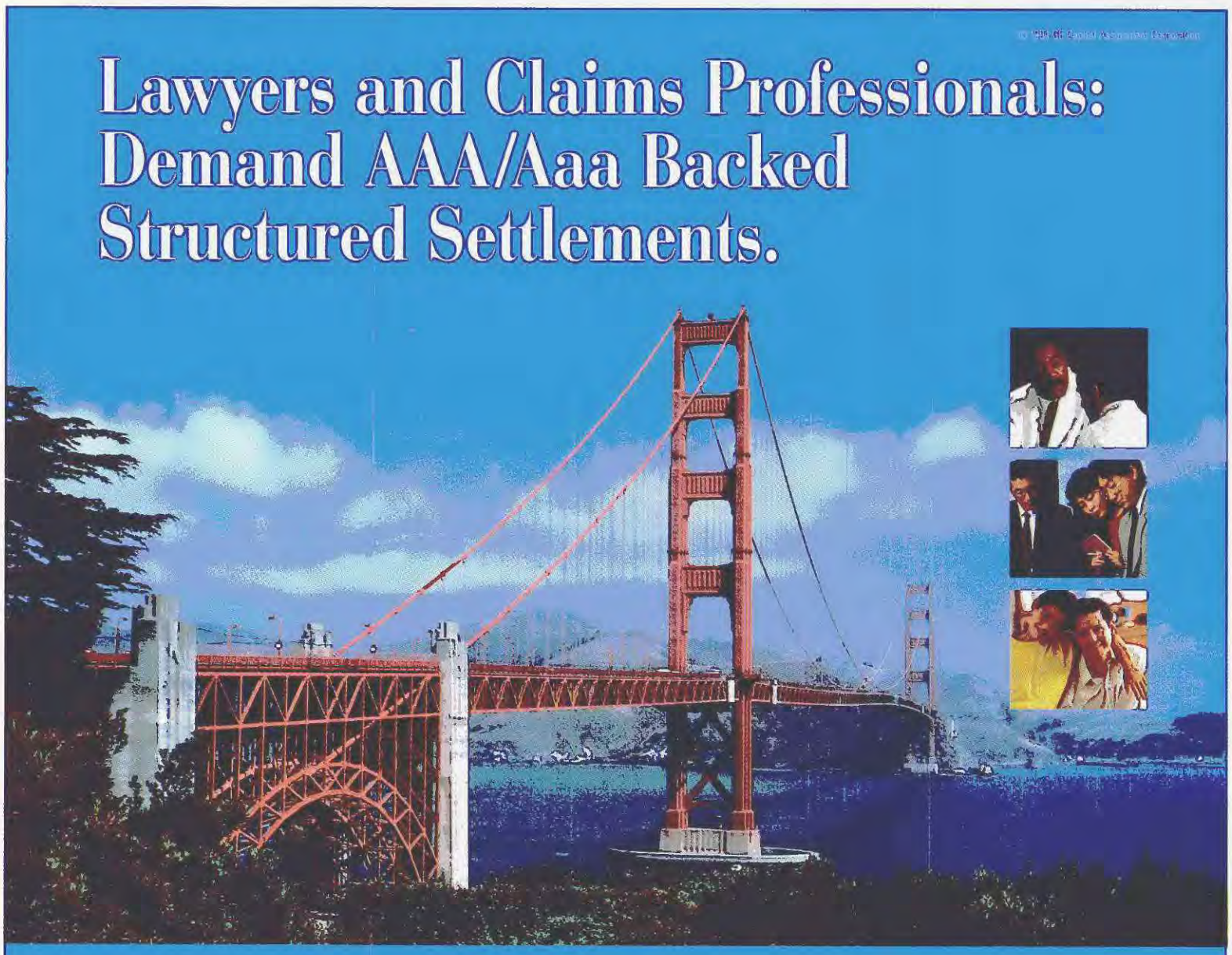

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Opinions

Ham-handed proposals

While perhaps the proposals are well-intentioned, we have serious reservations about congressional efforts to make it easier and less expensive for employees to withdraw money from 401(k) plans before they retire.

Legislation unveiled in the last few weeks would undo the careful balance created by existing rules. The current rules ensure that employees have access to their contributions without making it too easy for them to withdraw funds before retirement.

One of the recently introduced proposals, for example, would allow employees to withdraw funds for a slew of reasons—without paying the 10% excise tax that now applies to most pre-retirement withdrawals. The reasons would include withdrawals to make a downpayment on a house, any kind of expense after an employee collected unemployment benefits for 12 consecutive weeks, an employee's own educational expenses and even those of grandchildren and grandparents.

Yet another proposal would allow funds to be withdrawn—apparently without any tax penalty—to pay for long-term care health care premiums.

As these proposals are being discussed, we're distressed to see that an absolutely crucial point is being overlooked: If funds are withdrawn today, a lot less money will be available to workers when they retire.

Indeed, with the compounding of interest, employees who withdraw funds from 401(k) plans at young ages will probably never put enough back in to make up for what was lost by their early withdrawals.

Certainly, employees should have access to 401(k) funds before retirement. Without such access, lower and middle-income employees would be less likely to contribute to the plans. That is why most employers offer loan programs that ensure access and that the money will be available at retirement.

But making access too easy—such as by removing tax penalties on withdrawals—inevitably will mean a bare retirement cupboard for many workers.

The punitive protection business needs

Are tort reforms really necessary to protect businesses from excessive punitive damages awards?

As the page 1 article in this week's issue shows, punitive damages awarded by juries often are dramatically cut after judicial review. Also, the number of tort filings has moderated—and even declined slightly in recent years—since the litigation "explosion" of the 1980s.

Although the legal climate may be improving, we feel that reforms are still needed to rein in both excessive awards and excessive legal costs.

The very fact that so many punitive awards by juries are later set aside, reduced or overturned shows that juries need more guidance. Yet those changes only come after the fact—and after big legal bills are in the mail.

Simply capping punitive damages, as some have proposed, won't work. Inflation could quickly erode any such limits. And formulas that set punitive awards based in part on the compensatory damages—as proposed by the GOP's Contract with America for product liability awards—could make the system too rigid.

Instead, juries ought to be given clear boundaries and perhaps formal guidelines like those that judges use for sentencing in criminal cases. This would require juries to consider a defendant's degree of negligence, along with such factors as the company's net worth.

Such guidelines could limit the frequency and size of punitive awards, while remaining flexible enough to adapt to the circumstances of each case.

Letters

Some additions to list of troubled U.K. insurance companies

To the editor: I refer to your Jan. 2 Perspective article, "U.K. Insolvency Procedures: Long-tail Business, Regulatory Woes Behind Most Insolvencies," by Tom Cherry and William Sturge. The article contained a useful schedule of "troubled" U.K. insurance companies but unfortunately suffered a number of notable omissions.

Ignoring companies that are in runoff, and only dealing with those which are either in liquidation or have had provisional liquidators appointed, I note that the following were absent:

- British & Overseas Insurance Co. Ltd.
- Charter Reinsurance Co. Ltd.
- Dolphin Insurance Co. Ltd.
- Fremont Insurance Co. (U.K.) Ltd.
- Grand Union Insurance Co. Ltd.
- Grand Union Insurance Co. (U.K.) Ltd.
- Halvanon Insurance Co. Ltd.
- The Insurance Corp. of Singapore (U.K.) Ltd.
- Mentor Insurance Co. (U.K.) Ltd.
- Pine Top Insurance Co. Ltd.

While I would not claim this list to be exhaustive, especially since it only covers cases back to 1984, it may nevertheless be helpful to your readers.

Philip J. Singer
Partner
Coopers & Lybrand
London

It's about time for benefits 'revelation'

To the editor: Your Jan. 16 article, "Employers Taking New Tack on Buying Health Care Cover," says that large employers like 3M, General Motors and GTE now think they should hold their insurance companies responsible for health care. What a revelation! Why haven't they been doing this for the past 50 years?

These large companies have spent most of their time tinkering with benefit funding. The result, as your article points out, is that the cost per person (not per employee) at General Motors is $5,353 per year in cash and deferred costs. Why has it taken GM so long to figure our that benefits are expensive?

National surveys indicate that the cost of medical care per employee is now more than $4,500 per year—yet most small and medium-sized firms constantly beat national averages by 20% to 50%. Demographics and plan design explain some of this difference, but not all. Could it be that smaller businesses have had to watch their pennies to survive, while the General Motors of the world were too big to really care?

Mark A. Mitchell
President
U.S. Benefit Consultants
Acworth, Ga.

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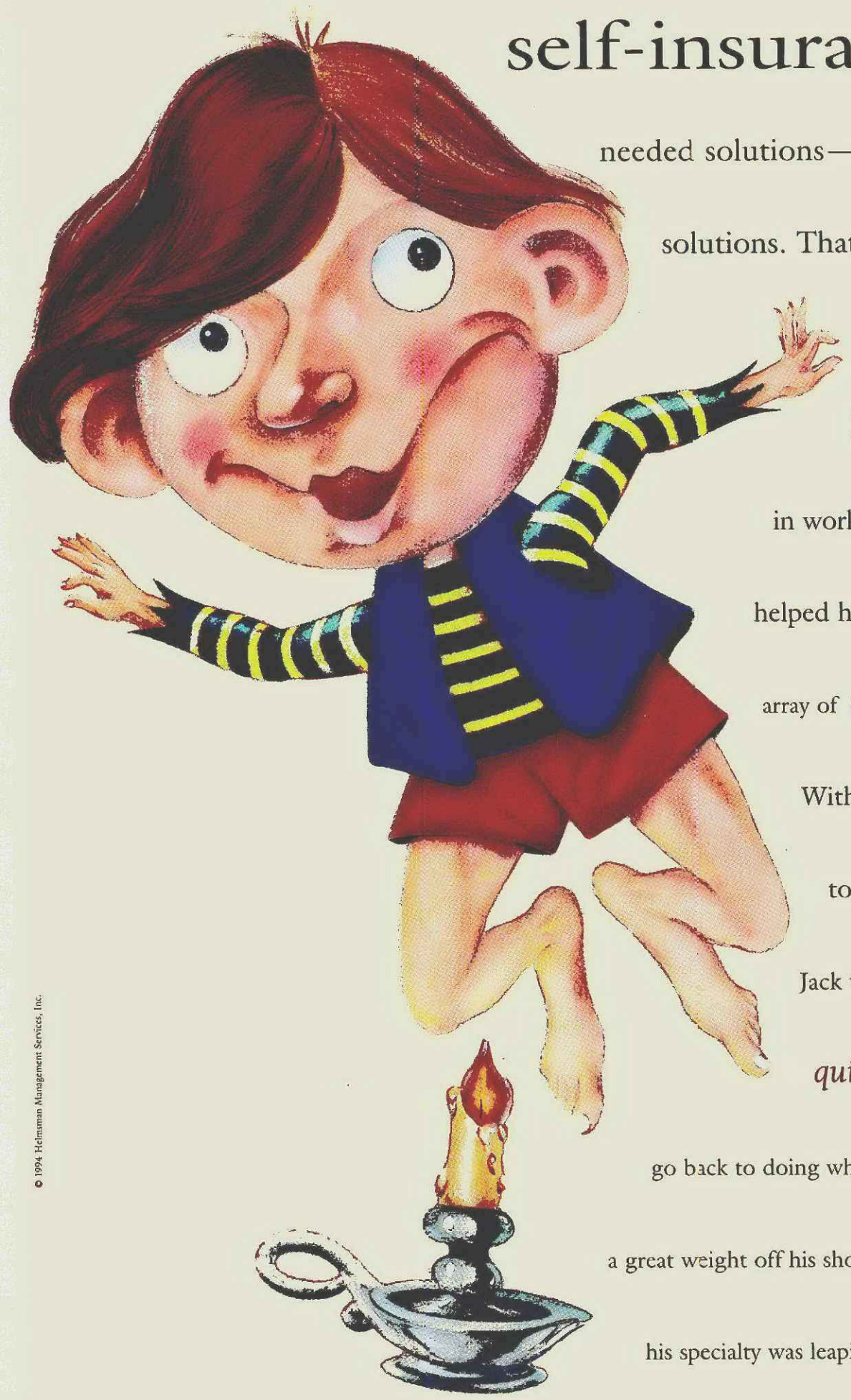

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Self-insurers

Continued from page 6

stance, a company may decide to retain its first $50 million for a particular risk and conduct its risk management operations accordingly. However, said Mr. Miccolis, if insurance within that retained layer becomes very cheap in any one year, they may decide to buy insurance as a short-term practice.

Risk managers acknowledge they are not entirely immune to the blandishments of lower premiums.

"To the extent there are products on the market that we can buy, our experience has been that the prices are so reasonable that there really isn't a lot of incentive to take additional risk for our accounts to self-insure at the moment. That would support the argument that the soft market encourages people like me to self-assume less risk," said Scott K. Lange, risk manager for Redmond, Wash.-based Microsoft Corp. "If you can buy it reasonably, then you just buy it. Not real profound, is it?"

Darrell W. Handy, risk manager for the Alameda-Contra Costa Transit District, based in Oakland, Calif., agreed. While the district is self-insured to a large extent, the amount of risk it retains is examined annually.

"As a public agency, a steward of the taxpayers' money, we have to keep a pretty vigilant eye on our expenditures, so it's important that we don't allow the premiums to go too high, and yet balance that with not taking an undue risk on the self-insured side," said Mr. Handy.

Some believe the soft market may defeat the logic of self-insurance.

"The more the premiums go down, the less economic sense big self-insurance retentions make, and I think we're going to see this for as long as the soft market lingers on. Who knows how long that will be?" asked Ed Armstrong, managing director-risk management services division for Aon Specialty Group in Washington, D.C.

Particularly in a non-workers-comp area such as auto or general liability, you may find a company that had been a qualified self-insurer "willing to entertain a bid through a traditional insurer," said Conning's Mr. Christiansen.

However, he added, he suspects the risks are being structured in a more sophisticated way, and believes companies are dealing more with primary retention of risk and creating financing mechanisms as opposed to obtaining a full guaranteed cost by buying an insurance policy.

The trend toward self-insurance in general has slowed somewhat because of the soft market.

Caronia's Mr. McGill, for instance, said that while he used to get proposal requests from organizations seeking to self-insure at a rate of three a week in 1989, he "now might get two a month."

RISKCAP's Mr. Murphy said most of the new growth in self-insurance is coming from the "middle market," those organizations with less than $1 million in premium volume, including group programs. The Fortune 1,000 companies, by contrast, are pretty well saturated in terms of self-insurance.

At Gallagher Bassett Services Inc. in Itasca, Ill., "We see more and more mid-sized, and even small companies, especially in workers comp" moving to the alternative market, said President Peter J. Durkalski. "I think long term the alternative market continues to expand." BI

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Employers keep eye on TPAs

Risk managers' expectations grow

By GAVIN SOUTER and SALLY ROBERTS

Risk managers expect more of third-party administrators than ever, and TPAs that handle property/casualty claims are striving to meet those expectations.

Risk managers are closely scrutinizing claims administrators' services and costs and are making sure checks and balances are in place when the administration firms take on more responsibilities.

And claims administrators, in addition to offering more sophisticated services and information, are forming much closer relationships with their clients.

"We see ourselves in partnership with our TPA," said Chuck Armstrong, manager-corporate risk management for Xerox Corp. in Stamford, Conn., which self-insures its general liability, workers compensation and auto liability risks.

"We look upon our TPA as an extension of our risk management department. We look to them to handle claimants as we would: We expect them to protect the interests of Xerox; to protect the interest of the insurers, if they are involved; and to treat any legitimate claim equitably," Mr. Armstrong said.

Although risk managers are holding their third-party administrators to higher standards, TPAs are as popular as ever.

"More and more programs are being moved to TPAs as the alternative risk transfer business continues to grow," said Kevin Smith, chairman and chief executive officer of Alexsis Inc. of Livonia, Mich., which Alexander & Alexander Services Inc. recently sold to CNA Financial Corp.

"It's definitely a more diverse practice than in the past, and client expectations are higher," Mr. Smith said.

As a result, TPAs are much more conscious of quality—and potential liability for mistakes.

"This is a litigious business. We do a lot of work to make sure we deliver a quality product," Mr. Smith said.

For example, Alexsis has claims-handling standards that cover such issues as timing and the contacts the firms makes with injured workers, their supervisors and their doctors.

In addition to external claims audits, Alexsis also has a "national examining unit" that does internal claims audits in all the offices around the country, Mr. Smith said.

Also, "we've built lots of controls into our (computer) systems to flag potential problems" and have "stepped up training programs" for new hires, he said.

It's not just TPAs that are more conscious of quality. Risk managers also are more carefully reviewing the services they receive from TPAs.

"There's only two people in our risk management department, so there's not much we don't out-

Continued on page 12

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Providing More Than Prescriptions

TPAs

Continued from page 10

source to our TPA," said Kate McGuigan, director of risk management for restaurant chain Sizzler International Inc. in Los Angeles, which self-insures its property, workers compensation, general liability and auto liability.

TPAs are definitely under more scrutiny today, she said. For instance, Sizzler has a performance contract with its TPA that sets "very specific instructions" it must adhere to when processing a claim. Sizzler also conducts periodic reviews of its files.

"We are constantly checking how claims are handled," Ms. McGuigan said.

The risk management department at KFC Corp. also does "extensive auditing" of its TPA, said Christopher Mandel, director of worldwide risk management. "We are always monitoring the quality of their work."

Other "checks and balances" the Louisville, Ky.-based restaurant chain uses include giving its TPA limited authority, Mr. Mandel said. Specifically, the TPA has authority for liability claims up to $10,000 and workers comp claims up to $25,000. Above those levels, two specialists from KFC oversee the TPA's work, Mr. Mandel said. KFC self-insures its workers comp, auto liability, product liability and general liability risks.

Third-party administrators are increasingly conscious of the need to provide cost savings and are focusing on identifying areas where costs can be reduced.

If TPAs do not help identify cost savings, customers will either return to the commercial market or retain the risks and administration themselves, said Frank Wear, vp of sales at Southern Risk Services Inc. in Birmingham, Ala.

TPAs must be able to assess cost reductions and present them to employers, says Raymond E. Hafner.

For example, some TPAs have recently been eager to offer accidental death and dismemberment policy services but found that clients prefer to keep that risk within their self-insured retention rather than pay expensive charges that the service would require, he said.

Last year, the city of Fort Lauderdale, Fla., decided to outsource its workers comp claims handling, said Ron Torre, the city's risk manager. Fort Lauderdale began using a TPA in October 1994 because the city's computer system was proving unable to keep up with state workers comp regulations, he said.

"We were faced with the choice of spending a lot of money on upgrading the system or going outside," Mr. Torre said.

By opting to employ a TPA, the city also was able to cut back one management position and avoid employing more clerical staff to handle the workers comp claims.

"So far, it seems to be working. We don't have the paperwork and we can reduce the number of staff," Mr. Torre said.

"Employers are looking at the cost of services vs. the cost savings and although they are still finding that there is more saved than spent, the gap is narrowing," said Robert L. Young, vp at Sedgwick James Inc. Claims Management Services in Chicago.

In particular, managed care service providers are helping to cut physicians' charges, but the cost of the managed care service is growing, he said.

"There is an awareness of what is going on and the managed care providers will have to be more competitive relative to the services offered," Mr. Young said.

Managed care for workers comp claims is a growing area for cutting employers' costs, said Nora Conway, area vp-client development at Gallagher Bassett Services Inc. in Itasca, Ill.

Gallagher Bassett estimates that its customers saved $49 million by using its preferred provider organization, she said.

"We worked with our clients to promote the use of the managed care program. We enhanced our communication and early intervention efforts," she said.

Southern Risk Services' Mr. Wear agreed that managed care is one way that TPAs can add value.

For example, Southern Risk Services offers its clients a workers comp PPO free of charge, he said. "We put it together at our own expense and any savings go back to the customer."

The TPA also has hired an in-house counsel to review all of its cases. One way the counsel is saving money: Rather than hiring outside lawyers, employers can now pay a flat $300 fee to have him handle "walk-through" settlements—court-approved lump sum payments to claimants in return for giving up any future right to claim medical expenses.

TPAs must be able to assess cost reductions and present them to employers, said Raymond E. Hafner, president of ESIS Inc. in Philadelphia.

"There is an extraordinary focus on results and benchmarking as a tool which risk managers can use to asses the services in financial terms," he said.

For example, a TPA can provide information on how claims increase in cost due to late reporting, Mr. Hafner said.

ESIS has analyzed the information available to show that a five-day delay in reporting an injury adds about $1,300 to the medical costs, he said.

"Once they know that, they can use the information to improve their managed care and attack that gap," Mr. Hafner said.

TPAs are also working to improve the quality of data they are providing to employers, Ms. Conway said.

"It has to be data analysis rather than just data production," she said.

Clients are expecting to be offered much more usable information, agreed Jeff Aycock, national sales manager for corporate risk management sales at Crawford & Co. in Atlanta.

"They expect to see more information on things like loss trends. They want to know how they have done in the past, how they are doing at present and how they are likely to do in the future," he said.

Consequently, TPAs are having to modify and update their systems to provide the enhanced data, Mr. Aycock said.

Crawford also is enhancing its ability to share information. For example, claims adjusters now are able to have online access to past and current medical records, which allows them to keep track of all of a claim's elements, he said. BI

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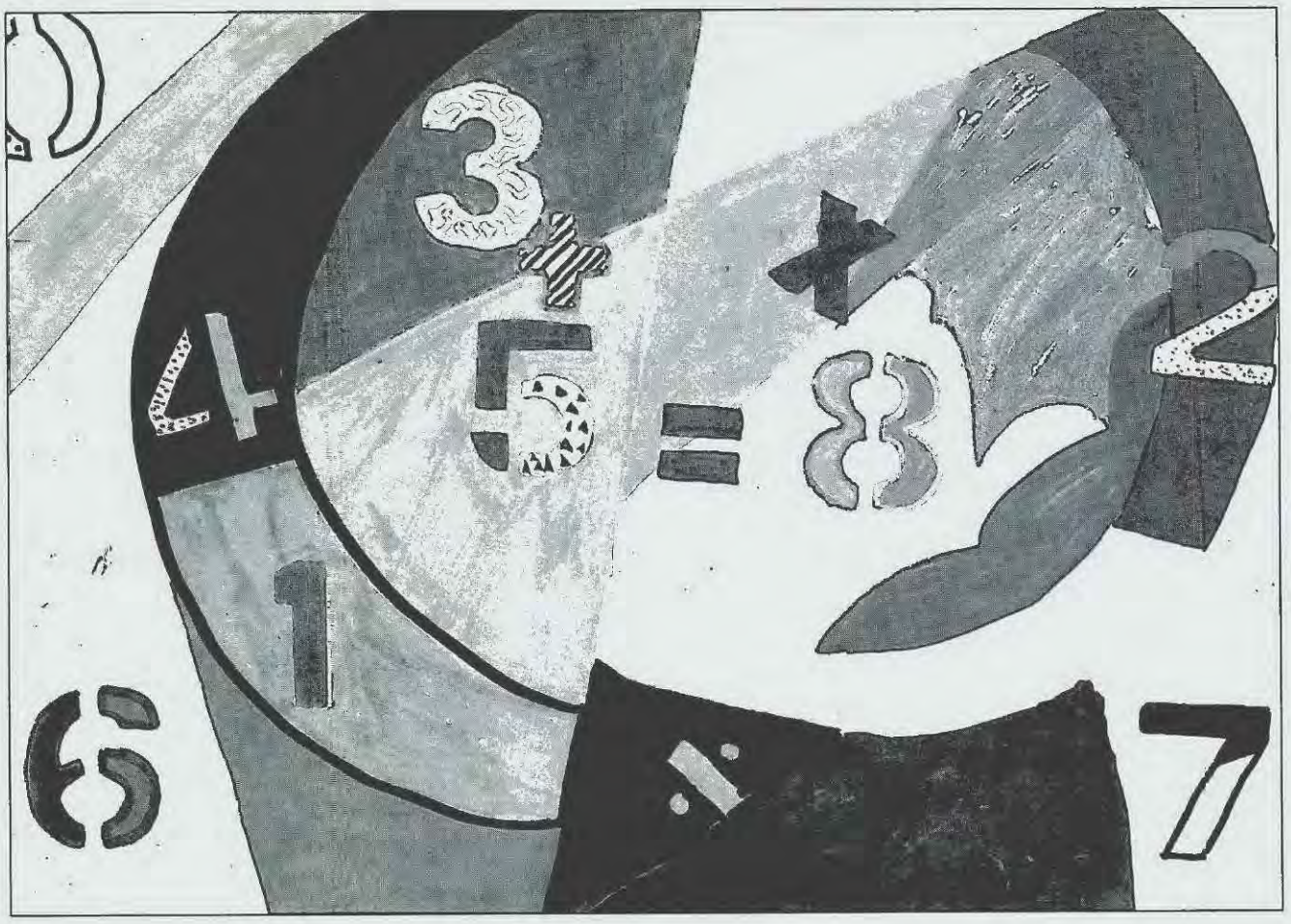

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TPAs say benefit services are expanding

Managed care, performance guarantees in demand

By MEG FLETCHER

Third-party administrators specializing in benefit claims face new demands from employers and a more competitive climate in the wake of Congress' failure to enact comprehensive health care reform last year.

ers are asking for more managed care services—including integrated handling of work-related and non-work-related claims—as well as better reports. Some also want performance guarantees from their TPAs.

In addition, hospital and physician groups are emerging to cooperate—and, in some cases, compete—with benefits TPAs while market pressures encourage consolidation among smaller claims administrators.

"It's a harder job being a TPA than it used to be," summed up John Hickey, a consultant with Kwasha Lipton in Fort Lee, N.J.

First and foremost on many employers' minds is managed care.

The prolonged uncertainty over health reform legislation kept many companies in limbo last year. But "with the failure of the Clinton initiatives, we see employers, especially, and providers getting much more aggressive about moving forward on managed care techniques," said Jim Duff, president and chief executive officer of CoreSource Inc., a Northbrook, Ill.-based claims administrator.

"More and more people are looking for one-stop shopping with a sophisticated managed care approach," he added. That one-stop approach can also include providing access to risk financing mechanisms like captives and policies that combine workers compensation and group health coverages.

"To be a player, you have to be able to help employers offer point-of-service managed care programs to their employees," Kwasha's Mr. Hickey said.

To do that, TPAs must be able to effectively administer different types of provider networks and to handle duties like repricing claims to reflect provider discounts as well as overseeing utilization review, said Timothy W. Kuck, vp and chief financial officer of Minneapolis-based EBP HealthPlans Inc. and its subsidiaries. "That is a challenge for the TPA community in terms of systems and staffing."

Self-insured employers are seeking more services from TPAs to satisfy their managed care appetite.

"Benefit managers are responding to chief financial officers who are responding to corporate presidents who are saying, 'We are looking to save money, not minimize cost increases,' " said David Wilson, managing director of APEX Management Group Inc. in Princeton, N.J.

Without managed care options, an employer's only alternative is to go into a health maintenance organization where everything is bundled, said Leo DeJohn, benefits and compensation manager at Kirk Paper Co. in Downey, Calif.

Even as managed care flourishes, a small but growing number of sophisticated benefit managers are urging TPAs to go one step further.

"Folks are also looking at connecting workers compensation to health care benefits," said CoreSource's Mr. Duff.

For example, CoreSource, which has developed partnerships with providers in at least 125 primary care networks, also is contracting to create occupational health networks of providers. The goal is for them to use the best managed care techniques, from both the employee benefits and workers compensation disciplines, on all claims, regardless of whether they resulted from occupational or non-occupational causes.

The Travelers Plan Administrators Inc. of Hartford, Conn., views this type of approach as "24-hour administration" and is also taking "a hard look" at it, said Steve Willcox, president of the claims administrator.

As TPAs' responsibilities generally increase, so should their accountability, many agree.

"If the TPA declines to cover a particular procedure, like experimental surgery, there must be adequate protection for the employer to ensure that the plan sponsor doesn't wind up being liable for the actions of the TPA," said Gregg Conroy, manager of total compensation and human resource information systems for Alcoa Fujikura Ltd. in Brentwood, Tenn.

Before worrying about increased liability exposures, TPAs these days are dealing with the pressures of greater customer demands for data reporting and oversight.

Essentially, customers increasingly require TPAs overseeing provider compensation to move from a fee-for-service basis to a capitation arrangement, said APEX's Mr. Wilson.

TPAs "are being pushed to compare their costs to those of managed care entities on a per member per month basis," he added.

Increasing customer demands also puts pressure on TPAs' ability to track claim outcomes through better, and more tailored, reports.

"If TPAs generally have an Achilles heel, in my opinion, it's in the area of automated information gathering and reporting," said Steven P. Guzski, compensation manager in the human resources department of Utica National Insurance Co. in Utica, N.Y.

Not only are self-insured employers becoming more demanding, but a small but growing number are seeking performance guarantees.

They set quality standards for operations like turnaround time for processing a claim or response time in answering employee questions and incorporate those standards into service contracts. When a TPA falls below those standards, it forfeits a specified portion of its administrative fee.

Depending upon the contract, it may be appropriate to use bonuses as well as penalties, said CoreSource's Mr. Duff.

Performance guarantees are not universally supported.

Guarantees are "a real slippery issue," said Frederick D. Hunt Jr., president of the Society of Professional Benefit Administrators in Chevy Chase, Md. "Everyone talks about it, but it is hard to evaluate it."

"Keep in mind there is no final,

Continued on page 18

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Spotlight report

Benefit TPAs

Continued from page 16

comprehensive guidance on most functions delegated to a TPA," he emphasized. A guarantee that focuses too much on speedy claims processing could encourage a less-than-prudent handling of complex claims, which may not be in the employer's best interest in the long run.

"I believe that benefits manager or risk managers get too hung up on front-end costs," said CoreSource's Mr. Duff. He said he prefers developing a plan and partnership with a client that will produce good overall results.

Kirk Paper's Mr. DeJohn does not believe performance guarantees are needed in his contract with First Health Strategies Inc. Such guarantees could mean that his company would have to pay bonuses for First Health's "very good service," he said.

Customers are not the only ones changing today. The health care market itself is rapidly evolving, creating new entities that may cooperate with—or compete against—TPAs.

Chief among these are new types of managed care groups, such as physician-hospital organizations, that bear a significant amount of risk and keep even more of the premiums than the health insurers or managed care companies with which they contract (*BI*, Aug. 22, 1994).

Some of these new entrants to the market often want to establish or purchase TPAs so they can "close the loop" and vertically integrate their operations and control both the service and claims process, APEX's Mr. Wilson said.

In other cases, they will work cooperatively with existing TPAs.

Claims administrator Harrington Services Corp. of Columbus, Ohio, is now cooperating in joint venture arrangements with physician and hospital groups in Springfield and Joplin, Mo. "We want to be the Wal-Mart of health care," by providing high quality services to employers regardless of whether they want to insure or self-fund, said Thomas V. McDonough, executive vp.

SIIA's Mr. Hunt said he has been "flooded" with calls from physician-hospital groups, but is concerned about their legal status and their lack of understanding of the Employee Retirement Income Security Act.

Emergence of the physician-hospital organizations demonstrates that the marketplace for TPA services appears to have room for newcomers that know local markets.

The TPA market is also witnessing more consolidation in the face of competition.

"I've heard of quite a few consolidations and a lot of TPAs are up for sale," said APEX's Mr. Wilson. Generally, expanding TPAs want to be able to spread their costs across a larger base. In addition, they need to build up critical mass so they can get provider discounts.

Customers' increasing demands for managed care may make it harder for smaller TPAs to compete with integration of employee benefits and workers compensation and keeping track of more sophisticated data that comes from HMOs, CoreSource's Mr. Duff said.

"The investment required to be a player in the health care business, particularly managed care, is high," agreed Travelers' Mr. Willcox. "Many companies have decided to exit the market. Consolidation is occurring and provides an opportunity to grow while increasing efficiency and reducing costs," Mr. Willcox said. BI

Insurers eager to stop loss of business

Competition translates into favorable stop-loss rates

By DEBORAH SHALOWITZ COWANS

Intense competition among stop-loss underwriters means rates are stable or falling for many self-insured employers that renew their policies this year.

Stop-loss insurers are trying to keep market share in the relatively saturated market of self-insured employers. As a result, some stop-loss insurers are trying to broaden their business by writing coverage for new markets, such as capitated medical organizations, and by expanding underwriting abroad.

Rates for specific stop-loss coverage—which is triggered when an individual claim reaches a specific threshold chosen by the self-insured employer—are either flat or declining up to 10%. Last year, specific stop-loss rates increased 10% to 20% for employers that self-fund their health insurance plans.

The market for aggregate stop-loss coverage—which is triggered when a self-insured employer's total group health claims reach a certain threshold—is similar to the market for specific stop-loss coverage.

Aggregate stop-loss rates generally are flat or declining up to 10%.

While some insurers are offering aggregate stop-loss coverage with thresholds of 112% to 115% of a self-insurer's annual estimated group health claims, the industry standard is still 125%, said Scott Taylor, vp of SAFECO Life Insurance Co. in Seattle.

The intensity of competition among stop-loss underwriters is at least in part because more and more employers are self-funding without buying stop-loss insurance.

A soon-to-be released survey by the ICR Survey Research Group and benefit consultant A. Foster Higgins & Co. Inc. of New York says 22% of employers with 1,000 or more workers last year self-funded their indemnity health care plans but did not buy any stop-loss coverage, up from 14% the previous year. An additional 56% of large employers self-funded their medical indemnity plans and bought stop-loss cover last year, down from 64% the year before, the survey says.

As employers gain experience in self-funding and managed care helps control health care costs, they are more willing to take on more risk, said Ernest Clevenger, president-elect of the Self-Insurance Institute of America and president of American Progressive Benefits Inc., a Brentwood, Tenn.-based managing general underwriter for Connecticut General Life Insurance Co.

If self-insured employers are using managed care, they should negotiate price breaks from stop-loss insurers because managed care can prevent claims from piercing the deductible

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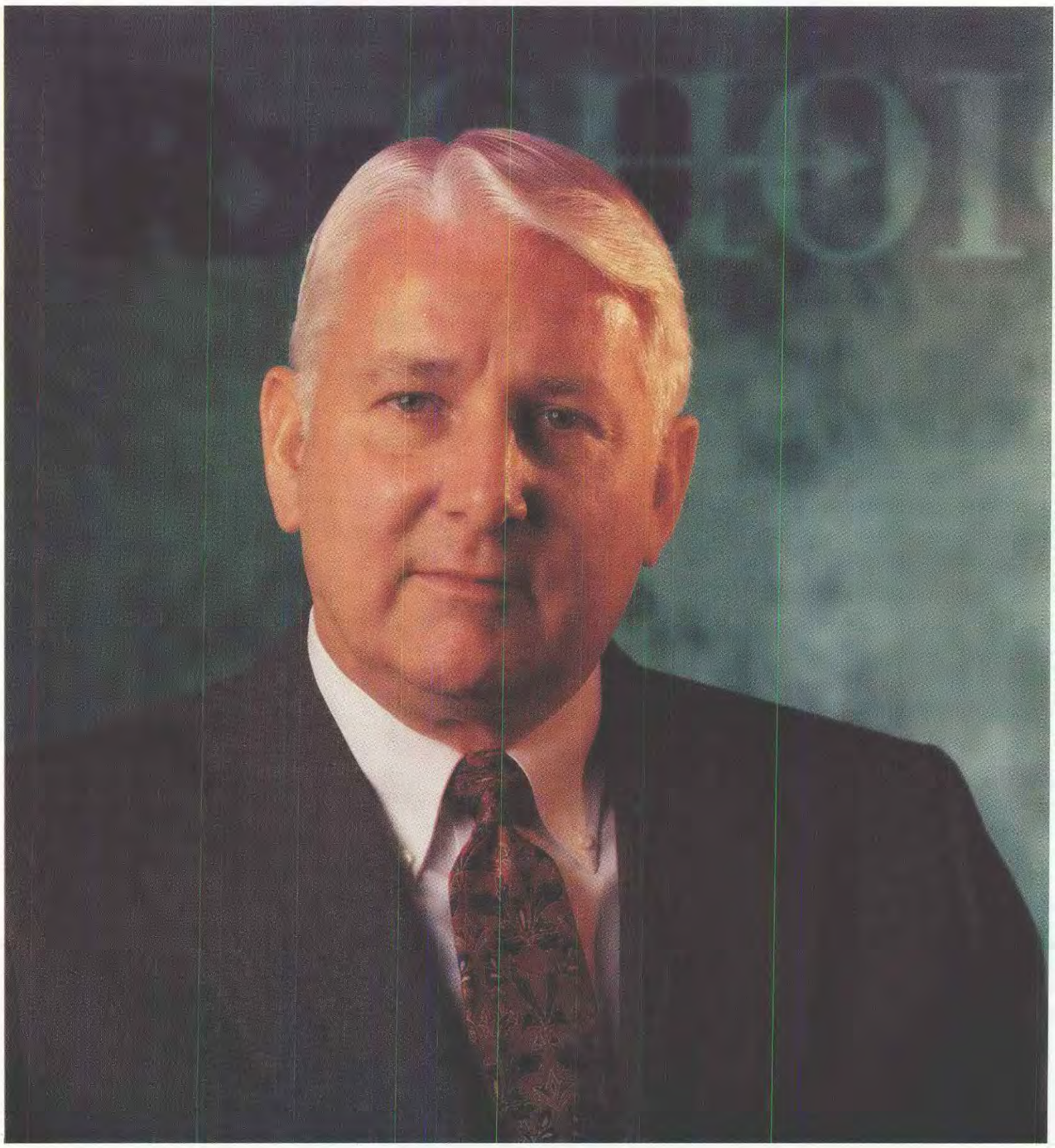
Another Glowing Endo



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and can lessen the severity of claims, said David Wilson, a managing director with The APEX Management Group Inc. in Princeton, N.J.

Competition also is growing in the stop-loss insurance market because self-insurance is no longer a rising trend among large employers.

"The stop-loss market in the United States is definitely saturated," said Joyce Wans, a vp at accident and health reinsurance underwriting manager Duncanson & Holt Inc. in Seattle.

Foster Higgins found that among employers with 1,000 or more workers, 78% self-funded their medical indemnity plan last year, the same amount as the previous year.

Only very small employers remain hold-outs from the trend toward self-insurance, according to the consultant.

For example, only 18% of employers with 100 to 499 workers self-funded their indemnity plans last year, up from 17% in 1993.

Among employers with 500 to 999 workers, however, self-insurance became much more prevalent: Some 69% of medium-sized employers self-funded their indemnity plans in 1994, up from 52% the previous year, according to the survey of 2,101 employers.

Self-insurance could become more popular in the next few years because the threat of sweeping federal health care reform has abated, suggested SAFECO's Mr. Taylor.

Several experts also cited continuing low medical inflation as another reason for stable or declining rates.

In addition to lowering their rates, some stop-loss underwriters are enhancing their coverage, said Jeff Perkins, Midwest marketing representative for American Insurance Managers Inc., an Atlanta-based underwriting manager for Lamar Life Insurance Co.

For example, many stop-loss insurers will give employers a guarantee that they will not increase the deductible for any specific individual in the insured group upon renewal, he said. Previously, some insurers raised the deductible for specific individuals who had submitted catastrophic level claims upon renewal of the stop-loss policy.

Competition among stop-loss underwriters also is driving some insurance companies to explore new markets.

For example, the market for stop-loss coverage for capitated medical organizations is growing, several experts said.

As employers move toward managed health care, "the risk has been transferred from the employer to the health care provider," Mr. Wilson said. As a result, stop-loss coverage for health care providers—sometimes called provider excess loss—"is going to be a huge market by the end of the century," he predicted.

Another new market for stop-loss insurers is the foreign market.

Ms. Wans said Duncanson & Holt offers stop-loss coverage to employers in Southeast Asia. The insurer is active in Malaysia, where many employers self-fund health benefits and 95% of self-funded employers do not purchase stop-loss coverage. Malaysian employers primarily are interested in aggregate stop-loss coverage because plan design generally limits the severity of claims, she said.

Duncanson & Holt also is considering selling stop-loss in the Middle East and South America. BI

An explanation of stop-loss insurance

Stop-loss insurance coverage comes in two types: specific and aggregate.

The majority of employers that buy stop-loss coverage to cap their exposure under self-insured medical plans buy both types of coverage.

According to a soon-to-be released survey by the ICR Survey Research Group and benefit consultant A. Foster Higgins & Co. Inc. of New York, 56% of employers that self-insure their medical indemnity plans and buy stop-loss coverage buy both types of coverage.

Twenty-one percent of self-insurers buy only specific stop-loss coverage, while 23% buy only aggregate stop-loss insurance.

However, because aggregate stop-loss coverage is far less expensive than specific stop-loss, aggregate coverage accounts for only 10% or less of all stop-loss premiums written in the United States, according to Ernest Clevenger, president-elect of the Self-Insurance Institute of America and president of American Progressive Benefits Inc., a managing general underwriter based in Brentwood, Tenn., for Connecticut General Life Insurance Co.

Here's how the two types of coverage work:

- **Specific stop-loss.**

Specific stop-loss coverage is triggered when an individual's health insurance claim reaches a threshold chosen by the employer. Once that threshold is reached, the stop-loss policy generally would pay claims up to the medical plan's lifetime limit per employee.

Minimum thresholds vary by insurer and can be relatively low.

For example, the minimum threshold—sometimes called the attachment point—offered by Lamar Life Insurance Co. of Jackson, Miss., is $5,000. Lamar Life writes stop-loss coverage for employers with as few as 25 employees.

At Pacific Mutual Life Insurance Co. of Newport Beach, Calif., though, the minimum threshold is $10,000.

The cost of specific stop-loss coverage varies dramatically depending on which region of the country an employer is located in, the average age of employees and whether the employer has instituted a managed care program, experts said.

Scott Taylor, vp at SAFECO Life Insurance Co. in Seattle, estimated that specific stop-loss coverage for an employer with a $50,000 threshold and 250 employees could be approximately $35 per month. However, the premium would be lower for a predominantly young group of workers, he added.

Robert Olsen, managing director of Pacific Risk Management Services in Fountain Valley, Calif., a unit of PM Group Life Insurance Co., said specific stop-loss coverage could cost between $25 and $60 per month per employee for an employer with more than 100 workers and a $10,000 deductible, depending on where the employer is located.

- **Aggregate stop-loss.**

Aggregate stop-loss coverage is triggered when a self-insured employer's total group health claims reach a certain threshold, typically 125% of its annual estimated group health claims costs.

Mr. Olsen said aggregate stop-loss coverage can range between $2 and $8 per month per employee for an employer with a 125% threshold.

—By Deborah Shalowitz Cowans

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Revenues

Total	$1,777,000
Claims administration	65%
Other services	35%
Claims revenue	$1,158,000

Claims business by type

Disability	1%
Health insurance	99%
Employees covered	76,705
Dependents covered	183,781

Claims business by volume

Administration-claims paid	$6,294,190

Clients

Administration	33

Staff

Total	168
Claims services	160

Claims services since: 1990.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Jacksonville, Fla.; Bowling Green, Frankfort, Lexington and Louisville, Ky.; Monroe, La.; Jackson, Miss.; St. Louis; Columbia and Spartanburg, S.C.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, IFEBP.
Officers: Paul McVay, president/CEO; Charles Duncan, executive vp/CFO; Lance Marshall, vp-client relations; Peggy Eads, vp-MIS; Belinda Cox, vp-corporate medical services.
Contact: Keith Riggsby, marketing manager.

Acordia Benefits of Florida Inc.

6440 Southpoint Parkway, Jacksonville, Fla. 32216; 904-279-0200; fax: 904-279-2099

Revenues

Total	$10,000,000
Claims administration	10%
Claims adjusting	3%
Claims auditing	2%
Other services	85%
Claims revenue	$1,500,000

Claims business by type

Health insurance	100%
Employees covered	10,000
Dependents covered	30,000

Claims business by volume

Administration-claims paid	$36,000,000

Clients

Administration	16

Staff

Total	150
Claims services	24

Claims services since: 1991.
Parent: Acordia Inc.
Service area: Florida.
Branch offices: Administrative and sales offices in Tampa, Fla.
Contracts with PPOs.
Membership: SIIA.
Officers: John D. Cuny, president/CEO; William E. Hotchkiss IV, vp-administration/CFO; James K. McNaughton, COO; Eileen Goldman, vp-operations; Patricia Hickox, vp-underwriting.

Acordia Benefits of Texas

821 E. South East Loop 323, Suite 200, Tyler, Texas 75701; 903-581-2600; fax: 903-509-5725

Revenues

Total	$6,000,000
Claims administration	91%
Other services	9%
Claims revenue	$5,500,000

Claims business by type

Flex compensation	2%
Health insurance	98%
Employees covered	87,000
Dependents covered	120,000

Claims business by volume

Administration-claims paid	$84,000,000

Clients

Administration	484

Staff

Total	103
Claims services	85

Claims services since: 1982.
Parent: Acordia Inc.
Service area: Texas, excluding gulf coast.
Branch offices: Administrative offices in Austin, Texas.
Contracts with PPOs.
Membership: SPBA.
Officers: Royce Barron, president/CEO; Tom Slack, vp/general manager; Doug Johnson, vp/CFO.
Contact: Tom Slack.

Acordia of Evansville Inc.

1 Riverfront Place, P.O. Box 1003, Evansville, Ind. 47706; 812-465-6000; fax: 812-465-6015

Revenues

Total	$11,940,000
Claims administration	8%
Other services	92%
Includes: claims administration for fully-insured, managed care, consulting	
Claims revenue	$941,000

Claims business by type

Health insurance	100%

Claims business by volume

Administration-claims paid	$10,200,000

Clients

Administration	33

Staff

Total	104
Claims services	8

Claims services since: 1993.
Parent: Acordia Inc.
Service area: Indiana: 15 southwestern counties; Kentucky: 27 western counties.
Branch offices: Administrative offices in Owensboro, Ky. Sales offices in Owensboro and Paducah, Ky.
Contracts with PPOs.
Membership: SPBA.
Officers: Russell W. Sherlock, president/CEO; Jaron Johnson, CFO; Jean Russell, vp-operations/COO; Michael Hochgesang, vp-systems; Tracy Wiseman, vp-administration/general counsel.
Contact: Kathy Holder.

Acordia National

1 Players Club Drive, Charleston, W.Va. 25311; 304-340-0253; fax: 304-347-8442

Revenues

Total	$19,500,000
Claims administration	98%
Other services	2%
Claims revenue	$19,100,000

Claims business by type

Flex compensation	2%
Health insurance	94%
Employees covered	473,000
Dependents covered	600,000
Pensions	1%
Professional liability	1%
Workers compensation	1%
Other	1%

Continued on next page

This Fraud Control Expert Made the Business Award Finals Three Years Running. Want to Know Why?

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Bill has been the driving force behind establishing industry standards with his six books (the latest, SIU 101, has over a thousand fraud flags and interview procedures), TV appearances, and magazine articles.

Here are some of the reasons why InPhoto has become the agency of choice for thousands of claims personnel.

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Continued from previous page

Claims business by volume

Administration-claims paid $523,380,546

Clients

Administration 280

Staff

Total 437
Claims services 437

Claims services since: 1976.
Parent: Acordia Inc.
Service area: Nationwide.
Branch offices: Sales offices in Clearwater and Miami, Fla.; Atlanta; Cleveland; Ashville and Greensboro, N.C.; Roanoke, Va.; Beckley, Huntington, Morgantown, Parkersburg and Wheeling, W.Va.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: James M. Pennington, president/CEO; Richard H. Legg, senior vp/COO; Robert Harris, senior vp-managed care.
Contact: James M. Pennington.

ADMAR Corp.'s Managed Benefits

1551 N. Tustin Ave., Suite 300, Santa Ana, Calif. 92701; 714-953-9600; fax: 714-953-6309

Revenues

Total $4,076,400
Claims administration 100%
Claims revenue $4,076,400

Claims business by type

Health insurance 100%
Employees covered 15,600
Dependents covered 17,990

Claims business by volume

Administration-claims paid $44,000,000

Clients

Administration 19

Staff

Total 26
Claims services 26

Claims services since: 1973.
Parent: The ADMAR Group Inc.
Service area: Nationwide.
Branch offices: Administrative offices in Boulder, Colo. Sales offices in Scottsdale, Ariz.; San Bruno, Calif.; Bloomfield Hills, Mich.
Claims subsidiaries: Benefit Plan Administration, Boulder, Colo.
Contracts with ADMAR PPOs.
Membership: SPBA, SIIA.
Officers: Richard Toral, chairman/CEO; Virginia Pasqual, executive vp/COO; Edward Evans, CFO; John Gray, president-managed care; Joseph Briand, vp-marketing/sales.
Contact: Chris Hinds, regional sales manager.

Administrative Service Consultants

3301 E. Royalton Road, Cleveland, Ohio 44147; 216-526-2730; fax: 216-526-1608

Revenues

Total $7,100,000
Claims administration 83%
Claims adjusting 3%
Claims auditing 1%
Other services 13%
Claims revenue $5,900,000

Claims business by type

Health insurance 100%

Claims business by volume

Administration-claims paid $157,529,874
Auditing-projects conducted 3

Clients

Administration 240
Adjusting 2

Staff

Total 102
Claims services 93

Claims services since: 1972.
Parent: Employee Benefit Claims of Wisconsin.
Service area: Nationwide.
Branch offices: Administrative offices in Findlay, Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Steve Hopp, vp; Peg Mirenda, assistant vp; Lynn Bletsh, Shawn Benson, claim managers; Cori Guagenti, sales.
Contact: Steve Hopp.

Allied Benefit Systems Inc.

222 S. Riverside Plaza, Chicago, Ill. 60606; 312-906-8080; fax: 312-906-8359

Revenues

Claims administration 85%
Claims auditing 5%
Other services 10%

Claims business by type

Disability 3%
Flex compensation 5%
Health insurance 84%
Employees covered 43,000
Other 8%
Includes: COBRA, consulting

Claims business by volume

Administration-claims paid $100,000,000
Auditing-projects conducted 2

Clients

Administration 155
Auditing 2

Staff

Total 55
Claims services 47

Claims services since: 1980.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Laurence Wilneff, president; Ben D. Schenker, executive vp; Mitchell Wilneff, general counsel; Rob Valerious, vp.
Contact: Rob Valerious.

Amalgamated Life Insurance Co./ALICARE Inc.

730 Broadway, New York, N.Y. 10003; 212-780-4102; fax: 212-477-5517

Revenues

Total $53,000,000
Claims administration 70%
Other services 30%
Claims revenue $37,000,000

Claims business by type

Disability 2%
Health insurance 62%
Employees covered 235,000
Dependents covered 587,000
Life 3%
Pensions 33%

Clients

Administration 67

Staff

Total 500

Claims services since: 1943.
Parent: Amalgamated Services Corp.
Service area: Nationwide.
Branch offices: Administrative offices in Salem, N.H.
Contracts with PPOs.
Membership: SIIA, IFEBP.
Officers: Harvey Sigelbaum, president; Ronald Minikes, Richard Burker, executive vps; Ira Schwartz, Richard Koven, senior vps.
Contact: Kathy J. Oliver, sales executive.

American Administrative Group Inc.

1515 Woodfield Road, 5th Floor, Schaumburg, Ill. 60173; 708-619-9200; fax: 708-619-9216

Revenues

Claims administration 100%

Claims business by type

Health insurance 100%
Employees covered 30,000
Dependents covered 45,000

Claims business by volume

Administration-claims paid $60,000,000

Clients

Administration 12

Staff

Total 87
Claims services 40

Claims services since: 1986.
Service area: Nationwide.
Branch offices: Administrative offices in Santa Fe, N.M.; Oklahoma City.
Contracts with PPOs.
Officers: Michael P. Bryan; T. Lance Murdock.
Contact: Michael P. Bryan.

American Claims Evaluation Inc.

1 Jericho Plaza, Jericho, N.Y. 11753; 516-938-8000; fax: 516-938-0405

Revenues

Total $5,812,000
Claims auditing 30%
Other services 70%
Includes: auditing for insurance carriers, TPAs and HMOs
Claims revenue $1,744,000

Claims business by type

Automobile 1%
Health insurance 95%
Workers compensation 4%

Staff

Total 70

Claims services since: 1981.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Dallas. Sales offices in Atlanta; Chicago.
Claims subsidiaries: RPM Rehabilitation & Associates Inc., Spokane, Wash.
Officers: Gary Gelman, president/CEO; Gary J. Knauer, CFO/treasurer; Bonnie Jackson, vp-operations; Lou D'Andrilli, vp-sales/marketing.

American Insurance Administrators

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

Revenues

Total $2,750,000
Claims administration 86%
Claims adjusting 2%
Claims auditing 2%
Other services 10%
Includes: Section 125 flexible spending, county medical plans
Claims revenue $2,500,000

Claims business by type

Flex compensation 3%
Health insurance 96%
Employees covered 24,400
Dependents covered 49,600
Other 1%

Clients

Administration 15

Staff

Total 42
Claims services 26

Claims services since: 1977.
Parent: Management Applied Programming Inc.
Service area: Nationwide.
Branch offices: Administrative offices in Orange, Calif.
Contracts with PPOs.
Membership: SPBA.
Officers: F.N. Dastur, president; Herbert Schaffer, executive vp; P.H. Dalal, CFO; H.P. Dalal, R. Trivedi, vps; B. Rabinowitz, J. Hoskins, assistant vps.

American Medical & Life Insurance Co.

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

Revenues

Total $26,000,000
Claims administration 7%
Claims adjusting 2%
Claims auditing 2.5%
Other services 88.5%
Includes: managed care
Claims revenue $3,000,000

Claims business by type

Health insurance 100%
Employees covered 275,000
Dependents covered 687,500

Claims business by volume

Administration-claims paid $60,000,000

Clients

Administration 154

Staff

Total 90
Claims services 85

Claims services since: 1964.
Service area: Delaware, District of Columbia, Florida, Hawaii, New York, Texas.
Branch offices: Administrative and sales offices in Honolulu, Hawaii.
Claims subsidiaries: American Dental Centers.
Officers: Jules V. Lane, president; Lawrence Schwartz, executive vp; Perry Kanner, chief actuary; Lorraine Classi, vp-operations; Norman Beckoff, CFO.
Contact: Lawrence Schwartz, executive vp.

Associated Plan Administrators Inc.

4133 Whitney Ave., Hamden, Conn. 06518; 203-287-1272; fax: 203-288-9428

Revenues

Claims administration 100%

Claims business by type

Health insurance 100%

Claims business by volume

Administration-claims paid $30,000,000

Clients

Administration 113
Adjusting 113

Staff

Total 30
Claims services 26

Claims services since: 1982.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA.
Officers: Fred R. Brown, president.

Assured Benefits Administrators

4100 Rio Bravo, Suite 211, El Paso, Texas 49902; 915-532-2100

Revenues

Total $750,000
Claims administration 90%
Other services 10%
Includes: PPO services
Claims revenue $600,000

Claims business by type

Health insurance 96%
Life 2%
Workers compensation 2%

Clients

Administration 50

Staff

Total 20
Claims services 15

Claims services since: 1985.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Joe Halow, president; Lorri Halow, executive vp; Eddie Garcia, vp-administration.
Contact: Joe Halow.

B

BPS Inc.

145 N. Church St., Suite 300, Spartanburg, S.C. 29301; 803-585-4338; fax: 803-573-7709

Revenues

Total $1,615,000
Claims administration 75%
Other services 25%
Includes: fully insured claims administration, consulting, managed care services
Claims revenue $1,200,000

Claims business by type

Disability 1%
Health insurance 99%
Employees covered 13,500
Dependents covered 10,000

Claims business by volume

Administration-claims paid $28,000,000

Clients

Administration 36

Staff

Total 25
Claims services 22

Claims services since: 1985.
Service area: Alabama, Georgia, North Carolina, South Carolina, Tennessee.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Robert J. Dickey, president/CEO; James E. Williams, vp/COO; Susan Dickey, secretary/treasurer.
Contact: James E. Williams.

Benefit Administration Corp.

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

Revenues

Total $2,080,000
Claims administration 100%
Claims revenue $2,080,000

Claims business by type

Flex compensation 5%
Health insurance 80%
Employees covered 26,000
Dependents covered 59,500
Pensions 15%

Claims business by volume

Administration-claims paid $49,700,000

Clients

Administration 54

Staff

Total 50
Claims services 50

Claims services since: 1953.
Service area: California, Nevada, Oregon.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Robert J. Cardinal, president; Mirth M. Lundal, executive vp; Cathy Rainaldi, David Morilla, Darlene Moore, vps.
Contact: Robert J. Cardinal.

Benefit Administrative Systems Ltd.

43 Orland Square Drive, Suite 303, Orland Park, Ill. 60462; 708-460-2100; fax: 708-460-0110

Revenues

Claims administration 70%
Other services 30%

Claims business by type

Flex compensation 5%
Health insurance 95%
Employees covered 37,000
Dependents covered 99,800

Clients

Administration 175
Adjusting 175

Staff

Total 42

Claims services since: 1983.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.

Continued on next page

How to use the directory

The annual *Business Insurance* directory of claims specialists lists companies that generate at least 50% or $500,000 of their gross revenues from handling claims for self-insured clients.

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

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

Organizations are asked to use the following definitions when reporting information:

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

Listings begin with the company name, address, phone and fax number.

Following is financial/statistical information. This section includes: total 1994 gross **revenues** along with the percent attributed to claims administration, adjusting and auditing for self-insured clients. The percent of revenue derived from other services is also listed. Next is the actual dollar amount of revenue generated by claims services for self-insured clients in 1994.

Other information in this section includes: **Claims business by type,** a percent breakout of total claims dollars handled by type. If health plan administration is a large percent of the business, the number of employees and dependents covered is listed.

Claims business by volume lists the dollar amount of claims paid and number of auditing projects conducted in 1994.

Clients includes the number of administration, adjusting and auditing clients in 1994.

Staff data is given in full-time equivalents and contains the number of total employees and employees assigned to self-insured clients' claims services.

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

Information reported is based on each company's responses to a *BI* questionnaire.

Although every effort is made to publish complete and accurate listings, *BI* is unable to verify all information.

The full names of professional organizations abbreviated in the listings are: IFEBP, International Foundation of Employee Benefit Plans; NAEBA, National Assn. of Employee Benefit Administrators; SIIA, Self Insurance Institute of America; SPBA, Society of Professional Benefit Administrators.

Continued from previous page

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

Benefit Administrators of America Inc.

207 Crocker, P.O. Box 9120, Des Moines, Iowa 50309-9120; 515-243-3210; fax: 515-282-0719

Revenues

Total	$9,100,000
Claims administration	96%
Claims adjusting	1%
Other services	3%

Claims business by type

Disability	1%
Flex compensation	1%
Health insurance	97%
Employees covered	81,000
Dependents covered	195,000
Life	1%

Claims business by volume

Administration-claims paid	$190,000,000

Clients

Administration	132

Staff

Total	175
Claims services	169

Claims services since: 1982.
Parent: Health Ventures Inc.
Service area: Nationwide.
Branch offices: Administrative offices in Sioux City, Iowa. Sales offices in Chippewa Falls, Wis.
Contracts with PPOs.
Membership: SIIA.
Officers: Clifford D. Gold, COO.
Contact: Claire Reiman, sales consultant, 515-246-6252.

Benefit Administrators of New England Inc.

200 Ledgewood Place, Rockland, Mass. 02370; 617-982-1881 or 800-982-1881; fax: 617-871-6860

Revenues

Claims administration	80%
Other services	20%

Claims business by type

Disability	10%
Flex compensation	10%
Health insurance	80%
Employees covered	21,000
Dependents covered	48,355

Claims business by volume

Administration-claims paid	$55,000,000

Clients

Administration	125

Staff

Total	70

Claims services since: 1988.
Service area: Nationwide.
Membership: SPBA, SIIA.
Officers: Neil Guerin, CEO; Jack Keith, chief administrative officer.

Benefit Consultants Inc.

14500 S. Outer Forty Road, Suite 502, Chesterfield, Mo. 63017; 314-434-4620; fax: 314-434-8335

Revenues

Claims administration	45%
Claims adjusting	10%
Claims auditing	10%
Other services	35%
Includes: consulting, insurance brokering	

Claims business by type

Health insurance	100%
Employees covered	23,300
Dependents covered	46,600

Claims business by volume

Administration-claims paid	$7,000,000
Auditing-projects conducted	10

Clients

Administration	6
Adjusting	7
Auditing	6

Staff

Total	8
Claims services	4

Claims services since: 1982.
Service area: Nationwide.
Contracts with PPOs.
Membership: IFEBP.
Officers: Alan N. Lemley, president.
Contact: Alan N. Lemley or Sharron Gass.

Benefit Plan Administrators

1871 Folsom St., Boulder, Colo. 80302; 303-442-1000; fax: 303-442-1505

Revenues

Total	$1,450,000
Claims administration	73%
Other services	27%
Includes: brokering, managed care services, flex plan administration	
Claims revenue	$910,000

Claims business by type

Flex compensation	12%
Health insurance	88%
Employees covered	7,850
Dependents covered	8,225

Claims business by volume

Administration-claims paid	$27,318,000

Clients

Administration	38

Staff

Total	24
Claims services	5

Claims services since: 1987.
Parent: The ADMAR Group Inc.
Service area: Arizona, Colorado, Kansas, Nebraska, New Mexico, Utah, Wyoming.
Branch offices: Administrative offices in Santa Ana, Calif.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Stephen B. Goodell, president.

Benefit Plan Services Inc.

P.O. Box 2793, High Point, N.C. 27261; 910-889-2003; fax: 910-841-2556

Revenues

Total	$250,000
Claims administration	100%
Claims revenue	$250,000

Claims business by type

Disability	2%
Health insurance	98%
Employees covered	9,200
Dependents covered	7,700

Claims business by volume

Administration-claims paid	$5,300,000

Clients

Administration	12

Staff

Total	4
Claims services	4

Claims services since: 1977.
Service area: North Carolina.
Contracts with PPOs.
Membership: SPBA.
Officers: J. Larry Peters, president/treasurer; Alan O. Peters, vp/secretary.
Contact: J. Larry Peters.

Benefit Systems Inc.

9102 N. Meridian, Suite 200, Indianapolis, Ind. 46260; 317-573-2004; fax: 317-573-2016

Revenues

Total	$3,500,000
Claims administration	100%
Claims revenue	$3,500,000

Claims business by type

Disability	1%
Flex compensation	5%
Health insurance	94%
Employees covered	40,000
Dependents covered	43,000

Claims business by volume

Administration-claims paid	$86,000,000

Clients

Administration	149

Staff

Total	61
Claims services	61

Claims services since: 1982.
Service area: Indiana, Ohio.
Contracts with PPOs.
Membership: SIIA, NAEBA.
Officers: Ronald Sanders, president; Michael Renner, executive vp; Pamela Jenkins, vp.
Contact: Tracy Williams.

Benefit Systems & Services Inc.

760 Pasquinelli Drive, Suite 320, Westmont, Ill. 60559-5555; 708-789-2082; fax: 708-789-2093

Revenues

Total	$6,250,000
Claims administration	53%
Claims adjusting	3%
Claims auditing	1%
Other services	43%
Includes: benefit administration software licensing, hardware consulting and sales	
Claims revenue	$3,500,000

Claims business by type

Disability	2%
Flex compensation	8%
Health insurance	90%
Employees covered	27,500
Dependents covered	30,000

Claims business by volume

Administration-claims paid	$85,000,000

Clients

Administration	66
Adjusting	1

Staff

Total	48
Claims services	41

Claims services since: 1986.
Service area: Nationwide.
Membership: SPBA, SIIA, IFEBP.
Officers: David H. Lloyd, president; Carmen J. Morreale, executive vp; Roy Wapiennik, vp; Jacqueline D. Wenzel, Pamela A. Pratt, assistant vps.
Contact: David H. Lloyd.

Berkely Assn. Services Ltd.

100 Garden City Plaza, Garden City, N.Y. 11530; 516-294-0424; fax: 516-877-2218

Revenues

Total	$1,300,000
Claims administration	35%
Claims auditing	3%
Other services	62%
Claims revenue	$500,000

Claims business by type

Flex compensation	5%
Health insurance	95%
Employees covered	30,000
Dependents covered	15,000

Claims business by volume

Administration-claims paid	$30,000,000
Auditing-projects conducted	3

Clients

Administration	18

Staff

Total	35
Claims services	11

Claims services since: 1988.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Timothy T. Crowley, president; Ann Marie D'Alessandro, vp; William Kavan, Mark Kottler, directors.
Contact: Timothy T. Crowley.

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INSURED RESULTS

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REGARDS INTERNATIONAL / illustration : F. LEGLINTE

If you've ever talked to an insurance company, you know why we've made some structural changes.

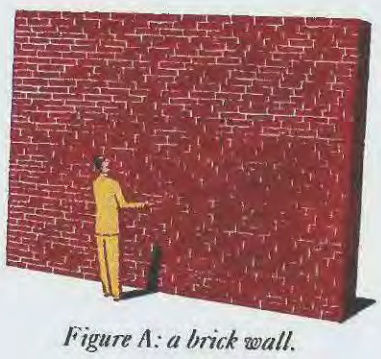

Figure A: a brick wall.

Monolith. Unfeeling giant. Big bureaucratic nightmare. Insurance companies have been called all kinds of names. With good reason. Their structures tend to have everything to do with their bureaucracies and very little to do with you.

But that's not the case at Continental Risk Management Services.

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For additional information about Continental Risk Management Services, write E. Randall Clouser, President, at 180 Maiden Lane, NY, NY 10038. Or call us at 212-440-7230. And talk to an insurance company that will actually listen to you.

Continental Risk Management®

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Berwanger Overmyer Associates Employee Benefits

2245 Northbank Drive, Columbus, Ohio 43220; 800-837-4557; fax: 614-457-1507

Revenues

Total $950,000
Claims administration 85%
Other services 15%
Claims revenue $800,000

Claims business by type

Flex compensation 2%
Health insurance 98%
Employees covered 20,000
Dependents covered 45,000

Claims business by volume

Administration-claims paid $17,000,000

Clients

Administration 31

Staff

Total 20
Claims services 20

Claims services since: 1989.
Service area: Nationwide.
Branch offices: Sales offices in Cleveland; Pittsburgh.
Contracts with PPOs.
Membership: SPBA.
Officers: Ed Overmyer, president; Joe Berwanger, Dick Moore, Richard Daley, executive vps; Jerry Esselstein, COO.
Contact: Mike M. Rouse Jr., vp.

Blair Mill Administrators Inc.

720 Blair Mill Road, Horsham, Pa. 19044; 215-984-5933; fax: 215-657-3282

Revenues

Total $5,000,000
Claims administration 96%
Other services 4%
Includes: utilization review, COBRA, Section 129, billing, stop-loss
Claims revenue $4,800,000

Claims business by type

Health insurance 100%

Claims business by volume

Administration-claims paid $60,000,000

Clients

Administration 80

Staff

Total 180
Claims services 180

Claims services since: 1988.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: George W. Gannon, president/CEO; Charles A. Brower Jr., vp-marketing; George W. Grimes, vp/CFO; Daniel H. Graf, vp-claims/managed care; Leo Watt, vp-information systems.
Contact: Charles A. Brower Jr., 215-830-2550.

Boon-Chapman Benefit Administrators Inc.

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

Revenues

Total $3,700,000
Claims administration 67%
Other services 33%
Includes: fully insured claims services, utilization review
Claims revenue $2,480,000

Claims business by type

Flex compensation 8%
Health insurance 92%
Employees covered 75,000
Dependents covered 75,000

Clients

Administration 102

Staff

Total 115
Claims services 18

Claims services since: 1961.
Service area: New Mexico, Oklahoma, Texas.
Branch offices: Sales offices in Dallas.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: T.J. Chapman, president; Kevin Chapman, Betty Chapman, Bob Calvisi, Marlene Sharp, vps.
Contact: T.J. Chapman.

Brokerage Services Inc.

11200 Lomas Blvd. N.E., Albuquerque, N.M. 87112; 505-292-5533 or 800-274-5533; fax: 505-293-7725

Revenues

Total $4,261,000
Claims administration 26%
Other services 74%
Includes: claims and premium administration for fully insured clients, managed care services
Claims revenue $1,109,000

Claims business by type

Disability 1%
Health insurance 99%
Employees covered 7,100
Dependents covered 8,250

Claims business by volume

Administration-claims paid $11,579,200

Clients

Administration 48

Staff

Total 112
Claims services 14

Claims services since: 1977.
Parent: Group Brokerage Inc.
Service area: Arizona, California, Colorado, Kansas, Missouri, New Mexico and Texas.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Nancy C. Fisher, president; James L. Healy, executive vp; James O. Fisher, secretary; Timothy R. Fischer, CFO; Charles B. Jackson, director.
Contact: James L. Healy, 505-292-5533, ext. 3212.

CC Systems Corp.

1200 Yankee Doodle Road, P.O. Box 64668, St. Paul, Minn. 55164-0668; 800-365-2735; fax: 612-683-2159

Revenues

Total $5,500,000
Claims administration 100%
Claims revenue $5,500,000

Claims business by type

Disability 15%
Flex compensation 5%
Health insurance 80%
Employees covered 114,886

Claims business by volume

Administration-claims paid $110,025,310
Auditing-projects conducted 75

Clients

Administration 81

Staff

Total 129
Claims services 75

Claims services since: 1982.
Parent: Blue Cross Blue Shield of Minnesota.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Darrold Burris, vp-operations; Loretta Artwohl, director-finance/administration; Dawn Hanson, director-claims; Randy Hanson, director-data processing; Karen Holt, director-marketing.
Contact: Darrold Burris.

CCI Administrators

2751 Tuller Parkway Drive, Dublin, Ohio 43017; 800-837-6800; fax: 614-764-7629

Revenues

Total $900,000
Claims administration 100%
Claims revenue $900,000

Claims business by type

Health insurance 100%
Employees covered 9,000
Dependents covered 22,000

Claims business by volume

Administration-claims paid $21,000,000

Clients

Administration 40

Staff

Total 23
Claims services 23

Claims services since: 1981.
Service area: Nationwide.
Branch offices: Sales offices in Cincinnati and Cleveland.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Dick Alkire, president; Ted Miller, vp; Tom O'Reilly, treasurer; Mike Winters, director-operations.
Contact: Mike Winters.

Century Planners Ltd.

7777 Bon Homme, Clayton, Mo. 63119; 314-721-2452; fax: 314-721-1085

Revenues

Total $1,500,000
Claims administration 65%
Claims auditing 15%
Other services 20%
Claims revenue $1,200,000

Claims business by type

Disability 5%
Flex compensation 5%
Health insurance 90%
Employees covered 14,000
Dependents covered 21,000

Claims business by volume

Administration-claims paid $30,000,000

Clients

Administration 45

Staff

Total 23
Claims services 20

Claims services since: 1980.
Service area: Illinois, Missouri.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Kenneth P. Thorp, president; Kathryn Bauer, vp-administration; John C. Pepin, vp-marketing.
Contact: John C. Pepin.

Chandler & Associates Inc.

500 Lena Drive, Aurora, Ohio 44202; 216-562-5757; fax: 216-562-5171

Revenues

Claims administration 100%

Claims business by type

Health insurance 100%
Employees covered 15,000
Dependents covered 37,500

Claims business by volume

Administration-claims paid $3,000,000

Clients

Administration 65

Staff

Total 35
Claims services 8

Claims services since: 1961.
Service area: Nationwide.
Branch offices: Sales offices in Cincinnati and Columbus, Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Arthur W. Chandler, chairman; James K. Piper, president; Mary C. Chandler, vp; Keith W. Kern, secretary/treasurer.
Contact: James K. Piper.

Consolidated Benefit Services Inc.

1400 Lake Heam Drive, Suite 300, Atlanta, Ga. 30319; 404-843-5566; fax: 404-843-5455

Revenues

Total $4,500,000
Claims administration 80%
Other services 20%
Includes: retirement services, 401(k), defined contribution, Section 125 plans
Claims revenue $3,600,000

Claims business by type

Flex compensation 3%
Health insurance 80%
Employees covered 49,000
Dependents covered 117,000
Pensions 17%

Claims business by volume

Administration-claims paid $130,000,000

Clients

Administration 35

Staff

Total 100
Claims services 70

Claims services since: 1959.
Service area: Alabama, Florida, Georgia, North Carolina, South Carolina.
Branch offices: Administrative offices in Birmingham, Ala.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Troy E. Hardin Jr.; Judy L. Heilman; Charles A. Hill.
Contact: John Banks, director-marketing.

Thomas P. Corcoran, Consultant/Administrator

2354 Stanwell Drive, Concord, Calif. 94520; 510-798-2558; fax: 510-685-1556

Revenues

Total $1,250,000
Claims administration 34%
Other services 66%
Includes: claims administration for insured clients
Claims revenue $425,000

Claims business by type

Disability 5%
Health insurance 60%
Pensions 35%

Claims business by volume

Administration-claims paid $6,200,000

Clients

Administration 2

Staff

Total 18
Claims services 5

Claims services since: 1963.
Service area: Western states.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Thomas P. Corcoran, president; Lynn Monday, office manager; Gino Roth, claims manager.

Corporate Benefit Audits

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

Revenues

Claims auditing 100%

Claims business by type

Health insurance 100%

Claims business by volume

Auditing-projects conducted 200

Continued on next page

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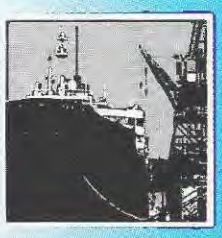

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Continued from previous page

Clients

Auditing 370

Staff

Total 6
Claims services 6

Claims services since: 1992.
Service area: Nationwide.
Officers: Stephen J. Kurkul, president.

Corporate Diversified Services Inc.

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

Revenues

Total $4,704,781
Claims administration 77%
Other services 23%
Includes: commissions on premiums and vendor fees for managed care services
Claims revenue $1,446,000

Claims business by type

Disability 1%
Flex compensation 12%
Health insurance 87%
Employees covered 16,950

Claims business by volume

Administration-claims paid $33,304,234

Clients

Administration 94

Staff

Total 53
Claims services 37

Claims services since: 1983.
Parent: Blue Cross & Blue Shield of Nebraska.
Service area: Nationwide.
Contracts with PPOs.
Membership: SIIA, IFEBP.
Officers: Richard Guffey, president; Cheri Kowal, executive vp/COO; David Realph, treasurer; Susan Schneiderwind, secretary; Pam Silverman, director-group operations.
Contact: Cheri Kowal.

Corporate Health Administrators

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

Revenues

Total $18,000,000
Claims administration 82%
Other services 12%
Includes: precertification/utilization review, large case management and commissions on stop-loss
Claims revenue $15,000,000

Claims business by type

Health insurance 100%
Employees covered 113,000
Dependents covered 131,000

Claims business by volume

Administration-claims paid $225,000,000

Clients

Administration 140

Staff

Total 285
Claims services 285

Claims services since: 1988.
Parent: U.S. Healthcare.
Service area: Nationwide.
Branch offices: Administrative offices in Bismarck, N.D.; Pittsburgh. Sales offices in Middletown, Conn.; Owings Mills, Md.; Boston; Pittsburgh; Fairfield, N.J.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Michael J. Cardillo, president; David F. Simon, secretary; Marshall Rozzi, vp; Thomas A. Masci, treasurer.
Contact: Mary Claire Bonner, vp-marketing.

Corporate Systems Administration Inc.

P.O. Box 4985, 4722 Lake Park Drive, Johnson City, Tenn. 37602-4985; 615-282-3420; fax: 615-282-2999

Revenues

Total $3,200,000
Claims administration 80%
Other services 20%
Includes: utilization review, large case management, PPO access
Claims revenue $2,560,000

Claims business by type

Disability 5%
Flex compensation 10%
Health insurance 80%
Employees covered 15,500
Dependents covered 24,000
Life 5%

Claims business by volume

Administration-claims paid $52,000,000

Clients

Administration 66

Staff

Total 26

Claims services since: 1980.
Service area: Southern and eastern states.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA.
Officers: Thomas H. Repass, president; David H. Grazier, Michael R. Miller, Diana L. Pearce, vps; Douglas M. Sizemore, secretary/treasurer.
Contact: Thomas H. Repass.

Cost Management Technologies Inc.

4435 Main, Suite 810, Kansas City, Mo. 64111; 816-531-6300; fax: 816-531-3699

Revenues

Total ..... NA
Claims administration 84%
Other services 16%
Claims revenue $1,700,000

Claims business by type

Health insurance 100%
Employees covered 10,733
Dependents covered 24,583

Claims business by volume

Administration-claims paid $37,846,679

Clients

Administration 13

Staff

Total 45
Claims services 45

Claims services since: 1989.
Service area: Nationwide.
Contracts with PPOs.
Officers: Patrick A. Thompson, CEO; Paul Strukness, John Laird, vps.
Contact: Beth Thompson, director-corporate communications.

D

Delta Dental Plan of California

P.O. Box 7736, San Francisco, Calif. 94120; 415-972-8300; fax: 415-972-8466

Revenues

Total $1,800,000,000
Claims administration 30%
Other services 70%
Claims revenue $39,000,000

Claims business by type

Health insurance 100%

Claims business by volume

Administration-claims paid $490,000,000

Clients

Administration 452

Staff

Total 1,600

Claims services since: 1955.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Cerritos and Sacramento, Calif. Additional sales offices in Fresno and San Diego, Calif.
Claims subsidiaries: Delta Dental Insurance Co., PMI Dental Health Plan.
Contracts with PPOs.
Officers: William T. Ward, president/CEO; Joseph C. Jaeger, senior vp/CFO; Don B. Conkling, senior vp-marketing/actuarial/underwriting/research; John F. Field, senior vp-public/professional relations; Jerry R. Holcombe, senior vp-commercial operations/corporate services.
Contact: Jeff Album, public relations associate, 415-972-8418.

Dental Benefit Management Inc./Benecare

620 Chestnut St., Suite 472, Public Ledger Building, Philadelphia, Pa. 19106; 800-445-6665; fax: 215-440-1021

Revenues

Total $1,500,000
Claims administration 50%
Other services 50%
Includes: managed dental care, utilization review, complete administration
Claims revenue $750,000

Claims business by type

Health insurance 100%
Employees covered 70,000
Dependents covered 30,000

Claims business by volume

Administration-claims paid $6,000,000

Clients

Administration 41

Staff

Total 25

Claims services since: 1979.
Service area: Connecticut, Maryland, Michigan, New Jersey, Pennsylvania, Rhode Island.
Officers: B.H. Serata, president; Phyllis Serata, treasurer; Helen Alexander, secretary.
Contact: B.H. Serata, 800-445-6665 or 215-440-1013.

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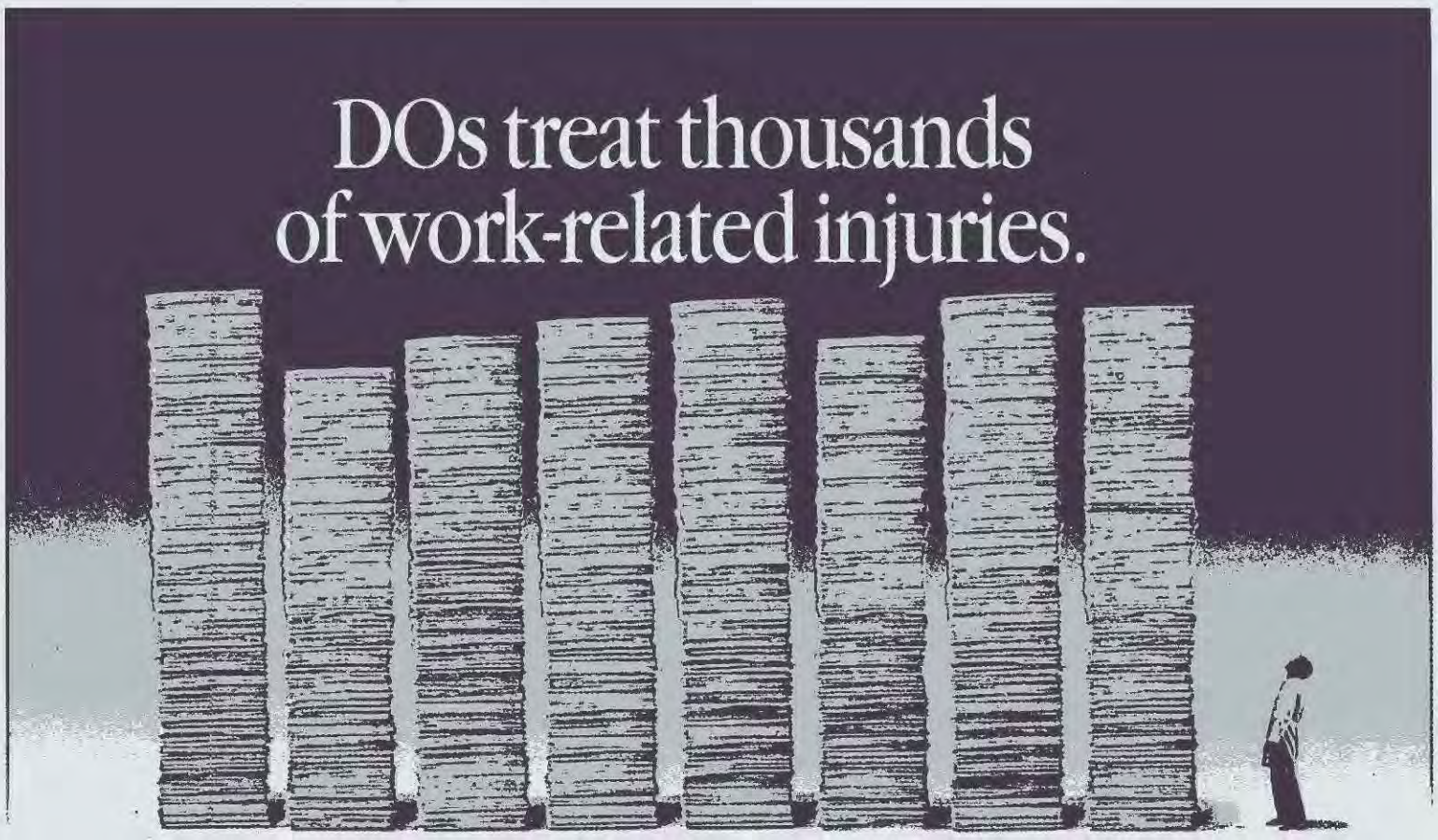

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Continued from previous page

Diversified Group Brokerage Corp.

369 N. Main St., P.O. Box 180, Marlborough, Conn. 06447; 800-456-4342 or 203-295-9583; fax: 203-295-8164

Revenues

Total	$6,400,000
Claims administration	87%
Other services	13%
Includes: COBRA, prescription drug, Section 125 flex, PPOs, commissions	
Claims revenue	$5,590,000

Claims business by type

Disability	1%
Health insurance	99%
Employees covered	60,000
Dependents covered	97,000

Claims business by volume

Administration-claims paid	$102,000,000

Clients

Administration	321

Staff

Total	90
Claims services	83

Claims services since: 1969.
Service area: Nationwide.
Branch offices: Sales offices in Danbury, Hartford and Mystic, Conn.; Braintree and Springfield, Mass.; Hampton, N.H.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA.
Officers: Robert H. Soleau, president/CEO; Duane C. Briskey, secretary/treasurer; Edward J. O'Brien, executive vp-operations; Mary Armstrong, vp-claims/administration; Katherine M. Shea, vp-underwriting.
Contact: Robert H. Soleau, 203-295-9583, ext. 501.

Duke & Co.

P.O. Box 530, Richmond, Va. 23204; 804-783-8025; fax: 804-783-1833

Revenues

Claims administration	90%
Other services	10%

Claims business by type

Flex compensation	5%
Health insurance	95%
Employees covered	8,000
Dependents covered	12,500

Claims business by volume

Administration-claims paid	$13,850,000

Clients

Administration	36

Staff

Total	15
Claims services	15

Claims services since: 1987.
Service area: Nationwide.
Branch offices: Sales offices in Greenville, N.C.
Contracts with PPOs.
Officers: Henry L. Duke Jr., president; Tim Nichols, treasurer; Anne Grim, secretary.
Contact: Henry Duke.

EBP HealthPlans

435 Ford Road, Suite 500, Minneapolis, Minn. 55426; 612-546-4353; fax: 612-525-4455

Revenues

Total	$235,000,000
Claims administration	33%
Other services	67%
Includes: stop-loss and life insurance, investment income	
Claims revenue	$77,000,000

Claims business by type

Disability	1%
Flex compensation	1%
Health insurance	98%
Employees covered	641,000
Dependents covered	742,000

Claims business by volume

Administration-claims paid	$1,900,000,000

Clients

Administration	2,400

Staff

Total	1,300
Claims services	1,100

Claims services since: 1974.
Service area: Nationwide.
Branch offices: Administrative offices: Fresno, Calif.; Avon, Conn.; Maitland, Fla.; Grand Rapids, Mich.; Las Vegas and Reno, Nev.; Centerville, Ohio; Bethlehem and Exton, Pa.; Sioux Falls, S.D.; Seattle; West Allis, Wis. Sales offices: Phoenix; Fresno, Pasadena, San Diego and Walnut Creek, Calif.; Engelwood, Colo.; Avon, Conn.; Fort Lauderdale, Maitland, St. Augustine and Tampa, Fla.; Atlanta; Schaumburg, Ill.; Carmel, Inc.; Metairie, La.; Annapolis, Md.; Grand Rapids and Troy, Mich.; Kansas City, Mo.; Carle Place and New York, N.Y.; Redbank, N.J.; Las Vegas and Reno, Nev.; Charlotte, N.C.; Centerville, Ohio; Oklahoma City; Portland, Ore.; Exton and Pittsburgh, Pa.; Memphis, Tenn.; Dallas; Seattle; West Allis, Wis.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, IFEBP.
Officers: William E. Sagan, CEO; Timothy W. Kuck, CFO/treasurer; Andrew M. Thompson, president-Southeast HealthPlans; Richard J. Fleder, president-Northeast HealthPlan; Kevin L. Roberg, president-Western HealthPlans.
Contact: Willard F. Newell, director-corporate communications.

Employee Benefit Claims of Wisconsin

5235 N. Ironwood Road, Milwaukee, Wis. 53217; 414-962-7771; fax: 414-962-2975

Revenues

Claims administration	20%
Claims adjusting	60%
Claims auditing	15%
Other services	5%

Claims business by type

Health insurance	100%
Employees covered	85,000
Dependents covered	120,000

Clients

Total

Administration	620
Adjusting	620

Staff

Total	180
Claims services	160

Claims services since: 1977.
Parent: SAFECO Insurance Co.
Service area: Kentucky, Mississippi, Ohio, Wisconsin.
Branch offices: Administrative offices in Louisville, Ky.; Meridian, Miss.; Cleveland and Findlay, Ohio; Appleton, Wis.
Membership: SIIA, NAEBA.
Officers: Larry Pych; John Feith.

Employee Benefit Management Corp.

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

Revenues

Total	$5,346,000
Claims administration	66.2%
Other services	33.8%
Includes: Flex 125, COBRA consulting, insured products	
Claims revenue	$3,541,000

Claims business by type

Disability	2%
Flex compensation	0.2%
Health insurance	97.8%
Employees covered	35,000
Dependents covered	70,000

Claims business by volume

Administration-claims paid	$168,500,000

Clients

Administration	87

Staff

Total	103
Claims services	103

Claims services since: 1979.
Service area: Nationwide.
Membership: SPBA, SIIA.
Officers: Russel Means, chairman; Thomas Jack, president; Bill Weatherholt, David Coleman, Teresa Carano, vps.
Contact: Bill Weatherholt.

Employee Benefit Management Services Inc.

P.O. Box 21367, Billings, Mont. 59104-1367; 406-245-3575; fax: 406-259-7871

Revenues

Total	$2,750,000
Claims administration	90%
Claims adjusting	5%
Claims auditing	5%
Claims revenue	$2,750,000

Claims business by type

Disability	2%
Flex compensation	5%
Health insurance	90%
Employees covered	14,453
Dependents covered	21,938
Life	2%
Pensions	1%

Claims business by volume

Administration-claims paid	$41,000,000

Clients

Administration	91

Staff

Total	54
Claims services	54

Claims services since: 1980.
Service area: Nationwide.
Branch offices: Administrative offices in Portland, Ore. Sales offices in Salt Lake City.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, IFEBP.
Officers: Frederick H. Larson, president; Nicki Larson, vp.
Contact: F.H. (Rick) Larson.

Employee Benefit Plan Administration Inc. (EBPA)

263 Drakeside Road, Hampton, N.H. 03842; 603-926-4566; fax: 603-926-3825

Revenues

Total	$9,220,000
Claims administration	90%
Other services	10%
Includes: COBRA administration, cafeteria plan administration	
Claims revenue	$8,329,000

Claims business by type

Disability	2%
Flex compensation	2%
Health insurance	96%
Employees covered	102,550
Dependents covered	154,000

Claims business by volume

Administration-claims paid	$200,000,000

Clients

Administration	110

Staff

Total	170
Claims services	170

Claims services since: 1963.
Parent: Healthsource Inc.
Service area: New England states, including New York.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Norman C. Payson, president/chairman; Sally W. Crawford, vp/CEO; Thomas M. Congoran, CFO; Ramon Yi, treasurer; Robert J. Moses, secretary; Sharon W. Hecker, assistant secretary.

Employers Mutual Inc.

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

Revenues

Total	$1,800,000
Claims administration	94%
Other services	6%
Includes: capitation management, provider relations management	
Claims revenue	$1,700,000

Claims business by type

Health insurance	100%
Employees covered	17,300
Dependents covered	13,100

Claims business by volume

Administration-claims paid	$50,300,000

Clients

Administration	4

Staff

Total	33
Claims services	31

Claims services since: 1991.
Service area: Florida.
Membership: SPBA.
Officers: William E. Shields, president; Markus Mueller, CEO; Wylie L. Anderson, vp/COO; Bob N. Batie, vp-corporate development.
Contact: Bob N. Batie.

Entrust Inc.

1880 Dairy Ashford, Suite 105, Houston, Texas 77077; 713-368-7878; fax: 713-368-7828

Revenues

Total	$1,192,720
Claims administration	90%
Other services	10%
Includes: employee benefits consulting, managed care consulting to employers/doctors	
Claims revenue	$1,047,772

Claims business by type

Flex compensation	10%
Health insurance	90%
Employees covered	7,352
Dependents covered	3,745

Claims business by volume

Administration-claims paid	$17,018,000

Clients

Administration	94

Staff

Total	29
Claims services	29

Claims services since: 1990.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Edward A. Jacobson, president; William A. O'Keefe, vp.
Contact: William A. O'Keefe.

Extended Benefits Inc.

171 Franklin Turnpike, Waldwick, N.J. 07463; 201-652-5400; fax: 201-652-0356

Revenues

Claims administration	100%

Claims business by type

Flex compensation	1%
Health insurance	99%
Employees covered	10,813
Dependents covered	14,158

Clients

Administration	80

Continued on next page

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THAT WE HAVE A SPLIT PERSONALITY

Continued from previous page

Staff

Total 42

Claims services since: 1987.
Service area: Nationwide.
Branch offices: Administrative offices in Auburn, Ala.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Joseph E. Healy, president/CEO; Sharon A. O'Brien, executive vp; Duane Perricelli, vp-sales; Maureen Mack, client services manager; Lisa Perricelli, finance manager.
Contact: Duane Perricelli.

F

The J.P. Farley Corp.

22021 Brookpark Road, Suite 100, Cleveland, Ohio 44126; 216-734-6800 or 800-634-0173; fax: 216-734-1668

Revenues

Total $2,000,000
Claims administration 66%
Claims adjusting 11%
Claims auditing 3%
Other services 20%
Includes: commissions
Claims revenue $1,600,000

Claims business by type

Disability 5%
Flex compensation 5%
Health insurance 90%
Employees covered 11,566

Claims business by volume

Administration-claims paid $29,247,446

Clients

Administration 37

Staff

Total 45
Claims services 45

Claims services since: 1979.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: James P. Farley, president; Patricia Hannigan-Farley, vp; Lynn Selzer, controller; Robert Tupta, director-marketing; Elizabeth Whelan, marketing coordinator.
Contact: Elizabeth Whelan.

Fidelity Administrators

P.O. Box 1539, Fort Worth, Texas 76101; 800-546-2550; fax: 817-496-3041

Revenues

Total $500,000
Claims administration 100%
Claims revenue $500,000

Claims business by type

Flex compensation 10%
Health insurance 90%
Employees covered 10,000
Dependents covered 5,000

Claims business by volume

Administration-claims paid $10,000,000

Clients

Administration 7

Staff

Total 40
Claims services 40

Claims services since: 1993.
Parent: Western Fidelity Insurance.
Service area: Nationwide.
Membership: SPBA.
Officers: Rick Berg, president; Scott Elphingstone, CFO; Steve Kerwan, Carol Heikkinen, Kevin Terry, vps.
Contact: Kevin Terry.

First American Administrators

529 Kansas City St., Suite 200, P.O. Box 8150, Rapid City, S.D. 57709; 605-343-2509; fax: 605-343-8887

Revenues

Total $1,292,000
Claims administration 72%
Other services 28%
Claims revenue $930,000

Claims business by type

Flex compensation 3%
Health insurance 97%
Employees covered 12,000
Dependents covered 20,000

Claims business by volume

Administration-claims paid $30,600,000

Clients

Administration 40

Staff

Total 25
Claims services 25

Claims services since: 1983.
Service area: Nationwide.
Branch offices: Administrative and sales office in Sioux Falls, S.D.
Contracts with PPOs.
Membership: SPBA.
Officers: Joe Dobbs, president/owner; Cheryl Trulson, administrative manager; Nancy Crist, claims manager.
Contact: Joe Dobbs.

First Health Strategies

6975 Union Park Center, Suite 600, Salt Lake City, Utah 84047; 801-568-5500; fax: 801-568-5652

Revenues

Total $165,000,000
Claims administration 88%
Other services 12%
Claims revenue $145,000,000
Includes: utilization review, data analysis, outsourcing

Claims business by type

Disability 2%
Flex compensation 5%
Health insurance 93%
Employees covered 1,000,000
Dependents covered 2,200,000

Claims business by volume

Administration-claims paid $3,000,000,000

Clients

Administration 860

Staff

Total 3,300
Claims services 1,600

Claims services since: 1965.
Parent: First Financial Management Corp.
Service area: Nationwide.
Branch offices: Administrative offices in Los Angeles; Atlanta; Boise, Idaho; Baltimore; Detroit; Minneapolis; Pittsburgh; Houston; Milwaukee. Sales offices in Phoenix; Los Angeles; Denver; Orlando, Fla.; Atlanta; Baltimore; Boston; Detroit; St. Louis; Cincinnati; Portland, Ore.; Philadelphia; Dallas; Houston; Milwaukee.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, IFEBP.
Officers: Terry Nofsinger, president; Ted White, CEO; George Dreisbach, executive vp; Dave Kreager, Bob Davis, senior vps.
Contact: David Kreager.

Foundation Health Preferred Administrators

3034 Gold Canal Drive, Suite D, Rancho Cordova, Calif. 95670; 916-631-3300; fax: 916-631-3369

Revenues

Total $9,000,000
Claims administration 45%
Other services 55%
Claims revenue $4,000,000

Claims business by type

Flex compensation 5%
Health insurance 95%
Employees covered 79,000
Dependents covered 92,000

Claims business by volume

Administration-claims paid $90,000,000

Clients

Administration 26

Staff

Total 105
Claims services 55

Claims services since: 1985.
Parent: Foundation Health Corp.
Service area: Alabama, Arizona, California, Florida, Hawaii, Louisiana, Maryland, Texas, Utah.
Contracts with PPOs.
Membership: SIIA.
Officers: Scott Kelly, president/COO; Randy Frakes, vp-operations; Lawrence William, medical director.
Contact: Scott Kelly.

Fox-Everett Inc.

3780 I-55 N., Suite 200, Jackson, Miss. 39211; 601-364-5255; fax: 601-981-9243

Revenues

Total $2,500,000
Claims administration 70%
Other services 30%
Claims revenue $1,750,000

Claims business by type

Health insurance 100%
Employees covered 18,000
Dependents covered 22,500

Claims business by volume

Administration-claims paid $40,000,000

Clients

Administration 33

Staff

Total 65
Claims services 21

Claims services since: 1965.
Service area: Alabama, Louisiana, Mississippi, Tennessee, Texas.
Branch offices: Sales office in Gulfport, Miss.
Contracts with PPOs.
Officers: Carl J. Bush, president; John F.

Continued on next page

Claims Management

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LINDSEY MORDEN®

Continued from previous page

Anderson, Jr., C. Larry Vance, William H. Mathison, W.E. Kinchen, vps.
Contact: C. Larry Vance.

Fringe Benefit Services Inc.

7000 N. Broadway, ABS-106, Denver, Colo. 80221; 303-426-4984; fax: 303-429-1359

Revenues

Total $1,450,000
Claims administration 96%
Other services 4%
Includes: pension administration
Claims revenue $1,400,000

Claims business by type

Flex compensation 3%
Health insurance 93%
Employees covered 18,000
Dependents covered 30,000
Pensions 4%

Claims business by volume

Administration-claims paid $30,000,000

Clients

Administration 23

Staff

Total 31
Claims services 27

Claims services since: 1972.
Service area: Colorado, Iowa, Kansas, Nebraska, New Mexico, Wyoming.
Membership: SPBA.
Officers: Mabel LaChappell, president; Harry Auston, executive vp/treasurer; Mark Griffin, secretary.
Contact: Harry Auston.

Fringe Benefits Management Co.

1720 S. Gadsden St., Tallahassee, Fla. 32302; 904-425-6200; fax: 904-425-6220

Revenues

Total $11,023,000
Claims administration 4.7%
Other services 95.3%
Claims revenue $515,675

Claims business by type

Disability 43.3%
Health insurance 39.2%
Other 17.5%
Includes: hospital income, life, long-term care

Claims business by volume

Administration-claims paid $3,527,808

Clients

Administration 9

Staff

Claims services 12

Claims services since: 1979.
Service area: Florida, Louisiana.
Branch offices: Administrative offices in Little Rock, Ark.; Sacramento, Calif.; Miami; Baton Rouge and New Orleans, La.; Madison, Wis.
Contracts with PPOs.
Officers: Michael Sheridan, president; Agnes McMurray, executive vp; Lorraine Ritch, senior vp-marketing; Mel Yoder, senior vp-operations.
Contact: James J. Bracher, vp-market development.

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Gilsbar Inc.

19348 N. Fourth St., P.O. Box 998, Covington, La. 70434; 504-892-3520; fax: 504-898-1500

Revenues

Total $10,000,000
Claims administration 50%
Other services 50%
Includes: property/casualty, financial services, association TPA
Claims revenue $5,000,000

Claims business by type

Disability 2%
Health insurance 98%
Employees covered 33,400
Dependents covered 50,100

Claims business by volume

Administration-claims paid $46,500,000

Clients

Administration 103

Staff

Total 160
Claims services 20

Claims services since: 1959.
Service area: Louisiana, Mississippi, Texas.
Membership: SPBA, SIIA.
Officers: Henry J. Miltenberger Jr., president; W. Robert Ellis, senior vp; Curt W. Keay, vp/CFO; Joseph A. Luquet, Shelley P. Lanpard, vps.

Godwins Booke & Dickenson

P.O. Box 66, Winston-Salem, N.C. 27102; 910-748-1120; fax: 910-725-9824

Revenues

Claims administration 2%
Other services 98%
Includes: compensation and employee benefit consulting and administration

Claims business by type

Disability 4%
Flex compensation 40%
Health insurance 56%
Employees covered 50,000
Dependents covered 33,000

Claims business by volume

Administration-claims paid $50,000,000

Clients

Administration 79
Auditing 15

Staff

Total 1,200
Claims services 60

Claims services since: 1973.
Parent: Aon Corp.
Service area: Nationwide.
Branch offices: Administrative offices in San Francisco; Clearwater, Fla. Sales offices in 25 U.S. locations including San Francisco; Clearwater, Fla.; Chicago; Conshohocken, Pa.
Contracts with PPOs.
Membership: SPBA
Officers: Donald C. Ingram, chairman; Tom Donlon, Roger L. Vaughn, Paul G. Chicos, Robert W. Ryan, Walter L. Ogle, executive vps.
Contact: Joseph L. Lineberry Jr.

Group Administrators Inc.

4673 Highway 280 E., Suite 111, Birmingham, Ala. 35242; 205-995-2640 or 800-852-5286; fax: 205-995-2641

Revenues

Total $700,000
Claims administration 95%
Other services 5%
Claims revenue $678,000

Claims business by type

Flex compensation 5%
Health insurance 95%
Employees covered 3,500
Dependents covered 2,600

Claims business by volume

Administration-claims paid $5,000,000

Clients

Administration 100

Staff

Total 17
Claims services 17

Claims services since: 1986.
Parent: Brookwood Development Inc., Eastside Ventures Inc. and The Lloyd Noland Foundation.
Service area: Nationwide.
Contracts with PPOs.
Membership: SIIA.
Officers: Robert Chapman, president; Gary Glasscock, secretary/treasurer; Gregory Burfitt, vp.

Group Employee Benefits Administrators Inc.

2646 Highway Ave., Highland, Ind. 46304; 219-972-5177; fax: 219-972-5122

Revenues

Total $750,000
Claims administration 76%
Claims adjusting 2%
Claims auditing 2%
Other services 20%
Claims revenue $600,000

Claims business by type

Disability 2%
Flex compensation 2%
Health insurance 86%
Employees covered 5,800
Dependents covered 11,600
Workers compensation 10%

Clients

Administration 8

Staff

Total 8
Claims services 4

Claims services since: 1985.
Service area: Midwestern states.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA.
Officers: Louis R. Morgan, president.

Group Services Administrators Inc.

30 Montgomery St., Jersey City, N.J. 07302; 201-433-7360 or 212-349-2699; fax: 201-434-4244

Revenues

Total $785,000
Claims administration 98%
Claims adjusting 2%
Claims revenue $779,000

Claims business by type

Disability 2%
Flex compensation 5%
Health insurance 92.8%
Employees covered 22,000
Dependents covered 55,000
Other 0.2%
Includes: consulting services

Claims business by volume

Administration-claims paid $13,500,000

Clients

Administration/adjusting 12

Staff

Total 13
Claims services 13

Claims services since: 1966.
Service area: New Jersey, New York.
Membership: SPBA, IFEBP.
Officers: Robert C. Gerald, president.

Gulf South Health Plans Inc.

5615 Corporate Blvd., Suite 3-A, Baton Rouge, La. 70808; 504-927-7212; fax: 504-922-9241

Revenues

Claims administration 100%

Claims business by type

Health insurance 100%
Employees covered 17,858
Dependents covered 46,420

Clients

Administration 39

Staff

Total 150
Claims services 50

Claims services since: 1986.
Parent: General Health Systems.
Service area: Louisiana.
Affiliated with a PPO.
Membership: SPBA, SIIA, NAEBA.
Officers: Jack W. Walker, president/CEO; Gerald Marshall, medical director; Tom Ranzino, vp-sales; Adam Short, vp-finance; Sue Bell, vp-claims; Pattie Jackson, vp-medical management; Lesa Bevars, vp-development; John Alexander, vp-Medicare.
Contact: Tom Ranzino.

Harden & Co.

1800 Sutter St., Suite 400, Concord, Calif. 94520; 800-877-7707; fax: 510-676-9317

Revenues

Total $3,500,000
Claims administration 33%
Other services 67%
Includes: fully insured business
Claims revenue $1,150,000

Claims business by type

Flex compensation 1%
Health insurance 99%
Employees covered 10,000
Dependents covered 23,000

Claims business by volume

Administration-claims paid $20,500,000

Clients

Administration 32

Staff

Total 53
Claims services 11

Claims services since: 1974.
Service area: Nationwide.
Claims subsidiaries: Benefit Resources Inc., Scottsdale, Ariz.
Contracts with PPOs.
Membership: SPBA.
Officers: James R. Dunathan, president/CEO; Earl Wiklund, COO/CFO; Lynn Boyd, executive vp; Ray Petersen, senior vp; David Bober, vp.

Health Care 2000

1407 York Road, Suite 302, Lutherville, Md. 21093; 410-296-8326; fax: 410-296-8363

Revenues

Claims administration 95%
Claims auditing 2.5%
Other services 2.5%

Claims business by type

Health insurance 100%
Employees covered 25,000
Dependents covered 25,000

Clients

Administration 6

Staff

Total 30
Claims services 15

Claims services since: 1983.
Parent: Fidelity Health Systems Corp.
Service area: Maryland.
Contracts with PPOs.
Officers: Mitchell Diamond, president; Richard Maffezzoli, medical director; Lisa Johnson, regional manager; Danielle Koziol, director-UR.
Contact: Mitchell Diamond.

Health Care Administrators Inc.

1905 Teal Road, Lafayette, Ind. 47905; 317-474-5455; fax: 317-477-7811

Revenues

Total $660,000
Claims administration 100%
Claims revenue $660,000

Claims business by type

Flex compensation 5%
Health insurance 95%
Employees covered 11,081
Dependents covered 13,297

Claims business by volume

Administration-claims paid $18,560,751

Clients

Administration 35

Staff

Total 14
Claims services 14

Claims services since: 1985.
Parent: Lafayette Life Insurance Co.
Service area: Nationwide.
Branch offices: Sales offices in Indianapolis.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Robert Whitsel, president; Edward Wallis, executive vp; Edmund W. Finley Jr., vp.
Contact: Edmund W. Finley Jr.

Health Economics Corp./Equifax Healthcare Administrative Services Co.

5001 Spring Valley Road, Suite 1000E, Dallas, Texas 75244; 214-789-6400; fax: 214-789-6412

Revenues

Total $30,516,000
Claims administration 70%
Other services 30%
Includes: analytical services, utilization management, managed care plans, major case management
Claims revenue $20,983,000

Claims business by type

Flex compensation 1%
Health insurance 95%
Employees covered 367,766
Dependents covered 750,000
Workers compensation 4%

Claims business by volume

Administration-claims paid $750,000,000

Clients

Administration 56

Staff

Total 468
Claims services 303

Claims services since: 1984.
Parent: Equifax Inc.
Service area: Nationwide.
Branch offices: Administrative offices in Cedar Rapids, Iowa; Duncan, Okla.; Houston and Irving, Texas; Charleston, W.Va. Sales offices in Houston.
Contracts with PPOs.
Membership: SIIA.
Officers: Mike Kenney, COO; Tom Dubowski, controller; Nancy Coleman, senior vp-claims administration; Joe Orefice, vp-sales; Leah Ward-Lee, vp/chief information officer.
Contact: Barbara Mercer, marketing manager.

Health Plan Administrators Inc.

30 Shelter Rock Road, Danbury, Conn. 06810; 203-794-1703; fax: 203-743-1083

Revenues

Total $1,550,000
Claims administration 93%
Other services 7%
Claims revenue $1,450,000

Claims business by type

Health insurance 100%
Employees covered 21,000
Dependents covered 40,000

Claims business by volume

Administration-claims paid $24,500,000

Clients

Administration 49

Staff

Total 31
Claims services 31

Claims services since: 1975.
Parent: Tongue, Brooks & Co.
Service area: Nationwide.
Branch offices: Sales offices in Baltimore.
Membership: SPBA, SIIA.
Contact: Robert Loughran, president, 203-748-4465, or Jerome Fleischmann, 410-727-7172.

Health Risk Management Inc. (HRM)

8000 W. 78th St., Minneapolis, Minn. 55439; 612-829-3500; fax: 612-829-3578

Revenues

Total $45,824,000*
Claims administration 34%
Other services 66%
Includes: medical and behavioral care management (UR), large case management, EAP, maternity and disability programs, PPO networks, out-of-network fee negotiation/bill review, medical/surgical and disability guidelines
Claims revenue $15,755,000*

Claims business by type

Disability 0.3%
Flex compensation 2.0%
Health insurance 97.7%
Employees covered 107,037
Dependents covered 149,831

Claims business by volume

Administration-claims paid $320,000,000*

Clients

Administration 69

Continued on next page

Agent/Broker Topics

A monthly editorial section sent exclusively to agents and brokers

Customers from hell: Keep them happy, keep your sanity

In today's market, they're a fact of life

By MICHAEL SCHACHNER

While some agents and brokers may fantasize about hiring a thug to go out and hit their problem clients on the kneecaps to shape them up, such an approach—as the ex-husband of Olympic skater Tonya Harding found out—isn't exactly the best way to deal with a thorn in the side.

With a persistently soft market and the majority of agencies working extremely hard to hold onto precious commissions, dealing with difficult clients has become a necessary evil.

Agents and brokers might prefer simply to cut loose problem customers or tell them off, but instead they must bite the bullet, mumble a few inaudible expletives and then get back to servicing those "customers from hell."

They insist that Rule No. 1 in this line of business remains: The Customer is Always Right. What's Rule No. 2? Reread Rule No. 1.

Dealing with problematical clients is just one of the downsides of any service-based trade, agents and brokers say. If the market were hard and clients were at their broker's mercy to find them affordable coverage, agencies possibly could be more selective about whom they deal with and how far they'd be willing to bend to satisfy a customer.

Consumer & Customer RELATIONS

But in the current marketplace, unless an agent is willing to sacrifice hard-to-come-by commissions for peace of mind, the response to tough clients boils down to doing what one has to in order to keep the consumer at least mildly happy.

"Generally, we figure out what the minimum is we can do to make them happy and then we do it. Obviously, there are some clients you'd rather not have, but if you need them you have to try to keep them happy. We've done it on many occasions. It all depends on the account," said Robert Crum, controller with LaGere & Walkingstick Insurance Agency Inc. in Chandler, Okla.

Producers today are keen to keep business, so even if they'd like to take a hard-line approach to problem customers, they must adopt the attitude that the customer is always right, said Gary Cooper, president of Timberline Insurance Managers Inc. in Austin, Texas.

"I'm afraid the customer is always right even when they're not," Mr. Cooper said. "Anything we can do to please them we'll do, even if it costs us money. The first time around you'll usually spend more money trying to figure out who is right and who's wrong than just making them happy. Still, there are some people where there is just no way of making them happy."

Lawrence Gilroy, president of Gilroy, Kernan & Gilroy in New Hartford, N.Y., said his group tries to take a more receptive approach to customer complaints.

"We believe that for every complaint you get, there are probably 20 other people who feel the same way but just don't say anything. So we look at complaints as an opportunity to improve our service. In some ways, we embrace complainers," Mr. Gilroy said.

Not many other agents and brokers subscribe to Mr. Gilroy's approach to dealing with moaners and groaners, however. They say that while tough clients are part of the menu, they're far from desired fare.

"It's the customer that butters our toast, so to that extent we do all we can. But there are always some people you can't please. After a while, you just tell them, 'Look, we've done what we can for you and if we're not meeting your needs you should look into another broker,'" said Peter Vardakis, a co-owner of Vardakis Insurance Agency in Fairview, N.J.

What he finds humorous, however, is that many of these customers return in two or three years and request to be taken back. "And you know what? They generally have learned a lot and are much better," Mr. Vardakis said.

Mike Zeldes, a vp with Kaye Insurance Associates L.P. in New York, looks at clients as a mixed bag. He said a broker can make 10 sales calls to 10 different clients all on the same product and get 10 different responses.

When brokers do come across the dreaded difficult client, the business climate dictates that brokers cater to them, he said.

"The market is soft and times are tough, so you have to put up with it," Mr. Zeldes advised.

"You may curse to yourself the whole way, but if you're a bottom-line company, you deal with it. Maybe if the market were hard we could be more choosy, but I think everyone is struggling with commissions."

Nevertheless, certain obstinate clients can push agents and brokers to the edge. When a brokerage reaches the point of determining that it cannot please a client no matter how hard it tries, letting them go is probably the best option, counsels an agency management consultant.

"We tell our clients to get rid of (these clients). Life's too short to be abused by some-

Continued on next page

Agent/Broker Topics

Client ethic

Continued from previous page

one whose nature it is to be unsatisfied," said Paul Whiting, a partner with John Jaques Inc., an insurance agency consulting firm in Petaluma, Calif.

"Agencies should remember that they also have a choice of whom they deal with. No amount of money is worth dealing with a habitual poor payer or someone who is abusing your staff. And, if the payment issue ever begins to hinder your relationship with carriers, then drop them immediately. Even if that client is generating $50,000 in commissions, drop him and go out and find two $25,000 accounts," Mr. Whiting advised.

But in most cases, payment isn't the problem of the agent or broker, Mr. Zeldes explained. When customers don't pay their premiums, it's the insurer that steps in and cancels them.

For Timberline's Mr. Cooper, accounts receivable are never a problem. "Payment here is up front or it's financed. There are no other options. My only real rule in life is that you won't owe me money," he said.

Ron Stewart, president of Cal-Central Insurance Managers Inc. in Fresno, Calif., said he was taught a long time ago that if you "adopt a servant's mentality and work like hell, you'll do well." For the most part, he says, this philosophy has kept most Cal-Central customers happy and in line.

However, every agent and broker runs into customers who are so demanding that the commissions derived from their account do not justify the time committed to servicing them.

Mr. Stewart's answer to this all-too-common problem: Suggest to the client that they go to a fee-based payment system.

"When someone's too demanding, meaning they're making 14 phone calls a week or demanding 10 certificates of insurance when they're normally due four, we step back and do an internal cost/benefit analysis of the account. We document what we're doing for them and what their account is producing in terms of income for us. The producer and I then go to that person to talk about it.

"We usually suggest a fee arrangement, which they don't really understand at first. We tell them what they're demanding and how high their fees would be if we billed them for everything we do. That fee gets pumped up so high that they realize how good a deal they're getting based on how low rates are today. They quickly understand how much service is built into the commissions we take. They generally back down and say they'll take care of a few more things themselves," Mr. Stewart explained.

Fees appeal to Mr. Cooper, too, but he said customers in Texas wouldn't go for them. "I don't think our producers or our customers are attuned to fees. We've talked about it, but a fee-based system doesn't exist in Texas. To tell you the truth, I wouldn't mind being the second through the door. I certainly wouldn't mind getting paid for my time."

Mr. Vardakis, the New Jersey agent, also liked the sound of charging certain clients a fee for his services and said he would seriously explore the option.

"It's not a bad idea and it deserves some consideration. I bet if you broke down what you do for some people you'd find out you're making about $2 an hour on them," he quipped.

Several agents and a consultant agreed that agencies may bear some responsibility for poor client relations. The consultant said this often can be improved by training customer service representatives better.

"Business owners often don't take advantage of low-cost solutions like training agency staff in communications and people skills. Everyone has technical knowledge and skills, but if the people interacting with the bill payers don't have good communications skills, you may be creating your own problem," said Anna Shuherk, a vp with Fament Inc., a Columbus, Ohio-based consultant.

Mr. Stewart agreed. "There is a difference between listening and hearing. A lot of us listen but don't hear what our customers are asking for. When you hear, you can anticipate. . .and cut off problems before they occur." BI

Creative approach enhances relations

Risk managers demand more than brokering

By SALLY ROBERTS

When it comes to getting better service from their insurance brokers, risk managers don't want to hear the adage, "You can't teach an old dog new tricks."

Taking a creative approach to clients' needs is one of the key ways that brokers can enhance their relations with customers, risk managers say.

Consumer & Customer RELATIONS

While they are generally satisfied with the level of service their brokers provide, risk managers say the old days of just brokering insurance are a thing of the past. Instead, they want their brokers to understand all aspects of their company and to advise them on risks specific to their industry. This means open communication and a focus on quality, they say.

In general, brokers do a good job of meeting customers' needs, said Tony Bridger, risk manager for the Bank of Montreal in Toronto and former president of the Risk & Insurance Management Society Inc. But, they need to come up "with new ways of doing old things."

"I want to see them as a consultant" rather than just a "transaction broker," he said.

Sometimes, when trying to solve problems, brokers will say they are limited to what is in the marketplace, said Jim Dineen, director-risk management for Barnett Banks Inc. in Jacksonville, Fla. "I don't want to hear that."

Brokers need to be more creative in developing risk management programs, Mr. Dineen said. And, they should be creative not just in developing new coverages but also in loss prevention and cost control techniques.

To foster this type of relationship, Mr. Bridger suggests that brokers use a fee-for-service arrangement.

This way, brokers are not afraid of change because they will not lose commissions if, for example, they suggest a reduction in insurance. "They need to be freed from those restraints and present new ways of doing things," he said.

One risk manager who is currently reviewing his brokers' contracts said he wished they were "a lot more creative and put more energy into our problems rather than just brokered insurance."

Part of this creativity is developed when brokers take the time to really understand their client's industry and special needs, risk managers say.

"My experience during the 16 years I've been a risk manager is that brokers continue touting new

Continued on page 28D

When Southward Ho sought comprehensive insurance, their broker "Barney" Runcie "talked to the Brownyards!"

Tom Moore (l) and "Barney" Runcie at the 19th Hole at Southward Ho Country Club

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EMPIRE BLUECROSS BLUESHIELD

Service

Continued from page 28B

markets, new products and new employees but fail to match those products, people and markets to my needs," said Jeffrey W. Pettegrew, vp-risk management and insurance for Western Staff Services Inc. in Walnut Creek, Calif. "It wastes my time."

Overall, brokers "should learn what clients need to buy, not what the broker wants to sell," he said.

But, Mr. Pettegrew stressed that this is not the case with his current broker.

"My broker is the closest thing to a genie," he said. "My wish is his command."

Risk managers say they would like the brokerage community to become more client-focused and reduce the number of errors within the insurance process.

The broker fulfills assignments thoroughly and on time and "he continues to look at my interests, not the interests of the insurer or brokerage," Mr. Pettegrew explained.

Another risk manager said he has had a long-term relationship with his broker because the broker knows the ins and outs of his company.

"You're talking to a risk manager who is pleased with the service from his broker," said David W. Eaton, manager-risk, insurance and benefits financing for Bandag Inc. in Muscatine, Iowa.

"Instead of being just a middleman placing insurance," Mr. Eaton said his broker has "spent enough time to get to know the company so it can anticipate our needs, how the market will affect us and how new products will affect us."

This is the reason the tire manufacturer is celebrating its 20th anniversary with its broker this year, he said.

"There are lots of companies out there that view brokers as a necessary evil," Mr. Eaton said. "I'm not giving the impression that brokers never do anything wrong, but if you have a good relationship, you solve problems. You don't just fire them."

Bad communication is one of the reasons Borland International Inc. changed brokers in the middle of last year, said Ellen Pfeiffer, corporate risk manager for the Scotts Valley, Calif.-based software manufacturer.

"I'm very fortunate to have a very good team and working relationship with my (new) broker," she said.

At the core of the relationship is "real good honest communications," she said. It seems that some brokers are afraid to tell risk managers everything they need to know and "will only tell you what you want to hear," she said.

"I need to feel we're on the team together," Ms. Pfeiffer said. And, "I need a broker that understands what a risk manager in a high-technology account has to deal with."

Mari-Jo Hill, senior risk analyst-finance division of software manufacturer SAS Institute Inc. in Cary, N.C., said much of her day-to-day activity includes contractual lease agreements and license agreements. "It's not necessarily a strong suit for me, but it is with my broker," she said.

"I'm very happy with my relationship with my broker," Ms. Hill added.

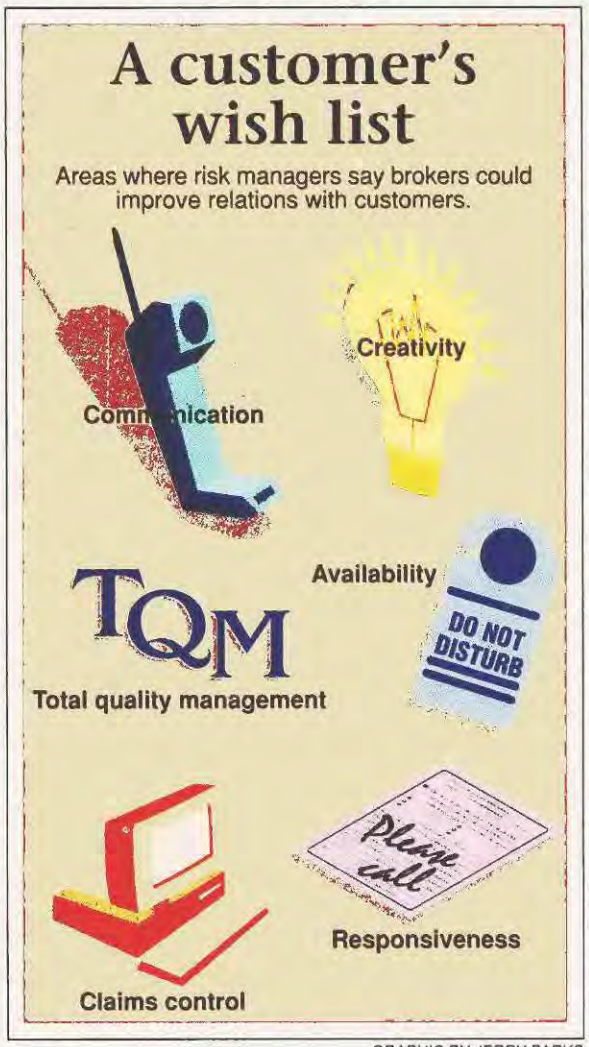
It comes down to "availability and communications. . . .I talk to them every day" either on the telephone or through electronic mail and they respond quickly, she said.

Lindsay Newland Bowker, risk manager for the Department of Environmental Protection in Elmhurst, N.Y., said she wished every broker was like hers.

"They know markets, understand clients, pay attention to changes in forms, deliver quality products, are timely, responsible and work with us to solve problems," she said. Ms. Bowker uses a broker for her owner-controlled insurance program.

In addition to creativity and communication, risk managers offer other suggestions to brokers to help foster better relations.

One area where risk managers would like to see the brokerage community improve is total quality management.



GRAPHIC BY JERRY PARKS

While the TQM movement hit many of the risk managers' manufacturing companies years ago, the insurance industry is just now beginning to embrace the concept.

Risk managers say that they would like the brokerage community to become more client-focused and reduce the number of errors within the insurance process.

Brokers need to react to clients' needs more quickly, the Bank of Montreal's Mr. Bridger said.

"We are all under lots of pressure, but you can't lose sight to respond to clients," he said. Brokers need to remember they "are in the service business."

"I'd like the insurance broking community to become more TQM companies," said Chuck Armstrong, manager-corporate risk management for Xerox Corp. in Stamford, Conn. "Real quality is error-free."

He would also like brokerages to maintain the same focus throughout their operations.

"You can find brokers operating very differently in different offices in the same country or offices in neighboring countries on the same continent," Mr. Armstrong added.

Brokers could add value to the services they provide risk managers by supplying up-to-date information on such topics as changing markets, new products, new policy forms and risk financing techniques, Mr. Bridger said.

"I'd like to hear about it, if it is a better way of doing things," he said.

Mr. Bridger suggests more brokers sponsor half- or full-day seminars on some of these topics.

One risk manager sees beyond quality, communication and creativity and says brokers can improve relations by good claims control.

"I think the key to a positive result, which produces good relations (between brokers and clients), is claims control," said James E. Green, risk manager for Justin Industries Inc. in Fort Worth, Texas.

"It's important for brokers to assist (risk managers) in maintaining control of claims," Mr. Green said.

This means they need "to provide proper coordination with claims adjusters, to act as a conduit of information between the claims adjuster and insured" and make sure communication keeps flowing.

"Most brokers need to improve on this," he said. BI

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Honesty often the best policy for handling service mistakes

By GAVIN SOUTER

Every broker and agent makes mistakes at some time—but not every client is willing to forgive them.

Salvaging customer relations after a misstep is difficult, but not impossible.

The starting point, agents and brokers say, is ensuring that good relations are permanently established. But when a mistake does happen, own up, do everything possible to rectify it and make sure that it doesn't happen again.

Regular meetings with clients help pre-empt any problems, said Bruce Auten, president of the Auten Group Inc. in Birmingham, Mich.

"We have quarterly or monthly meetings with our clients and go in and ask them what problems they have," he said.

If the clients are happy with the level of service and a mistake does happen, then they will be less likely to walk away and find another agent or broker to place their insurance, Mr. Auten said.

Maintaining high levels of service throughout the year should be a high priority, agreed Dan Borbas, executive vp at Near North Insurance Brokerage Inc. in Chicago.

Maintaining regular contact with clients allows brokers to act quickly if a relationship begins to break down, he said.

"We try to minimize the chance of someone walking away by really staying in touch and providing regular written reports to our clients," Mr. Borbas said.

When a mistake does happen, the best option is to admit to it right away, said Robert J. Bush, executive vp at Paul Hertel & Co. Inc. in Philadelphia.

"We try to acknowledge any problems and if we make a mistake we admit it," he said.

If a broker or agent already has a good relationship with a client and they are candid about the cause of an error, the producer will normally be able to retain the account, he said.

"Most people are reasonable and they know that mistakes can happen, so we appeal to their sense of fair play and they will usually give us a second chance."

And those clients that move their business after one mistake were probably already looking for an excuse to leave anyway, Mr. Bush said.

Those clients that do stay on after a major mistake will expect it to be rectified quickly, brokers and agents agree.

Agents' role as intermediaries between policyholders and insurers lends itself to occasional mistakes and misunderstandings, noted Ron Stewart, president of Cal-Central Insurance & Management Services Inc. in Fresno, Calif.

While his agency hasn't committed any serious mistakes that have harmed clients to the point of prompting a lawsuit or an errors and omissions claim, he said agents sometimes drop the ball.

For example, one of the toughest areas to keep up in is tracking workers compensation claims, he said. Cal-Central often is called upon to track and monitor claims. On occasion, a claim development will prompt the insurer to increase its reserve on the claim but the agency is unaware of it, Mr. Stewart said.

"You're talking about a situation where an employer may already be upset and unsure whether the injury is legitimate, and then they hear about an increase in reserves from a competitor or something," he said.

Consumer & Customer RELATIONS

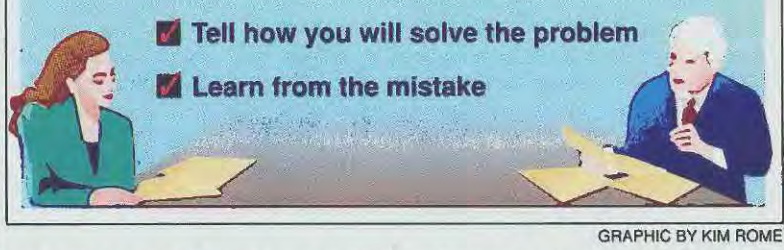
"Then the question arises as to whether we're paying attention. They want to know how that reserve increase got through without us knowing about it. We're the ones that are supposed to be tracking the claim. The tendency at this point is to blame 'them,' whomever that is. Maybe it's the insurer or the competitor. We try not to have 'they' as part of our vocabulary. It all falls back to us. We accept the fact that there was a service breakdown and come back with a plan of action."

Frederick P. Dunn, executive vp of Haas & Wilkerson Insurance in Shawnee Mission, Kan., says that "when something goes wrong, we try to put ourselves in the shoes of the client and deal with it in a problem-solving mode."

Salvaging relations

Agents and brokers say these steps can help keep a client from walking away after an error.

- ☑ Conduct regular meetings with the client
- ☑ Acknowledge the mistake
- ☑ Meet the client face to face
- ☑ Tell how you will solve the problem
- ☑ Learn from the mistake



GRAPHIC BY KIM ROME

During a recent training session on

Continued on next page

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Agent/Broker Topics

Insurer service centers: Friend or foe?

Agents give mixed review, citing increased sales and lost clients

By SARA MARLEY

Insurers continue to push their customer service centers, but many agents and brokers are resisting their crusade.

Some producers fear they will lose contact with customers—and opportunities to sell other products—by sending them to insurers for routine service transactions.

But proponents say the handful of existing insurer-operated service centers can actually free agents to focus on selling and argue that most critics have yet to give service centers a try.

"I am sold on the customer service unit," said Tom Zanoni, personal lines manager for Glenview Insurance Agency in Glenview, Ill. "It definitely did what it was supposed to do"—alleviate the staff's workload, allowing them to concentrate on sales, he said. "It has not reduced our contact with the client."

But, Mr. Zanoni is in the minority.

"I think the agent is the key link to the customer," countered George Shaffer, president of the Insurance Center in Albuquerque, N.M., and president-elect of the Independent Insurance Agents of America. "We have more flexibility, we know what products are available. We do customer reviews every year and recommend changes in coverage or another market or product."

"We are afraid of losing ties to the customer," said Chuck Schramm, an agent with Lamb Little & Co., a Rolling Meadows, Ill.-based agency that does not use service centers.

Welsh Flatness & Lutz in St. Louis used service centers, but stopped because they found the centers not very successful for small commercial lines, said Tom Etling, executive vp.

"We feel like we lose control when we turn over (customers) to service centers," he said.

For some agents, the decision not to enroll in service centers is influenced by cost. Agents typically pay insurers a small percentage of their commission or written premium.

"We get a lower commission and it hasn't saved that much time," Mr. Shaffer said.

With increased automation and direct links to insurers, agents can achieve the same level of service internally, Mr. Shaffer said.

While he favors insurers' toll-free telephone numbers for policyholders to report claims, even that service can have a downside for the producer. "The best time to talk to customers is when they have a claim," Mr. Shaffer said. "It's an opportunity to provide good service."

Customers are more computer literate and accustomed to dealing with computers daily, but "we have to make sure it's an agent at the end of the computer terminal and not the company," he said.

"Customers have changed in the past 10 years. They are more willing to call an 800 number," agreed Diane Cross, managing consultant of the Business Management Group in Hartford, Conn. "They are also more demanding. If a person answers the phone, they want to have the answer right away."

Advocates of insurer service centers say that is where they have an ad-

Continued on next page

Mistakes

Continued from previous page

customer relations, Mr. Dunn said, the brokerage cited as an example of good service an airline ticket agent who did everything he could to remedy a problem after the airline had made a mistake.

A member of the airline's frequent-flier program made a block booking for herself, family and friends nine months prior to a flight. She was told to call back for ticketing three months before the flight date.

But when she called back, she was told that the program had changed and that ticketing now was possible six months prior and the flight was now fully booked.

"The agent acknowledged that a mistake had been made and said that he would call back each week to see what he could do to get the seats. Some weeks there would be a couple of seats available and at other times there weren't any, but he still called," Mr. Dunn said.

The frequent-flier customer is still waiting for her full allocation but the personal service she is receiving from the agent has convinced her he will remedy the mistake in time for her trip, Mr. Dunn said.

"It is an example of how you should go beyond what you would normally do for a customer," he said.

The example also highlights the possibility of making mistakes when making major changes in operations. "Somewhere back prior to the problem somebody should have said how will this affect our customers. That would have been a proactive way to solve the problem," Mr. Dunn said.

If possible, any action to rectify an error should be made in face-to-face meetings with the aggrieved client, advised Bob Cavallo, vp at Euclid Insurance Agencies Inc. in Elmhurst, Ill.

"You should go out and physically try to resolve it; don't try and do it over the phone. People tend to be more hostile if they are on the phone, so a face-to-face meeting helps to calm the situation," he said.

If you visit a client, they know that you are taking the mistake seriously because you are taking the time to go and see them in person, he said.

"When you go to see them, tell them exactly what you are going to do to correct the mistake and then take steps to make sure that it never happens again," he said.

Part of that preventive process should be to use the error as an example for the rest of the staff at an agency or brokerage, Mr. Cavallo said.

"It is something that we'll share in a meeting so that we can all learn from it," he said.

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Michael Schachner contributed to this story.

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Continued from previous page

vantage over agency customer service, because the center staff can make changes immediately, quote new premiums and mail proof of insurance without any back-and-forth between client, agency and insurer.

But the units can strain customer relations because insurers do not always present changes in the same way an agency would, Mr. Shaffer cautioned. For example, he said, when a state law required insurers to offer a safe-driver discount, the insurer presented it as compliance with the law rather than a bonus to the policyholders, who would now be enjoying lower rates.

The transition of customers into the centers needs to be managed much better, the Business Management Group's Ms. Cross said.

"The agency should be more proactive and introduce the service center as their backroom and (say) that it will lead to better service," she noted. "The center can provide information the first time a customer calls in."

Usually, though, the first notice of a new information phone number is coming from the insurer.

Agencies must also communicate to their staffs that they are not being replaced by the center.

"Agents still need to see the big picture. The backroom is just outsourced," Ms. Cross said. "Customer service representatives have to be trained to remind them what they are there for. Be the agents you have a license to be. Get past being a paper processor and be an insurance counselor."

Mr. Zanoni did reduce his staff after subscribing to the center, but that was largely due to attrition, he said. When two customer service representatives left the agency, he decided to replace only one.

Insurers that run service centers maintain they are not trying to cut the agent out of the service loop.

"The No. 1 service customers say they want from agents, they still provide—counseling and placement," said Bob Restrepo, senior vp for personal lines at Aetna Life & Casualty Co. in Hartford, Conn. "The agent controls where the insurance goes. We don't want to provide counseling. We want to provide transaction support."

Mr. Restrepo said he recruited and hired service center employees for their customer service orientation, not for their technical knowledge.

"We can train them in underwriting, but they have to have that attitude," he said.

"We don't high-key the Aetna identity," he continued. "We know who the agent is. Policies come out with the agent's name on it."

"We maintain the agent's presence in customers' minds," said Larry Vines, assistant director of administration with responsibility for SAFECO Insurance Co.'s customer service units. "If they are looking for additional coverage, we can patch them back to the agent. It's so clean it's like transferring to the office next to ours. It's the agent who we're promoting, not SAFECO."

When SAFECO enrolls an agent in the unit, the insurer tries to learn the agent's style and coverage preferences so the center can represent the agent as accurately as possible, he said.

The service transition from insurer to agent is one area that's not yet resolved in some agents' minds.

"The etiquette is not worked out yet where the agent steps back in and takes charge," BMG's Ms. Cross said.

Glenview's Mr. Zanoni said he has found SAFECO's service center to be very responsive. He noted that it notifies the agency via electronic mail of important changes to accounts.

"If I see someone walking down the street, I can say, 'How's that new car?' " Mr. Zanoni said.

Using the service center can actually give agents more time to maintain their relationship with clients, Mr. Vines said.

Currently, 18% of SAFECO's personal lines premium volume is handled in service centers, which the Seattle-based insurer would like to see rise to 25% by 1996 or 1997.

Neither Aetna nor SAFECO requires agents to use the centers, but if they choose to do so, they must give the centers a fair chance to work.

"You can't do it for a small portion of your business because there is not sufficient scale savings to redeploy staff or cut costs," Aetna's Mr. Restrepo said.

Even placing half of an agency's business in a service center may not be enough to reap benefits, he said. "It's better to make a decision one way or the other."

For example, Aetna charges agents 2% of their commission to use their centers, while SAFECO charges 2% of written premium.

"Agents need to experiment with service centers and accept that it's not for everyone," said Tom Carpenter, former vp-field operations at Aetna who is now retired after a 40-year career with the insurer. "Lots of agents could benefit by capitalizing on them, but you and the carriers have to be flexible.

"Agencies and the companies they represent are up against a wall," he continued. "They are losing market share and they have been for 40 years. There is a constant dilemma whenever there are redundancies; who will provide the service?"

Mr. Carpenter has concluded that insurance companies should provide customer service while agents zero in on additional sales.

Insurer service centers could allow agency customer service representatives to go from handling 300 to 400 accounts to handling as many as 600, said Mona Carpenter, president of Marketing Systems Ltd. in Carrollton, Texas.

Service centers probably will survive and flourish if their retention levels can match what agents achieve on their own, said Ms. Carpenter, who is not related to Tom Carpenter.

After Glenview Insurance Agency began using SAFECO's center 18 months ago, retentions held steady and sales are now growing 10% to 12% annually compared with 1% or 2% previously, Mr. Zanoni said.

He estimates that Glenview's customer service representatives transfer 90% of calls from existing clients to the service center.

Service centers make the most sense for start-up agencies that may not have experienced staff and for large commercial agencies that maintain personal lines books of business primarily as a service to customers, proponents say.

However, the Insurance Center's Mr. Shaffer said personal lines accounts attached to commercial accounts are often particularly valuable to the agency, and he wants to keep an eye on them personally.

The arguments against service centers are similar to those raised against direct billing in the 1970s, Aetna's Mr. Restrepo said. "They didn't pan out in the '70s and they won't pan out now. At the end of the '90s, we'll look back and wonder what the hullabaloo was about." BI

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Agent/Broker Topics

Compensating sales center staff

Basing a plan on productivity can pay

By Darren N. Clevenger

ONE OF THE MOST critical factors that can make the difference between an average sales center coordinator and a great one is the design of a fair and motivating compensation plan.

Regardless of the scope of the sales center coordinator's duties—whether he or she is simply calling for policy expiration dates, setting appointments or managing an entire database of prospects—an effective compensation plan is an instrumental motivational tool. When designing a compensation plan, however, there are certain guidelines to follow and some common pitfalls to avoid.

First, develop and formalize a job description for the position, including all of the duties. Now determine how much it should pay.

The amount paid varies from agency to agency, so it is best to ascertain what makes sense for your operation.

Keep in mind that this is not a salary; it is simply a dollar amount that an employee should be able to earn if he or she is performing satisfactorily.

A/BT Perspective

The next step is to develop the means for an employee to earn that amount of money in accordance with successfully performing his or her specific duties. Result-driven bonus structures should be implemented as part of the compensation strategy to encourage the employee to operate at an optimum level.

One of the easiest ways to determine an incentive-oriented compensation plan is to create a pie graph representing a typical eight-hour day. Each particular activity assigned to the sales center coordinator should be represented by a portion of the pie. Assume that the same graph also represents the salary amount created with the job description. Now assign values to each of the duties and create the compensation plan.

There are three key components to consider when creating an effective and motivational compensation plan: a base salary, an incremental pay structure based on production and quality of work, and a bonus level of pay for performance over and above what is normally expected.

Since the desired pay level is already established, the next step is to determine how much of the salary each activity is worth. Agencies should first divide the tasks into two separate categories. One category will represent routine activities such as filing, mailing, letter writing and database management. The other category will identify production-based activities that directly or indirectly affect revenue. These activities would include x-dating, appointment setting to conduct fact-finding surveys and/or cross-selling.

List all of the routine activities and the percentages associated with each from the pie graph. Multiplying the sum of these percentages by the desired monthly salary will equal the monthly base pay for this position. The remaining income must be directly related to the employee's performance in the production-based activities, with minimums set.

View each activity in progression—prospecting leads to x-dates, calling on x-dates leads to appointments, and appointments lead to sales—and compensate each phase in the process incrementally. Focus more attention on the appointments and x-dating for the sales center coordinator's compensation and less on sales. Although new sales are the ultimate goal, the coordinator has no control over the markets or the producers' ability to sell. New sales are best rewarded as bonus pay for the coordinator.

The ultimate goal to set for the sales center coordinator is to generate as many quality x-dates and appointments as possible. Determine how many x-dates and appointments the coordinator should generate in a month and set the compensation up so that peak production will pay the coordinator the full potential of the pay structure. Keep in mind that the pay rate for appointments should be greater than the pay rate for x-dates, as appointments are one step closer to increasing revenue and ensure that the coordinator is generating quality leads during the initial cold calls. If the pay rate for x-dates is "$X," then the pay rate for appointments should be double that figure.

Divide the monthly production-based pay by the number of x-dates generated in a month plus twice the number of appointments generated in a month. This number is what the sales center coordinator should earn per x-date and half of what he or she should earn per appointment.

Let's assume, for example, that the coordinator should earn $750 for optimum x-date and appointment production and that he or she should generate 150 x-dates and 25 appointments per month. Using the formula we outlined, take $750 and divide it by 150 + 50 (the number of x-dates and twice the number of appointments) and you'll get $3.75 ($750 divided by 200). Under this scenario, the coordinator earns $3.75 for every x-date and $7.50 for every survey appointment generated. BI

Darren N. Clevenger is vp of operations of National Marketing Services, a Laguna Hills, Calif.-based company that specializes in marketing for the insurance industry.

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Insurers may be headed for catastrophe

Major players called vulnerable to a 'supercat'

By MARK A. HOFMANN

Growth in insurer surpluses is not keeping pace with an increase in insured catastrophe losses, thus increasing the chances of insurer insolvencies in the wake of a major disaster, warns a new study by Conning & Co.

To mitigate the possibility that a catastrophe will push them into insolvency, insurers should push for federal disaster protection legislation, say the authors of "Lighting Candles in The Wind: Industry Response to the Catastrophe Problem."

The study illustrates the relative impact of a $10 billion insured loss on the policyholder surplus of each of the top 50 property underwriters in each state. The estimated exposure to natural catastrophes is measured by each insurer's relative market share of direct premiums on a statewide basis, before reinsurance ceded or losses recoverable. For a few insurers, claims from such a catastrophe could amount to many thousands of times their policyholder surplus in a given state.

The survey also examines the impact of a $50 billion loss on the top 50 insurers in seven selected states and regions that contain high catastrophe exposures.

Once again, some insurers appear to face potential losses of many thousand times their surplus. More ominously, the potential threat to the collective surplus of the top 50 insurers in each jurisdiction, without regard to reinsurance or losses recoverable, ran between 42.7% and 58.9%.

Natural catastrophes caused over $49 billion in insured property damage between 1989 and 1994.

Regarding the devastating earthquake in Kobe, Japan, on Jan. 17, Wayne J. Sassano, assistant vp and managing editor of Hartford, Conn.-based Conning & Co., said that "the fact that an event can occur and create such damage is not really surprising. These events are predictably unpredictable. The fact is that such an event could occur in the United States.

"I believe there had been a nagging thought behind our research that cat losses were increasing faster than company surpluses," said Mr. Sassano. Conning researchers thought that by quantifying catastrophe exposure data, they would be able to see which individual companies faced the worst exposures and found instead that the entire industry was overexposed, he said.

The report notes that natural catastrophes caused more than $49 billion in insured property damage between 1989 and 1994. Nearly a third of that total came from a single event: 1992's Hurricane Andrew, which caused more than $15.5 billion in insured property damage, mainly in southern Florida.

Conning points out that insured catastrophe losses have almost doubled every decade for the past half-century, with Atlantic and Gulf Coast hurricanes accounting for most of the losses.

"The blessing is that they did not hit heavily developed coastal areas, such as Miami, New York or Honolulu," said the report, noting that some industry studies have estimated that an Andrew-size hurricane would have caused $110 billion in insured property damage if it struck New England.

"That a single catastrophic event could wipe out some of the industry's major players should provide the impetus for insurers to redouble their efforts to reduce exposure in these and other high-risk areas," the survey's authors wrote.

"More important, they must increase their support of federal disaster protection legislation. The alternative is for the industry to continue on its present course, lighting candles in the wind, until disaster strikes," the authors wrote.

"It is rapidly becoming clear that the federal government is the only entity big enough to handle natural catastrophes of this magnitude," said Mr. Sassano.

"But our sense is that it probably will take another major catastrophe before something is done on the federal level. I wish I could be more optimistic about that, I hope I'm wrong," he said.

According to the survey, some insurance companies have made serious efforts to reduce their potential catastrophe losses, the report notes. These steps include: understanding and reducing aggregate exposures, moratoriums on new policies, changes in policy provisions, modifications of underwriting practices, property rate increases, new pools and building code initiatives undertaken by industry associations.

"Our sense, however, is that some company responses have amounted to little more than 'tinkering,' and we hope this report and its findings will serve as a 'wake-up call' for those property insurers that have not done all they can to limit their risk of loss. The issue may be moot, however; a supercatastrophe (with insured losses of $30 billion to $50 billion) would be devastating to a number of property insurers, despite their having taken all the steps referred to above," according to the Conning & Co. report.

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Single copies of "Lighting Candles in the Wind" cost $495. For further information, contact Laurie Ann Scotti, Conning & Co., CityPlace II, 185 Asylum St., Hartford, Conn. 06103-4105; 203-520-1521; fax: 203-520-1253.

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Agent/Broker Topics

New, easy-to-read policy goes far in meeting customer needs

Chubb's Customarq breaks new ground for agents and clients

By SARA MARLEY

When Chubb & Son Inc. developed its new package commercial insurance program, the insurer didn't guess what customers wanted. It asked.

The result is Customarq, an easy-to-read policy written in plain English and laid out in a logical manner. It's a new approach for the insurer to handling customers' coverage needs.

Customarq not only will meet customers' needs but also may make life easier for agents and brokers.

Exclusions don't come first; how to file a claim does. Coverage is broader. For example, coverage for boiler and machinery, applied technology and personal property of others is automatically included.

"Nobody reads a policy like a novel, nobody," said David Firstenberg, vp and package practice leader for Chubb & Son in Warren, N.J. He also served as the Customarq development team leader.

Policyholders "need a reference source more than something you read from Page 1," he said.

"We need to figure out what are the customers' expectations," said Terry Van Gilder, chief underwriting officer for Chubb & Son.

"We can't live up to them or surpass them in every situation, but we want to meet and exceed them in the maximum possible instances. It's what we have to strive for," he said.

Customarq is the result of a four-year, $7 million investment for Chubb. Twelve trainers, marketers, actuaries and underwriters with significant experience in technical issues worked on the insurer's final training and launch team.

The team met with about 60 producers and numerous risk managers to get their feedback on what they wanted an insurance policy to look like.

"Agents and clients said, 'We need to find it in the insurance policy, and we need to do it quickly and so it is easily understood. We want an insurance policy that is not convoluted and badly laid out,'" Mr. Firstenberg said.

"We heard over and over again that (policies) are too confusing and difficult to get around in," he said.

The policy is produced by a laser printer, so it's easy to read. The use of exclusionary terms like "but for this" and "but for that" are kept to a minimum, so it's easy to understand.

The Customarq package carries an automatic $250,000 blanket limit on 10 specified coverages that were previously included in Chubb's package but under separate limits. Under this arrangement, the client decides the allocation of its coverage after a loss occurs.

For example, a policyholder has options. They could apply the full limit on an electronic data processing equipment loss or earmark a portion of it for another coverage area such as valuable papers or fine arts.

The key to Customarq's flexibility is its modular format.

There is a module for every line of coverage—such as property, general liability or product liability—so customers and their agents and brokers can build a policy to meet their specific needs. Terms, conditions and definitions appear in the same locations within each module.

"You can get a complete picture of coverage," Mr. Firstenberg said. "You go to one place and, on the property or liability side, it's laid out the same."

Due to the repetition of definitions and other essentials, Customarq policies may actually be somewhat longer than those they replace, formerly known as Quality Commercial Coverage, or QCC.

"We may have added a couple sheets of paper, but we gained a quantum leap in clarity," Mr. Firstenberg said.

"All (the members of the launch team) felt it was an excellent trade-off," he said.

Customarq not only will meet customers' needs, but also may make life easier for agents and brokers.

"It's a bulkier form, but it's broader coverage than the old QCC," said Kathryn Strobl-Missall, assistant vp with Johnson & Higgins in Seattle.

She singled out the $250,000 "grab-bag" limit and worldwide transit coverage as significant enhancements.

"Things are spelled out a lot clearer," Ms. Strobl-Missall said. "Accounts receivable is a four-page form where before it was a paragraph. There is no question about what's covered and what's not covered."

Chubb found that if an insurer is going to ask customers what they need, it must be prepared to listen to them.

When a group of 30 insurance producers from throughout the country gathered at Chubb's Warren, N.J., headquarters in 1993 to review the completed Customarq policy, they found some problems, particularly with the definition of bodily injury. So Chubb delayed the product launch to incorporate the group's suggestions.

Customarq was introduced throughout the country beginning in July 1994 and now has regulatory approval in nearly all states. At the end of 1994, $30 million in written premium was in Customarq policies, amounting to a few hundred clients. About half of those are new business.

"Customarq was built with package business in mind," Mr. Firstenberg said. "We will begin converting monoline property and marine into the format. It will be one standard vehicle for our first-party clients."

Chubb is in the process of converting previous package and monoline property customers into Customarq at renewal time.

The insurer has set a goal of 90% renewal retentions for most parts of the country, up from Chubb's record of about 85%. The goal is higher than many competitors' rates of 75% to 80%, Mr. Firstenberg said.

Next, Chubb will work on converting some of its monoline casualty clients to Customarq.

Consistency is another big advantage of Customarq, Mr. Firstenberg said.

"We want to extend the Customarq look and feel to other lines of insurance," he said. "We will be in a better position to present the client with a coherent portfolio with a consistent look, feel and layout."

Because it is so flexible, Customarq also enables Chubb to expand what is considered package business.

Traditionally, that was considered to be business with at least $5,000 in premium.

"In 1995 and beyond, we want to reinvigorate applications for smaller commercial clients," Mr. Firstenberg said. "We can offer (Customarq) to virtually any size commercial client."

Customarq's modular format also speeds the insurer's response time in providing quotes and issuing policies.

Chubb says internal studies indicate that Customarq could reduce the time necessary to rate and create a policy by 70%.

But, the time devoted to underwriting assessment has not been diminished, Mr. Firstenberg stressed.

Properties are rated independently, so there is not the delay of calculating deviations from standard Insurance Services Office Inc. ratings.

The simplified, automated process produces fewer mistakes than filling out traditional policies does. For example, the policyholder's name and insured locations are entered only once and appear consistent throughout the policy.

Chubb is also seeking performance consistency.

"The mechanics are set up to deliver at the same level," Mr. Firstenberg said.

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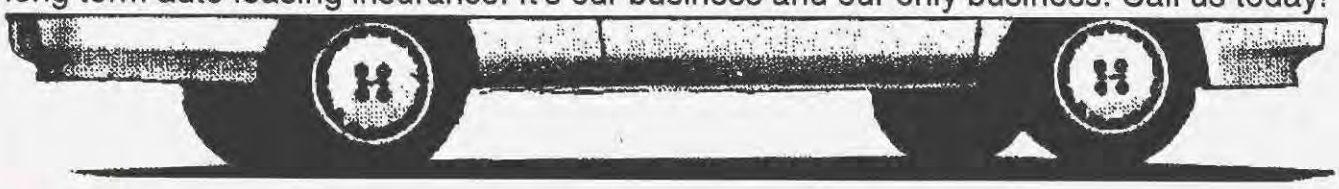

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AB/T Briefs

Ethics awareness

MALVERN, Pa.—March will be Ethics Awareness Month in the insurance industry.

Established in 1990, Ethics Awareness Month features discussions and video presentations throughout the nation by chapters of the CPCU Society and American Society of Chartered Life Underwriters & Chartered Financial Consultants. More than 200 property/casualty and life/health insurers, as well as trade associations and professional societies, are expected to participate in the program.

The month-long program is sponsored by the American Institute for Chartered Property Casualty Underwriters, the CPCU Society, The American College and the American Society of CLU & ChFC.

CPCU chapters and companies that endorse Ethics Awareness Month will receive copies of the AICPCU's "Code of Professional Ethics." CLU/ChFC chapters will receive ethics case studies as well as the booklet "Selling Ethically: How Do I Benefit?" published by the Life Insurance Marketing & Research Assn. Inc.

For more information about Ethics Awareness Month, contact Karen Burger at the American Institute for CPCU, P.O. Box 3016, Malvern, Pa. 19355-0716; 610-644-2100, ext. 7504.

Or, contact the American Society of CLU & ChFC, 270 S. Bryn Mawr Ave., Bryn Mawr, Pa. 19101; 610-526-2500.

IIAA hot line

WASHINGTON—Up-to-date information on federal legislative issues is now available to independent agents through a grass-roots information hot line.

Set up recently by the Independent Insurance Agents of America Inc., the telephone hot line—800-51ROOTS, or 800-517-6687—is intended to give the agent association's grass-roots members the latest information on issues that may affect their business, said Robert R. Hoopes Jr., the IIAA's grass-roots coordinator.

The toll-free hot line will provide synopses of developments in Congress on a variety of agent issues, including health care reform, banks selling insurance, redlining bills and other topics. Synopses will be updated as events warrant, the IIAA says.

Agents can call the hot line for information 24 hours a day, seven days a week, Mr. Hoopes said.

In other action, the IIAA in December joined a broad coalition that is seeking federal business regulatory relief.

Project Relief is a nationwide alliance of businesses and individuals that wants to reduce regulatory burdens on U.S. companies that hinder competitiveness and devalue companies' net worth. The IIAA is the only insurance industry organization on the coalition's steering committee.

Among the issues of concern to independent agents are federal redlining legislation and Internal Revenue Service rules on depreciation of intangible assets, said Robert A. Rusbuldt, vp of federal affairs for the IIAA.

The Independent Insurance Agents of America represents more than 280,000 independent insurance agents and their employees.

Associations merge

SAN FRANCISCO—The recent consolidation of two agent and broker organizations has resulted in a new association with a new name.

Insurance Brokers & Agents of the West, or IBA West, for short, is the name given to the merger of the Western Assn. of Insurance Brokers and the Independent Insurance Agents & Brokers of California.

The new name better reflects the public's perception of independent insurance agents and brokers in the region, said IBA West President Jim Armitage. "The insurance-buying public understands that 'broker' and 'independent insurance agent' are synonymous. That's one of the reasons why we chose our new name."

IBA West will be based in the offices of the IIABC in San Francisco. For more information, contact IBA West at 101 Market St., Suite 702, San Francisco, Calif. 94105; 415-957-1212; fax: 415-541-9184.

Group changes name

JEFFERSON CITY, Mo.—Missouri's statewide association of independent insurance agents and brokers has a new name.

Now known as the Missouri Assn. of Insurance Agents, the Jefferson City, Mo.-based organization provides a variety of educational and professional services to its membership of 670 independent agencies and about 4,000 agents and brokers.

The association's former name, the Professional Independent Insurance Agents of Missouri, reflected the association's affiliation with the Independent Insurance Agents of America and the National Assn. of Professional Insurance Agents, MAIA Executive Vp Les Bushmann said.

"Our new name—Missouri Assn. of Insurance Agents—is a stronger, simpler statement of who we are," Mr. Bushmann said.

The MAIA will continue its affiliation with both national agent organizations, he said.

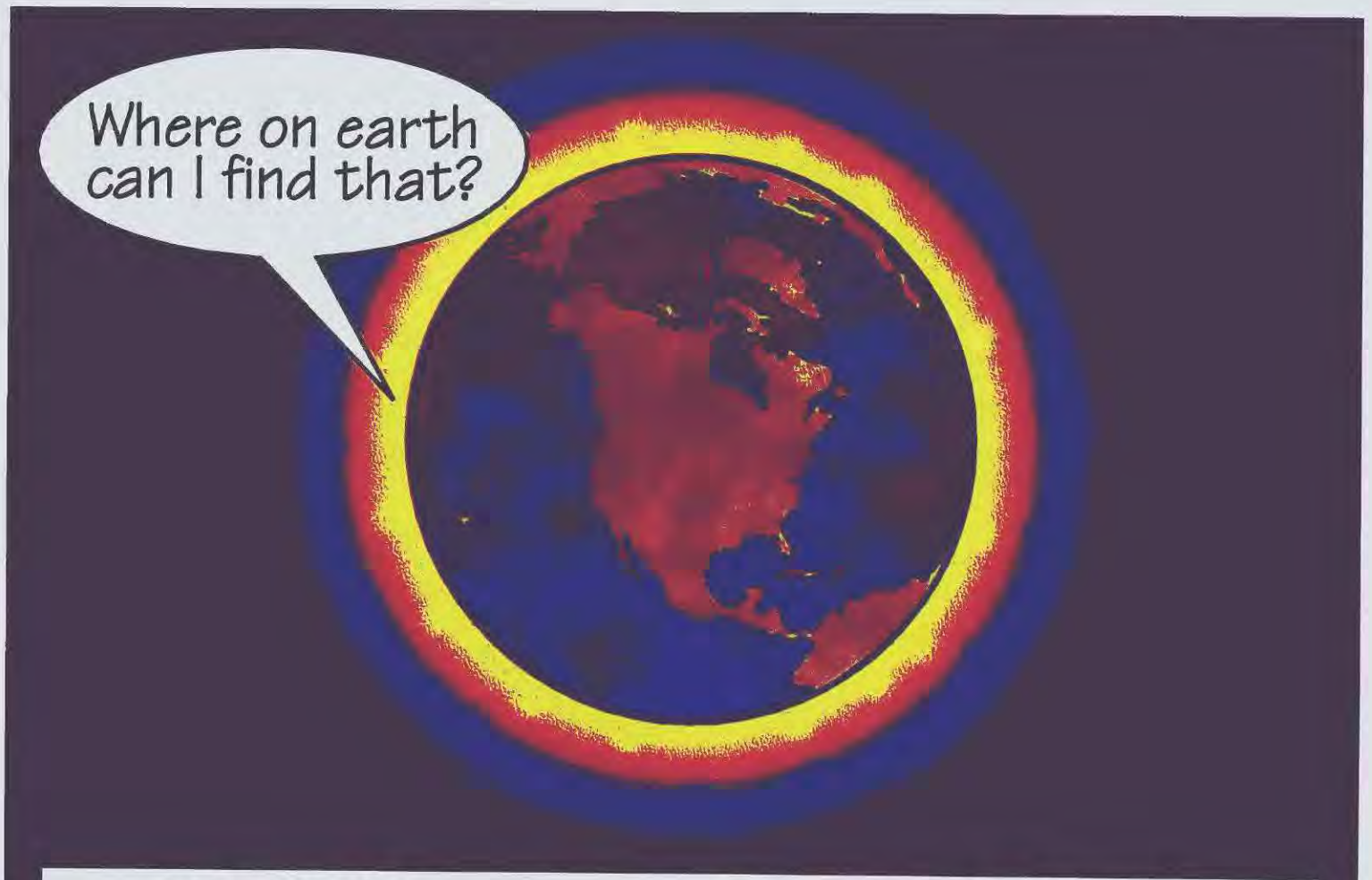
Legislative award

WETHERSFIELD, Conn.—The Independent Insurance Agents of Connecticut received the Maurice G. Herndon National Legislative Award recently for significant legislative accomplishments during 1994.

The award, given annually by the Professional Independent Insurance Agents of Illinois, recognized the IIAC's efforts to defeat state legislation that would have granted Connecticut banks the authority to sell insurance products.

In addition, the Connecticut agents association helped win passage of a bill that requires all entities selling insurance to be properly licensed.

"The IIAC's legislative successes are indicative of the willingness of its member agents to get involved in the political process and make a difference that will benefit their business," said Courtney Wood, president of the Independent Insurance Agents of America, who presented the award. BI



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Issue Date	Directory
Feb 7	Third-Party Administrators
Feb 21	Utilization Review Providers
Mar 7	Risk Management Consultants
Mar 21	Employee Benefits Information Systems
Apr 18	Captive Managers
Jun 6	Property Loss Control Consultants
Jun 27	EAPs & Mental Health Networks
Jul 4	Alternative Risk Financing Facilities
Jul 18	Agents & Brokers
Jul 25	Dependent Care Resource & Referral Services
Aug 1	Risk Management Information Systems
Aug 15	Benefit Communication Systems
Aug 29	Leading Reinsurers Worldwide
Sep 5	401(k) Plan Administrators
Sep 26	Surplus Lines Insurers & Wholesalers
Oct 17	Safety Consultants & Rehabilitation Services
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Apr 3	Prescription Benefit Managers
Apr 24	Captive Managers
May 29	Alternative Facilities
Jun 12	Property Loss Control Consultants
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Jul 17	Agents & Brokers
Jul 31	Dependent Care Resource & Referral Services
Aug 14	401(k) Plan Administrators
Aug 28	Leading Reinsurers Worldwide
Sep 11	Surplus Lines Insurers & Wholesalers
Oct 2	Environmental Risk Management Consultants
Oct 9	Safety Consultants & Rehabilitation Services
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Dec 4	Risk Management Information Systems
Dec 11	Employee Benefit Consultants
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For directory information, contact Kathy Welyki at (312) 649-5279.

Agent/Broker Topics

Michigan agents join forces to form auto insurer

By AMY LANE

Crain News Service

Michigan independent insurance agents are establishing an agent-owned property/casualty insurance company to sell auto insurance and possibly other lines.

The company, temporarily dubbed Newco Insurance Co., is designed to help independent insurance agency owners capture lucrative business now written largely by direct writers.

Pending regulatory approval, the new company could start writing business this fall, said Charles Chandler, chief executive officer of the Lansing-based Michigan Assn. of Insurance Agents.

"Our members have sensed a huge gap in the coverage their existing companies are willing to offer on a competitive basis, particularly with auto," he said.

Direct writers like AAAMichigan Insurance Co., Allstate Insurance Co. and State Farm Insurance Co. collectively control about 70% of the state's personal auto insurance market, according to the agent association.

In the past five years, Michigan's independent agents have lost 10% of the auto insurance market to direct writers, the association says.

A spokesman for the association said the insurance companies that independent agents work with have not actively pursued the personal auto insurance market in Michigan, particularly for young drivers. As a result, independent agents' rates have not been competitive with those of direct writers, he said.

"Our agents have complained that they haven't had a company that offers competitive rates with young drivers," the spokesman said, "and we think Newco's going to fill that void. That's the area where we need to be competitive."

The Amerisure Cos., a Detroit-based property/casualty insurance company, has worked with the Michigan agents in developing Newco, according to Martin Dourney, vp-personal lines at Amerisure.

Reinsurance, claims processing and other support for Newco are still in the planning stages, however, Mr. Dourney said.

Newco will have about four employees at its Lansing headquarters. Fritz Lewis, former CEO of the Michigan agents association, will head the board of directors, which held its first meeting in January.

Mr. Chandler said Newco will be one of the first agent-owned companies in the country to be started by a state agents association. However, the 1,300-member association will not be a shareholder in the company or require members to participate.

Some association officials have studied the concept of an agent-owned company for years and renewed their interest after the 1991 merger of the state's two main agent associations: the Independent Insurance Agents of Michigan and the Professional Insurance Agents of Michigan. At the time, surveyed members cited the lack of auto insurance competition—particularly for drivers age 20-50—as their top concern.

Most agents responding to a November 1994 membership survey said they would invest nearly $14 million combined in an agent-owned company, according to association documents.

Mr. Chandler said agents can invest a minimum of $10,000 each; at least $10 million is needed to capitalize the company. No agent can own more than a 5% stake.

Michigan Insurance Bureau officials have had preliminary discussions with association officials, said Kathleen Parsons, director of the bureau's company admissions division.

She could not comment specifically on the agents' proposal because they had not yet filed an application with the bureau.

Association officials will hold a contest early this year to choose a permanent name for the new insurance company. Newco initially will focus on auto insurance but may enter other lines of business if it can do so profitably and meet the needs of agency owners.

Newco will be one of the first agent-owned companies in the country to be started by an agents association.

"We're looking for gaps. We're going to be the god of the gaps," Mr. Chandler said. "The reason I'm so excited about this is that agents have been victims for so many years. And, for the first time, they're taking their future into their own hands." BI

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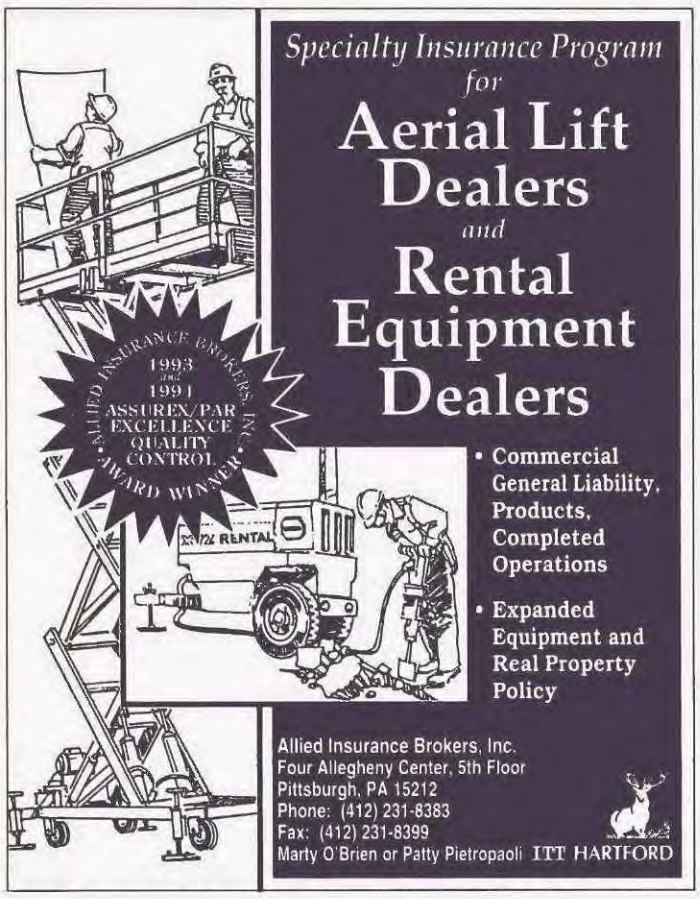

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Continued from previous page

Staff

Total 724
Claims services 209
* *Fiscal year ending June 30.*

Claims services since: 1965.
Service area: Nationwide.
Branch offices: Sales offices in Danbury, Conn.; Atlanta; Chicago; Bethesda, Md.; Kalamazoo, Mich.; Edmonton, Canada.
Claims subsidiaries: HRM Claim Management Inc., Kalamazoo, Mich.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Gary McIlroy, CEO; Marlene Travis, president/COO; Tom Clark, senior vp/CFO; V. Katherine Gray, executive vp-marketing research/development; Charles Holland III, president-HRM Claim Management Inc.
Contact: Suzanne Palo.

Heller Associates

2787 Bristol St., Costa Mesa, Calif. 92626; 714-549-7052; fax: 714-755-7052

Revenues

Total $2,000,000
Claims administration 80%
Other services 20%
Includes: fully-insured plans, managed care services, consulting
Claims revenue $1,600,000

Claims business by type

Disability 6%
Flex compensation 7%
Health insurance 83%
Employees covered 32,000
Dependents covered 48,000
Other 4%
Includes: billing/COBRA

Claims business by volume

Administration-claims paid $32,000,000

Clients

Administration 150

Staff

Total 50
Claims services 40

Claims services since: 1980.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Idaho Falls, Idaho; Las Vegas; Chesterland, Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, IFEBP.
Officers: Frank Heller, CEO; Glen Ogden, president; Phillip Steffensen, executive vp; Gerald Mitchell, regional vp; Teri M. Berry, assistant vp.
Contact: Glen Ogden, 216-729-1999.

Human Resources Consulting Group Inc.

428 E. 6400 S., Suite 220, Salt Lake City, Utah 84107; 801-261-6555; fax: 801-261-6575

Revenues

Claims administration 70%
Claims auditing 5%
Other services 25%
Includes: auditing for fee-for-service consulting, selection of administrators for clients

Claims business by type

Flex compensation 75%
Health insurance 25%

Claims business by volume

Administration-claims paid $6,150,000*
Auditing-projects conducted 10

Clients

Administration 159
Auditing 27

Staff

Total 45
Claims services 2
* *Flex claims only.*

Claims services since: 1981.
Service area: Nationwide.
Branch offices: Administrative offices in Birmingham, Ala.; Los Angeles; Washington; Baton Rouge, La.; Tulsa, Okla. Sales offices in Phoenix; Atlanta; Boston.
Membership: SIIA, IFEBP.
Officers: Rob J. Thurston, president; Eric Krueger, senior vp; Richard Packham, vp.
Contact: Rob J. Thurston.

INDECS Corp.

1099 Wall St. W., Suite 317, Lyndhurst, N.J. 07071; 201-460-3200; fax: 201-460-3210

Revenues

Total $3,386,888
Claims administration 100%
Claims revenue $3,386,888

Claims business by type

Disability 1%
Flex compensation 3%
Health insurance 96%
Employees covered 23,536
Dependents covered 58,840

Claims business by volume

Administration-claims paid $77,674,354

Clients

Administration 13

Staff

Total 51
Claims services 51

Claims services since: 1982.
Parent: ENSERCH Corp.
Service area: Nationwide.
Branch offices: Administrative office in Dallas. Sales office in Lyndhurst, N.J.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Bruce E. Buchanan, president; Lee H. Cohen, vp-systems; Clara R. Collins, vp-operations; Gayle E. Jereb, treasurer/assistant secretary.
Contact: Bruce E. Buchanan.

Insurance Claims Auditing

P.O. Box 27107, Minneapolis, Minn. 55427; 612-529-8510; fax: 612-529-2026

Revenues

Claims auditing 100%

Claims business by type

Disability 10%
Health insurance 85%
Life 5%

Clients

Auditing 27

Staff

Total 7
Claims services 5

Claims services since: 1988.
Service area: Nationwide.
Membership: IFEBP.
Officers: Betty Clark, president; G. Flavin-Bauer, secretary/treasurer; H. Fears, vp.

Insurance Design Administrators

3 Post Road, Oakland, N.J. 07436; 201-337-0555; fax: 201-337-1391

Revenues

Total $5,800,000
Claims administration 100%
Claims revenue $5,800,000

Claims business by type

Disability 2%
Flex compensation 3%
Health insurance 95%

Claims business by volume

Administration-claims paid $91,238,674

Clients

Administration 135

Staff

Total 75
Claims services 65

Claims services since: 1979.
Service area: Nationwide.
Branch offices: Administrative offices in Philadelphia.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Robert F. Gallo, CEO; Russell P. Minetti, president; Robert Ventrella; Paul Sabina; Trish Weber.
Contact: Russell P. Minetti.

Insurdata/Insurnational

5215 N. O'Connor Blvd., 800 Central Tower, Irving, Texas 75039; 214-869-2553; fax: 214-556-0572

Revenues

Claims administration 50%
Other services 50%
Includes: nationwide facilities and network management, health claims system licensing, image system integration

Claims business by type

Flex compensation 1%
Health insurance 89%
Employees covered 300,000
Dependents covered 350,000
Other 10%
Includes: image systems integration

Claims business by volume

Administration-claims paid $1,000,000,000*
* *Company estimate.*

Claims services since: 1964.
Service area: Nationwide.
Branch offices: Administrative offices in Little Rock, Ark.; Costa Mesa, Calif.
Claims subsidiaries: Insurnational Inc. of Arkansas, Little Rock, Ark.; Insurnational Insurance Administrators Inc., Costa Mesa, Calif.
Membership: SIIA.
Officers: Raymond C. Morrison Jr., president; Doug Freeman, vp-data processing; Jim Taylor, vp-finance/administration.
Contact: Jim Taylor.

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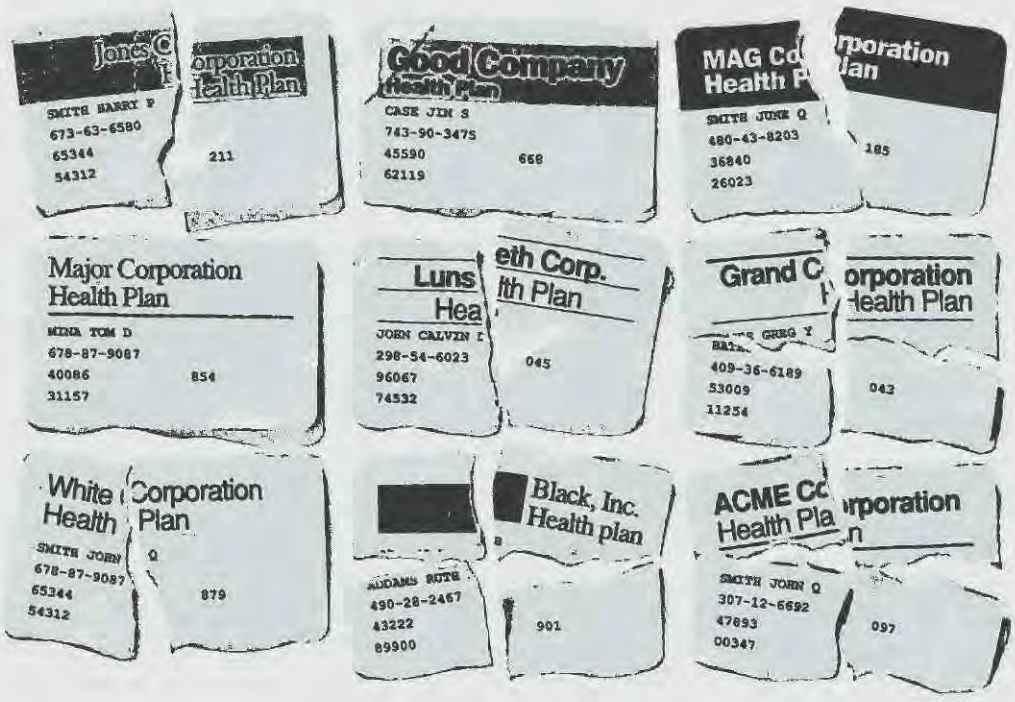

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QicClaim/2 is the most flexible system available. It gives you software to handle billing, managed care programs, flexible spending plans, utilization reporting and much more. It offers hardware flexibility through open systems architecture (IBM, Data General, PC Networks and more). It includes you in a client association for business network resourcing. It's being used to process claims for more than 20 million covered lives, internationally.

And, our new integrated technologies allow you to offer even more services to your customers and let you perform them faster and more profitably.

IMAGE

No more hard copy hassles. Just scan in original documents and index them with parameters you design. IMAGE creates electronic on-line files. It allows for side-by-side retrieval and claims processing on a single screen. Filing's simplified. Data entry time is significantly reduced. And, you don't have to worry about blistered eyes from staring at microfiche.

Electronic Claims Submission/ Batch Adjudication

QicClaim/ECS allows you to accept claim information directly from a provider or clearinghouse via tape, floppy disk or data communications link.

This technology also allows for automatic adjudication where all files that meet pre-defined claim criteria are automatically processed. Only claims that aren't complete or are red-flagged by conditions you define need be reviewed by an adjuster.

You're able to better allocate resources and decrease mail and paper handling, while you maximize productivity and profit.

Medical Claims Auditing

With Medical Claims Auditing you can save up to 15% in medical costs for your clients each year. The QicClaim/2 system identifies claims with potential for audit savings. The medical claims auditing software then reviews those claims for improper coding and recommends modified payment, where appropriate. Claims that don't pass the audit process are held for modification or review by an adjuster. No overpayment, just the appropriate amount.

Cost Management Services

An opportunity for true cost management via easy-to-use PC-based database technology that compares plan data with regional and national healthcare norms. RIMS' relationship with a national healthcare data management firm lets you analyze health benefit plan performance and provide employers with comprehensive health risk assessment and cost management services.

Workers' Compensation

We've joined forces with a leading workers' compensation software vendor to enable you to process both employee benefits *and* workers' compensation claims on an integrated basis. Any claims that are suspected as duplicates are immediately identified. And, you're given access to shared medical information, coordinated employee communications, claims reporting procedures and combined self-insurance/excess programs.

For health claims, workers' compensation, even "24-Hour Coverage" — this is your administrative solution.

More than software, solutions

Keep your business alive and well. Keep your customers happy. Make your business more profitable. With QicClaim/2 from RIMS. For more information call **1-800-950-0099**.

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P.O. Box 3094 ♦ Naperville, IL 60566-7094 ♦ 708/369-5300, ext. 269 ♦ FAX: 708/369-5168

Continued from previous page

Integrated Benefit Services Inc.

2731 S. MacArthur, Springfield, Ill. 62704; 217-698-5600; fax: 217-698-5310

Revenues

Total $1,220,259
Claims administration 79%
Other services 21%
Includes: utilization management, PPO repricing, case management, flexible spending plans, COBRA administration
Claims revenue $965,860

Claims business by type

Flex compensation 2%
Health insurance 80%
Employees covered 13,512
Dependents covered 18,244
Other 18%
Includes: utilization management, PPO repricing, COBRA administration

Claims business by volume

Administration-claims paid $36,343,396

Clients

Administration 26

Staff

Total 28
Claims services 28

Claims services since: 1989.
Parent: VHA Great Rivers Inc. and Casper Bartholf & Associates Inc.
Service area: Illinois, Iowa, Missouri.
Contracts with PPOs.
Membership: SPBA, NAEBA.
Officers: Ron Krause, chairman; Peter Casper, president; Kathy J. Lewis, vp; Stephen Bartholf, secretary.
Contact: Dawn Smith, product specialist.

J

JAS Inc.

4885 S. 900 E., Suite 202, Salt Lake City, Utah 84117; 801-266-3271; fax: 801-266-4383

Revenues

Claims administration 100%

Claims business by type

Flex compensation 5%
Health insurance 60%
Employees covered 12,000
Dependents covered 25,000
Pensions 35%

Claims business by volume

Administration-claims paid $32,000,000

Clients

Administration 8

Staff

Total 25
Claims services 25

Claims services since: 1986.
Service area: Nationwide.
Contracts with PPOs.
Membership: SIIA, NAEBA.
Officers: D.A. Jensen, president; Scott N. Sheffield, executive vp.
Contact: Scott N. Sheffield.

Jardine Group Services Corp.

48 Cornell Road, Latham, N.Y. 12110; 518-782-3030; fax: 518-782-3157

Revenues

Total $4,295,000
Claims administration 100%
Claims revenue $4,295,000

Claims business by type

Disability 10%
Health insurance 90%
Employees covered 172,050

Claims business by volume

Administration-claims paid $51,000,000

Clients

Administration 19

Staff

Total 52
Claims services 52

Claims services since: 1982.
Parent: Jardine Insurance Brokers Inc.
Service area: Nationwide.
Branch offices: Sales office in New York, N.Y.
Claims subsidiaries: Professional Dental Reviewers Inc.
Membership: SIIA, IFEBP.
Officers: W. Michael Carroll, CEO; Gary P. Hickey, Michael E. Murphy, C.S. Liepman, managing directors.

William N. Jenkins & Associates Inc.

1299 Battle Creek Road, Suite 200, Jonesboro, Ga. 30236; 404-477-1888; fax: 404-477-5558

Revenues

Total $300,000
Claims administration 95%
Other services 5%
Claims revenue $285,000

Claims business by type

Health insurance 95%
Employees covered 2,000
Dependents covered 5,000
Pensions 5%

Claims business by volume

Administration-claims paid $4,300,000

Clients

Administration 4

Staff

Total 4
Claims services 3

Claims services since: 1985.
Service area: Alabama, Georgia, South Carolina.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Larry Jenkins, president; Nathan Stewart, vp; Carol Jenkins, treasurer; Sheila J. Lister, secretary.
Contact: Larry Jenkins or Nathan Stewart.

K

Klais & Co. Inc.

1867 W. Market St., Akron, Ohio 44313; 216-867-8443; fax: 216-867-0827

Revenues

Total $6,400,000
Claims administration 90%
Other services 10%
Includes: pension administration, employee communications

Claims business by type

Flex compensation 5%
Health insurance 90%
Employees covered 30,000
Dependents covered 60,000
Pensions 3%
Other 2%
Includes: employee communications

Claims business by volume

Administration-claims paid $136,000,000

Clients

Administration 185

Staff

Total 104
Claims services 85

Claims services since: 1980.
Service area: Nationwide.
Branch offices: Sales offices in Atlanta.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Daniel V. Klais, president; Nancy Archibald, vp.
Contact: Nancy Archibald.

L

Lipman Insurance Administrators Inc.

39420 Liberty St., Suite 265, Fremont, Calif. 94538; 510-795-0103; fax: 510-795-0858

Revenues

Total $3,500,000
Claims administration 100%
Claims revenue $3,500,000

Claims business by type

Flex compensation 10%
Health insurance 90%
Employees covered 15,000
Dependents covered 5,000

Claims business by volume

Administration-claims paid $45,000,000

Clients

Administration 54

Staff

Total 85
Claims services 80

Claims services since: 1976.
Service area: California, Nevada, Oregon, Washington.
Branch offices: Administrative offices in Las Vegas.
Claims subsidiaries: The Lipman Co. Inc., Fremont, Calif.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Fred Lipman, president; Larry Lipman, Margie Epstein, vps; Marty Lowy, plan manager; Janet Sylvesta, CFO.
Contact: Larry Lipman.

Long Claim Services Inc.

4747 Lincoln Mall Drive, Matteson, Ill. 60443; 708-747-4010; fax: 708-747-7269

Revenues

Total $1,300,000
Claims administration 60%
Claims adjusting 30%
Claims auditing 10%
Claims revenue $1,300,000

Claims business by type

Health insurance 100%
Employees covered 21,000
Dependents covered 53,000

Claims business by volume

Administration-claims paid $32,000,000
Auditing-projects conducted 16

Clients

Administration 39
Adjusting 4
Auditing 4

Staff

Total 15
Claims services 15

Claims services since: 1988.
Service area: Illinois.
Contracts with PPOs.
Membership: SIIA.
Officers: Don Long, CEO; Marie Furmanski, Annette Stilts, Charlene Long, vps.
Contact: Don Long.

M

Managed Care of America Inc.

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

Revenues

Total $23,056,486
Claims administration 20%
Claims adjusting 3%
Claims auditing 3%
Other services 78%
Claims revenue $6,000,000

Claims business by type

Flex compensation 5%
Health insurance 95%
Employees covered 40,000
Dependents covered 65,000

Clients

Administration 305

Staff

Total 175

Claims services since: 1977.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Atlanta; Cleveland and Columbus, Ohio. Additional sales office in Dayton, Ohio.
Claims subsidiaries: Employee Benefit Claims, Pittsburgh; Buckeye Employee Benefit Services Inc., Columbus, Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Paul R. Hughes, president/CEO; Phyllis Shehab, secretary/treasurer; Donald Matz, executive vp; Charles Davidson, vp/general counsel; Jay VerHulst, vp.
Contact: Charles Davidson.

Med Tac Corp.

P.O. Box 9111, Newton, Mass. 02160; 800-843-7639; fax: 617-244-5111

Revenues

Total $5,000,000
Claims administration 100%
Claims revenue $5,000,000

Claims business by type

Disability 5%
Flex compensation 5%
Health insurance 90%
Employees covered 15,000
Dependents covered 28,000

Claims business by volume

Administration-claims paid $65,000,000

Clients

Administration 56

Staff

Total 50
Claims services 50

Claims services since: 1968.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Joseph L. Tierney Jr., president; Mary Tierney, treasurer; Mary E. Smith; James F. Tierney, vps; Edward O'Brien, vp-claims/MIS.
Contact: James F. Tierney.

Medical Benefit Administrators

5940 Seminole Centre Court, Madison, Wis. 53711; 608-273-1776; fax: 608-273-4554

Revenues

Claims administration 91%
Other services 9%
Includes: managed care

Claims business by type

Health insurance 100%*
Employees covered 20,000
Dependents covered 50,000

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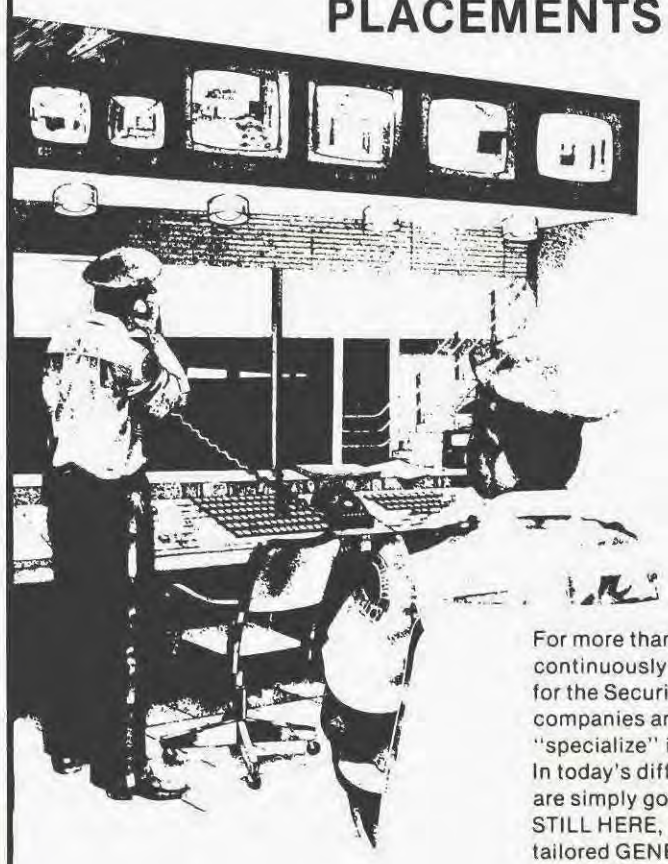
A BRIEF MESSAGE ABOUT INSURANCE PLACEMENTS FOR



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Continued from previous page

Clients

Administration 157

Staff

Total 60
Claims services 60
* *Includes some short-term disability.*

Claims services since: 1981.
Parent: Jack Jurewicz Enterprise Inc.
Service area: Nationwide.
Branch offices: Administrative and sales office in Eagan, Minn.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA.
Officers: John J. Jurewicz, CEO; Thomas O'Meora, president; Judy Lawrence, vp; Mary Pat Renaud, manager-sales/marketing; Holly Ronek, claims manager.
Contact: Mary Pat Renaud, 612-454-1226.

Member Service Life Insurance Co./dba Member Service Administrators

1400 S. Boston, Tulsa, Okla. 74119; 918-747-4700; fax: 918-745-1670

Revenues

Total $11,000,000
Claims administration 45%
Claims adjusting 3%
Other services 52%
Claims revenue $5,300,000

Claims business by type

Disability 5%
Flex compensation 3%
Health insurance 92%
Employees covered 40,000

Claims business by volume

Administration-claims paid $39,670,000

Clients

Administration 40

Staff

Total 88
Claims services 58

Claims services since: 1985.
Parent: Group Health Services Inc.
Service area: Oklahoma.
Branch offices: Administrative and sales offices in Oklahoma City.
Contracts with PPOs.
Officers: Ralph S. Rhoades, president/CEO; Ron King, executive vp; Eugene M. Ross, Pam Schoeppel, Carl O. Cabbiness, vps.
Contact: Jim Henninger.

Millennium HealthCare

5221 N. O'Connor Road, Suite 300, Dallas, Texas 75039; 214-432-3700; fax: 214-432-3716

Revenues

Total $12,900,000
Claims administration 85%
Claims auditing 5%
Other services 10%
Claims revenue $11,610,000

Claims business by type

Flex compensation 5%
Health insurance 90%
Employees covered 190,000
Dependents covered 450,000
Other 5%
Includes: stop-loss administration

Claims business by volume

Administration-claims paid $460,000,000
Auditing-projects conducted 7

Clients

Administration 135

Staff

Total 201
Claims services 127

Claims services since: 1985.
Service area: Nationwide.
Branch offices: Administrative offices in San Bernardino, Calif.; Atlanta; Memphis, Tenn. Sales offices in Atlanta; Cleveland; Harrisburg, Pa.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Charles N. Sabatino, COO; Robert G. Riddell, president; John Sestrie, executive vp.
Contact: Kemerie Whyte, 404-564-3000.

J.F. Molloy & Associates

4040 Vincennes Circle, Suite 600, Indianapolis, Ind. 46268; 317-879-4040; fax: 317-879-4049

Revenues

Total $5,500,000
Claims administration 90%
Claims adjusting 1%
Claims auditing 0.5%
Other services 8.5%
Includes: utilization review, case management
Claims revenue $5,000,000

Claims business by type

Disability 5%
Flex compensation 1%
Health insurance 93%
Employees covered 45,000
Dependents covered 101,000
Life 1%

Claims business by volume

Administration-claims paid $100,000,000

Clients

Administration 40

Staff

Total 115
Claims services 90

Claims services since: 1966.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: David Blanford, president; Craig Penwell, executive vp; Aaron Curtis, vp; Nan Gill, vp; Peter Iverson, vp/staff counsel.
Contact: Aaron Curtis.

Mountain States Administration Co. Inc.

2530 S. Parker Road, Suite 606, Aurora, Colo. 80012; 303-368-4500; fax: 303-368-5703

Revenues

Total $1,700,000
Claims administration 82%
Other services 18%
Includes: consulting, utilization review, managed care, fully-insured claims administration
Claims revenue $1,400,000

Claims business by type

Disability 5%
Flex compensation 1%
Health insurance 94%
Employees covered 23,000
Dependents covered 55,000

Clients

Administration 61

Staff

Total 34
Claims services 30

Claims services since: 1980.
Service area: Arizona, Colorado, Kansas, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah, Wyoming.
Contracts with PPOs.
Membership: SPBA, NAEBA.
Officers: Clarence Gray, president; Bettina Gray, secretary/treasurer.
Contact: Clarence Gray.

NBA Corp./NBA Insurance Administrators

109 E. Lexington Ave., El Cajon, Calif. 92020; 619-579-9994; fax: 619-447-6234

Revenues

Total $785,000
Claims administration 86%
Other services 14%
Includes: commission on stop-loss
Claims revenue $670,000

Claims business by type

Health insurance 100%
Employees covered 10,000
Dependents covered 26,000

Claims business by volume

Administration-claims paid $14,500,000

Clients

Administration 34

Staff

Total 15
Claims services 15

Claims services since: 1982.
Service area: Western states, primarily California.
Contracts with PPOs.
Officers: Ralph L. Ball, president.

NCAS Mountain Plains

P.O. Box 3137, Cheyenne, Wyo. 82003; 307-638-3825; fax: 307-634-7611

Revenues

Claims administration 100%

Claims business by type

Health insurance 100%
Employees covered 6,355
Dependents covered 9,532

Claims business by volume

Administration-claims paid $19,700,000

Clients

Administration 27

Staff

Total 14

Service area: Montana, Wyoming.
Branch offices: Sales offices in Casper, Wyo.
Membership: SPBA.
Officers: Richard Martin, president; Ralph D. Hayes, director-marketing; Swannette Montoya, director-operations; Bob Decker, director-large groups.
Contact: Ralph Hayes.

NHA Administrators Inc.

770 S. Post Oak Lane, Suite 445, Houston, Texas 77056; 713-439-0123; fax: 713-439-7529

Revenues

Total $679,500
Claims administration 80%
Other services 20%
Includes: repricing PPO claims
Claims revenue $521,759

Claims business by type

Health insurance 100%
Employees covered 5,375
Dependents covered 3,100

Claims business by volume

Administration-claims paid $11,690,625

Clients

Administration 17

Staff

Total 16
Claims services 12

Claims services since: 1989.
Parent: National Healthcare Alliance.
Service area: Nationwide.
Branch offices: Administrative offices in Odessa, Texas. Sales offices in Dallas, Lubbock, Odessa and San Antonio, Texas.
Contracts with PPOs.
Membership: SIIA.
Officers: Robert Woolfolk, chairman/CEO; Melvin Thorne, president; Joan Williams, vp; Don Turner, controller.
Contact: Melvin Thorne.

National Benefits Administrators Inc.

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

Revenues

Total $1,000,000
Claims administration 100%
Claims revenue $1,000,000

Claims business by type

Flex compensation 5%
Health insurance 95%
Employees covered 16,000
Dependents covered 40,000

Clients

Administration 52

Staff

Total 20
Claims services 20

Claims services since: 1985.
Parent: Acordia Inc.
Service area: Nationwide.
Membership: SPBA.
Officers: Walter Ahern, CEO; Richard Anderson, executive vp; Ryan Hettich, CFO; Erik Nebeker, vp.

National Health Plan Corp.

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

Revenues

Claims administration 50%
Claims adjusting 10%
Claims auditing 5%
Other services 35%
Includes: PPO network access

Claims business by type

Health insurance 100%
Employees covered 50,000

Clients

Administration 13

Staff

Total 14
Claims services 11

Claims services since: 1975.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Alvin Konigsberg, president; David Zaback, executive vp.
Contact: David Zaback.

North American Administrators Inc.

40 John Glenn Drive, Amherst, N.Y. 14228; 716-691-8556; fax: 716-691-8524

Revenues

Total $12,800,000
Claims administration 92%
Other services 8%
Claims revenue $11,720,000

Claims business by type

Disability 1%
Flex compensation 1%
Health insurance 98%
Employees covered 125,000
Dependents covered 145,000

Claims business by volume

Administration-claims paid $300,000,000

Clients

Administration 281

Staff

Total 247
Claims services 247

Claims services since: 1983.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Sybertsville, Pa. Additional sales offices in Walpole, Mass.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Ronald K. Zoeller, CEO; David W. Miller, senior vp; Arthur E. Orlick, medical director; Charles W. Barger, John E. Mann Jr., vps.
Contact: John E. Mann Jr.

North American Benefits Network

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

Revenues

Total $9,700,000
Claims administration, adjusting, auditing 52%
Other services 48%
Includes: case management, data management for PPOs/HMOs, consulting
Claims revenue $5,000,000

Claims business by type

Disability 1.5%
Flex compensation 5%
Health insurance 93.5%
Employees covered 222,666
Dependents covered 267,199

Claims business by volume

Administration-claims paid $326,601,610*

Clients

Administration 145

Staff

Total 121
* *Claims paid thru 11/30/94.*

Claims services since: 1962.
Parent: NA Management Corp.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Donald T. Baker, president; Robert Gearhart, Martha Was, Mary Morgan, Ellen Quimper, Richard Phillips, Don Hunt, Joseph Ceccachi, vps.
Contact: Donald T. Baker.

The Nyhart Co. Inc.

3505 N. Washington Blvd., P.O. Box 88187, Indianapolis, Ind. 46208; 317-923-2391; fax: 317-926-3303

Revenues

Total $6,200,000
Claims administration 29%
Other services 71%
Includes: fully-insured claims administration
Claims revenue $1,800,000

Claims business by type

Disability 1%
Flex compensation 11%
Health insurance 88%
Employees covered 16,960

Claims business by volume

Administration-claims paid $57,685,642

Clients

Administration 36

Staff

Total 110
Claims services 35

Claims services since: 1965.
Service area: Illinois, Indiana, Kentucky, Michigan, Ohio, Tennessee, Virginia, West Virginia.
Branch offices: Administrative and sales offices in Evansville, Ind.
Membership: SIIA, IFEBP.
Officers: Daryl J. Dean, president/CEO; Jeffrey S. Line, vp-legal/finance; Jay Hanselmann, Grace Stewart, Nancy C. Pitt, vps.
Contact: Kim Zirrillo, assistant vp-claims/health/benefit administration.

PAI

10795 Watson Road, St. Louis, Mo. 63127; 314-821-3957; fax: 314-821-4349

Revenues

Total $8,050,000
Claims administration 86%
Other services 14%
Includes: consulting fees, commissions, plan administration
Claims revenue $6,895,000

Claims business by type

Disability 1%
Flex compensation 3%
Health insurance 96%
Employees covered 75,000
Dependents covered 150,000

Claims business by volume

Administration-claims paid $250,000,000

Clients

Administration 65

Staff

Claims services 135

Claims services since: 1974.
Parent: Alliance Blue Cross Blue Shield.
Service area: Nationwide.
Contracts with PPOs.
Membership: SIIA, IFEBP.
Officers: Lawrence E. Thurmond, chairman; Thomas A. Sax, president; Stephen G. Disch, vp-group; Sharon K. Loos, vp-claims.
Contact: Stephen G. Disch, 314-821-3957, ext. 2348.

Paradigm Administrators Inc.

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

Revenues

Total $1,400,000
Claims administration 90%
Other services 10%
Includes: placement of group life and long term disability insurance, COBRA administration, common billing services, flex plans
Claims revenue $1,300,000

Claims business by type

Disability 2%
Flex compensation 2%
Health insurance 96%
Employees covered 18,000
Dependents covered 20,000

Claims business by volume

Administration-claims paid $35,000,000

Clients

Administration 41

Staff

Total 26
Claims services 20

Claims services since: 1978.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Starling Grisham, president; Lori Sapp, director-claims services; Martha Ellis, director-accounting services; Mitzi Walker, director-administrative services; Vickie Sellers, director-client services.
Contact: Starling Grisham.

TR Paul Group Services Inc.

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

Revenues

Total $3,500,000
Claims administration 85%
Other services 15%
Claims revenue $2,975,000

Claims business by type

Flex compensation 2%
Health insurance 98%
Employees covered 27,002
Dependents covered 33,028

Claims business by volume

Administration-claims paid $82,000,000

Clients

Administration 92

Staff

Total 54
Claims services 29

Claims services since: 1973.
Parent: TR Paul Inc.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Mary Ingham, president; Raymond Nelson, vp; George Romer, treasurer; Deborah L. Wilber, secretary/manager-technical services.
Contact: Deborah L. Wilber.

Payflex Systems USA Inc.

100 Blackstone Centre, Omaha, Neb. 68103; 402-345-0666; fax: 402-345-9884

Revenues

Total $2,400,000
Claims administration 100%
Claims revenue $2,400,000

Claims business by type

Flex compensation 12%
Health insurance 87%
Employees covered 37,182
Dependents covered 33,000
Workers compensation 1%

Clients

Administration 198

Staff

Total 62
Claims services 62

Service area: Nationwide.
Membership: SPBA, SIIA.
Officers: J. Terrance Haney, CEO; Mark Huber, COO; Dennis Maggart, executive vp-marketing.
Contact: Dennis Maggart.

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Pequot Health & Pharmaceutical Network*

1 Annie George Drive, Ledyard, Conn. 06339; 203-572-1948; fax: 203-536-9462

Revenues

Claims administration 70%
Claims auditing 20%
Other services 10%
Includes: consulting, provider network development and management, contracting

Claims business by type

Health insurance 100%
Employees covered 200,000
Dependents covered 300,000

Staff

Total 100
Claims services 40

Claims services since: 1992.
Parent: Mashan Tucket Pequot Nation.
Service area: Nationwide.
Branch offices: Sales office in District of Columbia.
Officers: Phyllis Monroe, chairperson; William Millar, president/CEO; Darryl Percival, senior vp; Joann Zingoni, vp-pharmacy; Evelyn Pinson, vp-TPA.
Contact: Darryl Percival.
** Does business as Pequot Pharmaceutical Network.*

Plandata Co. Inc.

P.O. Box 719, 1070 Morris Ave., Union, N.J. 07083; 908-352-3456; fax: 908-354-0664

Revenues

Total $1,750,000
Claims administration 95%
Claims auditing 5%
Claims revenue $1,750,000

Claims business by type

Disability 2%
Flex compensation 2%
Health insurance 96%
Employees covered 30,000
Dependents covered 45,000

Claims business by volume

Administration-claims paid $45,000,000
Auditing-projects conducted 3

Clients

Administration 77
Auditing 3

Staff

Total 30
Claims services 30

Claims services since: 1978.
Service area: Nationwide.
Claims subsidiaries: Provider Programs Inc., Union, N.J.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: George P. Mahler, chairman; Alan I. Gitlin, president; Terry Zinno, vp.
Contact: George Mahler.

Poe & Brown Benefits

220 S. Ridgewood Ave., P.O. Box 2480, Daytona Beach, Fla. 32115-2480; 904-239-5710; fax: 904-239-5712

Revenues

Total $4,500,000
Claims administration 85%
Other services 15%
Includes: managed care, brokerage and benefit consulting services
Claims revenue $3,600,000

Claims business by type

Disability 5%
Flex compensation 10%
Health insurance 85%
Employees covered 26,000
Dependents covered 46,800

Claims business by volume

Administration-claims paid $68,000,000

Clients

Administration 40

Staff

Total 65
Claims services 48

Claims services since: 1972.
Parent: Poe & Brown Inc.
Service area: Nationwide.
Contracts with PPOs.
Membership: SIIA, NAEBA, IFEBP.
Officers: J. Hyatt Brown, president/CEO; Richard M. Pankratz, executive vp; E.G. Brewer, senior vp; Debbie Reddick, vp.
Contact: Richard M. Pankratz.

Professional Benefit Administrators Inc.

201 E. Ogden Ave., Suite 120, Hinsdale, Ill. 60521; 708-655-3755; fax: 708-655-3781

Revenues

Total $3,030,000
Claims administration 100%
Claims revenue $3,030,000

Claims business by type

Health insurance 100%
Employees covered 24,000
Dependents covered 36,000

Claims business by volume

Administration-claims paid $100,000,000

Clients

Administration 115

Staff

Total 70
Claims services 70

Claims services since: 1984.
Parent: The Walter Co.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Ronald Walter; David W. Plumb.
Contact: David M. Loveless, vp-operations.

Professional Claims Management Inc.

P.O. Box 35276, 4845 Fulton Drive, Canton, Ohio, 44735; 216-493-7278; fax: 216-493-5878

Revenues

Total $3,620,731
Claims administration 100%
Claims revenue $3,620,731

Claims business by type

Flex compensation 1%
Health insurance 99%
Employees covered 18,200
Dependents covered 43,420

Claims business by volume

Administration-claims paid $43,800,000

Clients

Administration 122

Staff

Total 50
Claims services 50

Claims services since: 1983.
Service area: Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: J. David Bratton, president; Robert J. Archibald, executive vp; Michael A. Novelli, senior vp.
Contact: J. David Bratton.

R

RESTAT

724 Elm St., P.O. Box 758, West Bend, Wis. 53095-0758; 800-926-5858; fax: 414-338-5791

Revenues

Claims administration 80%
Other services 20%

Claims business by type

Health insurance (prescription drug) 100%
Employees covered 2,000,000
Dependents covered 3,000,000

Clients

Administration 2,000

Staff

Total 60
Claims services 50

Claims services since: 1985.
Parent: The F. Dohmen Co.
Service area: Nationwide.
Branch offices: Sales offices in Los Angeles.
Membership: SIIA.
Officers: Jim Martin, president; Barbara O'Donahue, director-sales/marketing; Prati Agarwal, director-professional services; Lew Snyder, director-MIS; Peggy Schindhelm, director-operations.
Contact: Barbara O'Donahue.

Robey-Barber Insurance Services Corp.

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

Revenues

Total $7,500,000
Claims administration 5%
Claims adjusting 20%
Other services 75%
Includes: managed care services, administration of fully insured clients, Flex 125 and COBRA administration
Claims revenue $2,000,000

Claims business by type

Disability 1%
Flex compensation 2%
Health insurance 94%
Employees covered 20,000
Dependents covered 25,000
Life 3%

Claims business by volume

Administration-claims paid $70,000,000

Clients

Administration 535
Adjusting 410

Staff

Total 80
Claims services 30

Claims services since: 1982.
Service area: Alabama, Colorado, Florida, Georgia, Louisiana, Michigan, Mississippi, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia.
Claims subsidiaries: Southern Employee Benefit Services.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Timothy R. Barber; Karen M. Barber; Randall J. Koubek.
Contact: Timothy R. Barber.

Directory terms and methodology explained on page 21.

S

Sedgwick Noble Lowndes

1 Ivybrook Blvd., Suite 101, Warminster, Pa. 18974; 215-442-7000; fax: 215-773-3790

Revenues

Total $10,000,000
Claims administration 90%
Claims adjusting 5%
Claims auditing 3%
Other services 2%
Includes: COBRA administration, retiree billing, eligibility record keeping
Claims revenue $10,000,000

Claims business by type

Disability 2%
Flex compensation 8%
Health insurance 90%
Employees covered 65,000
Dependents covered 97,500

Claims business by volume

Administration-claims paid $116,676,244
Auditing-projects conducted 5

Clients

Administration 135

Staff

Total 124
Claims services 124

Claims services since: 1980.
Parent: Sedgwick Consulting Group.
Service area: Nationwide.
Branch offices: Sales offices in Dover, Del.
Membership: SPBA, SIIA.
Officers: Jeffrey Everson, executive vp/regional benefit director; Elizabeth A. Burns, senior vp; Ross Taylor, sales director.
Contact: Elizabeth A. Burns.

Self-Funded Plans Inc.

1432 Hamilton Ave., Cleveland, Ohio 44114; 216-566-1455; fax: 216-566-1505

Revenues

Total $5,200,000
Claims administration 98%
Other services 2%
Claims revenue $5,100,000

Claims business by type

Disability 1%
Flex compensation 1%
Health insurance 98%
Employees covered 42,000
Dependents covered 58,000

Claims business by volume

Administration-claims paid $105,000,000

Clients

Administration 210

Staff

Total 103
Claims services 103

Claims services since: 1980.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Tampa, Fla.; Chicago; Pittsburgh.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Donna B. Luby, president; Richard C. Sheldon, executive vp; Bonnie Bletcher Krauss, vp-administration/claims; Marsha Phillips, vp-client service.
Contact: Richard C. Sheldon.

SIEBA Ltd.

3206 Vestal Parkway E., Vestal, N.Y. 13850; 607-770-0120; fax: 607-770-7082

Revenues

Total $1,500,000
Claims administration 98%
Other services 2%
Claims revenue $1,470,000

Claims business by type

Flex compensation 4%
Health insurance 96%
Employees covered 21,000
Dependents covered 43,000

Claims business by volume

Administration-claims paid $30,000,000

Clients

Administration 65

Staff

Total 27

Claims services since: 1983.
Service area: Nationwide.
Contracts with SIEBA PPOs.
Membership: SPBA.
Officers: Richard G. DoBell, president; Marc Marion, vp.
Contact: Richard DoBell.

Sierra Administrators

P.O. Box 2787, Dublin, Calif. 94568; 510-828-2427; fax: 510-828-3128

Revenues

Claims administration 80%
Claims adjusting 20%

Claims business by type

Disability 5%
Health insurance 60%
Employees covered 9,000
Dependents covered 21,000
Life 5%
Pensions 30%

Clients

Administration 10
Adjusting 2

Staff

Total 20
Claims services 20

Claims services since: 1983.
Service area: California.
Branch offices: Administrative offices in Salinas, Calif.
Membership: SPBA, IFEBP.
Officers: Steven J. Stauffacher, president.

SIHO

432 Washington St., Columbus, Ind. 47202; 812-378-7075; fax: 812-378-7048

Revenues

Total $3,900,000
Claims administration 100%
Claims revenue $3,900,000

Claims business by type

Health insurance 100%
Employees covered 16,509
Dependents covered 21,663

Claims business by volume

Administration-claims paid $53,500,000

Clients

Administration 10

Staff

Total 60
Claims services 60

Claims services since: 1987.
Service area: Indiana.
Contracts with SIHO PPO.
Membership: SIIA.
Officers: Roy H. Flaherty, CEO; Kim Singleton, COO; Mike Sabin, CFO; John DeLap, marketing director; Debra Kirkpatrick, medical director.
Contact: John DeLap.

T

TIC International Corp.

11590 N. Meridian St., Carmel, Ind. 46032; 317-580-8686; fax: 317-580-8651

Revenues

Total $7,000,000
Claims administration 80%
Other services 20%
Includes: consulting and actuarial
Claims revenue $5,600,000

Claims business by type

Disability 20%
Health insurance 45%
Pensions 35%

Staff

Total 105
Claims services 77

Claims services since: 1951.
Service area: Midwestern, Southern and Eastern states.
Branch offices: Administrative offices in Bingham Farms and East Lansing, Mich. Sales office in Milwaukee.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Stephen E. Kraabel, COO; Len Teeuws, executive vp; Tom Hayden, Jim Schreiber, vps; Tom Milton, chief actuary.
Contact: Stephen E. Kraabel.

Tayson Insurance Administrators

54 Corporate Park, Irvine, Calif. 92714; 714-251-8970; fax: 714-476-2443

Revenues

Claims administration 100%

Claims business by type

Health insurance 100%
Employees covered 19,000
Dependents covered 42,000

Claims business by volume

Administration-claims paid $24,000,000

Clients

Administration 19

Staff

Total 25
Claims services 25

Continued on next page

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Continued from previous page

Claims services since: 1983.
Service area: Nationwide.
Branch offices: Administrative offices in Camarillo and Riverside, Calif. Sales offices in Riverside, Calif.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Ruberta Taylor, president; Ivan Stevenson, CFO.
Contact: Glen Michael, 909-343-2191.

Tedro & Associates Inc.

2160 S. Foster Ave., Wheeling, Ill. 60090; 708-577-8828; fax: 708-577-8869

Revenues	
Total	$3,500,000
Claims administration	100%
Claims revenue	$3,500,000
Claims business by type	
Disability	5%
Health insurance	90%
Employees covered	20,000
Dependents covered	60,000
Life	5%
Claims business by volume	
Administration-claims paid	$30,000,000
Clients	
Administration	42
Adjusting	42
Staff	
Total	62
Claims services	58

Claims services since: 1980.
Service area: Nationwide.
Branch offices: Administrative and sales offices in District of Columbia; Wheeling, Ill.; Milwaukee.
Membership: SIIA, IFEBP.
Officers: Gerald A. Mele, president/CEO; Robert C. Calamari, executive vp; Laura Shotsberger, secretary/treasurer.
Contact: Gerald A. Mele.

Three Rivers Benefit Corp.

518 Eighth St., Suite E, Sioux City, Iowa 51101; 712-258-1525; fax: 712-255-3521

Revenues	
Total	$375,000
Claims administration	100%
Claims revenue	$375,000
Claims business by type	
Flex compensation	3%
Health insurance	97%
Employees covered	4,000
Claims business by volume	
Administration-claims paid	$1,000,000
Clients	
Administration	75
Staff	
Total	10
Claims services	10

Claims services since: 1975.
Service area: Midwest.
Membership: SPBA.
Officers: Peter D. Benson, president/owner.
Contact: Theresa Gray.

Total Plan Administrators Inc.

3 Penn Plaza E., PP-07V, Newark, N.J. 07105-2200; 201-466-4696; fax: 201-466-4715

Revenues	
Total	$2,700,000
Claims administration	85%
Other services	15%
Includes: claims administration for fully insured clients	
Claims revenue	$2,303,000
Claims business by type	
Health insurance	99%
Employees covered	30,245
Dependents covered	40,830
Other	1%
Includes: short-term disability	
Claims business by volume	
Administration-claims paid	$47,900,000
Clients	
Administration	28
Staff	
Total	27
Claims services	27

Claims services since: 1988.
Parent: Blue Cross & Blue Shield of New Jersey Inc.
Service area: New Jersey, New York, Pennsylvania.
Officers: Robert A. Marino, president/CEO; William J. Hussey, executive director; Robert Miller, Yvonne Golden, managers-operations.
Contact: William J. Hussey, 201-466-4591.

The Travelers Plan Administrators Inc.

1 Tower Square, 1SHS, Hartford, Conn. 06183; 203-277-1116; fax: 203-954-5479

Revenues	
Total	$66,000,000
Claims administration	96%
Claims auditing	2%
Other services	2%
Claims business by type	
Disability	10%
Flex compensation	5%
Health insurance	85%
Employees covered	596,000
Dependents covered	1,281,400
Claims business by volume	
Administration-claims paid	$1,796,000,000
Auditing-projects conducted	5
Clients	
Administration	687
Adjusting	9
Staff	
Total	650
Claims services	650

Claims services since: 1985.
Parent: MetraHealth.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Phoenix; Englewood, Colo.; North Haven, Conn.; Sarasota, Fla.; Schaumburg and Rockford, Ill.; Minneapolis; Blue Bell, Pa.; Brentwood, Tenn.; Fort Worth, Texas; Seattle. Additional sales offices in Walnut Creek, Calif.; Atlanta; Sandwich, Mass.; Kalamazoo, Mich.; Portland, Ore.; Dallas.
Contracts with PPOs.
Membership: SIIA, NAEBA.
Officers: Steve Willcox, president; Karen MacGillivray, vp-operations; Maria Beltramello, CFO; William Keister, vp-MIS; Jeff Brower, vp-managed care.
Contact: Steve Willcox.

Trigon Administrators

7130 Glen Forest Drive, Suite 102, Richmond, Va. 23226; 804-673-5800; fax: 804-673-5902

Revenues	
Total	$9,200,000
Claims administration	100%
Claims revenue	$9,200,000
Claims business by type	
Flex compensation	3%
Health insurance	97%
Employees covered	54,156
Dependents covered	124,559
Claims business by volume	
Administration-claims paid	$119,000,000
Clients	
Administration	148
Staff	
Total	97
Claims services	97

Claims services since: 1987.
Parent: Trigon Blue Cross & Blue Shield.
Service area: District of Columbia, Maryland, North Carolina, Virginia.
Branch offices: Sales offices in Columbia, Md.
Contracts with PPOs.
Membership: SIIA.
Officers: William D. Monday Jr., president; Thomas D. England, executive vp; Jolynne Williamson, vp; Stephen R. Hall, vp-finance.
Contact: Joy Davis, 804-673-5835.

Tucker & Clark

14755 Preston Road, Suite 525, Dallas, Texas 75240; 214-392-2930; fax: 214-490-6347

Revenues	
Total	$4,335,000
Claims administration	86%
Other services	14%
Claims revenue	$3,744,000
Claims business by type	
Health insurance	100%
Employees covered	27,192
Claims business by volume	
Administration-claims paid	$20,000,000
Clients	
Administration	91
Staff	
Total	45
Claims services	14

Claims services since: 1982.
Service area: Nationwide.
Branch offices: Sales offices in Kansas City, Kan.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: John W. Clark, president; Barbara J. Clark, vp/secretary/treasurer.

U

Underwriters & Administrators Inc.

6345 Flank Drive, Suite 100, Harrisburg, Pa. 17112; 717-652-8040; fax: 717-652-8328

Revenues	
Total	$2,000,000
Claims administration	90%
Other services	10%
Includes: consulting	
Claims business by type	
Flex compensation	10%
Health insurance	70%
Employees covered	21,000
Dependents covered	52,500
Life	5%
Pensions	15%
Claims business by volume	
Administration-claims paid	$27,900,000
Clients	
Administration	47
Staff	
Total	41
Claims services	11

Claims services since: 1977.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: S.F. Golin, chairman; Greg Golin, president; Jim Hoellman, vp; Sallianne Fennesy, vp-plan services; Lisa Kessler, claims manager.
Contact: Greg Golin, president.

United Medical Resources Inc.

2343 Auburn Ave., Cincinnati, Ohio 45219; 513-651-3737 or 800-436-3100; fax: 513-651-4356

Revenues	
Total	$10,718,000
Claims administration	81%
Other services	19%
Includes: flexible benefits administration, disability, utilization review	
Claims revenue	$8,700,000
Claims business by type	
Disability	1%
Flex compensation	6%
Health insurance	81%
Employees covered	161,000
Dependents covered	193,200
Other	12%
Includes: utilization review	
Claims business by volume	
Administration-claims paid	$177,300,000
Clients	
Administration	8
Staff	
Total	170
Claims services	130

Claims services since: 1983.
Service area: Nationwide.
Branch offices: Administrative offices in Newport, Ky.
Contracts with PPOs.
Membership: SPBA, SIIA, IFEBP.
Officers: Victoria B. Buyniski; Julie D. Mueller.
Contact: Julie D. Mueller.

USAble Administrators

320 W. Capitol, Suite 600, Little Rock, Ark. 72201; 501-378-3740; fax: 501-378-3732

Revenues	
Total	$15,000,000
Claims administration	80%
Claims adjusting	3.5%
Claims auditing	3.5%
Other services	13%
Claims revenue	$13,000,000
Claims business by type	
Health insurance	90%
Employees covered	180,000
Dependents covered	81,000
Workers compensation	10%
Claims business by volume	
Administration-claims paid	$145,000,000
Auditing-projects conducted	300
Clients	
Administration	65
Adjusting	6
Auditing	6
Staff	
Total	170
Claims services	165

Claims services since: 1980.
Parent: First Pyramid Life Insurance Co. of America.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Fayetteville, Fort Smith, Hot Springs, Jonesboro, Texarkana, Ark.
Contracts with PPOs.
Membership: SIIA.
Officers: Randy Spicer, president; David Bridges, vp-operations; Jim Bailey, vp-marketing; Ken Pearson, controller.
Contact: David Bridges, 301-378-2201.

V

Variable Protection Administrators Inc.

6902 Pearl Road, Suite 500, Cleveland, Ohio 44130; 216-884-8585; fax: 216-884-2130

Revenues	
Total	$482,000
Claims administration	95%
Other services	5%
Claims revenue	$457,900
Claims business by type	
Flex compensation	2%
Health insurance	98%
Employees covered	2,010
Dependents covered	3,600
Claims business by volume	
Administration-claims paid	$5,502,148
Clients	
Administration	28
Staff	
Total	15
Claims services	15

Claims services since: 1968.
Service area: Nationwide.
Membership: SPBA.
Officers: David T. Manley, president; Timothy M. Eisenmann, vp/COO; Susan Maddock, executive vp; David Campbell, director-marketing.
Contact: David Campbell, 216-884-5454.

VISTA Administrators Inc.

444 W. Galena, P.O. Box 10, Aurora, Ill. 60507; 800-245-4776; fax: 708-844-0465

Revenues	
Claims administration	100%
Claims business by type	
Flex compensation	10%
Health insurance	90%
Employees covered	4,500
Dependents covered	7,000

Continued on next page

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A

ASU Risk Management Services Ltd.

2120 University Park Drive, P.O. Box 77, Okemos, Mich. 48864; 517-347-8200; fax: 517-347-8206

Revenues

Total $3,500,000
Claims administration 70%
Claims adjusting 20%
Other services 10%
Claims revenue $3,150,000

Claims business by type

Automobile 10%
Bonds 5%
General liability 20%
Professional liability 5%
Workers compensation 60%

Claims business by volume

Administration-claims paid $60,000,000
Auditing-projects conducted 2

Clients

Administration 3
Adjusting 135
Auditing 10

Staff

Total 400
Claims services 70

Claims services since: 1952.
Parent: ASU Group.
Service area: Nationwide.
Branch offices: Administrative offices in Indianapolis; Lansing and Livonia, Mich.; Minneapolis. Sales offices in Grand Rapids and Lansing, Mich.
Claims subsidiaries: ASU-Recovery Unlimited.
Membership: SIIA.
Officers: Larry Musser, chairman; April Zelinski, president; J.R. Gabel, executive vp; M. A. Wood, treasurer; Robert Showers, secretary.

Alexsis Inc.

17187 N. Laurel Park Drive, Laurel Office Park, Suite 423, Livonia, Mich. 48152; 313-953-4400; fax: 313-953-4515

Revenues

Total $101,000,000
Claims administration 91%
Other services 9%
Includes: excess coverage marketing, loss control consulting
Claims revenue $92,000,000

Claims business by type

Automobile 3%
General liability 13%
Property damage 2%
Workers compensation 82%

Claims business by volume

Administration-claims paid $1,300,000,000

Clients

Administration 1,070

Staff

Total 1,325
Claims services 1,325

Claims services since: 1932.
Parent: Alexander & Alexander Inc.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Montgomery, Ala.; Phoenix; Bentonville, Ark.; San Diego, San Francisco and West Covina, Calif.; Denver; Hartford, Conn.; Miami, Orlando and Tampa, Fla.; Atlanta; Honolulu; Chicago and Lombard, Ill.; Indianapolis; Des Moines, Iowa; Louisville, Ky.; New Orleans; Baltimore; Boston; Grand Rapids, Saginaw, Mich.; Minneapolis; Jackson, Miss.; Jefferson City, Kansas City and St. Louis, Mo.; Albuquerque, N.M.; Melville and Syracuse, N.Y.; Winston-Salem, N.C.; Cleveland; Tulsa, Okla.; Portland, Ore.; Helena, Mont.; Harrisburg, Philadelphia and Pittsburgh, Pa.; Providence, R.I.; Rapid City and Sioux Falls, S.D.; Memphis and Nashville, Tenn.; Austin, Corpus Christi, Dallas, Houston and San Antonio, Texas; Richmond, Va.; Seattle and Spokane, Wash.; Milwaukee.
Claims subsidiaries: Alexsis Risk Management Services Inc., Claimco Corp., Corporate Service Inc. Employers Underwriters Inc.
Contracts with PPOs.
Membership: NAEBA.
Officers: Kevin J. Smith, chairman/CEO; Clyde K. Hensley, president/COO; William C. Wallace, senior vp/CFO; M. Ollie Parker, senior vp-claims/quality control; J. Darvin Daniel, senior vp-sales.
Contact: J. Darwin Daniel.

Allied Claim Services Inc.

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

Revenues

Claims administration 43%
Claims adjusting 31%
Other services 26%
Includes: investigation, adjustment and administration of claims for insurance companies

Claims business by type

Automobile 20%
General liability 49%
Professional liability 1%
Property damage 9%
Workers compensation 21%

Claims business by volume

Administration-claims paid $7,577,000

Clients

Adjusting 39

Staff

Total 28
Claims services 13

Claims services since: 1959.
Service area: Nationwide.
Membership: SIIA.
Officers: Gregory J. Dendler, president; Paul J. Nowak, Patrick H. Dendler, vps; Marilyn Koenig, assistant secretary-corporate.
Contact: Gregory J. Dendler.

Applied Risk Management

2101 Webster St., Oakland, Calif. 94612; 510-452-9300; fax: 510-452-1479

Revenues

Total $23,000,000
Claims administration 50%
Claims adjusting 20%
Claims auditing 10%
Other services 20%
Includes: management information systems, information resources, medical cost management, ergonomics
Claims revenue $18,400,000

Claims business by type

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

Claims business by volume

Administration-claims paid $90,000,000
Auditing-projects conducted 50

Clients

Administration/adjusting/auditing 33

Staff

Total 240
Claims services 230

Claims services since: 1980.
Service area: California.
Branch offices: Administrative offices in Davis, Los Angeles, Orange, Palm Springs, Rancho Cordova, Sacramento, San Diego, San Francisco and Ventura, Calif.; El Paso, Texas.
Contracts with PPOs.
Officers: Irvin D. Nicholas, president; William Handley, Larry Dean, Jay Ayala, Dan Nicholson, senior vps.

Associated Claims Enterprises Inc.

10 S. LaSalle St., 12th Floor, Chicago, Ill. 60603; 312-263-1620; fax: 312-580-0106

Revenues

Claims administration 25%
Claims adjusting 25%
Claims auditing 25%
Other services 25%

Claims business by type

General liability 10%
Professional liability 90%

Clients

Adjusting 8

Staff

Total 7
Claims services 5

Claims services since: 1985.
Parent: Cameron General Corp.
Service area: Nationwide.
Officers: Fred Pearson, president; Darryl K. Thomas, executive vp.
Contact: Darryl K. Thomas.

Associated Claims Management Inc.

390 N. Wiget Lane, Walnut Creek, Calif. 94598; 510-930-9883; fax: 510-930-7268

Revenues

Claims administration 80%
Claims adjusting 3%
Claims auditing 2%
Other services 15%

Claims business by type

Automobile 2%
General liability 3%
Workers compensation 85%
Other 10%
Includes: temps, audits

Claims business by volume

Administration-claims paid $100,000,000

Clients

Administration 113
Auditing 20

Staff

Total 412
Claims services 360

Claims services since: 1982.
Parent: Foundation Health Corp. of Sacramento.
Service area: Arizona, California, Florida, Hawaii, Louisiana, Oregon, Texas, Utah.
Branch offices: Administrative offices in Phoenix; Brea, Orange, San Francisco and San Ramon, Calif. Sales offices in Brea, Calif.
Contracts with company owned PPOs.
Officers: Denise Shull, president; Steve Smith, vp/CFO; Diane Dunphy, vp-information systems; Ron Van Buskirk, vp-marketing; Gary Graham, vp-southern Calif.
Contact: Ronald Van Buskirk, 510-975-4260.

Association Self Insurance Services Inc.

27 Madison Ave., Montgomery, Ala. 36104; 205-265-7700; fax: 205-265-4762

Revenues

Total $5,400,000
Claims administration 85%
Other services 15%
Includes: loss control, auditing, marketing
Claims revenue $4,700,000

Claims business by type

Automobile 5%
General liability 10%
Property damage 2%
Workers compensation 83%

Claims business by volume

Administration-claims paid $25,200,000

Clients

Administration 5

Staff

Total 74
Claims services 72

Claims services since: 1987.
Service area: Alabama.
Contracts with PPOs.
Membership: SIIA.
Officers: W. Dan Oaks, chairman/president; John J. Strickland Jr., John E. Hassett, vps.
Contact: W. Dan Oaks or John E. Hassett.

B

Berkley Administrators

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

Revenues

Claims administration 50%
Other services 50%
Includes: claims consulting/auditing, TPA for insurance companies, service contractor for state assigned risk pools, marketing of health plans

Claims business by type

Automobile 2%
General liability 2%
Property damage 2%
Workers compensation 93%
Other 1%
Includes: workers comp style plans for sovereign Indian nations

Clients

Administration 1,325

Staff

Total 303
Claims services 89

Claims services since: 1979.
Parent: W.R. Berkley Corp.
Service area: Iowa, Kansas, Minnesota, Oklahoma, Pennsylvania, South Dakota, Texas, Washington.
Branch offices: Administrative offices in Des Moines, Iowa; Wichita, Kan.; Pittsburgh; Pierre, S.D.; Seattle.
Officers: Stephen Letak, president; Ronald Holbach, vp; Elizabeth Holden-Hill, vp/general counsel; Ronald Johnson, vp-sales/marketing; Greg Bickle, vp-field operations.
Contact: Ronald Johnson.

Berkley Risk Services Inc./Allied Adjusters Inc.

920 Second Ave. S., Suite 700, Minneapolis, Minn. 55402-4023; 612-376-4200; fax: 612-376-4299

Revenues

Total $4,100,000
Claims administration 8%
Claims adjusting 48%
Claims auditing 1%
Other services 43%
Includes: claim services provided to insurers
Claims revenue $2,300,000

Claims business by type

Automobile 25%
Bonds 1%
General liability 37%
Inland marine 5%
Professional liability 5%
Property damage 15%
Workers compensation 12%

Claims business by volume

Auditing-projects conducted 20

Clients

Administration 1,177
Adjusting 987
Auditing 30

Staff

Total 110
Claims services 25

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Claims business by volume

Administration-claims paid $7,125,000

Clients

Administration 6

Staff

Total 7
Claims services 5

Claims services since: 1982.
Service area: Nationwide.
Membership: SPBA, SIIA, IFEBP.
Officers: Nicholas Viola, president; Marilee Viola, secretary.
Contact: Nicholas Viola.

Voluntary Plan Administrators Inc.

23622 Calabasas Road, Suite 250, Calabasas, Calif. 91302; 818-591-9444, ext. 3105; fax: 818-591-7664

Revenues

Total $6,030,000
Claims administration 99%
Claims auditing 1%
Claims revenue $6,030,000

Claims business by type

Disability 100%

Claims business by volume

Administration-claims paid $67,604,764
Auditing-projects conducted 2

Clients

Administration 223
Auditing 1

Staff

Total 93
Claims services 93

Claims services since: 1979.
Service area: Nationwide.
Branch offices: Administrative offices in Santa Clara, Calif.
Membership: SPBA, SIIA.
Officers: John H. (Jack) Bredehorn.

Z

Zenith Administrators Inc.

7645 Metro Blvd., Edina, Minn. 55439; 612-835-7035; fax: 612-835-2803

Revenues

Total $20,200,000
Claims administration 90%
Claims auditing 2%
Other services 8%
Claims revenue $20,000,000

Claims business by type

Disability 5%
Health insurance 90%
Employees covered 245,000
Dependents covered 645,000
Life 5%

Claims business by volume

Administration-claims paid $500,000,000

Clients

Administration 278

Staff

Total 775
Claims services 300

Claims services since: 1967.
Parent: ULLICO Inc.
Service area: Nationwide.
Branch offices: Administrative offices in Phoenix; Little Rock, Ark.; Los Angeles and San Francisco; Denver; Washington; West Palm Beach, Fla.; Chicago and Springfield, Ill.; Indianapolis; Louisville, Ky.; Metarie, La.; Braintree and Springfield, Mass.; Lansing, Mich.; Duluth and Minneapolis, Minn.; Kansas City and St. Louis, Mo.; Albuquerque, N.M.; Oklahoma City; Portland, Ore.; Beaumont, Dallas, Houston and San Antonio, Texas; Seattle and Spokane, Wash.; Madison and Milwaukee, Wis.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: James W. Luce; Robert A. Georgine; Jerome P. Pollock; Dean Kalahar; Gary Eng.

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CICA...For A Better Industry

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Claims services since: 1985.
Parent: W.R. Berkley Corp.
Service area: Claims management/administration: nationwide. Claims adjusting: Minnesota.
Branch offices: Administrative offices in Phoenix; Denver; Atlanta; Albert Lea, Brainerd, Duluth, Fairmont, Faribault, Hutchinson, Mankato, Owatonna, Rochester, Virginia and Willmar, Minn.; Sioux Falls, S.D.; Nashville, Tenn.
Claims subsidiaries: Arizona All Claims Inc., Phoenix and Tucson, Ariz; Southwest Risk Services Inc., Phoenix.
Officers: Berkley Risk Services: Lou Golinvaux, chairman; Mark Tansey, president; Leland P. Johnson, Kent Rebeck, Ken Hopkins, senior vps. Allied Adjusters Inc.: Peter Huber, president; Jeff Wanat, vp.
Contact: Leland P. Johnson, 612-376-4270.

Gregory B. Bragg & Associates Inc.

1 Sierra Gate Plaza, Suite B250, Roseville, Calif. 95678; 916-783-0100; fax: 916-783-0338

Revenues

Total	$3,500,000
Claims administration	65%
Claims adjusting	3%
Claims auditing	2%
Other services	30%
Includes: claims adjusting and investigations for clients other than self-insured; safety and loss control services	
Claims revenue	$2,500,000

Claims business by type

Automobile	10%
General liability	30%
Professional liability	2%
Property damage	3%
Workers compensation	55%

Claims business by volume

Auditing-projects conducted	2

Clients

Administration	93
Adjusting	17
Auditing	3

Staff

Total	65
Claims services	45

Claims services since: 1986.
Service area: Western states.
Branch offices: Administrative offices in Chico, Fairfield, Redding, Sacramento, Stockton and Walnut Creek, Calif.
Membership: IFEBP.
Officers: Gregory B. Bragg, president; Lee Collins, vp/secretary; Jeff Kimball, CFO.
Contact: Gregory Bragg or D. Diann Cohen, 800-422-7244.

Brentwood Services Inc.

P.O. Box 1125, Brentwood, Tenn. 37024-1125; 615-371-9211; fax: 615-371-1412

Revenues

Claims administration	90%
Claims auditing	10%

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$1,794,016
Auditing-projects conducted	4

Clients

Administration	13
Auditing	4

Staff

Total	18
Claims services	18

Claims services since: 1991.
Service area: Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee.
Branch offices: Administrative offices in Atlanta.
Officers: Richard D. Hammer, president; Vicki L. Hammer, vp; Karen M. Porter, director-operations.
Contact: Richard D. Hammer.

Caronia Corp.

3300 PGA Blvd., Suite 700, Palm Beach Gardens, Fla. 33410; 800-227-6642; fax: 407-694-1990

Revenues

Claims administration	50%
Claims adjusting	10%
Claims auditing	20%
Other services	20%
Includes: certification of reserve adequacy, claim runoffs, litigation management	

Claims business by type

General liability	10%
Professional liability	65%
Workers compensation	10%
Other	15%
Includes: product liability, EEOC claims, reinsurance collection	

Claims business by volume

Administration-claims paid	$76,000,000
Auditing-projects conducted	96

Clients

Administration	186
Adjusting	12
Auditing	88

Staff

Total	160
Claims services	120

Claims services since: 1969.
Service area: Nationwide.
Branch offices: Administrative offices in Atlanta; Chicago; Baltimore; Boston; Albany, N.Y.; Greenville, S.C.; Dallas and Houston. Sales offices in San Diego, San Francisco and Santa Monica, Calif.; Washington; Coral Springs, Miami, Sarasota and Tampa, Fla.; Louisville, Ky.; Melville, La.; Detroit; St. Louis; Nashville, Tenn.; Austin, Lubbock and San Antonio, Texas; Seattle.
Claims subsidiaries: InnoVision Inc.
Membership: SIIA.
Officers: Charles A. Caronia, president/CEO; Charles McGill, executive vp; Ben Thompson, CFO.
Contact: Charles McGill.

Casualty Claim Specialists Inc.

P.O. Box 2848, Livonia, Mich. 48151; 810-478-8420; fax: 810-478-7312

Revenues

Total	$250,000
Claims administration	20%
Claims adjusting	35%
Claims auditing	5%
Other services	40%
Includes: adjusting for insurance companies	
Claims revenue	$150,000

Claims business by type

Automobile	20%
General liability	70%
Professional liability	10%

Claims business by volume

Administration-claims paid	$2,000,000

Clients

Administration	1
Adjusting	7

Staff

Total	4
Claims services	2

Claims services since: 1981.
Service area: Michigan, Ohio.
Officers: John W. Byberg, president.

Center for Claims Resolution

504 Carnegie Center, Princeton, N.J. 08540; 609-951-6000

Revenues

Claims administration	60%
Other services	40%

Claims business by type

Asbestos personal injury liability/ toxic tort claims	100%

Claims business by volume

Administration-claims paid	$100,000,000

Clients

Administration	20

Staff

Total	108

Claims services since: 1988.
Service area: Nationwide.
Officers: Lawrence Fitzpatrick, president/CEO; Michael F. Rooney, COO; Joseph J. Jordan, CFO.
Contact: Richard C. Bargon, director.

Chubb Services Corp.

25 Independence Blvd., Warren, N.J. 07059; 800-543-4580; fax: 908-903-7187

Revenues

Claims administration	5%
Claims adjusting	85%
Claims auditing	10%

Claims business by type

General liability	20%
Workers compensation	80%

Staff

Total	48
Claims services	5

Claims services since: 1991.
Parent: Chubb & Son Inc.
Service area: California, Georgia, Kentucky, Massachusetts, Michigan, New Jersey, Pennsylvania.
Branch offices: Sales offices in Los Angeles and San Jose, Calif.; Atlanta; Westborough, Mass.; Murray Hill, N.J.
Officers: Bob Felch, president. Barry Wells, vp-claims division; Sam Lee, vp-risk management; Robert Santoro, vp-self-insurance group administration.
Contact: Ronni Zimmerman, marketing manager.

Claim Indemnity Services Inc.

P.O. Box 26227, Oklahoma City, Okla. 73126; 405-947-7660; fax: 405-942-5840

Revenues

Total	$300,486
Claims administration	65%
Claims adjusting	16%
Claims auditing	1%
Other services	18%
Claims revenue	$246,486

Claims business by type

Automobile	65%
General liability	5%
Inland marine	5%
Workers compensation	25%

Claims business by volume

Administration-claims paid	$15,600,000
Auditing-projects conducted	1

Clients

Administration	17

Staff

Total	6
Claims services	5

Claims services since: 1981.
Service area: Nationwide.
Officers: Wayne M. Osmond, president; John G. Sullivan, vp; Brian G. Sullivan, treasurer; Fioretta Sullivan, secretary.
Contact: Wayne M. Osmond.

CLAIMCO

P.O. Box 565, Punta Gorda, Fla. 33951-0565; 813-637-7799; fax: 813-637-7799

Revenues

Claims auditing	80%
Other services	20%
Includes: auditing and consulting services for reinsurers, liquidators and municipalities	

Claims business by type

Automobile	15%
General liability	30%
Professional liability	20%
Property damage	5%
Workers compensation	10%
Other	20%
Includes: reinsurance, defense counsel and regulators	

Clients

Auditing	33

Staff

Total	7
Claims services	5

Claims services since: 1982.
Service area: Nationwide.
Branch offices: Administrative offices in Fort Myers, Fla.; Philadelphia.
Officers: John M. Monahan, president; Bill Holt, G. Dianuzzo, vps; Kevin Monahan, secretary/treasurer.
Contact: John M. Monahan.

Claims Management Services Inc.

P.O. Box 1447, 360 Market Place, Roswell, Ga. 30077-1447; 404-998-7411; fax: 404-594-9752

Revenues

Claims administration	89%
Claims adjusting	1%
Claims auditing	5%
Other services	5%
Includes: loss control and engineering services	

Claims business by type

Automobile	10%
General liability	15%
Professional liability	25%
Workers compensation	50%

Claims business by volume

Administration-claims paid	$30,000,000

Clients

Administration	83
Auditing	2

Staff

Total	18

Claims services since: 1984.
Service area: Nationwide.
Contracts with PPOs.
Officers: Gene L. Jones, president/CEO; Neill G. Stevens, vp/secretary/treasurer.
Contact: Barry Lamanno, assistant vp/marketing director.

ClaimsCo International Inc.

33 W. Higgins Road, Suite 3050, South Barrington, Ill. 60010; 708-428-8008; fax: 708-428-8177

Revenues

Total	$932,000
Claims administration	81%
Claims adjusting	4%
Claims auditing	5%
Other services	10%
Claims revenue	$840,000

Claims business by type

Automobile	10%
General liability	65%
Professional liability	5%
Property damage	8%
Workers compensation	12%

Claims business by volume

Administration-claims paid	$2,757,888
Auditing-projects conducted	2

Clients

Administration	14
Auditing	2

Staff

Total	10
Claims services	9

Claims services since: 1988.
Service area: Nationwide.
Branch offices: Administrative offices in Los Angeles.
Contracts with PPOs.
Officers: Michael F. Harris, president; Wallace P. Bruneau, vp; James Schlacks, director-marketing.
Contact: James Schlacks or Michael Harris.

CompLogic Inc.

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

Revenues

Total	$700,000
Claims administration	98%
Claims auditing	2%
Claims revenue	$700,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$2,500,000
Auditing-projects conducted	2

Clients

Administration	17

Staff

Total	8
Claims services	8

Claims services since: 1994.
Parent: Aon Corp./Rollins Hudig Hall.
Service area: Massachusetts, Rhode Island.
Officers: William Tvenstrup, president/secretary; Derrick Amato, vp/treasurer.
Contact: Derrick Amato.

Constitution State Service Co.

1 Tower Square, Hartford, Conn. 06183; 203-277-3912; fax: 203-277-0142

Revenues

Total	$92,500,000
Claims administration	80%
Claims auditing	5%
Other services	15%

Claims business by type

Automobile	12%
General liability	13%
Workers compensation	75%

Claims business by volume

Administration-claims paid	$655,313,000

Clients

Administration	550

Staff

Total	3,300

Claims services since: 1980.
Service area: Nationwide.
Branch offices: Administrative offices nationwide. Sales offices in Universal City and Walnut Creek, Calif.; Hartford, Conn.; Atlanta; Chicago; Fort Lee, N.J.; Dallas.
Contracts with PPOs.
Officers: Jim Nothem, chairman; Dennis Replogle, president.

Continental Risk Management Services

180 Maiden Lane, New York, N.Y. 10038; 609-395-2253; fax: 609-395-5750

Revenues

Total	$49,600,000
Claims administration	80%
Claims adjusting	10%
Claims auditing	5%
Other services	5%
Claims revenue	$47,000,000

Claims business by type

Automobile	10%
General liability	15%
Workers compensation	75%

Claims business by volume

Administration-claims paid	$300,000,000

Clients

Administration	65

Staff

Total	543
Claims services	314

Claims services since: 1993.
Parent: Continental Corp.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Anaheim Hills, Calif.; Fort Lauderdale, Fla.; Chicago; New York; Dallas.
Contracts with PPOs.
Membership: SIIA.
Officers: E. Randall Clouser, president; D. Kay Smith, Douglas Witschen, executive vps.
Contact: Cindy Gates, senior vp.

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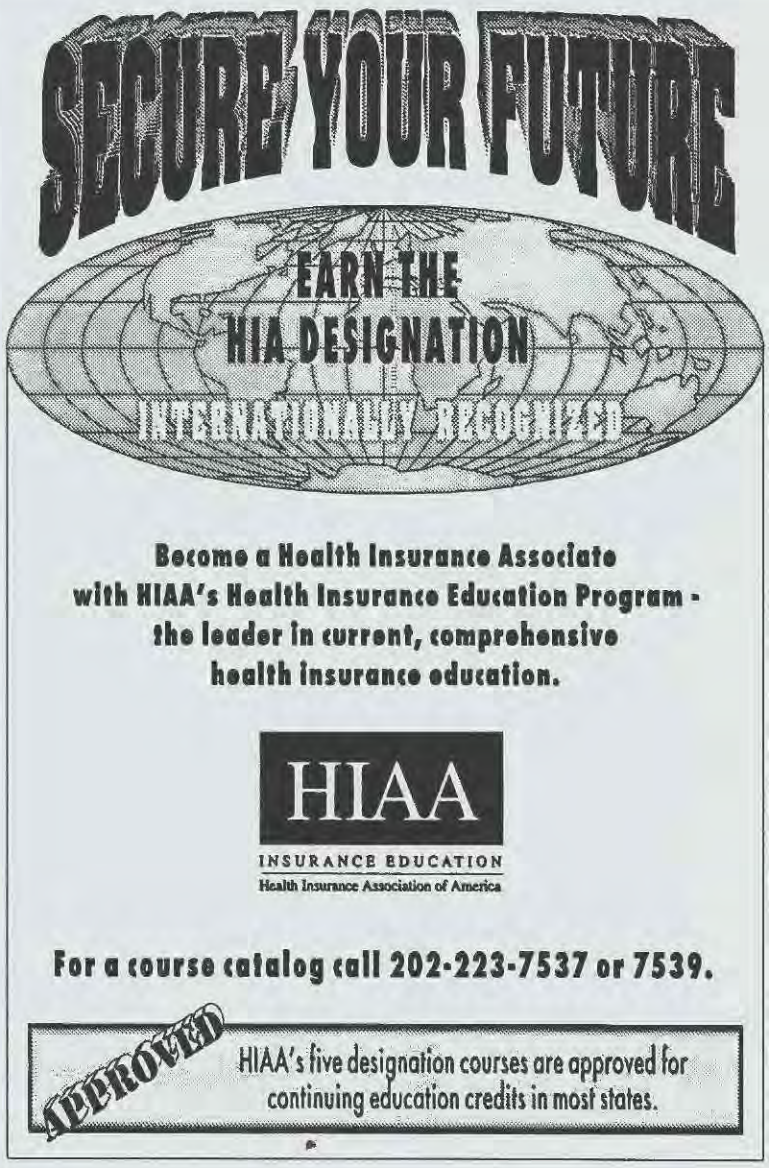

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Cook & Co. Workers' Compensation Group

1025 Plain St., P.O. Box 1068, Marshfield, Mass. 02050; 617-837-7300; fax: 617-837-5668

Revenues

Total $800,000
Claims administration 100%
Claims revenue $800,000

Claims business by type

Workers compensation 100%

Clients

Administration 32

Staff

Total 13
Claims services 13

Claims services since: 1987.
Service area: Massachusetts.
Membership: SIIA.
Officers: Thomas J. Hickey; Peter C. Savage.
Contact: Karen M. Shanley.

Coopers & Lybrand L.L.P.

1301 Ave. of the Americas, New York, N.Y. 10019; 212-259-3199; fax: 212-259-4057

Revenues

Claims administration 10%
Claims adjusting 35%
Claims auditing 35%
Other services 20%
Includes: studies involving reserve valuation, claims organization and strategic planning and loss adjusting cost containment; liquidation services

Claims business by type

General liability 15%
Professional liability 15%
Property damage 30%
Workers compensation 25%
Other 15%
Includes: environmental

Claims business by volume

Auditing-projects conducted 100

Staff

Total 18

Claims services since: 1984.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Los Angeles; Washington; Atlanta; Chicago; Parsippany, N.J.
Officers: Frederick Kist, managing partner; Orin Linden, partner-non-actuarial services; Mike Flaharty, partner-casualty claims.
Contact: Bonnie Emerson, national business development manager, 404-870-1382.

Crawford & Co.

5620 Glenridge Drive, Atlanta, Ga. 30202; 404-256-0830; fax: 404-847-4028

Revenues

Total $588,000,000
Claims administration 35.5%
Other services 64.5%
Claims revenue $209,000,000

Claims business by type

Automobile 19.2%
General liability 23.5%
Property damage 1.4%
Workers compensation 54.5%
Other 1.4%
Includes: bonds, inland and ocean marine and professional liability

Claims business by volume

Administration-claims paid $2,124,263,085

Clients

Administration 1,715
Adjusting 405

Staff

Total 8,808

Claims services since: 1941.
Service area: Worldwide.
Branch offices: Administrative offices in 800 locations worldwide. Sales offices in Los Angeles and San Francisco; Washington; Orlando, Fla.; Chicago; New York; Dallas; Toronto; London.
Claims subsidiaries: Arnold & Green Ltd., United Kingdom; Brocklehurst, United Kingdom; Graham Miller International, worldwide; Risk Sciences Group, nationwide.
Contracts with Crawford PPO.
Membership: SIIA.
Officers: F.L. Minix, chairman/CEO; D.A Smith, president/COO; P.A. Bollinger, president/COO-risk management services; J.R. Bryant, president-claims services; R.P. Albright president/COO-health care management; G.L. Box, president-international operations.
Contact: Jeff Aycock, vp/national sales manager-risk management services.

Creative Services Inc.

64 Pratt St., Mansfield, Mass. 02048-1927; 800-227-0002; fax: 508-339-2352

Revenues

Total $2,500,000
Claims administration 10%
Claims adjusting 30%
Claims auditing 10%
Other services 50%
Includes: claim fraud investigation, loss prevention services
Claims revenue $1,250,000

Claims business by type

Automobile 30%
General liability 10%
Professional liability 10%
Workers compensation 50%

Claims business by volume

Auditing-projects conducted 5

Clients

Administration 3
Adjusting 13
Auditing 5

Staff

Total 50
Claims services 10

Claims services since: 1976.
Service area: New England states.
Branch offices: Administrative and sales offices in Providence, R.I.
Officers: Alan T. Sklar, president; S.E. Sklar, vp; Grace A. Lopes, clerk/general counsel; Kathleen M. Sklar, treasurer.
Contact: Alan T. Sklar or Dorothy V. Tintle.

Peter J. Crosa & Co.

4135 La Vista Road, Suite 610-316, Tucker, Ga. 30085-5003; 404-938-1099; fax: 404-938-1699

Revenues

Total $500,000
Claims administration 5%
Claims adjusting 75%
Other services 20%
Claims revenue $400,000

Claims business by type

Automobile 80%
Bonds 10%
General liability 1%
Property damage 4%
Workers compensation 5%

Claims business by volume

Administration-claims paid $1,500,000

Staff

Total 13
Claims services 12

Claims services since: 1987.
Service area: Southeastern states.
Branch offices: Administrative offices in Atlanta.
Officers: Peter J. Crosa, president.
Contact: Lisa Lamont, client services director.

Curley Adjustment Bureau Inc.

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

Revenues

Total $3,100,000
Claims administration 11%
Claims adjusting 23%
Claims auditing 2%
Other services 64%
Claims revenue $1,126,000

Claims business by type

Automobile 57%
General liability 20%
Property damage 4%
Workers compensation 19%

Claims business by volume

Administration-claims paid $4,574,268

Clients

Administration 9
Adjusting 5
Auditing 3

Staff

Total 83
Claims services 21

Claims services since: 1933.
Service area: Delaware, New Jersey, Pennsylvania.
Branch offices: Administrative offices in Wilmington, Del.; Allentown, Altoona, Chambersburg, Erie, Harrisburg, Pittsburgh, Scranton and Williamsport, Pa.
Claims subsidiaries: C.A.B. Medical Consultants.
Officers: Joseph N. Panichelli, chairman; Francis J. Marx, president/treasurer; Patricia C. Preston, secretary; Gino F. Dattilo, vp; Joan Karpowicz, assistant treasurer.
Contact: Francis J. Marx.

Custard Claims Management Services Inc.

2340 River Road, Des Plaines, Ill. 60018; 708-803-6200; fax: 708-803-6246

Revenues

Claims administration 90%
Claims auditing 10%

Claims business by type

Professional liability 25%
Workers compensation 75%

Staff

Total 15
Claims services 15

Claims services since: 1937.
Service area: Nationwide.
Officers: Dan Huggins, president; Marianne Veltri, vp.
Contact: Dan Huggins.

ESIS Inc.

1601 Chestnut St., Philadelphia, Pa. 19192; 215-761-6784; fax: 215-761-5476

Revenues

Claims administration 71%
Claims adjusting 2%
Claims auditing 5%
Other services 22%

Claims business by type

Automobile 31.5%
General liability 39.5%
Inland marine 1%
Ocean marine 0.5%
Professional liability 1%
Property damage 1%
Workers compensation 15%
Other 10.5%
Includes: administration and record keeping

Claims business by volume

Administration-claims paid $1,010,000,000

Staff

Total 3,650

Claims services since: 1953.
Parent: CIGNA Corp.
Service area: Nationwide.
Branch offices: Administrative offices in Columbus, Ohio. Sales offices in Los Angeles and San Francisco; Atlanta; Chicago; Boston; New York; Dallas and Houston.
Contracts with PPOs.
Membership: SIIA.
Officers: Raymond E. Hafner, president;

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FREE LITERATURE FOR READERS

Issue Date: FEBRUARY 6, 1995
Card Expiration: APRIL 3, 1995

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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All questions must be answered to process inquiries.

PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

1. My organization is best described as:
A ❑ Mfg/Svcs B ❑ Association C ❑ Union D ❑ Government E ❑ Educational Inst F ❑ Ins Agent G ❑ Ins Broker H ❑ Ins/Reins Co ❑ Actry/Conslt J ❑ Attorney K ❑ Adj/Apprs L ❑ TPA M ❑ Health care Inst N ❑ Other ____

2. Number of employees:
1 ❑ 150 or less 2 ❑ 151 - 499 3 ❑ 500 - 999 4 ❑ 1,000 - 4,999 5 ❑ 5,000 or more 6 ❑ Unknown

3. My title is best defined as:
A ❑ Administrative Mgt B ❑ Financial Mgt C ❑ Risk Mgt D ❑ Benefits Mgt E ❑ Loss Prevention Mgt F ❑ Other____

4. My purchasing involvement for the requested products is to :
1 ❑ recommend only 2 ❑ specify 3 ❑ approve

5. Do you now receive a personally addressed copy of *Business Insurance*?
A ❑ Yes B ❑ No, so please send subscription info

Please print clearly

Name _____
Title _____
Company _____
Address _____
City _____ State _____ Zip _____
Phone ( ) _____

Continued from previous page
Brian P. O'Hara, CFO; Sharon E. Simpson, vp-marketing; Jim Young, vp-claims.
Contact: Sharon E. Simpson.

Elliston Inc.

9 Reeder Road, New Hope, Pa. 18938; 215-862-2010; fax: 215-862-2030

Revenues

Claims administration 10%
Claims auditing 10%
Other services 80%
Includes: claims management and auditing for fully insured clients, litigation management and support, investigation, engineering, consulting

Claims business by type

General liability 65%
Inland marine 10%
Professional liability 25%

Staff

Total 52

Claims services since: 1984.
Service area: Nationwide.
Branch offices: Administrative offices in San Francisco; Chicago; London.
Officers: Michael P. Holland, John R. Heath, Jacqueline Rose, Ronald J. Berardi, William J. Wall, directors.
Contact: Jacqueline Rose.

Environmental Claims Administrators Inc.

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

Revenues

Total $2,250,000
Claims adjusting 23%
Claims auditing 11%
Other services 66%
Includes: claims adjusting and auditing for insurance companies and risk retention groups
Claims revenue $750,000

Claims business by type

Automobile 20%
Professional liability 20%
Other 60%
Includes: environmental

Clients

Adjusting 6
Auditing 3

Staff

Total 24

Claims services since: 1990.
Parent: Environmental Compliance Services Inc.
Service area: Nationwide.
Claims subsidiaries: ECS Underwriting Inc., Exton, Pa.; Consulting Services Inc., Exton, Pa.; ORBIS, Exton, Pa.; ECS Underwriting UK, London.
Membership: SIIA.
Officers: William Kronenberg III, president/CEO; David M. Rosenberg, executive vp; Frank Piliero, CFO; Randall E. Hobbs, vp.
Contact: Randall E. Hobbs.

F

FPG/National Fleet Service Inc.

270 Duffy Ave., Hicksville, N.Y. 11801; 516-938-1010; fax: 516-938-1201

Revenues

Total gross revenue ..... NA
Claims administration/adjusting/auditing 100%
Claims revenue $12,000,000

Claims business by type

Automobile 100%

Clients

Administration 75

Claims services since: 1983.
Service area: Nationwide.
Officers: Michael Karpoff, co-chairman/president; Barry Siegel, co-chairman; Lisa Putala, vp-operations.
Contact: Michael Karpoff.

EC Fackler Inc.

P.O. Box 642810, Chicago, Ill. 60664-2810; 312-629-0888; fax: 312-629-2506

Revenues

Total $2,700,000
Claims administration 80%
Claims adjusting 10%
Claims auditing 5%
Other services 5%
Claims revenue $2,600,000

Claims business by type

Workers compensation 100%

Claims business by volume

Administration-claims paid $5,400,000

Clients

Administration 11

Staff

Total 31
Claims services 10

Claims services since: 1991.
Service area: Illinois, Michigan, Minnesota, Tennessee.
Branch offices: Administrative offices in Edina, Minn. Sales offices in Southfield, Mich.; Edina, Minn.; Nashville, Tenn.
Officers: Ernest C. Fackler, president; Carl D. Link, CFO; Torquka R. Johnson, claims manager.
Contact: Michael J. Barrett, sales manager.

Richard B. Frank & Associates

P.O. Box 19730-118, Portland, Ore. 97280; 503-246-3547

Revenues

Claims auditing 100%

Claims business by type

Workers compensation 100%

Claims business by volume

Auditing-projects conducted 13

Clients

Auditing 13

Staff

Total 1
Claims services 1

Claims services since: 1984.
Service area: Nationwide.
Officers: Richard B. Frank, management consultant.

G

GAB Business Services Inc.

9 Campus Drive, Parsippany, N.J. 07054; 201-993-3400; fax: 201-993-9579

Revenues

Total $285,000,000
Claims administration 30%
Other services 70%

Claims business by type

Automobile 15%
General liability 27%
Workers compensation 57%
Other 1%

Claims business by volume

Administration-claims paid $1,400,000,000

Clients

Administration 979
Adjusting 40

Staff

Total 3,300

Claims services since: 1885.
Parent: SGS North America Inc.
Service area: Nationwide.
Branch offices: Administrative offices in 500 locations nationwide. Sales offices in Los Angeles; Denver; Maitland, Fla.; Atlanta; Chicago; Minneapolis; New York; Nashville, Tenn.; Dallas.
Claims subsidiaries: CH&A, Kingwood, Texas; ITS Inc., Parsippany, N.J.; INS Investigations, Parsippany, N.J.
Contracts with PPOs.
Membership: SIIA.
Officers: Warren E. Coupland, chairman/CEO; James A. McGee, senior vp-field operations; John F. Darden, senior vp/CFO; Peter F. Rosen, senior vp-human resources/administration; G. Roger Eiler, senior vp-sales/service.
Contact: G. Roger Eiler, 201-993-3582.

GE Capital Claims Services

5550A Peachtree Parkway, Suite 500, Norcross, Ga. 30092; 800-227-8276; fax: 404-368-1835

Revenues

Total $12,000,000
Claims administration 20%
Other services 80%
Includes: adjusting services for insurance companies
Claims revenue $2,400,000

Claims business by type

Automobile 85%
Bonds 3%
Professional liability 1%
Property damage 7%
Workers compensation 4%

Staff

Total 60

Claims services since: 1982.
Parent: General Electric.
Service area: Nationwide.
Branch offices: Sales offices in Sacramento, Calif.; Joliet, Ill.; Boston; Philadelphia.
Claims subsidiaries: GE Capital Fleet Services (accident services).
Officers: Les Kolls, president/CEO; P.F. Morley, senior vp-finance; B.J. Austin, vp/assistant secretary; D.E. Bergey, C.R. Pasquin, vps.

GatesMcDonald

3455 Mill Run Drive, Hilliard, Ohio 43026; 614-777-3000

Revenues

Total $44,700,000
Claims administration 42.7%
Claims auditing 1.3%
Other services 56%
Claims revenue $19,700,000

Claims business by type

Automobile 7%
General liability 3%
Workers compensation 90%

Claims business by volume

Administration-claims paid $260,000,000
Auditing-projects conducted 1

Clients

Administration 312
Auditing 1

Staff

Total 761
Claims services 317

Claims services since: 1929.
Parent: Nationwide Insurance Co.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Concord and Los Angeles, Calif.; Atlanta; Chicago; Clark, N.J.; New York; Philadelphia; Pittsburgh; Dallas; Bellevue, Wash. Additional administrative offices in Oakland and Santa Ana, Calif.; Westport, Conn.; Indianapolis; Baton Rouge, La.; Baltimore; Boston; Detroit; Las Vegas; Buffalo, N.Y.; Canton, Cincinnati, Cleveland and Dayton, Ohio; Portland, Ore.; Houston; Springfield, Va.; Charleston, W.Va.
Membership: SIIA.
Officers: David K. Hollingsworth, president/COO; Rich Hoyt, vp-unemployment services; David Brown, vp-risk management services; Terri Daughters, director-information systems services; Gerry Sheldon, vp-support services.
Contact: R. Bruce Wright, 614-777-3419.

Gow Management Services Inc.

344 Delaware Ave., Buffalo, N.Y. 14202-1876; 716-856-6148; fax: 716-856-6179

Revenues

Total $920,000
Claims administration 82%
Claims auditing 6%
Other services 12%
Includes: claim prevention via loss control

Claims business by type

Disability 10%
Workers compensation 85%
Other 5%
Includes: deductible programs

Claims business by volume

Administration-claims paid $9,000,000

Clients

Administration 61
Adjusting 1
Auditing 4

Staff

Total 19
Claims services 15

Claims services since: 1982.
Parent: S.H. Gow & Co. Inc.
Service area: Nationwide.
Branch offices: Administrative offices in Rochester and Syracuse, N.Y. Sales offices in Buffalo, Rochester and Syracuse, N.Y.
Membership: SIIA.
Officers: Stephen H. Gow, chairman; Jeffrey J. Gow, president; Michael S. Gow, executive vp; Richard K. Mason, senior vp.
Contact: Michael H. Ernst, Daniel K. Conley or Richard K. Mason.

R.L. Gresham & Co. Inc.

1200 S. Fourth St., Suite O, P.O. Box 2065, Las Vegas, Nev. 89125-2065; 702-384-9700; fax: 702-382-3029

Revenues

Total $3,000,000
Claims administration 5%
Claims adjusting 45%
Other services 50%
Claims revenue $1,500,000

Claims business by type

Automobile 15%
General liability 70%
Inland marine 2%
Property damage 13%

Clients

Administration 1
Adjusting 47

Staff

Total 67
Claims services 30

Claims services since: 1947.
Service area: Arizona, Nevada, Utah.
Branch offices: Administrative offices in Flagstaff, Lake Havasu, Phoenix, Tucson and Yuma, Ariz.; Reno and Laughlin, Nev.; St. George, Utah.
Officers: Robert L. Gresham Jr., president; Judy L. Gresham, vp; Barbara M. Gresham, secretary/treasurer.

H

Hastings-Tapley Services Inc.

60 Gore St., P.O. Box 240, Cambridge, Mass. 02141; 617-876-7510; fax: 617-494-1608

Revenues

Total $4,900,000
Claims administration 51%
Other services 49%
Includes: loss control, underwriting, marketing, policy issuance services
Claims revenue $2,500,000

Claims business by type

Automobile 15%
General liability 15%
Property damage 4%
Workers compensation 66%

Claims business by volume

Administration-claims paid $11,800,000

Clients

Administration 5

Staff

Total 59.5
Claims services 33

Claims services since: 1987.
Parent: Hastings-Tapley Insurance Agency Inc.
Service area: Connecticut, Massachusetts, New Hampshire, New York, Texas, Vermont, Virginia.
Branch offices: Administrative and sales offices in Fairfield, Conn.; Colonie, N.Y.; Dallas; Glen Allen, Va.
Claims subsidiaries: Governmental Entities Management Services Inc., Colonie, N.Y. and Glen Allen, Va.
Contracts with PPOs.
Officers: David J. Lane, chairman; E. Donald Lewis, president; Marsha K. Burridge, executive vp; Frederick J. England Jr., treasurer; Jennifer L. Decker, vp/secretary.
Contact: Ralph J. Gemelli, vp.

HealthComp Inc.

616 P St., Fresno, Calif. 93721; 800-442-7247; fax: 209-442-8186

Revenues

Total $30,000
Claims administration 100%
Claims revenue $30,000

Claims business by type

Workers compensation 100%

Claims business by volume

Administration-claims paid $175,000

Clients

Administration 15

Staff

Total 5
Claims services 2

Claims services since: 1994.
Service area: Central Valley area of California.
Officers: Ketty Chamlian, president; Robert Giovacchini, chief counsel; S. Kim Jackson, executive vp-claims administration; Gerald A. Cooper, executive vp.
Contact: Ketty Chamlian.

Helmsman Management Services Inc.

9 Riverside Road, Weston, Mass. 02193; 617-243-7985; fax: 617-736-0256

Revenues

Total $42,000,000
Claims administration 83%
Claims adjusting 5%
Claims auditing 2%
Other services 10%
Includes: loss prevention, risk management consulting
Claims revenue $38,000,000

Claims business by type

Automobile 2%
General liability 6%
Property damage 2%
Workers compensation 90%

Claims business by volume

Administration-claims paid $300,000,000

Clients

Administration 310
Adjusting 10
Auditing 10

Staff

Total 525
Claims services 475

Claims services since: 1983.
Parent: Liberty Mutual Group.
Service area: Nationwide.
Branch offices: Administrative offices in Glendale, Calif.; Orlando, Fla.; Itasca, Ill.; Gahana, Ohio; Pittsburgh. Sales offices in 132 locations.
Contracts with Liberty Managed Care PPO.
Membership: SIIA.
Officers: Edmund Kelly, president; Stephen Zielinski, COO; Amy Leddy, vp/manager; Daniel Lyons, vp-field operations; Bob Litke, vp-national account development.
Contact: Dan Lyons.

Heyenrath & Associates

1616 W. Dean Ave., Spokane, Wash. 99201-1825; 509-325-9726; fax: 509-325-2431

Revenues

Claims auditing 80%
Other services 20%
Includes: treaty communications, expert witness

Claims business by type

Automobile 10%
General liability 40%
Professional liability 5%
Property damage 5%
Workers compensation 40%

Claims business by volume

Auditing-projects conducted 19

Clients

Auditing 54

Staff

Total 6
Claims services 6

Claims services since: 1980.
Service area: Nationwide.
Officers: Leo Heyenrath, senior partner.
Contact: Jenny Clowers, administrative assistant.

I

ITT Specialty Risk Services Inc.

55 Farmington Ave., Hartford, Conn. 06105; 203-520-2575; fax: 203-520-2503

Revenues

Total $36,994,000
Claims administration 100%
Claims revenue $36,994,000

Claims business by type

Automobile 5%
General liability 15%
Workers compensation 80%

Claims business by volume

Administration-claims paid $444,703,000

Clients

Administration 263

Staff

Total 441
Claims services 441

Claims services since: 1980.
Parent: Hartford Fire Insurance Co.
Service area: Nationwide.
Branch offices: Administrative offices in 80 locations nationwide. Sales offices in Los Angeles; Atlanta; New York; Dallas.
Contracts with PPOs.
Officers: Bill Harrison, president; Lonnie Maytubby, Holly Potvin, senior vps; Joanne Larson, Jim Leonard, vps.
Contact: Joanne Larson.

Innovative Care Systems

3000 Executive Parkway, Suite 150, San Ramon, Calif. 94583; 510-355-7300; fax: 510-830-0402

Revenues

Claims administration 100%

Claims business by type

Workers compensation 100%

Clients

Administration 7

Claims services since: 1992.
Parent: Wellpoint Health, UniCare Financial Corp.
Service area: California.
Branch offices: Administrative offices in Gilroy, Irvine and Newark, Calif. Sales offices in Irvine, Calif.
Contracts with PPOs.
Officers: Russ Leatherby, chairman; James Leftwich, president; Cheryl Westeren, vp-workers comp; Bob Gartern, vp-MIS; Steve Miklos, vp/CFO.
Contact: Cheryl Westeren or James Leftwich.

Inservco Insurance Services Inc.

P.O. Box 8898, Camp Hill, Pa. 17001-8898; 800-356-0438; fax: 717-761-6515

Revenues

Total $7,400,000
Claims administration 56%
Claims adjusting 3%
Claims auditing 1%
Other services 40%
Includes: safety management, rehabilitation
Claims revenue $4,500,000

Continued on next page

Continued from previous page

Claims business by type

Automobile	10%
General liability	5%
Professional liability	2%
Property damage	3%
Workers compensation	80%

Claims business by volume

Administration-claims paid	$12,000,000
Auditing-projects conducted	7

Clients

Administration	200
Adjusting	5
Auditing	7

Staff

Total	145
Claims services	60

Claims services since: 1980.
Parent: Penn National Insurance Co.
Service area: Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia.
Branch offices: Administrative offices in Altoona, Camp Hill, Philadelphia and Pittsburgh, Pa.; Trenton, N.J. Sales offices in Harrisburg and Pittsburgh, Pa.; Trenton, N.J.
Officers: James I. Taylor, president; Robert L. Conrad, executive vp; S.G. McDowell, vp; Barry L. Kline, treasurer; Kenneth R. Shutts, secretary/general counsel.
Contact: Robert L. Conrad.

J

JI Specialty Services Inc.

9420 Research Blvd., Suite 300, Austin, Texas 78759; 512-346-5314; fax: 512-346-9321

Revenues

Total	$4,200,000
Claims administration	60%
Other services	40%
Claims revenue	$2,520,000

Claims business by type

Automobile	10%
General liability	10%
Professional liability	5%
Property damage	5%
Workers compensation	70%

Claims business by volume

Administration-claims paid	$10,000,000

Clients

Administration	137

Staff

Total	65
Claims services	38

Parent: The Joseph Ivy Co.
Service area: Texas.
Officers: Francis J. Fey, president/CEO; William I. Martin Jr., Samuel D. Francis, Don C. Moore, executive vps; Martha King, CFO.
Contact: William I. Martin Jr.

JT2 Integrated Resources

231 Market Place, Suite 381, San Ramon, Calif. 94583; 510-244-0212; fax: 510-244-0220

Revenues

Total	$2,500,000
Claims administration	100%
Claims revenue	$2,500,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$12,000,000

Staff

Total	26
Claims services	26

Claims services since: 1993.
Service area: California.
Branch offices: Sales offices in Costa Mesa and Glendale, Calif.
Contracts with PPOs.
Membership: SIIA.
Officers: Jeff Sandford, CEO/chairman; John Casas, president; Tom Blake, COO; Theresa Fernandez, vp.
Contact: Jeff Sandford.

Johns Eastern Co. Inc.

330 S. Pineapple Ave., Suite 201, P.O. Box 4175, Sarasota, Fla. 34230; 813-361-3100; fax: 813-361-3107

Revenues

Total	$12,000,000
Claims administration	10%
Claims adjusting	13%
Claims auditing	2%
Other services	75%
Claims revenue	$3,000,000

Claims business by type

Automobile	15%
Professional liability	4%
Property damage	6%
Workers compensation	75%

Claims business by volume

Administration-claims paid	$20,000,000
Auditing-projects conducted	15

Clients

Administration	40

Staff

Total	165
Claims services	50

Claims services since: 1946.
Service area: Alabama, Delaware, District of Columbia, Florida, Georgia, Maryland, Mississippi, New Jersey, North Carolina, Pennsylvania, South Carolina, Virginia.
Branch offices: Administrative offices in Miami, Orlando and Tampa, Fla.; Baltimore. Sales offices in Tampa, Fla.; Baltimore.
Contracts with PPOs.
Officers: Kenneth Johns, president; Allen Ladd, executive vp; Phil Shields, Jim Mero, vps; Norman Sensinger, vp/director-marketing.
Contact: Norman Sensinger, 410-828-1150.

K

Keenan & Associates Inc.

11501 Montgomery N.E., P.O. Box 14527, Albuquerque, N.M. 87191-4527; 505-293-6600; fax: 505-293-6400

Revenues

Claims administration	25%
Claims adjusting	25%
Other services	50%
Includes: claims services for insurance companies	

Claims business by type

General liability	10%
Workers compensation	90%

Claims business by volume

Administration-claims paid	$15,500,000

Clients

Administration	8
Adjusting	14

Staff

Total	32
Claims services	15

Claims services since: 1965.
Service area: New Mexico.
Branch offices: Administrative offices in Farmington, Gallup and Santa Fe, N.M.
Officers: Gary M. Keenan, president; Kelly Keenan, Sherri Repichowski, vps; Shirley Ocobock, secretary/treasurer.
Contact: Shirley Ocobock.

Kemper Risk Management Services/NATLSCO

1 Kemper Drive, Long Grove, Ill. 60049-0075; 708-320-2400; fax: 708-320-4330

Revenues

Total	$130,000,000
Claims administration	86.6%
Other services	13.4%
Includes: loss control services	
Claims revenue	$112,600,000

Claims business by type

Automobile	10%
General liability	16%
Property damage	4%
Workers compensation	70%

Claims business by volume

Administration-claims paid	$409,000,000

Clients

Administration	259

Claims services since: 1968.
Parent: Kemper National Insurance Cos.
Service area: Nationwide.
Branch offices: Administrative offices in Plantation, Fla.; Akron, Ohio; 76 offices of Kemper National Insurance Cos. nationwide. Sales offices in Phoenix; Los Angeles and San Francisco, Calif.; North Haven, Conn.; Denver; Orlando, Fla.; Atlanta; Chicago; North Quincy, Mass.; Jackson, Miss.; Edina, Minn.; St. Louis; Summit, N.J.; New York and Syracuse, N.Y.; Charlotte, N.C.; Mansfield, Ohio; Philadelphia; Garland and Houston, Texas; Eichmond, Va.; Seattle.
Claims subsidiaries: Kemper National Services, NATLSCO.
Contracts with PPOs.
Contact: Thomas A. Parkin, 708-320-3750.

Key Risk Management Services Inc.

P.O. Box 18646, Greensboro, N.C. 27419; 910-668-9050

Revenues

Total	$14,125,000
Claims administration	100%
Claims revenue	$14,125,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$40,575,000

Clients

Administration	3,679

Staff

Total	176
Claims services	176

Claims services since: 1988.
Parent: W.R. Berkley Corp.
Service area: North Carolina.
Branch offices: Sales offices in Greensboro, Lenoir and Raleigh, N.C.
Contracts with PPOs.
Officers: William R. Berkley, chairman/CEO-W.R. Berkley Corp.; Bobby G. Biggerstaff, chairman; Gary S. Karasick, president; Ira Lederman, vp-W.R. Berkley Corp.; Gordon Ennis, senior vp-W.R. Berkley Corp.
Contact: Otelia Travis, director-sales/marketing.

L

Lindsey Morden Claims Management Inc.

3910 Brookside Drive, Tyler, Texas 75701; 903-561-6700; fax: 903-561-9407

Revenues

Total	$16,000,000
Claims administration	10%
Claims adjusting	3%
Claims auditing	2%
Other services	85%

Claims business by type

Automobile	15%
General liability	15%
Inland marine	3%
Ocean marine	2%
Professional liability	10%
Property damage	30%
Workers compensation	25%

Claims business by volume

Administration-claims paid	$24,000,000

Clients

Administration	156

Staff

Total	1,800
Claims services	360

Claims services since: 1946.
Parent: Morden & Helwig.
Service area: Nationwide.
Branch offices: Administrative offices in more than 340 locations in Canada, the United States, United Kingdom and Western Europe. Sales offices in San Francisco; Atlanta; Chicago; New York; Dallas.
Claims subsidiaries: Claim Services Inc.; Vale National Training Centers.
Contracts with PPOs.
Officers: Kenneth Polley, chairman; Mark Cloutier, executive vp/COO; Paul R. Maggi, vp/general manager.

M

Peter J. McBreen & Associates Inc.

20 N. Wacker Drive, Chicago, Ill. 60606; 312-332-4307; fax: 312-332-2657

Revenues

Claims administration	25%
Claims adjusting	25%
Claims auditing	20%
Other services	30%
Includes: claims services for fully insured, safety engineering, record keeping, loss fund accounting	

Claims business by type

General liability	50%
Inland marine	10%
Property damage	40%

Claims business by volume

Administration-claims paid	$1,000,000
Auditing-projects conducted	3

Clients

Administration	275
Adjusting	15

Staff

Total	45

Claims services since: 1958.
Service area: Nationwide.
Branch offices: Administrative offices in Los Angeles; Fort Lauderdale, Fla.; Kansas City, Kan.; New Orleans; Madison, N.J.
Officers: Peter J. McBreen, president; Geoffrey P. McBreen, executive vp; Brian McBreen, vp; Hugh G. McBreen, secretary; Paul J. McBreen, assistant secretary.
Contact: Paul J. McBreen, 312-332-4307 or Brian T. McBreen, 504-525-8274.

McGee Risk Management Services

P.O. Box 419013, Kansas City, Mo. 64141-6013; 816-842-4800; fax: 816-472-5018

Revenues

Claims administration	94%
Claims adjusting	3%
Claims auditing	1%
Other services	2%

Claims business by type

Automobile	6%
General liability	20%
Professional liability	3%
Property damage	1%
Workers compensation	70%

Claims business by volume

Administration-claims paid	$7,200,000

Clients

Administration	285
Adjusting	2
Auditing	5

Staff

Total	86
Claims services	21

Claims services since: 1987.
Service area: Nationwide.
Contracts with PPOs.
Officers: Larry Kaminsky, Charlie Kaufmann, Gene Klein, Kevin McGreevy, Jerry Reardon, John Wolff, partners.
Contact: Ed Treadwell.

Meadowbrook Claims Service*

26600 Telegraph Road, Southfield, Mich. 48034; 810-358-1100; fax: 810-358-3251

Revenues

Total	$4,800,000
Claims administration	67%
Other services	33%
Includes: safety and loss control services	
Claims revenue	$3,200,000

Claims business by type

Automobile	2%
Bonds	2%
General liability	40%
Inland marine	2%
Professional liability	7%
Property damage	7%
Workers compensation	40%

Claims business by volume

Administration-claims paid	$45,000,000

Clients

Administration	42

Staff

Total	80
Claims services	60

Claims services since: 1980.
Parent: Meadowbrook Insurance Group.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Overland Park, Kan.; Grand Rapids, Mich.; Bloomington, Minn. Additional sales offices in Montgomery, Ala.; Denver.
Contracts with PPOs.
Officers: Don Fisher, executive vp; Bob Cubbin, senior vp/general counsel; Tom Tucker, senior vp-casualty claims; Melanie Elias, vp-workers compensation; Mike Cascone, vp-loss control.
Contact: Don Fisher, 810-358-1100 ext. 271.
* *Formerly Select Insured Risk Services*

N

National Employee Care Systems Inc.

7791 Capital Blvd., Macedonia, Ohio 44056; 216-468-3663; fax: 216-468-3771

Revenues

Claims administration	60%
Claims adjusting	10%
Claims auditing	10%
Other services	20%
Includes: loss control, consulting	

Claims business by type

Workers compensation	100%

Claims business by volume

Auditing-projects conducted	12

Clients

Administration	41
Adjusting	2
Auditing	10

Claims services since: 1987.
Service area: Nationwide.
Branch offices: Administrative offices in Columbus, Ohio.
Contracts with PPOs.
Officers: Kevin Hiltbrand, president; Michael Saxon.

Neuman Claim Administrators Inc.

4250 Ridge Lea Road, P.O. Box 150, Amherst, N.Y. 14226; 716-833-0177; fax: 716-833-0178

Revenues

Total	$470,000
Claims administration	50%
Other services	50%
Includes: workers compensation legal representation	
Claims revenue	$235,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$3,500,000
Auditing-projects conducted	2

Clients

Administration	10
Adjusting	23
Auditing	2

Staff

Total	12
Claims services	9

Claims services since: 1991.
Service area: New York.
Officers: William E. Neuman, president/treasurer; Mark Weisamsal, vp-litigation/claims; Leo Blatz, vp/secretary.
Contact: William E. Neuman.

Northern General Services Inc.

38 Mallett Drive, P.O. Box 477, Freeport, Maine 04032-0477; 207-865-0200; fax: 207-865-0212

Revenues

Total	$2,500,000
Claims administration	80%
Other services	20%
Includes: loss control services	
Claims revenue	$2,000,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$13,153,302

Clients

Administration	24

Staff

Total	52
Claims services	24

Claims services since: 1987.
Parent: Machigonne Inc., a subsidiary of Blue Cross/Blue Shield of Maine.
Service area: Maine, Massachusetts.
Branch offices: Administrative offices in Essex, Maine.
Contracts with PPOs.
Officers: Francis G. McGinty, chairman; O. William Robertson, president; John M. Plunkett, Alan A. Alexander, executive vps.
Contact: O. William Robertson.

P

PLCM Group Inc.

230 W. Monroe St., Chicago, Ill. 60606; 312-456-8621; fax: 312-456-8627

Continued on next page

TPAs E&O

Professional Liability Programs include coverage for TPAs:

- Self Insured Medical Plans & Workers Comp
- Insurance Agents/Brokers
- Consultants
- Other Miscellaneous Classes

For more information, call or write:

Tennant Risk Services Inc.

Cityplace II * 185 Asylum Street
Hartford, CT 06103-4105

Tel: (203) 527-9717
Fax: (203) 527-2438

Continued from previous page

Revenues

Total $3,000,000
Claims administration 7%
Claims adjusting 22%
Claims auditing 5%
Other services 66%
Includes: risk management services
Claims revenue $1,000,000

Claims business by type

General liability 10%
Professional liability 90%

Staff

Total 50

Claims services since: 1989.
Parent: Aon Corp.
Service area: Nationwide.
Branch offices: Administrative offices in Universal City, Calif.; Stamford, Conn.; Washington; Coral Gables, Fort Lauderdale and Tampa, Fla.; Atlanta; Nashville, Tenn.; Dallas and Houston.
Officers: Anthony Zumbano, president; Eileen Barrett, senior vp; Tanya Lamoreaux, Steve Adler, senior vps; Michael Shook, vp/director-operations.

Palmer & Cay/Carswell

P.O. Box 847, Savannah, Ga. 31402; 912-231-6980; fax: 912-234-8523

Revenues

Total $2,500,000
Claims adjusting 95%
Claims auditing 5%
Claims revenue $2,500,000

Claims business by type

Automobile 5%
General liability 5%
Workers compensation 90%

Claims business by volume

Administration-claims paid $40,000,000

Clients

Administration 1
Adjusting 42
Auditing 1

Staff

Total 41
Claims services 41

Claims services since: 1974.
Service area: Southeastern states.
Branch offices: Administrative offices in Tallahassee, Fla.
Contracts with PPOs.
Officers: John Cay; Lew Oden; Mike Ceowley; Ron Nolting.

PHICO Services Co.*

1 PHICO Drive, P.O. Box 2005, Mechanicsburg, Pa. 17055; 717-691-1600 or 800-627-4626; fax: 717-766-2837

Revenues

Total $6,516,000
Claims administration 87%
Other services 13%
Includes: nationwide distribution of a hospital risk control manual, medical case management services, loss control, agency commissions
Claims revenue $5,676,000

Claims business by type

Automobile 9%
Professional liability 1%
Workers compensation 90%

Claims business by volume

Administration-claims paid $96,098,919
Auditing-projects conducted 1

Clients

Administration 118

Staff

Total 129
Claims services 117

Claims services since: 1981.
Parent: PHICO Group Inc.
Service area: Pennsylvania and contiguous states, Indiana.
Membership: SIIA.
Officers: Richard J. Agostini, president; James L. DeSalle, treasurer; Ellen L. Myers, secretary.
Contact: Kendra J. Shaffer, marketing assistant, 717-691-1600, ext. 7330.
* *Formerly Pennsylvania Insurance Management Co.*

Pinnacle Risk Management Services Inc.*

136 E. South Temple, Suite 2350, Salt Lake City, Utah 84111; 801-325-5050; fax: 801-521-5945

Revenues

Total $2,900,000
Claims administration 100%
Claims revenue $2,900,000

Claims business by type

Automobile 10%
General liability 30%
Workers compensation 60%

Claims business by volume

Administration-claims paid $50,000,000

Clients

Administration 26

Staff

Total 55
Claims services 50

Claims services since: 1963.
Service area: Nationwide.
Branch offices: Administrative offices in Phoenix; Irvine, Calif.; Boise, Idaho; Las Vegas; Albuquerque, N.M.; Portland, Ore.
Contracts with PPOs.
Membership: SIIA.
Officers: Kenneth F. Palmer Jr., president; Reed Jenkins, Timothy Foley, senior vps; Shelley Kaas, vp-marketing.
Contact: Shelley Kaas.
* *Formerly Diversified Insurance Services*

Professional Claim Management Group Inc.

P.O. Box 1327, 709 Stokes Road, Suite 103, Medford, N.J. 08055; 609-953-0442; fax: 609-953-2769

Revenues

Claims administration 60%
Claims adjusting 30%
Claims auditing 10%

Claims business by type

Automobile 60%
General liability 10%
Professional liability 5%
Property damage 10%
Workers compensation 15%

Claims business by volume

Auditing-projects conducted 2

Clients

Administration 3
Adjusting 12
Auditing 1

Staff

Total 25
Claims services 15

Claims services since: 1990.
Service area: Northeastern states.
Claims subsidiaries: Professional Audit Services, Professional Medical Consultants.
Officers: David J. Troy Jr., president.

Quantum International Group

1 Hospital Trust Tower, Suite 1520, Providence, R.I. 02093; 401-421-9606; fax: 401-421-7415

Revenues

Total $20,000,000
Claims administration 30%
Claims auditing 20%
Other services 50%
Claims revenue $4,000,000

Claims business by type

Automobile 10%
General liability 10%
Property damage 20%
Workers compensation 60%

Claims business by volume

Administration-claims paid $12,000,000
Auditing-projects conducted 5

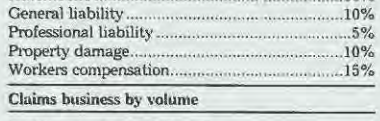
Clients

Administration 82
Auditing 5

Staff

Total 200
Claims services 70

Claims services since: 1993.
Service area: Nationwide.
Claims subsidiaries: Quantum Insurance Administrative Services Inc., Quantum International Adjusters, Quantum Resources Ltd.
Officers: Michael F. Sparfven, president/CEO; Samuel A. Sacco, senior vp/COO; Henry A. Silva, vp/controller; Lois J. Massa, vp-business development; Norman F. Tancrell, president-Quantum Resources Ltd.
Contact: Lois J. Massa.



Recreation Underwriting Management

P.O. Box 184, Norwood, Mass. 02062; 617-769-4666

Revenues

Claims adjusting 20%
Claims auditing 20%
Other services 60%

Claims business by type

General liability 90%
Workers compensation 10%

Claims services since: 1986.
Service area: Nationwide.
Contact: Robert J. Hanson.

F.A. Richard & Associates Inc./Richard & Associates

2360 Fifth Ave., Suite 100, Mandeville, La. 70471; 504-624-8383; fax: 504-624-8489

Revenues

Total $13,200,000
Claims administration 70%
Other services 30%
Claims revenue $10,000,000

Claims business by type

Automobile 12%
Bonds 1%
Disability 2%
General liability 15%
Inland marine 5%
Ocean marine 5%
Professional liability 2%
Property damage 8%
Workers compensation 45%
Other 5%
Includes: managed care, PPO and related health care services

Claims business by volume

Administration-claims paid $130,000,000

Clients

Administration 200

Staff

Total 238
Claims services 175

Claims services since: 1978.
Service area: Nationwide.
Branch offices: Administrative offices in Long Beach, Calif.; Fort Lauderdale, Fla.; Atlanta; Alexandria, Baton Rouge, Houma, Lafayette, Lake Charles, New Orleans, Monroe and Shreveport, La.; Pascagoula, Miss.; Beaumont, Corpus Christi, Dallas and Houston, Texas; Norfolk, Va. Sales offices in Atlanta; New Orleans; New York; Dallas.
Claims subsidiaries: FARA Risk Control Services (Loss Control Systems Inc.), Lafayette, La.; FARA Healthcare Management, Lafayette, La.; FARA Security Services, Metairie, La.; FARA Business Services Inc.
Contracts with FARA PPO and leased networks.
Membership: SIIA.
Officers: Francis A. Richard, president/CEO; M. Todd Richard, executive vp; Reed A. Bell, senior vp-administration; Daniel J. Clark, senior vp-operations; R.B. Calhoon Jr., vp-client services.
Contact: M. Todd Richard.

Risk Management Services Inc.

7919 Folsom Blvd., Suite 240, Sacramento, Calif. 95826; 916-381-5858; fax: 916-381-7475

Revenues

Total $1,200,000
Claims administration 100%
Claims revenue $1,200,000

Claims business by type

Workers compensation 100%

Claims business by volume

Administration-claims paid $7,300,000

Clients

Administration 12

Staff

Total 15
Claims services 15

Claims services since: 1987.
Service area: California.
Officers: J. Daniel Henke, president.

Self-Insured Management Services Inc.

9320 S.W. Barbur Blvd., P.O. Box 19730-171, Portland, Ore. 97280-0730; 503-245-9756; fax: 503-246-1581

Revenues

Total $3,280,000
Claims adjusting 93%
Claims auditing 1%
Other services 6%
Claims revenue $3,050,000

Claims business by type

Automobile 3%
General liability 55%
Professional liability 20%
Property damage 2%
Workers compensation 20%

Clients

Adjusting 573

Staff

Total 71
Claims services 55

Claims services since: 1980.
Service area: Alabama, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Oregon, Washington, Wyoming.
Branch offices: Administrative offices in Seattle and Spokane, Wash.
Officers: James W. Broyles, president; W.S. Griffels, Joseph F. McLaughlin, vps.

Shuman Consulting Services Inc.

17225 El Camino Real, Suite 410, Houston, Texas 77058; 713-486-5511; fax: 713-486-5666

Revenues

Total $500,000
Claims administration 40%
Claims adjusting 55%
Claims auditing 5%
Claims revenue $500,000

Claims business by type

General liability 30%
Ocean marine 50%
Property damage 15%
Workers compensation 5%

Claims business by volume

Administration-claims paid $1,500,000
Auditing-projects conducted 6

Clients

Administration 11
Adjusting 27

Staff

Total 15
Claims services 8

Claims services since: 1992.
Service area: Nationwide.
Branch offices: Administrative offices in Lafayette, La.
Officers: Bruce M. Shuman, president; Cliff B. Smith, assistant vp; Jerrald K. Marks, manager.
Contact: Bruce M. Shuman.

Southern California Risk Management Associates Inc.

250 W. First St., Suite 222, Claremont, Calif. 91711-4740; 909-621-1335; fax: 909-624-3746

Revenues

Claims administration 100%

Claims business by type

Workers compensation 100%

Clients

Administration 45

Staff

Total 32
Claims services 32

Claims services since: 1988.
Service area: California.
Branch offices: Administrative offices in Newport Beach, Calif.
Contracts with PPOs.
Officers: Dale H. Jones, president.

Southern Risk Services Inc.

2211 Seventh Ave. S., P.O. Box 2408, Birmingham, Ala. 35201-2408; 205-252-9870; fax: 205-581-9172

Revenues

Total $6,600,000
Claims administration 95%
Claims auditing 2%
Other services 3%
Includes: loss control services
Claims revenue $6,100,000

Claims business by type

Automobile 5%
General liability 10%
Professional liability 2%
Property damage 3%
Workers compensation 80%

Claims business by volume

Administration-claims paid $58,800,000
Auditing-projects conducted 6

Clients

Administration 74
Auditing 6

Staff

Total 86
Claims services 86

Claims services since: 1965.
Parent: McGriff, Seibels & Williams Inc.
Service area: Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas.
Branch offices: Administrative offices in Atlanta; Jackson, Miss.; Houston. Sales offices in Orlando and Pensacola, Fla.; Atlanta; Houston.
Contracts with PPOs.
Membership: SIIA.
Officers: L.B. Feemster, president; Mike Pritchett, vp-claims; Frank Wear, vp-sales; Howard Haskell, vp-loss control.
Contact: Frank Wear.

Special Claims Services Inc.

2700 E. Dublin-Granville Road, Suite 470, Columbus, Ohio 43231; 614-794-2200; fax: 614-794-2401

Revenues

Total $525,000
Claims administration 55%
Claims adjusting 20%
Claims auditing 20%
Other services 5%
Claims revenue $500,000

Claims business by type

General liability 80%
Workers compensation 10%
Other 10%
Includes: environmental claims

Claims business by volume

Administration-claims paid $25,000,000
Auditing-projects conducted 30

Clients

Administration 10
Adjusting 10
Auditing 3

Staff

Total 7
Claims services 7

Claims services since: 1993.
Service area: Nationwide.
Officers: Donald E. Ward, president.

Standard Financial General Adjustment Inc.

12770 Coit Road, Suite 1215, Dallas, Texas 75251; 214-991-8077; fax: 214-991-8498

Revenues

Total $245,000
Claims administration 90%

Continued on next page

CHADBOURNE & PARKE

is pleased to announce that

MARC A. ALPERT
(Corporate)

LAWRENCE ROSENBERG
(Tax)

ANDREA N. SATTY
(Project Finance)

in our New York office

and

PETER F. FITZGERALD
(Project Finance)

KENNETH R. PIERCE
(Insurance and Reinsurance)

in our Washington office

have become members of the firm.

January 1, 1995

New York ◆ Washington ◆ Los Angeles
Hong Kong ◆ New Delhi ◆ Moscow ◆ London

Continued from previous page

Claims adjusting	5%
Claims auditing	5%
Claims revenue	$245,000

Claims business by type

General liability	25%
Workers compensation	75%

Claims business by volume

Administration-claims paid	$3,000,000
Auditing-projects conducted	5

Clients

Administration	18
Adjusting	13
Auditing	6

Staff

Total	5
Claims services	4

Claims services since: 1987.
Service area: Texas.
Officers: Keith C. Kakacek, president; Gwen Linebarger, claims supervisor.

T

Thomas Howell Group (Americas) Inc.

6 Concourse Parkway, Suite 3100, Atlanta, Ga. 30328-5351; 404-395-1000; fax: 404-390-1076

Revenues

Total	$200,000,000
Claims administration	35%
Claims adjusting	52%
Claims auditing	3%
Other services	10%
Claims revenue	$180,000,000

Claims business by type

Automobile	25%
Bonds	3%
General liability	13%
Ocean marine	4%
Professional liability	11%
Property damage	35%
Workers compensation	9%

Claims business by volume

Auditing-projects conducted	18

Clients

Administration	690
Adjusting	940
Auditing	10

Staff

Total	2,600
Claims services	500

Claims services since: 1785.
Service area: Worldwide.
Branch offices: Administrative offices in Los Angeles, San Diego and San Francisco; Orlando, Fla.; Chicago; New York; Dallas and Houston. Sales offices in Birmingham, Ala.; Los Angeles and San Diego; Washington; Miami; Las Vegas; New York; Charlotte, N.C.; Greenville, S.C.; Nashville, Tenn.; Dallas; Richmond, Va.
Claims divisions: Gay & Taylor, Atlanta; THG-Gay & Taylor Marine, Springfield, Mo.; THG/Inflite Aviation Adjustment Group, Charlotte, N.C.; Thomas Howell Group (USA), New York; Thomas Howell Group (Latinoamericana), Miami; Ward-THG, San Diego.
Contracts with PPOs.
Membership: SIIA.
Officers: James P. Rippy, president/CEO; G.A.C. Bakker, COO; Richard E. Gray, Philip M. Box, John V. Kavanagh, Jeffrey S. Ward, executive vps.
Contact: Richard E. Gray, group marketing department.

Toplis & Harding Inc.

222 Riverside Plaza, Chicago, Ill. 60606; 800-621-7059; fax: 312-454-1588

Revenues

Total	$25,000,000
Claims administration	30%
Claims adjusting	5%
Claims auditing	5%
Other services	60%
Includes: claims administration and adjusting for foreign and domestic underwriters, marine surveying and adjusting	
Claims revenue	$10,000,000

Claims business by type

Automobile	10%
Bonds	5%
General liability	35%
Inland marine	10%
Ocean marine	10%
Professional liability	15%
Property damage	10%
Workers compensation	5%

Claims business by volume

Auditing-projects conducted	125

Staff

Total	315
Claims services	115

Claims services since: 1918.
Service area: Nationwide.
Branch offices: Administrative offices in Los Angeles; Atlanta; New York; Toronto. Sales offices in Los Angeles and San Francisco; Atlanta; New York; Houston.
Claims subsidiaries: Corman & Co., Henry Eagleton, Marine Claim Services Inc., McDavid Appraisal & Adjusting Co., McLarens Toplis Inc., T&H Services, Toplis & Harding Canada Inc.
Officers: James Ebel, president; David Lewis, COO; Craig Bowlus, director-casualty division; Joseph Dotoli, managing director-property division; Bill Stewart, director-marine division.
Contact: William Berglund.

Tower Associates Ltd.

248 Geiger Road, Suite 105, Philadelphia, Pa. 19115; 215-676-6922; fax: 215-676-6942

Revenues

Total	$725,000
Claims administration	40%
Claims adjusting	40%
Claims auditing	10%
Other services	10%
Includes: managed care for insured clients	
Claims revenue	$665,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$575,000
Auditing-projects conducted	4

Clients

Administration	13
Adjusting	3
Auditing	4

Staff

Total	14
Claims services	12

Claims services since: 1985.
Service area: Delaware, New Jersey, Pennsylvania.
Officers: Terri M. Moffa, CEO; Carole L. Spayd, director-claims management; Karen Houck, nurse manager.
Contact: Terri M. Moffa.

Transcontinental Technical Services Inc./ServCo

CNA Plaza, Chicago, Ill. 60685; 312-822-1860; fax: 312-822-7083

Revenues

Total	$50,000,000
Claims administration	100%

Claims business by type

Automobile	40%
General liability	40%
Workers compensation	20%

Claims services since: 1992.
Parent: Continental Casualty Co.
Service area: Nationwide.
Branch offices: Administrative offices in 40 locations nationwide. Sales offices nationwide.
Contracts with PPOs.
Officers: Peter P. Conway Jr., president; Thomas E. Donnelly, Carolyn L. Murphy, senior vp; Donald M. Lowry, senior vp/corporate secretary.
Contact: Kevin E. Battle.

Trigon Administrators

7130 Glen Forest Drive, Suite 102, Richmond, Va. 23226; 804-673-5900; fax: 804-673-5902

Revenues

Total	$8,489,000
Claims administration	100%
Claims revenue	$8,489,000

Claims business by type

Automobile	5%
General liability	5%
Workers compensation	90%

Clients

Administration	105

Staff

Total	93
Claims services	93

Claims services since: 1968.
Parent: Trigon Blue Cross & Blue Shield.
Service area: Maryland, North Carolina, Pennsylvania, Virginia.
Branch offices: Sales offices in Columbia, Md.
Contracts with Trigon PPOs.
Membership: SIIA.
Officers: William D. Monday Jr., president; Thomas D. England, executive vp; Jolynne Williamson, vp; Stephen R. Hall, vp-finance.
Contact: Joy Davis, 804-673-5835.

U

United Safety & Claims Inc.

P.O. Box 471647, Tulsa, Okla. 74147-1647; 918-664-8816; fax: 918-665-7310

Revenues

Total	$1,500,000
Claims administration	80%
Other services	20%
Includes: loss control and risk management services	
Claims revenue	$1,200,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$13,670,807

Clients

Administration	23

Staff

Total	24
Claims services	24

Claims services since: 1984.
Service area: Arkansas, Oklahoma.
Claims subsidiaries: Associated Environmental Services Inc.; EPA & OSHA Compliance Service Co.
Contracts with PPOs.
Officers: Brad Smallwood, president; Chali Stevens, secretary/treasurer.
Contact: Cliff Layfield, marketing manager, 800-553-4659.

W

WRAMSCO

1431 Opus Place, Downers Grove, Ill. 60515; 708-960-1020; fax: 708-960-9725

Revenues

Claims administration	15%
Claims auditing	65%
Other services	20%
Claims business by type	
Automobile	25%
General liability	20%
Workers compensation	55%

Claims business by volume

Auditing-projects conducted	25

Clients

Administration	8
Auditing	100

Staff

Total	15
Claims services	8

Claims services since: 1981.
Service area: Nationwide.
Branch offices: Administrative offices in Torrance, Calif.
Claims subsidiaries: WRAMSCO Information Network.
Officers: Thomas Walker, president; R. Dean Irwin; Ray Wills; Dan McKinney; Carol Schoolcraft.
Contact: Carol Schoolcraft.

Warner Insurance Services Inc.

17-01 Pollitt Drive, Fair Lawn, N.J. 07410; 201-794-4800; fax: 201-791-9113

Revenues

Total	$35,000,000*

Claims business by type

Automobile	100%*

Staff

Total	190

** 1994 revenues are from claims administration services rendered to insurance companies. Services are being provided to self-insurers in 1995.*

Claims services since: 1991.
Service area: Nationwide.
Branch offices: Administrative offices in Somerset, N.J.; Garden City, N.Y.
Officers: Harvey Krieger, chairman/CEO; Gary Ropiecki, president/CEO-Insurance Services Group; Thomas Rocchio, vp-claims; Fred Mazzilli, vp-sales; Theodore I. Botter, vp/general counsel.
Contact: Fred Mazzilli, 201-794-5283, Thomas Rocchio, 201-703-4001, or Gary Ropiecki, 201-794-5280.

Carl Warren & Co.

750 The City Drive S., Suite 400, Orange, Calif. 92668; 714-740-7999; fax: 714-740-7992

Revenues

Claims administration	70%
Other services	30%
Includes: adjusting claims for insurance companies	

Claims business by type

Automobile	20%
General liability	80%

Clients

Administration	550

Staff

Total	250

Claims services since: 1944.
Service area: Nationwide.
Branch offices: Administrative offices in Bakersfield, Fresno, Glendale, Long Beach, Sacramento, San Bernardino, San Diego, San Francisco, San Luis Obispo, Santa Barbara and Ventura, Calif.; Honolulu.
Officers: Howard Hitchcock, chairman; Roy George, president; Michael Dekema, Larry Hunt, executive vps.
Contact: Michael Dekema, 619-457-3500.

Wear & Wood Inc.

8989 Rio San Diego Drive, Suite 300, San Diego, Calif. 92108-1649; 619-238-5888; fax: 619-238-8555

Revenues

Total	$2,000,000
Claims administration	100%
Claims revenue	$2,000,000

Claims business by type

Workers compensation	100%

Claims business by volume

Administration-claims paid	$11,672,859

Clients

Administration	8

Staff

Total	28
Claims services	28

Claims services since: 1984.
Service area: California.
Officers: Barbara Lee Wear, president/CEO; Lynn Wood, president-operations; Marleece Goo Sun, Linda Smith, division managers; Janet Amor, human resources manager.
Contact: Barbara Lee Wear.

Y

York Claims Service Inc.

111 John St., New York, N.Y. 10038; 212-732-0505; fax: 212-732-1789

Revenues

Total	$10,000,000
Claims administration	80%
Other services	20%
Includes: program administration for insurers	
Claims revenue	$7,000,000

Claims business by type

Automobile	20%
General liability	65%
Professional liability	5%
Other	10%
Includes: products liability	

Claims business by volume

Administration-claims paid	$140,000,000
Auditing-projects conducted	20

Clients

Administration	660
Adjusting	150
Auditing	25

Staff

Total	130
Claims services	85

Claims services since: 1962.
Service area: Nationwide.
Branch offices: Administrative offices in Old San Juan, Puerto Rico.
Officers: Stuart Myers, president; Fred Schiller, executive vp; Eileen Rachelson, secretary/treasurer; Sari Miller, CFO; Peter Lind, vp/general counsel.
Contact: Fred Schiller. BI

Business Insurance®

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TPAs that handle both benefit, property/casualty claims

A

Administrative Claim Service

P.O. Box 1478, Thomasville, Ga. 31799; 912-228-7026; fax: 912-228-7464

Revenues	
Total	$875,000
Claims administration	98%
Other services	2%
Claims business by type	
Flex compensation	2%
Health insurance	95%
Employees covered	8,500
Workers compensation	3%
Claims business by volume	
Administration-claims paid	$12,000,000
Clients	
Administration	51
Staff	
Total	16
Claims services	16

Claims services since: 1988.
Service area: Alabama, Florida, Georgia, Illinois, Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Darlene K. Taylor, president; Byron Hinson, vp.
Contact: Donna Whiddon.

Allmerica Financial

440 Lincoln St., Suite S-447, Worcester, Mass. 01653; 508-855-4553; fax: 508-853-6202

Revenues	
Total	$17,281,500
Claims administration	29.6%
Other services	70.4%
Includes: actuarial and underwriting services, overhead, utilization review, network access fees	
Claims revenue	$5,119,500
Claims business by type	
Automobile	0.5%
Disability	0.9%
Health insurance	94.5%
Employees covered	78,614
Dependents covered	83,000
Workers compensation	4.1%
Claims business by volume	
Administration-claims paid	$143,200,000
Clients	
Administration	226
Staff	
Total	668
Claims services	215

Claims services since: 1945.
Service area: Nationwide.
Branch offices: Administrative offices in Atlanta; Chicago; Portland, Maine; Howell, Mich.; Piscataway, N.J.; Houston.
Claims divisions: Allmerica Benefits, Worcester, Mass.; Employee Benefit Services, Worcester, Mass.; State Mutual Life Assurance Co. of America, Worcester, Mass.; Sterling Risk Management Inc., Worcester, Mass.
Contracts with PPOs.
Officers: Phillip E. Soule, president; Larry Blanchard, Bill Bishop, Denzil Drewry, Bill Whitehead, vps.

American Claims Evaluation Inc.

1 Jericho Plaza, Jericho, N.Y. 11753; 516-938-8000; fax: 516-938-0405

Revenues	
Total	$5,812,000
Claims auditing	30%
Other services	70%
Includes: auditing for insurance carriers, TPAs, union health and welfare and HMOs	
Claims revenue	$1,743,600
Claims business by type	
Automobile	1%
Health insurance	95%
Workers compensation	4%
Staff	
Total	70

Claims services since: 1981.
Service area: Nationwide.
Branch offices: Administrative office in Dallas. Sales offices in Atlanta; Chicago; Texas.
Claims subsidiaries: American Rehabilitation Services Inc., Calif.; RPM Rehabilitation & Associates Inc., Spokane, Wash.
Officers: Gary Gelman, president/CEO; Gary J. Knauer, CFO/treasurer; Louis D'Andrilli, vp-sales/marketing; Bonnie Jackson, vp-operations; Neila Poteshman, president-RPM Rehabilitation & Associates Inc.

Associated Risk Services Corp.

4501 Circle 75 Parkway, Suite B-2190, Atlanta, Ga. 30339; 404-980-1908; fax: 404-984-0320

Revenues	
Claims administration	75%
Claims auditing	5%
Other services	20%
Includes: program management	
Claims business by type	
Automobile	2%
Disability	1%
Flex compensation	5%
General liability	5%
Health insurance	20%
Pensions	5%
Property damage	2%
Workers compensation	60%
Claims business by volume	
Administration-claims paid	$64,000,000
Clients	
Administration	97
Staff	
Total	82

Claims services since: 1984.
Service area: Nationwide.
Branch offices: Administrative offices in Orlando, Fla.; Winston-Salem, N.C.; Columbus, Ohio; Dallas; Richmond, Va.
Claims subsidiaries: F.A.C.T.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Richard L. Maloney, CEO; Kathleen D. Oliver, president-Associated Risk Services; Gloria Aaberg, president-ARS Benefits Inc.; George Thurmond, president-ARS Underwriters.
Contact: Joe Blizzard.

B

Bankers Risk Management Services Inc.

P.O. Box 33029, St. Petersburg, Fla. 33733-8029; 813-894-4144; fax: 813-823-7010

Revenues	
Claims administration	70%
Other services	30%
Claims business by type	
Health insurance	85%
Employees covered	5,500
Dependents covered	14,000
Workers compensation	15%
Clients	
Administration	19
Staff	
Total	19

Claims services since: 1985.
Service area: Florida.
Membership: SPBA.
Officers: Herbert D. Maxwell Jr., executive vp; Claire N. Bousman, vp-operations.
Contact: Claire Bousman.

Barbash Associates

35 Bitterbrush Road, Reno, Nev. 89523; 702-345-0353; fax: 702-345-0364

Revenues	
Claims auditing	80%
Other services	20%
Includes: benefit plan design, plan rewrites, disputed claim consultation, independent audits of property/casualty adjusting fees	
Claims business by type	
General liability	20%
Health insurance	60%
Property damage	15%
Workers compensation	5%
Claims business by volume	
Auditing-projects conducted	10
Clients	
Auditing	23
Staff	
Total	3
Claims services	2

Claims services since: 1985.
Service area: Arizona, California, Nevada, Oregon, Utah, Washington.
Officers: Ingrid E. Barbash, owner.
Contact: Ben Barbash.

C

CDS of Nevada Inc.

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

Revenues	
Claims administration	90%
Other services	10%
Includes: state fund auditing	
Claims business by type	
Health insurance	20%
Workers compensation	80%
Claims business by volume	
Administration-claims paid	$50,000,000
Clients	
Administration	72
Staff	
Total	72
Claims services	69

Claims services since: 1980.
Service area: Nevada.
Branch offices: Administrative offices in Las Vegas.
Officers: L.R. Zimmerman, president; C.J. Verre, vp; R.L. Gresham, secretary/treasurer.
Contact: L.R. Zimmerman.

Claims Administrative Services Inc.

P.O. Box 7500, Tyler, Texas 75711; 903-561-8484; fax: 903-509-1888

Revenues	
Total	$4,924,000
Claims administration	99.97%
Other services	0.3%
Claims revenue	$4,894,000
Claims business by type	
Health insurance	55%
Employees covered	4,610
Dependents covered	2,244
Workers compensation	45%
Claims business by volume	
Administration-claims paid	$6,932,311
Clients	
Administration	335
Staff	
Total	34
Claims services	14

Claims services since: 1990.
Service area: Texas.
Branch offices: Sales offices in Dallas.
Contracts with PPOs.
Membership: SIIA.
Officers: Billy E. Hibbs Sr., CEO; Barry L. Jones, president; Billy E. Hibbs Jr., vp; Mary Smith, secretary/treasurer.
Contact: Barry Jones.

CoreSource

630 Dundee Road, Suite 340, Northbrook, Ill. 60062; 708-559-8321; fax: 708-559-8770

Revenues	
Total	$106,000,000
Claims administration	55.7%
Claims adjusting	0.2%
Claims auditing	1.6%
Other services	42.5%
Includes: managed care services for health care and workers compensation, consulting services, safety programs	
Claims revenue	$61,000,000
Claims business by type	
Automobile	1%
Disability	1%
General liability	2%
Health insurance	74%
Employees covered	1,425,000
Dependents covered	2,000,000
Inland marine	1%
Property damage	1%
Workers compensation	20%
Claims business by volume	
Administration-claims paid	$2,300,000,000
Auditing-projects conducted	275
Clients	
Administration	2,353
Auditing	275
Staff	
Total	1,800
Claims services	1,400

Claims services since: 1968.
Service area: Nationwide.
Branch offices: Administrative offices in Phoenix; Little Rock, Ark.; Sacramento and San Diego, Calif.; Clearwater, Fla.; Matteson, Ill.; Anderson, Ind.; Kansas City, Kan.; Baltimore; Detroit and Grand Rapids, Mich.; Las Vegas and Reno, Nev.; Bedford, N.H.; Charlotte and Raleigh, N.C.; Lancaster and Philadelphia; Westerville, Ohio; Sioux Falls, S.D.; Seattle. Sales offices in Atlanta; St. Louis; Columbus, Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, IFEBP.
Officers: James W. Duff, president/CEO; Orlo L. Dietrich, executive vp; Fred Kinsler, Larry Schor, David Potash, senior vps.
Contact: Susan Marshall.

Corporate Benefit Consultants Inc.

300 Cahaba Park Circle, Suite 207, Birmingham, Ala. 35242; 205-991-2817; fax: 205-995-0418

Revenues	
Total	$1,986,000
Claims administration	57%
Claims adjusting	5%
Claims auditing	10%
Other services	28%
Claims revenue	$1,435,000
Claims business by type	
Flex compensation	10%
Health insurance	75%
Employees covered	5,237
Dependents covered	8,379
Workers compensation	5%
Other	10%
Includes: repricing PPOs	
Claims business by volume	
Administration-claims paid	$13,375,000
Auditing-projects conducted	3
Clients	
Administration	20
Adjusting	1
Auditing	3
Staff	
Total	21
Claims services	10

Service area: Alabama, Georgia, Mississippi, South Carolina, Tennessee.
Branch offices: Administrative offices in Atlanta; Colombia and Greenville, S.C. Sales offices in Atlanta; Brunswick, Ga.; Columbia and Greenville, S.C.
Claims subsidiaries: W.H. Shepherd Cos. Inc.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: W.H. Shepherd, president; Dudley Albright, vp-administration; Timothy Hawk, CFO.
Contact: W.H. Shepherd.

Corporate Benefits Service Inc.

139 S. Tryon St., Suite 600, Charlotte, N.C. 28202; 704-373-0447; fax: 704-342-2777

Revenues	
Total	$3,300,000
Claims administration	88%
Other services	12%
Includes: stop-loss insurance placement, utilization review	
Claims revenue	$3,000,000
Claims business by type	
Disability	5%
Flex compensation	5%
Health insurance	80%
Employees covered	35,000
Dependents covered	52,500
Workers compensation	10%
Claims business by volume	
Administration-claims paid	$93,000,000
Auditing-projects conducted	2
Clients	
Administration	61
Auditing	2
Staff	
Total	91
Claims services	79

Claims services since: 1974.
Service area: Eastern, Mid-Atlantic and Southeastern states.
Branch offices: Administrative offices in Greensboro, N.C.
Contracts with PPOs.
Membership: SPBA.
Officers: Kenneth W. Harvey, president; Betty Graves, secretary/treasurer.
Contact: Scott Gladish, marketing manager.

Corporate Plan Management Inc.

2900 S.W. Wanamaker Drive, Topeka, Kan. 66614-4191; 913-273-8398; fax: 913-273-6850

Revenues	
Total	$500,000
Claims administration	65%
Claims auditing	1%
Other services	34%
Includes: processing claims for insurance companies.	
Claims revenue	$350,000
Claims business by type	
Disability	2%
Flex compensation	12%
Health insurance	86%
Employees covered	1,800
Dependents covered	3,500
Workers compensation	NA*
Claims business by volume	
Administration-claims paid	$3,307,000
Auditing projects	1
Clients	
Administration	32
Auditing	1
Staff	
Total	18
Claims services	4

Workers compensation claims administrations services available in 1995.

Claims services since: 1990.
Service area: Nationwide.
Claims subsidiaries: Work Comp Management Specialists.
Contracts with PPOs.
Membership: SPBA.
Officers: Michael Morris, president; Michael Falley, secretary/treasurer.
Contact: Mike Morris.

Coverage 24 Inc.

P.O. Box 311, Canoga Park, Calif. 91305; 800-242-4177; fax: 818-225-0527

Revenues	
Claims administration	80%
Other services	20%
Includes: case management	
Claims business by type	
Disability	70%
Health insurance	10%
Workers compensation	20%
Claims business by volume	
Auditing-projects conducted	3
Clients	
Administration	15
Auditing	4
Staff	
Total	9
Claims services	9

Claims services since: 1992.
Service area: Nationwide.
Branch offices: Administrative and sales offices in San Francisco; Chicago.
Membership: SPBA, SIIA, IFEBP.
Officers: Ralph D. Hurley, president.

D

Diversified Group Administrators Inc.

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

Revenues	
Total	$4,000,000
Claims administration	80%
Other services	20%
Claims revenue	$3,200,000
Claims business by type	
Health insurance	95%
Employees covered	26,451
Dependents covered	85,591
Workers compensation	5%
Claims business by volume	
Administration-claims paid	$62,000,000
Clients	
Administration	212
Staff	
Total	68
Claims services	68

Claims services since: 1982.
Parent: Medical Control Inc.
Service area: Nationwide.
Branch offices: Administrative offices in Dallas and San Antonio. Sales offices in Atlanta; Knoxville, Tenn.; Houston.

Continued on next page

The directory of TPAs specializing in employee benefit claims begins on page 20; the directory of TPAs specializing in property/casualty claims begins on page 34. Terms and information are explained on page 21.

Continued from previous page

Claims subsidiaries: Medical Control Administrators, Dallas and San Antonio.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: J. Ward Hunt, chairman; David C. Bramer, CEO; Daniel Riston, CFO; Michele Peindl, senior vp; Teresa Brinkman, vp.
Contact: David C. Bramer.

E

Employee Plans Inc.

3811 Illinois Road, P.O. Box 1705, Fort Wayne, Ind. 46801; 219-436-1616; fax: 219-432-4083

Revenues	
Total	$14,000,000
Claims administration	17%
Other services	83%
Includes: property and casualty, qualified retirement plans, life insurance	
Claims revenue	$2,380,000
Claims business by type	
Disability	5%
Flex compensation	10%
Health insurance	80%
Employees covered	23,000
Dependents covered	55,000
Workers compensation	5%
Claims business by volume	
Administration-claims paid	$30,000,000
Clients	
Administration	90
Staff	
Total	180
Claims services	43

Claims services since: 1974.
Parent: Insurance & Risk Management.
Service area: Nationwide.
Branch offices: Sales offices in Indianapolis, Muncie and Warsaw, Ind.; Defiance and Toledo, Ohio.
Contracts with PPOs.
Membership: SIIA.
Officers: John A. Hettwer, president; David A. Stahl, vp; Rose F. Black, director-marketing.
Contact: Rose F. Black.

F

FEISCO

2601 Cattlemen Road, Sarasota, Fla. 34232-6249; 813-955-2811; fax: 813-951-3779

Revenues	
Total	$35,000,000
Claims administration	65%
Claims adjusting	20%
Other services	15%
Includes: loss control, marketing, underwriting	
Claims business by type	
Health insurance	5%
Workers compensation	95%
Claims business by volume	
Administration-claims paid	$171,000,000
Clients	
Administration	58
Staff	
Total	169

Claims services since: 1959.
Parent: FCCI Mutual Insurance Co.
Service area: Florida, Georgia.
Branch offices: Administrative offices in Fort Lauderdale, Orlando and Tallahassee, Fla.; Atlanta.
Claims subsidiaries: Claims Management Systems, Inc.
Contracts with PPOs.
Membership: SIIA
Officers: Ray Neff, president; G.W. Jacobs, executive vp-legal; David Webber, executive vp-accounting; Bob McManus, executive vp-loss control/underwriting; James Bos, senior vp-marketing.
Contact: Basil Morgan, vp, 813-954-5300.

G

Gallagher Bassett Services Inc.

2 Pierce Place, Itasca, Ill. 60143-3141; 708-773-3800; fax: 708-285-4000

Revenues	
Total	$122,468,000
Claims administration	92%
Other services	8%
Claims revenue	$112,468,000
Claims business by type	
Automobile	9%
General liability	14%
Health insurance	29%
Professional liability	2%
Property damage	5%
Workers compensation	41%
Claims business by volume	
Administration-claims paid	$1,418,675,912
Auditing-projects conducted	10
Clients	
Administration	2,158
Adjusting	5
Auditing	10
Staff	
Total	1,440
Claims services	1,440

Claims services since: 1962.
Parent: Arthur J. Gallagher & Co.
Service area: International.
Branch offices: Administrative offices in 102 locations nationwide and London. Sales offices in 68 locations nationwide and five international locations.
Claims subsidiaries: Gallagher Bassett Benefit Administrators, Gallagher Woodsmall Inc., Pacific Atlantic Administrators.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, IFEBP.
Officers: John G. Campbell, chairman, Peter J. Durkalski, president; Jack Lazzaro, CFO; Richard Rothman, Richard McKenna, Fred Potenza, Don Klein, executive vps.
Contact: Rick Rothman.

The Frank Gates Service Co.

5000 Bradenton Ave., Dublin, Ohio 43017; 614-793-8000; fax: 614-791-7650

Revenues	
Total	$20,000,000
Claims administration	50%
Claims adjusting	10%
Claims auditing	5%
Other services	35%
Claims revenue	$13,000,000
Claims business by type	
Health insurance	5%
Workers compensation	95%
Claims business by volume	
Administration-claims paid	$70,000,000
Staff	
Total	400
Claims services	275

Claims services since: 1946.
Service area: Nationwide.
Branch offices: Administrative offices in Phoenix; Atlanta; Louisville, Ky.; New Orleans; Ann Arbor, Mich.; Las Vegas; Pittsburgh; Dallas; Seattle. Sales offices in Phoenix; Atlanta; Ann Arbor, Mich.; Minneapolis; Nashville, Tenn.; Seattle.
Claims subsidiaries: Frank Gates Acclaim, Los Angeles and New York.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Donald J. Overly, chairman; Niles C. Overly, CEO; J. Robinson McCormick, president; Robinson M. Overly, executive vp; R. James Kelly, senior vp.
Contact: Richard E. Klomparens, senior vp.

Genelco Inc.

1600 S. Brentwood Blvd., St. Louis, Mo. 63144-1330; 314-962-2040; fax: 314-968-9589

Revenues	
Total	$20,000,000
Claims administration	100%
Claims revenue	$20,000,000
Claims business by type	
Disability	2%
Flex compensation	5%
Health insurance	90%
Employees covered	125,000
Dependents covered	312,500
Workers compensation	3%
Claims business by volume	
Administration-claims paid	$187,636,000
Clients	
Administration	54
Staff	
Total	400
Claims services	110

Claims services since: 1973.
Parent: General American Life Insurance Co.
Service area: Nationwide.
Branch offices: Sales offices in Hartford, Conn.; Atlanta; Salisbury, N.C.; Dallas.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: E. Christopher Simonds Jr., president/COO; David B. Johnson, president-Software Division/CEO; Russell E. Korte, executive vp-Software Division; Larry M. Amundsen, vp-software sales; Mary E. Laytor., vp-TPA operations.
Contact: Scott James.

H

Harrington Services Corp.

1103 Schrock Road, Columbus, Ohio 43229; 614-841-0480; fax: 614-841-0977

Revenues	
Total	$70,200,000
Claims administration	83%
Other services	17%
Includes: unemployment compensation administration, tax and consulting services	
Claims revenue	$58,000,000
Claims business by type	
Disability	1%
Flex compensation	1%
Health insurance	87%
Employees covered	788,000
Dependents covered	1,275,000
Pensions	8%
Workers compensation	3%
Claims business by volume	
Administration-claims paid	$1,850,000,000
Clients	
Administration	605
Staff	
Total	1,560
Claims services	1,290

Claims services since: 1954.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Phoenix; Los Angeles and San Diego; Denver; Jacksonville, Fla.; Atlanta; Honolulu; Chicago; Shreveport, La.; Minneapolis and St. Paul, Minn.; Joplin and Springfield, Mo.; Las Vegas; Paramus, N.J.; Albuquerque, N.M.; Columbus and Dayton, Ohio; Oklahoma City; Dallas and Houston; Salt Lake City; Milwaukee.
Claims subsidiaries: American Benefit Plan Administrators, El Monte, Calif.; Benefit Management Inc., Joplin, Mo.; BenePlan Strategies, Dayton, Ohio; Employee Benefit Services, Shreveport, La.; R.E. Harrington Inc., Westerville, Ohio; Pacific Coast Administrators, Orange, Calif; ProHealth, El Monte, Calif., Joplin, Mo. and Columbus, Ohio.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Robert Parker, president; Thomas P. McDonough, executive vp; Warren Blue, senior vp/general counsel; Robert Covert, CFO/treasurer.
Contact: Thomas P. McDonough.

The companies listed generate at least 50% or $500,000 of their gross revenue from handling claims for self-insured clients.

Healthcare Administrators Inc.

2401 Chandler Road, Suite 400, Muskogee, Okla. 74403; 918-687-1261; fax: 918-682-7984

Revenues	
Total	$2,100,000
Claims administration	64%
Other services	36%
Claims revenue	$1,400,000
Claims business by type	
Health insurance	94%
Employees covered	9,800
Dependents covered	21,200
Workers compensation	6%
Claims business by volume	
Administration-claims paid	$26,500,000
Clients	
Administration	53
Staff	
Total	23
Claims services	12

Claims services since: 1977.
Service area: Nationwide.
Branch offices: Administrative offices in Fort Smith and Norman, Okla.
Claims subsidiaries: Compcare Administrators Inc.
Membership: SPBA, SIIA.
Officers: Ron Woods, president; Marilyn Palmieri, vp.
Contact: Marilyn Palmieri.

Hertz Claim Management Corp.

225 Brae Blvd., Park Ridge, N.J. 07656; 800-426-7389; fax: 201-307-2709

Revenues	
Total	$75,000,000
Claims administration	50%
Claims adjusting	5%
Claims auditing	5%
Other services	40%
Claims revenue	$45,000,000
Claims business by type	
Automobile	30%
General liability	5%
Health insurance	25%
Property damage	15%
Workers compensation	25%
Claims business by volume	
Administration-claims paid	$1,000,000,000
Clients	
Administration	650
Staff	
Total	1,300
Claims services	650

Claims services since: 1981.
Parent: The Hertz Corp.
Service area: Nationwide.
Branch offices: Administrative offices in Phoenix; Los Angeles, Salinas, San Diego and San Francisco, Calif.; Washington; Miami; Chicago; Boston; Farmington Hills, Grand Rapids and Saginaw, Mich.; Cleveland; Pittsburgh; Dallas; Seattle; Paris; Frankfurt, Germany; London.
Claims subsidiaries: HCM Investigations Inc., Calif., N.J.; HCM Medical Review, Calif., Mich., N.J.
Officers: Howard Rezak, president; John Fahey, William Gavin, vps; Richard P. McEvily, vp/secretary.
Contact: Kenneth J. Fulton, national account manager, 201-307-2733.

Hewitt, Coleman & Associates Inc.

P.O. Box 3665, Greenville, S.C. 29608; 803-240-5800; fax: 803-232-8824

Revenues	
Claims administration	65%
Other services	35%
Includes: accounting, data processing, excess placement, loss control, underwriting, managed care, training institute	
Claims business by type	
Flex compensation	2%
General liability	3%
Health insurance	20%
Workers compensation	75%
Claims business by volume	
Administration-claims paid	$48,000,000
Clients	
Administration	102
Staff	
Total	93
Claims services	93

Claims services since: 1923.
Service area: Nationwide.
Branch offices: Administrative offices in Birmingham, Ala.; Little Rock, Ark.; Denver; Orlando, Fla.; Norcross, Ga.; Indianapolis; Jackson, Miss.; St. Louis; Raleigh, N.C. Sales offices in Lucerne, Ky.; Baldwin, La.
PPOs available: .
Membership: SIIA.
Officers: Charles R. Warne, president; Randy Chapman, senior vp-marketing; Ron Graves, senior vp-loss control; Jay Franks, senior vp-claims; Mitzi Helton, vp-finance/accounting.
Contact: Charles Warne.

I

Insurance Consulting Associates Inc.

621A Second St., Petaluma, Calif. 94928; 707-778-1118; fax: 707-778-8213

Revenues	
Total	$1,100,000
Claims administration	47%
Claims auditing	3%
Other services	50%
Claims revenue	$520,000
Claims business by type	
Automobile	20%
Bonds	1%
Disability	1%
General liability	62%
Inland marine	1%
Life	1%
Ocean marine	1%
Property damage	10%
Workers compensation	1%
Other	2%
Includes: consulting	
Claims business by volume	
Administration-claims paid	$15,000,000
Clients	
Administration	90
Adjusting	28
Staff	
Total	20
Claims services	11

Claims services since: 1978.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Martinez and San Francisco, Calif.; Ontario, Canada.
Claims subsidiaries: BDR Investigations.
Officers: Ronald R. Blanquie, president; Daniel A. Blanquie, executive vp.

Insurex Benefits Administrators

2158 Union Ave., Memphis, Tenn. 38104; 901-725-6435; fax: 901-725-6417

Revenues	
Total	$1,620,000
Claims administration	100%
Claims business by type	
Health insurance	90%
Employees covered	17,500
Dependents covered	42,000
Workers compensation	10%
Claims business by volume	
Administration-claims paid	$32,000,000
Clients	
Administration	66
Staff	
Total	35
Claims services	35

Claims services since: 1989.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Bruce Osborne, president; Jane Howard, vp-operations; Beth Strong, claims manager; Sherry Luibel, system operator; Kathy Hannings, MIS director.

Integrated Risk Management Inc.

1 E. Uwchlan Ave., Suite 200, P.O. Box 660, Exton, Pa. 19341; 610-594-2081; fax: 610-594-2085

Revenues	
Total	$1,100,000
Claims administration	82%
Other services	18%
Claims revenue	$900,000
Claims business by type	
Automobile	10%
General liability	35%
Health insurance	15%
Workers compensation	40%
Claims business by volume	
Administration-claims paid	$5,000,000
Clients	
Administration	415
Staff	
Total	15
Claims services	11

Continued on next page

Healthplex INC.

Dental Plan Design and Claims Processing for Self-Funded Groups

For more information about Dental Benefits and Administration write or call:

HEALTHPLEX, INC.
60 Charles Lindbergh Blvd., Uniondale, NY 11553
516-794-3000 / FAX 516-794-3186

Continued from previous page

Claims services since: 1994.
Service area: Delaware, New Jersey, New York, Pennsylvania.
Branch offices: Sales offices in Cherry Hill, N.J.; New York.
Officers: John F. Rath, CEO; Mary M. Keenan, president; Alice J. Balsama, senior vp.
Contact: Mary M. Keenan.

J

JRH Risk Services Inc.

3000 Riverchase Galleria, Suite 700, Hoover, Ala. 35244; 205-985-4400; fax: 205-985-4505

Revenues	
Total	$1,400,000
Claims administration	100%
Claims revenue	$1,400,000
Claims business by type	
Health insurance	65%
Employees covered	7,000
Dependents covered	17,500
Workers compensation	35%
Claims business by volume	
Administration-claims paid	$19,000,000
Clients	
Administration	45
Staff	
Total	29
Claims services	29

Claims services since: 1984.
Service area: Nationwide.
Branch offices: Administrative and sales office in Atlanta.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Larry Mathis, president; Venny Cable, vp; Saron Langer, vp-workers compensation.
Contact: Venny Cable.

W.J. Jones Administrative Services Inc.

1983 Marcus Ave., Suite 125, Lake Success, N.Y. 11042; 516-775-5420; fax: 516-775-6601

Revenues	
Total	$6,500,000
Claims administration	65%
Other services	35%
Claims revenue	$4,000,000
Claims business by type	
Disability	10%
Flex compensation	15%
Health insurance	65%
Employees covered	100,000
Dependents covered	47,000
Pensions	10%
Claims business by volume	
Administration-claims paid	$70,000,000
Clients	
Administration	99
Staff	
Total	95
Claims services	50

Claims services since: 1971.
Service area: Nationwide.
Claims subsidiaries: Select Providers Inc.
Contracts with PPOs.
Membership: SIIA.
Officers: John P. Sherlock, president; Robert F. Sherlock, Kevin J. Sherlock, vps.
Contact: Robert F. Sherlock.

K

Keenan & Associates

P.O. Box 4328, 2355 Crenshaw Blvd., Suite 200, Torrance, Calif. 90510; 310-212-3344; fax: 310-328-6793

Revenues	
Total	$35,201,000
Claims administration	35%
Claims adjusting	5%
Other services	60%
Claims revenue	$13,999,000
Claims business by type	
Automobile	2%
General liability	5%
Health insurance	1%
Property damage	3%
Workers compensation	89%
Claims business by volume	
Administration-claims paid	$132,600,000
Clients	
Administration	934
Adjusting	535
Staff	
Total	370
Claims services	180

Claims services since: 1978.
Service area: California.
Branch offices: Administrative offices in Campbell, Eureka, Fresno and Riverside, Calif. Sales offices in Campbell, Chico, Emeryville, Fresno, Riverside, Sacramento, San Diego, Santa Ana and Westlake Village, Calif.
Claims subsidiaries: Regency Claims Service (outside adjusting), Campbell, Emeryville, Fresno and Torrance, Calif.
Officers: John R. Keenan, CEO/president; David J. De Wenter, executive vp/chief administrative officer; Harwood J. Bren, executive vp/COO; Murton L. Munson, Sean K. Smith, executive vps.
Contact: David J. De Wenter.

Kepple & Co. Inc.

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

Revenues	
Total	$3,200,000
Claims administration	52%
Other services	48%
Includes: Section 125, COBRA administration, utilization review, Taft-Hartley, RX card, consulting	
Claims revenue	$1,664,000
Claims business by type	
Health insurance	98%
Employees covered	21,257
Dependents covered	51,017
Workers compensation	2%
Clients	
Administration	66
Staff	
Total	78
Claims services	26

Claims services since: 1982.
Parent: Health Care Horizons.
Service area: Nationwide.
Membership: SPBA, SIIA.
Officers: James D. Stevenson, president.

L

LaHood & Associates

6717 Shawnee Mission Parkway, P.O. Box 12170, Overland Park, Kan. 66282-2170; 913-362-0040; fax: 913-362-0041

Revenues	
Total	$11,900,000
Claims administration	100%
Claims revenue	$11,900,000
Claims business by type	
Disability	3%
Flex compensation	3%
Health insurance	88%
Employees covered	93,000
Workers compensation	6%
Claims business by volume	
Administration-claims paid	$212,000,000
Clients	
Administration	200
Staff	
Total	185
Claims services	185

Claims services since: 1974.
Parent: Blue Cross Blue Shield of Kansas City.
Service area: Nationwide.
Branch offices: Administrative offices in St. Louis. Sales offices in Waterloo, Iowa; St. Louis.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Joel Frisch, CEO; George McDonnell, senior vp; Scott Holland, CFO; Joanne Weber, COO.
Contact: Joanne Weber.

Lawrence Healthcare Administrative Services Inc.

2716 Albany St., Schenectady, N.Y. 12304-1888; 518-370-3828; fax: 518-370-3890

Revenues	
Total	$6,800,000
Claims administration	75%
Claims adjusting	1%
Claims auditing	2%
Other services	22%
Includes: related insurance commissions	
Claims business by type	
Disability	2%
Flex compensation	3%
Health insurance	65%
Workers compensation	30%
Clients	
Administration	150
Claims services	120

Service area: Nationwide.
Branch offices: Administrative offices in Fresno, Calif.; Atlanta; Waltham, Mass.; Jamestown and Westbury, N.Y. Sales offices in Phoenix; San Diego; Clearwater, Fla.; Rochester and Syracuse, N.Y.; Greensboro, N.C.; Harrisburg, Pa.
Contracts with PPOs.
Membership: SIIA, NAEBA.
Officers: Albert W. Lawrence, chairman; Joseph G. Vacca, president; Gayle Churchill, executive vp; Michael Greppo, vp; Barbara Dunbar, treasurer.
Contact: Joseph G. Vacca.

Lipman Insurance Administrators Inc.

39420 Liberty St., Suite 265, Fremont, Calif. 94538; 510-795-0103; fax: 510-795-0858

Revenues	
Total	$10,000,000
Claims administration	100%
Claims business by type	
Disability	2%
Flex compensation	10%
Health insurance	88%
Employees covered	20,000
Dependents covered	3,000
Claims business by volume	
Administration-claims paid	$72,000,000
Clients	
Administration	504
Staff	
Total	80
Claims services	75

Claims services since: 1976.
Service area: Arizona, California, Nevada, Oregon, Washington.
Branch offices: Administrative and sales offices in Las Vegas.
Claims subsidiaries: The Lipman Co. Inc., Fremont, Calif.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: Fred Lipman; Larry Lipman, vp-sales; Carolyn Nelson, Marty Larry, Margie Epstein, vps-administration.
Contact: Larry Lipman.

M

Management Services Inc.

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

Revenues	
Claims administration	100%
Claims business by type	
General liability	5%
Health insurance	13%
Employees covered	11,240
Dependents covered	15,154
Workers compensation	82%
Claims business by volume	
Administration-claims paid	$81,705,000
Clients	
Administration	114
Staff	
Total	263
Claims services	125

Claims services since: 1978.
Parent: ESOP Corp.
Service area: Illinois, Indiana, Iowa, Kansas, Missouri.
Branch offices: Administrative and sales offices in Oak Brook, Ill.; Indianapolis; Des Moines, Iowa; St. Louis and Kansas City, Mo.
Claims subsidiaries: Wolford Cannon Hoecker.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Samuel P. Cannon, CEO; Robert L. Cowgill, president; Jacqueline J. Cannon, vp; Gary J. Schirmer, director.
Contact: Bonnie B. Gotham, 800-252-5059, ext. 118.

The Matrix Cos.

2099 Gateway Place, Suite 500, P.O. Box 11035, San Jose, Calif. 95103; 408-457-7700; fax: 408-453-9977

Revenues	
Claims administration	100%
Claims business by type	
Disability	50%
Workers compensation	50%
Claims business by volume	
Administration-claims paid	$67,000,000
Clients	
Administration	99
Staff	
Total	80
Claims services	80

Claims services since: 1985.
Service area: Nationwide.
Branch offices: Administrative offices in Phoenix; Albuquerque, N.M.
Claims subsidiaries: MATRIX Consolidated Programs Inc.; MATRIX Self-Insurance Resources Inc.; Oliver & Larkin Inc.
Membership: SIIA.
Officers: John Payne, chairman; David Nolan, president; Martin Grable, Thomas Larkin, Michael Oliver, Thomas Sitter, vps.
Contact: Michael Oliver.

Medcom Services Inc.

1061 Riverside Ave., Jacksonville, Fla. 32204; 904-354-8104; fax: 904-354-3168

Revenues	
Total	$7,500,000
Claims administration	80%
Other services	20%
Includes: workers compensation claims, utilization review	
Claims business by type	
Health insurance	100%
Employees covered	13,000
Dependents covered	15,000
Claims business by volume	
Administration-claims paid	$14,000,000
Staff	
Total	38
Claims services	13

Claims services since: 1985.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA.
Officers: Tyler Potterfield, president; Mike Bracken, vp-marketing; Barbara Gordon Markos, vp-administration.
Contact: Barbara Gordon Markos.

N

National Benefit Plans Inc.

P.O. Box 13128, 5 Koger Executive Center, Suite 127, Norfolk, Va. 23506; 804-466-1940; fax: 804-466-7570

Revenues	
Total	$571,000
Claims administration	85%
Other services	15%
Includes: pension administration	
Claims revenue	$485,350
Claims business by type*	
Disability	5%
Health insurance	80%
Employees covered	3,500
Dependents covered	6,500
Pensions	15%
Claims business by volume	
Administration-claims paid	$6,220,000
Clients	
Administration	27
Staff	
Total	12
Claims services	5

** Workers compensation claims services are available.*

Claims services since: 1972.
Service area: Nationwide.
Branch offices: Administrative offices in Richmond, Va.
Contracts with PPOs.
Membership: SPBA, IFEBP.
Officers: John J. Bailey, president; Robert M. Jones, executive vp; James Davenport, CEO; Ron Dukes, Frank Schwalenberg, vps.
Contact: Robert M. Jones.

Northshore International Insurance Services Inc.

76 Lafayette St., Salem, Mass. 01970; 508-745-6655; fax: 508-741-1642

Revenues	
Claims auditing	30%
Other services	70%
Includes: review and consultation to insurers, reinsurers and other risk-bearing entities, excess claims administration	
Claims business by type	
Automobile (excess only)	10%
General liability (excess only)	20%
Workers compensation	30%
Other	40%
Includes: excess claims administration of specific, aggregate and managed care coverages	
Claims business by volume	
Auditing-projects conducted	75
Clients	
Administration*	21
Auditing	153
Staff	
Total	44

** Claims administration for excess coverage.*

Claims services since: 1988.
Service area: Nationwide, Canada, Europe, South Africa and South America.
Branch offices: Administrative offices in Chicago; Greenville, S.C.; Austin, Texas; London; Johannesburg, South Africa.
Claims subsidiaries: International Managed Care Services Inc., Salem, Mass.; International Subrogation Management Inc., Salem, Mass.; International Tertiary Network, Salem, Mass.; NiiS, U.K. Ltd., London; NiiS, South Africa Ltd., Johannesburg.
Membership: SIIA.
Officers: David W. Ives, president; Mark E. Scerra, Joseph J. Yablonski, Norman C. Tardiff, vps.
Contact: David W. Ives.

Continued on next page

Companies listed generate at least 50% or $500,000 of their gross revenues from self-insured clients.

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Continued from previous page

P

PCA Solutions Inc.

260 Wekiva Springs Road, Longwood, Fla. 32779; 407-788-1717; fax: 407-788-8648

Revenues

Total $80,504,350
Claims administration 80%
Other services 20%
Includes: managed care services
Claims revenue $62,917,559

Claims business by type

Automobile 1%
General liability 3%
Health insurance 15%
Property damage 1%
Workers compensation 80%

Claims business by volume

Administration-claims paid $550,000,000

Clients

Administration 73

Staff

Total 791
Claims services 791

Claims services since: 1985.
Parent: Physician Corp. of America.
Service area: Alabama, Florida, Georgia, Louisiana, Mississippi, Tennessee.
Branch offices: Administrative offices in Montgomery, Ala.; Winter Park, Fla; Atlanta; Baton Rouge, La.; Jackson, Miss.; Nashville, Tenn.
Claims subsidiaries: Executive Risk Consultants Inc.
Membership: SPBA, SIIA, IFEBP.
Officers: Rodney Spencer, CEO; Eugena G. Hill, president; David Jasmund, chief marketing officer; Mary Taylor, COO/executive vp; David Krauser, senior vp.
Contact: David Jasmund.

POMCO

2425 James St., Syracuse, N.Y. 13206; 315-432-9171; fax: 315-437-9466

Revenues

Claims administration 85%
Claims adjusting 2%
Claims auditing 5%
Other services 8%
Includes: managed care and cost containment services

Claims business by type

Disability 3%
Flex compensation 2%
Health insurance 88%
Employees covered 85,600
Dependents covered 105,800
Workers compensation 7%

Claims business by volume

Administration-claims paid $165,000,000

Clients

Administration 68

Staff

Total 162
Claims services 162

Claims services since: 1979.
Service area: Nationwide excluding Iowa.
Branch offices: Administrative offices in Elmsford and Watertown, N.Y. Sales offices in Elmsford, N.Y.
Contracts with PPOs.
Membership: SPBA.
Officers: Maurice W. Pomfrey, CEO; Robert W. Pomfrey, president; Terrence C. Dowd, vp-finance/administration; George H. Sherman, vp-MIS; Lawton Llewellyn, vp-corporate development.
Contact: Robert W. Pomfrey.

Preferred Works

15 River Road, Wilton, Conn. 06897; 203-761-7300 or 800-579-6757; fax: 203-761-7405

Revenues

Total $37,500,000
Claims administration 63%
Claims auditing 0.5%
Other services 36.5%
Claims revenue $23,400,000

Claims business by type

Automobile 21%
Disability 9%
Flex compensation 1%
General liability 1%
Health insurance 17%
Employees covered 95,000
Dependents covered 166,800
Inland marine 14%
Property damage 1%
Workers compensation 36%

Claims business by volume

Administration-claims paid $1,260,000,000
Auditing-projects conducted 6

Clients

Administration 1,341

Staff

Total 588
Claims services 375

Claims services since: 1973.
Parent: Value Health Inc.
Service area: Nationwide.
Branch offices: Administrative offices in 20 locations nationwide.
Claims subsidiaries: Adjustco.
Contracts with PPOs.
Membership: SIIA, IFEBP.
Officers: David G. Noone, CEO; Jim Buncher, president; Grace Armstrong, Barry Bloom, senior vps; Vincent Sbarra, CFO.
Contact: Bill Hogan, senior vp-sales/marketing, 203-761-7431.

Professional Administrators Inc.

3751 Maguire Blvd., Orlando, Fla. 32803; 407-896-0521; fax: 407-896-9289

Revenues

Claims administration 10%
Claims adjusting 90%

Claims business by type

Disability 1%
Flex compensation 2%
Health insurance 57%
Employees covered 4,000
Dependents covered 6,500
Workers compensation 40%

Claims business by volume

Administration-claims paid $17,000,000

Clients

Administration 10
Adjusting 21

Staff

Total 30
Claims services 30

Claims services since: 1972.
Service area: Nationwide.
Officers: Byron Newbern, president; Paul Tobin, vp; Cecil Anderson, secretary/treasurer.

Professional Risk Management Inc.

7260 West Blvd., Youngstown, Ohio 44512; 216-726-5800; fax: 216-726-3786

Revenues

Total $2,206,100
Claims administration 85%
Other services 15%
Includes: Section 125, workers compensation, short- and long-term disability
Claims revenue $1,916,100

Claims business by type

Disability 0.5%
Flex compensation 0.5%
Health insurance 85%
Employees covered 12,165
Dependents covered 19,601
Workers compensation 14%

Claims business by volume

Administration-claims paid $17,402,301

Clients

Administration 99

Staff

Total 51
Claims services 44

Claims services since: 1981.
Service area: Ohio, Pennsylvania, West Virginia.
Branch offices: Sales offices in Brunswick and Chillicothe, Ohio.
Contracts with PPOs.
Membership: SPBA, NAEBA.
Officers: James B. White, president/CEO/secretary; Ronald G. Blasko, executive vp/CFO; Robert R. Carr, vp-marketing; Robert Saylor, vp-operations; Robert E. Hogg Jr., treasurer.
Contact: Ronald G. Blasko.

R

RMSCO Inc.

731 James St., Syracuse, N.Y. 13203; 315-474-8200; fax: 315-476-8440

Revenues

Total $8,640,000
Claims administration 81.5%
Claims auditing 5%
Other services 13.5%
Includes: auditing and monitoring of insured workers compensation, miscellaneous consulting, insurance related services
Claims revenue $7,045,000

Claims business by type

Automobile 1%
Disability 9%
Flex compensation 5%
Health insurance 45%
Employees covered 84,000
Dependents covered 44,000
Workers compensation 40%

Claims business by volume

Administration-claims paid $190,000,000
Auditing-projects conducted 33

Clients

Administration 162
Auditing 33

Staff

Total 167
Claims services 91

Claims services since: 1981.
Service area: Nationwide.
Branch offices: Administrative and sales offices in Albany and Rochester, N.Y.; Boston.
Contracts with PPOs.
Membership: SIIA.
Officers: James Heitzhaus, president; Richard Sykes, Michael Hotaling, vps.
Contact: Richard Sykes.

Rasmussen Administrators Inc.

270 Davidson Ave., Somerset, N.J. 08873; 908-302-2400; fax: 908-302-2440

Revenues

Total $11,565,000
Claims administration 68%
Other services 32%
Includes: loss prevention, managed care, reinsurance placement
Claims revenue $7,937,000

Claims business by type

Automobile 3%
Bonds 2%
Disability 5%
Flex compensation 5%
General liability 20%
Health insurance 20%
Professional liability 5%
Property damage 10%
Workers compensation 30%

Claims business by volume

Administration-claims paid $64,000,000

Clients

Administration 192

Staff

Total 142
Claims services 120

Claims services since: 1975.
Parent: W.R. Berkley Group.
Service area: Connecticut, Delaware, Massachusetts, New Jersey, New York, Pennsylvania, Virginia.
Branch offices: Administrative and sales offices in Wilmington, Del.; Mass Landing, N.J.; Malvern and Philadelphia, Pa.
Officers: Dan M. Robertson, executive vp; Bruce Kunzmann, CFO; Robert Hughes, executive vp; Elizabeth Blair, vp-claims services; Linda Wagner, vp-health services.

S

SRT Benefits & Insurance Services Corp.

2255 N. 44th St., Suite 220, Phoenix, Ariz. 85008; 800-879-8500; fax: 602-231-8823

Revenues

Claims administration 90%
Other services 10%

Claims business by type

Automobile 5%
Disability 5%
Flex compensation 1%
General liability 9%
Health insurance 35%
Employees covered 3,500
Dependents covered 6,500
Workers compensation 45%

Claims business by volume

Administration-claims paid $8,000,000

Clients

Administration 6

Staff

Total 14
Claims services 11

Claims services since: 1971.
Service area: Nationwide.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: B.G. Redmon, president; N.A. Taylor, vp-claims; M. Goldberg, vp/treasurer; K. Vavra, director-operations/secretary.
Contact: Bob Redmon or Karmel Vavra.

Sedgwick James Inc. Claims Management Services

230 W. Monroe St., Suite 2260, Chicago, Ill. 60606; 312-346-3000; fax: 312-726-4123

Revenues

Claims administration 94%
Other services 6%

Claims business by type

Automobile 2%
Disability 1%
General liability 4%
Workers compensation 93%

Claims business by volume

Administration-claims paid $1,455,252,000

Clients

Administration 3,648

Staff

Total 5,000
Claims services 834

Claims services since: 1971.
Parent: Sedgwick Group P.L.C.
Service area: Nationwide.
Branch offices: Administrative offices in 65 locations. Sales offices in 70 locations.
Contracts with PPOs.
Officers: Robert L. Young, president; Richard E. Disher, executive vp; M. Susan Steagall, senior vp; Edward J. Callahan, Glenn J. Fischer, vps.

Self-Insured Management Services

P.O. Box 55129, 25001 The Old Road, Valencia, Calif. 91385; 805-255-5242; fax: 805-255-9768

Revenues

Total ..... NA
Claims administration 99%
Claims auditing 1%
Claims revenue $1,250,000

Claims business by type

Automobile 25%
General liability 15%
Workers compensation 60%

Claims business by volume

Administration-claims paid $5,974,000
Auditing-projects conducted 3

Clients

Administration 3

Staff

Total 16
Claims services 16

Claims services since: 1991.
Service area: Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, Wyoming.
Officers: William D. Maxon, president/CEO; David G. Guyer, executive vp; Roberta Fox, vp.
Contact: David G. Guyer or Roberta Fox.

Self Insured Services Co.

P.O. Box 389, Dubuque, Iowa 52004; 319-583-7344, ext. 229; fax: 319-583-0439

Revenues

Claims administration 100%

Claims business by type

Automobile 5%
Disability 1%
Flex compensation 4%
Health insurance 80%
Employees covered 31,000
Dependents covered 77,500
Workers compensation 10%

Claims business by volume

Administration-claims paid $110,000,000

Clients

Administration 167

Staff

Total 59
Claims services 59

Claims services since: 1980.
Service area: Nationwide.
Branch offices: Sales offices in Davenport, Iowa; Macon, Ohio.
Contracts with PPOs.
Membership: SPBA, SIIA, NAEBA, National Assn. of Safety & Claims Organizations.
Officers: John E. Butler, president; Andrew J. Butler, executive vp.
Contact: Andrew J. Butler.

U

Underwriters Safety & Claims Inc.

11405 Park Road, Louisville, Ky. 40223; 502-244-1343; fax: 502-244-1411

Revenues

Total $4,300,000
Claims administration/adjusting 80%
Claims auditing 10%
Other services 10%
Includes: managed care, claims adjusting for insured programs
Claims revenue $3,870,000

Claims business by type

Health insurance 25%
Workers compensation 75%

Claims business by volume

Administration-claims paid $101,369,000

Clients

Administration 84

Staff

Total 105
Claims services 101

Claims services since: 1941.
Service area: Alabama, Arkansas, Georgia, Illinois, Indiana, Kentucky, Mississippi, Missouri, Pennsylvania, Tennessee, Virginia, Wisconsin.
Branch offices: Administrative offices in Savannah, Ga.; Chicago and Marion, Ill.; Jackson, Miss.; Pittsburgh; Knoxville and Memphis, Tenn. Sales offices in Nashville.
Claims subsidiaries: BRI (case management/rehabilitation); BOHN (managed care in Kentucky).
Contracts with PPOs.
Membership: SIIA.
Officers: B.W. Ferguson, president; Scott C. Ferguson, Jack D. Stewart, executive vps; Gary G. Gilmour, vp-claims.
Contact: Gary G. Gilmour.

W

Wausau Insurance Cos.

2000 Westwood Drive, Wausau, Wis. 54401; 715-845-5211; fax: 715-847-8977

Revenues

Total $1,000,134,000
Claims administration 1.36%
Claims adjusting 0.26%
Claims auditing 0.09%
Claims revenue $17,000,000

Claims business by type

Automobile 2%
General liability 5%
Health insurance 65%
Employees covered 130,000
Dependents covered 325,000
Professional liability 12%
Workers compensation 16%

Claims business by volume

Administration-claims paid $187,000,000
Auditing-projects conducted 5

Clients

Administration 205
Adjusting 18
Auditing 5

Staff

Total 6,100
Claims services 160

Claims services since: 1971.
Parent: The Nationwide Group.
Service area: Nationwide.
Branch offices: Administrative offices in 27 cities nationwide. Sales offices in 150 locations nationwide.
Claims subsidiaries: Countrywide Services Corp., St. Louis.
Contracts with PPOs.
Officers: D. Richard McFerson, CEO; Galen Barnes, president/COO; Scott Isaacson, executive vp-risk management/specialty accounts; Richard Waggoner, executive vp-division operations; Dwight Davis, executive vp-customer service; Douglas Robinette, senior vp-finance/insurance services.
Contact: Ronald E. Fisher, 715-842-6229.

Willis Corroon Administrative Services Corp.

Century Blvd., Nashville, Tenn. 37214; 615-872-4000; fax: 615-872-4333

Revenues

Claims administration 85%
Other services 15%
Includes: managed care

Claims business by type

Automobile 12%
General liability 15%
Health insurance 20%
Employees covered 40,000
Dependents covered 90,000
Professional liability 2%
Property damage 1%
Workers compensation 50%

Clients

Administration 322

Staff

Total 486
Claims services 390

Parent: Willis Corroon P.L.C.
Service area: Nationwide.
Branch offices: Administrative offices in 35 locations nationwide. Sales offices in Louisville, Ky.; Minneapolis; St. Louis; Philadelphia.
Contracts with PPOs.
Membership: SPBA, SIIA.
Officers: Brian D. Johnson, chairman; Louis E. Midden, CEO-Property & Casualty Division; Richard L. Hughes, chief administrative officer-Property & Casualty Division; Richard Q. Ford, CEO-Life & Health Division; Fred Massa, chief administrative officer-Life & Health Division.
Contact: Fred Massa (life and health), 615-872-3158; Richard L. Hughes (property and casualty), 615-872-4126.

Last, best hope for reform

GOP leader says action needed in '95

By MARK A. HOFMANN

WASHINGTON—The 104th Congress can pass incremental health care reform legislation but only if it moves this year, predicts a key Republican senator.

"If we don't get something pretty far down the legislative trail in '95, you can forget about it in '96," warned Sen. Robert Bennett, R-Utah. By 1996, he said, health care issues will be overshadowed by other concerns, such as presidential politics.

Sen. Bennett, chairman of the Senate Republican Task Force on Health, also said that any health care reform initiative will have to draw significant bipartisan support to succeed. In addition, he noted that there seems to be Democratic as well as Republican support for incremental, rather than comprehensive, reform.

Sen. Bennett offered his assessment last week during a conference co-sponsored by the National Assn. of Manufacturers and the Assn. of Private Pension & Welfare Plans in Washington.

Sen. Bennett's sentiments echoed those of NAM's chairman.

Health care reform issues must be raised soon if the 104th Congress is to enact "sensible, affordable" reforms, said Chairman J. Tracy O'Rourke less than 24 hours before Sen. Bennett spoke.

Sen. Bennett said that Congress is likely to take action relatively soon on at least two health care-related issues. The first issue is granting self-employed people a 100% tax deduction for their health insurance costs. They currently get only a 25% tax break. He expects the House to pass such a bill by early spring.

Insurance market reform also is "probably fairly high on the agenda" for the 104th Congress as well, the senator said. He expects measures dealing with still-unspecified market reforms to be introduced in May or June.

Speedy action on insurance market reforms will sit well with NAM, because the subject tops the trade association's list of health care reform wishes for the 104th Congress, said Mr. O'Rourke, who is also chairman and chief executive officer of Varian Associates Inc., a Palo Alto, Calif.-based electronics company.

"We now have a second chance to make sensible" reforms, he said.

Last year's health care debate did have some positive results, pointed out Mr. O'Rourke. Because of the issues raised, all citizens now know more about the good and bad points of the existing system, and should put that knowledge to use to make the current system better, he said.

The types of insurance reforms sought by NAM include restrictions on pre-existing condition clauses and protections against experience rating for small groups. Reform is "essential" to ensure that employers and individuals can buy health insurance regardless of the health of the group's individuals, he said.

Also high on NAM's list is medical liability tort reform, he said. This includes setting uniform standards for medical liability claims, placing limits on non-economic damages in jury trials, allowing periodic rather than lump-sum payments for large damage awards and limiting attorney's fees, said Mr. O'Rourke.

He also called on Congress to resist efforts to change the Employee Retirement Income Security Act's pre-emption of state laws governing employee health benefits. Maintaining ERISA's pre-emption is essential for market-based health care reforms to work, he said.

NAM also is interested in protecting employers' right to self-insure their health benefit programs, blocking federal or state attempts to restrict the use of managed care and restructuring—rather than simply reducing—expenditures for Medicaid and Medicare. BI

Health care crisis far from over, Rockefeller warns

By JERRY GEISEL

WASHINGTON—While most legislators have moved on to other issues, serious problems in the nation's health care system still need to be fixed, says a leading congressional champion of comprehensive reform.

"Health care reform is still very much in need in America because the worries and fears that fueled that crisis still exist," says Sen. John D. Rockefeller IV, D-W.Va.

Speaking last month before a joint meeting of the Assn. of Private Pension & Welfare Plans and the National Assn. of Manufacturers, Sen. Rockefeller said he strongly disagreed with assessments that "the health care crisis is over."

While health care cost increases have slowed dramatically, costs still are rising at roughly double the rate of the overall increase in the Consumer Price Index, he noted.

And, while the slowdown is welcome, it is too soon to tell whether the cooling of health care inflation is permanent or only a temporary phenomenon, the senator added.

Historically, slowdowns in health care cost increases have coincided with times when Congress seriously was considering comprehensive health care reform legislation, said Sen. Rockefeller, pointing to the easing of inflation when President Carter proposed legislation in 1977 that would have capped hospital cost increases.

Then, when it became clear that Congress would not pass legislation, prices shot up.

The past, once again, could be prologue.

"It is still too early to know exactly what we are seeing. Is this (slowdown in health care costs) a sustainable trend? Or is it a short-lived aberration?" asked Sen. Rockefeller.

Other problems with the nation's health care system continue and some may be even getting worse, he said.

The number of Americans with job-based health care coverage now stands at 61%, a decline from 68% just five years ago. Without an expansion in the Medicaid program, the number of individuals lacking health insurance would be even greater than the current nearly 40 million.

"The challenge is still there" with so many uninsured and so many losing coverage without warning, he said.

For small employers, the cost of coverage continues to be a major problem. Small employers lack the clout to win favorable terms from insurers and they also sometimes find it difficult to obtain coverage through health maintenance organizations, Sen. Rockefeller said.

While obviously disappointed that Congress did not pass comprehensive legislation last year, Sen. Rockefeller acknowledged that overly ambitious proposals were partly to blame for health care reform's demise.

"We bit off too much and got nothing," he said.

But some good may come out of last year's setback, the senator said.

With the Clinton administration not pushing its own proposal, opponents no longer have a shooting target.

"People will not focus on the (health insurers') ads, misleading though they were about the comprehensive bill. There is no one to get mad at," said Sen. Rockefeller.

Instead, individuals will focus more on their own problems with the health care system without the distraction of health insurers' ads, he said.

Still, Sen. Rockefeller said, it is virtually inconceivable that comprehensive health care reform legislation will emerge from the Republican-controlled Congress.

"I don't want to hold out the false hope that the 104th Congress will be the time this issue will be tackled," he said.

Enactment of even so-called incremental health care reform legislation, such as proposals to limit pre-existing medical condition exclusions, will be difficult, he said.

In the long run, if no substantial reforms are enacted to expand coverage, eventually a majority of the public will get fed up and demand a single-payer system, Sen. Rockefeller predicted.

State flexibility on ERISA faulted

By MARK A. HOFMANN

WASHINGTON—Weakening the Employee Retirement Income Security Act's pre-emption of state benefit laws would hurt employers and employees in several ways, according to a government affairs official for one of the country's largest corporations.

Mary Catherine Toker, deputy director of the Washington office of General Mills Inc., said that ERISA—which pre-empts state laws that "relate to" employee benefit plans—has been critical in maintaining the quality of the company's health plan across the country.

During a recent conference co-sponsored by the Assn. of Private Pension & Welfare Plans and the National Assn. of Manufacturers, Ms. Toker spelled out five reasons that uniform nationwide benefit plans are important to employers;

- Uniformity makes administration easier because companies need not worry about differing state requirements, she said.
- Multistate employers have "voluntarily led the revolution" in improving the health care delivery system, she said. Eliminating pre-emption would hinder innovative efforts.
- Pre-emption fits the needs of a mobile work force, because employers can provide one plan for all employees regardless of where they live, she said. She asked her audience to imagine what problems could arise in an area like the Washington metropolitan area—where workers might live in Virginia, work in the District of Columbia and get health care in Maryland—if there was no pre-emption and one jurisdiction instituted a single-payer plan while another required employers to offer certain benefits and the third took a different approach.
- More people are covered in the current system than would be in a patchwork system of state-by-state plans, said Ms. Toker.

Without uniformity, employers would have to reduce benefits, she said. In fact, if an employer had only a few workers in a particular state, it might simply choose to cash them out and let them get their own coverages rather than to incur the costs of maintaining a state-approved plan for a handful of employees.

- Uniformity allows employers to establish wellness programs. State-by-state regulation could make the programs more cumbersome for employers to offer, she said.

Another participant in the panel predicted that Congress won't be anxious to tackle ERISA pre-emption in the near future.

"I don't think they're going to take on ERISA anytime soon," said Janet Shikles, assistant comptroller general-health service division of the General Accounting Office.

She said that while the 104th Congress is very "energetic," the energies of the GOP majority have been focused on passing legislation associated with the Contract with America, which does not address ERISA pre-emption. BI

States making a U-turn on health care reform

WASHINGTON—Don't expect the states to lead the charge for comprehensive health care reform legislation.

In fact, some states—in the wake of a changed political climate—may pare back ambitious reform measures passed only a few years ago.

That's the view of Susan Laudicina, director of state services research for the Blue Cross & Blue Shield Assn. in Washington.

While a number of states—such as Vermont and Montana—were once leading the charge for universal health care coverage, those efforts have gone nowhere.

"States could not deliver on the rhetoric. Things reached a dead end," Ms. Laudicina said at a BC/BS press briefing last month. Comprehensive reform bills at the state level either died or were watered down, she added.

She said that reasons states failed to deliver on those once sweeping promises of universal health care coverage for all state residents include:

- A recognition of the huge costs of expanding coverage and awareness that the states lacked

Continued on next page

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Superfund

Continued from page 2

get in early," said Dave Haight, RIMS' vp of environmental affairs.

"It's what RIMS ought to be doing. We are providing a better representation for our members by being proactive this way and by being active early, we should be more of an influence, I hope," said Mr. Haight, who is risk manager of CF Industries, a Long Grove, Ill.-based fertilizer manufacturer.

"There's a feeling we may accomplish something. We've been working with the insurance groups but we thought it would be more appropriate if we sent a letter of our own. The three issues we put down are the real primary crucial issues for us," said Mr. Brown.

The letter notes that RIMS supports Superfund reform recommendations endorsed last month by a coalition of 11 insurer and producer groups (*BI*, Jan. 23). The insurers spelled out five reform principles in their letter to Congress. In addition to abolishing retroactive and joint and several liability and establishing a system of proportional liability for cleanup costs incurred in 1987 or later, the insurers want cleanups conducted "within the confines of an annual federal budget," reasonable risk assessment and cleanup standards, minimization of administrative and transaction costs so that money will be spent on cleanup and improvement of state environmental cleanup programs.

Not surprisingly, the risk management society's letter was welcomed by insurer groups.

"This demonstrates a growing consensus among both insurers and insurance consumers that fundamental reform is necessary," said Francis D. Bouchard, federal affairs representative for the Reinsurance Assn. of America in Washington.

RIMS' Mr. Brown noted that abolishing retroactive liability is a new addition to the society's wish list. He said RIMS "intentionally left it out last year" because it appeared to have no chance of passage. But the climate is decidedly different this year, making it an appropriate issue to discuss, he said.

According to the society's letter, "RIMS' goal for Superfund is quite simple: support the original goals of Superfund and reduce transaction costs and related litigation." To achieve this goal, RIMS' letter proposes the following:

- **Elimination of joint and several liability.** "This will allow the exposure from Superfund to be quantified by U.S. businesses and will reduce transaction costs and excessive litigation between Potentially Responsible Parties (PRPs), and between PRPs and the government."
- **Adoption of a binding system of allocating liability.** "Such a system will eliminate litigation over liability allocations, speed the establishment of liability, and require the government to identify PRPs more efficiently. It will also encourage voluntary cleanup activities and in general, speed up the funding for Superfund site cleanups."
- **Elimination of retroactive liability.** "Eliminating retroactive liability for all legal waste disposal activities that occurred prior to Jan. 1, 1987, will eliminate litigation between PRPs, and between PRPs and their insurers, redirect Superfund tax revenue to site cleanup, and bring significant efficiency to the entire system."

The RIMS letter also said that risk managers and insurers have an "equal stake in making Superfund work." Superfund's problems "can only be solved by the entire marketplace working together," according to RIMS.

Just exactly what sort of reform risk managers and others are likely to see was hinted at last Monday during the informal press briefing given by Sen. Smith and Rep. Michael Oxley, R-Ohio, who is chairman of the House Commerce Committee's Subcommittee on Commerce, Trade and Hazardous Materials.

Sen. Smith said that while he supports a repeal of retroactive liability, "if we have a bill that has retroactive liability repeal, we are going to have to prove that it can save money and do a better job" than the existing system.

Although no bill has been drafted and no hearings scheduled, both lawmakers said that they have been meeting with interested parties. Rep. Oxley said that the goal is to complete work on a Superfund bill this year. Both he and Sen. Brown stressed repeatedly that nothing has been ruled out.

Rep. Oxley added, however, that new taxes are highly unlikely. He suggested that industries might be given tax incentives to carry out voluntary cleanups. He also said that state and local governments might be given a bigger role in Superfund because dumpsites are almost always local, rather than national problems.

The Smith-Oxley approach has drawn a favorable response from insurers.

As Julie Rochman, assistant vp and Superfund lobbyist in the Alliance of American Insurers' Washington office, put it, "their comments are about as encouraging as they can be for passage of a meaningful bill that doesn't unfairly and unduly burden insurers or any other industry." BI

States

Continued from previous page

the funds to pay that cost.

- A lack of consensus on the best ways—such as a single-payer government-run program or an employer-mandate—to achieve universal coverage.
- A recognition that Congress would not provide subsidies to absorb some of the states' costs of expanded coverage.

Amid a new political landscape, the few states that did pass comprehensive proposals in recent years now are likely to trim back those proposals, she said.

For example, Massachusetts in 1988 enacted so-called "play or pay" legislation that requires employers to offer and pay for a substantial portion of employees' health care premiums or be slapped with hefty taxes.

However, the state has delayed implementing that law several times—most recently until 1996.

"The thinking is that it will never be implemented," Ms. Laudicina said of the Massachusetts reforms.

And in the state of Washington, the new Republican majority in the House of Representatives is looking to scale back a 1993 law—passed when Democrats controlled the Legislature—that would require employers to offer and pay at least 50% of employees' health care premiums (*BI*, Jan. 23).

"The political dynamics have changed," Ms. Laudicina said.

At the same time comprehensive reform efforts appear dead at the state level, states are considering other initiatives that could boost employers' health care costs.

Provider groups are expected to make a major push for so-called "any willing provider laws", which would require managed care organizations to include any physician in their networks who can meet certain standards. Managed care groups say such proposals curb or eliminate their ability to negotiate favorable contract terms with selected providers.

States where major battles are expected over any willing provider proposals include Ohio, Arkansas and Colorado.

In Ohio, state medical groups have made passage of any willing provider legislation a top priority, while in Arkansas providers are determined not to let managed care get a foothold in the state, Ms. Laudicina.

In another area, states could move to impose surcharges and taxes on employee benefit plans if the U.S. Supreme Court rules in a pending case that such laws are not pre-empted by the Employee Retirement Income Security Act, said Gretchen Babcock, BC/BS executive director of state services, who also spoke at the briefing.

—By Jerry Geisel

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CIBGH

Continued from page 2

ria, Ill., a CIBGH member. "We did a survey of our members' cost concerns and this was one of the front-runners, so we decided to run this as a pilot (group purchasing) project."

Even though physical therapy and rehabilitation costs do not represent a huge percentage of the overall health care dollars CIBGH members spend, the employers noticed that fees for those services had been increasing at a double-digit clip, explained Jerry Custer, benefit manager for Central Illinois Light Co. in Peoria and chairman of the CIBGH.

In addition, he pointed out, "most of the facilities in the physical therapy/rehabilitation network are not part of the employers' preferred provider arrangements or direct contracts with local hospitals."

At the start, CIBGH members identified 63 different standard terminology codes—called CPT codes, which providers use to identify various medical procedures—that accounted for 80% to 85% of employees' physical therapy/rehabilitation utilization. Then, the employers compared the fees various facilities charged for those procedures.

"We had no idea of the scope of fee structures that were out there before we undertook this project," Mr. Custer said. The resulting fee schedule eliminated very high and very low fees and established a range based on the "norm" of charges reimbursed by central Illinois employers' medical plans.

"We also had program evaluation requirements and quality indicators we wanted to build into a network," Mr. Custer said.

As part of the agreement, each facility must provide: information on the professional credentials of its staff; a comprehensive list of services it performs; proof that it has an internal system to monitor efficiency, including how the facility documents the time, cost, utilization and benefits of the services it provides; a patient satisfaction measurement system; and an established quality-improvement process.

Illinois workers compensation law prohibits employers from directing injured employees to specific providers, so employees' use of the new network will not be mandatory. And, few of the employers intend to redesign their employee benefit plans to steer workers with non-occupational injuries into the network.

Most companies will simply distribute information about the network to employees, and hope that the quality-improvement and patient satisfaction efforts will make them an attractive choice.

The coalition's efforts are an "advantage to us as an individual employer, because I don't have the time to gather all that information and then negotiate with the clinics," said Brian Cunningham, director of finance for the Tazewell County Resource Center Inc. in Tremont, Ill. "Plus, as an individual employer, I don't have a lot of clout" with providers, he conceded.

The Tazewell County Resource Center, which provides services to the mentally and physically disabled, is one of the smaller CIBGH members, employing 160 people, about 100 of whom are covered by the center's health plan.

Other CIBGH members include such large companies as Caterpillar Inc., State Farm Insurance Co. and Diamond Star Motors.

The CIBGH also is behind a two-year project designed to root out inefficiencies and fee variations in 21 Illinois hospitals.

Last year, the group hired Iameter Inc., a San Mateo, Calif.-based medical information company, to collect and analyze data to measure physician performance in 11 hospitals with whom coalition members have contracts.

Iameter is collecting data on major diagnostic categories to see how the hospitals stack up against each other in terms of cost, lengths of stay, outcomes and quality-improvement efforts.

Since then, several other Illinois employer coalitions have signed on to the project, which has expanded to include 21 Illinois hospitals.

The CIBGH has presented some of the data from the first year to participating hospitals and anticipates providing them the second year of results by the end of February, Mr. Custer said. At that time, the employers will be able to gauge which hospitals made quality and efficiency improvements based on the information.

For example, one facility may have higher C-section rates than average or may charge much more for certain cardiac procedures—without producing better outcomes. The study is an effort to help identify the strengths and weaknesses of different hospitals and suggest methods for improvement.

Already, "providers are re-evaluating their pricing," said Mr. Custer, adding that, based on Iameter data, one Illinois hospital has cut its fee for a particular cardiac procedure by $16,000.

Eventually, the employers may use the data from Iameter to forge selective contracting agreements with the hospitals that come out on top. "The reality is, selective purchasing is something our members will want to look at," Mr. Custer said.

However, the employers' main goal is to make the hospitals realize they cannot be all things to all patients and that they should focus on and constantly improve the procedures they perform best.

Employers have sponsored similar projects in other communities, including Cincinnati, where the initiative resulted in tangible quality improvements and an estimated $75 million in savings (*BI*, Dec. 14, 1992; April 12, 1993).

"Our preliminary estimate is $50 million could be saved by reducing inefficiencies, fee and practice variations" among Illinois hospitals, Mr. Custer said. BI

INTERNATIONAL

Analyst sees £1 billion loss for Lloyd's in 1992

LONDON—Lloyd's of London will report a loss of about £1 billion ($1.57 billion) for the 1992 underwriting year, according to Lloyd's analyst Chatset Ltd.

The estimated loss, which would be the market's fifth in a row, will push Lloyd's again to the brink of insolvency, said Charles Sturge, editor of Chatset, which published its annual Lloyd's League Tables Review last week.

Lloyd's 1992 account closed at year-end 1994 under the market's three-year accounting system.

Mr. Sturge estimates the market in 1992 will report a £250 million ($391.3 million) pure underwriting loss and an additional £750 million ($1.17 billion) in losses because of deterioration on open years.

Mr. Sturge said that another loss of this magnitude would likely heighten the pressure on Lloyd's Chief Executive Peter Middleton to arrange a settlement between litigating members and the errors and omissions insurers they are suing before Lloyd's has to report its solvency position to the Department of Trade and Industry in August.

"A settlement remains critical and Lloyd's has the difficult problem of balancing the interests of names and corporate capital, who are trading on, whilst retaining the goodwill and willingness of the non-participating names to pay. Since the non-participating names now outnumber the participating names, Lloyd's would be foolish not to take them seriously," said Mr. Sturge.

Despite the underwriting loss, he described the 1992 underwriting year as "an expected and dramatic improvement on 1991 and the two previous ghastly years."

He said that 1992 shows far greater stability than preceding years with little deterioration in the third year mainly because of the disappearance of the London market non-marine excess of loss spiral.

The £750 million deterioration on old years is largely blamed on U.S. long-tail liabilities. Mr. Sturge said his estimate is optimistic because individual syndicates predict differing degrees of deterioration. As a result, the actual figure could lie anywhere between £600 million ($939 million) and £2 billion ($3.13 billion).

Chatset predicts underwriting profits for 1993, 1994 and 1995, though these figures do not include the impact of deterioration. For 1993, the analysts foresee a pure underwriting year profit of about £800 million ($1.18 billion). "Good," albeit lower profits are expected for 1994. Profits are again expected for 1995 but they will be much lower due to "unhealthy overcapacity," said Mr. Sturge.

—By Adrian Ladbury

Canadian General deal may spur expansion

TORONTO—Canadian General Insurance Group is being bought by New York investment managers Kohlberg Kravis Roberts & Co. and the insurer's management for $216.3 million Canadian ($153.7 million).

The deal comes six months after Canadian General shelved a public stock offering due to a drop in interest in insurance stock IPOs, said Jim Hewitt, executive vp of the Toronto-based insurer.

The KKR purchase will be followed by acquisition-based expansion by Canadian General, he said.

Canadian General was part of the Central Capital Organization, which went into receivership in 1992. The insurer was placed into a holding company with other Central Capital assets held by the company's creditors.

The management proposed floating Canadian General on the stock market. But, in June 1994, when the owners were ready to sell, investors were not willing to pay the price the creditors were asking, Mr. Hewitt said.

"So we started to look around for a private buyer and ended up talking to KKR," he said.

KKR and the management of Canadian General are putting up $170 million Canadian ($120.8 million) in the purchase and $46.3 million Canadian ($32.9 million) is being drawn on a credit line from the Bank of Nova Scotia and Chase Manhattan Bank.

"And the line of credit we have is significantly higher than that," Mr. Hewitt said. Some of the extra credit likely will be used to acquire other Canadian insurers, he said.

"It's expected that there will be significant rationalization and sales in the Canadian insurance market in the next few years, so we should have lots of opportunities to expand," Mr. Hewitt said, declining to comment on whether particular lines of business are targeted.

Canadian General's gross written premiums in 1994 exceeded $450 million Canadian ($319.7 million). It has total assets of $1 billion Canadian ($710.5 million). It covers a broad range of insurance and reinsurance. Thirty-five percent of its business is in commercial lines.

—By Gavin Souter

GLOBAL BRIEFS

AXA buys mutual

PARIS—Groupe AXA, the large French insurance group, is investing $1.1 billion Australian ($832 million) in National Mutual Life Assn. of Australasia Ltd., the second-largest life and health insurer in Australia and New Zealand.

Melbourne-based National Mutual primarily writes individual life business but does some group life and health business in Australia, New Zealand, Hong Kong, Indonesia, Taiwan and Macao.

The insurer will be demutualized under the deal, and its stock will be listed on both the Australian and New Zealand stock markets as a new holding company known as National Mutual Holdings.

Paris-based AXA will have an immediate 40% stake in the holding company, which will increase to 51% after the company goes public.

National Mutual wrote $4.3 billion Australian ($3.3 billion at current rates) in gross premiums in its fiscal year ended Sept. 30, 1994.

—By Michael Schachner

Other acquisitions

ITT Hartford Insurance Group last week agreed to acquire Allianz-Ercos S.A. de Seguros y Reaseguros of Bilbao, Spain, for $40 million. Ercos, as the company is known, wrote $70 million in commercial and personal lines property and casualty premiums last year. It has been controlled by Riunione Adriatica di Sicurta, a unit of Germany's Allianz AG. . . .**Internationale Nederlanden Canada Corp.**, the Montreal-based unit of the Dutch ING Group, is buying the Wellington Insurance Co. for approximately $135 million Canadian ($95.7 million). Wellington, the multiline commercial and personal lines insurer, based in London, Ontario, has been a wholly-owned subsidiary of the London Insurance Group. London Insurance is a subsidiary of Toronto-based Trylon Financial Corp. Wellington's net premium last year was $312 million Canadian ($221.1 million).

—By Michael Schachner

UNI Storebrand forms Oslo Re to free resources

By MARIA KIELMAS

OSLO, Norway—UNI Storebrand A/S plans to spin off 90% of its reinsurance business into a newly created reinsurer, to be named Oslo Re, and then offer shares in that company on the Oslo Stock Exchange.

UNI Storebrand announced that it will capitalize Oslo Reinsurance and offer preferential rights to existing UNI Storebrand shareholders.

The UNI Storebrand board of directors said in a statement that it wants to sell its reinsurance operations to secure sufficient financial and management resources for its non-life and life insurance and fund management businesses.

The initial offering is to comprise 1.08 million shares at 100 Norwegian kroner ($11.97) per share, for a total of 120 million kroner ($14.36 million).

The transaction will result in a book loss for UNI Storebrand of 330 million kroner ($39.5 million), and an estimated loss on a consolidated basis of some 100 million kroner ($11.9 million). The losses will be posted in the fiscal 1994 accounts.

The Oslo Re Group will consist of the reinsurance holding company in Oslo and two wholly owned subsidiaries, UNI Storebrand International Ltd. in London and Christiana Re Corp. in New York.

UNI Storebrand last year dropped an attempt to spin off its Christiana Re subsidiary in a separate IPO when the market for insurance stocks soured.

The Oslo Re project will have several parts.

In the first part, UNI Storebrand will increase the reinsurer's capital to 200 million kroner ($23.9 million).

Then, UNI Storebrand will provide two subordinated 15-year loans of $15 million and 50 million kroner ($5.9 million), respectively. As part of the financing, the company will receive repayment in semiannual installments from 1998 to 2003.

Finally, UNI Storebrand will guarantee a bank credit facility of up to 150 million kroner ($17.9 million) until a possible sale of its subsidiary, Christiana Re.

The secondary sale of 90% of the shares in Oslo Re will raise 108 million kroner ($12.9 million), the statement said.

The transaction is contingent upon approval from the Norwegian government.

Catastrophe reserves meet opposition

LONDON—It may be 1997 or later before U.K. insurers can set aside catastrophe reserves tax free, as is currently possible for their competitors in Japan and elsewhere in Europe.

Late last week, time ran out on a bill in the House of Commons that would have permitted insurers to begin creating tax-free catastrophe reserves as early as 1996. Parliamentary sources say the bill also is unlikely to be passed in the next session, which starts in October.

The bill was a "private members" bill, one introduced independently of the parties, and Parliament allots less than two weeks per session to introduce and debate such measures.

The bill was introduced again on Friday, but was to be a low priority and was not expected to be passed. It will not be considered again this session.

What derailed the bill was unexpected opposition from members who questioned how the government would replace the money lost when insurance companies began deferring profits into tax-free reserves.

The legislation—the Insurance Companies (Reserves) Bill—would have enabled the Department of Trade and Industry to permit insurers to set up so-called equalization reserves.

Equalization reserves are tax-free reserves that insurers and reinsurers can use to smooth out results over time or to dampen peaks when catastrophes occur. Long prohibited in Britain, except for individual Lloyd's of London members, such reserves are allowed in most other major markets, including Germany, France and Japan.

In 1993, then-Chancellor of the Exchequer Norman Lamont indicated that the government agreed in principle with insurers, which had long campaigned for a tax break on the reserves. Since then, the insurers, government, Department of Trade and Industry and the Treasury Department have been hammering out details.

Under the latest proposals, the reserves would be: taxed only when they are actually used to smooth results; treated as assets under E.U. solvency rules and therefore boost the solvency levels of U.K. insurers; and watched very closely by the U.K. Inland Revenue to ensure that insurers do not use them to build up "war chests" to buy other companies or defend against hostile takeovers (*BI*, Oct. 17, 1994).

Oliver Heald, a conservative member of Parliament who introduced the bill on Jan. 27, applied to have the measure heard on Feb. 3.

Now, though, Parliamentary sources say it is "highly unlikely" that the bill will pass this session.

If the regulations fail to win approval this Parliamentary session, insurers would not be able to create the reserves until at least 1997 and perhaps later, warned Mr. Heald.

Insurers had expected smooth passage of the bill because both the government and the opposition leadership backed it.

Its supporters argue that the bill is needed because U.K. insurers face competition from insurers in Japan and elsewhere in Europe, both of which can set aside reserves tax free. Prohibiting such reserves forces U.K. companies to buy more reinsurance than their competitors abroad need to, they argue.

"If they are good enough for the French and Germans, they are good enough for us and they are certainly good enough for the insurance industry," said Stuart Bell, a member of Parliament.

Sponsors were caught off guard by opponents led by Dennis Skinner, a radical Labour MP from Bolsover, Derbyshire.

Mr. Skinner questioned where the money would come from to cover the tax revenue lost as insurers set aside income to build up the reserves and why an avowedly non-interventionist government should suddenly be so keen on intervention in the free market.

"Here we have an unrestrained gang of Tories who want the government to intervene in the insurance market because the unrestrained market forces cannot resolve the problem for the Tories' insurance companies, many of which have Tory members on their boards," said Mr. Skinner.

—By Adrian Ladbury

LONDON

Outhwaite hearing

After a hearing last week, the House of Lords is considering whether nearly 500 members of defunct syndicate 317/661, managed by R.H.M. Outhwaite (Underwriting Agencies) Ltd., are time-barred from seeking damages for allegations of deliberate concealment of long-tail liability losses.

If the Lords uphold a 1994 Court of Appeal decision, the new ruling would stymie other group litigation stemming from long-tail

Continued on next page

INTERNATIONAL

Floods

Continued from page 2

week, but the current floods are expected to keep rivers impassable for more than 14 days.

"Every ship between Rotterdam and Frankfurt is stopped," said a spokesman for Stinnes A.G., a leading German transport company.

Stinnes expects to incur uninsured losses of more than 3 million DM ($2 million) and estimates that overall losses to the European shipping industry could exceed $100 million.

In Germany alone, more than 3,000 transportation vehicles and vessels remain idle. German companies rarely buy business interruption coverage, though, either because it is unavailable or too expensive.

As of late last week, there were no reported losses of cargo, according to the Assn. of German Marine Insurers.

In the Netherlands, shipping was banned during the flood to protect the country's fragile dikes, said Hans Vyt, head of the marine insurance division of Zwolle, Netherlands-based ABN-AMRO Verzekeringen B.V., a commercial insurance brokerage.

"Commercial losses would skyrocket should dikes burst," added Mr. Vyt. "It would increase losses by several billion dollars."

As dikes weakened, about 250,000 people were evacuated from areas along the Maas and Waal rivers and other regions last week, the largest such exodus in 40 years. At least one person died last week because of the raging floodwaters.

Farms in the southwest Netherlands also suffered severe damage. Nearly a million head of cattle and other livestock had to be transported from areas where dikes threatened to burst.

Utility services were shut down in many European areas affected by the rising water.

One of the hardest-hit cities was Cologne, Germany, where boats replaced cars as transportation in the downtown area. Cologne's commercial activity halted as the Rhine River overflowed barriers into downtown areas. Officials reported six feet of water in the city, which exceeded the levels from a devastating December 1993 flood that hit northwestern Europe (*BI*, Jan. 3, 1994).

Other German communities along the Rhine River and its tributaries, including Frankfurt, Koblenz and Trier, were also flooded. In many areas, floodwaters reached record levels for this century.

Hoechst A.G., Germany's largest chemical manufacturer, applied new safety measures to protect its facilities from rising waters, including a flood wall and a water pumping system at a Frankfurt factory. "Risk engineering is the saving factor in a situation like this," said Hoechst's risk manager, Fritz-Juergen Cremer.

The company, which normally transports much of its supplies by river vessels, also had to reroute goods by trucks and rail, Mr. Cremer said.

Other companies weren't as lucky to avoid flood damage.

Pirelli Deutschland GmbH, a subsidiary of Italian tire maker Pirelli S.p.A., shut down its factory in Breuberg, Germany.

"There was nothing we could do," said a company spokesman. "The river broke every barrier."

Machinery damage was substantial. "A large part of the planned profits for 1995 was washed away overnight," the spokesman said. Company damage estimates exceed 8 million DM ($5.2 million).

Bayer A.G., Germany's third-largest chemical manufacturer, had to cut back its production because it was unable to draw water from the Rhine to cool its machines.

Major insurers in Germany do offer flood insurance, but generally not for property in the endangered areas, which has been prone to past flooding.

One regional insurer, Gebaudeversicherung Baden-Wuerttemberg A.G. of Stuttgart, writes flood, avalanche and earthquake coverage in the state of Baden-Wuerttemberg, where losses to property, technical facilities and machinery were covered.

The company, which was a former state-run insurer privatized in 1994, estimated its flood losses would be 20 million to 30 million deutsche marks ($13.1 million to $19.7 million).

Other German insurers offer flood endorsements to property coverage, including business interruption. However, mandatory European Union property insurance and business interruption insurance guidelines exclude coverage for policyholders that have reported flooding in the past.

"In other words, any company flooded in 1993 will be under great scrutiny if it wants insurance," explained Rudolf Rehr, general manager of treaty underwriting services at Cologne Reinsurance Co. German reinsurers do not expect major flood claims, he added.

"It means a detailed risk analysis and stringent safety measures," a spokesman for insurance broker Jauch & Huebener KGaA of Hamburg, Germany, said of the stringent flood coverage terms. "It also means higher premiums. The alternative is no policy at all."

In the Netherlands, the government will assume most of the cost of the flood damage, as it did from the December 1993 flooding.

At that time, losses totaled 200 million guilders ($103 million) with government aid of 37 million guilders ($19 million) for cities most affected by the flood.

Dutch insurers have refused to insure flood losses since 1953, when sea water burst dikes in the southwestern region of the country, killing 1,800 people.

As a result of that disaster, the Dutch government established a 200 million guilder emergency risk fund. But in light of current losses in the Netherlands, most of which will fall on the private and commercial sectors, insurers are calling for compulsory natural disaster insurance.

In France, Prime Minister Edouard Balladur called an emergency meeting of government ministers last week to address the flooding crisis in northern France, where most of the countryside has been under water for more than a week. Fifteen people have died in the floods and five others are missing.

AP/WIDE WORLD

Roadways became riverbeds as floodwaters move through Brittany, France.

French insurers estimate their flood losses at 2 billion to 3 billion French francs ($378.7 million to $568 million).

A spokeswoman for GEMA, a French trade association of mutual insurers, said the total could be even higher.

"This estimate is based on figures from a collection of French insurance companies. So far, the burden on mutual insurers is expected to be about 150 million francs ($28.4 million), but we are fully prepared for this to double or even treble," she said.

Although 40,000 homes have been damaged by the floods in France, businesses account for most of the region's insured losses. As part of the government's emergency plans announced last Wednesday, local authorities have been instructed to compile damage reports.

In Rennes, one of the largest towns in Brittany, homes have escaped serious damage, but businesses have suffered much heavier losses, said Gerard Couet, a local government official.

Throughout northern France, thousands of stores, factories and offices remain closed, putting more than 8,000 people temporarily out of work.

Cologne's commercial activity halted as the Rhine overflowed into downtown areas, and boats replaced cars as transportation.

Businesses in need of immediate help may apply to an emergency government fund pending settlement of their insurance claims. Claims will eventually be paid from a national catastrophe insurance fund, which is supported by a 9% levy on all French non-life policies.

Faced with the latest estimate of insured losses, Finance Minister Edmond Alphandery has reassured policyholders that he has no plans to increase the size of the current 9% levy.

But some French insurers fear the latest floods could exhaust the fund, making them vulnerable to heavy losses should there be further natural catastrophe claims this year.

Since 1982, the fund has accumulated 43 billion francs ($8.1 billion) and paid out 39 billion ($7.4 billion).

Observers say similar funds could help other European countries handle their flood losses.

"We'd like to see a solution like they have in France," ABN-AMRO's Mr. Vyt said of the Netherlands.

"A national catastrophe fund would tax premiums by 9%. Without government aid, companies and households are on their own," he said.

"France fares well with its national catastrophe insurance," a German Assn. of Industries spokesman agreed. "It's worth looking at in Germany."

Officials estimated property damage in France, Germany, the Netherlands and Belgium could greatly exceed losses from the 1993 floods of $2 billion.

Initially, the German government declined to provide direct aid to flood victims, instead offering tax deductions to both the private and commercial sectors.

Citing the damage to business, it authorized a 30 million DM ($19.7 million) emergency fund. The fund will be authorized to issue up to 300 million marks ($196.7 million) in low-interest loans. BI

LONDON

Continued from previous page

liability, the defendants' attorney contends.

The Outhwaite 317 Names Assn. sued in 1992 after errors and omissions underwriters settled with another 987 members for £116 million ($185 million at current exchange rates). The 987 members—who belonged to the Outhwaite 1982 Names Assn.—received their settlement four months after their trial began and 10 years after underwriter Richard Outhwaite wrote the 32 runoff reinsurance contracts that forced him to keep his 1982 underwriting year open (*BI*, Feb. 17, 1992).

The current litigating members had chosen not to be a part of the original action mainly because they worked in the Lloyd's market.

They are now seeking damages and/or equitable compensation from the Outhwaite agency and 80 members agencies (*BI*, May 11, 1992).

They argue their action should not be time-barred and allege that the Outhwaite agency deliberately withheld information on the deterioration of the 1982 account in later years.

By 1993, the Outhwaite syndicate's total losses were approximately £258.5 million ($412.1 million) from an original premium income capacity of £41.3 million ($65.8 million), according to syndicate analyst Chatset Ltd.

At issue now is when the statute of limitations on the members' action began running.

London High Court Justice Saville ruled in 1993 that under the statute, plaintiffs are required to file their lawsuit within six years of the alleged breach of duty unless a "deliberate concealment" took place.

He ruled that if the deliberate concealment took place years after the alleged negligence, then the clock started running at the time the deliberate concealment was discovered.

But in a 2-1 ruling last year, the Court of Appeal reversed, holding that the limitation period started at the time the alleged fraud or mistake was discovered and could not start again when deliberate concealment was known. In this case, the alleged mistakes were known in 1984, when Mr. Outhwaite kept the 1982 underwriting year open.

If the House of Lords, in its deliberation following last week's hearing, agrees with the Court of Appeal, other long-tail liability action groups' lawsuits may be time-barred, since the losses were known long before the lawsuits were filed and deliberate concealment alleged, according to Kevin Ryan, partner for defendants' law firm Denton Hall.

—By Stacy Shapiro

EXEL not reinsured

EXEL Ltd. is not buying reinsurance this year.

EXEL bought clash reinsurance coverage in 1994 with limits of $100 million excess of $150 million but decided not to buy coverage this year, the company's chief financial officer, Brian Walford, said recently. He did not say why the company made the move.

EXEL, the holding company for Bermuda-based excess liability insurer X.L. Insurance Co. Ltd., recently posted its first-ever quarterly net loss of $3.5 million, due largely to investment losses. EXEL would not say how large its reserves were for its part of the proposed $4.75 billion global settlement of silicone gel breast implant claims (*BI*, Jan. 23). Unpaid losses and loss expenses rose $305.7 million to $1.67 billion for the 12 months ended Nov. 30, 1994.

Pat Tolan, managing director of EXEL subsidiary X.L. Europe Insurance, added that the group has not changed its terms and conditions as a result of the breast implant settlement, but EXEL is no longer covering silicone implants.

X.L. Europe in Dublin, which has $125 million in equity, wrote gross premiums of $80.5 million in 1994 out of the group's gross premiums of $638.3 million for the 12 months ending Nov. 30, 1994.

—By Stacy Shapiro

Punitives

Continued from page 1

justice system, inhibiting the competitiveness of corporate America.

And, they claim that without a "bright line" test from the U.S. Supreme Court on the size of punitive damage awards, it is necessary for Congress to clarify when a jury award is excessive.

But other observers of the civil justice system, including the plaintiffs bar, maintain that the system should be left alone because it's doing what it was intended to do: ensure that products are safe and that tortfeasors are held accountable for their actions.

Some 36 states already have passed laws restricting punitive damage awards in some tort cases, according to the American Tort Reform Assn. And it is likely that the Republican-led Congress may consider some sort of federal cap on punitive awards in product liability cases.

Senate Judiciary Committee Chairman Orrin Hatch, R-Utah, has said his top priority will be curbing punitive damage awards against businesses.

Legislation to limit punitive damages was introduced in the Senate last week.

Legislatures in several states—including Texas, Illinois and New Hampshire—also are considering tort reform bills that include caps on punitive awards.

While the big awards continue to get a lot of press, the media rarely follows up on the verdicts it reports, said Paul J. Bottari of New York-based Wilson, Elser, Moskowitz, Edelman & Dicker. Mr. Bottari was on the losing side of a case in which a New York jury awarded $9.3 million in compensatory damages to a drunken man who was hit by a subway train. "When the verdict came in, it was on the front page of the New York Post," Mr. Bottari said. "But when they threw the award out and ordered a new trial, it was buried on page 19."

A recent study of 100 jury verdicts of $1 million or more in compensatory and/or punitive damages—conducted by the *National Law Journal*, a trade paper for lawyers—reveals that most verdicts are later reduced or overturned.

Of the 100 verdicts from 1990 examined:

- 27 were set aside by trial court judges or reversed by appellate courts.
- 22 were substantially reduced, five by state structuring provisions—which stipulate the relationship between compensatory and punitive damages—or damage caps.
- 10 were brought against defendants whose assets or insurance coverage were insufficient to cover the award.

Many cases in which huge punitive damage awards are levied end up being settled for far smaller amounts, though the amounts are usually kept confidential, legal experts say.

In addition to being reduced after trial, the large punitive damage verdicts themselves are becoming less frequent.

Fewer juries are awarding the windfalls, according to Russell F. Moran, an attorney and publisher of the *New York Jury Verdict Reporter*.

"Jurors have listened attentively to the argument that American business, staggering under the burden of giant verdicts, is losing its competitiveness," he wrote in a recent article, "Crisis? What Crisis?" that appeared in *The New York Times* and the *Los Angeles Daily Journal*.

"If you are a doctor or a homeowner, the reformers have argued for years, insurance premiums will keep skyrocketing because greedy trial lawyers and their clients are out to get you," he wrote.

"Civil juries are finding for the defendant as never before," Mr. Moran wrote.

In New York, for instance, defendants prevailed in 62% of product liability cases between 1988 and 1994, compared with 51% from 1981 to 1987, he said in the article.

And in medical malpractice cases, verdicts for defendant physicians increased to 63% in 1988-94 from 60% in 1981-87, according to Mr. Moran.

"What gets people upset is when there are huge awards like the woman who was burned by the McDonald's coffee," Mr. Moran told *Business Insurance*.

"But you need to look beyond the facts, especially in that case," he said of large punitive awards. "There were 700 incidents of prior notice. The fact is, the company was negligent. Coffee doesn't have to be that hot."

While the headlines may make it look easy, "it's extremely difficult to get punitive damages," according to Mr. Moran. "There is a threshold. There has to be gross negligence, outrageous conduct. It is not that simple to obtain."

For example, in California—still considered the nation's most litigious state—the issue of punitive damages is separated from the rest of the trial and decided only if there is "clear and convincing evidence" that the defendant was guilty of oppression, fraud or malice.

That clear and convincing standard of proof, which has been adopted by 23 states, falls somewhere between a preponderance of evidence and the criminal standard of beyond a reasonable doubt, explained Bruce Brusavich, president-elect of the Consumer Attorneys Assn. of Los Angeles, formerly the Los Angeles Trial Lawyers Assn.

Many state laws also require that punitive damages have a "rational and reasonable" relationship to the compensatory damages awarded, he added.

"One of the tests for punitive damages in almost all states is that it has to have some relationship to compensatory damages," pointed out Mr. Moran.

However, not all punitive damage awards meet that standard. The Supreme Court recently agreed to review an Alabama case, *Gore vs. BMW of North America*, in which a jury's $4 million punitive verdict was 1,000 times larger than the compensatory award. The punitive award was later halved by the state supreme court (*BI*, Jan. 30).

It is those states that haven't yet imposed limits on excessive punitive damage awards that are driving organizations like the National Assn. of Manufacturers to seek a uniform national product liability reform law.

"You might have good reforms in one state, but not in another," said Larry Fineran, assistant vp of resources, environmental and regulatory affairs for Washington-based NAM. "A national products law makes sense because most products are distributed nationally."

NAM is supporting the GOP's "Contract with America" proposal to limit punitive damages in product liability cases to three times compensatory damages or $250,000, whichever is greater.

An even more sweeping proposal was officially introduced in the Senate last week as the Lawsuit Reform Act of 1995, S. 300. The bill also caps punitive damages in all civil cases at $250,000 or three times economic damages, which ever is higher.

Under this measure, attorneys' contingency fees in civil cases would be limited "to that portion of the award which was achieved by the attorney's work and undertaking of risk," according to the bill's sponsors, Sens. Mitch McConnell, R-Ky., and Spencer Abraham, R-Mich. Under some circumstances, losers in civil suits would be required to pay at least a portion of the winner's legal fees.

The bill would also encourage early settlements of lawsuits, promote the use of alternative dispute resolution mechanisms, prohibit the use of expert witnesses who are paid on a contingency basis and prohibit double recoveries, whereby plaintiffs receive damages without regard to the money they might be receiving from other sources, such as disability insurance.

The changes would apply to all courts. States, however, would "retain the right to opt out of any one or more of the provisions of this act" by passing their own legislation specifically allowing practices prohibited or circumscribed by the act.

A uniform federal law governing punitive damages also "would reduce forum-shopping in some cases," said Gene Weisberg of Cummins & White in Los Angeles. Mr. Weisberg said he also supports an idea that in cases where punitives are awarded, "some of the money should go to the greater good of society," such as financing safety research.

"If you're punishing a corporation, why enrich an individual who has already been compensated?" agreed Jim Bollinger, corporate risk manager for Playtex Family Products Corp. in Dover, Del.

Mr. Bollinger said he also would like to see limits on the number of times punitive damages can be awarded against a corporation for the same type of injury.

Under the current system "if you're found guilty of punitive conduct and get sued and there's an enormous judgment, you pay once. Then subsequent suits force you to pay again," Mr. Bollinger said.

"Corporations should have some due process rights."

Playtex paid $10 million in punitive damages in a Kansas case alleging toxic shock syndrome caused by tampons it manufactured (*BI*, Sept. 4, 1989).

Instead of the GOP's proposal to limit punitive damages to a multiple of compensatory damages, Congress should pass a law requiring juries in civil cases to follow guidelines similar to the sentencing guidelines that judges apply to criminal cases, suggested David Larson, managing partner of Oakland's Larson & Burnham.

"There shouldn't be specific multiples," he said. Instead, "there has to be a calm, cool, dispassionate look at each case. Then there should be guidelines, like how reprehensible was the act? What's the net worth of the company?"

Punitive damages aren't "meant to put companies out of business," he added.

The fact that punitive damages are not insurable in some states also increases their impact.

"The possibility of high punitive awards in a state where punitive damages are not insurable increases compensatory settlements," said Bernard London, a partner in New York's London/Fischer.

Mr. Larson agreed: "Punitives are a form of extortion."

And in those states where punitive damages are insurable, coverage is becoming increasingly scarce, he added.

"Insurance companies are getting hammered in Alabama," Mr. Larson said.

The BMW case awaiting Supreme Court review is one of the cases that came from Alabama, where juries awarded $170 million in punitive damages in 1994 alone.

One of two other punitive damage cases heard by the Supreme Court, *Pacific Mutual Life Insurance Co. vs. Haslip*, also came from the Alabama courts.

In that 1991 case, the high court found that while punitive damage awards are not unconstitutional per se, unlimited jury discretion in assessing them may "invite extreme results which jar one's constitutional sensibilities."

However, the court upheld the award even though it was large in comparison to the compensatory damages since the jury did not lack objective criteria and its verdict was subject to judicial review (*BI*, March 11, 1991).

And last year, in *Honda Motor Co. Ltd. vs. Karl L. Oberg*, an Oregon case, the Supreme Court reaffirmed that judicial review of punitive awards is necessary, but provided no specific guidance on how to measure the adequacy or excessiveness of a punitive damage award (*BI*, July 7, 1994).

Without some specific guidance from the Supreme Court, "a uniform act governing punitive damages for use in the states is one way to approach broad reform," said Mr. London. Otherwise, "punitive awards will continue to run wild."

However, opponents of tort reform contend the system is working just fine.

Critics like the Assn. of Trial Lawyers of America argue that establishing a specific cap or formula for assessing punitive damages would make it easier for product manufacturers to conduct the type of cost-benefit analysis revealed in the infamous Pinto trials of the 1970s.

"Ford tried to do that kind of thing in the Pinto case," said Larry Stewart, ATLA president and a partner with Miami's Stewart, Tilghman, Fox & Bianchi.

According to press accounts of the trial, actuaries at Dearborn, Mich.-based Ford Motor Co. compared the cost of replacing the faulty gas tanks in the popular compact cars with that of paying damages in cases where the tanks exploded. Rather than recalling the cars, the company allegedly took its chances in the courts.

NAM's Mr. Fineran contends that U.S. manufacturers would never do such a thing today, even if the cost of punitive damage awards were predictable.

"That puts a company in the position of making cold-hearted calculations," he said. "What about the public relations fallout and the impact on its other products?"

However, consumer advocates maintain that the threat of punitive damages in the tort system has led to many of the safety features now found in automobiles, such as seat belts and the third brake light in the center of the rear window.

Mr. Brusavich also credited the tort system with preserving the safety of those in the path of some pizza delivery drivers.

"In an editorial (that appeared recently), the Wall Street Journal was highly critical of Domino's Pizza's not having its 30-minute delivery promise anymore," he said. "But now, fewer people are endangered by frantic pizza delivery men."

Punitive damages "are a powerful force for safety in our society," ATLA's Mr. Stewart agreed.

"If you only look at the large awards, they're very few and infrequent," he said. For example, "in the last 25 years, only 355 product liability cases resulted in punitive damage verdicts."

And of those 355 cases, "well over 95 involved some kind of reckless conduct on the part of the manufacturer," he said.

In addition, as a result of those cases, many faulty products—like the Pinto, the Dalkon Shield intrauterine device and asbestos—are no longer on the market.

Even manufacturers seem to agree that punitive damages have had a positive effect overall.

In a 1987 report, the Conference Board stated: "where product liability has had a notable impact. . .has been in the quality of the products themselves. Managers say products have become safer, manufacturing procedures have been improved, and labels and use instructions have become more explicit." BI

Reducing the punitives

McDonald's Corp. . . . . . **$2.7 million** award to woman burned by hot coffee cut to **$400,000** in December.

Baker & McKenzie . . . . **$6.9 million** award to sexual harassment victim reduced to **$3.8 million** in December.

Monsanto Corp. . . . . . **$28.6 million** award in breach of contract suit for Superfund cleanup **thrown out** by judge in December.

Maryland Casualty Co. . . . . . **$58 million** award in bad faith suit **thrown out,** along with verdict, on appeal in December.

General Motors Corp. . . . . . **$101 million** award to family of teen-ager killed in GMC truck crash **set aside on appeal** in June.

Merrell Dow Pharmaceuticals Inc. . . . **$33.75 million** Bendectin award from 1991 **thrown out** by appeals court in March.

Source: *BI*, National Law Journal

GRAPHIC BY KIM ROME

The Professional Marketplace

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LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT
Central District of California

In re Petitions of Philip J. Singer and Christopher John Hughes, The Scheme Administrators of ICS Reinsurance Limited and RMCA Reinsurance Limited (the "Companies")
Case Nos. MI 93-00139 (ER) and MI 93-00140 (ER)

NOTICE IS HEREBY GIVEN that on January 19, 1995, orders were entered by the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") in connection with the cases filed with respect to the Companies under section 304 of the Bankruptcy Code (the "Orders").

The Schemes of Arrangement between the Companies and their creditors (the "Schemes"), as approved by the required majority of the Companies creditors on December 10 and December 14, 1993, and sanctioned by orders of the High Court of the Republic of Singapore (the "Singaporean Court") on March 29, 1994, and by the High Court Of Justice, Chancery Division, Companies Court, sitting in London England on April 22, 1994, shall be given full force and effect and shall be binding on and enforceable against all Scheme Creditors (as that term is defined in the Schemes) in the United States.

All persons are hereby permanently enjoined and restrained from:

1. commencing or continuing any actions or other legal proceedings, including, without limitation, arbitrations or any judicial, quasi-judicial, administrative or regulatory actions, proceedings or process whatsoever, against the Companies or their property, except as provided in the Schemes; and

2. enforcing any judicial, quasi-judicial, administrative or regulatory assessment or order or judgment or arbitration award, or commencing or continuing any act or any action or other legal proceeding, including, without limitation, arbitration or any judicial, quasi-judicial, administrative or regulatory action or proceeding or process whatsoever to create, perfect or enforce any lien, set-off or other claim against the Companies or their property, except as provided in the Schemes; and

3. disposing of or relinquishing, to any persons other than the Scheme Administrators, any property of the Companies or proceeds of such property.

All persons are hereby permanently enjoined from commencing or continuing any action or other legal proceeding, including, without limitation, arbitration or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever, against the Scheme Administrators (in their capacities both prior to and after sanction of the Schemes), the Companies, the members of the Informal and Formal Creditors Committees or any of their respective directors, agents, employees, representatives, financial advisors, or attorneys (the "Scheme Parties"), or any of them with respect to any claim or cause of action, in law or in equity, arising out of or relating to any action taken or omitted to be taken by the Scheme Parties in connection with these ancillary cases with respect to the Companies under section 304 of the Bankruptcy Code (the "Section 304 Cases"), or in preparing, disseminating, applying for, implementing or administering the Schemes or these Orders;

The Scheme Administrators are authorized to transfer to the foreign proceeding for distribution pursuant to the Schemes any monies or assets of the Companies located in the United States that the Scheme Administrators have or may hereafter recover;

This Court shall retain jurisdiction with respect to the enforcement, amendment, or modification of these Permanent Injunctions or requests for any additional relief in the Section 304 Cases; and

No action taken by the Scheme Administrators, their successors, agents or representatives, or any of them, or their counsel, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of the Schemes, these Orders, or such further order for additional relief in the Section 304 Cases as this Court may make, shall be deemed a waiver of the immunity afforded to the Scheme Administrators, their successors, agents or representatives pursuant to 11 U.S.C. § 306.

Any party in interest who has not received a copy of the Orders should contact counsel for the Scheme Administrators in writing at the address listed below.

Buchalter, Nemer, Fields & Younger
601 South Figueroa Street, 24th Floor
Los Angeles, California
Attention: Paul S. Arrow, Esq.

LEGAL NOTICE

The Legal Notice published in the January 2, 1995 issue of Business Insurance entitled **IMPORTANT NOTICE TO FORMER AGENTS OF THE ORION INSURANCE COMPANY PLC AND THE LONDON AND OVERSEAS INSURANCE COMPANY PLC** should have included the following disclaimer:

Orion Insurance Company PLC, a U.K. company, is not affiliated in any way with Orion Capital Corporation or any of the Orion Capital Companies.

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Chicago based surplus lines company seeks a senior casualty underwriter. Candidate should have several years experience underwriting both primary and excess commercial liability including products. Remuneration package includes salary and incentive. Please send resume to: Business Insurance, Box 2907, 740 North Rush Street, Chicago, IL 60611.

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Midwest insurance company is seeking a senior qualified property underwriter. Position requires several years experience underwriting both monoline and package. Remuneration and incentive will be based on experience. Please send resume to: Business Insurance, Box 2908, 740 North Rush Street, Chicago, IL 60611.

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REQUEST FOR PROPOSALS

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This is a request for expressions of interest only and all responses to RFP documents are returnable by April 1, 1995. Proposers are not authorized to contact any insurance markets without written authorization from the Authority. Failure to observe this restriction will result in disqualification from the insurance placement process. For a copy of the RFP package, please contact in writing: **Metropolitan Transportation Authority, Division of Risk Management, 347 Madison Ave, 6th Flr, NY, NY 10017.**

REQUESTS FOR PROPOSALS AND REQUESTS FOR INFORMATION

It is the intent of The University of Texas System to issue the following request for proposals on February 7, 1995 for the employee group health program:

1. Administration of a self-insured HMO to be an integrated part of a triple option, point of service plan for the El Paso, Texas area.

2. Administration of a self-insured HMO to be an integrated part of a triple option, point of service plan for the Tyler, Texas area.

3. Administration of a self-insured, free standing HMO (not part of a POS plan) to provide service to the Austin, Texas area.

4. An insured vision plan to provide service for all employees and retirees of the University System who elect coverage.

The University also intends to issue the following request for information on February 12, 1995:

5. Administration of a self insured, free standing HMO (not part of a POS plan) to provide service for the Dallas, Texas area.

6. Administration of a self-insured, free standing HMO (not part of a POS plan) to provide service for the Galveston, Texas area.

The deadline for submission of proposals related to items 1, 2, 3 and 4 listed above is 5 PM, Thursday, March 9. The deadline for the submission of information related to items 5 and 6 above is 5 PM, Thursday, March 2, 1995. Pre-bid conferences on items 1, 2, 3 and 4 and an informational conference on items 5 and 6 will be held on Monday, February 13.

The University of Texas System includes both academic and health care components located at fifteen campuses throughout the state. Over 60,000 employees and retirees are currently covered by the group health plan. There are approximately 2,400 employees and retirees in the El Paso area, 1,700 in the Tyler area, 16,000 in the Austin area, 9,200 in the Dallas area and 10,500 in the Galveston area. For more information or to request an RFP or an RFI, contact:

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Commercial Consumers

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Vice Presidents, General Managers and Other Administrative Personnel	4,118

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Secretaries, Treasurers, controllers and other Financial Personnel	3,335

Risk/Employee Benefits:

Vice Presidents, Directors, Managers, and other related department personnel of: insurance, risk employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations	16,157
Sub-total	**28,309**
Associations	369
Government, Unions and Educational Institutions	974

Commercial Consumers

Sub-total	**29,652**
Insurance Agents and Brokers	8,408
Insurance Companies	8,181
Accountants, Actuaries, Attorneys & Consultants	3,611
Managers & Health Care Providers	1,903
Others Allied to the Field	849
TOTAL	**52,604**

★ *Source Business/Occupational breakdown of qualified circulation, May 30, 1994 Issue, as submitted to BPA for June 1994 BPA Publisher's Statement*

Learning foreign culture is critical

Knowing customs saves face, rapport

By SARA MARLEY

ATLANTA—A hand gesture to say "OK" or feet propped up on top of a desk can bring business negotiations in Brazil or Italy to an abrupt end.

To avoid misunderstandings and failures in communication—both verbal and non-verbal—risk managers doing business abroad should learn the customs of the countries they plan to visit.

That step can be even more important than learning the language, said two speakers who are seasoned in both insurance and travel at the Atlanta Risk & Insurance Management Society Inc. educational conference.

"I suggest that before risk managers pack up their suitcases and head overseas, they should take time to understand the countries they are visiting and bone up on cultural differences," said Eugene R. Schoenleber, international risk manager for United Parcel Service of America Inc. in Atlanta. "It is the difference between success and failure when dealing internationally."

"The broader issue of culture is the key to success," agreed Steve A. Schleisman, president of AIU North America Inc., a unit of American International Group Inc. based in New York.

Half of all AIG's revenues and profits are derived overseas, but at least one foreign client—Italian automaker Fiat S.p.A.—does not contribute to that amount.

The insurer failed to win the Fiat account when a senior executive came over to Italy and put his feet up on the client's desk. It's taboo to show the soles of one's shoes in Italy, Mr. Schleisman pointed out.

The problems don't end once the insurance is written, either.

AIG once sent a specialist in from the United States to assist on a claim in Germany. That alone could be construed as an insult because the country prides itself on its technical expertise. Injury was added to insult when the outsider showed up in cowboy boots and hat, Mr. Schleisman said.

"That was ten years ago and every time I see that German broker, he still tells that story," he added.

U.S. risk managers should not display the arrogant attitude, "if it works in the states, it will work overseas," advised Mr. Schoenleber of UPS. "We tend to take a square peg and drive it into a round hole."

UPS operates in 180 countries, employing 300,000 people globally and picking up and delivering 11 million packages every day.

Because risk management objectives often must be implemented by other departments, it is important to deal with others effectively.

Seventy percent of U.S. compa-

Continued on next page

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Intellectual property intangible; risks aren't

By SARA MARLEY

ATLANTA—Protecting intellectual property doesn't require sprinklers, but it can be done with other loss control techniques.

Registering designs and ideas with government agencies and making sure that agreements with employees and independent contractors are tightly worded serve as the first line of defense, according to panelists at the educational conference sponsored by the Atlanta chapter of the Risk & Insurance Management Society Inc.

Protecting work like manuals and handbooks, technology like computer programs and chips, and the appearance of packages requires vigilance against a variety of threats.

Corporations should have agreements with employees that spell out who owns the work or inventions in the event an employee leaves the company, said George M. Thomas, a partner with the Atlanta law firm Hopkins & Thomas.

And, similar contracts should be signed by freelancers hired by the company for a specific project.

Independent contractors also can expose companies to copyright risks, warned James A. Coaloa, regional manager with American International Group Inc. in Atlanta.

Particularly in creative fields, such as writing or advertising, companies must make certain that their freelancers and contractors are not appropriating others' ideas.

To protect their own property, corporations should file for the appropriate design or product protections, which include:

• Patents, which are obtained from the government and grant the holders "the right to exclude others from making or selling the contents of the patent," Mr. Thomas said.

Patents currently last for 17 years from the date of issue, but in June that will change to 20 years from the date a patent application is filed.

The change was necessary to bring the United States in line with the practices of Canada and Mexico, the other participants in the North American Free Trade Agreement, Mr. Thomas said.

However, inventors may not benefit because processing the application and ensuring the uniqueness of the product takes time and will cut into the life of the patent, he added.

Under normal circumstances patents cannot be extended, but currently patent holders can refile if they improve their inventions.

Patents can cover either utility or design. A utility patent contains a detailed description of the product's use and function, while a design patent relies on the visual appearance of the object.

• Copyrights, which cover the work of artists and authors. The copyright becomes effective when the work is created and the creator places the letter "c" inside a circle. The name of the owner and the year when the work was first produced must be written beside it the copyright symbol.

Copyrights last for the duration of the owner's lifetime plus 50 years. When a corporation owns a copyright, it is good for 75 years.

"Copyrights protect the author's work, but not the idea or concept conveyed," Mr. Thomas said. For example, a book of recipes can be copyrighted, but anyone can produce what is described in the book.

Copyrights can be registered with the government. A certificate of registration is necessary if an author is going to sue for copyright infringement.

• A trademark is a badge of identity for a product, Mr. Thomas said. A servicemark is related and protects a service, such as a restaurant.

Descriptive words, like insurance company, cannot be trademarked because others use them. Trademarks must be distinctive, but can include visual design and packaging.

Trademarks and servicemarks must be renewed every ten years.

• Trade secrets comprise "what's left over," Mr. Thomas said. They could include a business's customer list or certain valuable procedures.

Court battles over intellectual property can be very complicated.

Currently Tetley and J. Lyons, two units of London-based Allied Domecq P.L.C., are suing Thomas J. Lipton and other tea makers over the use of round tea bags.

Allied holds a U.S. patent on the design and argues that it is an arbitrary and unconventional means of identifying its product. The company's opponents claim that the shape is functional and therefore cannot be patented.

In patent cases, damages can be based on the patent holder's lost profits or a reasonable royalty the infringer would have paid if the infringer had been licensed to use it.

In some cases, damages can be based on the value of a whole machine even when the dispute is only over a patent held on a single component. For example, if a windshield wiper patent is violated, the infringer can be required to reimburse based on the value of the automobile because the car could not have been sold without wipers.

For copyrights, trademarks and servicemarks, actual damages are based on the profits of the infringer. Attorneys' fees can also be added and the court is required to triple damages if the infringement is found to be willful and deliberate.

Plaintiffs can also sue for statutory damages, which cannot exceed $20,000. Statutory damages for willful violations are limited to $100,000.

Some common insurance products may protect companies in intellectual property disputes and other specialized products are now available on the market, AIG's Mr. Coaloa said.

Under a comprehensive general liability policy, the advertising injury clause may provide some coverage. Media policies can cover actions like misappropriation, libel and slander. But, those policies probably will not afford coverage if an employee of the policyholder is found to have broken the law.

Patent infringement policies are also available. The first products available were "offensive" policies, providing limits for a company to bring suit against an infringer.

AIG has introduced a "defensive" policy that protects companies in case they are accused of violating a patent or copyright, Mr. Coaloa said.

Underwriting considerations include revenues derived from the product, financial statements, whether products are used as components of other machines, what safeguards are in place to prevent infringement and the degree of competition within an industry group.

AIG can write up to $15 million on a risk transfer basis and up to $50 million on a finite risk or blended basis. BI

Customs

Continued from previous page

nies that send employees overseas do not provide any instruction about cultural sensitivity, Mr. Schoenleber said.

But without understanding, for example, Asians' tradition of non-confrontation, risk managers will be frustrated to learn that they have been falsely told a project is going fine because it is unacceptable to voice concerns, he said.

Religion, education, economics, politics, family, class structure, history, geography and natural resources are all cultural aspects that affect business dealings. While the speakers agreed it is not mandatory to learn the local language, it is important to know a few basic phrases.

Executives visiting other countries also must watch their use of English, being careful not to use slang, jargon and abbreviations.

Common phrases like "rule of thumb," "ball-park figure" and "run-of-the-mill" will be unintelligible to many non-native English speakers, Mr. Schoenleber noted.

There is a tendency to trust people in an overseas location simply because they speak English, while they might not be the best people to rely on for information, Mr. Schoenleber said. Likewise, U.S. companies may promote someone who is not right for the job simply because the employee speaks the local language, he added.

Risk managers should be prepared for vastly different approaches to loss prevention and loss control outside the United States.

"Property claims and business interruption are the most difficult to deal with internationally," Mr. Schleisman said.

Those claims vary the most between countries and even in different regions of the same country, Mr. Schoenleber agreed.

The length of time required to rebuild, the availability of materials and labor, transportation of materials, labor laws and contracts are all variables in determining the extent of a business interruption loss.

Workers in different parts of the world also have different attitudes toward workplace safety. Smoking may be more commonplace, even around flammables, and employees may be reluctant to don hard hats or safety shoes.

Legal matters are handled much differently in other cultures, as well.

"We are all way too conditioned by the litigious environment we live in," AIU's Mr. Schleisman said. "That's an unfortunate part of the culture we come out of."

Europeans have little understanding of Americans' tendency to take everything to the courts, especially those from countries with "loser pays all" traditions, he said. BI

High stakes in high technology

Advances make security a top concern

By SARA MARLEY

ATLANTA—Perhaps the only thing that has developed faster than computer technology in the past ten years is ways to invade it.

"Data security has become and will continue to be an ongoing cost of doing business," said John Spain, manager of security for BellSouth Corp. in Atlanta. "As technology and education advances, so will the means to abuse. As the means to abuse become more sophisticated, so must our ability to detect and deter."

Computers have developed faster than any other invention of the 20th century, he pointed out at the 12th annual educational conference sponsored by the Atlanta chapter of the Risk & Insurance Management Society Inc.

If the aerospace industry, said Mr. Spain, had evolved at the same rate as computer technology, there would have been a man on the moon just seven years after Orville and Wilbur Wright's first flight.

And if the automotive industry were racing at the computer's pace, a Cadillac would cost only $12, cars would have a top speed of 1 million miles per hour and would run for more than 100,000 miles on a gallon of gas.

Today's interdependent computer networks are much more difficult to protect than the single servers of days past.

Consultants, service companies and customers may all have access to information online, Mr. Spain said. Employees can log onto the system from home, which presents its own set of problems.

"Remote users and telecommuters bring a whole new set of security challenges," Mr. Spain said. "We can inspect the homes of employees to see if they have adequate protection, but we're not sure how to do that. What do we do if friends or neighbors use the (employee's) computer? How do we prevent letting unauthorized people into our computer?"

The speed at which information is transferred has also heightened the risk.

"It changes the way we think about protecting assets," Mr. Spain said. "We build abuse thresholds. At BellSouth, if someone was in the system for only three minutes, we figured it was by mistake and we didn't look at it. Now, in three minutes someone can download the entire computer system."

Just as computers have changed, "hackers," the people who make sport or profit from breaking into them, have come a long way from the "phreakers" of the 1970s who broke into telephone systems to make free long-distance calls.

The 1984 movie "War Games" also legitimized the movement, Mr. Spain said.

Today, some hackers are "social engineers" who capitalize on people's willingness to divulge sensitive information, such as social security numbers, to callers they perceive to be authorities.

In 1986, there were fewer than a half-dozen known viruses. Today about 300 new ones are unleashed every month.

One of the reasons for the explosion is that it has become much easier to create viruses. On underground bulletin boards, hackers can find "how-to" programs with step-by-step directions on creating viruses.

Mr. Spain also outlined the various types of destructive computer codes:

• A virus cannot move by itself. It must attach to another program in the computer and it can lie dormant within the computer for extended periods of time.

• A Trojan horse code appears very simple but contains a hidden element. Such a code may be used to gain access because it appears innocuous.

• Logic bombs blow up and destroy data once they have reached their destination. They may be contained within viruses or Trojan horses.

• Worms resemble viruses but can move on their own power.

Because most viruses infiltrating BellSouth's system were coming from employees' home computers, the company provided free virus-protection software to all its workers.

At BellSouth, "we've been open about our problems and the fixes," Mr. Spain said. "We've taken an aggressive approach to prosecute anyone illegally in our telecommunications network."

As a result, the company is one of few to have successfully prosecuted hackers. BI

400 at Atlanta RIMS to discuss work, or look for it

ATLANTA—Nearly 400 risk management and insurance professionals and students attended the 12th annual educational conference sponsored by the Atlanta chapter of the Risk & Insurance Management Society Inc.

Resumes in hand, about 80 students from Georgia State University and the University of Georgia, where classes in the risk management and insurance department were canceled for the day, were among those at the meeting late last month.

Next year's conference will be held Feb. 1 and 2 at the Inforum in Atlanta.

For more information, contact chapter president Tom Catledge Jr., risk manager for Schlumberger Ltd., 180 Technology Parkway, Norcross, Ga., 30092; 404-447-7312.

The Home

Continued from page 1

run off (*BI*, Jan. 9).

Other insurers' objections to the deal focus on the last two elements.

The common message from insurers voicing concern is: "Make sure Zurich will guarantee the performance of all of The Home's policies," said Robert M. Solitro, deputy insurance commissioner in New Hampshire, where The Home and The Home Indemnity Co. are domiciled.

Some regulators and other observers have criticized the deal as allowing Zurich to "cherry pick" The Home's best business but then not provide sufficient funds to pay on all the long-tail liability claims.

But negotiations with regulators have gone well, and Zurich is expected to provide extra guarantees, such as reinsurance, to protect The Home policyholders and shareholders, sources close to the talks say.

Whether the added measures are adequate will be a key question for regulators. Once formal takeover documents are filed in the seven states, perhaps as early as this week, the decision making process begins, and may include public hearings.

"I know they are ready to file. What they are looking for are some assurances that the filings won't be rejected on their face and they will have an opportunity to be heard," said Norris Clark, the California Insurance Department's chief of financial surveillance.

If Zurich files the form within 10 days, hearings may be scheduled within 30 days, Mr. Solitro said last week. But, "the transaction may be complicated by Home having publicly traded bonds and stocks which might require additional notification of hearings," he added.

Bondholders, which had initially raised concerns about the deal (*BI*, Jan. 16), are waiting to see how Zurich may restructure its offer.

Though the regulators' and insurers' goal sounds simple, the deal is certainly not. The size of Home Holdings—which in 1993 had assets of $10 billion—as well as its complex corporate structure and long-tail excess liability claims all complicate matters.

Home Holdings comprises six property/casualty companies in an intercompany pooling agreement headed by The Home Insurance Co., with an 86% pool share, and The Home Indemnity Co., with a 10% share. Four smaller units—each with a 1% share, according to A.M. Best Co.—are located in Illinois, Indiana, New Jersey and Wisconsin (see chart).

In 1993, the companies in the pool wrote $1.87 billion in net premiums. Of that, The Home Insurance Co. wrote $1.6 billion, Home Indemnity wrote $187.4 million, and City Insurance Co. in New Jersey and the Home units in Indiana, Wisconsin, and Illinois each wrote $18.7 million.

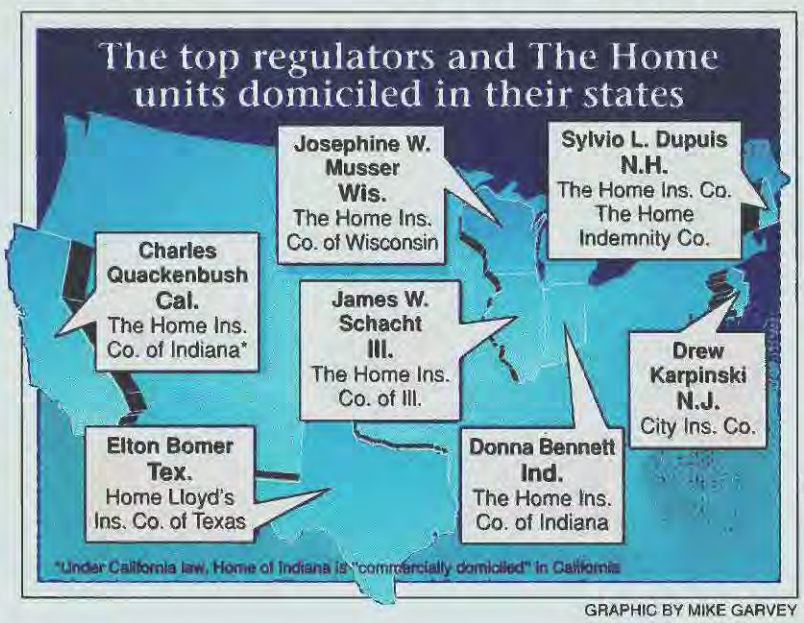
California regulators will also be involved in the approval process. Under California law, The Home Insurance Co. of Indiana is "commercially domiciled" in that state, due to the amount of business it does there. The Home also operates a surplus lines company in Texas, Home Lloyd's Insurance Co. of Texas.

The common pool linkage of these companies makes it impractical to sell off subsidiaries, Mr. Clark said.

Another complicating factor is The Home's pollution and professional liability long-tail business, for which the full value of claims may not be known for many years. Reserve increases for that business helped contribute to a downgrading of its claims-paying ability ratings last fall to B+ by A.M. Best and BBB- by Standard & Poor's Corp. (*BI*, Nov. 14, 1994). S&P has since downgraded the company to BB.

The situation could be "potentially dangerous," because this is the first large U.S. insurer with an old book of commercial liability business where past claims are threatening the company's solvency, said one state insurance regulator who would not speak for attribution.

Other regulators appear less concerned about that industry problem, though they acknowledge that the biggest hurdle they face is assessing the outcome and value of The Home's pollution liability claims in the next 15 to 20 years. Outside actuaries and consultants have been hired to help them.



GRAPHIC BY MIKE GARVEY

What gives regulators the authority?

The form that Zurich Insurance Co. is expected to file soon with state regulators is known as Form A.

It provides detail about an acquiring company's background and future plans. It is part of the model Insurance Holding Company System Regulatory Act, which all seven of the affected states follow as part of the accreditation requirements of National Assn. of Insurance Commissioners in Kansas City, Mo.

Individual states often require their insurance commissioners also to hold a public hearing to gather testimony about the appropriateness of the proposed transaction, though California does not require it.

"Most of the time, the hearings are individual hearings," said Susan E. Martin, NAIC general counsel.

Joint hearings are sometimes held, though, like the one that resulted in Trygg-Hansa SPP Holdings A.B. becoming Home Holdings Inc. majority stockholder, said Randy Blumer, deputy insurance commissioner for Wisconsin.

The NAIC model act calls for a commissioner to approve a transaction unless he or she deems it to be unacceptable for some specific reasons, including being "unfair and unreasonable to policyholders of the insurer and not in the public interest."

"The greatest weight is placed on the interests of policyholders," said Patrick Watts, senior counsel with the NAIC.

Regulators, though, also must be concerned with "the public," which may include marketplace competition as well as stockholders, Ms. Martin said.

—By Meg Fletcher

The Home takeover is the biggest challenge many regulators have encountered recently, because "the situation is so complex and the decision could set precedent for how other companies could run off (similar books of business)," New Hampshire's Mr. Solitro said.

Concerned that state guaranty funds could ultimately have to pay old claims of The Home, other insurers are pressing regulators to modify the Zurich deal.

AIG and Chubb both have contacted regulators about the deal, sources say. Neither company would comment specifically on any talks.

A Chubb spokeswoman in Warren, N.J., did say that, "Based on the public information we have seen, we don't think that the way the deal is currently structured sufficiently protects the policyholders."

The St. Paul Cos. Inc. in St. Paul, Minn., is also concerned about the transaction, though it has not contacted regulators, a spokesman said.

Douglas W. Leatherdale, chairman of St. Paul, said in a statement: "We are of course not privy to the detailed structure of this transaction, but it does concern us where a type of adverse selection of portions of an insurance company's business is being discussed. That raises the question of the long-term impact on guaranty funds and ultimately policyholders."

A source close to The Home/Zurich discussions said the insurers' criticism is unwarranted.

"What do they think would happen if the Zurich deal didn't go through? Would they prefer The Home to continue to write business and create more exposure to the guaranty fund?" the source said.

Zurich's offer was considered by directors of The Home to be superior to the only other publicly disclosed offer—a buyout bid by an investment group led by John J. Byrne (*BI*, Dec. 12, 1994).

Insurers critical of the deal are acting out of self-interest because they want the chance to take on The Home's profitable business, the source asserted. "They wanted to pick over The Home's business and they are upset because Zurich is getting a block renewal."

Competitive issues are likely the main factor behind other insurers' concerns, agreed Peter Wade, associate director at Standard & Poor's Insurance Rating Services, New York.

"They see $1 billion in premiums limping along, and they would like to take some of that business," Mr. Wade said. "I'm sure that worries about the guaranty funds play a part, but I don't think it is the main reason."

Insurer efforts to lobby regulators over a proposed takeover could be perceived as a conflict of interest, because they are seeking more market share or trying to avoid guaranty fund assessments, agreed Barry B. Schweig, professor of finance at Creighton University in Omaha, Neb.

But, that doesn't concern most regulators. "I don't mind hearing from them," said James W. Schacht, acting director of the Illinois Insurance Department. "I don't think it (the contact) is unusual at all."

To resolve these concerns, regulators "have been in the process of meeting with Zurich to discuss the proposal and get them to enhance it," Mr. Schacht said. The enhancements may include some consideration for the book of business Zurich would obtain, as well as perhaps a reinsurance transaction that would assist The Home meet its remaining obligations, he said.

Sources close to the discussions say that under a slightly restructured deal, Zurich would provide some form of reinsurance to cover the old liabilities.

"We are trying to design something that will protect the policyholders," the source said.

Zurich was still in discussions with regulators last week but the signing of a definitive agreement was imminent, the source said.

"Regulators are trying to maximize the value to the policyholders and provide guarantees" that even long-tail claims will be paid, California's Mr. Clark said.

Most of the regulators in the affected states said The Home's removal from the marketplace will not significantly reduce the availability of insurance in the market.

As Illinois' Mr. Schacht sees it, "There may be some problems with individual risks, here and there, but in the main, I don't think there will be a problem with replacement coverage."

However, he would like to see replacement coverage arranged for current policyholders.

"We think the majority of business that Home writes is very competitive," said New Hampshire's Mr. Solitro. The main issues being discussed among regulators and Zurich are non-renewal of current policyholders and the runoff of old business, he said.

Most regulators believe that it will require a unanimous vote by the seven state insurance commissioners for The Home takeover to be approved as proposed, regardless of the size of the unit domiciled within a state's borders.

"Our goal is consensus," said New Hampshire Insurance Commissioner Sylvio L. Dupuis. However, he said New Hampshire should have "a much larger say" because of the size of the two units domiciled there.

"A negative vote (from any commissioner) would make it much more difficult to consummate the transaction," Mr. Dupuis said. If a lack of consensus persisted, a unit of The Home might even have to move to another, more favorable domicile.

"Right now, I think the cooperation, involvement and activity among the states is good," Mr. Schacht said.

If regulators were to kill the Zurich deal, The Home would be in a frail condition, said S&P's Mr. Wade.

"You would be left with an insurance company that has a weak capital base, thin reserves, little earnings prospects and little flexibility to alter its financial position," he said.

The Home's condition has deteriorated recently, Mr. Wade added. "The Home is a bit like a leaky bucket. So if the Home was unsuccessful with Zurich and it was to go back and try to resuscitate the deal with Fund American or another, it would have a lot less leverage because there is a lot less left in the bucket." BI

Coral Re

Continued from page 1

Regulators can disallow credit for reinsurance that involves no transfer of underwriting risk, a move that would cut a ceding insurer's surplus by an equal amount.

Some or all of the reinsurance premium would then be treated as a deposit and reported as an asset on the ceding insurer's balance sheet.

At year-end 1993, National Union Fire Insurance Co. of Pittsburgh, Pa., reported $845 million recoverable from Coral Re, or 60% of its policyholders surplus, according to figures published by A.M. Best Co. Lexington Insurance Co. reported Coral Re recoverables of $107.2 million, or 22% of surplus.

Several AIG officials either declined to comment on Coral Re or could not be reached.

An AIG spokesman refused to discuss the insurance department examinations, but emphasized that AIG has no equity interest in Coral and that it has an "arms-length" relationship with the reinsurer.

The spokesman also said that American International Management Co. (Barbados) Ltd. provides only clerical and "back-office" services to Coral Re and does not perform any of the reinsurer's underwriting or management functions.

He said he did not know who does Coral Re's underwriting and referred this and other questions to Coral Re officials, whom he could not name.

Coral Re has no Barbados phone listing; its letterhead gives the address and phone number of American International Management (Barbados) Ltd.'s office in Bridgetown.

Helen Roper, president of the AIG management unit, declined to comment on Coral Re or identify its officers or directors.

One of Coral Re's shareholders is Paris-based Abeille Reassurances, and Abeille Re's chairman, Michel Laparra, is a Coral Re director, according to documents and sources familiar with the companies.

Mr. Laparra also could not be reached for comment.

What little public information is available about Coral Re comes from documents released by the Arkansas Development Finance Authority, a tax-exempt state housing and industrial development agency and Coral Re's only public shareholder.

According to these documents, Goldman Sachs & Co. managed a 1987 private placement that raised $60 million in initial capital for Coral Re through the sale of 1,000 shares of common stock at $60,000 per share.

ADFA no longer has the offering memorandum, a spokesman for the Arkansas agency said. Other shareholder documents, however, describe Coral Re's intended business as "reinsuring certain risks from the U.S. subsidiary insurance companies" of AIG, with stop-loss reinsurance provided by Munich Reinsurance Co.

In one such document, shareholders acknowledge that Coral Re and AIG have given them the opportunity to ask questions about the share offering and verify information contained in the offering memorandum.

The AIG spokesman denied that AIG organized Coral Re and said he did not know who hired Gold-

Continued on next page

Coral Re

Continued from previous page
man Sachs to manage the offering.

The documents also show that Coral Re was set up as a non-controlled foreign corporation whose U.S. shareholders would not be subject to current federal income taxes on their share of Coral Re's earnings.

Along with ADFA, the documents identify 13 investors, including:

- Abeille Re and an affiliate, Abeille Assurances.

Commercial Union P.L.C. last year agreed to buy several Abeille units, including Abeille Assurances but not Abeille Re.

Another affiliate, Abeille General Insurance Co., has long been managed by AIG's New York-based North American Managers Inc. and headed by top AIG officers.

- L. Donald Horne, then chairman of Mennen Co. of Morristown, N.J.
- Charles Locke, then chairman of Chicago-based Morton Thiokol Inc.
- Kenneth N. Pontikes, former chairman of Comdisco Inc. of Rosemont, Ill.
- David P. Reynolds, chairman of Reynolds Metals Co. of Richmond, Va.
- John M. Richman, former chairman of Kraft Inc. of Glenview, Ill.
- Samuel Zell, a Chicago investor and chairman of Itel Corp.

An assistant to Mr. Richman confirmed he was a shareholder but said he did not wish to comment further. An assistant to Mr. Zell said he declined to comment. Mr. Pontikes died last year; his son, a Comdisco officer and executor of his estate, could not be reached. The other individuals did not return phone calls seeking comment.

The terms of the offering were unusually attractive for most of the investors: A "significant majority" of the shareholders—including all but the two Abeille companies and a third corporation—were able to borrow the purchase price of their Coral Re stock from the Chicago branch of Sanwa Bank, documents show.

The loans were on a non-recourse basis secured only by the Coral Re stock itself, meaning that Sanwa could do nothing in case of default but take possession of the stock.

In return for their investment, the shareholders received quarterly dividends that were designed to cover variable rate interest charges on the Sanwa loans while providing them a fixed payment.

In the case of ADFA, which bought 84 shares with a $5.04 million loan, this amounted to a regular quarterly payment of about $20,000 after Sanwa's interest charges were deducted, the spokesman for the Arkansas agency said.

Subject to various conditions, the investors would be able to sell their shares back to Coral Re for the $60,000 per share offering price, and the proceeds would be used to repay Sanwa.

Meanwhile, Coral Re invested the capital it received from the borrowing shareholders in a certificate of deposit at Sanwa, the documents show.

The documents reflect Sanwa's concern about its risk of loss in case of default and decline in the value of Coral Re's stock.

One document notes: "The purchase price of Coral's stock is being used by Coral to purchase a certificate of deposit from (Sanwa). This certificate of deposit both constitutes the capital of Coral and is the ultimate funding source of (Sanwa) for the loans. Since the ultimate source of repayment of the loans is the capital of Coral, the shareholder acknowledges that the business conducted by Coral is of the utmost concern to (Sanwa)."

As a result, the shareholders were required to approve the election of Sanwa's Chicago-based lawyer, Robert D. Aicher of Chapman & Cutler, to Coral Re's board of directors.

Mr. Aicher could not be reached.

Sanwa also did not want to become a Coral Re shareholder itself in the event of a borrower's default, the documents show. Thus, the bank and ADFA signed a separate agreement under which ADFA would acquire the stock of any defaulting shareholder if Sanwa provided the agency with another non-recourse loan for the purchase.

ADFA never acquired additional stock, the agency's spokesman said.

After three years of operation, Coral Re in December 1990 amended its articles of incorporation and the following month redeemed the stock of all of its U.S. shareholders for $60,000 a share.

Coral Re then issued new stock to a new group of shareholders. These were:

- Abeille Re and Abeille Assurances.
- The Molson Cos. Ltd. of Toronto.

Marshall A. Cohen, Molson's president, is an AIG director.

- C.T. Insurance Co. Ltd., a Barbados insurance unit of Canada Trust.
- First Transportation Indemnity Ltd., formerly known as Laidlaw International Insurance Co. Ltd., a Barbados insurer with a Canadian parent. Before it became self-managed in the late 1980s, First Transportation was managed by American International Management (Barbados) Ltd.

Martin Hole, a First Transportation management official, has also served as a Coral Re director, documents show.

Mr. Hole declined to comment.

Since its formation, Coral Re's premium volume, assets and liabilities have soared while its share capital has actually shrunk, according to sources familiar with its financial statements.

An audited 1993 Coral Re statement, for example, reports total assets of about $989 million and liabilities of $974 million, with outstanding losses accounting for nearly all of the liabilities, according to one source familiar with the statements.

Share capital, however, which stood at $60 million when the reinsurer was formed, dropped after Coral Re reissued stock to the new shareholder group in 1991, and stood at $15 million at year-end 1993, sources familiar with the statement say.

Coral Re reported about $121 million in written premiums and $88 million in investment income in 1993, but after deducting losses, expenses and dividends, it finished the year with only $41,000 in retained earnings, sources say.

Given its huge liabilities, Coral Re's small capital base is a concern to state regulators now examining Lexington and members of AIG's American Home Assurance Co./National Union intercompany pool, sources familiar with the exams say.

Insurance departments participating in the exams include Delaware, New York and Pennsylvania.

AIG's willingness to cede so much business to a reinsurer of Coral Re's size raises questions about how much risk transfer is involved, regulatory sources say.

Examiners are also seeking information about Coral Re's stop-loss protection—which the Arkansas documents indicate would be with Munich Re—the existence of which would suggest that Coral Re is assuming risk on some or all of its business.

Premiums paid by Coral Re for the stop-loss coverage have amounted to about $1 million a year except in 1991, when they shot up to about $102 million, according to regulatory sources, who could not explain the variation.

The AIG spokesman said he could not comment on the stop-loss coverage.

While declining to comment on the risk transfer question, the spokesman also pointed out that all of the AIG companies' Coral Re recoverables are secured by collateral.

For example, Lexington reported holding $110 million in letters of credit securing its $107.2 million in Coral Re recoverables at year-end 1993.

Meanwhile, regulators are also questioning whether Coral Re should be considered an AIG affiliate, a move that would subject the reinsurance transactions to various state affiliate-company restrictions.

Among other examples of AIG's apparently close relationship with Coral Re, regulatory sources say that a number of the bank LOCs securing Coral Re recoverables are in turn backed by collateral provided by UeberseeBank A.G., a Swiss-based AIG private banking unit.

The AIG spokesman declined to comment on the LOCs. BI

NHL deal to boost retired players' pension benefits

TORONTO—A group of retired professional hockey players are expecting heftier pension benefits soon under the latest ruling in their dispute with their pension plan fiduciary and the National Hockey League over the mishandling of surplus pension plan assets.

An Ontario court master late last month approved a deal under which players who retired prior to 1983 and already are drawing benefits would receive 60% of the approximate award they won in court last fall. The final award is still in dispute over prejudgment interest and other details and could take a year to sort out, said plaintiffs attorney Mark Zigler of Koskie & Minsky in Toronto. That delay would create hardships for the retirees, he said.

The deal must be approved by the Ontario Pension Commission and Revenue Canada, the federal tax agency.

Overall, the pension benefits of about 1,000 pre-1983 retirees, many of whom are not yet drawing benefits, will be boosted by $36 million to $42 million Canadian ($25.6 million to $29.9 million) as a result of the earlier ruling, Mr. Zigler said.

Last fall, the Ontario Court of Appeal upheld a lower court ruling that the NHL Pension Society, the plan fiduciary, misallocated the retirees' surplus plan assets to 21 NHL clubs. The plan was registered as a defined contribution plan with Revenue Canada, but it provided a defined benefit.

The clubs used the surplus assets to trim their plan contributions after 1982 and to boost benefits for post-1986 retirees, who were covered by a more traditional defined contribution plan.

The appeals court ordered the NHL clubs to reimburse the retirees and the NHL Pension Society to return the surplus assets it had not yet distributed to the clubs (*BI*, March 28, 1994).

—By Dave Lenckus

Updates

Willis Corroon cuts begin

LONDON—Willis Corroon Group P.L.C. is planning to cut up to 400 jobs from its worldwide workforce of 11,000 by March 31, but officials deny rumors that the brokerage may be pulling out of large accounts or specific lines of business.

Of those cuts, 150 U.S. jobs have already been cut and about that many more will be cut in the next few months, said Ken Pinkeston, chairman of Willis Corroon Americas in Nashville, Tenn.

Another 100 U.K. jobs are to be cut, a spokesman in London said. He added that some U.S. and U.K. regional branch offices have been closed, merged with larger offices or sold to management.

J. Bransford Wallace, vice chairman of Willis Corroon Corp., said the brokerage has no intention to exit the large-account business.

Last year, on the heels of poor nine-month results and rising costs, Willis Corroon began a review to identify non-core areas and opportunities for savings. Layoffs and dropping particular lines of business were expected to be among those opportunities. That review continues.

P/C industry predictions

NEW YORK—Property/casualty insurers' 1995 combined ratio will be 109.1%, while net written premiums will increase 5.1% over last year, according to an average of Wall Street analysts' predictions in the Insurance Information Institute's annual Groundhog Day forecast.

Combined ratio predictions among the nine analysts ranged from 106.1% by Bear, Stearns & Co. Inc. to 113.5% by Morgan Stanley Group Inc. Last year's forecast average was 109.8%. For net premiums, Morgan Stanley was the most bullish, projecting a 7.5% increase. Conning & Co. was most conservative, forecasting a 3.4% increase.

Pension filing flood relief

WASHINGTON—Two federal agencies are giving employers in areas ravaged by the California floods more time to file annual pension financial reports and pay pension insurance premiums.

Pension reports in the Form 5500 series that were due on or after Jan. 6 can be filed by affected employers as late as March 2 without penalty, the Labor Department said last week.

The extension applies to employers in counties designated by the Federal Emergency Management Agency as disaster areas and in cases where plan administrators outside the disaster area cannot obtain the data they need from service providers, banks or insurance companies affected by the floods. To qualify, the words "California Flood 95" must be marked in bold red print at the top center of the first page.

The Pension Benefit Guaranty Corp. relief program applies to penalties for late payments of premiums—though employers still will have to pay interest charges on late payments—and certain notification requirements. All submissions to the PBGC relying on flood-related relief should have "California Flood Relief" in bold with the name of the county and state at the top center of the document.

Governors' health care call

WASHINGTON—The nation's governors are calling for more federal and state government cooperation in health care reform.

They approved several health care-related resolutions and another backing federal uniform product liability standards at the winter meeting of the National Governors' Assn. Jan. 28-31 in Washington.

On the health care front, the governors called for additional federal support of state-based health care reforms.

Briefly noted

The Labor Department is postponing to April 6 from Feb. 6 employers' deadline for compliance with **Family and Medical Leave Act** regulations (*BI*, Jan. 9). . . .Former New York Superintendent of Insurance **Salvatore R. Curiale** is joining New York-based Mutual of America Life Insurance Co. as a senior executive vp to handle strategic planning and oversee government relations. . . .**Alexander & Alexander Services Inc.** will take a fourth-quarter aftertax charge of $21.9 million to reflect indemnification payments to Shand/Evanston Group Inc. A&A sold Shand Morahan & Co. Inc. in 1987 and agreed to indemnify its purchasers against losses related to the insolvency of Mutual Fire, Marine & Inland Insurance Co. (*BI*, Nov. 8, 1993). . . .**General Motors Corp.** last year cut its unfunded pension liability to $12.6 billion from $22.3 billion in part by putting $7.7 billion in its pension plan for U.S. hourly employees, GM's largest underfunded plan, with about 600,000 participants. . . .The 8th U.S. Circuit Court of Appeals upheld a 1994 district court ruling that required **Minnesota's Workers Compensation Reinsurance Assn.** to turn over $246 million in surplus reserves to workers comp insurers (*BI*, May 2, 1994). . . .The National Insurance Consumer Organization has merged with the Consumer Federation of America to become the CFA's Insurance Group. Former NICO President and Texas Insurance Commissioner **J. Robert Hunter** is director of insurance. His successor at NICO, Kathleen O'Reilly, is the CFA's insurance counsel. . . .**AFG Industries Inc.** agreed last week to make up shortfalls caused by its 1987 termination of several pension plans and replacement of benefits with annuities from now-failed Executive Life Insurance Co. The agreement settles a 1991 Labor Department complaint against AFG, which charged that AFG imprudently chose Executive Life. . . .Catastrophe reinsurer **Partner Re Holdings Ltd.** posted net income of $146.1 million in 1994, its first full year of operation. That figure includes net realized investment losses of $20.1 million. . . .**Prudential Reinsurance Co.** is cutting 125 jobs—about 20% of its staff—and is closing branch offices in Boston, Atlanta, Houston and Los Angeles to increase its profitability. . . .**Prescription Solutions Inc.**, the pharmacy benefit management unit of PacifiCare Health Systems Inc., has completed its agreement to acquire pharmacy benefit manager Preferred Solutions Inc. Terms were not disclosed (*BI*, Jan. 2).

Section 457

Continued from page 1

something less than good news. It drove home a major distinction between the Section 457 plans, which are offered by public sector and some not-for-profit employers, and their private sector counterpart, the 401(k) plan.

While provisions of the Employee Retirement Income Security Act requiring employers to hold employee contributions in trust apply to "qualified plans" like 401(k)s, Section 457 plans are "non-qualified." Assets in non-qualified plans must be exposed to the claims of general creditors in order to get the advantage of tax-deferred savings. And, the law creating Section 457 plans stipulates that employee participants' deferred income is property of their employer.

Some Orange County employees have filed a lawsuit and are seeking class action certification against former county Treasurer Robert L. Citron and other county officials. The suit, filed in federal district court in Santa Ana, Calif., alleges a breach of fiduciary duty and fraud.

"In order to be an eligible deferred compensation plan under 457, the funds in the plan are subject to the employer's general creditors," said Jim Warner, a principal with A. Foster Higgins & Co. Inc. in Los Angeles.

"Under the (Internal Revenue Code), 457 plans are treated as employer-owned. But the employees for all practical purposes think the money belongs to them, only to be surprised to learn the employer is going to use a portion of that to meet another liability," said Carlos Resendez, executive secretary of the Washington, D.C.-based National Conference on Public Employee Retirement Systems.

According to Cathie Eitelberg, director of the Pensions and Benefits Center of the Government Finance Officers Assn. in Washington, there is $20 billion in 457 assets nationwide. All 50 states have 457 plans, and they are common among local governments, as well.

Ms. Eitelberg also questioned whether Orange County will be able to limit the Section 457 plan participants' losses to 10%, given the bankruptcy court's powers.

"It certainly appears to me that based on (Orange County), public employees are becoming more reticent to put money into the 457 plans," said Mr. Resendez of NCPERS, who also is executive administrator and chief investment officer for the Texas Schools Permanent Fund in Austin.

That distinction between Section 457 plans and qualified plans typically is spelled out in plan documents.

"There's usually a line in there—'In order to get your special tax deferral on this, this is considered the employer's money,' " said Roderick Crane, a vp at The Segal Co. in Denver. "Whether those are read or understood is another matter."

To many participants, that note can be "sort of like the surgeon general's warning on cigarette packs," said Foster Higgins' Mr. Warner. "People still smoke."

Orange County isn't the first jurisdiction to eye 457 plan assets in times of financial stress.

In 1993, Los Angeles County looked to its $1 billion Section 457 plan in hopes of raising $200 million to help offset a county budget deficit. While they didn't argue the county's right to do so, consultants did question the wisdom of borrowing the money from the fund, fearing the precedent such an action might establish for Section 457 plans across the country.

Ultimately, the county established a "Los Angeles County Investment Fund" option for plan participants, though employees chose to invest only $19.7 million in that option.

Mr. Warner noted that on the surface, Section 457 plans "look a lot like 401(k) plans."

"I'm not sure why we need the distinction," he said. "Over the years there has been a trend toward consistency in retirement arrangements among different classes of employees. I don't understand why this provision in the law continues, why it is essential that public sector employees have to have their life savings at risk."

At one time, public sector employers could offer 401(k) plans. But the federal government did not want public entities to have more than one tax-deferred retirement plan option, so the Tax Reform Act of 1986 limited public sector employers to offering Section 457 plans. Existing 401(k) plans in the public sector were protected by a grandfather clause.

The Orange County situation, though, may be the catalyst for federal action to extend qualified plan protection to public sector employers' deferred comp plans, Mr. Warner believes.

"This is the kind of event that might trigger the extension of the 401(k) plan to public sector employers," he said. "If my forecast is correct, 457s would be replaced by 401(k) plans. If I'm right, 10 years from now there would be no 457 plans. All public sector employers would offer 401(k) plans."

Segal's Mr. Crane, however, doesn't believe Orange County will prompt such an extreme response as rewriting the tax code to allow public entities to offer 401(k)s once again.

"I don't see any more radical changes such as guarantees of asset balances or guarantees of investment performance," he said.

Instead, Mr. Crane believes the Orange County losses will prod government employers to look closely at setting or strengthening standards for how Section 457 plan assets are handled.

"I think it's a more political decision that as governmental entities they don't want to have to go to their employees and say their asset balances are being reduced," he said.

It could also prompt a related response—increased employee scrutiny of their employers' handling of their deferred compensation money, Mr. Crane said.

In response, Mr. Crane believes many jurisdictions offering section 457 plans may start using so-called "rabbi trusts"—irrevocable trusts that provide for payment of all or part of an employer's non-qualified benefit plan liability.

While assets held in rabbi trusts ultimately are subject to the claims of general creditors, they are held apart from the employer's other assets. Basically, the employer can't use that money for anything other than paying benefits except in the event of bankruptcy, Mr. Crane said, and "that's good enough for the IRS."

Since Orange County did declare bankruptcy, a rabbi trust would not have protected the retirement plan assets from creditors' claims.

Like private sector employers, many governmental entities have been looking to move away from defined benefit retirement plans to defined contribution plans. For now, though, defined benefit plans remain the norm and Section 457 deferred compensation programs are largely used to supplement those plans.

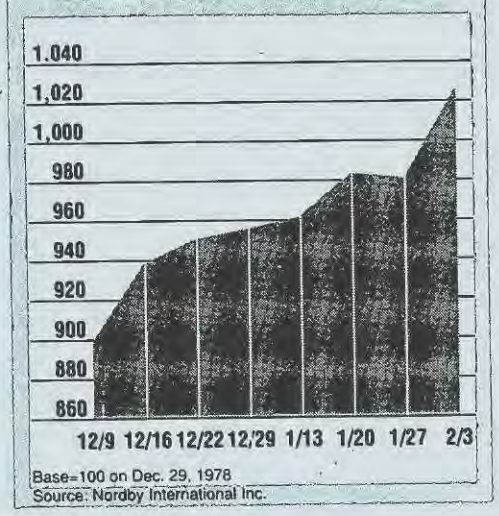
"While employers are longing to go to defined contribution in the public sector, defined benefit plans still seem to be the rule," Mr. Warner said. "If anything, an event like (Orange County) will underscore the need for defined benefit."

But the Section 457 deferred comp plans still have a place as part of an employee's retirement planning, Mr. Warner suggested.

"What has happened in Orange County notwithstanding, 457 plans are still attractive," he said. "If I worked for a government employer, I would make use of my 457 plan."

"How often does an entity like Orange County become insolvent?" BI

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc.

Catastrophe insurance option call spreads

As of Feb. 3

Call spread	Price bid/ask	Rate on line %	Call spread	Price bid/ask	Rate on line %
Eastern September 1995			**Western Annual 1995**		
45/65	5.8/6.1	29/30.5	20/30	0.5/3	5/30
50/70	5.3/5.5	26.5/27.5	30/40	0.3/1.8	3/18
60/80	4/5.5	20/27.5	30/50	0.5/2.5	2.5/12.5
100c	8.5/12	8.5/12	50/70	0.6/1.8	3/9
150c	4/5.5	8/11	60/80	0.3/3.5	1.5/17.5

Total volume: 126 **Total open interest: 4,941**

For quotes, call the CBOT trading floor at 312-341-3342. For general information, call 312-435-3674.

Source: Chicago Board of Trade

British Issues

Feb. 2 Companies	Price pence	P/E*	Div.* pence	Yield %	1 week high—low
Commi Union	498	15.9	31.0	6.2	500—493
Genl Accident	513	10.3	34.4	6.7	513—500
Gdn Royal Exch	171	11.0	9.5	5.6	173—170
Independent	269	8.8	10.4	3.9	271—269
Royal	270	11.7	9.4	3.5	270—262
Sun Alliance	299	13.4	18.4	6.1	299—293
Brokers					
Bradstock	97	10.9	7.1	7.3	97—97
Fenchurch	149	10.4	10.0	6.7	154—149
CE Heath	238	8.5	20.0	8.4	238—236
JIB Group	120	10.5	9.4	7.8	122—120
Lloyd Thmpson	148	10.3	9.8	6.6	148—148
Lowndes Lmbrt	147	9.2	9.4	6.4	147—147
Nelson Hurst	174	17.1	7.0	4.0	175—174
PWS Holdings	22	N/M	0.8	3.6	22—22
Sedgwick Grp	152	16.9	7.5	4.9	155—152
Steel Brl Jones	118	N/M	11.3	9.6	118—117
Willis Corroon	139	12.8	8.3	6.0	142—138

Source: Philip Olsen, London * Latest actual year

BI Industry Stock Report JAN. 30, 1995, THROUGH FEB. 3, 1995

		Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
BROKERS												
Acordia Inc.	NYS	32.50	3.17	-2.99	33.63	23.00	15	0.60	1.85	17	13.24	2.45
Alexander & Alexander	NYS	20.63	3.13	11.49	22.75	14.00	214	0.10	0.48	-159	6.08	3.39
E.W. Blanch Holdings Inc.	NYS	21.25	1.80	3.03	23.00	15.75	16	0.32	1.51	18	4.55	4.67
Gallagher Arthur J. & Co.	NYS	34.13	3.41	6.64	37.13	28.13	117	0.88	2.58	17	6.48	5.27
Hilb, Rogal & Hamilton	NYS	11.75	4.44	-3.09	13.38	11.00	33	0.56	4.77	14	4.72	2.49
Marsh & McLennan	NYS	81.25	4.50	2.52	88.75	71.25	1048	2.90	3.57	16	19.40	4.19
Poe & Brown	NDQ	20.50	0.61	-5.75	22.75	17.00	129	0.48	2.34	14	4.49	4.57
BROKERS	AVERAGE		3.0	1.7					2.4	-9		
INSURERS/REINSURERS												
ACE Ltd.	NYS	24.75	2.59	5.88	28.88	20.75	238	0.44	1.78	-8	22.45	1.10
Acceptance Insurance Cos.	NYS	16.00	-3.03	6.67	18.00	11.13	45	0.00	0.00	12	9.83	1.63
AEGON N.V.	NYS	64.50	0.39	1.57	66.13	49.38	9	2.94	4.55	11	43.84	1.47
Aetna Life & Casualty	NYS	50.50	2.02	7.16	65.75	42.25	1340	2.76	5.47	-7	57.21	0.88
Allied Group Inc.	NDQ	25.50	5.70	3.03	31.00	22.00	243	0.60	2.35	6	23.43	1.09
Allmerica Prop. & Casualty	NYS	20.00	8.11	18.52	20.38	14.25	189	0.16	0.80	12	19.45	1.03
Allstate Corp.	NYS	25.63	7.33	7.89	28.63	22.63	1276	0.72	2.81	20	19.60	1.31
American General	NYS	30.38	4.74	7.52	30.50	24.88	1818	1.16	3.82	20	20.39	1.49
American Heritage Life Ins.	NYS	18.63	0.68	-1.97	19.50	16.50	12	0.66	3.54	11	12.42	1.50
American Indemnity/Fin'l	NDQ	11.38	-3.19	12.35	14.50	10.00	10	0.24	2.11	3	15.92	0.71
American International	NYS	105.88	0.59	8.04	105.88	81.75	3254	0.46	0.43	16	49.75	2.13
American Re Corp.	NYS	31.88	3.66	-1.16	35.75	23.50	272	0.00	0.00	17	16.85	1.89
Aon Corp.	NYS	33.63	3.07	5.08	35.75	29.25	328	1.28	3.81	11	21.96	1.53
Argonaut Group	NDQ	30.25	-2.42	7.08	31.75	26.25	416	1.16	3.83	10	29.80	1.02
AVEMCO Corp.	NYS	14.75	-4.07	-4.07	18.25	13.38	55	0.44	2.98	12	6.30	2.34
Baldwin & Lyons Inc.	NDQ	16.75	-4.96	13.56	17.63	13.75	4	0.24	1.43	10	13.56	1.24
Berkley W.R. Corp.	NDQ	37.50	-1.07	0.00	42.00	32.50	105	0.44	1.17	23	36.47	1.03
Berkshire Hathaway Inc.	NYS	24300.00	2.53	19.12	24300.00	15150.00	2	0.00	0.00	31	9157.79	2.65
Capital RE Corporation	NYS	24.75	0.51	-9.59	27.38	18.50	11	0.20	0.81	12	21.48	1.15
Capsure Holdings Corp.	NYS	13.13	1.94	-10.26	16.13	12.13	23	0.00	0.00	13	13.72	0.96
Chubb Corp.	NYS	80.13	0.16	3.55	83.13	68.63	1307	1.84	2.30	13	48.40	1.66
CIGNA Corp.	NYS	68.50	0.74	7.66	74.00	57.00	1355	3.04	4.44	9	80.98	0.85
CNA Financial Corp.	NYS	69.25	1.09	6.74	82.25	60.00	103	0.00	0.00	182	73.83	0.94
Continental Corp.	NYS	19.25	0.65	1.32	28.50	12.00	1125	0.00	0.00	-3	29.69	0.65
EMC Insurance Group Inc.	NDQ	9.50	-3.80	0.00	10.75	8.50	7	0.52	5.47	8	10.77	N.A.
Emphesys Financial Gr. Inc.	NYS	34.25	6.61	7.87	38.50	21.25	379	0.60	1.75	10	N.A.	N.A.
EXEL Ltd.	NYS	40.63	3.50	2.85	45.13	36.00	911	1.32	3.25	15	31.62	1.28
Fremont General Corp.	NYS	21.75	-2.79	-6.95	26.00	21.50	231	0.76	3.49	6	22.90	0.95
Frontier Insurance Group	NYS	23.75	3.26	8.57	37.50	16.75	96	0.48	2.02	20	14.94	1.59
Gainsco Inc.	ASE	8.63	1.47	4.55	9.41	7.63	51	0.04	0.46	12	3.79	2.28
General RE Corp.	NYS	130.50	2.35	5.67	130.88	101.75	1019	1.92	1.47	17	57.17	2.28
Guaranty National Corp.	NYS	16.50	-2.94	-10.20	18.50	13.75	33	0.50	3.03	10	11.84	1.39
Harleysville Group	NDQ	23.75	-2.31	-2.06	28.50	19.75	32	0.68	2.86	17	20.18	1.18
Hartford Steam Boiler	NYS	43.25	2.37	8.46	53.38	35.88	139	2.20	5.09	17	14.62	2.96
HCC Insurance Holdings	NDQ	24.75	5.32	17.86	24.75	15.00	149	0.00	0.00	17	10.75	2.30
Home Holdings Inc.	NYS	8.63	2.99	-8.00	18.25	3.00	524	0.00	0.00	-3	22.36	0.39
ITT (Hartford Group)	NYS	95.50	7.00	7.76	95.97	77.00	2026	1.98	2.07	13	49.95	1.91
Kemper Corp.	NYS	46.63	4.19	23.10	65.00	35.75	4934	0.92	1.97	13	28.68	1.63
Lincoln National	NYS	36.88	3.15	5.36	43.88	34.63	2170	1.72	4.66	13	31.99	1.15
Markel Corp.	NDQ	42.25	-0.59	1.81	44.50	37.50	41	0.00	0.00	11	25.15	1.68
Mid Ocean Ltd.	NDQ	27.50	-0.90	0.92	30.50	22.25	92	0.00	0.00	11	20.24	1.36
Mutual Risk Mgmt. Ltd.	NYS	25.75	-0.96	-1.90	29.00	21.13	52	0.32	1.24	15	9.11	2.83
NAC Re Corp.	NDQ	33.00	-1.49	-1.49	34.00	24.00	274	0.16	0.48	16	19.75	1.67
National Re Corp.	NYS	27.50	-0.45	4.76	31.75	22.25	472	0.16	0.58	17	17.31	1.59
Navigators Group	NDQ	17.25	13.11	18.97	30.50	13.75	14	0.00	0.00	-5	10.21	1.69
Nobel Insurance Ltd.	NDQ	8.13	0.00	-1.52	8.75	7.63	35	0.20	2.46	4	6.64	1.19
NWNL Companies	NYS	32.63	2.76	12.50	34.50	27.00	547	0.90	2.76	11	24.81	1.31
Ohio Casualty Corp.	NDQ	32.13	2.80	13.72	32.50	26.50	344	1.46	4.54	11	24.68	1.30
Old Republic Int'l	NYS	23.88	7.30	12.35	24.50	18.88	484	0.48	2.01	9	24.60	0.97
Orion Capital Corp.	NYS	37.00	3.14	4.96	37.00	28.13	72	0.80	2.16	10	25.86	1.43
Partner Re Holdings Ltd.	NDQ	21.31	7.57	2.71	22.25	18.50	1190	0.40	1.88	10	N.A.	N.A.
Penn-America Group Inc.	NDQ	7.00	-6.67	-5.08	8.38	6.50	18	0.00	0.00	9	6.21	1.13
Phoenix RE Corp.	NDQ	26.00	5.85	-7.96	29.25	18.50	127	0.60	2.31	5	22.86	1.14
Provident Life	NYS	23.50	1.08	8.05	31.88	21.50	100	1.04	4.43	7	27.09	0.87
Re Capital Corp.	NDQ	17.88	0.00	45.92	18.00	12.00	18	0.32	1.79	14	17.63	1.01
Reliance Group Holdings	NYS	5.25	-4.55	1.20	7.63	4.88	854	0.32	6.10	13	3.48	1.51
RLI Corp.	NYS	21.38	0.59	4.27	25.50	19.88	25	0.60	2.81	-25	20.51	1.04
St. Paul Companies	NYS	48.25	3.21	7.82	48.25	37.69	1354	1.50	3.11	10	31.88	1.51
SAFECO Corp.	NDQ	53.75	2.87	3.37	59.75	46.75	1470	1.96	3.65	11	46.94	1.15
SCOR U.S. Corp.	NYS	8.25	-4.35	-1.49	12.38	7.50	77	0.36	4.36	-38	13.60	0.61
Seibels Bruce Group	NDQ	2.56	-4.65	2.50	3.50	1.25	52	0.00	0.00	10	1.05	2.44
Selective Ins. Group	NDQ	28.13	7.91	11.39	29.50	23.00	154	1.12	3.98	11	23.36	1.20
Sphere Drake Holdings	NYS	13.88	0.91	0.00	17.88	10.75	21	0.16	1.15	6	13.15	1.06
TIG Holdings	NYS	21.25	6.25	13.33	22.00	17.00	797	0.20	0.94	26	17.25	1.23
Titan Holdings, Inc.	NYS	10.13	2.53	3.85	11.38	7.75	75	0.28	2.77	8	9.31	1.09
Tokio Marine & Fire	NDQ	53.75	2.14	-11.52	66.00	52.50	62	0.41	0.75	47	57.72	0.93
Torchmark Corp.	NYS	40.75	4.15	18.12	49.50	32.38	895	1.12	2.75	10	17.49	2.33
Transatlantic Holdings	NYS	57.63	5.25	3.13	57.63	45.38	32	0.40	0.69	14	32.43	1.78
Transnational Re Corp.	NDQ	21.50	8.52	-8.51	26.50	17.25	116	0.00	0.00	10	N.A.	N.A.
Travelers Corp.	NYS	39.50	8.97	22.01	43.13	30.38	6612	0.80	2.03	10	24.26	1.63
Trenwick Group Inc.	NDQ	43.75	5.11	3.24	43.88	33.25	65	1.00	2.29	15	29.20	1.50
United Fire & Casualty	NDQ	28.50	1.79	3.01	29.81	24.00	1	0.80	2.81	10	28.96	0.98
Unitrin	NDQ	45.75	-2.14	6.40	51.50	38.50	735	1.60	3.50	15	38.64	1.18
UNUM Corp.	NYS	43.75	2.04	15.89	58.00	35.13	582	0.96	2.19	18	27.78	1.57
US Facilities Corp.	NDQ	11.75	2.17	17.50	14.63	8.25	271	0.00	0.00	14	11.07	1.06
USF&G Corp.	NYS	14.75	-0.84	9.26	16.13	11.69	1989	0.20	1.36	7	10.04	1.47
USLIFE Corp.	NYS	37.00	6.47	6.09	41.38	30.88	133	1.32	3.57	9	40.82	0.91
Washington National	NYS	19.38	-1.27	1.97	25.38	18.38	97	1.08	5.57	7	23.61	0.82
Zenith National Ins.	NYS	22.00	0.57	-3.30	27.38	20.63	26	1.00	4.55	10	17.54	1.25
Zurich Reinsurance Centr.	NYS	28.75	-0.43	-0.43	29.25	24.25	69	0.00	0.00	-28	22.26	1.29
INSURERS/REINSURERS	AVERAGE			1.9	5.2				2.3	13.2		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	NDQ	27.25	4.81	5.83	31.00	20.25	649	0.00	0.00	16	12.22	2.23
Humana Inc.	NYS	25.38	13.41	12.15	25.38	15.88	5157	0.00	0.00	26	6.04	4.20
Pacificare Health Sys.	NDQ	72.00	11.63	10.56	79.50	44.25	261	0.00	0.00	24	14.21	5.07
Safeguard Health Enter.	NDQ	8.75	0.72	-5.41	15.50	8.25	25	0.00	0.00	20	6.16	1.42
Sierra Health Services	NYS	30.38	3.85	-3.95	33.50	21.25	203	0.00	0.00	18	6.04	5.03
United Healthcare Corp.	NYS	49.38	12.22	9.42	55.38	37.25	6165	0.00	0.00	32	6.57	7.52
U.S. Healthcare	NDQ	46.81	9.50	13.48	49.00	33.75	7063	0.84	1.79	20	5.04	9.29
Wellpoint Health Networks	NYS	27.88	0.90	-4.29	37.00	24.25	254	0.00	0.00	13	12.73	2.19
HMOs	AVERAGE			7.1	4.7				0.2	19		
ALL COMPANIES	AVERAGE			4.0	3.9				2.4	14		

Top advancing issues: Humana Inc., Navigators Group, United Healthcare Corp. Leading decliners: Penn-America Group Inc., Baldwin & Lyons Inc., Seibels Bruce Group. Most active issue: U.S. Healthcare. The BI Index rose 4.8%; the Dow Jones 30 Industrials rose 1.8%; the S&P 500 increased 1.8% and the NYSE Composite gained 1.9%.

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