

Business Insurance

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Updates

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

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General Re exploring options for financial products unit

STAMFORD, Conn.—General Re Corp. is “exploring strategic alternatives” for its General Re Financial Products Corp. subsidiary, the reinsurer announced last week.

GRFP is a dealer in financial risk management products, including interest rate, currency and equity swaps and options, credit derivatives and structured financial products. The General Re unit has approximately 300 employees in offices in New York, Toronto, London and Tokyo.

The announcement also said that recent
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Product liability bill likely to see a Clinton veto

By MARK A. HOFMANN

WASHINGTON—The chances for successful product liability reform appear slim, despite the U.S. House of Representatives’ approval of legislation that would set a uniform 18-year statute of repose for claims involving durable workplace goods.

The House last week voted 222-194 in favor of the Workplace Goods, Job Growth and Competitiveness Act, with nearly two dozen Democrats joining most Republicans in support of the measure.

Despite the fact that a nearly identical statute was contained in a 1998 product liability bill that the White House appeared to accept, the president’s advisers have recommended that he veto the measure. Further dashing reform proponents’ hopes is the current lack of companion legislation in the Senate.

The measure, which was introduced last year by Rep. Steve Chabot, R-Ohio, would generally prohibit the filing of civil actions for property damage against the manufacturer or seller of a durable workplace good more than 18 years

after the product was delivered to its first purchaser or lessee. It would also prohibit the filing of civil suits for death or personal injury arising from an accident involving such a good, if the claimant receives or is eligible to receive workers compensation and the injury does not involve a toxic harm, including asbestos-related injuries.

The bill would not apply to motor vehicles, vessels, aircraft or trains that are used primarily for passenger transportation. In addition, it would not forbid suits against defendants that had made an express written warranty about the safety of the product whose duration was longer than 18 years.

The measure would override all state statutes of repose, including those that set a shorter period. Proponents point out that the 18-year period is identical to that contained in a failed product liability reform bill worked out between congressional negotiators and the White House in 1998 (BI, July 13, 1998).

“I think the statute of repose may have a really good chance, simply because it’s been

See Reform on page 23

Recent airline losses may hit 2001 rates

By DAVE LENCKUS

A tragic first month of the year for commercial airlines and their passengers worldwide will not necessarily have a dramatic impact on airlines’ hull and liability renewals throughout 2000.

About 270 lives were lost and several jets valued at approximately \$100 million in total were destroyed in commercial airline accidents around the globe in January. The two biggest disasters occurred a half a world apart but within 24 hours of each other when an Alaska Airlines jet crashed off the California coast and a

Kenya Airways jet went down off the Ivory Coast at month’s end (see story, page 24).

“Clearly, this January is the worst start of a year that I can remember,” said Harold Clark, chairman and chief executive officer of New York-based U.S. Aviation Underwriters Inc. US-AUI is the management company of aviation underwriting pool U.S. Aircraft Insurance Group.

The losses that are most affecting the market, however, occurred before January, he said, referring to the July 1996 midair explosion of TWA Flight 800, the September 1998 crash
See Renewals on page 24



The Alaska Airlines jet that crashed into the Pacific Ocean on Jan. 31 was a McDonnell Douglas MD 83 twin-engine aircraft.

PHOTO: NEWSMAKERS

Employers see rise in bias suits

EEOC plan under fire

By JUDY GREENWALD

WASHINGTON—A little-noticed Equal Employment Opportunity Commission proposal could spur increased litigation and encourage companies to reduce or eliminate severance payments when they lay off older workers, some attorneys and employer groups warn.

The EEOC’s proposed rule would allow older employees who sign waivers agreeing not to sue their employers, typically in exchange for receiving enhanced severance or early retirement benefits, to later sue the employers

under certain circumstances without first having to return the money they have received. The rule is based on a 1998 U.S. Supreme Court decision in *Oubre vs. Entergy Operations Inc.*, in which the majority held that Entergy could not enforce a waiver and block an employee’s lawsuit because it had not fully complied with federal law.

An EEOC official contends its proposal is not designed to eliminate the use of waivers but instead to simply ensure they comply with federal law.

Many attorneys and employer groups warn, however, that more

litigation will be filed against employers if the EEOC’s proposed rule goes into effect because employees who can keep their severance payments and still sue their former employer would have little to lose.

Furthermore, these observers say, if employers believe they are going to be sued in spite of the waivers, they may either reduce the value of their severance packages or eliminate them altogether.

“The aim of the process should be a just and fast resolution of the conflict between the employer and the employee. This proposal

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Environmental Risks

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Web risks spur changes in insurance coverage

By ROBERTO CENICEROS

Some insurance companies are excluding Internet-related risks from the personal and advertising injury coverage of their commercial general liability policies.

These exposures—which can include intellectual property theft, copyright and trademark infringement, libel and slander, among others—may be greatly increased by the intrinsic nature of the Internet and the ease with which information is conveyed and shared.

At the same time CGL coverage is being restricted, however, more insurers are offering new policies designed specifically to cover electronic commerce



risks. Insurers say interest from risk managers in these new policies has increased dramatically in the last three months.

One interested buyer is John Pinner, assistant treasurer for El Segundo, Calif.-based Mattel Inc. There is no question additional coverage is needed for the risks facing Mattel, he said, because the toy manufacturer is preparing to use the Internet for commercial transactions.

Mr. Pinner is currently evaluating a specialty insurance product for Internet risks. He said he views it as difference-in-conditions coverage to make up for potential shortcomings of his casualty policies in providing protection for Internet-related exposures.

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Updates

Gen Re weighs future of unit

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speculation about large market losses at GRFP "is not correct," adding that the unit has been "consistently profitable since 1991."

Elizabeth A. Monrad, treasurer of General Re, said any action the company might take with regard to GRFP would have no impact on such General Re operations as the enterprise risk and capital management practice of General Reinsurance Corp.

The enterprise risk practice, which analyzes insurers' balance sheet risks and suggests ways to address those risks, "is a very separate business and is completely unrelated (to GRFP)," Ms. Monrad said.

"I think we'll still be in a capacity on a number of fronts to advise our clients on risk transfer, whether it involves reinsurance or other alternatives," she said.

Acquisition attempt revealed

HAMILTON, Bermuda—Swiss Reinsurance Co. attempted to take over catastrophe reinsurer Partner Re Ltd. last November, but the deal fell through after the two failed to agree on a price, according to documents filed last month with the Securities and Exchange Commission.

Shortly after it held talks with Bermuda-based Partner Re, Swiss Re announced its proposed \$725 million acquisition of Underwriters Re Group Inc. in Calabasas, Calif.

The purchase of Underwriters Re greatly increased Swiss Re's involvement in the North American broker reinsurance market. Partner Re, which has units in the United States, France and Switzerland, accepts business both directly and through brokers.

Swiss Re was instrumental in setting up Partner Re in 1993. Partner Re's chief executive officer, Herbert Haag, was formerly a senior executive of Swiss Re, and Swiss Re owns 26% of the shares in Partner Re.

Swiss Re filed the information on the takeover discussions with Partner Re as an amendment to a standstill agreement it had filed in June 1997, when it agreed to hold no more than 30% of Partner Re's stock.

Harvard Pilgrim draws suitors

BOSTON—Thirteen different entities have indicated interest in recapitalizing or purchasing all or part of Harvard Pilgrim Health Care, which was placed into receivership last month.

A spokesman for the Massachusetts Division of Insurance said the 13 entities have signed confidentiality agreements with Salomon Smith Barney, the investment banking firm hired by the division, to conduct due diligence on the health maintenance organization. The spokesman would not identify the interested parties.

"The receivership team is now awaiting a full menu of options to be given to them by the investment banker, and the attorney general has set a loose deadline of next Friday, Feb. 11, to have that," said the spokesman. Insurance Commissioner Linda Ruthardt is the HMO's receiver.

The spokesman refused to comment on locally published reports that Harvard Pilgrim's unaudited losses, which had been estimated at up to \$177 million when it was placed in receivership, are, in fact, \$197 million. He said an audited financial statement is expected to be released by the end of this month.

Meanwhile, four associations—the Massachusetts Hospital Assn., the Massachusetts Psychiatric Society, the Massachusetts Psychological Assn. and the National Assn. of Social Workers—have filed motions seeking to intervene as parties in the receivership. Their petitions were opposed by Ms. Ruthardt in a petition filed with the state Supreme Judicial Court on Monday. The court has tabled the issue until March, said the division spokesman.

A spokeswoman for the Burlington, Mass.-based Massachusetts Hospital Assn. said the matter is now "almost irrelevant." Its petition had been filed to "make sure we had all the information we needed and had a voice in the proceedings," and that has turned out to be the case, she said.

The Brookline, Mass.-based non-profit HMO—which has 1.3 million members, primarily in Massachusetts—is believed to be the largest HMO ever to be put into receivership. Its aggressive marketing in a hotly competitive market has been cited as a major factor behind its financial problems. Under the terms of the receivership, enrollees are guaranteed continued coverage.

Nickles to lead conferees

WASHINGTON—Senate Majority Whip Don Nickles, R-Okla., last week was named chairman of the House-Senate conference committee that is expected to begin meeting next week to try to iron out a compromise patient protection bill.

Sen. Nickles, named to the position by Senate Majority Leader Trent Lott, R-Miss., and House Speaker Dennis Hastert, R-Ill., staunchly opposes giving health plan enrollees a new right under federal law to sue plans or employers.

Sen. Nickles said he is opposed to expanded liability for plans and employers in health care coverage disputes, a key and controversial provision in the House-passed bill, because it would raise costs too much and discourage employers from offering health plans to employees. The Senate-passed bill lacks such a provision.

Meanwhile, Sen. Lott, suggesting that Republicans could compromise on the liability issue, said last week at a U.S. Chamber of Commerce meeting that while patient protection legislation should not become a "lawyers' bill of rights," in certain "egregious cases" patients should have a right to sue plans.

P/C growth seen improving

NEW YORK—Property/casualty insurers' premium growth rate should pick up steam this year, according to the Insurance Information Institute's annual "Groundhog Forecast."

The forecast, which the III released last week, is based on the prediction. See Updates on page 26

Nichols heading NAIC

Wants regulators to evolve with marketplace

By MEG FLETCHER

LOUISVILLE, Ky.—State insurance regulators are broadly re-evaluating their roles in this new era of financial modernization and technological advances, says the new president of the National Assn. of Insurance Commissioners.

"We need to send a message to those we regulate and to the financial services world... about what we plan to do to try to stay in step with the new, evolving marketplace," said George Nichols III, who also is the Kentucky Insurance Commissioner. Mr. Nichols noted that he also would like to explore insurance regulation that, where possible, relies more on market forces than on rigid rules.

The future of state insurance regulation may depend on whether it can streamline and scale back its

oversight of insurers, agents and sophisticated policyholders while assuring consumer safety and choice, he said.



Mr. Nichols

The new NAIC president is strongly urging his fellow commissioners to re-examine their role to determine not only the NAIC's agenda during his one-year term as president, but also its blueprint for the future.

The NAIC's confidential re-evaluation process, which was initiated at the December meeting, was expected to continue at the

See Nichols on page 27

Conferees may strip reforms

Senate OKs pension bill

By JERRY GEISEL

WASHINGTON—Senate passage last week of legislation that would overhaul federal bankruptcy law and boost the federal minimum wage may ultimately shift pension reform provisions to an alternate track.

The pension provisions, drawn from a Republican-backed tax-cut package that was vetoed by President Clinton last year, were then tucked into a minimum wage increase bill the Senate passed

later in the year. Last week, the Senate folded the minimum wage measure, including the pension provisions, into the bankruptcy bill, S. 625.

A congressional conference committee will now iron out differences between the Senate bankruptcy bill and a bankruptcy bill earlier passed by the House, which does not include any pension reform provisions.

Benefit lobbyists expect conferees to produce a "clean" bill that does not include minimum wage or pension provisions.

If that happens, the pension provisions instead could be attached to a new minimum wage bill that House congressional leaders would put together.

"There could be another avenue for pension reform," said Angela Arnett, senior counsel for the American Council of Life Insurers in Washington.

"It would be an uphill battle, and there are hitches ahead, but I think things still could come together on a comprehensive pension package," said James Dela-

See Pension on page 24

Employers to shun costs

Patient rights bill would lead to benefit cuts: Survey

By JERRY GEISEL

If patient protection legislation is enacted by Congress, most employers would pass on to employees any resulting health plan cost increases and many others would terminate coverage, a new survey shows.

An overwhelming majority of employers surveyed by HarrisInteractive Inc. said they would make dramatic changes to their health plans if Congress passes patient rights legislation that would raise their costs and give enrollees a new right to sue for damages in coverage disputes.

Eighty-two percent of respondents said that if a change in the law allows employees to sue and raises costs by \$250 per employee, the employer would likely pass the cost increases through to employees, in the form of higher employee premium payments or reductions in benefits.

In addition, 15% would terminate coverage for all employees, while 25% would terminate coverage for retirees and 17% for dependents, the survey found.

When asked simply how they would respond to a patient rights law that creates an ability for enrollees to sue, 76% said they would pass on any higher

See Response on page 23

Fallout from litigation

If Congress gives patients new rights to sue in coverage disputes, employers would likely:

Pass most of the costs through to employees

76%

Reduce the number of retirees covered

51%

Reduce the number of dependents covered

35%

Reduce the number of employees covered

33%

Source: American Assn. of Health Plans

GRAPHIC BY JOHN HALL

Inside

• The consequences of enacting patient protection legislation, as indicated by a recent survey, far offset the potential benefits to the public from such legislation, this week's editorial says. **PAGE 8**

• Australian aircraft operators grounded by tainted fuel file lawsuits against Mobil Oil Australia Ltd. **PAGE 19**

• A nurse who suffered from post-traumatic stress syndrome following the 1989 Hillsborough Stadium disaster in England wins her suit against local police. **PAGE 19**

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Spotlight report

Flourishing market sprouts more options

Broader environmental policies gain favor

By GAVIN SOUTER

The environmental insurance market continues to evolve, as insurers try to entice risk managers with broader coverage, tailor-made policies, large amounts of capacity and low premiums.

Although not all risk managers are charging into the market, more and more environmental coverages are being sold each year, insurers and brokers report.

Contributing to this increase, they say, is that the coverages are being used in a growing number of mergers, acquisitions and property transfers.

And the market itself is getting stronger,

they note.

ECS Inc., an underwriting manager that specializes in environmental coverages, is enjoying better ratings following its purchase last year by XL Capital Ltd.; and the entrance of Chubb Corp. into environmental business has boosted the market's capacity, observers note.

While few new coverages were unveiled during the past year, the existing coverages were broadened and gained more acceptance from risk managers.

And some of the more-recently launched environmental insurance products, such as cleanup cost caps, have changed risk managers' view of the market, which once was seen by many as narrow and overly expensive.

The increase in environmental coverage options "is one of the best things that's come along in the insurance industry in years," said Robert W. Teets, vp, environmental affairs and risk management at Cooper Industries Inc., an international manufacturer based in Houston.

Over the past two years, Cooper Industries has bought several environmental impairment policies and cleanup cost-cap policies to facilitate acquisitions and property sales, he said.

Environmental insurance products have three principal benefits, Mr. Teets said. First, they provide coverage if an environmental issue arises, he said. Second, they ensure that the buyer of a property will not have to later pursue the former owner or owners for cleanup costs if an unexpected liability arises after the sale, Mr. Teets said.

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ISO 14001 can enhance an overall plan

By ROBERTO CENICEROS

A growing number of companies are seeking certification establishing that their environmental management efforts meet criteria set by the International Standardization Organization.

Conforming to ISO 14001 standards can be part of a comprehensive environmental risk management program, insurers, risk managers and consultants agree.

Doing nothing more than obtaining ISO 14001 certification, however, falls short of the complete effort needed to mitigate the environmental exposures companies face, some experts warn.

Nor will ISO 14001 certification alone likely result in substantial rate discounts or broader terms when purchasing environmental impairment liability insurance,

brokers and insurers add.

In fact, some ISO 14001 certifications amount to little more than a "paper chase" and not a real performance standard that companies strive to meet, contends one certification consultant.

Others disagree, contending that the process required to obtain ISO 14001 certification is bound to help a company gain better awareness of its environmental responsibilities. Such an awareness should lead to reduced losses and, eventually, to better policy terms and conditions, say risk managers.

ISO 14001 provides organizations with generic standards to follow in setting up an environmental management system for business processes. The approach, which includes analytical and auditing guidelines, seeks to integrate environmental concerns into all aspects of a facility's operations. All employees, from managers

down to the guy working in the boiler room, must learn how their role affects the environment, experts say.

The Geneva, Switzerland-based ISO leaves it to independent vendors, though, to certify that a company's efforts meet ISO's standards.

The ISO 14001 standard was finalized four years ago, and companies in Europe and Asia have been quicker to adopt it than their U.S. counterparts, some observers note. More U.S. companies today, however, are measuring their environmental performance against the ISO benchmark.

And while some companies may not seek certification, many of those companies model their environmental management programs after the ISO 14001 standards, consultants said.

Last fall, both Ford Motor Co. and

See ISO 14001 on page 12

Oil tanker disasters spur dramatic reform

By MICHAEL BRADFORD

Oil shippers and enforcement agencies are encouraged by the reduction in the volume of spilled oil in recent years, but they are not letting up in their efforts to prevent accidents.

While statistics show that the volume of oil spilled in U.S. waterways has fallen significantly over the last 10 years, industry observers agree that still more can be done to stop spills from occurring. In Europe, the recent spill from the oil tanker *Erika* has prompted calls for tighter standards that could prevent such incidents.

"There have been great improvements, but there is a need for more," said Richard T. du Moulin, chairman and chief executive officer of Marine Transport Corp., a Weehawken, N.J.-based owner and operator of oil-carrying vessels.

He pointed out that "the ability to clean up and respond to spills has dramatically improved after the *Exxon Valdez*," the tanker that leaked 11 million gallons of oil into Alaska's Prince William Sound in 1989. "The response capability in this country is probably the best in the world, and it is improving elsewhere."

Unfortunately, Mr. du Moulin said, "the emphasis is on cleanup and punishment. There has not been enough emphasis on prevention."

Even so, great strides have been made in preventing spills into U.S. waterways, Mr. du Moulin and others agree.

The tanker industry, which began making progress as long as 25 years before the *Exxon Valdez* spilled its cargo, has shown

dramatic improvement over the years since that accident, Mr. du Moulin said.

Industry observers point to the Oil Pollution Act of 1990, passed by Congress as a result of the *Exxon Valdez* disaster, as a major factor behind the reduction in spills over the last decade. The act created dozens of rules related to tanker safety, established stiffer criminal penalties for polluters, and required tanker owners to develop response plans for spills.

In addition, the act required that any tanker built after the law's enactment be constructed with a double hull. It further mandated that the single hulls of older vessels be reinforced, and all single-hull ships must be retired by 2015. Double-hull ships must be retired upon reaching 41 years of age.

The American Petroleum Institute cites Coast Guard statistics to show that OPA '90 apparently has had an effect. In 1991, the year after the act was passed, 366,995 gallons of oil were spilled by tankers and

barges in U.S. waterways. That compares with 6.9 million gallons the year before.

The volume of oil spilled reached 1.5 million gallons in 1996, the most for one year since OPA '90 was passed. In 1998, the last year for which statistics are available, 212,691 gallons were spilled.

The 1998 figure is "the lowest in the last 20 years," according to Robert Greco, general manager of marine transportation at the Washington-based API.

"Many of the spills that we're hearing about are not in the U.S.," Mr. Greco pointed out. "That's a positive statement about

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PHOTO: AFP



PHOTO: REUTERS

Left, in 1989 the *Exxon Valdez* spilled 11 million gallons of oil. Above, the *Erika* disaster recently hit the coast of northwestern France.

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ENVIRONMENTAL

RISKS

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This protection is particularly attractive when buying a property from a group of investors or family members, as such sellers can be difficult to pursue collectively after a sale, he said.

Finally, the protection can help expedite the sale of property, as banks are more willing to provide financing if the environmental liabilities are covered, Mr. Teets said.

Until recently, the coverages have been extremely cost effective, he said.

Some insurers, though, are now trying to increase rates, he noted. "I think it is still a viable product, but if they are not careful, they will price themselves out of the market," he said.

Although the existence of environmental insurance can sometimes "tip

the scales" when a bank is considering a loan, in most the cases it is not a factor, said Evan Henry, senior vp-environmental services at BankAmerica Corp. in Newport Beach, Calif.

"Other credit issues usually affect the decision more. Maybe it's good to have it, but it is not usually the deciding factor," he said.

The re-development of former U.S. Department of Defense sites, a greater awareness of environmental insurance products, and the prevalence of mergers and acquisitions during the booming economy all have helped increase interest in environmental insurance, said Joseph Boren, president and chief executive officer of AIG Environmental, a New York-based unit of American International Group Inc.

"And there are more opportunities ahead of us," he said. Protracted litigation over coverage of and responsi-

bility for environmental cleanups begun in the 1980s is coming to an end, he said. Now that the actual cleanups are taking place, that is leading to a demand for insurance coverage to cap the liabilities, Mr. Boren explained.

The increase in the number of former defense-site cleanups—those on recently closed military bases, for example—is driving a need for environmental insurance, said Rodney Taylor, managing director of the environmental practice at Willis in Nashville, Tenn.

These cleanups often are larger projects with greater potential liabilities, so contractors are more likely to buy cost-cap coverage, he said.

Rising demand for environmental coverage helped boost Willis Environmental's revenues by 34% in 1999, Mr. Taylor said.

There has been a significant in-

crease in interest in environmental insurance products over the past three years, said John Hannah, vp of Marsh Inc.'s global environmental network in New York.

The most commonly purchased coverages are the traditional pollution legal liability and cost-cap coverage for pollution cleanups, he said.

The cost caps are particularly useful to facilitate property transfers, Mr. Hannah said. "There are certain business transactions that are going forward using environmental insurance that otherwise both parties would have walked away from because of the pollution liabilities," he said.

In recent months, however, some underwriters have become more conservative in the way they underwrite cost-cap coverage as they have experienced some significant losses, Mr. Hannah said.

"Sometimes you see higher attachment points, but the coverage is still there," he said.

And capacity is plentiful for all environmental coverages, Mr. Hannah said. Capacity of more than \$100 million can be easily accessed, and for some specially structured deals, up to \$1 billion in capacity is available, he said.

Zurich Environmental is also seeing an increase in demand for cost-cap coverage, said Julie Cully, director of business development at the New York-based division of Zurich U.S. Specialties.

The environmental division is also increasing the amount of business it writes in collaboration with other units of Zurich, she said.

For example, the environmental division has developed coverages specifically for agricultural and energy companies that can be bought alongside more traditional coverages, Ms. Cully said.

AIG, like most other environmental insurers, has not launched any major products over the past year, but it has seen increased demand for its existing products, including its Secured Creditor coverage. That coverage replaces Phase One engineering studies for basic contamination that banks conduct on properties before making loans, Mr. Boren said.

Under the policy, if contamination of a property results in a default on the loan, AIG will pay the lesser of the balance of the loan or the cleanup costs.

Such coverage would be more attractive if insurers just stepped in to pay the loan rather than, as they are likely to do in most cases, pay for the cleanup, said Mr. Henry of BankAmerica. Having coverage for the balance of the loan would allow a bank to promptly extricate itself from the pollution problem, Mr. Henry said. It would be difficult, however, to provide that coverage for the same premium that is currently charged for the Secured Creditor coverage, he acknowledged. The coverage is also redundant for larger banks that self-insure the risk, Mr. Henry said.

"They are usually the types of exposures that we can self-insure, so we have scaled back our due diligence over the 1990s; and there are a lot of properties where we don't even require due diligence, so the coverage imposes extra costs," he said.

The coverage is useful in certain situations, Mr. Henry noted. In what seems to be an emerging trend, credit agencies are taking the coverage into account when they rate pools of mortgage-backed securities, he explained.

First Union National Corp. finds Secured Creditor to be a useful product, said Jane Bolin, assistant vp, environmental policy at the Charlotte, N.C.-based bank.

"There are real advantages to our customers," she said.

First Union requires borrowers to carry out a Phase One inspection before it will extend a loan on a property, Ms. Bolin said. Such inspections cost between \$1,700 and \$2,300 and can take two to three weeks, she said. The Secured Creditor coverage, however, can cost as little as \$150 for small properties and can be secured in two to three days, she noted.

Although the coverage will not replace inspections for heavy industrial sites, it provides a cost effective alternative for retail and light-industrial sites, she said.

Zurich and AIG provide the insurance coverage for the First Union loans, and the coverage is placed by Willis and Environmental Warranty Inc. in West Hartford, Conn., Ms. Bolin said.

Buyers of environmental coverage generally are not seeing any increase in the cost of the coverage.

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Market

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There is little sign of rate hikes in the environmental market, which "has not been affected by changes in other areas of the property/casualty market, where there seems to be some hardening," said Willis' Mr. Taylor.

Zurich's Ms. Cully agreed that there is no hardening in the environmental insurance market. "We are continuing to see a lot of premium rates go down," she said.

Over the past year, Zurich has enhanced some of its coverages, Ms. Cully noted. For example, its property coverage was broadened to include natural resource damages. The coverage now compensates third parties, such as recreational anglers, that suffer damages as a result of a policyholder polluting a lake or other natu-

ral resource, Ms. Cully said.

ECS has also broadened its coverages in the past year, said Jefferey Lejfer, executive vp of strategic services at the Exton, Pa., underwriting manager. Its standard coverage now includes all of the 200 endorsements it previously offered, Mr. Lejfer said, including coverage for building-related illness and low-level radioactive waste. "We were giving them away before, anyway," he said.

Soon, ECS intends to expand its Internet services to policyholders, Mr. Lejfer said. Currently, ECS receives and sends quotes on smaller business by e-mail, and it is currently testing an online underwriting system for smaller accounts, he said.

One of the major changes in the environmental insurance marketplace in 1999 was the purchase of ECS by XL Capital.

Previously, ECS had written exclu-

sively on behalf of Reliance Group Holdings Inc., which has a lower rating than XL.

The move to XL has significantly increased ECS's ability to write certain programs, said Mr. Lejfer.

"Some people did not give us a shot in the past because of the lower A rating," he said.

Since the XL acquisition, ECS has also increased its capacity to \$100 million from \$75 million.

ECS has been using XL paper since Jan. 1, and so far it has seen a 25% increase in submissions over a comparable period last year, Mr. Lejfer said.

The change of paper from Reliance to XL has strengthened ECS, agreed Mr. Taylor of Willis.

One new entrant into the environmental insurance market in the past year was Warren, N.J.-based Chubb Corp.

In March 1999, Chubb, which had

provided environmental coverage as an accommodation to its policyholders for eight years, extended its environmental offerings to policyholders that are not already Chubb clients, said Robert Maier, worldwide manager of environmental insurance at Chubb. He was formerly at AIG.

Chubb offers \$25 million in net capacity but can provide up to \$100 million with reinsurance support, he said. The products include most major environmental coverages, including contractors pollution liability and cost caps, Mr. Maier said.

Given the competitive market, Chubb is trying to focus on coverage tailored for specific transactions, such as mergers and acquisitions, he said.

The number of other new entrants is limited by availability of underwriters with the necessary expertise, said Mr. Taylor of Willis. "It's a fairly narrow field of talent." **BI**

Spills

Continued from page 3

what U.S. industry, the Coast Guard and Congress are doing with OPA '90. . . . We feel OPA '90 is working, and the proof is in the pudding."

And the U.S. Coast Guard is looking beyond the tankers themselves, stepping up its efforts to reduce spills by performing risk assessments at river and sea ports.

"What's really up and coming for us in the Coast Guard is using risk as a basis for trying to prevent accidents," said Commander Timothy Close, chief of the human element and ship design division at the Coast Guard's Washington headquarters.

To lessen the chances of spills, the Coast Guard is focusing on facilities where petroleum products are transferred to and from vessels. By reviewing several years worth of data, the Coast Guard can identify which facilities are at a higher risk for spills, based on several factors, including the volume of oil that is handled, the number of spills that have occurred, and the facility's history of compliance with federal regulations.

"We don't necessarily target (only) the bad players," Commander Close explained. Instead, efforts might focus, for example, on a facility where a large volume of oil moves through a heavily trafficked channel, he said.

Once a facility has been targeted, the Coast Guard helps it to identify hazards that could lead to spills and to develop procedures that could reduce the chances of an accident.

The Coast Guard has gradually "come to the realization that (assessing) risk is a smarter way to do business," Mr. Close remarked. "There was no *Exxon Valdez*-kind of turning point that changed things."

Outside the United States, there is growing concern about spills such as the one that fouled the coast of northwestern France on Dec. 12, when the *Erika* broke apart and released about 10,000 metric tons of oil (*BI*, Jan. 24; Dec. 20, 1999). The 24-year-old *Erika* had been chartered by the French oil company Totalfina.

The outcry following that accident included a call by French Environment Minister Dominique Voynet for tighter international shipping controls.

In addition, the European Commission said it may introduce tougher maritime regulations, including greater scrutiny of vessels' seaworthiness. And the International Assn. of Classification Societies, whose members are responsible for assessing the seaworthiness of ships, has said that member societies will be expelled if they fail to make proper assessments of vessels.

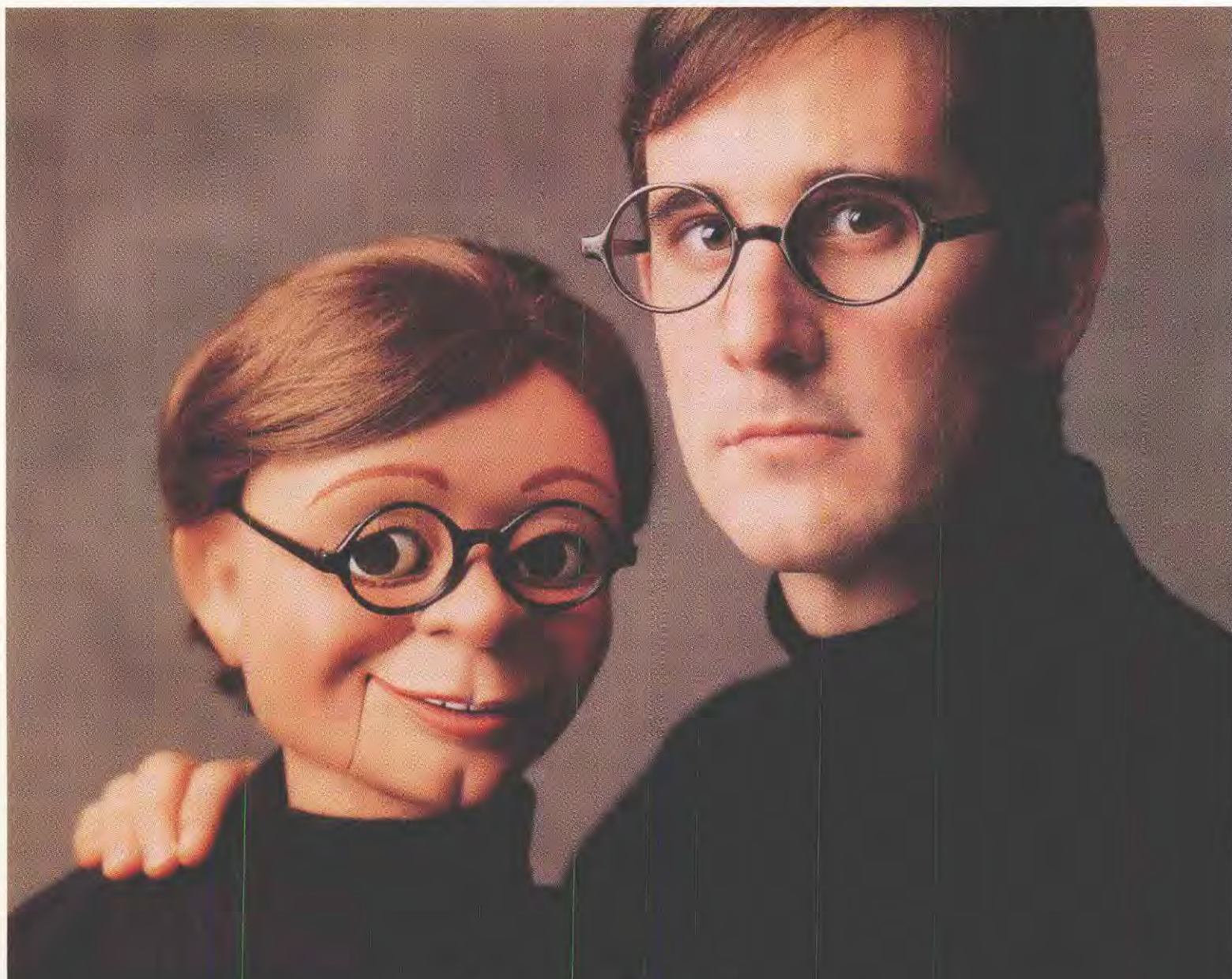
But Mr. du Moulin emphasized that there are other weaknesses in the "chain of responsibility" that allow incidents such as the *Erika* spill to occur.

"The single biggest weakness is the flag states," he said. A ship's "flag state" is the nation in which it is registered.

"It's their responsibility to enforce the international regulations on the ships that fly their flags," and some aren't doing the job, Mr. du Moulin charged.

The flag states' officials are responsible for making sure their nations' vessels meet the standards of the International Safety Management Code, Mr. du Moulin noted. Under the ISM Code, which took effect in July 1998 for passenger and merchant vessels of 500 gross tons or more, shipowners must adhere to standards of safe ship management and have in place systems to prevent accidents and pollution. Beginning in July 2002, the standards will apply to smaller vessels

See Spills on page 10



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Opinions

Bill's costs outweigh benefit

THE FIRST RULE in health care reform is simple: Do no harm.

A new survey conducted for the managed care trade group, the American Assn. of Health Plans, underscores the importance of that rule.

As we report in this week's issue, roughly 80% of employee benefit and human resource executives who were surveyed for the AAHP said they likely would pass cost increases onto employees, while 15% of employers likely would terminate health care coverage if a House-passed patient protection measure, known as the Norwood-Dingell bill, becomes law.

That bill, now before a congressional conference committee, would allow health plan enrollees with coverage disputes to sue plans and employers for any damages, including punitive damages, allowed under state law. The Employee Retirement Income Security Act now restricts recovery to the benefits provided under a plan.

To be sure, the telephone survey is only an indication of what employers might do if the legislation passes. What an employer actually does to its health plan is a function of many factors, such as need to recruit and retain employees.

Even if only half of the number of employers actually take the actions the AAHP survey forecasts, however, that should give pause to legislators as they take up the patient protection legislation and try to resolve the liability issue.

We recognize that legislators have a right to impose reasonable mandates on benefit programs. Employers and employees, after all, derive considerable tax breaks from such plans. Employers can take a tax deduction for the cost, while the value of the plans is excluded from employees' taxable income.

In crafting such mandates, legislators have to balance public policy needs with the burden of added requirements health plans will have to meet. To that end, federal legislators periodically have imposed what we regard as fair and reasonable health plan mandates. In 1996, for example, Congress banned the outrageous practice of health plans kicking out women and their infants from the hospital just a day after childbirth.

That mandate was good public and social policy with a minimal cost.



The same cannot be said of the Norwood-Dingell bill.

No comprehensive evidence has been presented that such a radical change in law is justified. Instead, anecdotal horror stories—at times exaggerated or misleading—have often been presented as justification for a change in the law. That is hardly a sound basis for making legislation.

What is clear from the AAHP survey is that a huge price—more people losing employer-provided health insurance—would be paid if the Norwood-Dingell bill becomes law in its current form. In exchange, a few people would win jackpot awards against health plans and employers.

No legislator who wants to act in the public interest can believe that is a good tradeoff.

Certainly, the growth of managed care and the power managed care organizations have acquired has led to abuses. But those can be better dealt with through mechanisms such as immediate and binding arbitration by independent review organizations than by opening up the liability gates and eroding the vital employer-base of coverage.

Letters

Xerox discussion taken out of context

To the editor: Your Dec. 20 issue contained an article, "Xerox not Altering Benefits but Report Sparks Scrutiny," about articles in other media that implied Xerox Corp. will announce a change in its health care benefits policy.

Those stories were based on a "blue sky" presentation a Xerox representative made to an industry forum exploring many possibilities concerning the future of employer-based health care plans.

The company has always been a leader in benefits discussions because we believe we must participate to help shape long-term policies. Our employees have benefited from our awareness, as Xerox has perennially been cited as having among the best benefits programs in the United States.

At the conference, the Xerox speaker presented a straw case that described how a defined contribution health care plan might work. Discussion, however,

is not the same as commitment or implementation.

Xerox is not in the process of implementing such a plan. But we will continue to monitor developments in all areas of health care policy because we believe it is in the best interests of our employees.

Amy Vaughan
Corporate Public Relations
Xerox Corp
Rochester, N.Y.

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Spills

Continued from page 6 as well.

And when an accident occurs, "it's up to the flag state to investigate," Mr. du Moulin pointed out.

Many charter companies don't do their part to assess the seaworthiness of the vessels they hire to transport oil, he noted. "And there are owners who don't face their responsibilities and try to hide" when a spill occurs, he said.

Some of the problems can be laid at the feet of classification societies, he said. Too often, tanker owners shift their membership to "some of the weaker societies"—where scrutiny is not as intense—"when the stronger ones give them a hard time," Mr. du Moulin said.

When spills do occur, the compa-

nies that clean them up must rely largely on traditional methods.

"There really haven't been any dramatic improvements in technology in the recent past," said Steven Candito, president of National Response Corp. in Calverton, N.Y.

Some small improvements have been made, he noted. "We have seen, on the chemical dispersant side, agents that are a little less toxic than they used to be and that disperse the oil more effectively."

In-situ burning, in which oil is burned at the site of the spill, is an approach that is drawing a lot of interest but is hampered by some difficulties, Mr. Candito noted. The boom used to corral the oil during a burning sometimes can't withstand the heat created by the process, he explained, and although there are materials that would make the boom completely fireproof, those materials are very ex-

pensive.

"There also have been difficulties igniting the oil," Mr. Candito said.

The traditional method of mechanical recovery, using skimmers, hasn't changed much in recent years, he noted. But such time-tested technology, along with other cleanup methods such as dispersants, can do the job, he said.

"I think the resources we have now are effective, if utilized properly," Mr. Candito said.

Instead of new technologies, Mr. Candito said, what's needed are tighter requirements by enforcement agencies to force polluters to clean up quickly after spills occur. Lax regulations, he said, allow shippers and owners to make pre-spill arrangements with cleanup companies that may not be equipped to get the job done.

The Coast Guard is working on

tightening its cleanup requirements, according to John Caplis, lieutenant commander in the preparedness and planning division of the agency's Office of Response in Washington.

He pointed out that the Coast Guard is rewriting its oil-spill planning requirements, and the new rules are expected to force shippers and owners that operate under the Coast Guard's jurisdiction to have arrangements with companies that can provide cleanup services using more than just mechanical methods.

Lt. Commander Caplis could say little about the proposed regulations, because they have not yet been published in the Federal Register, but he explained that the Coast Guard wants shippers and facility owners to contract for cleanup services that use dispersant technology and, possibly, in-situ burning.

"Burning is something that has not

been used as much as dispersants," he said. As a result, "we are considering a less-aggressive approach" in requiring oil shippers to contract with cleanup firms that can perform in-situ burning.

Dispersants are getting more attention, Lt. Commander Caplis said, because some of the agents "developed in the last few years are more effective in their ability to disperse oil into the water."

Lt. Commander Caplis said that the requirements must be published in the Federal Register before they go into effect, and there currently is no timetable for when publication will take place.

BI

Cleanup tax urged

When insurance and payments from an oil spill compensation fund are insufficient to pay for cleanup of a major incident, another account, funded by the public, should be available, an environmental expert suggests.

In countries that belong to international civil liability and fund conventions, there generally is up to about \$185 million available to clean up spills, said Chao Wu, manager of the environmental section at Thomas Miller (Americas) Inc. in Jersey City, N.J.

The \$185 million comes from shipowners' liability coverages and the International Oil Pollution Compensation Funds, Ms. Wu said. The London-based IOPCF, which were set up in 1971 and 1992, are administered by the International Maritime Organization. Currently, the 1971 convention has 44 member nations, and the 1992 convention has 52. Member nations contribute to the funds based on the amount of oil they import by sea.

If those amounts are exhausted, shipowners and oil companies should be off the hook, she suggested, and additional expenses should be paid by an account funded by a public tax.

"Transporting oil is to the detriment of everyone," Ms. Wu said, and the public should be expected to help pick up the tab for cleanups in those rare cases that exceed the coverage in place.

Tax-funded accounts could be administered either on a national level in individual countries or regionally in Europe, Ms. Wu proposed. The United States is not part of the international conventions and already has the Oil Spill Liability Trust Fund, which is paid for by an industry tax and meets the cost of spills that exceed insurance coverage.

Ms. Wu acknowledged that a tax-funded account probably would not be tapped very often, because most spills don't exceed coverage limits and payments from the pollution compensation fund.

She said the proposed fund could also be used to help pay for the cleanup of pollution related to spills other than those from oil tankers, such as from oil wells or pipelines.

She first proposed the idea of such a fund in her 1996 book, "Pollution From the Carriage of Oil by Sea: Liability and Compensation."

—By Michael Bradford

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ISO 14001

Continued from page 3

General Motors Corp. announced that their parts suppliers must conform to the ISO 14001 standards. Such contract bidding requirements by major companies are creating a boom in ISO certification, risk managers and certification experts say. Community relations, legal liabilities and production efficiencies also are at stake.

Cooper Industries Inc.'s decision to obtain certification for its operations is largely market driven, said Robert W. Teets, vp of risk management and environmental affairs for the Houston-based manufacturer of electrical products and tools. Mr. Teets also is former chairman of the environmental section of the New York-based Risk & Insurance Management Society Inc.

Cooper's manufacturing facilities worldwide have had established environmental management programs and environmental personnel for many years. As a result, obtaining ISO certification is more a matter of winning contracts than addressing its environmental liabilities, Mr. Teets said. In terms of addressing environmental exposures, companies that are just beginning to develop an environmental management program will benefit most from the certification, Mr. Teets added.

When it comes to reducing environmental liability, ISO 14001 certification has its limits, some say.

"You can have ISO 14001, and from an environmental risk management perspective, we can still go in and find huge areas of environmental liabilities that need to be properly mitigated and managed," said R. Gregg Roberts, senior vp and director of Aon

Environmental Risk Services in Houston.

The ISO structure can help a company practice better environmental management, Mr. Roberts said. ISO 14001 focuses on compliance with the regulations of the nation in which a facility is located, however, and those regulations vary from country to country. Some, he said, may call only for a minimum standard of care, or not enough care to eliminate the danger of contaminating a surrounding area.

Compliance with ISO standards, though, provides insurers with a sense that a company has some awareness of its potential problems and that it has met with regulations, Mr. Roberts said.

"But do we automatically say, 'If you have that, it is going to make a huge difference in what you pay for insurance?' Probably not," he said.

Rates for environmental impairment liability coverage are loss driven and are determined by a variety of factors, including site engineering controls, Mr. Roberts pointed out.

Underwriters say they are more interested in whether corporate facilities go beyond ISO certification and take significant measures to mitigate potential problems.

Implementing a substantive integrated risk management program carries more weight than just pursuing certification as the end goal, said John Reynolds, president and chief executive officer of Kemper Environmental Ltd. in Princeton, N.J.

"Part of our underwriting process is to uncover what is the management position with respect to a fully integrated risk management process and how does that evidence itself in a very pragmatic way," he said.

ISO 14001 certification is viewed

positively when pricing coverage for a facility, but it is not a major aspect of the rating process, said Jane DeRafello, assistant vp of industrial and commercial units for ECS Underwriting Inc. in Exton, Pa.

Certification does help indicate to underwriters that a company is a good risk, said Gary W. Langsdale, director of risk management for International Paper Co. in Memphis, Tenn. ISO certification, he noted, is but one of several indicators of International Paper's attention to its environmental risks. The manufacturer employs additional environmental management efforts, such as audits beyond those called for by ISO, Mr. Langsdale said.

Any help certification provides in purchasing insurance, however, is a side benefit, he explained. International Paper belongs to an industry whose environmental impact is closely scrutinized by the public. Certification helps the company establish itself in the public mind as one that does everything it can to eliminate environmental problems, he said, while also setting the company apart from competitors that lack the certification.

Certification organizations are not all equal, though, and some certifications can amount to little more than a plaque companies use to impress customers, some experts say.

"Many (ISO 14001) certifications are very shallow," said Betty Hosteny, North American operations manager at certification consultant ERM Certification & Verification Services in Chicago. "There is no meaning behind it, because the company only went through a paperwork exercise and they have a management system on paper. But it does not reflect practical day-to-day reality."

Still, many leading companies do use certification in an effective way, Ms. Hosteny said. There are three ways a company can do that, she explained.

One is to use ISO guidelines to support compliance with legal and company regulations. A second is to use ISO compliance as part of a program to control and minimize environmental risks. Finally, companies can use ISO to improve their environmental performance as well as to manage and streamline their consumption of energy, water and other natural resources, she said.

Linking environmental performance with operations management can bring business efficiencies, said Howard N. Apsan, vp and national director of Clayton Management Consulting, a unit of Clayton Environmental Services Inc. in Edison, N.J.

It is hard to gauge the exact economic return on investment, because it is impossible to quantify lawsuits, enforcement actions and other losses that are prevented by sound environmental practices, he explained.

"At the very least, companies get a broad-based awareness throughout the organization that environmental issues are important to senior leadership," Mr. Apsan said. "As that conveys throughout the organization, it raises everyone's sense of commitment to environmental quality."

Obtaining certification that an operation meets ISO's standard requires a company to have an environmental management policy, audit programs, management commitment and employee training with follow-up sessions, said Mr. Teets, the Cooper Industries risk manager.

"You have to have so many basic programs in place," he said. "It's a monumental management commitment. It's not just the cost of paying a third party to do the certification and write the program and give you that piece of paper to send to your customers or hang in the lobby for your employees and the public to see." **BI**

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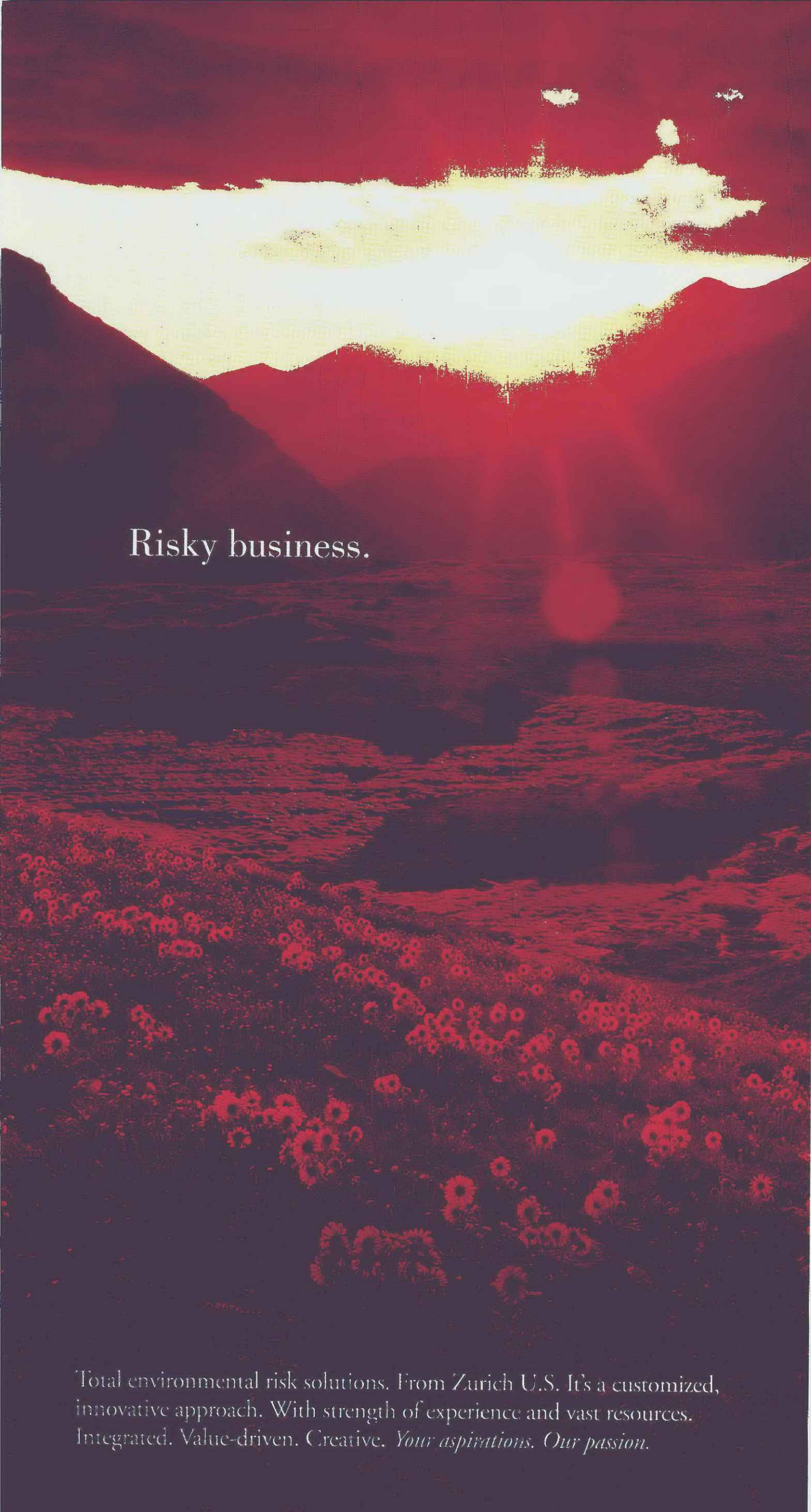
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Other services: environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 1,600 total; 6 environmental professional-

als.

Clients: 23 environmental consulting clients; 12 corporate/institutional clients.

Specialties: oil and gas, mining, power.

Service area: worldwide.

Compensation: by the hour.

1999 gross revenues: \$115,296,300* total, 6% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: William Slusarchuk, president;

Roger Jinks, Jim Beechnor, executive vps.

Contact: Leslie Parek, senior vp, les.parek@agra.com.

*converted from Canadian dollars at \$0.6904.

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Services began: 1986.

Parent: American Safety Insurance Group Ltd.

Services: real estate audits, manufacturing

plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support.

Other services: remediation activities, environmental consulting to insurers and public policymakers, general risk management consulting.

Staff: 75 total.

Service area: nationwide.

Compensation: on retainer.

1999 gross revenues: \$4,500,000 total, 10% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Lloyd A. Fox, president; Steve Crim, executive vp; Joseph Scollo, senior vp-operations.

Contact: Richard Parks, vp-business development.

Aon Environmental Risk Services

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Parent: Aon Corp.

Services: regulatory and public policy analysis, hazard and risk analysis.

Other services: environmental consulting to insurers and public policymakers, general risk management consulting.

Staff: 200 total; 12 environmental professionals.

Clients: 2,200 environmental consulting clients; 600 corporate/institutional clients.

Specialties: commercial real estate/lending, construction.

Service area: worldwide.

Compensation: by the project, on retainer, by the hour.

1999 gross revenues: \$100,000,000 total, 10% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: R. Gregg Roberts, director/senior vp; Julie Vasilevich, vp; Michael Cotter, assistant vp.

Apex Environmental Inc.

15850 Crabbs Branch Way,
Rockville, Md. 20855;
301-417-0200; fax: 301-975-0169
www.apexenv.com

Services began: 1988.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 137 total; 5 environmental professionals.

Clients: 200 environmental consulting clients; 100 corporate/institutional clients.

Specialties: manufacturing, financial, property managers.

Service area: worldwide*, nationwide.

Compensation: by the project, on retainer.

1999 gross revenues: \$23,000,000 total, 15% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Peter T. Young, president/CEO; Vincent N. DiRenzo, vp/COO; Shannon K. Winston, treasurer/secretary/corporate controller.

Contact: Mary Jane Arnold, manager-business development, mjamold@apexenv.com.

*Governments only.

ARCADIS Geraghty & Miller

1099 18th St., Suite 2100,
Denver, Colo. 80233;
303-294-1200; fax: 303-294-1221
www.gmgw.com

Services began: 1957.

Parent: ARCADIS NV.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 7,000 total; 5,600 environmental professionals.

Clients: 7,000 environmental consulting clients; 493 corporate/institutional clients.

Specialties: telecommunications, public sector, chemical.

Service area: worldwide.

Compensation: by the project.

1999 gross revenues: \$193,300,000 total, 1% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Joe A. Hasty, CEO; Mike L. Myers, COO; John J. Chouinard, director-finance.

Contact: Erhardt Werth, executive vp-business development.

C

Clayton Group Services Inc.

41650 Gardenbrook Road,
Novi, Mich. 48375;
248-344-8550; fax: 248-344-0229
www.claytongrp.com

Services began: 1954.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: Remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 415 total; 131 environmental professionals.

Clients: 2,454 environmental consulting clients; 2,007 corporate/institutional clients.

Specialties: aerospace, commercial property and financial services, real estate.

Service area: worldwide.

Compensation: by the project, by the hour.

1999 gross revenues: \$54,000,000 total, 58% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Thomas P. Kowalski, president/CEO; Lisa Simkins, senior vp/COO; Mark Schumacher, vp/CFO.

Contact: M.J. Haught; 6920 Koll Center Parkway, Suite 216, Pleasanton, Calif. 94566; 925-426-2600, mjhaught@claytongrp.com.

D

DPRA Environmental

E-1500 First National Bank
Building, 332 Minnesota St.,
St. Paul, Minn. 55101-1314;
651-227-6500; fax: 651-227-5522
www.dpra.com

Services began: 1979.

Parent: DPRA Inc.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, litigation support, regulatory and public policy analysis, environmental safety consulting, preparation of permits, environmental site assessment.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management.

Staff: 200 total; 50 environmental professionals.

Clients: 150 environmental consulting clients; 100 corporate/institutional clients.

Specialties: financial, insurance, legal.

Service area: East Coast and Midwest.

Compensation: by the hour: \$50 to \$140.

1999 gross revenues: \$20,000,000 total, 25% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Dick Seltzer, president/CEO; Chris Lough, Mike Barclay, senior vps.

Contact: Carol Samat, principal.

E

ECM Hudson Maritime Services L.L.C.

64 Danbury Road,
Wilton, Conn. 06897;
203-761-6030; fax: 203-761-6085

Services began: 1986.

Services: design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 26 total; 8 environmental professionals.

Clients: 5 environmental consulting clients.

Specialties: shipping.

Service area: worldwide.

Compensation: by the project, on retainer, by the hour: \$90 to \$200.

1999 gross revenues: \$2,800,000 total, 15% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Harold J. Halpin, chairman; P.W. Christensen, CEO; Michael F. Minogue, president.

Contact: Michael F. Minogue, 203-761-6033, mikem@ecm-hudson.com.

ECS Risk Control Inc.

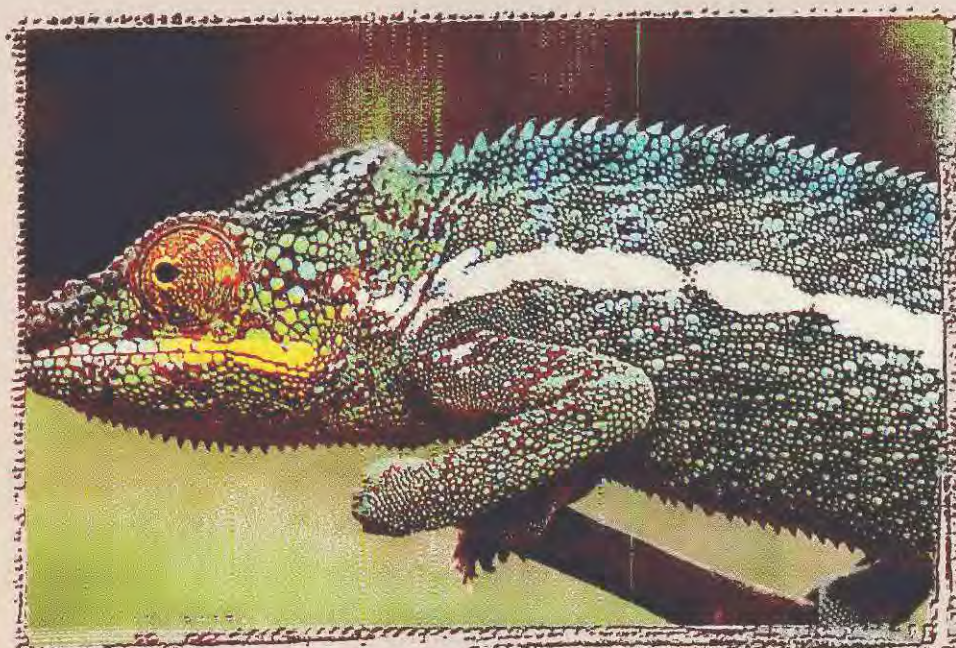
600 Eagleview Blvd.,
Exton, Pa. 19341;
800-858-0853; fax: 610-458-7285

Services began: 1985.

Parent: XL Capital Ltd.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

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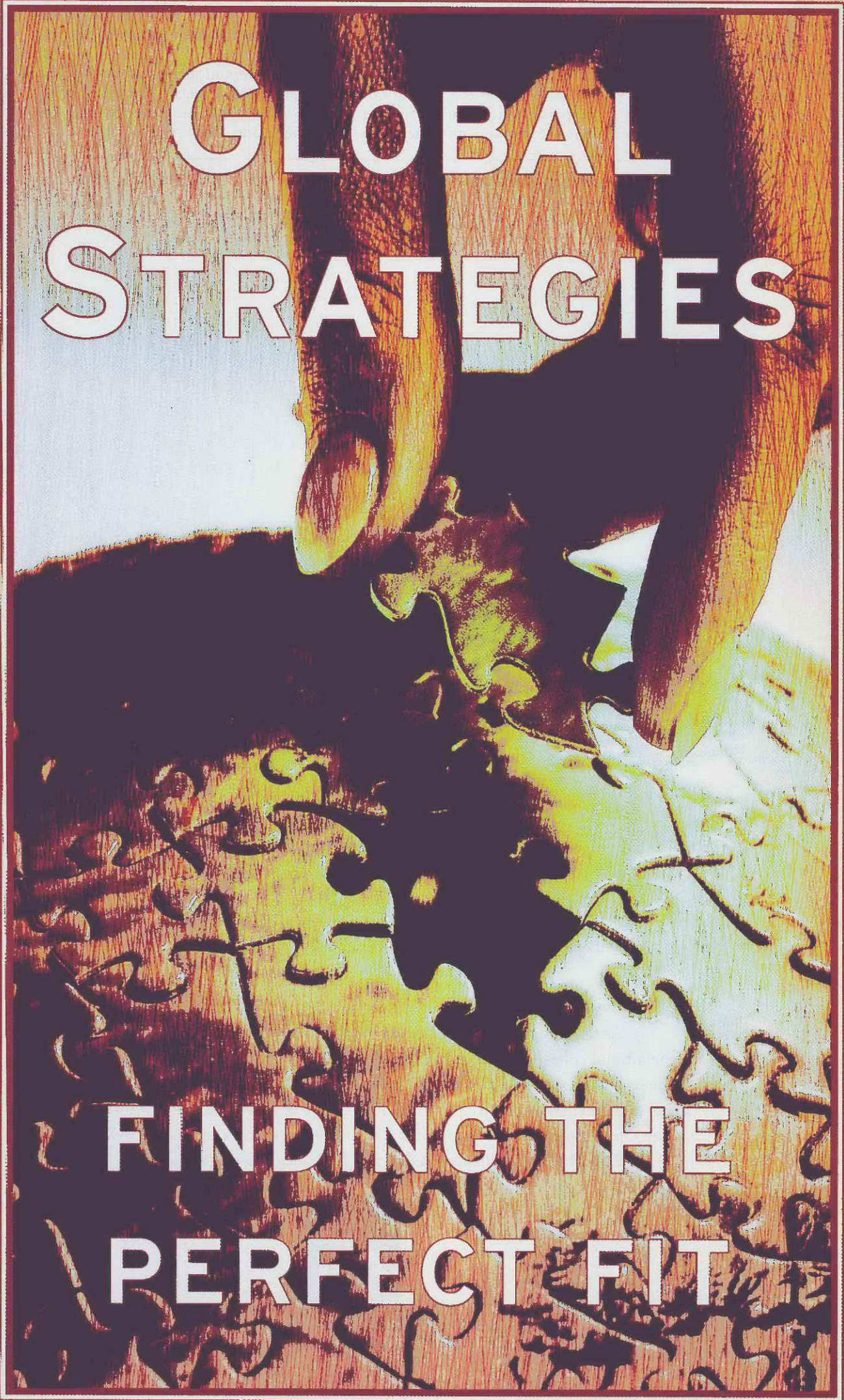
INSIDE:

International
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on global scale
page 14D

New leader
takes the helm
at the IIF
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Producers see
Mexico as land
of opportunity
page 14F

A close-up photograph of a hand placing a single puzzle piece into a larger, partially assembled puzzle. The puzzle pieces are light-colored with dark, swirling patterns. The hand is positioned at the top right, with the thumb and index finger visible, carefully fitting the piece into the gap. The background is a warm, textured surface, possibly wood, with a vertical crease or shadow running down the center.

GLOBAL
STRATEGIES

FINDING THE
PERFECT FIT

Tools help smaller intermediaries compete in placement of international business

By GAVIN SOUTER

Agents and brokers are seeing more and more international business as U.S. corporations expand overseas.

In the past, international expansion was limited to mainly large corporations, which used large brokers with extensive

overseas operations to place their coverage.

But now, more medium-sized and smaller producers are finding that their small and medium-sized clients are opening overseas operations or entering into joint ventures with overseas partners, agents and brokers say.

As a result of the expansion, companies often are turning to their U.S. brokers and agents to

find coverage for their international exposures, producers note.

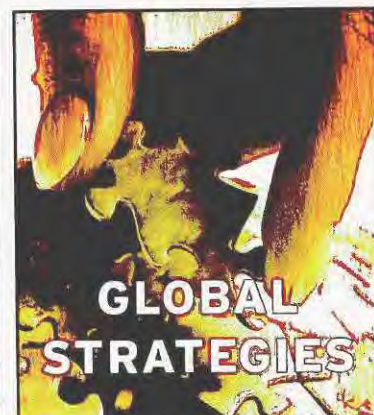
And while most of the intermediaries welcome the increased business, they have to turn to other sources to place the coverage.

Several international networks of agents and brokers provide such placement services for members, and many U.S. inter-

mediaries are members of those networks.

In other cases, insurers with international operations provide support services to aid intermediaries with placements overseas.

Either way, the options available to smaller intermediaries enable them to compete successfully with larger international brokers and networks, they say.



"There is an increasing need for second-tier brokers to be able to place international business," said Robert C. Meder, assistant director of new business at Kaye Insurance Associates Inc. in New York.

In recent years, the increase in e-commerce, in particular, has broadened the geographical scope of businesses based in the United States; it is now easier to conduct business overseas, Mr. Meder said.

But if a broker or agent does not have the capability to place international business, then a policyholder may need to have its local managers purchase coverage for overseas operations, he said.

"And that takes it out of the U.S. client's control," he said.

To help clients prevent such a shift, Kaye opted to join the Worldwide Broker Network in 1997, Mr. Meder said.

The network has 32 members, including eight U.S. members, and has offices in 30 countries, said George Worsley, executive director of WBN in London.

The network connects brokers in the United States with brokers in other countries that can place coverage for clients' overseas operations, he said.

The two brokers then split the commission. The proportion of the commission that each broker keeps varies by line of business; typically, though, it is a 50/50 split, Mr. Worsley said. The commission-sharing structure ensures that both partners will provide the best service they can, said Mr. Meder.

"Both brokers are sharing the income, so it is in both their interests to service the clients effectively," he said.

ABD Insurance & Financial Services uses WBN to place business for the 20% of its clients that have international exposures, said Bruce Basso, chairman of the Belmont, Calif.-based broker.

"Some of them have sales offices, some have manufacturing facilities, and some have joint ventures. Everything is becoming more global," he said.

About half of the clients have local managers who already have relationships with local brokers and insurers, Mr. Basso said.

"It doesn't mean that they have to change that relationship; it means that we can provide backup service to the client on the ground, or we can pro-

Continued on next page

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NEW YORK

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Continued from previous page
vide the client with eyes and ears in the country," he said.

Assurex International is another network that provides international brokerage services through its various members, said Thomas W. Harvey, president and CEO of the Columbus, Ohio-based network.

The network provides policyholders in the United States with access to local brokers in 31 other countries and Puerto Rico.

The network gives policyholders quick access to information about local regulations and markets—information that otherwise would be difficult to obtain, Mr. Harvey said.

"They do over there what the U.S. broker does over here," he said.

The use of locally owned brokers often results in better service than is provided by overseas offices of U.S. brokerages, asserted Mr. Harvey.

Locally owned brokers "are trying to grow their own business; they are not a local manager looking for a promotion to New York or Chicago," he said.

Also, the international business that is handled by smaller and medium-sized brokers often does not provide sufficient premiums to be of interest to large international brokerages, Mr. Harvey said.

And if network members decide that one of the partners is not providing good service, that member can be replaced, he said. "That's a lot easier than selling a branch," Mr. Harvey said.

Globex International Group Inc. is a Mountain Lakes, N.J.-based network that acts as an international department for its members, said Richard Stone, vp and international account executive at Insurance Management Associates in Wichita, Kan., and a member of the Globex board.

Member brokers can call on Globex when they need to place international business. Globex will then contact overseas members and obtain the information that the U.S. broker needs to provide coverage through a global program, or it will arrange for the coverage to be placed locally, he said.

The advantage that Globex has over other networks is particularly apparent for multilocation placements, when a U.S. broker might otherwise have to contact several other network members, Mr. Stone said. By using Globex, the broker has to make only one call, he noted.

"It is like having an international department without having them physically in your own shop," he said.

Globex, which has 38 members in the United States, uses 187 overseas producers in 102 countries, according to Globex President Douglas Fay.

"We'll look at a customer's entire exposure and who are the best providers," he said. The network will then play as small or large a role in the transaction as the parties request, Mr. Fay said.

Brokers that are not members of international networks can turn to international insurers to assist them in placing international business.

For example, in 1998 Chubb Corp. set up its Correspondence Services department to aid smaller bro-

kers and agents, said Dino E. Robusto, managing director of foreign field operations at the Warren, N.J.-based insurer.

"It is for brokers that don't have their own network, or for networks that don't have a representative in some parts of the world," he said.

The department introduces brokers of Chubb clients to brokers in other areas of the world, helps them structure global programs and facilitates premium collection, Mr. Robusto said.

"The brokers that we introduce them to already have a relationship with the Chubb local office, so it is in their best interest to provide the same quality service that they pro-

vide to their own clients," he said.

And Chubb, if requested, will monitor the transaction that the local broker is asked to carry out, in

The use of locally owned brokers often results in better service than is provided by overseas offices of U.S. brokerages.

—Thomas W. Harvey

order to ensure that the system works, Mr. Robusto said.

Chubb has 132 international of-

fices, he said.

In addition, Fireman's Fund Insurance Co. has two products to help agents and brokers deal with clients' international exposures, said Michael Dower, vp and international marketing director in Baltimore.

The basic product, International Diplomat, is an exporter's package policy that offers basic coverage for companies just getting involved in international business, he said. The policy offers coverages such as general liability, rental automobile liability and medical assistance services.

For companies with larger exposures, Fireman's Fund offers its Global Ambassador program, Mr. Dower said. The program allows brokers to

use the agency network of Fireman's Fund's German parent, Allianz A.G., to place and service business, he said.

The programs will usually follow the master policy in the U.S., but the local Allianz agents will ensure that the coverage meets local regulatory requirements and will assist in claims handling, said John Nelson, international business development manager at Fireman's Fund's head office in Novato, Calif.

If a claim occurs, the details are relayed back through the Allianz agent and Fireman's Fund to an international claims adjuster at the insurer. The adjuster will then work with the U.S. broker and client, he said. **BI**

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Group promotes producer interests worldwide

By MARK A. HOFMANN

Although their native tongues differ, insurance intermediaries from many lands now can speak with one voice, thanks to the World Federation of Insurance Intermediaries.

The WFII aims to promote the development of an international regulatory and trade environment that is friendly to insur-

ance intermediaries.

The Brussels, Belgium-based group is now one year old, and its performance to date has been "beyond our expectations," said Coletta Kemper, vp-industry affairs for the Council of Insurance Agents & Brokers in Washington. The CIAB is one of two U.S. producer organizations that belong to the group; the other is the Alexandria, Va.-based Independent Insurance Agents of America Inc.

Other producer groups that

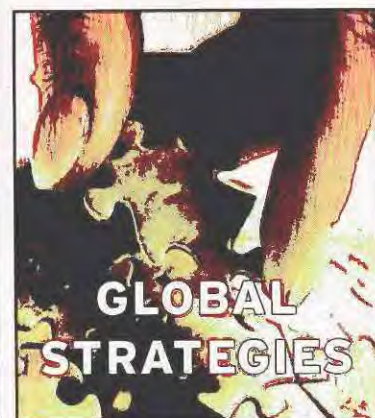
have joined the WFII are the African Assn. of Insurance Brokers & Brokers Assn.; the Confederacion Panamericana de Productores de Seguros; and the Bureau International des Producteurs d'Assurances et de Reassurances. Japanese and Canadian broker groups currently participate as observers.

Ms. Kemper said that the WFII has two major objectives: to play a bigger role in international trade negotiations with regard to decisions that affect intermedi-

aries; and to set up a network for business purposes and the sharing of information, including best practices.

Brokers "wanted to be able to follow their clients" as they spread into new markets, she said. WFII "helps extend the market reach for the middle broker."

Members promote the liberalization of insurance intermediary markets around the world, and the WFII hopes to play a major role in upcoming talks on



the General Agreement on Trade in Services. WFII members are also committed to accepting fair competition from all sources of insurance distribution, as long as the playing field is level for all intermediaries, she said. The WFII works to ensure that regulation—at all levels—supports such a level playing field.

Ms. Kemper said the organization grew out of meetings held in Europe in recent years. The CIAB itself hosted a meeting in the early 1990s, attended by brokers from around the world. In the years since, international brokerage business has "expanded exponentially," she said.

The WFII "coordinates between the various country associations. It's amazing how many of the trends we're dealing with in the U.S. are occurring in other countries," said Jeff Yates, executive vp of the IIAA.

"The goal really is to continue to build a framework for consensus among insurance intermediaries, so that we speak with one voice, so that we can exchange information on global issues and provide leadership to promote our industry internationally," said Chris Collins, chairman of the WFII and a director of Marsh Inc. in New York.

"There are so many different associations representing so many different regions in the world, and we believe that it is very important to have a global voice. We're trying to create a forum for a comprehensive, united, powerful voice to advance the interests of insurance intermediaries and to promote their increasingly vital role," said Mr. Collins.

The first year has "been very successful. It's difficult when dealing with things such as GATS to do it on a regional, ad-hoc basis," said Mr. Collins.

The CIAB's Ms. Kemper noted that the WFII held its first annual meeting in San Francisco last December. The meeting was "very enlightening to all of us. There's no hesitation to continue," she said.

Attendees discussed the organization's goals, as well as "the need for looking at best practices in insurance regulation," Ms. Kemper said.

One of the most important aspects of the meeting was a luncheon with representatives of the International Assn. of Insurance Supervisors, a Basle, Switzerland-based organization

See WFII on next page

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Foundation renews commitment to promote industry

By **RODD ZOLKOS**

As the International Insurance Foundation moves forward under the new leadership of only its second chairman, the group aims to continue on the course set by the first.

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

Last October the Washington-based IIF's board elected as chairman Donald J. Greene, of counsel to the LeBoeuf, Lamb, Greene &

MacRae LLP, law firm in New York. Mr. Greene replaced the retiring Edward B. Jobe, who had held the post since the foundation's formation in 1996.

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

And looking ahead, the new chairman, Mr. Greene, said: "I see

the organization doing more of what Ed envisioned. Economies everywhere are blossoming, and they must have insurance to continue to blossom."

Therefore, according to the IIF, the insurance industry can promote growth by educating those in developing countries on appropriate insurance regulation and helping them establish necessary standards.

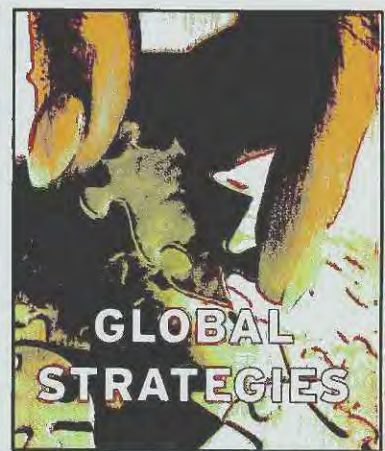
Fostering that sort of educated regulation will enhance the opportunity for insurance companies to bring capital to bear in those emerg-

ing nations and will provide increased choice for local insurance buyers, according to the foundation's leaders.

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

"Many people who have been looking at international insurance have been looking at other markets and whether those

See **IIF** on next page



WFII

Continued from previous page of insurance regulators.

"We will continue to meet annually when they do, so we can continue these dialogues," said Ms. Kemper.

She noted that the insurance regulatory system in some countries is closed, and the luncheon was the first time some intermediaries got to meet face to face with the regulators who oversee their business.

"It's no different than what you see in the U.S. with the state issues—someone has to accumulate the information in order to create standards, benchmarks and process," said Bruce Basso, chairman of ABD Insurance & Financial Services, a San Francisco-area brokerage and one of the CIAB's representatives on the WFII's world council.

"I expect it's an evolutionary process. I expect that World Federation's actual impact on changes is probably three to five years out, and I think that their effect in standardizing the financial services world will be profound," said Mr. Basso.

Looking ahead, the WFII will "continue with what we are doing and make sure that insurance intermediaries are not forgotten at the GATS in the next round," said Nic de Maesschalck, deputy director of BIPAR, which serves as the secretariat of the WFII.

"We are preparing information for the negotiators to make sure they have market information that they need" to explain why it is necessary to open markets for intermediaries, he said.

"The role of insurance is clear; the role of intermediaries is not always so clear," Mr. de Maesschalck pointed out.

"Once intermediaries have access to a market, everybody can take advantage of the experience of these intermediaries. GATS negotiations are an instrument to make sure that markets are more liberalized for our profession." **BI**

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IIF

Continued from previous page
markets are open," he said. "And we recognize that what is far more important is whether those markets actually exist and whether they function appropriately."

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

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

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

"In the emerging markets, where it's always been the case that the underwriting and pricing is by the tariff and not by the individual exposure, it's kind of a new world" for regulators, Mr.

Jobe said. "So they really need help in this area."

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

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

— Edward Jobe

the former IIF chairman said.

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

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

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

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

"The member companies are a great resource for us, but the objectives are being set by the regulators themselves," he said. "We also draw quite a bit from the academic community."

When he joined the IIF in 1996 as program director, Mr. Gibbons himself came from an academic background, including serving as vp for curriculum at the American Institute of CPCU.

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

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

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

regulators in emerging insurance markets.

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

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

Brokers find Mexico can bring prosperity to their portfolios

By JIM LABELLE

In the past, most opportunities for U.S. producers in Mexico were in personal lines, but U.S. agents and brokers are finding more and more clients and prospects with commercial exposures in Mexico.

The possibilities for agents and brokers have increased as a result of the 1994 implementation of the North American Free Trade Agreement and the relaxation of Mexico's foreign investment laws.

Mexico, whose border with the United States runs for 1,500 miles, is now the United States' third-largest trading partner. Mexico's labor force is strong, young and cost efficient.

Thousands of American companies have taken advantage of the benefits of operating in Mexico, with millions of dollars worth of goods and thousands of vehicles crossing the border each day.

American companies and individuals with exposures in Mexico are best served by continuing to work with their U.S. agents and brokers. There is no reason for an agency to risk losing clients, potential clients or control of a portion of an account because it cannot handle exposures in Mexico. In fact, many a U.S. agency finds itself with opportunities to handle the U.S. portion of an account as a result of having been the only producer that offered to review the client's Mexico insurance program.

The advent of Internet technology and sophisticated communications such as fax and e-mail gives clients virtual access to agents' and brokers' offices from anywhere in the world. Clients with exposures in Mexico would certainly prefer to work with their U.S. agents, who

understand the clients, share their sense of urgency and are accustomed to providing excellent customer service.

An agent or broker can gain access to the Mexican insurance market by using one of a handful of specialty wholesalers in the United States that have direct contracts with Mexican insurers and have affiliate broker relationships in Mexico. These wholesalers provide coverage for American corporations and individuals with exposures in Mexico, and they are familiar with the Mexican market.

Opportunities for U.S. agents and brokers in Mexico are the result of several factors:

- The influx of U.S. capital and management in the Mexico tourism industry has been substantial, enabling U.S.-based corporations to develop and manage hotels, recreational vehicle parks, condominium complexes and other services.
- The growth of the maquiladora industry has been phenomenal. More and more U.S. corporations are moving production facilities to both Mexican border cities and mainland Mexico.

- Millions of dollars in goods cross from the United States to Mexico, and vice versa, on a daily basis. This trade has greatly increased the need for broad, compatible cargo/transportation and commercial trucking coverages for both U.S. truckers and shippers operating in Mexico and Mexican truckers delivering finished goods to warehouses in the United States.

- The U.S. corporations renting vehicles and equipment in Mexico have proliferated. In particular, car rental agencies and heavy-machinery lessors have increasing exposure in

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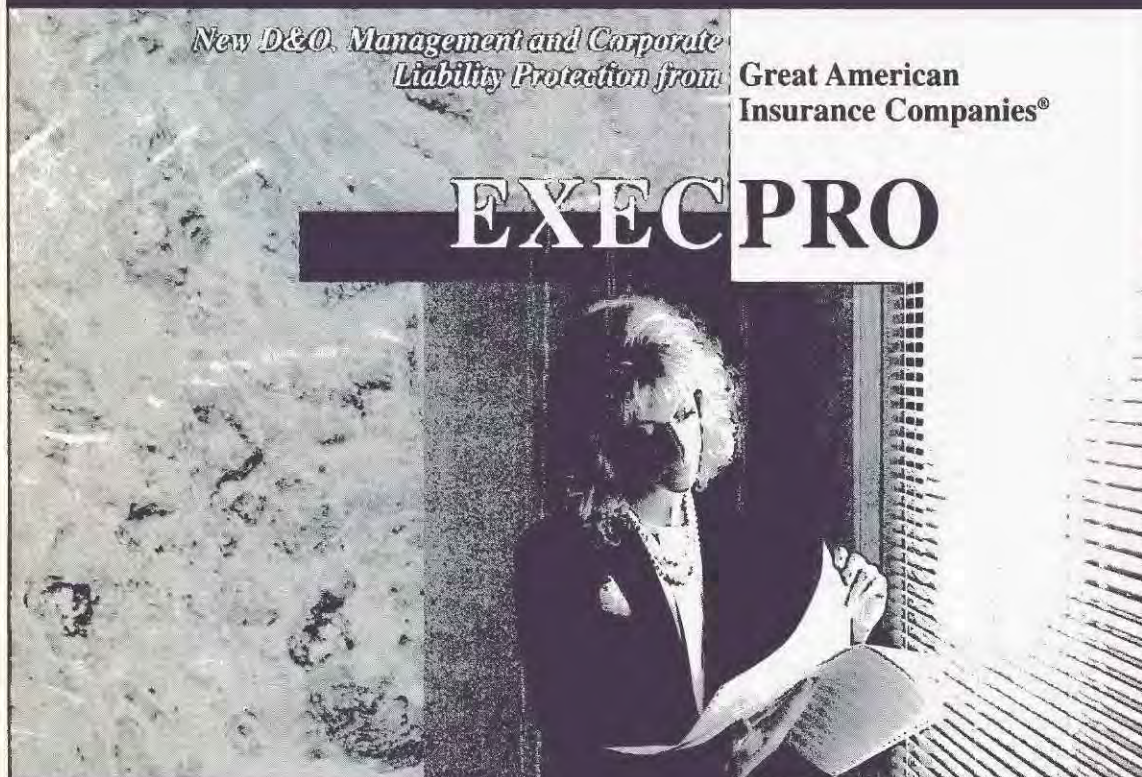
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Continued from previous page Mexico, requiring foreign property/casualty coverage.

- Infrastructure improvements in Mexico are prompting greater numbers of U.S.-based contractors to perform work there.

- Hundreds of thousands of U.S. executives, tourists, retirees and expatriates travel to and own homes in Mexico. These clients need personal lines and specialty health, medical and emergency evacuation coverages in Mexico, in addition to legal aid services, which can be purchased as an endorsement on most Mexican liability policies.

- The risks of accidents and health problems exist anywhere. There is a need for specialty international group benefit plans for U.S. workers and tourists who frequently travel outside the United States. This opportunity is truly international and is not limited to Mexico.

Issues that U.S. agents and brokers placing coverage in Mexico should be aware of

include:

- Mexican law requires that primary insurance in Mexico be placed with an admitted Mexican insurer. Although difference-in-conditions coverage is available from U.S. insurers, the primary coverage must be placed with an admitted Mexican company.

- Approximately 50 insurers are admitted in Mexico. With the relatively small number of insurers in Mexico, the financial strength and service standards of Mexican underwriting companies vary dramatically. Interestingly, many U.S. insurers with Mexican operations have only a handful of employees in Mexico and may not provide the same level of service, risk management and coverage lines as Mexico's largest insurers.

- Mexican policy forms and terms and conditions are often quite different from those for corresponding U.S. coverages. Be sure to obtain English translations of all policy forms prior to binding coverage. In addition, brokers should negotiate with Mexican insurers

to attempt to match U.S. coverage forms.

- The Mexican market is property driven. In fact, one of the most difficult coverages to place in Mexico today is transit/cargo coverage. Liability exposure, as we know it in the United States, does not exist in Mexico.

- Although Mexico has made an impressive comeback from the peso crisis of a few years ago, the potential for currency fluctuation remains. Therefore, all policies should be denominated in U.S. dollars.

Our neighbor to the South provides unlimited opportunities for U.S. agents and brokers—not only to round out accounts but also to develop new business opportunities. **BI**

Jim Labelle is president of International Insurance Group Inc., a wholesaler specializing in all types of coverages for Mexico as well as group and individual international health and medical benefit programs. He is based in Flagstaff, Ariz.

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PRESIDENT OF
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A/BT Briefs

Aon, PEO alliance

HOUSTON—Aon Enterprise Insurance Services Inc., a unit of Aon Corp that serves smaller property/casualty clients, recently signed a letter of intent to form a strategic alliance with Administaff Inc., a Houston-based professional employer organization.

Within the alliance, Aon Enterprise will offer an array of property/casualty products to Administaff clients through a co-branded World Wide Web site and a client service center. The Web site is expected to be up and running by the end of the first quarter, an Administaff spokesman said.

"We are extremely pleased to add Aon Enterprise to our growing network of best-of-class service providers," said Paul J. Sarvadi, Administaff's president and chief executive office in a statement. "Our relationship will enable Aon to offer Administaff clients excellent business insur-

ance coverage quickly, easily and affordably through our eCommerce portal."

MAIA, PIA split

BOSTON—The Massachusetts Assn. of Insurance Agents ended its affiliation with the National Assn. of Professional Insurance Agents on Jan. 1.

The MAIA, which is a consolidated state association of agency members from the PIA and the Independent Insurance Agents of America Inc., is maintaining its affiliation with the IIAA.

MAIA President J. Bruce Cochrane said in a statement that the decision to end the affiliation with the PIA was based on an evaluation of its benefit and value to the state association.

After the annual evaluation, "it became evident that the time, efforts and fiscal resources required to maintain MAIA's affiliation with the PIA could be best utilized on behalf of MAIA members on the state level. Unfortunately, the resources necessary to continue MAIA's PIA affiliation could not be justified

when weighed against the value received," the statement read.

CIC tops poll

CINCINNATI—Agents and brokers across the country have selected The Cincinnati Insurance Cos. as the top commercial property/casualty insurer for 1999, according to surveys conducted by Crittenden's Insurance Markets' Property/Casualty Ratings.

Intermediaries rated 20 insurers on the following criteria: accessibility and timely response to inquiries; flexibility on conditions and exclusions; timeliness in quoting premiums; pricing; technical competence and expertise; and payment of claims.

On a scale of one to five, with one being the best, CIC received an overall score of 1.55.

In a statement, CIC's Chairman and Chief Executive Officer John J. Schiff Jr. said: "Our focus is on enhancing the ability of local independent agents to deliver quality financial protection to the people and businesses in their communities. Our company was founded by agents for agents, and they remain central to who we are."

Flanagan grows

CHICAGO—J.P. Flanagan Corp., a Chicago-based broker with more than \$6 million in revenues, has expanded its employee benefits and group insurance practice with the acquisition of the group insurance business of Chicago-based Parker Nielsen Inc.

Terms of the acquisition, the first ever made by J.P. Flanagan, were not disclosed.

"We are extremely pleased to acquire a quality book of business and to broaden the breadth and scope of our employee benefits practice," Joseph P. Flanagan, president of the 8-year-old broker, said in a statement.

IIAA urges repeal

WASHINGTON—The Independent Insurance Agents of America Inc. is working to repeal a ban on the use of a popular agency

sales method. The ban was included as part of the Work Incentives Improvement Act, signed into law by President Clinton late last year.

The provision prohibits the use of the installment sales method by accrual-basis taxpayers. Under this method, an agency owner can sell the agency for a fixed number of payments over a defined period of time, which allows the seller to spread the capital gains over a number of years and eliminate stock appreciation.

IIAA estimates that, in certain sectors of the economy, installment sales may have been used in as many as nine of 10 transactions.

While the provision may have been intended to target larger, accrual-basis businesses when they sell a particular asset or assets, its real effect will be to reduce the value of closely held businesses when they are sold in their entirety, according to the IIAA.

In a statement, IIAA's Executive Vp Robert A. Rusbuldt said: "Sales of businesses already have been affected by the loss of the installment sales option. In some cases, the sale prices of businesses have plummeted. Other sales have collapsed."

Benefits online

SAN FRANCISCO—BenefitPoint Inc. recently launched its e-commerce platform, which aims to help insurance brokers with the marketing, sales and servicing of group benefits, including medical, dental, vision, life and disability.

The platform was designed to give brokers control over critical customer data throughout the life cycle of group insurance products, Brian Bair, co-founder of BenefitPoint, said in a statement. "We are providing an infrastructure that will enable the industry to achieve a new level of efficiency and productivity."

BenefitPoint has attracted \$12 million in Series A financing from Sequoia Capital, Institutional Venture Partners and 23 broker investors nationwide, including: Arthur J. Gallagher & Co; Palmer & Cay Inc.; Summit Global Partners Inc.; Kaye Group Inc.; and Keenan & Associates.

Specialty Web site

SANTA ANA, Calif.—A new Web site set to launch this month aims to offer agents and brokers expanded service in specialty insurance.

Called iwix.net, the online marketplace allows agents and brokers to access a large number of insurers electronically. It is designed to guide users easily, logically and quickly through the process of submitting information to underwriters of specialty insurance products, from mainstream professional liability coverage to coverage for political

risk, product recall and specialty environmental.

The new site "will make the marketplace transparent," said CEO Max Carter. "It will connect agents, brokers and carriers who typically would not have the resources or opportunity to work together in providing specialty insurance."

PIA meeting off

ALEXANDRIA, Va.—The National Assn. of Professional Insurance Agents has canceled its 2000 national conference. The conference was scheduled to be held Sept. 8-10 in New Orleans.

In a statement, PIA President Stephen E. Watkins Jr. said that the decision to cancel the conference was in response to association members' wishes that the PIA focus its efforts on various programs and activities.

"Over the course of several planning meetings during the last two years, our officers, directors and affiliate executives discussed priorities for PIA, and an annual convention was not a high priority," Mr. Watkins said.

"As the pace of business accelerates and the competitive demands on agents increase, many of our members say they cannot afford the time away from their businesses and the expense of attending national conventions," he noted.

HRH Web venture

GLEN ALLEN, Va.—Hilb Rogal & Hamilton Co. recently established its first Web-based distribution channel.

The Glen Allen, Va.-based broker was recently selected by Workplus.com, which provides employee communications Web sites, to sell its products on a limited exclusive basis. An outsourced business solution, Workplus.com assumes the role of printing and distributing information such as employee manuals, benefit summaries, job postings, training materials and employee newsletters.

Under the arrangement, HRH will market Workplus.com to its clients and new customers, in addition to offering insurance products directly to employees through the Workplus.com sites.

In a statement, HRH president and CEO Andrew L. Rogal said: "We are delighted to team with Workplus.com, which can bring the speed, reach and efficiency of the Internet to our clients' human resources programs and provide their employees with a convenient way to review their benefits, as well as to research and buy needed financial services."

"The new alliance is an excellent opportunity for HRH to strengthen relationships with its middle-market customers and leading carriers and, over time, to broaden the range and improve the profitability of its personal insurance lines." **BI**

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Continued from page 14

Other services: environmental consulting to insurers and public policymakers, asbestos and lead management, industrial hygiene.

Staff: 90 total; 75 environmental professionals.

Clients: 50 environmental consulting clients; 40 corporate/institutional clients.

Specialties: chemical and manufacturing facilities, construction, transportation.

Service area: nationwide, Europe.

Compensation: by the project, on retainer, by the hour: \$70 to \$150.

1999 gross revenues: \$12,400,000 total, 14% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: William Kronenberg III, president/CEO; James F. Splain, senior vp; Mark Zimmerman, vp.

Contact: James F. Splain, splainj@ec-sinc.com.

EMG

11011 McCormick Road,
Hunt Valley, Md. 21031;
800-733-0660; fax: 410-785-6220
www.emgbalt.com

Services began: 1986.

Services: real estate audits, environmental site assessment.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting.

Staff: 241 total; 62 environmental professionals.

Clients: 799 environmental consulting clients; 794 corporate/institutional clients.

Specialties: banks, investors, property managers.

Service area: nationwide.

Compensation: by the project, by the hour: \$125.

1999 gross revenues: \$22,200,000 total, 50% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Hank Post, CEO; Michael Logsdon, president; Anne Corell, COO.

Contact: client service department.

Environmental & Occupational Risk Management Inc. (EORM)
283 E. Java Drive,
Sunnyvale, Calif. 94089;
408-822-8100; fax: 408-822-8001
www.eorm.com

Services began: 1990.

Services: real estate audits, manufacturing plant audits, environmental safety consulting, emergency response training.

Other services: environmental consulting to insurers and public policymakers.

Staff: 100 total; 88 environmental professionals.

Clients: 200 environmental consulting clients; 30 corporate/institutional clients.

Specialties: semiconductors, biotech, electronics.

Service area: worldwide.

Compensation: by the project, on retainer, by the hour.

1999 gross revenues: \$10,100,000 total, 100% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Glenn Fishler, president; Andy McIntyre, Jenni Carter, executive vps.

Contact: Glenn Fishler, fishlerg@eorm.com.

Environmental Resources Management (ERM)
855 Springdale Drive,
Exton, Pa. 19341;
610-524-3500; fax: 610-524-7335
www.erm.com

Services began: 1977.

Services: real estate audits, manufacturing

plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 2,400 total; 943 environmental professionals.

Clients: 1,000 environmental consulting clients; 950 corporate/institutional clients.

Specialties: chemicals/petrochemicals, transportation, brownfields.

Service area: worldwide.

Compensation: by the project, by the hour: \$80 to \$250.

1999 gross revenues: \$313,000,000* total, 40% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Paul H. Woodruff, chairman/founder; Peter Regan, president/CEO; Daniel M. Sevik, CFO.

Contact: Gregory Lloyd, greg_lloyd@erm.com.

*fiscal year ended 3/31/99.

Environmental Risk Ltd.

120 Mountain Rd.,
Bloomfield, Conn. 06002;
860-242-9933; fax: 860-243-9055
www.ertl.com

Services began: 1985.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, industrial hygiene.

Staff: 41 total; 35 environmental professionals.

Clients: 500 environmental consulting clients; 100 corporate/institutional clients.

Specialties: pollution liability insurance companies, financial institutions, real estate.

Service area: worldwide.

Compensation: by the project, on retainer, by the hour: \$50 to \$225.

1999 gross revenues: \$6,000,000 total, 50% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Gordon T. Brookman, president; David I. Brandwein, Richard S. Atkins, Mitchell M. Wurmbrand, vps.

Contact: Syed Pasha, 1373 Broad St., Clifton, N.J., 07013, 973-773-3222 or David Brandwein.

*estimate.

Environmental Science & Engineering Inc.*

8901 N. Industrial Road,
Peoria, Ill. 61615-1509;
800-373-1999; fax: 309-692-9364
www.eseworld.com

Services began: 1965.

Parent: MACTEC Inc.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental con-

sulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 500 total; 175 environmental professionals.

Clients: 1,000 environmental consulting clients.

Service area: worldwide.

Compensation: by the project, on retainer, by the hour.

1999 gross revenues: \$56,000,000 total, 61% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Karen M. Jensen, president; Stephen R. Carter, Kirk E. Sweetland, vps.

Contact: Kirk E. Sweetland, 309-692-4422, kesweetland@esemail.com.

*formerly GST Environmental Inc.

First Risk Management-Legal Division Inc.

1250 Greenwood Ave., Suite 12,
Jenkintown, Pa. 19046-2900;
215-885-1125; fax: 215-885-1126

Services began: 1988.

Parent: First Risk Management Co.

Services: litigation support.

Other services: general risk management consulting.

Staff: 5 total; 2 environmental professionals.

Clients: 7 environmental consulting clients; 6 corporate/institutional clients.

Service area: nationwide, Puerto Rico.

Compensation: by the hour: \$395 to \$450.

1999 gross revenues: \$854,103 total, 75% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Leonard J. Silver, president; Bernard J. McGovern, vp; Bonnie Esposito, corporate secretary.

Contact: Leonard J. Silver.

GAI Consultants Inc.

570 Beatty Road,
Monroeville, Pa. 15146;
412-856-6400; fax: 412-856-4970
www.gaiconsultants.com

Services began: 1975.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 300 total; 40 environmental professionals.

Clients: 50 environmental consulting clients; 40 corporate/institutional clients.

Specialties: transportation, utilities, manufacturing.

Service area: worldwide.

Compensation: by the project, by the hour.

1999 gross revenues: \$36,000,000 total, 25% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Anthony M. Digioia, chairman; Dennis Okon, president; Larry Dodds, vp.

Contact: Precha Yodhane, group manager.

H

HWS Consulting Group Inc.

825 J St., P.O. Box 80358,
Lincoln, Neb. 68501-0358;
402-479-2200; fax: 402-479-2276

Services began: 1944.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 129 total; 36 environmental professionals.

Clients: 200 environmental consulting clients; 50 corporate/institutional clients.

Specialties: telephone, transportation, energy.

Service area: nationwide.

Compensation: by the project, by the hour: \$35 to \$125.

1999 gross revenues: \$10,552,113 total, 30% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: James L. Linderholm, president; Thomas L. Thelen, senior vp; James L. Heckman, vp.

Contact: Thomas L. Thelen, tlthelen@hws-con.com.

Hinshaw & Culbertson

222 N. LaSalle St., Suite 300,
Chicago, Ill. 60601;
312-704-3000; fax: 312-704-3001
www.hinshawculbertson.com

Services began: 1989.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 396 total; 27 environmental professionals.

Clients: 50 environmental consulting clients; 50 corporate/institutional clients.

Specialties: construction, manufacturing.

Service area: nationwide.

Compensation: by the project, on retainer, by the hour: \$100 to \$350.

1999 gross revenues: \$100,000,000* total, 7% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Susan Hickman, Charles Helsten, Dean Parker, partners.

Contact: Susan Hickman, 312-704-3149, shickman@hinshawlaw.com.

*estimate.

Hydro Environmental Technologies Inc.

54 Noset Path,
Acton, Mass. 01720;
978-263-4044; fax: 978-635-0980

Services began: 1986.

Services: real estate audits, design and analysis of remediation plans, litigation support, emergency response training, preparation of permits, environmental site assessment.

Other services: remediation activities, UST management and removal, environmental con-

sulting to insurers and public policymakers.

Staff: 31 total; 22 environmental professionals.

Clients: 35 environmental consulting clients; 15 corporate/institutional clients.

Specialties: insurance, financial, petroleum.

Service area: nationwide.

Compensation: by the project.

1999 gross revenues: \$3,000,000 total, 80% from unbundled environmental risk management consulting directly to corporations and institutions.

Contact:

Hayden Solomon, president, haydensol@hydroenvironmental.com.

Hydro-Terra Inc.

9192 Red Branch Road, Suite 290,
Columbia, Md. 21045;
410-995-1246; fax: 410-730-1785

Services began: 1982.

Services: real estate audits, design and analysis of remediation plans, litigation support, public health risk assessment, environmental safety consulting, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Staff: 6 total; 4 environmental professionals.

Clients: 6 environmental consulting clients; 6 corporate/institutional clients.

Specialties: land development, manufacturing, waste disposal.

Service area: District of Columbia and Maryland.

Compensation: by the hour: \$50 to \$115.

1999 gross revenues: \$500,000 total, 80% from unbundled environmental risk management consulting directly to corporations and institutions.

Contact: Thomas R. Mills, president.

I

IT Corp.

2790 Mossdale Blvd.,
Monroeville, Pa. 15146-2792;
412-372-7701; fax: 412-373-7135

Services began: 1926.

Parent: The IT Group Inc.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 7,000 total; 400 environmental professionals.

Clients: 1,000 environmental consulting clients; 750 corporate/institutional clients.

Specialties: petrochemicals, manufacturing pharmaceutical.

Service area: worldwide.

Compensation: by the hour: \$50 to \$250.

1999 gross revenues: \$1,300,000,000 total, 6% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Anthony J. Deluca, president/CEO; Harry J. Soose, CFO; Scott Bonta, chief information officer/president consulting/technology.

Contact: Kevin Smith, vp-corporate business development and strategic marketing and planning, 412-380-4068, ksmith@theitgroup.com.

*estimate.

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Directory terms explained

The 11th annual directory of environmental risk management consultants lists companies' responses to a *Business Insurance* questionnaire.

The directory is published as an editorial service; there is no charge to be included. To be listed, consultants must offer services directly to corporate and institutional clients on an unbundled basis; companies that offer environmental risk management consulting only in conjunction with other products and services or solely to insurance companies, lawyers and financial institutions are not included.

In addition, companies must generate at least \$250,000 in annual revenues from unbundled environmental risk management consulting to be included, and total 1999 revenues must be reported.

Listings begin with the **name** and **address** of the company, the year environmental **services** began and **parent** company, if any.

Detailed under **services** are the environmental risk management consulting services the company provides, and any **other services** provided are also listed. The abbreviation UST has

been used for underground storage tanks.

Information on staff is provided next, including total staff and the number of professional staff members assigned to environmental risk management consulting only. Listed next is the total number of **clients**, along with the number of corporate and institutional clients in 1999.

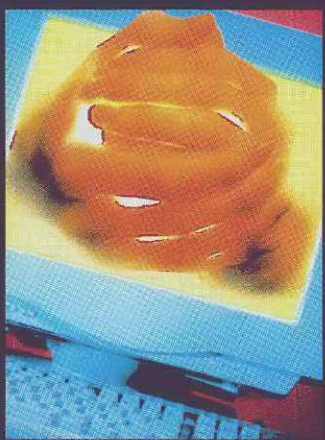
If the company specializes in consulting to particular types of business or industry, those **specialties** are noted.

Information on a company's **service area** also is provided. The **compensation** section details how the company bills for its services.

Also listed are companies' **1999 gross revenues** and the percentage of revenue generated through unbundled environmental risk management consulting directly to corporations and institutions.

Names and titles of principal **officers** and the name of a **contact** for readers interested in more information complete each listing.

Although every effort is made to publish complete and accurate information, *BI* is unable to verify all information provided by the companies.



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Jan 31			Jan 19
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Continued from page 16

L**LAN Associates Inc.**

662 Goffle Road,
Hawthorne, N.J. 07506;
973-423-0350; fax: 973-423-5175

Services began: 1965.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, environmental safety consulting, preparation of permits, environmental site assessment.

Other services: environmental consulting to insurers and public policymakers.

Staff: 64 total; 19 environmental professionals.

Clients: 250 environmental consulting clients; 100 corporate/institutional clients.

Service area: nationwide.

Compensation: by the project, by the hour: \$70 to \$140.

1999 gross revenues: \$5,200,000 total, 35% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Guy D. Von Doren, CEO; John A. Lacz, vp; Ronald Panicucci, treasurer.

Contact: Ronald Panicucci.**M****Marsh Environmental Group**

1166 Avenue of the Americas,
New York, N.Y. 10036;
212-345-6000; fax: 212-345-0839
www.marshinc.com

Services began: 1845.

Services: real estate audits, manufacturing plant audits, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, environmental site assessment, hazard and risk analysis.

Other services: UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 200 total; 25 environmental professionals.

Clients: 2,000 environmental consulting clients.

Specialties: utilities, construction, financial institutions/real estate.

Service area: worldwide.

Compensation: by the project, on retainer, by the hour.

1999 gross revenues: \$9,000,000 total, 44% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Greg Bundschuh, James Cox, senior vps; Wayne Herrington, managing director; Donna Sandidge, national practice leader.

Contact: James Cox, 1 World Trade Center, N.Y. 10048, 212-345-9982; Donna Sandidge,

1801 West End Ave., Suite 1500, Nashville,
Tenn., 37203, 615-340-2485.

N**Normandeau Associates Inc.**

25 Nashua Road,
Bedford, N.H. 03110;
603-472-5191; fax: 603-472-7052

Services began: 1970.**Parent:** Thermo TerraTech Inc.

Services: real estate audits, design and analysis of remediation plans, public health risk assessment, ecological risk assessment, preparation of permits, environmental site assessment.

Staff: 160 total.**Specialties:** industry, government, utilities.**Service area:** nationwide.**Compensation:** by the hour.

1999 gross revenues: \$13,000,000 total, 12% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Pamela S. Hall, president; Peter C. Kinner, senior vp; Mark T. Mattson, vp.

Contact: Peter C. Kinner.**O****O'Connor Associates Environmental Inc.**

1000, 639 - Fifth Ave., S.W.,
Calgary, Alberta T2P 0M9;
403-294-4200; fax: 403-294-4240
www.oconnor-associates.com

Services began: 1979.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, asbestos and lead management, industrial hygiene.

Staff: 160 total; 70 environmental professionals.

Clients: 220 environmental consulting clients; 200 corporate/institutional clients.

Specialties: oil and gas, manufacturing transportation.

Service area: Asia, Canada, Latin America United States.

Compensation: by the project, by the hour: \$40 to \$120.*

1999 gross revenues: \$12,000,000* total, 60% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Michael O'Connor, John Agar, David R. Williams, principals.

Contact: David R. Williams, 403-294-4204, david.williams@oconnor-associates.com.

* compensation and revenue figures are in U.S. dollars.

P**Professional Service Industries Inc. (PSI)**

510 E. 22nd St.,
Lombard, Ill. 60148;
800-548-7901; fax: 630-629-4540
www.psiusa.com

Services began: 1975.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, litigation support, environmental safety consulting, environmental site assessment.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, asbestos and lead management, industrial hygiene.

Staff: 3,000 total; 500 environmental professionals.

Clients: 500 environmental consulting clients; 500 corporate/institutional clients.

Specialties: real estate, banking/financial, construction.

Service area: nationwide.

Compensation: by the project, by the hour: \$30 to \$200.

1999 gross revenues: \$198,000,000 total, 12.5% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Murray Savage, CEO; Howell Branum, president; Walter Goin, COO.

Contact: Tom Boogher, executive vp, info@psiusa.com.

Professional Analytical & Consulting Services Inc.

409 Meade Drive,
Coraopolis, Pa. 15108;
724-457-6576; fax: 724-457-1214
members.aol.com/hnpacs/pacs.htm

Services began: 1985.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, litigation support, environmental safety consulting, emergency response training, ecological risk assessment, environmental site assessment, hazard and risk analysis.

Other services: environmental consulting to insurers and public policymakers, industrial hygiene.

Staff: 7 total; 5 environmental professionals.

Clients: 15 environmental consulting clients; 7 corporate/institutional clients.

Specialties: real estate, activated carbon industry, legal.

Service area: nationwide.

Compensation: on retainer, by the hour: \$60 to \$250.

1999 gross revenues: \$3,000,000 total, 20% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Henry Nowicki, president; Barbara Sherman, vp/treasurer; Barbara Nowicki, manager-operations.

Contact: Henry Nowicki, hnpacs@aol.com.**Q****QORE Inc.**

11420 Johns Creek Parkway,
Duluth, Ga. 30097;
770-476-3555; fax: 770-476-0213
www.qore.net

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, litigation support, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 520 total; 130 environmental professionals.

Clients: 236 environmental consulting clients.

Service area: Alabama, Florida, Georgia, Kentucky, North Carolina, South Carolina, Tennessee, Texas.

Compensation: by the project, by the hour.

1999 gross revenues: \$38,000,000 total, 20% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Dave Albin, president; Clinton Hammond, controller; Dirk van Reenen, vp.

R**Warren Rogers Associates Inc.**

747 Aquidneck Ave.,
Middletown, R.I. 02842;
401-846-4747; fax: 401-847-8170
www.wraenviro.com

Services began: 1979.**Services:** litigation support.

Other services: UST management and removal, environmental consulting to insurers and public policymakers.

Staff: 22 total; 4 environmental professionals.

Clients: 15 environmental consulting clients; 15 corporate/institutional clients.

Service area: nationwide.**Compensation:** by the project, by the hour: \$65 to \$300.

1999 gross revenues: \$2,000,000 total, 16% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Warren F. Rogers, president; William P. Jones, executive vp; Jill Jones, COO.

Contact: William P. Jones, wjones@wraenviro.com.

S**Superior Environmental Corp.**

14641 16th Ave., P.O. Box 118,
Marne, Mich. 49435-0118;
616-677-5255; fax: 616-677-3484
www.superiorenviro.com

Services began: 1989.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, litigation support, environmental safety consulting, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: Remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 56 total; 18 environmental professionals.

Clients: 100 environmental consulting clients; 100 corporate/institutional clients.*

Specialties: financial institutions, real estate; commercial businesses.

Service area: Illinois, Indiana, Michigan, Ohio and Wisconsin.

Compensation: by the project, by the hour: \$50 to \$100.

1999 gross revenues: \$6,500,000 total, 30% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: James R. Quince, president/CEO; Scott M. Miller, vp-operations; Fred S. Timmer, vp/COO.

Contact: Jeff Skendrovic.

*estimate.

T**TPM Inc. Environmental Contractors/Consultants**

2040 Old Louisville Road,
Bowling Green, Ky. 42101;
270-781-4945; fax: 270-793-0088
www.tpmenviro.com

Services began: 1991.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 40 total; 7 environmental professionals.

Clients: 250 environmental consulting clients; 200 corporate/institutional clients.

Service area: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Missouri, North Carolina, Ohio, South Carolina, Tennessee, Virginia and West Virginia.

Compensation: by the project, on retainer, by the hour: \$45 to \$180.

1999 gross revenues: \$3,500,000 total, 50% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Edward T. Hanks, president; Joy Beth Hanks, secretary/treasurer.

Contact: Edward T. Hanks, ehanks@tpmenviro.com.

Terracon

16000 College Blvd.,
Lenexa, Kan. 66219;
913-599-6886; fax: 913-599-0574
www.terracon.com

Services began: 1986.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, environmental safety consulting, emergency response training, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: UST management and removal, environmental consulting to insurers and public policymakers, asbestos and lead management, industrial hygiene.

Staff: 1,200 total; 220 environmental professionals.

U**URS Greiner Woodward Clyde International-Americas Inc.**

100 California St., Suite 500,
San Francisco, Calif. 94111-4529;
415-774-2700; fax: 415-398-1904
www.urscorp.com

Services began: 1950.**Parent:** URS Corp.

Services: real estate audits, manufacturing plant audits, design and analysis of remediation plans, design of waste minimization plans, litigation support, public health risk assessment, regulatory and public policy analysis, environmental safety consulting, emergency response training, ecological risk assessment, preparation of permits, environmental site assessment, hazard and risk analysis.

Other services: remediation activities, UST management and removal, environmental consulting to insurers and public policymakers, general risk management consulting, asbestos and lead management, industrial hygiene.

Staff: 15,000 total; 1,500 environmental professionals.

Clients: 500 environmental consulting clients; 350 corporate/institutional clients.

Specialties: oil and gas, mining, pulp and paper.

Service area: worldwide.**Compensation:** by the project.

1999 gross revenues: \$2,000,000,000 total, 25% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Irwin L. Rosenstein, president; Kent P. Ainsworth, CFO/secretary; Cynthia L. Jorgensen, treasurer.

Contact: Robert Doyle, vp, 4582 S. Ulster St., Suite 1000, Denver, Colo. 80237, 303-740-2672.

W**Willis Environmental Practice**

26 Century Blvd.,
Nashville, Tenn. 37214;
615-872-3261; fax: 615-872-3333
www.willis.com

Services began: 1982.**Parent:** Willis.

Services: manufacturing plant audits, litigation support, environmental safety consulting, ecological risk assessment, environmental site assessment, hazard and risk analysis.

Other services: environmental consulting to insurers and public policymakers, general risk management consulting.

Staff: 30 total; 6 environmental professionals.

Clients: 40 environmental consulting clients; 30 corporate/institutional clients.

Specialties: real estate, construction.**Service area:** worldwide.

Compensation: by the project, by the hour: \$125 to \$325.

1999 gross revenues: \$150,000,000 total, 4% from unbundled environmental risk management consulting directly to corporations and institutions.

Officers: Rod Taylor, managing director; Jeff Gardner, Northeast region practice manager; Kenn Anderson, central region practice manager.

Contact: Rod Taylor.**BI**

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INTERNATIONAL

Global Briefs

Moody's Investors Service Inc. has downgraded the insurance financial strength ratings of three units of Sydney, Australia-based AMP Ltd. **AMP Life Ltd.** was downgraded to Aa2 from Aa1; **Pearl Assurance P.L.C.**, to Aa3 from Aa2; and **National Provident Life**, to A1 from Aa3. Moody's said the downgrades reflect the reduction in the AMP group's financial flexibility following its decision to finance the losses of GIO Australia Holdings Ltd., which AMP acquired. GIO, the leading Australian non-life and reinsurance group, recently disclosed large losses for 1999. . . . Standard & Poor's Corp. has assigned A- insurer financial strength and counterparty credit ratings to Hong Kong insurer **HIH Insurance (Asia) Ltd.** S&P said the ratings reflect the support of the company's Australia-based parent, **HIH Insurance Ltd.**, and the "significant" position **HIH Insurance (Asia)** will hold in the domestic non-life insurance market following an amalgamation of various **HIH Hong Kong** group businesses. . . . S&P has also assigned A long-term and A-1 short-term counterparty credit ratings to **Achmea N.V.**, the parent and holding company of the Netherlands-based financial services group **Achmea**. The rating agency also assigned AA- counterparty credit and insurer financial strength ratings to the core operating insurers of the group. Following a restructuring, these are expected to be **Achmea Schadeverzekeringen N.V.**, a property/casualty insurer, plus life/pensions and health insurance units. The insurance units have a leading position in the Dutch insurance market, ranking second overall and holding clear leadership positions in property/casualty, health and pensions, said S&P. . . . CNA Re has appointed **Henry Atzenweiler** as executive vp and director of its continental European operations, beginning in the second quarter of 2000. From CNA Re's Zurich, Switzerland, office, Mr. Atzenweiler will lead all reinsurance operations, both facultative and treaty, in continental Europe. He was previously an executive client partner at Partner Re in Winterthur, Switzerland. . . . **Whittington Ltd.** has acquired **Crombie Insurance Co. UK Ltd.** Crombie ceased underwriting in 1992 and has, under Whittington's management, recently entered into a scheme of arrangement with its creditors. Stephanie Mocatta, managing director of Whittington Insurance Services Ltd., said, "We will now work quickly to complete the scheme of arrangement and extinguish the final liabilities." . . . **Assurances Generales de France S.A.** and its credit insurance subsidiary **Euler** have finalized the sale of their combined 25% stake in French credit insurer **Coface**. AGF said the sale will lead to a pretax capital gain to AGF of about 65 million euros (\$63.2 million). . . . Try-Systems, a London-based provider of information technology solutions and support, has launched **Experience**, an underwriting management information system intended to shorten the process of analyzing underwriting data. The system, which interfaces with existing databases, aims to provide fast and flexible interpretation of data in the form of "development triangulations" and graphs, together with statistical projections.

Tainted fuel grounds planes

Suits filed against oil company by light-plane owners

By KATE TILLEY
and PAULA WESTON

MELBOURNE, Australia—Australian aviation insurers do not expect business interruption claims from policyholders following an incident of light-aircraft fuel contamination that has grounded thousands of planes around Australia and the Pacific Rim since late December.

The fuel's supplier, however, has set up a fund to compensate customers whose planes have been damaged and is already facing class-action lawsuits.

Plaintiffs law firms are suing Melbourne-based **Exxon-Mobil Australia Pty. Ltd.** in a bid to recoup the costs incurred by aircraft owners and operators to detect and eliminate problems caused by the tainted fuel.

Contaminated fuel was supplied in November and December from **Exxon-Mo-**

bil subsidiary **Mobil Oil Australia Ltd.**'s plant in Melbourne. Mobil was alerted to the problem after several light-plane operators reported rough-running engines and loss of power in late December, according to Mick Toller, chief executive officer of the Civil Aviation Safety Authority, a federal regulatory body.

CASA issued a directive on Dec. 24 that all piston-engine planes that had used the fuel had to have their fuel systems removed and inspected for a black residue that indicates the presence of the contaminant. Mobil is still investigating the nature of the contaminant.

More than 5,000 planes that used the fuel, including those owned by flight-training schools and small commuter airlines, were grounded for testing to determine whether their engines are safe, according to CASA.

See Aircraft on next page

Navigation links: Home, About Mobil Oil Australia, Sponsorship, Products & Services, Graduate Career Opportunities, News & Views, Schools Curriculum Material, Year 2000, Mobil Aviation.

Business Loss Compensation Program Claim Form

Mobil Oil Australia's Web site, www.mobil.com.au, provides information on its relief fund, and a form to apply for compensation.

Stadium trauma victim wins suit

By CAROLYN ALDRED

LIVERPOOL, England—A nurse who suffered from post traumatic stress disorder after tending to victims of the 1989 Hillsborough soccer stadium disaster must be compensated by the South Yorkshire Police, according to Liverpool's High Court.

Eileen McBride alleged that her psychiatric disorder stemmed from fears for her own safety while treating victims of the 1989 disaster, which occurred when thousands of fans tried to enter the oversold stadium as a match was about to begin. The crush of fans, which killed 96 people and injured more than 700, occurred as spectators were pressed into 10-foot-high steel fencing erected to separate the fans of rival teams.

Ms. McBride had been attending to injured people at the edge of the area where fans were crushed when the steel fencing it-

self threatened to collapse.

Since the incident, Ms. McBride has had a "phobic avoidance of hospitals" and not been able to work as a nurse, according to court papers.

'Mrs. McBride deserves our thanks for what she did on that day' to treat victims, says a spokesman for the South Yorkshire Police Department.

The High Court judge ruled that the police force was liable for the psychiatric trauma she sustained. Damages will be assessed later.

During an inquiry into the tragedy, the South Yorkshire Police admitted to negligence for failing to prevent overcrowding of a fenced-in section of the stadium.

Since the disaster, the police body has paid out a total of £13 million (\$21 million) in compensation for relatives of those who died in the disaster, injured victims, and a number of spectators and some police officers who suffered from post traumatic stress disorder as a result of the tragedy.

Although the police force at the time was insured by **Municipal Mutual Insurance Ltd.**, now **Zurich Municipal**, the limits of its coverage have been exhausted, a police spokesman said.

"Mrs. McBride deserves our thanks for what she did on that day" to treat victims, said the spokesman for the police. Ms. McBride was forced to sue for compensation.

See Trauma on page 22

Deadline set for names' suit

By CAROLYN ALDRED

LONDON—Members of **Lloyd's of London** who wish to join the so-called "Jaffray litigation" against **Lloyd's** have until Feb. 21 to file notice, according to a statement issued last month by London's Commercial Court.

In the suit, *Jaffray vs. Lloyd's*, about 147 **Lloyd's** names charge that they were fraudulently induced to become or remain underwriting members of the **Lloyd's** market, claiming that **Lloyd's** failed to disclose the nature and extent of the market's liability for asbestos-related claims between 1978 and 1988.

Members who fail to provide written notice to **Lloyd's** lawyers, **Freshfields**, by the Feb. 21 deadline will not be able to bring a fraud action against **Lloyd's** relating to the asbestos losses, the court warned.

The trial is due to start in the High Court in London on Feb. 28.

Although **Lloyd's** and about 95% of the market's names reached an agreement in September 1996 to settle outstanding liabilities, 1,752 names did not accept the reconstruction and renewal settlement.

Among other things, that settlement created **Equitas**, the runoff reinsurer of **Lloyd's** pre-1993 liabilities.

According to the Commercial Court statement, it is important that all names who have not entered into settlement agreements with **Lloyd's** appreciate that, as far as the High Court of Justice of England and Wales is concerned, the Jaffray trial is intended to resolve allegations of fraud against **Lloyd's** with regard to its asbestos-related losses between 1978 and 1988.

Lloyd's competitive with insurers: HSBC

Analyst rebuts myths of market inefficiency

By EDWIN UNSWORTH

Lloyd's of London is in good health and is as competitive as any of the world's major insurance companies, according to a stock analyst's study.

The study, "Lloyd's—Destroying the Myths," was commissioned by **Lloyd's** and published at the end of January. A **Lloyd's** spokesman said the aim of

Among the myths the report dismisses as groundless are that **Lloyd's** environment is too expensive to operate in, that it is not financially secure, that **Lloyd's** is sustaining bigger underwriting losses than are other insurers, that its results compare unfavorably with other insurers, and that it is in terminal decline.

The report maintains that **Lloyd's** offers economies of scale, such as licenses and branding, and that the Corporation of **Lloyd's**, which operates the market, is working to reduce overall expenses. Offsetting the costs of the structure "is the entrepreneurial culture, which has attracted talented underwriters," the report says.

Analysis shows **Lloyd's** is adequately capitalized and financially secure, the report says. It has "a strong regulatory regime" to monitor this security. The leading agencies that look after syndicate and investor affairs consistently have given the **Lloyd's** market strong ratings, the study notes. When it comes to reserving and solvency, **Lloyd's** fares well in comparisons to other insurers.

This finding is backed by the main rating agencies, with S&P rating the **Lloyd's** market A+ and A.M. Best rating it A.

Commenting in the report, Ms. Parsons said, "Overall, I think the outlook for the **Lloyd's** market is more positive than many people realize."

See Lloyd's on next page

LLOYD'S

commissioning an analyst with **HSBC Holdings Ltd.** to conduct the study was to provide an independent analysis that gives a broader picture of **Lloyd's** and its overall operations than do other independent reports on **Lloyd's**, such as those published by A.M. Best Co., Standard & Poor's Corp. and Moody's Investors Service Inc. The report had to be commissioned because stock analysts typically follow only those companies listed on stock exchanges.

There are several unfounded myths surrounding **Lloyd's**, said Joanna Parsons, the study's author and a senior insurance analyst in the stock brokering unit of **HSBC**.

Lloyd's

Continued from previous page

Ms. Parsons acknowledged Lloyd's string of loss-making years in the late 1980s and early 1990s, which led to its reconstruction in 1996. But since then, Ms. Parsons said, Lloyd's has received good financial ratings from the leading agencies and has re-established itself on a far stronger financial and regulatory footing. "Crucially for its future, the market still has the ability to outperform others across the insurance cycle," she said.

Ms. Parsons added that HSBC believes that Lloyd's "will continue to be a major player in the global insurance industry. Although the market went through a difficult period in the early '90s, the signs are that ground is being made up."

She maintains that the myths about Lloyd's and its financial well-being have arisen because Lloyd's is not widely understood in the financial community.

Rafael Villareal, an insurance ana-

lyst with Moody's Investors Service in London, had not yet seen the report, but he said many of the myths it purports to dismiss were not justifiable.

He said that although Lloyd's is an expensive market in which to operate, this must be seen in its proper context. "Commercial writers are always more expensive. If you compare it against commercial insurers or London market companies, you will find Lloyd's is not necessarily a lot more expensive. Commercial lines are simply more labor-intensive businesses," he said.

He said analyses that compare Lloyd's against other insurers also are often unfair. For one, he said, results vary considerably among Lloyd's syndicates. Also, Lloyd's has a great deal of capital, some \$10 billion, and its losses set against this, and in comparison with losses in the corporate world, are not bad, said Mr. Villareal.

He also pointed out that, within Lloyd's, there is no investment return on capital to subsidize losses.

Mr. Villareal also said that Lloyd's has recovered from its loss years and that it has a future.

He said Lloyd's uniqueness is sometimes overlooked. "There is no market in insurance that does what Lloyd's does, and that's one of the greatest strengths of the Lloyd's franchise. Bermuda is very specific on what they cover—property catastro-

'Lloyd's is a unique marketplace with attractions for customers and capital providers,' says Max Taylor.

phe losses. Lloyd's does that, but it does a lot more, too. No single market offers the same diversity—industrial, marine, aviation," Mr. Villareal said.

Commenting on the report, Lloyd's Chairman Max Taylor said it "shows what people working in the Lloyd's

market have known for many years—that Lloyd's is a unique marketplace with tremendous attractions for both customers and capital providers."

Mr. Taylor said that many of the myths dismissed in the report had developed in the United Kingdom, where they have been most difficult to deal with. The report "will shed light on many of the misconceptions and lead to a much better informed view of the market's prospects," he said.

Commenting on the report, Robert Miller, spokesman for the Assn. of Lloyd's Members, said, "I think any kind of removal of myths about Lloyd's is a good thing."

Mr. Miller said, however, that the report does not go far enough to dispel a number of myths about names, the individuals who invest in Lloyd's.

Names are not going to be entirely displaced by corporate members, which have been able to invest in Lloyd's since 1994, the ALM maintains. Mr. Miller referred to forecasts published by the ALM in December that conclude that Lloyd's will sus-

tain losses in 1998 and 1999, the next years to be reported under its three-year accounting system. Although Lloyd's itself expects those years will be loss-making, the ALM maintains that the majority of those losses will fall on corporate members, because names have been selling capacity on the worst-performing syndicates (BI, Dec. 20, 1999).

Mr. Miller said while Lloyd's is at the volatile end of the international reinsurance market, he regretted that another myth not dealt with by the HSBC report is that this volatility is uniform among all Lloyd's investors. He said the sensible way to minimize the perils of reinsurance is to have a well-diversified portfolio of risks, "and it's only the individual private capital that is doing that," he said.

"We have spread portfolios rather than capacity dedicated to one syndicate or group of syndicates," Mr. Miller said.

Copies of the report are available free from Lloyd's by contacting Paula Singleton at 44-020-7327-5619.

Aircraft

Continued from previous page

Such a test was developed late last month, but only a small number of test kits are available, so testing has been very slow. So far, almost all planes that used the fuel have failed the test, meaning that their engines and fuel systems must be cleaned before they can fly again, Mr. Toller said. In some cases, planes will require new fuel systems.

So far, 300 aircraft that were grounded have been cleared to fly, according to CASA. Of those, half had used the contaminated fuel but had been cleaned; the others did not have evidence of the contaminated fuel, CASA said.

While no accidents have been attributed to the contaminated fuel, Mr. Toller said all planes that may

have used the contaminated fuel had to be grounded and tested as a precaution.

Despite the grounding of so many planes, Malcolm Baird, general manager of Melbourne-based Australian Aviation Underwriting Pool Pty. Ltd., which underwrites on behalf of 10 insurers, said he was not expecting any claims stemming from the contamination, because no policies had been written providing business interruption coverage.

The pool's members are: Sydney-based insurers AMP General Insurance Ltd., Mercantile Mutual Insurance Holdings Ltd., MMI General Insurance Ltd., QBE Insurance Group Ltd., Royal & Sun Alliance Global Pty. Ltd., HHI Casualty & General Insurance Ltd., Zurich Australian Insurance Ltd., NRMA Insurance Ltd., and Melbourne-based Transport Industries Insurance

Assn. Ltd., and BHP Marine & General Insurance Pty. Ltd.

On Jan. 18, Mobil announced a \$15 million Australian (\$9.5 million) emergency relief fund for customers affected by the contamination. While Mobil has not admitted any liability, it said the fund was to aid those facing financial troubles because of the contaminated fuel problem.

A spokesman for the company said that Exxon-Mobil's liability insurer, which he would not name, has been closely consulted throughout the situation. The spokesman, who would not disclose the limits on Exxon-Mobil's policy, said the decision as to whether Exxon-Mobil or its insurer would pick up the \$15 million Australian tab for funding claims had not been made.

Claims against the fund will be assessed by Brisbane-based third-party administrator Wyatt Gallagher Bassett. The Melbourne office of the accounting firm of Ernst & Young will independently audit the process.

In the absence of insurance coverage for lost business while grounded, aircraft owners and operators are suing the fuel company to recoup their losses.

The Sydney-based law firm of Slater & Gordon launched a class action against Mobil Oil Australia Ltd. on Jan. 24 in the Victorian Supreme Court, on behalf of aircraft owners, pilots, aircraft operations and aviation businesses that have suffered loss and damage. Slater & Gordon solicitor Patrick Over said that more than 500 claimants had registered with his firm's action.

Mr. Over said it was difficult to estimate total losses, as their full ex-

tent would not be seen for months, and the amount would vary among individual claimants. He said claims could reach "hundreds of thousands of dollars" for large aviation companies.

Claims would be for physical loss, economic loss, business interruption, damages for lost reputation and damages for mental distress, according to Mr. Over.

Also on Jan. 24, the Sydney-based law firm of Maurice Blackburn Cashman initiated federal court proceedings in Sydney with a \$100 million Australian (\$63.2 million) class-action lawsuit on behalf of the operators of 300 aircraft from the agriculture, air charter and flight training industries that have "suffered significant financial losses."

On Jan. 18, the Melbourne office of the national law firm of Ebsworth & Ebsworth had lodged the first lawsuit on behalf of aircraft owners and operators in federal court, but it withdrew the suit two days later, when its lead applicant pulled out. A spokeswoman for the firm said solicitors are still in discussions with 60 other potential clients, and the action may be refiled.

Maurice Blackburn Cashman partner Rod Hodgson, who is based in Brisbane, said the firm's action arose out of many potential claimants' dismay at Mobil's compensation package.

On Jan. 25, Slater & Gordon offered to begin compensation negotiations with Mobil, after comments made at a press conference by a Mobil spokesman that the legal action might "complicate the process of establishing a program to reimburse

customers."

Mr. Over said Slater & Gordon was prepared to waive legal costs involved in the prosecution if it were able to develop a suitable claims handling procedure. Peter Gordon, another Slater & Gordon partner, said the negotiations could be "without prejudice to Mobil's rights to defend the class action and could minimize delay and any legal costs involved to all sides."

Aviation lawyer John Maitland of Maurice Blackburn Cashman said the crisis has "broken the back of Australia's general aviation industry," and he warned that some businesses "will go to the wall before it is over."

"Many of our clients are family-owned businesses that are losing more than \$5,000 Australian (\$3,161) per day as a result of the contamination."

Maurice Blackburn Cashman client Humphrey Maltman, a member of the action, said 12 of his 17 aircraft at Gemair Pty. Ltd. of Brisbane, which does business as Flight Training Australia, had been grounded indefinitely.

He said his flying school was losing "thousands of dollars every day," and he would soon have to lay off employees.

Mr. Maltman said he joined the class action on Jan. 24 after being disappointed with Mobil's emergency relief package.

"I was willing to give Mobil the chance to show that it is a decent Australian corporate citizen...but the length of time involved in sorting all this out has prompted me to join the action," he said. **BI**

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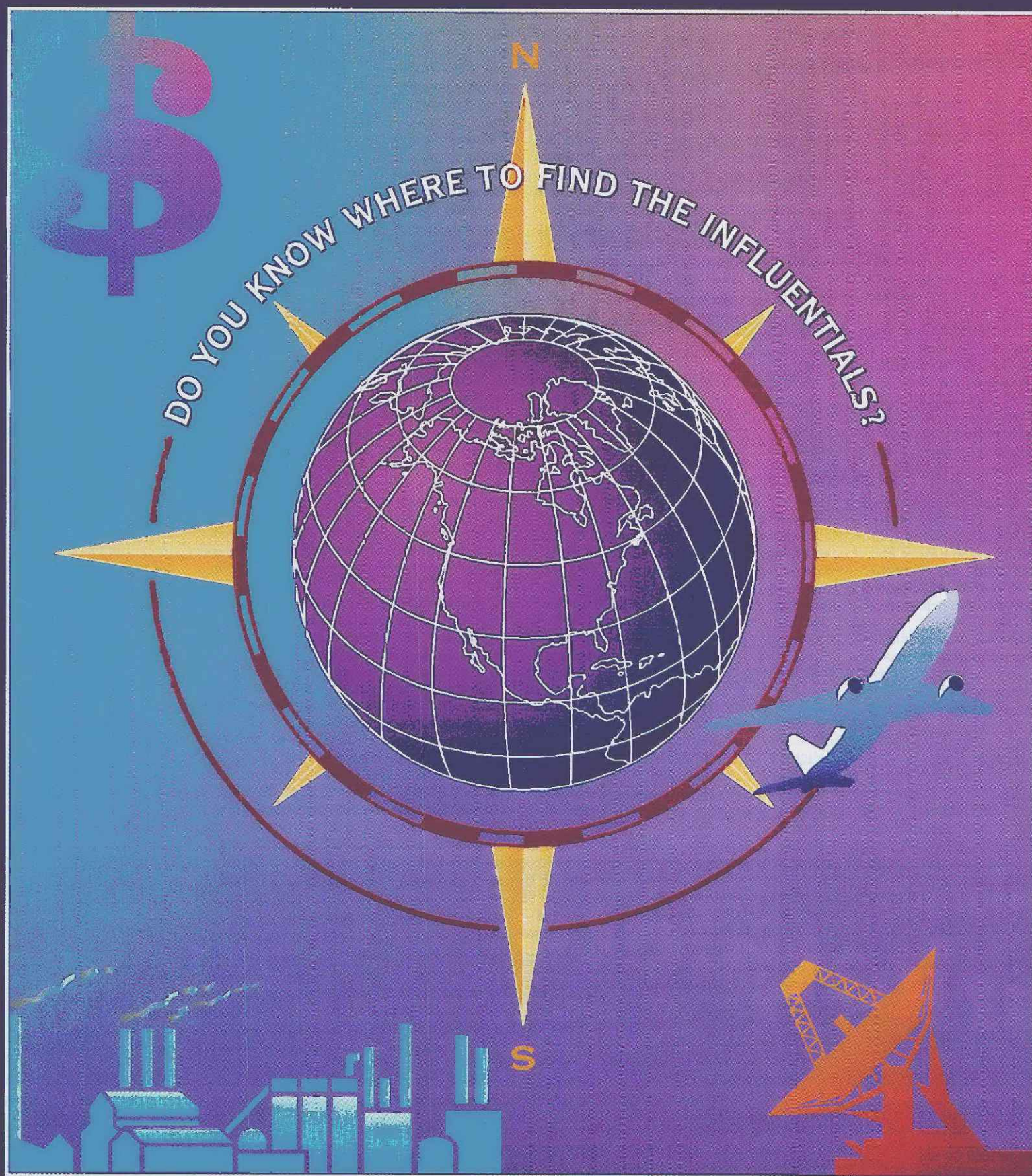
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Renewals

Continued from page 1

of Swissair Flight 111, the June 1999 runway crash of American Airlines Flight 1420 and the Halloween 1999 crash of EgyptAir Flight 990.

Mr. Clark and other airline insurance executives said they do not expect the two major losses in January to have a significant impact on the relatively small number of spring renewals.

"There has not been a noticeable or a marked change in the underlying factors that drive the business," Mr. Clark said.

Many executives said they also doubted that the losses would have much impact on renewals throughout the year, including those during the extremely heavy fourth-quarter renewal season.

In the throes of its third consecutive

year of underwriting losses, the commercial airline insurance market began hardening somewhat during the fourth quarter of 1999. Underwriting losses over the past three years have totaled \$800 million "in the best case scenario," said Steven Doyle, associate director of Aon Group Ltd. in London.

Although the airline market at year-end renewals was harder, underwriters did not seek to recover their losses of recent years. Instead, with some exceptions, they raised rates for airlines with poor experience and tried to maintain level rates for good risks, market executives said. In some cases, underwriters cut rates for good risks when a growth in fleet size meant the deal still would generate additional premium, they said.

For all of 1999, commercial airline underwriters generated \$1.04 billion in premiums from airlines with fleet

values exceeding \$150 million. But they were socked with \$1.8 billion of insured losses—the second-largest total in the market's history, according to figures from Aon and Airclaims Ltd. of London.

Despite the airline industry's poor loss experience in January, the airline insurance market is unlikely to harden significantly this year for three reasons, market executives say:

- First, the market remains vastly overcapitalized.

"There's too much capacity in the market, and it hasn't burned up," said Simon Clapham, underwriter for Wren Aerospace-Syndicate 800 at Lloyd's of London.

- Second, there are many fewer risks up for renewal this year because of the two- or three-year deals that airlines struck with all or a portion of their underwriters last year.

The deals varied greatly in how underwriters could recover additional

premiums to account for losses or return premiums to airlines with no losses during the policy period, noted Nigel Weyman, managing director of the aerospace division at Heath, Lambert, Fenchurch Ltd. in London.

- Third, reinsurance is relatively cheap for commercial airline underwriters.

Although the reinsurance market is hardening, many underwriters purchased two-year programs in 1999, when the reinsurance market was soft, market executives said.

"All of that pushes out to Jan. 1, 2001, the opportunity for reinsurers to address their underpricing," said Mr. Clark of USAUI.

As a result, he said, "there's not much realism in the market" regarding the pricing of commercial airline risks.

The reinsurance programs for a few airline underwriters are up for renewal at midyear, Aon's Mr. Doyle noted. Those underwriters' decisions about whether to pay the higher reinsurance costs, retain more risk or withdraw from the market could lead to a tighter market beginning in the busy fall renewal season, particularly if other underwriters "try to make the tide turn in their direction" as well, Mr. Doyle said.

A significant market hardening will not occur, though, if the market remains significantly overcapitalized and even a small portion of underwriters continue to engage in cash-flow underwriting, Mr. Doyle said.

If reinsurers hit commercial airline underwriters with big rate hikes next

January, airline policyholders should expect significant rate hikes to ensue, commercial airline market executives said.

Due to inadequate returns from coverage written for primary underwriters and a firmer retrocessional market, the reinsurance market is tightening, said a spokesman for Overland Park, Kan.-based Employers Reinsurance Group, a leading reinsurer of commercial airline underwriters.

He characterized a firmer reinsurance market as an effort to eliminate rate cuts and, if possible, boost rates.

All of this means that "we're certainly not anticipating any hardening of rates in 2000 of a magnitude that would bail underwriters out," said Mr. Clark of USAUI.

HLF's Mr. Weyman said, though, that "there seems to be a general hardening of resolve that will drive rates up in 2000," even with the market's overcapacity and the current cheap cost of reinsurance. Mr. Weyman noted that some airline underwriters already have had to replace some of their reinsurance security due to market withdrawals. He also said that the multiyear reinsurance deals were not always available to airline insurers in the working layers.

A harder market for commercial airlines later this year is not a certainty, "but if there ever was a market in the mood for change, this market is pretty close to it," Mr. Weyman said. "And the recent spate of losses certainly will harden the market's resolve." **BI**

Fatal crashes covered

By DAVE LENCKUS

Two airlines involved in separate fatal crashes within one day of each other late last month both had renewed their hull and liability coverage last November.

The disasters on Jan. 30 and 31 resulted in 257 deaths and the loss of two jets valued at \$76.6 million in total.

Eighty-three passengers and five crew members aboard an Alaska Airlines McDonnell Douglas MD-83 were killed Jan. 31, when the jet plunged into the Pacific Ocean about 40 miles northwest of Los Angeles International Airport. The flight was en route to San Francisco and then Seattle from Puerto Vallarta, Mexico.

The jet, which was delivered to the airline in 1992, has been valued at \$36.6 million, sources said.

Shortly before Alaska Airlines Flight 261 dropped from radar, the pilots reported problems controlling the jet and that the plane's "stabilizer" had jammed.

National Transportation Safety Board spokesmen late last week said the pilots did not specify whether they meant the horizontal stabilizer, which controls the pitch of the jet's nose, or the vertical stabilizer, which aids pilots in keeping the wings level.

Shortly after the crash, however, the Federal Aviation Administration posted on its Web site several airworthiness directives that the agency has issued on the horizontal stabilizers in MD-80 series aircraft in recent years.

One directive, issued last year, required airlines to inspect their planes for corrosion on hinges in the stabilizers. Airlines had until November of this year to complete the inspections. Alaska Airlines had inspected 10 of the 35 MD-80 series jets in its fleet by the time of the crash, and none had corrosion problems, an airline spokeswoman said. The jet that crashed, though, was not among those inspected, she said.

An airworthiness directive the FAA issued in March 1995 required airlines to replace certain improperly manufactured motors used in horizontal stabilizers on MD-80 series airplanes. The FAA warned that a motor malfunction "could ultimately result in reduced controllability of the airplane."

The Alaska Airlines spokeswoman said, "If we were required to, we would have done that."

The Boeing Co. in 1997 acquired McDonnell Douglas Corp., which manufactured the Alaska Airlines

jet. A Boeing spokeswoman would not identify any subcontractor involved in manufacturing the horizontal stabilizers.

Commercial airline insurance sources said Alaska Airlines last renewed its hull and liability coverage Nov. 15, 1999. Its global leader is Associated Aviation Underwriters, a Short Hills, N.J.-based consortium of U.S. insurers.

The London market is the first following market on the risk, according to sources. Lloyd's of London underwriters managed by ACE London Aviation Ltd. led the London market's coverage, sources said.

Airline underwriters worldwide also participated on the risk, sources said.

At its renewal, the airline boosted its liability limits to \$1 billion from \$750 million, a source said. Even so, the airline, which commercial airline insurance sources say has an extremely good loss record, negotiated "a very small reduction in price," the source said.

Marsh Inc. placed the coverage.

A day before Flight 261 crashed, a Kenya Airways Airbus 310 plummeted into the Atlantic Ocean off the Ivory Coast shortly after taking off from Abidjan. All but 10 of 179 passengers and crew perished.

The flight was en route to Lagos, Nigeria, where it originally had been scheduled to land before proceeding to Abidjan. The flight was diverted, however, past Lagos and onto Abidjan because of the "harmattan," which are seasonal winds off of the Sahara. The winds, which sometimes last for days, can create a nearly impenetrable dusty fog.

The jet, which was delivered to Kenya Airways in 1986, has been valued at \$40 million, sources said.

Kenya Airways, which also had a stellar loss record before the crash, renewed its hull and liability program last November, according to sources.

Because of KLM Royal Dutch Airline's 26% ownership stake in the African airline, Kenya Airways participates with its minority stakeholder in the KSAF program. The program, formerly known as KSSAF when Swissair participated in it, negotiated a 70% rate reduction due to Swissair's departure from the group a year after the airline's September 1998 crash off of Nova Scotia's coast, according to a source. Because that loss no longer is factored into the experience of KSAF, the group was able to negotiate a dramatic rate cut, the source explained.

The group's captive insurer, Guernsey-based Polygon Insurance Co. Ltd., leads the coverage. Polygon typically retains 10% of the risk and cedes the remainder, the source said.

The London market is the first following market on the risk, according to sources. ACE leads the coverage in the London market, they said.

KSAF purchased \$1.75 billion of liability limits, the same amount it previously had, a source said.

Aon Group and Marsh Ltd. in London placed the coverage, sources said.

Both Alaska Airlines and Kenya Airways are signatories to the International Air Transport Assn. agreement, under which airlines voluntarily agree to eliminate the \$75,000 liability limit that the Warsaw Convention and subsequent agreements set for airlines' liability to passengers harmed aboard international flights.

Edwin Unsworth contributed to this report.



PHOTOS: AFP

Left, workers clean up debris from the Jan. 30 Kenya Airways crash. Right, the probe into the crash of an Alaska Airlines MD-83 was focusing on potential problems with stabilizers in the tail.

Pension

Continued from page 2

plane, vp-retirement policy at the Assn. of Private Pension & Welfare Plans in Washington.

The Senate-passed bill would increase benefits available through retirement plans. Its provisions would:

- Raise to \$15,000 from \$10,000 the maximum annual salary deferral an employee could make to a 401(k) plan or other savings plan.

In addition, an employee age 50 or older could contribute an additional \$5,000 per year to a 401(k) or other savings plan. This provision is aimed at helping women who return to the workforce after raising families make up for the years in which they were out of the workforce and were not contributing to savings plans.

- Boost to \$200,000 from \$160,000 the amount of employee compensation that can be included in calculating pension benefits.

- Increase to \$40,000 from \$30,000 the annual per-employee contribution that can be made to defined contribution plans, and raising to \$160,000 from \$130,000 the maximum annual benefit that can be funded through defined benefit plans.

In addition, the package would reduce the overhead associated with plan administration. Those provisions would:

- Allow employers to use the same basic non-discrimination test, known as the "200%/2 percentage points test," on savings plans that have both pretax and aftertax features.

Current law requires employers to use a different test on aftertax contributions, though the Internal Revenue Service recently announced it would examine whether there are ways to simplify non-discrimination testing for plans that have both pretax and aftertax features.

- Permit an employee who moves between the private and non-profit sectors to transfer funds between 401(k) and 403(b) plans. Such transfers currently are prohibited.

- Exempt from minimum-distribution rules the first \$100,000 of a retiree's accrued pension benefit. Those

rules, which are complex and can be difficult to administer, require a retiree to withdraw benefits, such as an account balance in a 401(k) plan, when he or she reaches age 70½.

- Allow employers to turn over to the Pension Benefit Guaranty Corp. the responsibility for locating missing participants in their defined contribution plans.

Currently, the PBGC's missing participant program can be used only by employers terminating defined benefit plans.

- Index the pension benefit cash-out limit to inflation. Under current law, an employer can automatically terminate a former employee from its pension plan and give him or her a lump sum only if the cash value of the benefit is \$5,000 or less.

Many employers prefer such cash-outs, which relieve them of the responsibility and cost of continuing to provide pension plan reports to former employees and the need to pay termination insurance premiums on their behalf to the PBGC. **BI**

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Cut me in, or I'll make it 6 months

Many people are no doubt familiar with the story of me, the Oracle of Punxsutawney, or "Phil" as I am commonly known.

For more than a hundred years, people have gathered in this Pennsylvania backwater each Feb. 2 to watch me emerge from my comfortable den and work my special brand of meteorological wizardry. As your tradition holds, if I see my outline, I call in six more weeks of shivering, snow and icicles. If I do not witness the shadow formed by the sun against my trim, fur-lined frame, then I marshal my powers to usher in an early thaw that hastens the arrival of spring.

You want the truth? Usually, I have a mild case of gastrointestinal distress after hibernating and simply want to get outside to get some fresh air. A groundhog hole is nothing if not musty. And, frankly, I'm not looking at my shadow. I'm looking at all that snow on the ground and all those people watching me just as I'm about to answer the call of nature.

However, if I didn't do my thing, North America—and perhaps the world—would be thrown into disarray. You couldn't move on to Feb. 3 without me and knowing how I had performed. Chaos as swift and sure as that caused by this Y2K bug I've been hearing about would descend upon you if I did not perform my valuable service.

Well, the free ride is over. I've been at this for more than 100 years now, and it's high time I got a little something for the effort besides barbecue potato chips and strawberry ice cream.



Punxsutawney Phil

Insurance companies, roofing contractors, snow thrower manufacturers, salt truck drivers, Caribbean resorts and Bill Murray—you've all profited from my skillful perception of sunlight over the years. I want a cut.

Publicly you may sneer at my annual ritual, as if it were a freak show or a mere folk novelty. But I see you out there in the crowd, trying to get a first-hand glimpse of my awesome powers. The Elmer Fudd winter cap is a nice touch, but the locals don't wear polished wingtips and Hermes neck ties.

Although news of my exploits travels quickly, many of you no doubt expect to divine more clues about the duration and quality of the weather to come by traveling to Punxsutawney, Pa., for an immediate demonstration of my wizardry.

Does Phil move with confidence into the sunlight, or does he hesitate? Is Phil's shadow strong, or is it barely discernible? Does he greedily devour the junk food placed at his feet, or dismiss it as scraps fit only for a swine? Why did Phil bite the man in the top hat who dragged him out into the cold? And what about leap year?

From your observations of these events over the decades, you've all made shrewd business decisions based on my hard work and abilities—my work product, as it were. But have you shared any of the lucre with me? No sir.

As a result, I have retained counsel and have filed a lawsuit in U.S. District Court for the Western District of Pennsylvania.

I am seeking compensatory damages for a failure to provide me with a share of the tens of billions of dollars in profits earned from my efforts. The figure will be calculated retroactively. Oh, and punitive damages, as well.

Naturally, as a burrowing rodent, I know a thing or two about deep pockets and so have decided to name only insurance companies in my lawsuit. Insurers for decades have set their pricing and underwriting strategies based on the exposure information I supply. With the advent of the newfangled property catastrophe specialists, I noticed a definite surge in the numbers of insurance types in the crowd around my hole in Punxsutawney each year.

You other profiteers may stand to gain as much, but face it: you don't see Citibank trying to merge with any roofing contractors.

I'll be glad to enter into discreet settlement negotiations in lieu of a protracted and nasty court fight. You can contact my attorney.

Rest assured, however, that until I see the money, the days of free weather intervention and prognostication are over.

If you want to call my bluff and take your chances with the other groundhogs out there, such as Dunkirk Dave or Wee Warton Willie, be my guest and see where it leads you. I'm not the king of the magical groundhogs for nothing.

To be sure, not everyone welcomes my sway over the forces of nature.

My handlers tell me that a band of risk managers from North Carolina was recently arrested after the FBI uncovered a plot to whack me before I could invite more winter-related ruin on their state. Nice try fellas. I hope your jail cell will be well insulated for the next six weeks.

Punxsutawney Phil and his attorneys may be reached via www.punxsutawneyphil.com. Editor Paul D. Winston's commentary will return in a fortnight. He can be reached at pwinston@crain.com.

Web

Continued from page 1

Mr. Pinner's belief that his present coverage might be inadequate is shared by other risk managers. A Lloyd's of London survey conducted last month at the 17th annual Atlanta Risk & Insurance Management Society Educational Conference, for example, found that adequate coverage for e-commerce risks is a top concern among the risk managers, brokers and underwriters who participated in the poll.

Risk managers and insurers say their worries stem from the fact that Internet-related risks are still evolving and historic loss data is not available.

"Everyone is concerned about it, and everyone is not sure what they should be concerned about, because there is no case law; there is no frequency or severity for the insurance industry to go on," said William L. Granahan, manager of Milliman & Robertson Inc.'s Risk Management Consulting Practice in Worcester, Mass.

The frequency and severity of Internet-related losses, as well as the types of claims and court decisions, are all likely to differ radically from those sustained by companies that are solely brick-and-mortar operations.

Take, for example, a comparatively simple libel claim arising from a publication that appears in the traditional format of a weekly newspaper. Only limited copies of the newspaper with the libel-laden content will be distributed, over a limited time, and some of the copies might even be retrieved before they can cause harm.

By contrast, the same content posted on an Internet site is instantly available to millions of users worldwide. And any of those users, in turn, can easily forward the libelous information to others for immediate or delayed publication elsewhere. Consequently, even after the libelous material may have been expunged from its original site, it can continue to reappear online indefinitely.

How juries will compensate for such damage and how many more claims will arise from the Internet remains to be seen.

Also still to be seen is the extent to which CGL policies will cover these evolving Internet risks. Brokers and attorneys say insurers are especially reluctant to indemnify or defend against personal and advertising injury claims that they did not envision when their pre-Internet CGL policy forms were crafted.

Under standard CGL policies, personal and advertising injury is defined to include such risks as libel, slander, invasion of privacy, copyright infringement and misappropriation of another's advertising ideas.

The Internet's influence on these risks has several industry participants evaluating their positions.

The New York-based Insurance Services Office Inc., for example, is reviewing its commercial property and general liability forms. ISO wants to determine which e-commerce and Internet-related claims are not covered under existing standard forms and which claims should be covered, an ISO spokesman said. Revisions are expected, but the changes remain undetermined, he said.

Insurers also are concerned about how policyholders and courts will view Web site claims under the personal and advertising injury provisions contained in most CGL policies, said John F. Cahill, counsel in the Washington office of Carter, Ledyard & Milburn. Mr. Cahill represents insurers in intellectual property, technology and media issues.

Claims for intellectual property losses, for example, commonly seek coverage under the advertising injury section of CGL policies, he said. The policies generally exclude advertising-injury coverage of such claims, though, if a policyholder is in the business of broadcasting, televising, publishing or advertising.

In the past, that exclusion was rarely an issue, because relatively few companies outside those industries fit those categories. Those that did purchased additional media liability coverage.

There now is a potential, however, that any company that creates a Web site, regardless of its core operations, is, arguably, in the advertising business, Mr. Cahill said.

"That is giving a lot of carriers some concern," he said. "How are we going to define what used to be a straightforward definition and business function for advertising? It's becoming much more blurred with the new media."

Insurers have taken a lesson from the old environmental-related losses they sustained before creating pollution exclusions. Now, they are trying to stay ahead of the claims before they emerge, Mr. Cahill said.

Therefore, some insurers are "really trying to cut back on advertising injury coverage," he said. They are creating specific exclusions for copyright-, trademark- and patent-related claims in connection with the Internet.

Mr. Cahill was unable to name specific insurers.

Peter R. Taffae, vp of the financial services division in Los Angeles for surplus lines broker Brown & Riding Insurance Services Inc., said that in reviewing applications for intellectual property insurance, he already has seen disclosure of claims of \$200,000 to \$300,000 for Internet-related activity.

"I'm seeing how the CGL carriers are getting hit," he said. "Additionally, all my clients, the brokers, are telling me how they are starting to see exclusions."

Apart from the exclusions, some experts say CGL policies never did provide broad enough protection for online business ventures.

Even if advertising injury protection is not invalidated, CGL policies traditionally have limited the scope of liability coverage to a policyholder's publishing of information, explained Steve Haase, chief executive officer of INSUREtrust.com, an Atlanta-based program manager for specialty e-business.

CGL policies have not provided coverage, for example, for incidents such as a hacker breaking into a Web site, stealing confidential data, such as customer credit card information, and then publishing that information themselves, perhaps on another Web site, he said.

To address possible inadequacies in existing coverage, some insurers are offering new specialty products to cover online risks.

INSUREtrust, for example, offers several "e-business" insurance arrangements written under an electronic information errors and omissions liability policy. INSUREtrust underwrites the coverage on behalf of Philadelphia-based Legion Indemnity Co., a unit of Mutual Risk Management Ltd.

Insurers are addressing e-commerce risks through various methods, noted Kae Lovass, vp of technology and underwriting at St. Paul Fire & Marine Co. in St. Paul, Minn. Some are carving such risks out of their CGL policies. Others are leaving their CGL policies untouched but writing additional media liability coverage with various primary and excess arrangements, she said.

St. Paul last summer introduced several specialty insurance products for Internet and e-commerce risks.

One of those new products allows a customer to carve out personal and advertising injury from its CGL policy and then "redefine" those coverages along with media injury under a single media liability policy, Ms. Lovass said.

Much of the interest in Reliance National Insurance Co.'s specialty e-commerce coverages has come from "dot com" and e-commerce related companies, said Greg Gamble, a vp in Reliance National's excess and surplus division in New York.

Many larger risk management accounts that now are venturing into e-commerce are obtaining coverage at renewal time by negotiating for enhancements to their existing liability policies, Mr. Gamble said.

Reliance does not have specific exclusions in its CGL policies for Internet-related risks, a Reliance spokeswoman said. The insurer has always maintained, though, that its CGL policies do not provide coverage for such liabilities arising from Internet operations.

Reliance does not yet have the type of actuarial data for Internet-related coverages that it typically relies on to price most other risks it insures, Mr. Gamble said. So it underwrites the coverage by taking an approach similar to that which it uses in pricing professional liability policies. Just as professional liability coverages are underwritten on a custom, case-by-case basis, so are e-commerce coverages. An assessment of the individual client's computer network security is vital, he said.

A lack of actuarial data also means that insurers' prices for new policies could undergo rapid adjustments, as more is learned about potential claims and as underwriters change their assumptions, several insurers agree.

"The potential frequency and severity of claims is multiples of what it is in the brick-and-mortar world," said Ty R. Sagalow, American International Group Inc.'s executive director of electronic business corporate product development in New York. "That is why the rate-making exercise is fraught with danger."

AIG recently introduced a series of liability policies for companies that conduct business on the Internet or provide Internet-related products and services. A spokesman for AIG could not say whether it has restricted coverage under its liability policies.

Because price adjustments, either up or down from current levels, are likely as more is learned about possible claims, policyholders may want to obtain coverage from insurers that they already work with, Mr. Sagalow advised. That way, discussions over price adjustments likely will be smoother, he said.

Other insurers say they are adapting actuarial data from coverages for brick-and-mortar operations and then applying their best assumptions.

For years, insurers have dealt with intellectual property claims triggered under general liability policies, said St. Paul's Ms. Lovass. Certainly, the new media liabilities "are a step beyond" those claims, she said. Past experience, however, can provide an insight into factors such as defense costs, she said.

"So we have had some indications of the kinds of things one might expect to see under the media liability policy," she said.

Yet Ms. Lovass and other insurers admit that only the passage of time will reveal whether their current risk assumptions are correct.

To protect themselves, insurers say they are purchasing plenty of reinsurance and requiring potential policyholders to undergo thorough security evaluations of their computer systems.

EEOC

Continued from page 1

makes it impossible to obtain that goal," said John McGunkin, executive vp and general counsel for San Francisco-based Union Bank of California N.A., who is also chairman of the advocacy committee of the Washington-based American Corporate Counsel Assn.

Critics of the proposed rule say it extends beyond both the high court's *Oubre* decision as well as the legislation on which the court's decision was based—the 1967 Age Discrimination in Employment Act and 1990's Older Workers Benefit Protection Act, which amended it. Both laws are intended to protect workers age 40 and over from age bias.

Defenders of the EEOC's proposal say, however, that it merely fills in the blanks left by the Supreme Court decision. Some employer as well as plaintiff attorneys also say the proposed ruling will not have a dramatic effect, particularly if an employer's waiver agreement is properly written and executed.

When employers terminate large numbers of employees, such as through layoffs, they often ask workers to waive any legal rights they have to sue the employer in exchange for receiving additional compensation, such as enhanced severance or early retirement benefits.

In the *Oubre* case, the high court ruled 6-3 that Dolores Oubre was not required to first return the severance package she had received from New Orleans-based Entergy before filing an age discrimination lawsuit over her dismissal. The court's majority held that she was not required to waive her right to sue because the waiver she signed did not comply with OWBPA requirements. These include, among other things, giving the employee 21 days to sign the waiver before termination and a seven-day period to rescind the agreement after signing.

The proposed EEOC regulation, which was released by the agency last April but has been largely overlooked, would stipulate that if an employee charges his or her signature of a waiver agreement was not "knowing and voluntary," under the ADEA he is not required to return the funds before filing suit.

Among other things, the EEOC proposal also would bar employers from including in waivers a provision that would permit them to recover legal costs if sued by an employee. This ban would be applicable even if the employer ultimately prevails in litigation, say attorneys.

The EEOC, which is now studying comments it has received from the public in response to the proposal, expects to issue final regulations by this summer, said Carol Miaskoff, EEOC assistant legal counsel.

In addition to the American Corporate Counsel Assn., other organizations that have filed comments protesting the proposal include the Washington-based U.S. Chamber of Commerce and the Alexandria, Va.-based Society for Human Resource Management, which filed a joint letter; and the employer-backed Equal Employment Advisory Council in Washington.

Many employers and employer attorneys say they fear that if the proposal is approved as written, it will increase litigation brought by terminated workers.

"Unquestionably, the regulation

encourages individuals to bring lawsuits even if they settle their claim by accepting money in exchange for a waiver," said Donald Livingston, an employer attorney with Washington-based Akin, Gump, Strauss, Hauer & Feld in Washington and a former EEOC general counsel.

At the same time employers are being encouraged to go through mediation programs to avoid litigation, "We're now being told by the EEOC that the very document that would reflect the resolution of things outside of court is going to be open to continued dispute," said David Weinstein, a partner and head of the labor and employment group at Wildman, Harrold, Allen & Dixon in Chicago.

"Employment litigation is very emotional on both sides, the employer and the employee, and that's why I think most employers would like to reach a reasonable settlement and have everybody move on with their lives," said Union Bank's Mr. McGunkin.

Instead, however, this proposal

'We're now being told by the EEOC that the very document that would reflect the resolution of things outside of court is going to be open to continued dispute,' says David Weinstein.

"pours gasoline on the fire of a very emotional issue," he said.

"It's a second bite of the apple on behalf of the employee," added Mr. McGunkin, "and it's cold comfort to the employer to know that if you battle all through the litigation and the release is upheld, you're back where you started from after incurring substantial legal fees."

The EEOC's proposed rule essentially is saying that the employee's promise not to sue is illusory and hollow, said Mark E. Faber, assistant general counsel and chief litigator for employment law at Prudential Insurance Co. of America in Newark, N.J., speaking on behalf of the ACCA. "It basically permits the employee to go forward in court and challenge the release with impunity."

The proposal could lead employers to think twice about offering waivers that settle existing or potential disputes, say attorneys.

"It's just not good business to settle with your employees... if you're always going to be concerned they can always come around and challenge the release, keep what you give them and get more," said Mr. McGunkin.

The proposal "will make employers extremely reluctant to settle disputes with their employees short of full-scale litigation, and nobody benefits from full-scale litigation except the lawyers," he said.

Mr. Weinstein said that employers may decide that if they are going to be sued anyway, they "might as well not give the money" to terminated workers begin with.

"I think employers will be less generous in their severance packages because there's no longer any certainty" they will not be subsequently sued, agreed Steven Wall, an employer attorney with Morgan, Lewis & Brockius in Philadelphia.

The EEOC's Ms. Miaskoff defended the proposal. "We don't see it as encouraging litigation," she said. "We see it really as executing waivers that are in compliance with the OWBPA."

"Waivers have a real utility to employers," Ms. Miaskoff acknowledged. "Just as the large number of employees will under-

stand and fully appreciate the meaning of the waiver that they're signing, so too the waiver will retain significant value for the employer, I think."

Some attorneys also defend the EEOC proposal.

Both the Supreme Court and the EEOC are recognizing that "employees are inherently in an inferior bargaining position" because they have neither the employer's resources, nor the ability to raise a challenge if the employer "shoves something down the employee's throat," said L. Steven Platt, an attorney with Arnold & Kadjan in Chicago and president of the National Employment Lawyers Assn., an organization of attorneys who represent employees.

Some critics charge, however, that the regulation goes beyond the Supreme Court ruling as well as the ADEA legislation.

"In our view, the EEOC views the Supreme Court decision as an excuse to essentially write a proposal that has so many hurdles in it that it would effectively eliminate

the use of waivers by employers," said Randy Johnson, vp-labor and employee benefits at the Chamber of Commerce.

The *Oubre* decision held

that a waiver that does not comply with the OWBPA is not enforceable, according to Mr. Livingston, the attorney and former EEOC counsel. However, he contends, "This regulation has nothing to do with that issue."

Mr. Platt disagreed. The proposal "really fills in some of the blanks, but doesn't go contrary to what the Supreme Court decision already says," he noted.

Other attorneys, including some employer attorneys, say they do not expect the proposal, even if it is approved as written, to have a significant impact if employers already comply with the federal laws.

"I think employers have been complying with the Supreme Court decision since it came out, so I don't view it as having a dramatic impact," said Amy L. Bess, an employer attorney with Sonnenschein Nash & Rosenthal in Washington.

"We just advise our clients to be extremely careful" and to draft releases that comply with the "letter of the law," said Ms. Bess.

"These proposed regulations ought to be required reading for any risk manager or corporate counsel that's in charge of implementing any reduction in force," said Gerald L. Maatman Jr., a partner and chairman of the global employment law practice group at Baker & McKenzie in Chicago.

Ton Klein, an employer attorney with Orrick, Herington & Sutcliffe in San Francisco, noted that the EEOC proposal would narrowly apply only to age discrimination claims. Furthermore, "We just haven't seen a lot of litigation arising from the *Oubre* case. That leads me to believe this will not result in a flood of new litigation."

Only a very small number of employees ever bring suit anyway, according to plaintiff attorney Paul Mollica, with Meites, Mulder, Burger & Mollica in Chicago, who described employers' concern about the proposal's potential impact as more hypothetical than real.

"The bottom line is always this," according to Mr. Platt: "If an employer treats the person fairly, they're not going to be sued." **BI**

Updates

P/C growth seen improving

Continued from page 2

tions of a panel of Wall Street stock analysts and industry professionals. This year, the 12 panelists' average forecast projects a 2.9% growth in net premiums, which is a considerable increase over the average 1.8% increase projected for 1999. Increasing exposures brought about by economic growth, as well as signs that the commercial lines market is firming, were key factors in the forecast.

But the panelists also foresee a deterioration in the industry's combined ratio to 107.7%, a full percentage point worse than last year's 106.7% estimated combined ratio. The deterioration reflects mounting underwriting losses, the impact of natural catastrophes and soft market conditions in the personal automobile market.

Deragon settles SEC charges

HENDERSONVILLE, Tenn.—Jay T. Deragon, the former executive director of the Quality Insurance Congress, paid \$84,678 to settle a lawsuit filed by the Securities and Exchange Commission last November alleging that he provided insider information that led five other individuals to illegally profit from securities in Mid Ocean Ltd.

In the settlement, Mr. Deragon, of Hendersonville, Tenn., did not admit or deny any allegations made in the suit, which was filed in U.S. District Court in Nashville. Mr. Deragon, who did not purchase any of the securities, said he could not comment on the settlement under terms of the agreement.

The SEC alleged that, while employed as a consultant by Exel Ltd., which is now called XL Capital Ltd., Mr. Deragon became aware of merger negotiations between XL and Mid Ocean in March 1998 and informed another resident of Hendersonville, Richard G. Poole, that Mid Ocean would soon be taken over.

Mr. Poole then allegedly told Mark C. Chestnut of Goodlettsville, Tenn., that Mid Ocean was to be taken over and gave him \$20,000 with which to purchase call options in Mid Ocean. Mr. Chestnut bought the options on March 13. On March 16, it was announced that XL proposed to take over Mid Ocean, and the reinsurer's stock price increased. On that day, Mr. Chestnut sold the options, making a profit of \$84,678, which he later shared with Mr. Poole, the complaint alleges.

Mr. Poole also tipped off his father-in-law, Giles R. Krebs, and a stockbroker, Cristian K. Blackman, about the merger, the SEC complaint alleges. Mr. Blackman then informed a colleague about the merger, and the two stockbrokers advised several clients to buy Mid Ocean securities, the complaint says.

In addition to Mr. Deragon, Messrs. Poole, Chestnut and Krebs settled the SEC's suit without admitting any wrongdoing shortly after its filing in November. The two stockbrokers are challenging the SEC action.

Mr. Deragon, an insurance consultant, was the executive director of the QIC until its dissolution late last year (*BI*, Nov. 8, 1999). The QIC was formed in 1993 to improve quality in the insurance industry.

A.B. 435 proposal challenged

SACRAMENTO, Calif.—An initial draft of a statutory amendment that would address California employers' concerns over their reduced access to injured workers' medical records does not go far enough, an employer representative says.

California employers complain that, because of the state's new workers compensation medical records privacy act, A.B. 435, they no longer can obtain the medical files they need on injured workers. Without that information, employers say, they cannot audit their claims adjusters, and insurers will be handcuffed in helping injured employees return to work as soon as possible. The law became effective on Jan. 1 (*BI*, Jan. 31). It was sponsored by Assemblywoman Ellen M. Corbett, D-San Leandro. She also circulated the draft legislation last week.

Employer representative Lori Kammerer characterized the proposed amendment to the law as "moving in the right direction to work within the intent of A.B. 435, which is to prevent unlimited access to claimants' irrelevant medical information." The proposed language, however, still does not give employers sufficient access to information "to participate in the settlement of a claim," said Ms. Kammerer, who is managing director of Californians for Compensation Reform, a group that represents 5,000 insured and self-insured employers.

Assemblywoman Corbett said the draft represents just "a reflection of the discussions" that her staff has had with various groups in recent weeks and is only "a starting point." Ms. Corbett also reiterated her belief that the original law is being interpreted "very strictly and more than it should be."

Briefly noted

Following a review by the Securities and Exchange Commission, Hartford, Conn.-based **Aetna Inc.** said it will restate its 1999 net income, which will now be reduced by \$10 million for both the first and second quarters and increased by about \$30 million for the third quarter. The restatements relate primarily to the 1997 sale of its behavioral health business. Aetna has also agreed to make changes in its accounting for its Prudential HealthCare operation, but these are not projected to materially affect future results. . . . Santa Ana, Calif.-based **Pacificare Health Systems Inc.** last week completed its acquisition of Arlington, Texas-based Harris Methodist Health Plans from Texas Health Resources. . . . Louisville, Ky.-based **Humana Inc.** has elected Michael B. McCallister, 47, president and chief executive officer. Mr. McCallister, a 26-year Humana veteran, succeeds David A. Jones, who has served as interim CEO and continues as chairman of Humana. . . . **Armstrong World Industries Inc.** is taking a \$335.4 million pretax charge to create a reserve to cover costs from past and anticipated asbestos litigation, the company says. The charge is above an expected \$90 million in insurance coverage. The 1999 charge nearly wiped out the company's aftertax net earnings, cutting them down to \$14.3 million from \$226.7 million. In 1998, it took a charge of \$274.2 million for asbestos litigation.

Nichols

Continued from page 2

commissioners' annual private conference last weekend, Mr. Nichols said. He expects that the re-evaluation will culminate in commissioners signing a resolution of intent at the NAIC's next quarterly meeting, scheduled for March 11-15 in Chicago.

Mr. Nichols joined the NAIC in 1996, after he was appointed Kentucky Insurance Commissioner by Gov. Paul Patton, a Democrat who was re-elected last year to a second term.

Mr. Nichols' rise to prominence among regulators was propelled by his leadership in crafting and promptly articulating state insurance officials' increasingly pragmatic responses to efforts to reform federal financial services laws.

Those reform efforts came to fruition last year with the enactment of the Gramm-Leach-Bliley law, which broke down Depression-era barriers between banks, insurers and securities firms.

Mr. Nichols' efforts as chair of the NAIC's Special Committee on Financial Services Modernization included testifying at several congressional hearings in support of preserving functional state insurance regulation and state-based consumer protections.

Mr. Nichols rose rapidly through the NAIC's offices of secretary/treasurer and vice president before being elected in December 1999 as the organization's first African-American president in its 128-year history.

At 39, Mr. Nichols apparently is the organization's youngest president, too, though the NAIC could only tentatively confirm that observation, as it does not officially track such information.

As part of the NAIC's broad re-evaluation effort, state insurance commissioners are expected to consider:

- Pursuing regulatory re-engineering by adopting the Property and Casualty Model Rate and Policy Form Law and a companion regulation. These include provisions aimed at streamlining regulation of commercial lines.

- Developing uniform state standards for handling policy form and rate filings for certain, unspecified lines of insurance. This effort would include promoting electronic transmission of rate and form filings and developing a coordinated review process for products issued on a multistate basis.

- Supporting development of voluntary uniform national standards as a basis for market conduct examinations and enforce-

ment actions. Such standards could be reviewed by an independent third party, or an accreditation-like program.

- Implementing functional regulation and sharing of information with other regulatory authorities, in accordance with new NAIC confidentiality guidelines that will gradually be included in its accreditation standards.

- Adopting established rules to facilitate e-commerce transactions that protect consumers.

- Implementing a reciprocal company charter for insurers participating in the NAIC's Accelerated Licensure Evaluation and Review Techniques—or ALERT—program, which already allows insurers to file a uniform license application with multiple participating states.

Greater reciprocity among states could create the functional equivalent of a national charter while retaining the advantages of state regulation.

Although details of this proposal are still being discussed, one possibility is that individual states might be able to join together through an interstate compact to implement such a program, Mr. Nichols said.

With respect to the federal financial modernization law, state insurance commissioners are expected to review state laws and rules to streamline agent and insurer licensing and to re-evaluate the NAIC's financial analysis and examination process.

In addition, state insurance regulators are expected to review core principles of insurance regulation that emphasize regulators' key duties, including monitoring insurers for financial solvency, product review, and insurer and producer licensing.

Once the NAIC's agenda for the year is set, Mr. Nichols expects to chair several of the organization's subgroups, including its Executive Committee, Industry Liaison Committee and Consumer Participation Board of Trustees. He also will chair subgroups dealing with financial services modernization, internal administration and anti-fraud issues. With the help of staff members, Mr. Nichols also plans to participate as a member of about 22 other NAIC subgroups.

In addition to his ambitious NAIC agenda, Mr. Nichols said he hopes to accomplish some other goals.

One is to strike an appropriate balance between public policy and private-sector interests, he said.

A second, more personal goal, stems from the pride he takes in being the NAIC's first African-American president, he said. "I'd like to see more ethnic diversity in the insurance industry," and encourage more hiring of competent minorities, said Mr. Nichols. In

addition to his parents, civil rights leader Dr. Martin Luther King Jr. and former South African President Nelson Mandela are two of the people he most admires.

Mr. Nichols' rise to national importance as an insurance regulator is no surprise to those familiar with his background.

A native of Bowling Green, Ky., he grew up with four older sisters. Mr. Nichols said he primarily learned a sense of responsibility from his father, an electrical maintenance man, and developed his deep Baptist faith with the help of his mother, a domestic helper and factory worker.

He attended nearby universities, earning a bachelor's degree in sociology and economics from Western Kentucky University in Bowling Green, and a master's degree in labor studies from the University of Louisville.

Prior to his appointment as insurance commissioner, Mr. Nichols served in executive positions with several entities, including the Kentucky Health Policy Board, which oversaw the state's comprehensive health care reform law; Athena of North America Inc., a national electronic data interchange clearinghouse; Blue Cross & Blue Shield of Kentucky; and a state psychiatric hospital.

Gov. Patton appointed Mr. Nichols as insurance commissioner in April 1996 to oversee Kentucky's \$8 billion insurance industry.

As the sixth commissioner appointed during a five-year period that included some trouble and turmoil in the Kentucky market, Mr. Nichols said that he is confident that his record has helped re-establish the integrity and respectability of the office.

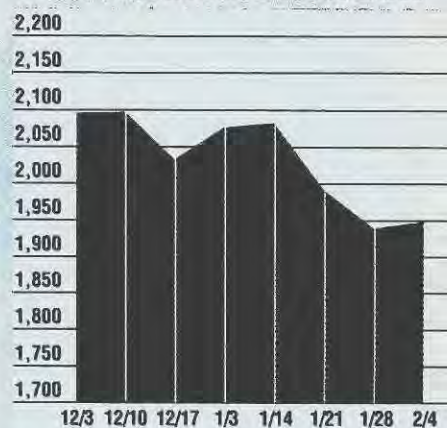
As commissioner, Mr. Nichols established two new units: one oversees consumer protection, and the other focuses on fighting fraud. In working with legislators, he helped to implement a new workers compensation law, to reduce state premium taxes for life insurers and to eliminate the state's annuities tax.

His current challenges include working to develop a competitive health insurance market and rewriting the state's insurance code.

Mr. Nichols' priorities for Kentucky lawmakers, who meet every two years for 60 days, include establishing a pool for high-risk individuals needing health insurance coverage, a strong law clarifying viatical insurance protection, implementing privacy protections, and streamlining producer requirements.

He and the former Cynthia Jean Stone, who have been married 15 years, live in Shelbyville, Ky. They have three children—two girls and a 6-year-old son who carries on a family tradition as George IV. **BI**

BI Insurance Index



Base=100 on Dec. 29, 1978

Source: CNET Investor (investor.cnet.com) Boulder, Colo.

PCS catastrophe options

As of Feb. 4	Call spread	Price bid/ask	Call spread	Price bid/ask
National Annual 2000				
60/80	5.0/—			
100/150	7.5/—			
150C	6.0/—			
190/195	0.3/0.5			
200/250	3.7/—			
California Annual 2000				
150/155	0.1/0.3			
Western Annual 2000				
150/155	0.2/0.4			
300/350	0.5/—			
Midwest June 2000				
10/20	0.8/3.3			
20/30	0.4/1.5			
Eastern September 2000				
40/60	1.5/—			
80/100	1.0/—			

Total volume: 0 Total open interest: 792

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.

Source: Chicago Board of Trade

British Issues

Companies	Price pence	P/E	Div. pence	Yield %	52-week high-low
Legal & Gen	135	17.7	3.6	2.6	237-135
Royal & Sun	384	14.1	23.0	5.7	633-351

Brokers

Lmbt.Fenchurch	142	14.0	4.2	3.0	145-58
JLT	256	11.6	12.0	4.7	286-166

Note: Prices are Feb. 4 closings; other numbers from Feb. 3.

Source: CNET Investor (investor.cnet.com) Boulder, Colo.

BI Industry Stock Report JAN. 31, 2000, THROUGH FEB. 4, 2000

BROKERS

BROKERS		Price	Weekly % change	Year to date % change	Year to date		
					High	Low	Vol.(000)
Aon Corp.	NYS	27.19	5.07	-32.03	46.69	22.75	4495
Clark Bards Holdings	NDQ	17.13	13.69	19.13	21.00	11.63	122
E.W. Blanch Holdings Inc.	NYS	49.50	2.86	-19.18	71.75	46.25	430
Gallagher Arthur J. & Co.	NYS	58.69	8.55	-9.36	64.88	44.06	279
Hibb, Rogal & Hamilton	NYS	27.56	-2.00	-2.43	29.13	15.56	64
Kaye Group Inc.	NDQ	8.50	7.94	1.49	9.56	5.00	18
Marsh & McLennan	NYS	96.69	0.72	1.05	104.75	59.19	5058
Brown & Brown	NYS	37.38	11.57	-2.45	40.63	29.31	108
BROKERS		AVERAGE	4.94	-5.15			

INSURERS/REINSURERS

ACE Ltd.	NYS	16.88	-6.25	1.12	35.25	15.19	4920
Accel International Corp.	NDQ	0.91	0.00	-9.40	3.00	0.50	2
Acceptance Insurance Cos.	NYS	3.44	-11.29	-40.22	18.00	3.38	435
AEGON N.V.	NYS	76.75	3.02	-19.63	109.13	69.63	834
Aetna Life & Casualty	NYS	56.00	4.67	0.34	99.88	46.50	4571
AFLAC Inc.	NYS	43.94	4.61	-6.89	56.75	37.50	5109
Allmerica Financial Corp.	NYS	48.88	4.13	-12.13	64.81	45.75	963
Allstate Corp.	NYS	23.25	1.92	-3.38	40.75	22.63	13027
Ambac Financial Group	NYS	47.19	-2.20	-9.58	63.00	25.06	1234
American Financial Group	NYS	21.06	-2.60	-20.14	38.38	20.25	421
American General	NYS	59.69	0.63	-21.33	82.19	56.13	4213
American Intl Group	NYS	100.75	-1.23	-6.82	114.50	78.31	14518
American Safety Insurance	NYS	6.94	-3.48	6.73	10.25	6.00	39
Argonaut Group	NDQ	18.88	4.86	-5.03	27.94	17.50	159
AXA-UAP Group	NYS	68.00	3.68	-4.23	73.63	53.75	526
Baldwin & Lyons Inc.	NDQ	19.34	1.14	-12.57	24.03	18.75	88
Berkley W.R. Corp.	NDQ	17.00	-3.20	-18.56	29.13	16.50	412
Berkshire Hathaway Inc.	NYS	51050.00	-2.39	-9.00	81100.00	50900.00	2
Capitol Transamerica Corp.	NAS	12.00	4.35	19.25	17.25	9.38	23
Chubb Corp.	NYS	57.25	4.33	1.66	76.38	44.00	2443
CIGNA Corp.	NYS	75.88	4.57	-5.82	98.63	63.44	3777
Cincinnati Financial Corp.	NYS	29.88	8.14	-6.27	42.50	27.38	1873
Citigroup	NYS	54.75	-2.45	-1.68	59.50	54.75	54244
CNA Financial Corp.	NYS	34.00	1.87	-12.68	45.31	32.88	346
CNA Surety	NYS	11.38	0.55	-12.50	15.56	9.75	96

		Price	Weekly % change	Year to date % change	Year to date		
					High	Low	Vol.(000)
EMC Insurance Group Inc.	NDQ	9.25	1.37	1.37	13.38	9.00	17
ESG Re Limited	NDQ	6.25	-5.66	-9.91	20.06	5.13	438
Enhance Financial Services	NYS	14.19	1.34	-12.69	26.03	13.50	952
Everest Reinsurance	NYS	24.94	-0.75	11.76	36.25	20.50	888
Fremont General Corp.	NYS	7.63	-3.94	3.39	21.75	4.69	759
Frontier Insurance Group	NYS	3.13	0.00	-9.09	17.25	2.38	832
Gaisco Inc.	NYS	6.00	-4.00	1.63	6.94	3.94	78
Harleysville Group	NDQ	13.19	8.76	-7.46	21.75	11.63	98
HSB Group Inc.	NYS	27.56	1.15	-18.48	42.25	26.56	451
HCC Insurance Holdings	NYS	13.44	-3.15	1.90	25.13	8.00	841
ING Groep N.V.	NYS	53.50	2.15	-12.30	63.94	21.00	692
IPC Holdings Ltd.	NDQ	11.75	-16.07	-21.01	22.50	11.75	188
Hartford Financial Services	NYS	41.88	12.23	-11.61	68.44	36.50	4762
LaSalle Re Holdings Ltd.	NYS	12.81	-2.38	-22.35	19.88	10.88	173
Lincoln National	NYS	36.19	1.05	-3.53	57.50	33.63	3416
MAIC Holdings Inc.	NYS	21.44	-5.77	1.18	32.06	19.88	178
Market Corp.	NYS	165.00	6.45	6.45	193.00	134.00	150
MBIA Insurance Group	NYS	47.88	-0.52	-9.35	71.88	45.00	1648
Meadowbrook Insur. Group	NYS	6.00	0.00	-8.57	17.13	4.75	39
MMI Cos. Inc.	NYS	8.88	-0.70	2.90	17.44	3.31	244
Mutual Risk Mgmt. Ltd.	NYS	16.50	1.93	-1.86	43.25	9.81	786
Navigators Group	NDQ	9.88	1.28	1.28	16.00	9.13	35
VYMagic Inc.	NYS	13.38	4.90	1.42	19.50	12.00	507
Ohio Casualty Corp.	NDQ	12.91	0.24	-19.65	21.00	12.50	1045
Old Republic Int'l	NYS	12.13	0.52	-11.01	20.69	11.56	1241
Partner Re Ltd.	NYS	30.81	4.89	-5.01	45.88	28.38	1769
Penn-America Group Inc.	NYS	8.06	8.40	4.03	11.44	6.63	12
PMA Capital Corporation	NDQ	16.94	5.45	-14.78	21.13	16.00	47
Philadelphia Cons. Holding	NDQ	15.06	4.78	3.88	25.50	10.81	211
PXRE Corp.	NYS	12.63	5.21	-2.88	22.00	9.94	180
Reliance Group Holdings	NYS	5.25	-9.68	-20.75	11.88	2.81	2705
ReliaStar Financial Corp.	NYS	33.50	12.61	-14.51	49.81	28.56	3072
RenaisanceRe Holdings Ltd.	NYS	39.56	2.10	-3.21	43.19	30.00	124
Risk Capital Holdings	NDQ	14.00	-7.44	10.39	22.00	11.00	122
RLI Corp.	NYS	31.94	0.20	-6.07	38.81	27.88	77

		Price	Weekly % change	Year to date %change	Year to date		
					High	Low	Vol.(000)
St. Paul Cos.	NYS	26.75	-10.83	-20.59	37.06	25.38	5845
SCOR	NYS	51.38	-0.24	16.10	58.56	42.94	
SAFECO Corp.	NDQ	23.94	-1.79	-3.77	46.75	21.81	2818
SCPIE Holdings Inc.	NYS	31.44	12.28	-2.14	36.06	23.69	NA
Seibels Bruce Group	NDQ	1.75	0.00	0.00	6.25	1.47	92
Selective Ins. Group	NDQ	15.44	3.35	-10.18	22.50	14.63	322
Terra Nova Ins Co. Ltd.	NYS	22.88	8.93	-23.75	32.63	20.50	727
Tokio Marine & Fire	NDQ	52.63	3.82	-10.99	67.00	50.00	124
Torchmark Corp.	NYS	23.06	0.27	-20.65	38.00	22.00	2985
Transatlantic Holdings	NYS	75.00	-1.48	-3.92	80.50	69.06	76
Travelers Property Casualty	NYS	34.94	-3.79	2.01	41.88	27.69	1104
Trenwick Group Inc.	NYS	13.75	-3.51	-18.82	32.88	13.75	140
Unico American Corp.	NDQ	7.25	3.57	3.57	13.13	6.38	67
United Fire & Casualty	NDQ	19.63	-1.88	-13.26	32.75	18.81	33
Unilin	NDQ	35.78	2.23	-4.90	42.38	30.50	419
UNUM Corp.	NYS	26.50	2.17	-17.35	59.50	25.63	3160
Vesta Insurance Co.	NYS	4.81	-3.75	24.19	8.00	3.38	176
XL Capital Ltd.	NYS	47.13	1.07	-9.16	55.38	47.13	3135
Zenith National Ins.	NYS	19.88	-1.24	-3.64	26.69	19.25	86
INSURERS/REINSURERS		AVERAGE	1.01	-6.65			

HEALTH MAINTENANCE ORGANIZATIONS

	Price	Weekly % change
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I heal the injured with my index finger.

Linda Ehlers, R.N.

LIBERTY MUTUAL TELEPHONIC NURSE CASE MANAGER



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AUTO



HOME



LIFE

// Every year, 3.5 million people are injured at work. That's where my job starts, making all the calls I can to get patients into the most appropriate doctors, or just helping them find alternate jobs they can perform while in recovery. I worked in a hospital for 27 years, so I know what it's like to need the help of another person. That's why I'll be there, on the other end of the phone, coordinating care, so these people can get their lives back on track. //



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INSURANCE *in* ACTION Report claims as early as possible; after two weeks, incidents can become up to 27% more expensive. Also, track reporting practices to identify areas in need of improvement.



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