

# Business Insurance

## Florida Insurance Department takes control of shuttered IEA

TALLAHASSEE, Fla.—The Florida Department of Insurance will oversee all operations of the dormant Insurance Exchange of the Americas after a state Circuit Court judge last week placed the exchange into receivership.

However, the order does "not necessarily" mark the official demise of the IEA, said Jerry Service, director of the department's division of rehabilitation and liquidation. Mr. Service will serve as special deputy, overseeing collection

*Continued on next page*

Reporting weekly for corporate risk, employee benefit and financial executives / \$1.75 a copy; \$68 a year

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## Federal workers not eager to join new pension plan

By JUDY GREENWALD

WASHINGTON—Only a tiny percentage of the federal employees expected to take advantage of a new retirement program that compares favorably with private sector retirement plans actually opted to do so.

The failure of the Federal Employees Retirement System to attract more participants is attributed to a combination of factors, including employee confusion about the comparative benefits of the previous retirement system and the new FERS, apathy and employee suspicions about the government's motives in offering the new plan.

Some observers also believe the government did an inadequate job of communicating the benefits of the program, which went into effect last April.

FERS has two main elements, a pared-down defined benefit plan and a 401(k)-type thrift plan (*BI*, Jan. 5, 1987).

Federal employees hired since Dec. 31, 1983, are automatically covered by the plan, which supplements the Social Security benefits that are being offered to federal employees for the first time. Previously, government retirees received a civil service pension.

Employees hired before 1984 were given between July 1 and Dec. 31 to switch from the Civil Service Retirement System to FERS. However, only about 1.5% of the 2.1 million to 2.2 million eligible employees elected to do so, although projections of participation had ranged as high as 50%.

To date, a total of about 640,000 federal employees are covered by the new FERS plan.

The FERS plan's complexity and the difficulty of comparing it with the existing plan are blamed for the low participation.

*Continued on page 47*

## Weavers shuffles slip in wake of M&M memo

By STACY SHAPIRO and CAROLYN ALDRED

LONDON—H.S. Weavers (Underwriting) Agencies Ltd.—London's leading U.S. liability insurance underwriting agency—is making major changes in its line slip after Marsh & McLennan Cos. Inc. raised concerns about the discounting of loss reserves by five of the eight insurers on the slip.

The changes, which include the removal from the slip of London-based insurance companies Ludgate Insurance Co. and Louisville Insurance Co. Ltd., were announced late last month.

The slip changes were made after M&M had sent two letters to its account executives discussing the discounting of loss reserves by the insurers.

Last week, Weavers Managing Director Peter Wilson confirmed to *Business Insurance* that the changes on the slip were instigated partly because of the concern voiced by M&M in its letters, which brokers say caused a furor among London brokers and U.S. clients.

"There is no doubt that Marsh & McLennan have put forward views about (participants') capitalization which we have taken note of," Mr. Wilson said.

However, in a letter Mr. Wilson sent to London brokers last week, he said M&M's original letter gave a "very unbalanced and also misleading view."

Some London brokers agree that M&M's first letter may have been misleading, but they point out that the result is a stronger Weavers slip.

Under Weavers' slip, the participating insurers take a fixed percentage of every policy issued by Weavers.

The changes to the slip take effect for all new and renewal business starting after Jan. 1, 1988, and were announced "shortly before Christmas," Mr. Wilson said.

Significant changes for 1988 in the composition of Weavers' line slip, which had increased to eight insurers during 1987, include removing from the slip:

- Ludgate Insurance Co. in London, a subsidiary of Multi-Hospital Mutual Insurance Ltd. in Bermuda, which is owned by Chicago Multi-Hospital Services. Ludgate assumed 3.58% of each risk insured by Weavers as of April 14, 1987.

- Louisville Insurance Co. Ltd. in London, owned by Humana Corp. of Louisville, Ky., wrote 3.74% of each risk.

Both Ludgate and Louisville have less than 10 million pounds (\$18.3 million) in surplus, Mr. Wilson said.

"We need to have on our stamp companies with at least 10 million pounds of paid-up capital, as a lot of brokers and clients these days are looking for security of at least that much," Mr. Wilson told *BI*, explaining why the two companies had been removed from the slip.

Other changes on the slip are:

- Kraft Insurance Co. Ltd. in London, a subsidiary of Glenview, Ill.-based Kraft Inc., which wrote 8.77% of each risk as of April, will now write 5% of each risk. Kraft has about 12 million pounds (\$22 million) in capital and surplus, Mr. Wilson said.

- El Paso Insurance Co. in London, owned by Weavers' parent London United Investments P.L.C., which wrote 6.5% of each risk as of April, will now write 5.5% of each risk. El Paso has about 10 million pounds of capital and surplus, Mr. Wilson said.

- The two main insurers on Weavers' line slip will increase their participation on each risk: Walbrook Insurance Co. Ltd. will write 41.9% of each risk instead of 36.14% as of last April.

*Continued on page 54*

## Captives at risk for Pittsburgh oil spill

By DEBORAH SHALOWITZ

PITTSBURGH—Ashland Oil Co. has liability insurance limits of \$400 million to cover damages and cleanup costs following a Jan. 2 oil spill into the Monongahela River.

The oil company, which has a \$2.5 million liability insurance deductible, says it will pay all cleanup costs and damages resulting from the spill of more than 1 million gallons of diesel fuel oil into the river upstream from Pittsburgh when an Ashland storage tank ruptured.

Ashland said its \$400 million of insurance "is expected to cover any liabilities," which have yet to be determined.

The first \$150 million of Ashland's liability insurance is written by Oil Insurance Ltd., an Ashland spokesman said. OIL is a long-established Bermuda-based group captive with 49 members that writes property, well control and pollution liability insurance for oil companies.

While Ashland has a \$2.5 million deductible, according to the company, OIL deductibles range from \$1 million per occurrence to greater than \$20 million per occurrence, according to Ronald Massey, senior vp of OIL.

An excess-limits endorsement with OIL pro-

vides Ashland with another \$150 million in limits.

Ashland buys another \$100 million in limits excess of \$300 million from OIL Casualty Insurance Co. Ltd., a sister company to OIL also based in Bermuda, the Ashland spokesman said.

OIL has reinsurance for a loss exceeding \$200 million, placed by London-based Price Forbes Ltd., a unit of Sedgwick Group P.L.C., according to sources in London.

The reinsurance is placed with London-based and U.S. insurers and Lloyd's of London syndicates.

Although it is possible that Ashland's policy contains an exclusion for third-party business interruption losses, it is unlikely because OIL's policies are designed to be as broad as possible, sources agree.

Ashland owns its own captive insurance agency, United Service Agency, in Lexington, Ky. An agency spokesman confirmed that the agency places all insurance for Ashland.

It is too early to estimate total damage from the accident, say Ashland officials, government officials and oil insurance experts.

*Continued on page 53*



Photo: AP/Wide World

Pollution control workers remove oil from the Monongahela River in Pittsburgh.

**Spotlight on workers compensation . . . Page 3**

Directory of safety consultants . . . Page 24

## Update

## Florida officials to oversee IEA

Continued from previous page

of debts and other affairs of the exchange until a permanent deputy is appointed by Florida Insurance Commissioner Bill Gunter.

The market has written no business since early 1987 and most broker members have not renewed their memberships (*BI*, Nov. 2, 1987; Feb. 16, 1987).

Under Leon County Judge William L. Gary's order, the Insurance Department has the authority to seek payment of premiums or other amounts due to the exchange or member syndicates.

The order calls for all member brokers, syndicates, reinsurance brokers, underwriting management agencies, subscribers or "any affiliated entity" to pay any amounts owed the IEA or syndicates at the request of the department.

Mr. Service explained that the order will allow insurance department officials to demand books and records from brokers and others involved with the IEA so the department can determine what funds are due to those syndicates and eight others not in rehabilitation.

"It certainly looks on the books like there is still a substantial amount of premium to be booked," Mr. Service said.

The department has had problems collecting amounts owed to seven syndicates that were forced into rehabilitation after the exchange closed nearly a year ago, according to Mr. Service.

## Robins accepts bid from Sanofi

RICHMOND, Va.—A.H. Robins will seek court approval at a hearing on Thursday to sign a merger agreement with French pharmaceutical manufacturer Sanofi.

On Jan. 6, Robins filed an amended reorganization plan in U.S. District Court in Richmond, Va., that incorporates the Sanofi merger proposal, which the Robins board had approved Jan. 5.

However, the proposal is being met with staunch criticism from groups representing Robins' outside shareholders and thousands of Dalkon Shield claimants. Both groups—whose votes are needed to solidify any merger proposal as part of the approval process for Robins reorganization—say they expect Sanofi, Rorer Group Inc. of Fort Washington, Pa., and American Home Products Corp. of New York will sweeten their offers for Robins.

But, a spokesman from Robins said the company is not negotiating with Rorer or Home Products.

Under the proposal, the French firm would pay \$600 million for 58% of Robins' stock and would set up a \$2.5 billion trust fund to compensate victims who were allegedly injured by Robins' Dalkon Shield intrauterine device. The trust would be funded with an initial cash payment by Robins of \$100 million and a letter of credit of \$2.4 billion guaranteed by Sanofi.

The group representing Dalkon Shield claimants opposes the Sanofi proposal because it pays stockholders immediately, but stretches payments to claimants over more than four years. Under terms of the proposal, no more than 50% of the trust fund could be distributed in the first two years and no more than 80% of the trust fund could be distributed in the first four years.

## Wausau settles D&amp;O claim

SAN FRANCISCO—Employers Insurance of Wausau will pay Bank of America more than \$47 million to settle a directors and officers liability claim arising from alleged fraudulent actions by the bank holding company's directors in 1985.

Under the settlement, Wausau will pay Bank of America \$39.3 million to settle several 2½-year-old derivative shareholders' suits arising from losses triggered by directors' involvement in an allegedly fraudulent mortgage-backed securities program (*BI*, March 11, 1985).

The Wausau, Wis.-based unit of Nationwide Mutual Insurance Co. also will pay the bank \$8.2 million as a result of a \$95 million pretax charge related to the mortgage-backed securities.

In addition, Bank of America and Wausau will pay a collective sum of \$21.1 million to certain shareholders in a separate class action suit. Neither party would say what portion it will pay.

Wausau in 1985 canceled Bank of America's \$80 million D&O policy. Since then, the bank has insured its D&O liabilities with its Cayman Islands captive, B.A. Insurance (Cayman) Ltd., a bank spokesman said (*BI*, April 29, 1985). He would not disclose details of the coverage.

The directors still face criminal charges, the spokesman said.

## Baby formula makers face suit

CHICAGO—A class action lawsuit filed last week in Chicago seeks at least \$1.5 billion in punitive damages from the developers and manufacturers of an infant formula that allegedly caused brain injuries in infants.

The suit, filed in Cook County Circuit Court, seeks at least \$300 million in punitive damages for each of five allegations against Palo Alto, Calif.-based Syntex Corp., its Syntex Laboratories Inc. subsidiary and St. Louis-based Pet Inc., a subsidiary of IC Industries Inc. of Chicago, which were the developers and manufacturers of Neo Mull Soy, an infant formula recalled in 1979.

The lawsuit also seeks other unspecified damages from the manufacturers for allegedly causing an infant's brain injuries by not including salt in the formula.

The lawsuit was filed on behalf of an Austin, Texas, child and his parents, but plaintiffs' attorneys anticipate other plaintiffs may join the case.

In 1985, a Cook County jury held that two Syntex companies, including Syntex Laboratories, must pay two boys injured by the formula a total of \$22 million in punitive damages and \$5 million in compensatory damages (*BI*, March 18, 1985). However, a judge later reduced the punitive damage award to \$3 million. That case is now pending before the Illinois Appellate Court.

Continued on page 53

## Firestone is self-insured for \$3.9 million judgment

By MARK A. HOFMANN

SALINAS, Calif.—The Firestone Tire & Rubber Co. is self-insured for a tentative \$3.9 million judgment in a case involving well contamination from toxins at a municipal landfill.

After 64 days of testimony, California Superior Court Judge Robert O'Farrell awarded four plaintiffs more than \$1.3 million in compensatory damages and \$2.6 million in punitive damages—the largest per-capita punitive damage award for a groundwater pollution incident, according to the plaintiffs' attorney.

In August 1986, a \$7.5 million punitive damages judgment against Velsicol Chemical Corp. was divided among 125 members in a class action suit seeking damages for injuries caused by exposure to a Tennessee dump site where the company stored chemical wastes (*BI*, Sept. 8, 1986).

In addition, \$5.2 million in compensatory damages were awarded to the five plaintiffs that brought the suit. That case is under appeal.

The award against Firestone is tentative because it was decided by a judge rather than a jury. Both sides have 10 days after receiving notice of the Dec. 31 decision to submit objections that the judge may take into account in writing his final decision.

If the decision against Firestone stands, it may be only the second case—the first being the Velsicol case—in which a judge has held a defendant strictly liable for non-economic damages from a groundwater pollution incident, according to plaintiff's attorney Gordon

A. Stemple, with the Century City, Calif., law firm of Stemple & Boyajian.

The case also is significant because compensatory damages were awarded for fear of life-threatening diseases other than cancer and for lifetime medical monitoring of the plaintiffs, Mr. Stemple said. Usually, such awards have been limited to fear of cancer, he said.

Each plaintiff was awarded \$200,000 to compensate for fear of life-threatening diseases and sums ranging from \$25,800 to \$46,225—depending on each plaintiff's life expectancy—to cover periodic medical monitoring.

"I think it's very significant the judge is talking about fear of serious illness," Mr. Stemple said. "These toxins don't just cause cancer. This broadens the spectrum of medical monitoring."

Other compensatory damages included amounts ranging from \$16,800 to \$135,000 per plaintiff for psychological damage.

The judge made additional awards between \$20,000 to \$38,000 per plaintiff to compensate for "general disruption of their lives." Among the factors the judge cited as examples of disruption were the invasion of the plaintiffs' privacy "by an array of agencies involved in water and soil testing," the need to bring in bottled water and the fact that the plaintiffs had to shower at the homes of friends and relatives.

Judge O'Farrell's decision came in a suit filed against Firestone and two other defendants in 1985 by two families that lived next to the Crazy Horse landfill.

Continued on page 46

## IEA syndicates sue broker, charge premiums missing

By DEBORAH SHALOWITZ

CHICAGO—Three syndicates on the shuttered Insurance Exchange of the Americas are suing a bankrupt Illinois broker for allegedly withholding almost \$600,000 of insurance premiums collected on their behalf.

The syndicates claim that the broker, Chicago-based Lodderhose Inc., had a fiduciary responsibility under Illinois law and insurance regulations to hold the premium funds in a trust account for the underwriters, said William Schaller, an attorney with Baker & McKenzie in Chicago.

Lodderhose earlier had cashed the premium checks, which it had received from another Illinois-based producer, but only about \$8,000 was in a trust account specifically maintained for the IEA syndicate premiums at the time of the bankruptcy filing, according to a deposition by a Lodderhose bookkeeper.

"That money's just inexplicably gone," Mr. Schaller said.

In addition, the Illinois Department of Insurance is launching an investigation of Lodderhose, a surplus lines and reinsurance broker licensed as a producer and surplus lines broker at the time in Illinois.

Lodderhose filed for bankruptcy immediately after the syndicates filed their lawsuit in late October.

The IEA syndicates suing the broker are B.G.H. Syndicate Inc.; First Inter-Continent Insurance Syndicate Inc.; and Miami Savings Insurance Syndicate Inc., which has since been split into two syndicates—Pacific

Insurance Syndicate Inc. and American Royal Syndicate Inc.

The three syndicates are among the largest of the IEA syndicates not in rehabilitation. B.G.H. Syndicate was the third-largest IEA syndicate based on 1986 gross premium volume of \$23.5 million, and First Inter-Continent ranked sixth with \$17.7 million in gross premiums. Pacific Insurance Syndicate was fifth-largest with \$18.5 million in gross premiums in 1986, and American Royal had gross premiums of \$4.6 million (*BI*, Aug. 31, 1987).

The syndicates are managed by IEA underwriting manager Global Underwriting Management Inc., which also is a plaintiff in the suit.

"The whole situation stems from what is in our opinion a blatant violation of Illinois law and regulations," Mr. Schaller asserted.

Under Insurance Department regulation 3113.40, if a licensed insurance producer holds premiums for 15 days or more before remitting them to the insurer, he must establish and maintain a premium fund trust account, the syndicates' attorneys said in a court brief.

Chapter 73, section 1065.55-1, of the Illinois Insurance Code says "any money which an insurance producer... (or) representative receives for soliciting (or) negotiating... policies of insurance shall be held in a fiduciary capacity, and shall not be misappropriated, converted or improperly withheld," the brief said, quoting from the statute.

"The statute and regulations couldn't be clearer,"

Continued on page 52

## Inside

✓ Risk managers' biggest trouble-shooting assignment, and the one with the most potential for management rejection and the least potential for immediate reward, is looking for trouble that could cause long-latent occupational diseases, says this week's editorial. **PAGE 8**

✓ In Perspectives Ronald L. Pearson, a toxicologist and industrial hygienist with Delta Environmental Consultants Inc., explains health risk assessments, which assess the health risk of humans exposed to pollutants. **PAGE 31**

✓ In Ask a Benefit Manager, Joseph W. Duva, director of employee benefits at Allied-Signal Inc. in Morristown, N.J., continues his discussion of managed health care with a look at PPOs. **PAGE 32**

✓ The tax status of workers compensation self-insurance pools remains unsettled after a provision to limit the IRS's ability to collect back taxes, penalties and interest was stripped from the budget-reconciliation bill. **PAGE 46**

✓ Forum Reinsurance Co. Ltd. is the new owner of Trenwick Reinsurance Co. Ltd., the Bermuda subsidiary of the Trenwick Group Inc. **PAGE 48**

✓ A state judge has ordered two New York Insurance

Exchange syndicates liquidated, signaling the failure of efforts to consolidate the runoff of several insolvent exchange underwriting members. **PAGE 49**

## Departments

Around the states	49
Ask a risk manager	32
Benefit beat	47
Bermuda briefs	48
Classifieds	51
Comings & goings: industry	52
Datebook	53
Insurance services guide	54
Legal briefs	32
Letters	8
London	51
Opinions	8
Perspectives	31
Spotlight report	3
Ticker	55

Vol.22, No.2—Business Insurance (ISSN 0007-6864) is published weekly at 740 N. Rush St., Chicago, Ill. 60611-2590. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to Business Insurance, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207; 800-992-9970 or 313-446-1611. Copyright 1988 by Crain Communications Inc.

# Occupational disease

## Claims under workers comp to grow

By MEG FLETCHER

Occupational disease claims now are only a fraction of all workers compensation claims, but they are expected to increase.

Triggering the greater reporting of claims is the growing education of employees and their health care providers about a possible connection between workers' ailments and workplace products and processes.

More occupational disease claims could increase the costs of workers compensation, depending on the severity of claims filed, and, as a result, may provide more of a financial incentive to prevent occupational diseases, particularly those with long latency periods.

However, it is hard to predict future trends because experts and record keeping organizations disagree on the definition of occupational diseases and how to tabulate them.

In addition, future claim trends are likely to be affected by such hard-to-predict factors as new technologies and the outcome of occupational disease claims brought outside the work comp system.

Occupational disease cases accounted for 2% of all work comp claims in 1979, dropping to 1.5% in 1981 and 0.9% in 1984, according to a study by the National Council on Compensation Insurance.

"Indications are that the 1985 number will fall even further," David Durbin, an NCCI research economist, reported recently.

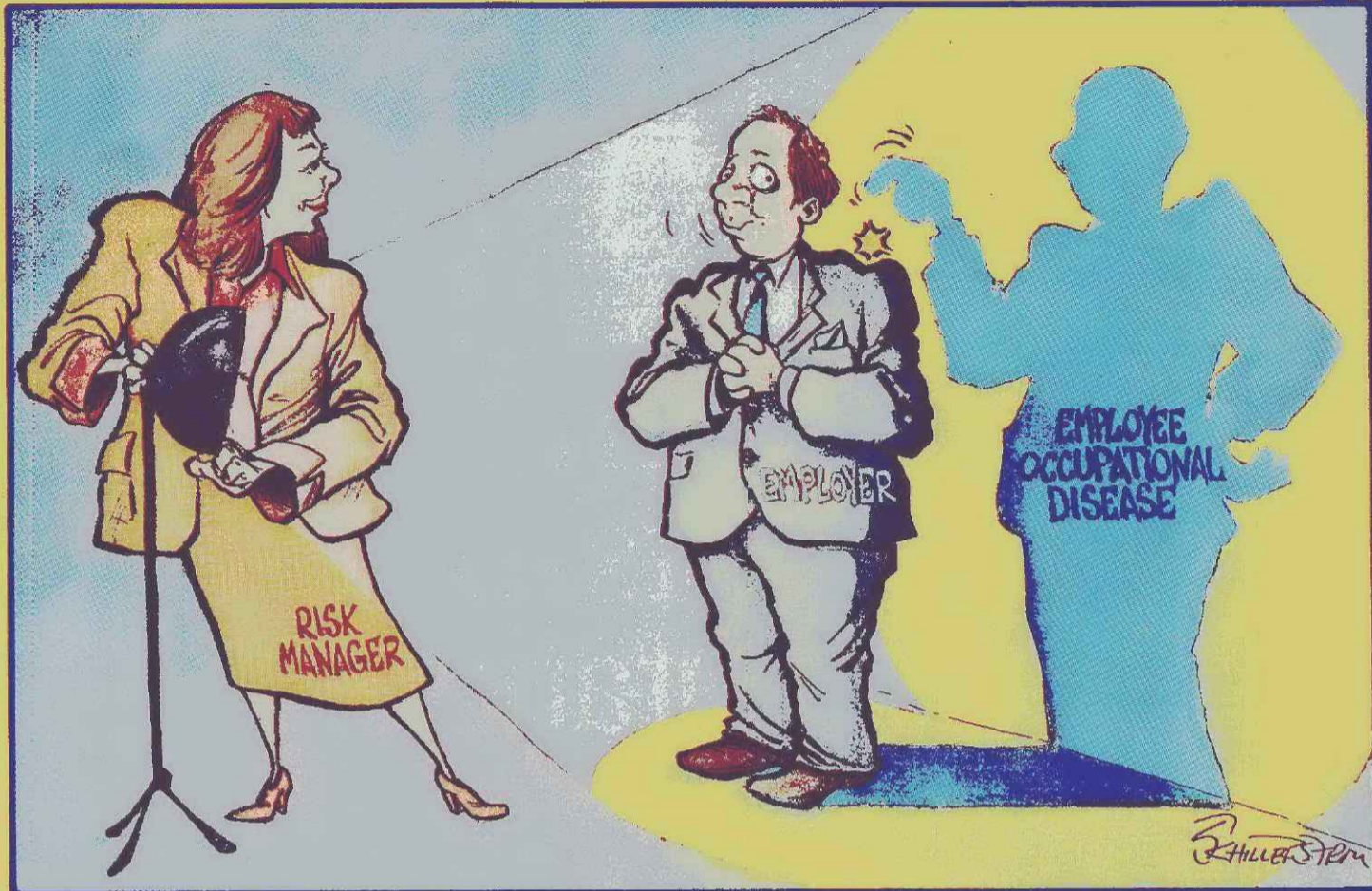
This downward trend is caused in part by a "precipitous" drop in the number of black lung cases, from 28.5% of work comp occupational disease claims in 1979 to 1.7% in 1984, according to Mr. Durbin. And, he added, the trend persists despite a rise in asbestosis claims, to 15.4% of occupational disease workers compensation claims in 1984 from 1.8% in 1979.

Black lung claims are the most expensive of any occupational disease—averaging \$41,289 per claim in 1984—compared with asbestosis claims, which averaged an estimated \$6,502 per claim in 1984.

NCCI data shows that average total benefits paid for all occupational diseases dropped to \$14,830 per claim in 1984 from \$41,945 per claim in 1979, primarily due to the drop in black lung claims.

However, if black lung claims are excluded, the average costs of the remaining occupational disease

*Continued on next page*



## Limiting workplace diseases a difficult job

By MARK A. HOFMANN

Controlling occupational diseases is a complicated and frustrating process, and it is getting tougher, occupational disease experts say.

Researchers are identifying more and more chemicals used in manufacturing as carcinogens.

In addition, the long latency of some occupational diseases and the uncertainty of whether the diseases are caused strictly by working conditions or in combination with workers' lifestyles makes controlling their exposures more difficult than preventing accidents in the workplace, experts say.

Researchers also are determining that other maladies not previously considered occupational diseases are indeed work-related.

And, aside from employees' physiological disorders, researchers have determined that high stress levels among employees also can cost employers.

But occupational diseases can be minimized if management makes a

commitment to prevention, experts say.

However, employers can unwittingly increase occupational disease exposure. For example, changing a single ingredient in a complex product can increase occupational disease exposures, said Rodger L. Tatken, chief of the information retrieval and analysis section at the National Institute of Occupational Safety and Health's Technical Information Branch in Cincinnati.

"By changing the ingredient list of a product, you may not change its efficacy or cost, but you may change its degree of potential hazard. Tests take a long time, and they are not cheap," Mr. Tatken said.

A standard long-term chronic cancer test using rodents can take five years to complete, Mr. Tatken explained. Just designing the experiment can take a year, the exposure required is two years, and the pathology may take another two years, he said.

Add possible delays caused by animal rights concerns and the process

can take more than half a decade, he added.

About 90,000 substances are currently on NIOSH's Registry of Toxic Effects of Chemical Substances (see story, page 18).

But the number of possible hazardous substances combined with the time and money required to carry out toxicity tests makes it impossible for any agency to evaluate every chemical substance, Mr. Tatken said.

Another major problem in controlling occupational diseases is that many possibly work-related diseases, notably cancers, have long latency periods, explained Jaswant Singh, senior vp and technical director of Clayton Environmental Consultants, a Novi, Mich.-based subsidiary of Marsh & McLennan Cos. Inc.

Therefore, "work comp claims based on occupational disease have always been underreported" until recently, when the diseases have manifested, he said.

*Continued on page 7*

### Bypassing workers comp

More and more employees are using the tort system—in addition to the workers compensation system—to seek compensation for occupational diseases, observers say. And, in some cases, workers are bypassing the workers compensation system entirely, opting instead to sue the manufacturer of a substance that allegedly induced an occupational disease. **PAGE 19**

### Worker education programs

Risk managers can expect the new federal worker right-to-know regulation to pre-empt conflicting state and local worker right-to-know laws, legal experts say. This will make compliance easier for companies that operate in more than one state. **PAGE 17** High-risk occupational disease notification legislation, once on a fast track in Congress, now appears stalled. **PAGE 16**

### Occupational disease info

The nation's official repository of information on occupational diseases is maintained in the branch office of a sub-sub-Cabinet level federal agency. From this unprepossessing location, the National Institute of Occupational Safety and Health provides risk managers and safety officials with two on-line data bases, a toll-free telephone number and periodic reports and bulletins. **PAGE 18**

## Disease claims

Continued from previous page  
cases have risen an estimated 34% between 1979 and 1984, rising to \$14,266 per claim from \$10,659, Mr. Durbin said. He notes that the rate of increase is less than the increase in general price levels. For example, the Consumer Price Index increased 42.9% for the period 1979 to 1984 and the medical care component of the CPI rose 58.1% over the same period.

The NCCI statistics are based on a study of claims reported by workers compensation insurers in 15 states writing about 40% of all workers compensation insurance premiums.

However, there is little agreement about the actual number of work-related illnesses, according to a recently released report by the federal National Research Council, titled "Counting Illnesses and Injuries in the Workplace: Proposals

for a Better System."

For example, Mr. Durbin pointed to U.S. Department of Labor estimates that there were 125,600 cases of occupational illnesses reported in 1985, which is about the same as the previous year. Of the 2.5 million lost workday cases in 1985, only 50,000 or 2% were due to diseases, according to Mr. Durbin. And, Department of Labor data says that of the 45 million days lost that year, only 5% of them were due to occupational diseases, he said.

Yet, the National Research Council cites an earlier study finding that 12% of the 15 million individuals considered disabled by the Social Security administration believed that their illnesses were caused by their job.

And, other federal officials have said—in a much quoted and much disputed estimate—that 100,000 workers will die and 390,000 will become disabled each year from

exposure to hazardous substances and processes in the workplace, the NRC report said.

"For most of the occupational illnesses, there is little doubt that serious underreporting exists," the report concluded.

Obstacles to obtaining an accurate estimate of occurrences of occupational disease include a long latency period, multiple causes of the disease, lack of recognition by physicians and a problem in linking the disease to an occupational exposure, the NRC report said.

In addition, employers that don't want the liability won't report occupational diseases, the report said. And employees, who may fear that their work comp claim will be contested, may prefer to file for medical benefits under a group health plan. In addition, an employee with an occupational disease may fear being stigmatized, which could prevent future employment, the report says.

Obtaining accurate statistics on occupational diseases is also difficult because occupational disease is a nebulous term, said J.T. Noblin, executive director of the International Assn. of Industrial Accident Boards and Commissions in Jackson, Miss.

Often a researcher can't retrieve cases by the category of occupational disease and must look at the physiology of the ailment, he said. But even then, there is disagreement. For example, some consider hearing loss to be an occupational disease, while others call it a cumulative trauma, Mr. Noblin said.

The definition of occupational disease offered in a recent Insurance Information Institute monograph on the topic by James W. Newman Jr., vp for state government affairs for CIGNA Corp. in Philadelphia, was: "Occupational disease is the illness or abnormal condition or disorder that results from exposure to environmental

factors associated with employment. Included are acute and chronic illnesses caused by inhalation, absorption, ingestion or direct contact with toxic substances or harmful agents."

"Occupational disease is not a new phenomenon," Mr. Newman said. Hippocrates, the Greek physician and father of medicine, in the fifth century B.C. urged physicians to consider a person's work when diagnosing his ailments, Mr. Newman related. In fact, Hippocrates spoke of a metal digger who "breathes with difficulty." The worker probably suffered from silicosis, a disease that continues to affect some people who work with types of rocks that release silica when crushed. The silica scars the lungs and leads to shortness of breath and a susceptibility to tuberculosis, Mr. Newman said.

Assessing the number of occupational disease claims also is difficult because the claims frequency is changing.

The NCCI report shows that the frequency of some occupational disease claims in 1984 increased from 1979. For example, respiratory disorders accounted for 18.5% of all workers compensation occupational disease claims in 1984, up from 18.2% in 1979; mental disorders, 10.7% from 5.5%; silicosis, 9.1% from 2.2%; metal-related poisoning, 7.4% from 1.1%; dust disease 6.5% from 3.2%; chemical-related poisoning, 3.7% from 3.2%; cancer, 0.83% from 0.78%.

Meanwhile, the frequency of some claims decreased during the same period: dermatitis, down to 14.3% from 18.9%; contagious diseases, 2.4% from 4%; loss of hearing, 1.2% from 3.3%; and all other occupational diseases, 8.3% from 9.3%.

And, workers compensation represents only a small fraction of the benefits workers with occupational diseases are receiving, experts say.

"The evidence is still pretty striking that workers compensation doesn't pay much in the way of occupational disease claims," said Peter S. Barth, a workers comp expert who teaches at the University of Connecticut in Storrs. However, he added, "states are probably picking up a larger proportion than they once did."

A study by William G. Johnson and Edward Heler of Syracuse University in Syracuse, N.Y., of 682 insulation workers who died between 1967 and 1979 found that only about one-quarter of the compensation received by asbestos disease victims and their families was supplied by workers compensation (BI, April 18, 1983).

Despite the millions of dollars that asbestos companies and their insurers have paid to asbestosis victims through jury awards and settlements, the study found that the Social Security system provided the largest share of the compensation paid to asbestos victims: 29.3%. In addition, private pensions provided 23.6%, tort awards and settlements, 15.9% and veterans' benefits, 3.3%.

The study's authors call their findings a "serious" indictment of the workers compensation system.

A major reason why occupational disease victims don't file workers compensation benefit claims is because they aren't aware that they are eligible for benefits, said Mr. Barth, who co-authored a book titled, "Workers Compensation and Work-Related Illnesses and Diseases."

And, those that do become aware of the potential for recovery under workers compensation sometimes face barriers to filing work comp claims including claims-filing deadlines that don't acknowledge the latency period of some occupational diseases.

To recover under workers compensation, claimants must show

Continued on page 6

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**Spotlight report****Disease claims***Continued from page 4*

that the disability occurred due to a disease arising out of and in the course of employment, Mr. Barth emphasized.

However, one of the fundamental difficulties of assessing occupational disease is that often there is a long latency period between exposure to a substance and the onset of the disease. These long latency periods make it difficult to separate lifestyle effects—like the impact of an individual's smoking—from occupation-related exposures, Mr. Durbin said.

In addition, "as a result of the frequently long time-lag between the exposure and the manifestation of illness, workers compensation claims sometimes have been barred by statutes of limitation which begin to run at the time of exposure," Mr. Durbin said.

Other difficulties in collecting workers comp benefits for occupational diseases include narrow schedules of covered diseases and limits on benefits for certain types of diseases, said Mr. Barth.

"There are also difficulties in determining at what point in an employee's work history the illness was contracted and hence who should be responsible for the payment of benefits. This problem is compounded if previous employers or their insurers are no longer in business," Mr. Durbin said.

"Moreover, there has often been controversy as to whether benefits should be paid at the levels in effect at the time of exposure or at the higher levels in effect when the disease becomes manifest," Mr. Durbin said.

Mr. Barth, however, noted that in the past 10 to 20 years, "The states have really improved a great deal in their willingness to compensate individuals."

For example, New York passed legislation in 1986 that amended the statute of limitations for toxic substance cases. That changed the time when the compensability clock begins running from exposure to discovery, Mr. Durbin said.

Many claimants who learn they have an occupational disease avoid the workers comp system, although it is designed to be the exclusive remedy for workplace ills.

Instead of seeking medical costs and compensation for lost wages through the comp system, they seek awards from the tort system. This is typically done by suing a third party like the manufacturer of a product or process that the worker considers responsible for his ailment (see story page 19).

Workers are attracted to the tort system partly because can win unlimited economic and non-economic damages, including punitive damages, rather than merely obtaining compensatory damages, Mr. Noblin said.

Injured workers favor the tort system because "there is a possibility of a higher return in a system that would pay you for pain and suffering," he explained.

More occupational disease claims are likely to be filed and recorded—both in the workers compensation system and in the tort system because:

- New technologies create new exposures to products and processes that can cause occupational disease. But Mr. Barth said many people don't know what is causing their ailments.

"One in four Americans is exposed to some hazardous substance at work," said Arthur E. Wheatley, vp-director of risk management for The Pittston Co. in Greenwich, Conn. (*BI*, April 13, 1987). In addition, 700 chemicals are developed annually and most are not tested for cancer-causing properties before they are marketed, he said.

And, Jaswant Singh, senior vp and technical director of Marsh &

McLennan Cos. Inc.'s subsidiary Clayton Environmental Consultants in Novi, Mich., points out that one out of every four U.S. citizens—about 60 million persons—will contract cancer at some time in their lives and about 4%-5% of those cancers will be related to occupational exposures.

The National Institute of Occupational Safety and Health "estimates that at least 7.7 million workers are exposed full-time to one or more neurotoxic agents, and that as many as 850 chemicals known to be potentially neurotoxic are found in workplaces; thus the potential for an increase in occupational disease claims is substantial," according to Mr. Durbin.

But technical advances also could make it easier to determine causation between exposure in the workplace and occupational disease, the IAIABC's Mr. Noblin said. Technical advancements also may make it easier to prevent ill-

nesses caused by some occupational disease hazards, he said.

- Education of workers.

Worker right-to-know regulations at both state and federal levels are educating workers about workplace hazards, which many unions have been doing for years, said Don Elisburg, administrator of the Occupational Health Legal Rights Foundation, which is funded by units of the AFL-CIO.

However, there is no proof that worker right-to-know rules increase the number of workers compensation claims filed (see story, page 17).

Observers disagree about how many more workers compensation claims may be created by the high risk notification bill pending in Congress. But critics of the act say it may encourage stress claims from workers who learn they have been exposed to a hazardous substance (see story, page 16).

"It will add fuel to the fire of

labor's desire to encourage a federal occupational disease program," said Robin Obez, an Ohio attorney who chairs the U.S. Chamber of Commerce's workers compensation council.

- Outside encouragement.

Asbestosis litigation created a new industry of lawyers and others that will be looking for projects as those cases subside, Mr. Barth said. "I don't believe an industry that has grown that large and that rich will be expected to disappear overnight," he said.

Billboard and newspaper ads in California from attorneys seeking workers to file stress claims are an example of outside encouragement that may prompt some workers to file claims that they otherwise might not have.

- Better gathering and analysis of statistics.

The National Research Council study recommends improving various workers compensation data

systems to improve the accuracy of reports. It proposes charging NIOSH with operating a disease surveillance system.

All these factors have created uncertainty about the number of workers likely to contract occupational diseases and the ultimate cost of compensating workers.

Current workers compensation insurance rates are set according to past experience; however, because of the nature of long-latent diseases those rates do not reflect the cost of claims filed in the future, Mr. Durbin points out.

And, if insurers experience higher claims costs they will pass them on to policyholders.

However, Mr. Barth noted that if employers' workers compensation costs rise because of long-latent occupational diseases, it may create adequate incentives, which he maintains currently do not exist, to improve workplace conditions to prevent long-latent diseases. ■



## Diseases

Continued from page 3

In addition, risk managers and safety engineers cannot be certain of all the factors that might cause a cancer; on-the-job exposures may be exacerbated by other factors, such as whether an employee smokes. Because of the complexity of cancers, "it's very difficult to diagnose these types of illnesses," Mr. Singh said.

But the illnesses are there. In fact, the most conservative estimates hold that 40,000 to 45,000 people die of occupation-related cancers in the United States each year, Mr. Singh says (*BI*, April 13, 1987). Work-related cancers thus account for 4% or 5% of all fatal cancers, he said.

Risk managers need to get involved in the control process from the beginning, work comp and loss control experts say.

The risk manager has to look at

**'For many people, cancer is an exotic and mysterious disease, but for such a mysterious disease, control in the workplace is not that mysterious,' says Jaswant Singh.**

the manufacturing process from a liability viewpoint, Mr. Singh says.

If a risk manager finds that a chemical used in a manufacturing process appears on the lists of possibly carcinogenic substances released by the National Toxicology Program, the International Agency for Research on Cancer or another authoritative organization, he or she should consider recommending a substitute.

While substitutions sometimes will not work, substitutions are practical in many cases and will cut the company's exposure, Mr.

Singh said.

At companies that are constantly looking for new products and processes, risk managers need to keep track of the development process, he advised. If a new product or process involves exposing workers to possible carcinogenic substances, risk managers "should raise the red flag," Mr. Singh stresses.

Although all possible carcinogenic substances cannot be removed from the workplace, exposure can be controlled, Mr. Singh said. Risk managers should design

a special handling area for the substance and limit the number of employees who will have any exposure to the chemical. Those employees should receive special training in handling the substance as well as protective clothing and devices.

"For many people; cancer is an exotic and mysterious disease, but for such a mysterious disease, control in the workplace is not that mysterious," Mr. Singh said.

Proving cause and effect between possible hazards and workers comp claims and determining whether modified working conditions will reduce work-related diseases is a problem that risk managers face whether or not they deal with possible carcinogens, said Robert Ajemiam, manager-workplace and facilities of the technical affairs division of the Motor Vehicles Manufacturers' Assn. in Detroit.

Mr. Ajemiam pointed out that while automakers have been rede-

signing conveyor lines and redesigning tools in an effort to reduce occupational diseases of the arm and wrist, they are still looking for definitive proof that the changes in the work environment do indeed cut the incidence of those diseases.

The automakers are concerned about the incidence of cumulative trauma disorders, which occur among workers who perform a repeated task that puts stress on a particular part of the body.

Meat processing, electronics assembly and high-tech industries all show incidences of cumulative trauma disorders.

One of the best-known cumulative trauma disorders is carpal tunnel syndrome, which takes its name from the tunnel-like area of bones in the hand and wrist, where the disease manifests. When the nerve that runs through the carpal tunnel suffers an injury, the victim first experiences an occasional numbness of the hand. If the syndrome is not identified and treated, the occasional numbness gives way to a weakened grip, progressive numbness and finally loss of use of the hand.

The association sponsored research on reducing wrist and arm trauma earlier in the decade by Dr. Thomas Armstrong, now director of the occupational health program at the University of Michigan's school of public health in Ann Arbor (*BI*, Sept. 24, 1984).

Dr. Armstrong's studies of ergonomics—fitting the job to the worker by taking into account worker body size and physical strength when designing jobs—led to specific recommendations on workplace changes to reduce that trauma, including in work station design, container design and tool selection.

While auto manufacturers spent millions of dollars implementing those recommendations, they have yet to prove whether the Armstrong recommendations have had a direct bearing on workers comp claims, Mr. Ajemiam says. "We think they will, but we have no concrete evidence they do."

He said that an MVNA-sponsored study is underway to ascertain whether any link exists between ergonomic changes and workers comp claims. "We hope research will provide us with a protocol that will assist us in evaluating ergonomic problems," Mr. Ajemiam said.

However, the study will not be complete for at least two years, and even then some questions about how workplace changes affect work comp costs may remain unanswered, he said.

Mr. Ajemiam pointed out that in a given situation, "25 or 30 people may do the same job, but only a few will come down with an ergonomic illness. We have no scientific approach to evaluate whether the measures we've adopted do indeed solve these problems."

But Dr. Armstrong said an epidemiological study of cumulative trauma illnesses he recently completed establishes a measurable link between such ailments and workplace conditions. He studied 650 foundry, electronics assembly and textile cutting and sewing workers at seven locations, classifying their work according to its degree of forcefulness and repetition.

Roughly 8% of the workers whose jobs were described as high force/high repetition stress presented symptoms of repeated trauma injuries. Only 1% of the workers with low force/low repetition showed those symptoms, he said the study found.

Although Dr. Armstrong sees a definite link between the nature of a job and propensity toward repeated trauma ailments, he admits, "We have to accept the fact that there is a level (of injuries) that is

Continued on page 10

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## Opinions

## Look for trouble

**R**ISK MANAGERS always are looking for trouble—trouble they can head-off or solve.

The biggest trouble-shooting assignment, and the one with the most potential for management rejection and the least potential for immediate reward, is looking for trouble that could cause long-latent occupational diseases.

As this week's spotlight report on workers compensation reveals, occupational disease claims probably will increase in the future, but no one knows how much, how severe they will be or even what their causes will be.

A risk manager looking for possible causes of occupational disease has a lot of investigating to do. The National Institute for Occupational Safety and Health's Registry of Toxic Effects of Chemical Substances includes about 90,000 substances.

Furthermore, a risk manager who spots a potential problem is not always going to be a welcome voice among operating managers, whose primary concerns are operating costs and the competitiveness of the finished product. If an alternative substance believed to be less potentially harmful to workers is recommended by the risk manager and costs more or will make the final product less attractive, it won't be used unless the risk manager makes overwhelmingly convincing arguments. And making those arguments overwhelmingly convincing isn't easy because the risk manager often will be talking about *potential* dangers.

That often long-term nature of the threat and the delayed timing of the ultimate cost make trouble-shooting for occupational disease prevention and control very difficult.

Risk managers have plenty of immediate threats to corporate employees and property to worry about. Going after known occupational disease problems that create immediately diagnosable diseases is easy. But, going after the unknown is obviously given a lower priority.

And, a risk manager who does tackle the problem of potential occupational diseases not only risks the wrath of operating management but also can expect little immediate reward for his or her efforts. The fruits of the risk manager's efforts to prevent and control occupational disease will inure to the benefit of future management and so current management may not be as interested in such long-

term results.

Despite these problems, risk managers must lead the charge in preventing and controlling occupational disease. It is now becoming financially feasible to consider the moral and ethical ramifications of using potentially dangerous products in the workplace.

Risk managers must demand that chemicals now used be evaluated for their potential danger to workers. And, new chemicals introduced to the workplace must be evaluated for their potential risk to the health of workers. The data bases exist now, as our report details (see story, page 18).

Furthermore, while the federal government will soon require all employers to notify employees of dangerous substances used in the workplace, the mere presentation of information is not enough to protect the health of employees. Nor is giving employees protective devices enough to protect their health. Risk managers must do more to be sure that employees use the protective devices, which often are left in a locker because they are considered too cumbersome to use or somehow not "manly." Risk managers must adopt innovative programs to convince workers to wear protective devices. One good idea would be to copy the successful tactic of employee benefit communicators who send information to the home. Often the spouse and children can convince an employee to act when management cannot. A wife concerned about her husband's health, for example, can be a powerful influence to convince him to wear protective devices.

As a society, we are at the end of an era in which looking the other way from potential harm and not accepting full responsibility for a worker's health in the workplace was considered an acceptable way of doing business. It is not. Witness, for example, the proposed High Risk Occupational Disease Notification and Prevention Act pending in Congress.

It is up to risk managers, the ultimate trouble-shooters, to educate themselves, their management and their employees to the potential dangers of occupational diseases and to recommend and implement measures to prevent and control these diseases.

It's the ultimate challenge to a professional whose job it is to look for trouble.

## Letters

## Congress deserves support on benefits bills

To the editor: I am disturbed by the recent discussions in your letters section about "congressional idiocy" related to employee benefits. Certainly we have reason to be discouraged by recent laws passed by Congress, but name calling will accomplish nothing and will more than likely be counterproductive.

Take COBRA: Congress unquestionably mishandled the details. However, the law was intended to address a legitimate social policy concern: Many Americans face economic disaster due to a lack of health insurance. COBRA was not intended to be a financial burden on employers and Congress seems amenable to adopting appropriate changes.

We have to work with Congress, not

against it. Lobbying against all changes in employee benefit law will convince the Congress that we are not interested in a dialogue and will lead to us being ignored.

Congress has legitimate social policy concerns. After all, most voters are not benefit managers or consultants. Congress also has a massive budget deficit to deal with and tax breaks for benefits will inevitably be reduced.

We need to help Congress, especially the staff members, to understand that some of their ideas, like the \$500 cafeteria plan spending cap, have a social poli-

cy impact of which they might not be aware. We also have to understand that some benefit law changes, including some that we will not like, are going to have to be enacted.

Those who can discuss the issues in a calm, sensible manner and with an understanding of the constituencies Congress has to deal with are welcome to speak up. All others should stay on the sidelines.

**Thomas D. Ucko**  
Vp/Director of Research  
Corroon & Black Corp.  
New York

## Use the term reinsurance correctly

To the editor: In your recent article on the Michigan Municipal Risk Management Authority, "Michigan Pool, Members Underreserved: Report" (BI, Dec. 21, 1987), you refer to "reinsurance" as respects this entity. Please note that reinsurance cannot exist unless there is insurance in the first place. Since the MMRMA is a pooling arrangement, any insurance that it purchases is excess insurance, thus not exempt from any state law or regulation governing the purchase

of insurance. The Michigan insurance commissioner has this opinion also. Please use proper terminology to make it easier to understand the technical nature of this subject.

**Stephen Michaels**  
Indianapolis

■ *Editor's note: Since MMRMA issues an original coverage document, MMRMA calls the commercial coverage it purchases "reinsurance."*

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Published weekly at 740 Rush St., Chicago, Ill. 60611, Telex 6871241. Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017, Telex 640207. CRAIN COM NYK; 1 Northpark, East Suite 114, 8950 N. Central Expressway, Dallas, Texas, 75231; Suite 814, National Press Building, Washington, D.C. 20045; 6404 Wilshire Blvd., Los Angeles, Calif. 90048; 20-22 Bedford Row, London WC1R 4EB, England. \$1.75 a copy. \$68 a year in U.S. Canada and all other foreign add \$16 for surface mail. Europe and Middle East only add \$47 for air delivery. First-class mail to U. S. and Canada only, add \$48. Bermuda only, \$105 per year expedited delivery. WILLIAM STRONG, vp-circulation. BARBARA KISCH, circulation manager. JOHN HUFFMAN, fulfillment director. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit, Mich., 48207, or phone 800-992-9970 or 313-446-1611. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: ART MERTZ, The Crain Syndicate, 740 Rush St., Chicago, Ill. 60611, 312-649-5303. For reprints or reprint permission contact: Reprint Department, Business Insurance, 220 E. 42nd St., New York, N.Y. 10017, 212-210-0229.

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## Spotlight report

## Diseases

Continued from page 7  
not work-related."

Dr. Armstrong said that "there's no one thing you can do to make the whole thing go away."

"Which tool you buy is only half the story. What you do with it is just as important," he said.

Other cumulative trauma diseases employers are trying to prevent also were not recognized as work-related until a decade ago include vibration syndromes.

Vibration syndromes such as Raynaud's Phenomenon—also known as white finger—form a family of occupational diseases that generally affect the hands. Repeated exposure to vibration disrupts the circulatory and neural systems, leading to loss of blood and feeling in the fingertips, which then turn an ashen hue. Attacks of the syndrome, often triggered by cold, can come without warning.

**'We lead the nation in all industries in accidents—it's not something we're proud of,' says Devon Scott. 'We've come to the conclusion that it doesn't do any good to talk safety' without securing top management's commitment.**

Like carpal tunnel syndrome, white finger can lead to total loss of use of the hand if not treated. About 1.2 million American workers are exposed to vibration affecting the hands and arms and are thus exposed to possible vibration syndromes, according to a NIOSH bulletin issued in 1983, the last year for which figures are available.

"My own feeling is that we're going to see more vibration claims," said Sharon A. Falkenburg, an ergonomics specialist with the Long Grove, Ill.-based

National Loss Control Service Corp., a subsidiary of Kemper Corp.

Technological advances have speeded up production rates, she said. Faster production rates mean faster tools, and faster tools mean greater exposure to potentially harmful vibration.

In addition, vibration syndromes were not widely recognized as necessarily being work related other than in specific industries until fairly recently, she said. Even though the NIOSH study showed that 1.2 million U.S. workers were

exposed to potentially harmful vibrations, methods for measuring vibration's effect on people have not been refined, she said.

Ms. Falkenburg also points out that vibration syndromes are not confined totally to the hand.

Vibration syndromes can appear in virtually any industry, she said. Workers such as butchers using circular knives, loggers using chain saws and construction workers using jackhammers can be exposed to the syndromes.

Ms. Falkenburg said that when she enters a work area where vibration syndromes have been reported, she examines the work environment and the employees' job methods and the way the job is structured.

The environment includes such factors as heat, humidity, lighting and the vibration itself. Employee job methods examined include individual postures and motions. The way the job is constructed—how

tools and work stations are placed—determines how the employee will interact with the work environment.

Ms. Falkenburg notes that despite NIOSH's report on possible worker exposure to vibration syndromes, no one has produced even an educated guess on how much the syndrome costs employers per year.

Nevertheless, Ms. Falkenburg says that in her experience, management has been open-minded about strategies to combat vibration syndromes and other ergonomic ailments. "If they're having us come in to do ergonomics, they'll be receptive to our recommendations. They're saying, 'We don't want that to occur, so come in and see what we can do.'"

"For us, the question is 'Is everybody doing all they can do?'" said Devon Scott, vp of member services for the American Meat Institute in Arlington, Va.

AMI's members process 90% or more of the meat in the country, and cumulative trauma syndromes, particularly carpal tunnel, are probably the meat industry's "greatest concern," Mr. Scott said.

Mr. Scott said the meat industry has not, to his knowledge, ever conducted a study to determine how much occupational diseases cost it in workers comp benefits, medical insurance bills and other expenses. With or without data, he says "it's very costly."

He sees no magic formula for cutting the incidence of cumulative trauma syndrome. Those companies that are aware of the costs of such occupational diseases do the best job of controlling them, he said.

"We lead the nation in all industries in accidents—it's not something we're proud of," he said. "We've come to the conclusion that it doesn't do any good to talk safety" without securing top management's commitment to safety procedures.

In an attempt to bolster a safety commitment, AMI is preparing a booklet on ergonomics for distribution to all levels of management among its members. The illustrated guide is being prepared with the National Safety Council and may be available as early as March, he said.

But not all occupational diseases, such as stress, show up on an X-ray or in a biopsy, pointed out Dr. John W. Jones, director of the human factor loss control department for the St. Paul Cos. in St. Paul, Minn.

Dr. Jones began working on ways to reduce losses caused by employee stress about a decade ago.

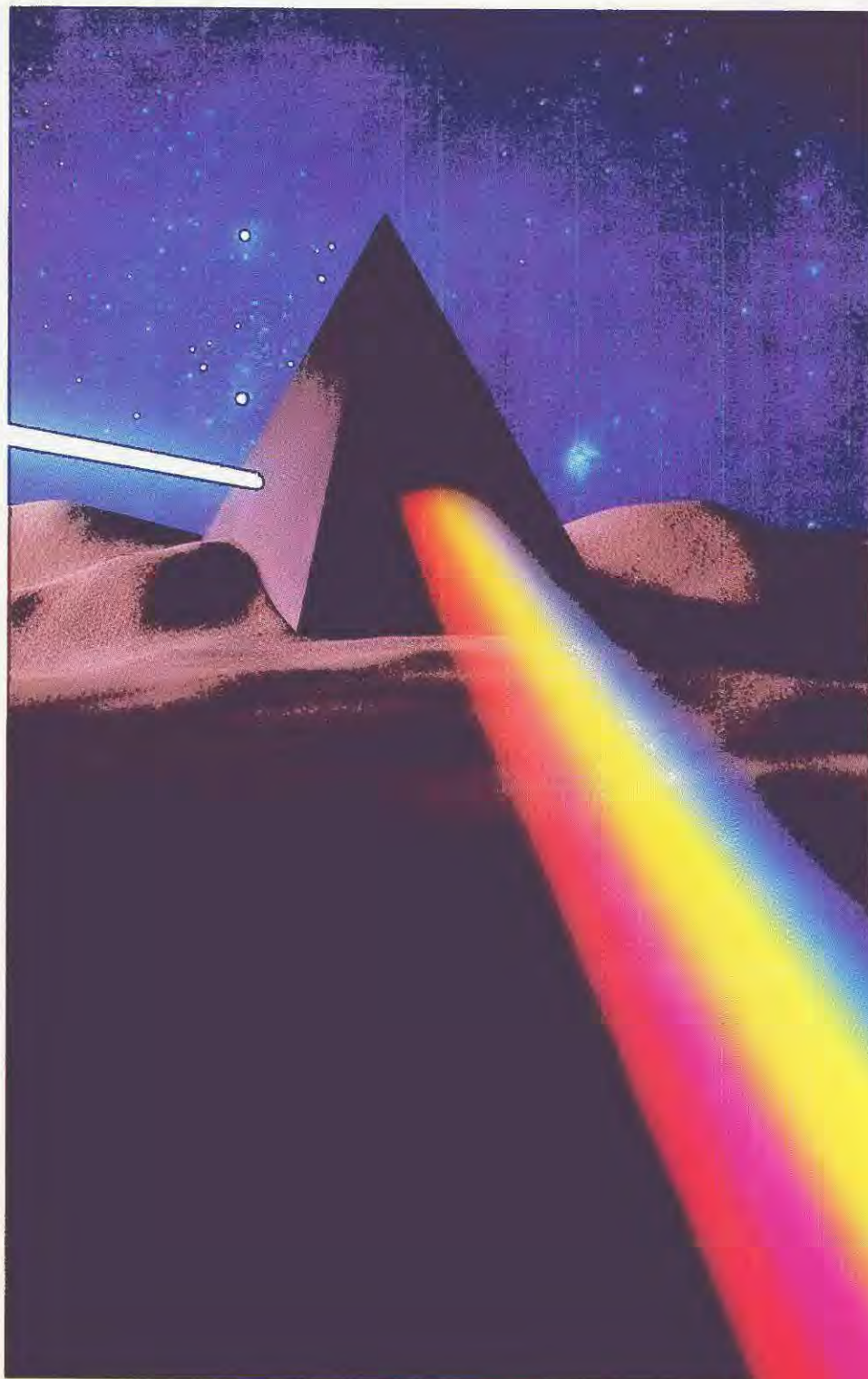
Dr. Jones pointed out that employees who feel a great deal of work-related stress tend to generate stress for their employers as well.

Stressed-out employees cost their employers money, because they tend to steal more than other employees, are absent more often and have more accidents. "They are measurably more likely to act counterproductively," Dr. Jones said.

Whereas traditional stress management focused on showing individuals how to reduce their own personal stress, risk managers are now tackling stress management from an organizational standpoint, Dr. Jones said.

"What's driving stress management thinking now is not the kind of program that teaches Bill or Mary how to breathe and relax for their own health enhancement but organizationwide programs, stress management systems that translate into bottom line savings on key financial indicators such as insurance, productivity, and absenteeism and turnover—the Big Three," he said.

Continued on page 12



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## Diseases

Continued from page 10

St. Paul has worked with about 600 organizations since it began devising its stress management program in the early 1980s. One roadblock Dr. Jones has encountered is upper management resistance.

"I have to overcome a management tendency to trivialize the role of stress," he said. Management has to be impressed with the impact of employee stress on losses and the best way to do that is to provide managers with hard data to justify costs, he said.

Dr. Jones cited two examples of how managing stress exposures saved organizations money.

In one case, a health-care organization with 550 employees had suffered an average of 3.1 workers comp claims per month at a cost of \$7,300 per month over a 24-month period. One year after instituting a stress management program, the organization registered 0.6 workers comp claims per month at a monthly average cost of \$323.

In the other example, a trucking firm with about 150 employees was losing an average of 166 workdays per month at a cost of \$26,500 per month during the 22 months before launching a stress management program. A year after the program began, the average number of lost workdays per month dropped to 56 at an average cost of \$4,500.

Getting claims down to manageable levels involves testing all employees on several factors that pinpoint areas of stress; conducting anonymous surveys to identify exposures that cause stress; and teaching managers to follow up on employee grievances.

Computers mathematically plot a corporate stress profile from the data, known as a human factors inventory, and the profile can predict whether an organization is likely to incur higher than average worker comp insurance costs, according to Dr. Jones.

An organization seeking a stress management program needs to be assured of three things before contracting with a vendor, Dr. Jones says: The program should operate on an organizational rather than individual basis, its impact must be documented and the vendor should be able to cite specific success.

While the types of programs cited by Dr. Jones tend to be remedies, employers also can take preventive action by using a personnel selection program, he said. Such programs measure potential employees' emotional stability, safety consciousness, honesty and propensities toward violence and drug abuse.

Employment prescreening tests can be administered

provided they meet three legal criteria: documentation proves that safety is relevant to the job; the test has been proven valid; and that the test does not discriminate against groups such as women or minorities.

But regardless of the methodology for controlling stress in the workplace, any program requires consistent management support to be successful, Dr. Jones emphasized. Managers have to constantly assess the level of stress in the workplace and offer programs for chronically stressed employees.

In addition, employees have to be educated about stress, and the education "has to be more than a brown-bag lunch talk by some Ph.D. from the nearest university," Dr. Jones said.

"The corporate culture must say, 'We don't tolerate stress in our workplace.'"

Whatever program an employer implements to control occupational disease, management should realize positive results do not appear overnight, experts say.

For example, since the Occupational Safety and Health Administration instituted cotton dust standards in 1970 to cut down the incidence of byssinosis, a pulmonary ailment, Cone Mills Corp., a Greensboro, N.C.-based textile manufacturer and finisher with roughly 11,000 employees, has spent about \$55 million to improve the workplace environment, said W.O. Leonard, vp-industrial relations.

Mr. Leonard stressed that the process of clearing the air of cotton dust has not been a quick one.

"There was no miraculous, overnight breakthrough. It was a long-term combination of things," he said.

Thirteen of Cone's 19 manufacturing plants were affected by the OSHA regulations, and now the company is probably at least 98% in compliance with the OSHA standards, according to Mr. Leonard.

Among the steps taken by Cone were installing new exhaust and filtration systems, completely enclosing machines processing raw cotton material to cut down dust and launching a medical surveillance program that for 15 years has monitored employees for pulmonary problems.

Under the monitoring program, newly hired employees are examined for pulmonary ailments. Yearly pulmonary function tests follow, and workers showing signs of problems may be transferred to other operations.

Cone handled about a one dozen byssinosis workers comp claims each year a decade ago, he said. That has now dropped to one or two per year.

"We expect we saved workers comp costs, but we can't put a figure on it," he said. ■

## New awareness cited for increase in stress claims

By MICHAEL BRADFORD

Occupational disease claims are increasing not because of a significant increase in new exposures, but because workers are more aware they can recover workers compensation benefits for stress claims, according to some experts.

Occupational disease claims represent a small percentage—1% to 2%—of all workers compensation claims, according to the National Council on Compensation Insurance in New York.

However, changing worker attitudes may cause that percentage to rise, observers agree.

"Workers comp occupational disease claims in general are increasing," said Alice C. Farrar, senior industrial hygienist and laboratory director at Clayton Environmental Consultants Inc. in Atlanta. "It's not that diseases are increasing, but workers are more aware that they can get compensation" through the workers compensation system, she explained.

"It's not that the hazards are increasing; it's that workers are becoming more aware," agreed Jaswant Singh, senior vp and technical director at Clayton's Novi, Mich., office.

The biggest increase in occupational disease claims is coming from stress-related illnesses as workers become aware that they can possibly obtain workers compensation benefits for injuries related to stress, observers say.

Stress-related illnesses are more commonly regarded by workers compensation administrators and courts as occupational diseases than they were in the past, according to Michael Camilleri, senior vp and general counsel at the NCCI.

Workers now are more aware of the compensability of stress-related diseases because of recent publicity concerning stress in the workplace, he said.

"As more and more workers become aware that there is the potential for filing and recovering compensation for stress, they are filing claims," said Mr. Camilleri.

And, those employees are passing the word to others that stress claims can be successfully pursued in the workers compensation

Continued on next page

## Controlling Workers' Compensation Hospital Costs Shouldn't Include Fighting With Hospitals...

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Continued from previous page system, said Russell A. Drake Jr., an attorney and vp of risk management services for Insurance Ohio, a subsidiary of The Ohio Co. in Columbus, Ohio.

"There is more publicity among the employees," said Mr. Drake. "Unions, attorneys and association-type meetings spread that type of information. I think there's a growing awareness about stress-related claims."

"I think that the type of claim that is increasing the most—whether you want to call it an occupational disease or not is really a matter of semantics—is stress-related cases," said Mark E. Solomons, an attorney with the Washington law firm of Arter & Hadder and chairman of the American Bar Assn.'s workers compensation employers liability law committee.

He attributed the increase to a better understanding on the part of health care professionals of the physical effects of stress, as well as "a more litigious climate in recent years" that has led some to realize that claims are compensable either through the workers comp systems or the courts.

In addition, "You're always going to have people... that are just not that interested in working. Now we have a workforce that is becoming more white-collar and white-collar people are not going to go out and get their arms cut off or break their backs. I think they have to have their own diseases that are going to allow them to gracefully exit the workforce," Mr. Solomons contends.

Some stress claims are the result of problems that are not even job-related, the NCCI's Mr. Camilleri pointed out. "Someone could be having personal problems and attributing them to stress on the job, or having both personal and job-related problems."

Stress claims currently generate 12% to 15% of occupational disease claims, according to David Appel, vp for economic research at the NCCI. That means that while stress claims still comprise only a tiny portion of all workers comp claims, they represent a significant percentage of occupational disease claims, he said.

"Stress claims have increased significantly over the past five years," Mr. Camilleri said. Although today they represent less than 1% of all claims, "they were 0.2% five years ago," he added.

The fact that stress claims are only a small portion of all workers comp claims "doesn't hearten many people," said Mr. Appel. "I think people observe a great potential for an increase in stress-related claims as more and more people become aware of stress on the job and their rights under the workers comp system. Certainly the more it's publicized, the more likely it is to generate claims."

"Stress claims are significantly more expensive than average indemnity payments," added Mr. Camilleri. The average indemnity payment for stress claims is \$10,000 to \$15,000, compared with \$7,500 for all types of work comp claims, he said.

He explained the majority of stress claims are classified as "mental-mental" claims, meaning the worker has suffered no physical injury. An

**'I think there's a growing awareness about stress-related claims,' says attorney Russell A. Drake Jr. 'There is more publicity among the employees. Unions attorneys and association-type meetings spread that type of information.'**

example of a mental-mental claim would be when an employee alleges he or she suffered a mental disorder, like depression, because of verbal harassment from a superior.

There are two other types of stress claims: "physical-mental" and "mental-physical."

A physical-mental claim might be filed by a worker that suffers from nervousness and depression after he is injured in a workplace accident.

A worker might file a mental-physical claim if job-related stress results in a physical ailment like a

heart attack.

Mr. Camilleri said that while the number of stress claims has risen and the number of asbestos injury claims continues to grow, other types of occupational disease claims generally have not increased.

He did acknowledge, however, that more chemicals are being labeled as toxic and capable of causing occupational diseases, making workers more aware of hazards in the workplace.

Arthur E. Wheatley, vp and director of risk management at The

Pittston Co. in Greenwich, Conn., said that "under present circumstances" occupational disease claims related to toxic chemicals could increase, both in the workers compensation system and the tort system.

Present circumstances, he explained, include "an active and educated plaintiff's bar and some employers not maintaining appropriate housekeeping standards."

Mr. Wheatley, whose company has coal mining, armored car, air cargo and home security operations, pointed out that legislative changes have made it more difficult for plaintiffs to recover workers compensation benefit by requiring proof that an injury is work-related.

Therefore, in searching for areas where workers comp law can be liberally interpreted, plaintiffs' lawyers have discovered toxic chemicals, Mr. Wheatley remarked.

Regarding an employer's "house-

keeping" responsibilities, Mr. Wheatley said that "most large companies that handle chemicals on an everyday basis have appropriate safeguards. The problem is some smaller manufacturers may not have the staff or financial backing and it is possible that some of their programs may not be as sophisticated as those at larger companies."

However, "on the whole, the industry does a pretty good job" of protecting workers from toxic chemicals, Mr. Wheatley added.

Clayton's Mr. Singh said the publicity surrounding huge damage awards to asbestos disease victims has served to increase awareness among workers and employers about the dangers of other substances.

He pointed out that although there appears to have been some increase in the number of claims related to toxic chemicals in recent

Continued on next page

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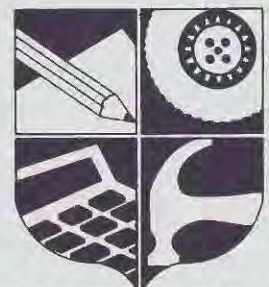
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**Spotlight report**

**Disease claims**

Continued from previous page  
years, those types of claims should decrease because employers are installing more safeguards to protect employees.

"We have been in this business for 30 years," he noted, adding that "although claims are increasing, workplaces are getting cleaner. Claims should go down."

Clayton's Ms. Farrar said some types of occupational disease claims are increasing simply because it is impossible to tell whether the illness was caused on or off the job.

"If a worker has worked any place where there are any types of dust or even asbestos in buildings, it is difficult to prove that the workplace didn't aggravate or contribute to the disease," she said.

According to the NCCI's Mr. Appel, respiratory ailments—including asbestos injuries—con-

**'When workers are told that they may have cancer or they may have heart disease. . . a natural consequence of that is for them to bring some type of work-related claim if it is permitted in the state,' said attorney Victor Schwartz.**

tinue to produce the highest number of occupational disease claims that result in indemnity payments.

However, he added, "I'm fairly certain that dermatitis is the largest occupational disease. It probably causes the most incidents that require some type of medical treatment but apparently it doesn't typically cause lost work time."

Dermatitis cases, he explained, include rashes developed by workers or chemical burns that require minimal medical attention and little—if any—time off the job.

"They come back with a bandage

and they're back to work."

One type of work comp claim that is expected to increase is "technology-related" claims.

For example, the number of workers compensation claims filed by users of video display terminals have increased sharply, according to Raymond Briggs, professor of safety and human factors at the University of Southern California in Los Angeles.

"There was a dramatic increase because VDTs proliferated without any work station design," said Mr. Briggs. Claims connected to com-

puter terminals include those for visual problems, headaches and back pain.

Redesigning the work stations for computer terminal users temporarily may result in even more claims because employees will become more aware of the connection between the VDT and workplace illnesses, he said.

"There has been a lot of progress in work station design, so that VDT-type problems will be reported more," he remarked. Eventually, work station design should be perfected and claims will fall, he added.

"There has been marked improvement in the design of the devices and employers are more sensitive about giving workers breaks," said Mr. Briggs.

Most complaints, he said, come from "very specific uses, especially data-entry type tasks. As the complaints are efficiently addressed, I suspect they will go down."

Observers point out that some exposures have not produced the occupational disease claims that had been feared.

For example, Mr. Solomons of Arter & Hadder speculated two years ago that claims related to hazardous wastes would increase, especially among workers involved in pollution clean-up operations.

He wrote in a 1985 article for the Tort & Insurance Law Journal that increased public awareness of hazardous waste and occupational diseases could have a significant impact on the workers compensation system.

However, he says today the impact has been negligible.

"This has not been a problem that has materialized," Mr. Solomons remarked. The only area that has "clear-cut potential" for producing occupational disease related to hazardous waste involves handling asbestos-containing waste, he said.

And even in that area, "the people who are moving it or working around it are protected to such a degree by their employers that I don't know if there has been any incidence of lawsuits or workers compensation claims that can be traced to asbestos-containing waste removal. Certainly it's an area of concern, but it's enough of an area of concern that everybody is taking pretty serious precautions to avoid it."

A big increase in claims related to hazardous waste have not materialized because attorneys and those in the medical profession have not been able to attribute particular diseases to exposure to specific types of hazardous waste, said Mr. Solomons.

"The information is just not there," he said. "It may never be there," because the workers have been properly protected.

Observers have identified one factor that some say could cause all types of occupational disease claims to increase: new legislation.

The High Risk Occupational Disease Notification and Prevention Act of 1987, currently pending in the Senate, would require that current and former employees who have been exposed to hazardous materials be notified of their exposure and advised to seek medical testing to determine whether the exposure has resulted, or could result, in illness (see story, page 16).

Some say the legislation could trigger a flood of liability lawsuits against employers (BI, Oct. 19, 1987; April 27, 1987).

"I think there will be more claims filed if the (act) is adopted," said Mr. Singh. "Every worker in a high-risk occupation will have to be defined. When you get a personal letter saying you may be at risk, it causes people to get upset."

"When workers are told that they may have cancer or they may have heart disease. . . a natural consequence of that is for them to bring some type of work-related claim if it is permitted in the state," said Victor Schwartz, a partner in the Washington law firm of Crowell & Moring and counsel for The Product Liability Alliance.

"It seems a natural" that there will be a substantial increase in stress claims filed by notified workers in states that allow stress-related claims to be filed with no evidence of physical injury, he said.

In addition, if a worker actually contracts a disease that is mentioned in the notice, "it is highly likely that he will believe that it is work-related, whether it is or it isn't."

Once a notice is received and the worker makes an association between his illness and workplace, "he is more likely to pursue it and maybe find some expert somewhere who will link it up," Mr. Schwartz said.

# Insurance Mergers & Acquisitions

<p>ALEXANDER &amp; ALEXANDER INC. has sold the book of business from its Boise, Idaho office to FRED. S. JAMES &amp; CO. OF IDAHO, INC. <i>The undersigned initiated this transaction and acted as advisor to Alexander &amp; Alexander Inc.</i></p>  <p>RUSSELL MILLER, INC.</p>	<p>Certain assets of ANDREW POTASH have been acquired by ALEXANDER &amp; ALEXANDER OF NEW YORK, INC. <i>The undersigned initiated this transaction and acted as advisor to Andrew Potash</i></p>  <p>RUSSELL MILLER, INC.</p>	<p>FRANK B. HALL &amp; CO. INC. has sold certain assets of FRANK B. HALL &amp; CO. OF ALASKA to ALASKA 100 INSURANCE, INC. <i>The undersigned initiated this transaction and acted as advisor to Frank B. Hall &amp; Co. Inc.</i></p>  <p>RUSSELL MILLER, INC.</p>
<p>WOODRUFF-SAWYER &amp; CO. San Francisco, California has acquired certain assets of JOSEPH A. WYNNE AGENCY San Francisco, California <i>The undersigned initiated this transaction.</i></p>  <p>RUSSELL MILLER, INC.</p>	<p>FRANK B. HALL &amp; CO. OF CALIFORNIA has sold THE FRANCHISED DEALER DIVISION Stockton, California to ALLIED GENERAL AGENCY, INC. Scottsdale, Arizona <i>The undersigned initiated this transaction and acted as advisor to Frank B. Hall &amp; Co. Inc.</i></p>  <p>RUSSELL MILLER, INC.</p>	<p>GOLD CITIES INSURANCE Grass Valley, California has been acquired by ABI MANAGEMENT, INC. San Francisco, California <i>The undersigned initiated this transaction and acted as advisor to Gold Cities Insurance</i></p>  <p>RUSSELL MILLER, INC.</p>
<p>ROLLINS BURDICK HUNTER OF ALASKA, INC. has sold certain assets to CLEMENT-HOUSTON INSURANCE, INC. <i>The undersigned initiated this transaction and acted as advisor to Rollins Burdick Hunter of Alaska, Inc.</i></p>  <p>RUSSELL MILLER, INC.</p>	<p>ROSSKOPF, RAPP &amp; SCHMIDT INSURANCE AGENCY El Monte, California has been acquired by CORROON &amp; BLACK CORPORATION <i>The undersigned initiated this transaction and acted as advisor to Rosskopf, Rapp &amp; Schmidt Insurance Agency</i></p>  <p>RUSSELL MILLER, INC.</p>	<p>S.L. ALEXANDER, INC. d.b.a. S.L. ALEXANDER INSURANCE SERVICES Los Angeles, California has been acquired by STEWART WRIGHTSON HOLDINGS plc <i>The undersigned acted as advisor to S.L. Alexander Insurance Services</i></p>  <p>RUSSELL MILLER, INC.</p>



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# High risk notification bill stalled in Senate

By DEBORAH SHALOWITZ

WASHINGTON—High-risk occupational disease notification legislation, once on a fast track in Congress, now appears stalled.

Although the House passed its version of the legislation last October, the 225-186 vote was so narrow that the bill's backers may not muster the two-thirds majority needed to override a possible presidential veto (BI, Oct. 19, 1987).

And the Senate version has not been scheduled for floor debate, even though it was reported out of the Senate Labor and Human Resources Committee last summer.

Last year, it was predicted the bills would be passed by both Democratic-controlled houses of Congress with little trouble (BI, June 15, 1987; April 27, 1987).

Under both versions of the legislation, current and former employees who had been exposed to hazardous materials would have to be notified of their exposure and advised to seek medical testing to determine whether the exposure has resulted, or could result, in illness.

Employers would have to pay for the medical screening and provide other employment for workers diagnosed as developing an occupational disease. Alternatively, an employer can let the employee resign and pay him a year's salary.

Congressional support for the proposals waned as opponents pointed out problems.

For example, one legislator who was an original co-sponsor of the legislation voted against it when the bill came to the floor.

Rep. Hamilton Fish Jr., R-N.Y., ranking minority member of the House Judiciary Committee, co-sponsored the bill "based on his support for the concept" of employee notification, said Alan F. Coffey Jr., minority chief counsel for the committee.

However, after Rep. Fish studied the bill, he realized it contained serious flaws relating to employers' cost and liability burdens, Mr. Coffey added.

The proposal "sounds great on the surface," said Susan Spangler, associate director of loss prevention and control for the National Assn. of Manufacturers in Washington. "But once you get into (the legislation), there's a lot to be concerned about."

For example, the bill would create a federal Risk Assessment Board as part of the National Institute for Occupational Safety and Health. The Risk Assessment Board would identify hazardous substances and notify current and former employees of exposure to these substances. Under the Senate version of the legislation, S. 79, former employees going back 30 years would have to be notified, while under the House version, H.R. 162, former employees going back an unlimited amount of time would have to be notified.

Given the current concern with cutting the federal budget, it would be "very inappropriate" to create a new federal bureaucracy, noted Ms. Spangler.

Howard Greene, associate legislative director of the Risk & Insurance Management Society Inc. in New York, said that when the legislation was introduced, "people listened to the idea, the principle." Down the road, however, "opponents of the bill were able to get representatives to take a closer look at the bill and its costs."

Now, Mr. Greene added, "the perception of the bill as fast-track legislation changed."

When RIMS representatives first met with Senate staff members last July, "there was a lot less urgency on their part" to negotiate compro-

mises, Mr. Greene said.

At a second meeting with the Senate staff last October, there was "definitely more of a sense of them actively wanting an organization like RIMS on their side," Mr. Greene continued. "They sensed they needed some more business support."

But RIMS, NAM and other groups still oppose the legislation.

For example, the National Automobile Dealers Assn. purchased a full page advertisement in the weekly Automotive News urging dealers to oppose the legislation.

The "avowed purposes of these bills aren't what they really do," observed Tom O'Day, associate vp of the Alliance of American Insurers in Washington.

"This isn't a simple right-to-

know bill," he said. It is "a massive intrusion into the liability and the workers compensation system."

Rick Lawson, an attorney for the American Insurance Assn. in Washington, added that "the estimates on liability are horrendous."

For example, last March the American Mining Congress testified before a House subcommittee that at least \$112 billion in litigation claims could result from the legislation in the first year, based on 300,000 notifications.

Litigation "definitely (would) result," asserted Mr. Lawson, adding that this is one factor that turned people against the bill.

However, Mr. Greene said supporters of the bills deserve "a lot of credit for coming a long way" on the provisions of the legislation.

Mr. Greene pointed out that several provisions have been adopted in both versions of the legislation that would improve it, including:

- Prohibiting the use of exposure notification as evidence in workers comp and tort claims.

- Requiring medical evidence of early signs of occupational disease before an employer would have to transfer a worker from his or her present position to another position in the company.

Previously, an employee only had to present a physician's opinion that the employee was at risk of contracting a disease to force an employer to provide alternative employment.

- Allowing employers to take into account an employee's skills and experience when evaluating

openings for workers requiring job transfers because of their exposure to hazardous materials.

Still, opposition to the bill by the Reagan administration and business groups remains strong.

In a Sept. 21 letter sent to all 100 senators, the secretaries of the departments of labor, health and human services, commerce and agriculture, along with the attorney general and the administrator of the Small Business Administration, said they would recommend that President Reagan veto the legislation if it is presented to him.

"This legislation... would result in substantial litigation, in federal tort liability and would impose enormous costs on employers, consumers, workers and the federal government," the letter stated. ■



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# OSHA rule to ease state right-to-know burdens

By DEBORAH SHALOWITZ

WASHINGTON—Risk managers can expect the new federal worker right-to-know regulation to preempt conflicting state and local worker right-to-know laws, legal experts say.

This will make compliance easier for companies operating in more than one state with varying worker right-to-know laws.

And while the new federal regulation will subject thousands of employers to a worker right-to-know law for the first time, experts in occupational safety and health say the laws do not seem to increase workers compensation claims for occupational disease.

Right-to-know laws require employers to disclose certain infor-

**'The general legal rule that has been enunciated in this country for years is: A federal statute pre-empts a state statute,' according to Frank Pellegrini, an attorney in private practice in St. Louis.**

mation to employees about hazardous substances in the workplace.

The Occupational Safety and Health Administration's hazard communication standard, which becomes effective May 23 for employers in all industries, requires employers to establish a hazard communication program informing workers of the potential dangers of any hazardous substance used in

the workplace (*BI*, Aug. 24, 1987). It also says that all containers of potentially hazardous materials must be labeled with warnings.

For the next four months, only manufacturers, chemical importers and distributors have to comply with the OSHA standard.

When OSHA's hazard communication standard becomes fully effective, employers should expect to

comply with OSHA's rules and not conflicting state and municipal worker right-to-know laws.

OSHA's expanded hazard communication standard probably will preempt conflicting state and local worker right-to-know laws.

"The general legal rule that's been enunciated in this country for years is: A federal statute pre-empts a state statute," said Frank Pellegrini, an attorney in private practice in St. Louis.

With regard to OSHA's hazard communication standard, however, he points out that the pre-emption issue is a bit more complicated.

The OSHA hazard communication standard is a regulation—published by a federal agency—not a law passed by Congress, explained Mr. Pellegrini.

Therefore, the general legal rule on pre-emption does not necessarily apply, he said.

However, a recent court decision seems to indicate that a federal rule does preempt state and municipal laws dealing with the same issues.

In October 1987, the U.S. Supreme Court refused to review a 6th U.S. Circuit Court of Appeals decision holding that the federal OSHA hazard communication standard pre-empts an Akron, Ohio, worker right-to-know ordinance.

The 6th Circuit Court in Cincinnati had ruled in September 1986 that if manufacturers had to adhere to both the Akron ordinance and OSHA's hazard communication rule, they would have been subject to some conflicting restrictions regulating toxic substances in the workplace.

The 6th Circuit Court ruled in *Ohio Manufacturer's Assn. vs. the City of Akron* that the state's manufacturers should comply with OSHA's hazard communication standard, not the Akron ordinance.

Mr. Pellegrini and other experts advise risk managers to comply with the federal OSHA hazard communication standard, as it seems clear that it will indeed preempt state worker right-to-know laws.

Although complying with the federal right-to-know law may be difficult, occupational safety and health experts agree that there is no evidence that worker right-to-know laws increase workers compensation claims—or even tort suits for that matter.

Dennis Marolt, a senior staff specialist at the National Loss Control Service Corp., a Long Grove, Ill.-based firm that provides claims administration and loss control services for companies, said he has not seen any increase in workers compensation claims as a result of either state employee right-to-know laws or the federal hazard communication standard.

J.T. Noblin, executive director of the International Assn. of Industrial Accident Boards & Commissions, based in Jackson, Miss., said there is "no common statistical thread" between notifying employees of hazards and the number of workers compensation claims filed.

However, he points out, "Nobody in the state (workers compensation) administration system has any good information on this."

"There's not enough statistical support to formulate a scientifically sound conclusion" on this, agreed Michael Camilleri, general counsel for the National Council on Compensation Insurance in New York.

While in isolated instances "there have been increases in the number of workers compensation claims" following enactment of employee right-to-know laws, it is difficult to discern "whether it's really cause and effect," he explained.

Among risk managers, Norman Chanzis, director of risk management for American Standard Inc. in New York, said, "I haven't seen that (worker right-to-know laws) have really hurt us to date."

James P. Friedt, an attorney with the Columbus, Ohio, firm of Vorys, Sater, Seymour & Pease, said it is "impossible to measure or to know" whether worker right-to-know laws affect workers compensation claims.

However, Mr. Friedt, who specializes in occupational disease cases, reasoned that employee right-to-know laws should reduce occupational diseases because they help ensure employee safety.



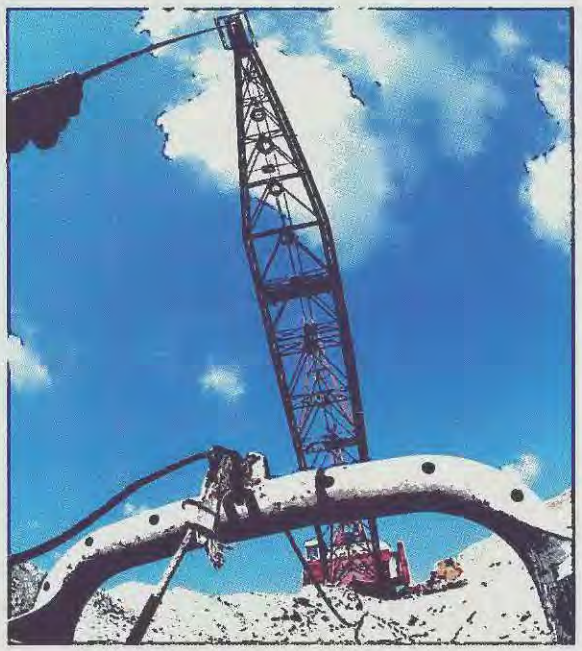
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# Work comp information

## Federal agency compiles specifics on occupational disease

By MARK A. HOFMANN

CINCINNATI—The nation's official repository of information on occupational diseases is maintained by an unprepossessing source: a branch office of a sub-sub-Cabinet level federal agency.

"Basically, we provide technical information or answer occupational safety and health questions from the general public," says Rodger L. Tatken, chief of the National Institute of Occupational Safety and Health's information retrieval and analysis section at the Robert A. Taft Laboratories in Cincinnati. He warns, however, "we are not set up to provide emergency information."

What NIOSH does provide to risk managers and other workplace safety officials is two on-line data bases, a toll-free telephone number and periodic reports and bulletins. Information gathered by NIOSH is available to the public through governmental and private sources

**'We provide technical information or answer occupational safety and health questions from the general public,' says Rodger L. Tatken, chief of the National Institute of Occupational Safety and Health's information retrieval and analysis section.**

(see related story).

One of NIOSH's data bases—RTECS—is an electronic version of the Registry of Toxic Effects of Chemical Substances. RTECS is a compendium of toxicity data covering roughly 90,000 substances. Mr. Tatken says the first registry, which was issued in the early 1970s, contained 12,000 entries.

An RTECS entry gives information such as a substance's molecular weight and molecular or elemental formula. A list of trade names, synonyms and common names for the entry also appears. Data on the substance's mutations,

effects on irritability of the eyes and skin, tumor-causing properties, effect on reproduction and its general toxicity form the bulk of the entry.

"Data in the registry is unevaluated data. We're like a card catalog," Mr. Tatken says.

The on-line data base and microfiche editions of RTECS are updated quarterly. Supplements to the printed directory are made less frequently. However, a totally updated version of the printed directory will be available within the next few months.

Mr. Tatken says the printed edi-

tion of the registry will consist of six volumes of roughly 1,000 pages each. Because of the amount of registry information, the data used in the directory will only be current through April 1987.

The other major data base, NIOSHTIC, currently contains about 140,000 citations to workplace safety and health literature. According to Mr. Tatken, 2,000 to 3,000 citations are added to the base each quarter.

He points out that NIOSHTIC is an unusual data base because it includes references that far predate the creation of the data base.

"One advantage is that it is retrospective," Mr. Tatken says. Although most citations are drawn from material published after 1973, some NIOSHTIC references date back to the late 19th century.

NIOSHTIC citations are drawn from a core of about 150 English-language technical journals, NIOSH's own publications, conference proceedings and symposiums, references selected by NIOSH from the United Nations' International Labor Organization's computerized occupational health data base, translations of non-English language references and information gleaned from the personal reference files of selected occupational safety researchers.

In addition, NIOSH has a toll-free telephone line, 800-356-4674 (800-35NIOSH) for general questions. Mr. Tatken emphasizes that the number is not an emergency hot line.

Although some questions can be answered immediately, those that cannot are queued into a work file, he says. But sometimes questions might not be answered for several months, Mr. Tatken says, because of the backlog of requests.

NIOSH issues Current Intelligence Bulletins as deemed necessary. The CIBs contain new scientific information about occupational health hazards. Some CIBs describe previously unrecognized hazards. Others contain data suggesting that a recognized hazard is either more or less danger-

ous than previously considered. The CIBs also contain a list of references providing more complete information on the hazard in question.

Businesses can get on NIOSH's mailing list to receive bulletins and notification of new publications by completing a short questionnaire that can be obtained by writing: Publications Dissemination Office, NIOSH, 4676 Columbia Parkway, Cincinnati, Ohio 45226.

NIOSH publications can be ordered from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

NIOSH is one of the Centers for Disease Control, which are part of the U.S. Public Health Service. Like the other disease control centers, NIOSH is headquartered in Atlanta.

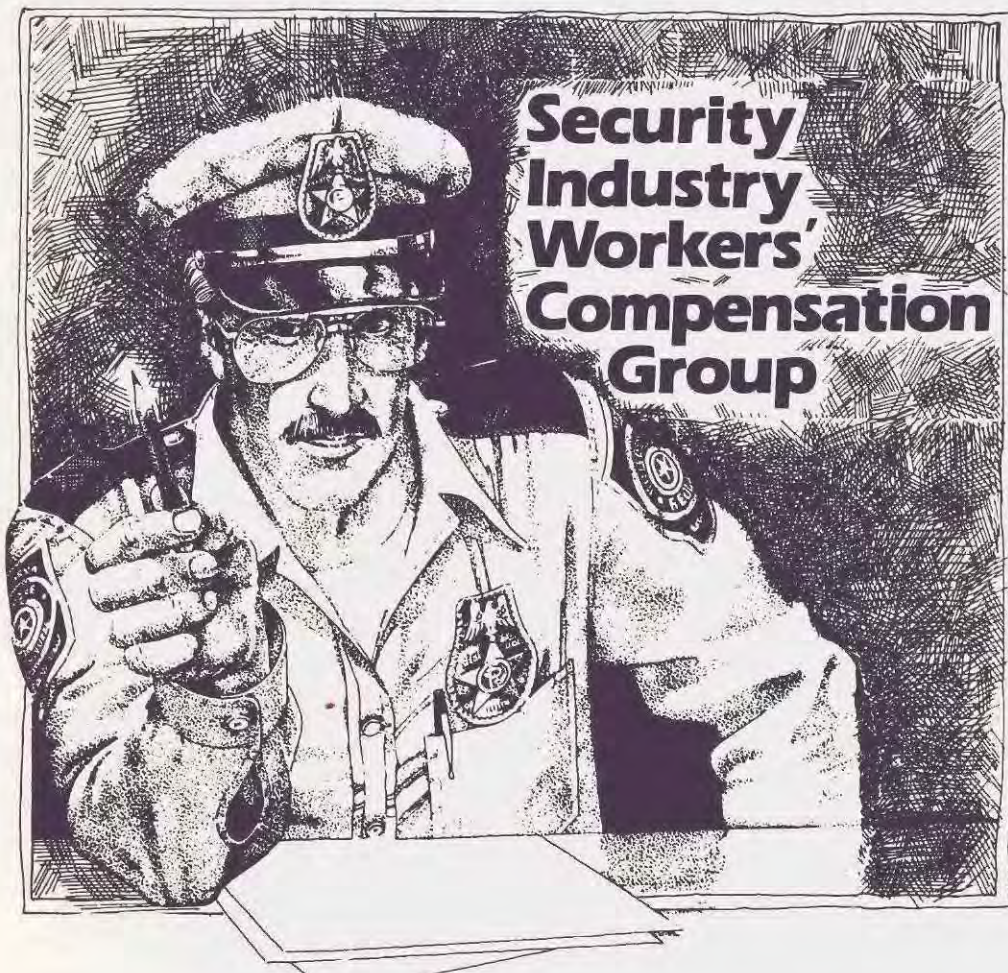
The public health service, in turn, falls under the authority of the Department of Health and Human Services. Both the service and the department are based in Washington, D.C.

Mr. Tatken points out that although the Occupational Safety and Health Act of 1970 created both NIOSH and the Occupational Safety and Health Administration, the two agencies pursue totally different agendas. NIOSH carries out research and makes recommendations about occupational safety, he says, whereas OSHA formulates specific policies and enforces them.

The two agencies even fall under the control of two different departments, with NIOSH being part of HHS and OSHA part of the Labor Department. The arrangement has its advantages and disadvantages, he says.

"NIOSH research is supposed to be based strictly on science," Mr. Tatken says. The division of powers "keeps science separate from policy," he adds.

At the same time, having two administrative bodies governing coordinated activities "leads to the normal turf kind of activities. From a bureaucratic standpoint, it's more difficult," he says. ■



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For further information about accessing NIOSHTIC, the computerized occupational safety and health data base maintained by the National Institute for Occupational Safety and Health, contact:

- DIALOG Information Services Inc., Marketing Department, 3460 Hillview Ave., Palo Alto, Calif. 94304; 800-334-2564.

- Pergamon ORBIT InfoLine Inc., 8000 Westpark Drive, McLean, Va. 22102; 703-442-0900 or 800-421-7229.

- The National Library of Medicine maintains a partial NIOSHTIC file containing about 40,000 citations. For further information, contact the National Library of Medicine, MEDLARS Management Section, 8600 Rockville Pike, Bethesda, Md. 20894; 301-496-6193.

NIOSHTIC also is available commercially in compact disc-read only memory (CD-ROM) format from the following vendors:

- SilverPlatter Information Inc., 37 Walnut St., Wellesley Hills, Mass. 02181; 617-239-0306.

- Canadian Centre for Occupational Health and Safety, 250 Main St. E., Hamilton, Ontario, L8N 1H6; 416-572-2981 or 800-263-8276.

For information on accessing the Registry of Toxic Effects of Chemical Substances from NIOSH (RTECS) on-line data base contact:

- The National Library of Medicine (address above).
- Chemical Information Systems Inc., 7215 York Road, Baltimore, Md. 21212; 301-321-8440 or 800-CIS-USER.

A CD-ROM version of RTECS is available from SilverPlatter as part of the CHEM-BANK compact disk, and a magnetic computer tape of RTECS is available from the National Technical Information Service, 5285 Port Royal Road, Springfield, Va. 22161; 703-487-4650.

# Diseased workers also tap tort system

By **STEPHEN TARNOFF**

More employees are using the tort system—in addition to the workers compensation system—to seek compensation for occupational diseases, observers say.

And, in some cases, workers are bypassing the workers compensation system entirely, opting instead to sue the manufacturer of a substance that allegedly induced an occupational disease.

While asbestos litigation is the best known example of this, civil suits involving workplace illness are not limited to asbestos cases, according to James W. Newman Jr., vp-government affairs for CIGNA Corp. in Philadelphia.

In a monograph titled "Occupational Disease," published by the Insurance Information Institute, Mr. Newman cites a two-year study of cases in Cook County, Ill., by the Rand Institute for Civil Justice that revealed about 52% of the product liability verdicts for personal injury involved plaintiffs already being compensated by workers compensation. Of the product liability settlements studied, about 85% apparently involved workplace injuries.

In addition, a 1977 survey conducted by the Insurance Services Office Inc. estimated that 11% of the total number of product liability suits originated in workplace incidents, and that 42% of the indemnity dollars paid in the sample was paid on account of workplace injuries.

Authors of both studies predicted an increasing trend toward employees pursuing recoveries for occupational disease from both the workers compensation and tort systems.

Among the reasons for the additional claims is workers' increased awareness of the dangers of exposure to hazardous substances, lawyers say.

"People are becoming more aware of exposures every day," said William Levasseur, an attorney with the Baltimore firm of Semmes, Bowen & Semmes and a former chairman of the Workers Compensation Committee of the American Bar Assn.

Unions, for example, are making their workers very aware of potential occupational diseases, he notes, and workers who previously would not have considered bringing a claim are doing so.

In addition, proposed federal regulation requiring employers to notify employees of exposure to hazardous substances could trigger an avalanche of occupational disease claims, Mr. Levasseur adds (see related story, page 17).

While in most states workers compensation is the exclusive remedy against employers for recovery of damages for workplace illness and injuries, an employee is not restricted legally from pursuing dual recovery: filing for benefits through the work comp system and, at the same time, filing a lawsuit against a culpable third party that is not the employer.

Generally, "we do pursue both remedies," says plaintiffs' attorney Robert Hatten with the Newport News, Va., firm of Patten, Wornom & Watkins.

However, in many states, employers often can legally access an award an employee receives in civil litigation.

For example, in California, if the award in a third-party suit is large enough, the employer can recover reasonable litigation and attorneys' fees, plus the amount of the employer's workers compensation benefits, according to the California Workers Compensation Institute in San Francisco.

**Generally, when seeking recovery for workers with occupational diseases, 'we do pursue both remedies,' says plaintiffs' attorney Robert Hatten with the Newport News, Va., firm of Patten, Wornom & Watkins.**

And, in Illinois, employers have a subrogation right to be reimbursed for part of the workers compensation and medical expenses they pay. However, they become responsible for a pro rata share of the cost of the third-party suit, explains Dan P. Socha, a partner with Rooks, Pitts & Poust in Chicago.

For example, in Illinois if an em-

ployee's workers compensation benefits total \$10,000 and the employee receives a \$100,000 jury award, the employer is entitled to receive that \$10,000—minus 10% for court costs and \$2,500 for the employee's attorney's fees.

However, while many state laws can limit the amount employees may recover from the civil courts for occupational diseases for which

they already are receiving workers compensation, there are several reasons for pursuing civil suits against third parties, experts say.

First, and foremost, the tort system provides the prospect of greater recovery.

Unlike workers compensation, which is designed as a no-fault system, the tort system finds fault and can make awards for "pain and suffering," explains Mr. Newman. "Understandably, victims of occupational disease are aggrieved," he points out.

And, as long as there's a possibility of a large award, an attorney will file a civil suit, says Mr. Socha.

"My visceral reaction is that a lot of these (occupational disease claims) are going into tort," be-

cause the attorney's share of a jury award is usually larger than the fees collected for filing workers compensation claims, says Alan Tebb, general manager and executive vp of the California Workers Compensation Institute.

Often the decision to file tort suits against a third party seeking damages for occupational diseases rests with the employee's attorney, observers say.

For example, attorneys familiar with the tort system will be more apt to file civil suits while attorneys more familiar with the workers compensation system will favor filing workers compensation claims, explains Hervey Levin with the Dallas firm of the same name.

Also, employees filing tort suits

*Continued on next page*



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Spotlight report

Tort system

Continued from previous page  
do not have to prove they are disabled (i.e., unable to work) by the occupational disease, a condition required to receive workers compensation.

"My sense is that the first venue of choice is the tort system," says Tom Parry, research director of the California Workers Compensation Institute. "The overarching concern is where the plaintiff is going to get the best deal."

However, if an employee is out of work, he might file for workers compensation to be compensated sooner than he would if only filing

**'My sense is that the first venue of choice is the tort system,' says Tom Parry, research director of the California Workers Compensation Institute. 'The overarching concern is where the plaintiff is going to get the best deal.'**

a lawsuit.

And, if potentially damaging evidence might be revealed during a trial—for example, that the employee contributed to the illness or injury—a workers compensation claim might be in the employee's best interest, lawyers advise.

Workers compensation claims are being filed in large volumes in asbestos and other occupational disease cases because, in addition to quicker recovery, they also provide the prospect of lifetime medical benefits, says Terna Levine, with the Los Angeles firm of Rose,

Klein & Marias.

And, in Illinois, "under certain circumstances, an employer may be obliged to pay a larger sum under the workers compensation system in a single case than might be recovered in the civil lawsuit," Mr. Socha points out. "This is particularly true if the employee dies and leaves young children or a widow."

But, "in a lot of states, the benefits are minuscule and it is almost not worth it to pursue workers compensation," asserts Mr. Hatten.

"Time, risk and the low pay discourage a lot of lawyers from having anything to do with workers compensation," he adds.

Under Ohio law, for example, the

employer at which the employee was last exposed to a substance that allegedly injures him is exclusively liable, explained Mark Wintering, an attorney with the Cleveland firm of Robert E. Sweeney Co.

However, that is not always easily determined. "Which employer do you name? It's very difficult to figure that out," he said.

In general, workers compensation is not a viable alternative for occupational disease cases in Ohio because wage loss benefits are not available to claimants unless they are totally disabled, Mr. Wintering said.

And for certain diseases like asbestosis, claimants are close to dying by the time they are totally disabled. "For a fellow with a serious occupational disease, it (workers compensation) doesn't help him at all," he added.

However, states are liberalizing their workers compensation laws to provide benefits for occupational disease.

In Georgia, for example, a recent amendment to the workers compensation law will likely result in more occupational disease claims being found compensable, said attorney James McDonald with the Atlanta firm of Swift, Currie, McGhee & Hiers.

"The law was substantially liberalized," Mr. McDonald said. "I expect that it will be easier in Georgia to prove an occupational disease claim than in the past."

Other states earlier had liberalized their laws governing occupational disease. Illinois expanded the definition of occupational disease in 1975 to include any disease caused by or aggravated by employment, says William Krucks, a workers compensation attorney with the Chicago firm of Freeborn & Peters.

Attorneys also predict that, where permitted, employees will bring more tort suits against employers seeking recovery for occupational diseases.

For example, some states permit employees to sue their employer if the employer fraudulently conceals knowledge of an employee's injuries or disease, leading to an aggravation of those injuries.

"There will be a significant wave of claims being brought in civil courts and less and less in the workers compensation arena—especially in cases where there is concealment of known dangers and employers cause the concealment," said Gordon Stemple with the Century City, Calif., firm of Stemple & Boyajian.

Mr. Stemple, who has brought many asbestos lawsuits on behalf of tire workers and others exposed to asbestos, said that evidence is now appearing that will show some companies did use workers compensation to hide wrongful acts that hurt employees.

"Obviously, there will be a significant wave of litigation related to airborne dusts and chemicals in all industries," he said, although adding that the vast majority of American industry runs a fairly clean shop.

Workers compensation is still the exclusive remedy for workplace injuries and occupational disease in Illinois, with certain exceptions. Workers can sue the employer directly if the employer intentionally concealed hazards to the employees or if the employer can be held liable for an intentional tort, said Mr. Krucks, although the burden of proof on the plaintiffs' is difficult, he notes.

However, in most states, the workers compensation system is not losing its status as the exclusive remedy against employers, Mr. Levasseur said.

"The exclusive remedy is so strong most people have given up trying to sue their employer directly," he says.

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# Federal comp plan no answer: Experts

By MEG FLETCHER

Congress is not likely to enact a federal occupational disease compensation system because of the federal government's costly experience with the federal black lung program, workers compensation experts say.

The Social Security Administration and the U.S. Department of Labor together have paid out more than \$18 billion in benefits since the legislation establishing the black lung program was enacted 19 years ago, according to spokesmen for those federal programs. These figures greatly exceed original projections, experts say.

The black lung program became "an enormous and unwieldy program with significant problems," including massive amounts of litigation, lack of fair apportionment of responsibility to those responsible for the conditions causing the disease and lack of monetary incentive for employers to improve workplace safety, said James W. Newman Jr., author of an Insurance Information Institute monograph on occupational disease and a vp for state government affairs for CIGNA Corp. of Philadelphia.

The program was "such an obvious disaster" that even labor groups and politicians who might otherwise favor a federal occupational disease compensation program are not likely to push for it, said Peter S. Barth, a University of Connecticut professor, who analyzed the federal program in his recently published book "The Tragedy of Black Lung."

Although there have been repeated legislative proposals to establish compensation systems to provide benefits to victims of asbestosis and other long latency diseases, there has been no serious movement by Congress toward passage, he said.

The political climate today is not receptive to the longstanding AFL-CIO objective of a federally run workers compensation system, acknowledged Don Elisburg, administrator of the Occupational Health Legal Rights Foundation, which is funded by the AFL-CIO.

Yet some observers say supporters of a federal occupational disease compensation program are encouraged by the early support in Congress of the proposed High Risk Occupational Disease Notification and Prevention Act (BI, Oct. 19, 1987; April 27, 1987).

However, the bill—which now appears stalled in Congress—would not establish a federal mechanism to pay benefits (see story, page 16).

It was a November 1968 explosion that killed 78 miners in a Farmington, W. Va., coal mine that provided the impetus for Title IV of the Federal Coal Mine Health and Safety Act of 1969. At the time, the legislation's chief aim was to improve health and safety in coal mines and provide more frequent and more stringent federal inspections.

However, it also sought to provide workers compensation benefits to miners afflicted with coal workers' pneumoconiosis—or "black lung disease."

At that time, only three states provided workers compensation benefits to miners afflicted with the disease, caused by exposure to coal dust, according to Mr. Newman.

The program "represented the first and essentially the only legislation enacted at the federal level providing benefits exclusively to the victims of a single occupational disease," Mr. Newman pointed out.

President Lyndon Johnson said when signing the legislation that the program was designed to be

"temporary, limited and unique." However, the act broadly defined total disability.

The program established a two-pronged program to pay lifetime income benefits to eligible miners and their surviving dependents based on a formula linked to the scale of disability benefits for federal employees.

Certain presumptions were established under the act to assist claimants in establishing their eligibility. For example, if a deceased miner had been employed for at least 10 years in an underground mine and died of a respiratory disease, it was presumed that the death was due to pneumoconiosis.

The Social Security Administration processes claims filed by Dec. 31, 1971—called the Part B seg-

ment of the program—regardless of the last date of exposure.

Under Part C, claims filed after 1972 were primarily the responsibility of state work comp programs and responsible coal operators, but the inability of state programs to meet federal standards and difficulty in determining operator responsibility resulted in the federal Labor Department funding most payments through the 1970s.

And, amendments in 1972 and 1977 to the 1969 act liberalized the circumstances in which federal administrators must grant benefits.

Congress also created the Black Lung Disability Trust Fund in 1977 and imposed an excise tax on coal sales to pay benefits.

Meanwhile, conflicts over black lung claims developed as coal mine

operators attempted to limit benefits. However, most cases were resolved in favor of claimants, Mr. Newman said.

However, a 1980 report by the Comptroller General to Congress found that in a sample of 200 claims that had been re-reviewed and approved by the the Social Security Administration under the 1977 criteria, "in 88.5% of cases, medical evidence was not adequate to establish disability or death from black lung." Yet, benefit payments were mandated by other provisions in the law.

This data encouraged Congress in 1981 to pass legislation limiting the program by tightening eligibility standards and by requiring black lung claimants to file their claims with the appropriate state

work comp agency first. Only if the state program denied the applicant benefits or if state benefits were lower than federal benefits could the claimant seek black lung benefits from the federal government.

Afterward, the rate of approval for federal black lung benefits dropped to about 5% from at least 75%. The decrease was due to not only the tighter standards but also to improved safety standards that made mining less hazardous, Mr. Newman said.

Many of the program's problems resulted because the underlying purpose of the program was never made explicit, and, prior to 1978, the standards for determining the compensability of black lung differed in the two federal agencies, Mr. Barth said.



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# AIDS not likely to be big comp problem

By MICHAEL BRADFORD

The acquired immune deficiency syndrome epidemic could increase the number of workers compensation claims filed claiming injury due to stress and occupational illness.

However, AIDS probably will not lead to a rash of workers compensation claims because so few workers are exposed to the virus, says an official at the National Council on Compensation Insurance.

"I personally feel that that exposure is fairly small" because bodily fluids are handled in only a few workplace environments, such as health care, said David Appel, vp of economic research at the NCCI in New York.

However, employees fearful of contracting the disease from a co-worker could file stress claims, he said. And, employees who contract the disease from co-workers could file occupational illness claims, he added.

While contracting AIDS in the workplace is unlikely, because people with AIDS easily develop other communicable diseases, employees that contract such illnesses from their co-workers with AIDS may file workers comp claims, Mr. Appel said. "That is a conceivable comp exposure."

Some workers already have filed claims for the emotional stress they experience when dealing with AIDS patients or blood infected with the virus.

He cited as an example a suc-

**AIDS 'is such a limited issue in work comp that there is... no data available,' Mr. Appel says.**

cessful stress-related workers comp claim filed by a nurse in California who worked with AIDS patients.

"It was a comp claim for stress, but the real cause was the fact that (she was) working with AIDS patients," he explained.

Although he does not have figures on how many stress-related claims have been filed by workers

who work with AIDS patients or their blood, Mr. Appel said he expects those kinds of claims to increase.

"I could imagine a fair amount of job-related stress where the proximate cause is the exposure to the disease," he noted.

"But otherwise, in terms of individuals developing AIDS from on-the-job exposures, I don't know of any claims that have been filed," Mr. Appel said.

The NCCI currently is trying to identify occupations in which AIDS could lead to workers comp claims, according to Mr. Appel.

"It is such a limited issue in workers comp that there is really no data available," he said.

"We've started to contact our members and subscribers, particu-

larly a couple of companies that have paid some claims in their life and health areas, to see whether they know of any exposures in the comp area."

But so far, "The health care professions are the only ones in which any occupational exposure has been identified," according to Mr. Appel.

He added that the news media have reported only about a half-dozen cases in which nurses or lab workers developed antibodies to the disease after exposure to AIDS-infected blood, and he is unaware of any workers comp claims connected to those instances.

How the AIDS epidemic will affect the workers comp system can be viewed from two perspectives, Mr. Appel said.

"If you look at the projections for the population at large, the more pessimistic projections would lead one to believe that the work comp system will not go untainted. I don't know that the insurance industry is terribly frightened now about the potential, but I think people are certainly aware of the potential."

Some experts estimate that the number of people with AIDS will reach into the millions by the early 21st century, Mr. Appel pointed out. If there indeed are "millions or tens of millions" of people with AIDS at that point, "you have to expect workers comp to be an area where workers comp claims will be filed."

On the other hand, workers compensation insurers are less concerned than life and health insurers about the epidemic's effect on their business because more AIDS-related medical claims are likely to be filed than AIDS-related workers comp claims.

"The exposure in comp is somewhat less direct, so I think the level of concern would be somewhat lower," he said.

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# Safety consultants see higher demand

By CHRISTINE WOOLSEY

Increased employer and employee awareness of occupational disease and ergonomics are expanding employers' use of safety consulting services.

"Loss control and safety really came to the forefront two or three years ago when the Bhopal, India, accident occurred," said B. Gawain Bonner, a safety and health management consultant based in Huntsville, Texas. "It often takes a major catastrophe to prompt management to get more involved, and I see a higher awareness in American industry now than ever before," he said.

"Right-to-know legislation has made employees demand safer conditions and we are seeing a response from some employers," added Dennis Cockerham, assistant vp of loss control at Fireman's Fund Insurance Cos. in Novato, Calif. (see story, page 17).

Risk managers now are hiring safety consultants to evaluate potentially hazardous conditions inside buildings in an attempt to eliminate the possibility of future workers compensation claims or lawsuits, Mr. Cockerham said.

"It is clear, knowing the history of asbestos, that if employers had investigated environmental problems earlier, a large portion of losses could have been prevented," said Dewey Cubit, vp of Dynamac Corp., a Rockville, Md., firm specializing in environmental engineering and safety and risk assessment.

In addition, increased awareness of ergonomics is generating more business for safety consultants. Often referred to as human engineering, ergonomics focuses on problems arising from improper design of work stations and injuries resulting from the way employees stand, hold tools or lift heavy materials.

Dick Odom, vp of safety for National Loss Control Service Corp. in Long Grove, Ill., a Kemper Corp. unit, said ergonomic consulting is the biggest factor behind the increase in NATLSCO's business.

A large portion of ergonomic consulting is taking place in offices that employ word processing operators, Mr. Odom explained.

"We've found that the position the operator sits in has a significant effect on his or her job," he said. The relationship of the keyboard to the terminal, the height of the chair and glare also are important considerations.

Although employee stress is another area of emerging concern to employees and employers (see story, page 12), stress-related consulting services do not comprise a large portion of most consultants' services because stress is such a difficult factor to evaluate.

Property/casualty insurance market conditions and the overall economy affect the demand for loss control consulting services, consultants point out.

In a competitive insurance market, demand for safety consulting services decreases since losses are less likely to affect insurance rates, Mr. Odom said.

And, even though a tight insurance market generally increases the demand for loss control services, the condition of the overall economy also has a strong influence on the demand.

Insurance companies are more likely to "give away" loss control services in a soft market in order to get business, Mr. Cockerham pointed out. "Insurers try to entice people with every tool they've got in a soft market, but when the market is tight, clients have to pay for those services," he said.

However, Mr. Odom emphasized the importance of the overall economy on demand for safety services, contending that when business is booming there is more potential for losses and at the same time employers are willing to spend money on safety services.

One trend noted by Mr. Odom over the last two years is employers electing to purchase loss control services separate from their insurance services.

"More employers are looking at what their insurance company is charging for loss control and saying, 'I prefer to do this myself,' because they want to control where their money is being spent," he said.

Corporate takeovers and personnel restructuring also lead to more

business for safety consultants.

According to Frank Bird Jr., president of the International Loss Control Institute, a Loganville, Ga.-based consultant, the termination of safety personnel at the regional level often is one of the first changes after a takeover.

"The elimination of corporate and regional staff and the hiring of outside services has caused the safety consultant business to be more open today than 20 years ago," Mr. Bird added.

"Even though they cut back, employers still need those services but now see it is more economical to buy them from outside consultants who work on a short-term basis," Mr. Bonner said.

Other consultants say many companies do not feel the need to pay

for full-time safety personnel when they have the option of hiring an expert temporarily at a lower cost.

Consultants say the purchase of loss control services is directly related to senior management's commitment to protecting assets.

"They must realize employees are valuable and it is less expensive to protect them than pay compensation after an injury or death," said Mr. Bonner.

However it is important to keep in mind hidden costs due to a loss, which Mr. Cockerham estimates as four times as much as actual losses, like workers compensation claims. Included in these hidden costs are down time, damaged equipment and supervisory training.

For example, says Mr. Odom, many employers do not think of

costs associated with time spent on accident investigations, filling out reports and doctor bills, hiring and training replacements or lost production efficiency due to slower and inexperienced replacements.

In addition, the use of safety consulting services can affect the company's bottom line, said Eugene Newman, president of Newman Associates, a safety consulting firm in Middletown, Va.

"The primary purpose of safety consultants is to identify exposures that would be catastrophic if those exposures became events," said ILCI's Mr. Bird. The survival of some companies is directly related to not having catastrophic events occur, he explained.

"It is alarming how many com-

*Continued on next page*

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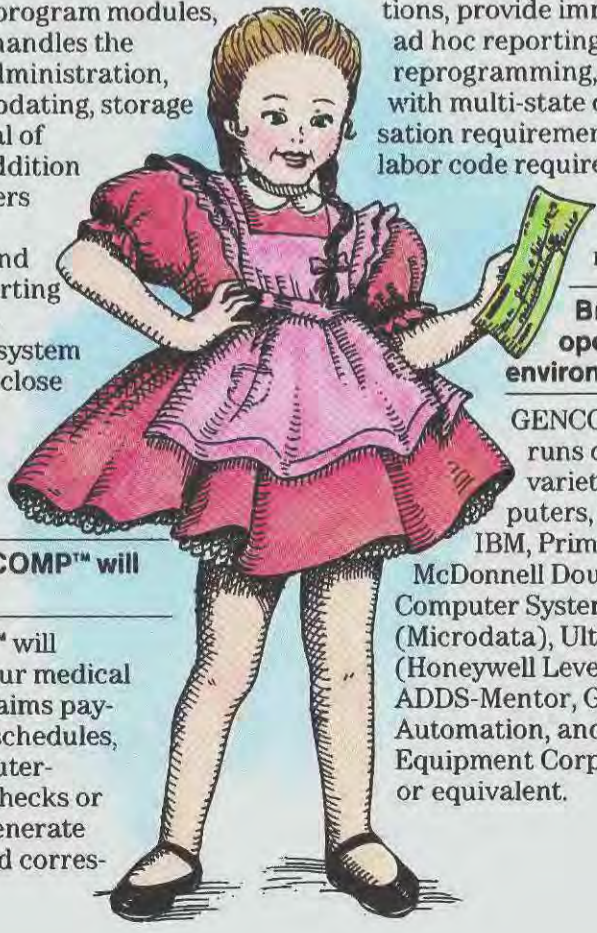
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# First *BI* directory of safety consultants

**A**

## AGM Services

P.O. Box 7062, Huntington Beach, Calif. 92615; 714-963-3068

**Year founded:** 1972.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional product liability loss control, fleet safety services.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent OSHA compliance, occasional publication of safety materials or videos, development of training materials, indus-

trial hygiene research, product liability research, fire protection engineering, regulatory compliance programs. Industrial hygiene testing performed through contract with outside labs.

**Staff:** Five staff members; three assigned to safety consulting, including those holding AIHA, CSP, NSC and JD designations; two ASSE members.

**Clients:** 10 corporate and institutional safety consulting clients; 80% with gross revenues of less than \$200 million, 10% with \$200 million-\$500 million, 10% with \$500 million-\$1 billion.

**Specialties:** Manufacturing, transportation, construction.

**1987 gross revenues:** \$200,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Allen G. Macenski, president/principal; Paula J.

Macenski, vp/director-operations.

## AMR Environmental Consultants

Rural Delivery 1, Box 243A, Berlin, Pa. 15530; 814-267-4404

**Year founded:** 1984.

**On-site services:** Frequent industrial hygiene program assistance; industrial hygiene testing done in company's facilities.

**Staff:** Four staff members; two assigned to industrial hygiene consulting, including those holding AIHA, CIH and RN designations; one ASSE member.

**Specialties:** Educational institutions.

**Principal officers:** Charlene S. Kawchak, owner/general manager.

## APO Consulting Services

86-47 105th St., Richmond Hill, N.Y. 11418; 718-846-0734

**Year founded:** 1983.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional occupational health program assistance, training classes or seminars.

**Other services:** Frequent OSHA compliance, fire protection engineering; occasional development of training materials, rehabilitation, product liability research.

**Staff:** Three staff members; one assigned to safety consulting, including one CSP, one PE, one RN; one ASSE member.

**Clients:** Six clients, 40% with gross revenues of less than \$200 million, 60% with \$1 billion-\$3.5 billion.

**Specialties:** Pharmaceutical manufacturers, bakeries, department stores, attorneys.

**1987 gross revenues:** \$50,000, 100% from unbundled safety consulting services.

**Principal officers:** Aldo P. Osti, consultant.

## Adjustco Inc.

2605 Maitland Center Parkway, P.O. Box 5005, Maitland, Fla. 32751; 305-660-2611

**Year founded:** 1980.

**Parent company:** Leonard J. Russo Insurance Services Inc.

**On-site services provided:** Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Occasional training classes or seminars.

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## Safety consulting services

*Continued from previous page*

panies with high risks are not motivated to know what their risks are or what their needs are," he said.

Consultants point out that unsafe workplaces pose a huge financial threat: Workplace accidents cost employers and insurers \$34.8 billion in 1986, according to the National Safety Council.

Mr. Newman said safety programs can save individual employers hundreds of thousand of dollars by identifying risks and preventing accidents in the workplace.

"It costs money in the short term and you may not see results in that investment right away, but not doing so leaves an employer open to large risks," Dynamac's Mr. Cubit explained.

Training supervisors and employees is one of the most common safety consulting services.

"In the last four or five years, there has been a significant swing in the need for training," said NATLSCO's Mr. Odom, adding that 60% of his field staff members conduct training programs and seminars for clients.

Consultants emphasize the need to train supervisors and say a major issue is getting information into the right hands so the general workforce will respond effectively.

Other services offered by most safety consultants include:

- Safety audits, evaluations or inspections.
- Seminars.
- Industrial hygiene and occupational health program assistance.
- General safety research.

Clients are more likely to buy specific services such as training or industrial hygiene assistance rather than general inspection services because employers say they can observe general deficiencies themselves, Mr. Cockerham said.

The first *Business Insurance* directory of safety consultants, which begins on page 24, contains information on 154 vendors.

Of these companies, about 42% have one- or two-person staffs; 23% have three to five staffers; 21% have six to 20 staffers; 7% have 25 to 99 staffers; and 6% have staffs exceeding 100.

Several consultants say the large percentage of one-person operations reflects retirees entering the consulting business, many of whom had worked for large corporations, insurance companies or government entities.

Mr. Bonner, who served for four years on the National Committee on Safety and Health, which advises the U.S. secretary of labor on matters related to workplace safety, says he retired two years ago from a loss-control position at Houston-based Tenneco Corp. and now does a small amount of con-

sulting, mainly for attorneys handling lawsuits. For example, he reviews the charges in a severe injury or death case and advises counsel whether there was a violation of a safety standard.

One problem such "one-man shows" encounter is soliciting accounts from big business. "The one person basically services the local plant he has contact with," says Mr. Odom.

But large corporations with multistate locations need consultants around the country to coordinate their loss control programs, consultants observe.

However, "Safety consulting in the narrowest range tends to be small, quick-response programs that a company is requesting," says Mr. Cubit, "and that lends itself well to individual consultants."

Small consulting firms can be as experienced and reliable as larger firms and can charge more competitive rates.

The majority of consultants, large and small, say staff size is not the most important consideration for employers. Rather, they stress services offered and professional credentials or memberships.

ILCI's Mr. Bird says employers should look for:

- Education and training.
- Practical work experience.
- Professional recognition, accreditation, qualifications.
- Experience as a consultant.
- Clients.
- Memberships.

The *BI* survey found that 146 of the companies listed in the directory had 1,055 consultants and staff members who are members of the American Society of Safety Engineers; only four companies had no ASSE staff members, and four did not respond to the question.

Based in Des Plaines, Ill., the ASSE is an individual member professional society with more than 20,000 members devoted to the advancement of the safety profession and the expansion of the professional knowledge of its members. The ASSE assists in setting technical standards related to safety and health, publishes a variety of technical and professional information and participates actively in professional certification of individual safety professionals.

"ASSE is to us what the AMA is to doctors," said Mr. Bonner, referring to the American Medical Assn.

In addition, a number of professional designations are held by safety consultants. According to the *BI* survey, the most prevalent professional designations among safety consultants include membership in the American Industrial Hygienists Assn., designation as a Certified Safety Professional and designation as a Registered Professional Engineer. ■

Continued from facing page

**Other services:** Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance; occasional industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by Physical Therapy Resources Inc. and other companies.

**Staff:** 12 staff members; 10 assigned to safety consulting, including one CSE, one CSP, two NSCs; 10 ASSE members.

**Clients:** 3,200 clients.

**Branch office:** Baton Rouge, La.

**Principal officers:** Leonard J. Russo, president; Jack D. Holton, executive vp; David B. Crosby, vp/national sales manager; F.I. Hughes, senior vp/Southeast regional manager; Robert W. Lowry Sr., vp/Southwest regional manager.

**Affiliated Insurance Managers**

224 Park Road, West Hartford, Conn. 06119; 203-236-2095

**Year founded:** 1980.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Occasional publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

**Staff:** One staff member, holding ARM and CIC designations; ASSE member.

**Clients:** 16 clients; 75% with gross revenues of less than \$200 million, 25% with \$200 million-\$500 million.

**Specialties:** Municipalities, cable television, construction, manufacturing.

**Principal officers:** Vincent J. Carabillo, president.

**Ahearn & Associates**

4047 E. Rancho Drive, Phoenix, Ariz. 85018; 602-840-9446

**Year founded:** 1979.

**On-site services:** Frequent industrial hygiene program assistance, training classes or seminars; occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, noise and vibration; occasional ergonomic research, product liability research. Industrial hygiene testing done through contract with outside labs.

**Staff:** Five staff members; four assigned to industrial hygiene consulting, including three AIHAs, two CIHs; one ASSE member.

**Clients:** 100 corporate and institutional safety consulting clients.

**Specialties:** Construction, government, educational institutions, utilities.

**1987 gross revenues:** \$350,000 total, 100% from unbundled safety consulting services.

**Principal officers:** William A. Ahearn, president.

**Paul Alamar**

P.O. Box 134, Scranton, Pa. 18501; 717-347-8665

**Year founded:** 1972.

**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Occasional training classes or seminars, accident investigations, forensic services.

**Other services:** Frequent OSHA compliance, product liability research. Industrial hygiene testing done through contract with outside labs.

**Staff:** One staff member, holding PE and CSP designations; ASSE member.

**Clients:** Four corporate and insti-

tutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Construction, health care industry.

**1987 gross revenues:** 100% from unbundled safety consulting services.

**Principal officers:** Paul Alamar, president.

**Alexander & Alexander Services Inc.-Loss Control**

1185 Ave. of the Americas, New York, N.Y. 10036; 212-575-8000

**Year founded:** 1899.

**Parent company:** Alexander & Alexander Services Inc.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Other services:** Publication of

*Continued on next page*

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## Guide to safety consultants' directory

The first annual directory of safety consultants lists companies that provide services like advice on employee safety, safety evaluations, employee training classes and safety research.

To be listed in the directory, companies must provide these services on an unbundled basis to corporate and institutional employers; companies that offer safety consulting only in conjunction with the purchase of other products and services are not included in the directory.

Information for the directory was gathered from responses to questionnaires sent to companies by *Business Insurance*. The directory is published as an editorial service; there is no charge for companies to be included.

Listings begin with the name and address of the company, the year founded and the parent company (if any).

Next, safety consulting services the company provides are detailed. Information on total staff members as well as professional staff members assigned to safety consulting is given; professional designations held by staff members are also provided, including membership in the American Society of Safety Engineers. Information on number and size of clients follows.

If a company specializes in consulting to a particular type of business or industry it is noted; then, cities and states of branch offices providing safety consulting services are listed.

When reported by the company, 1987 gross revenues are provided. Names and titles of principal officers complete the listings.

Although we make every effort to publish complete and accurate listings, *Business Insurance* is unable to verify information provided by the companies.

If you would like to be put on the mailing list to be included in the 1989 directory of safety consultants, please write Christine Woolsey, Editorial Assistant, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590.

Following are the professional designations for those abbreviated under the staff heading:

AAAS is Member, American Assn. for the Advancement of Science; AAIH is Member, American Academy of Industrial Hygiene; ABA is Member, American Bar Assn.; ABIIH is Member, American Board of Industrial Hygiene; ACGIH is Member, American Conference of Governmental Industrial Hygiene; ACS is Member,

American Chemical Society; ACSA is Accredited Safety Auditor; AFS is Member, American Foundrymen's Society; AICE is Member, American Institute of Chemical Engineers; AIHA is Member, American Industrial Hygiene Assn.; AIIE is Member, American Institute of Industrial Engineers; ALCM is Associate in Loss Control Management; ANS is Member, American Nuclear Society; ANSI is Member, American National Standards Institute; AOMA is Member, American Occupational Medicine Assn.; APCA is Member, Air Pollution Control Assn.; ARM is Associate in Risk Management; ASA is Member, Acoustical Society of America; ASEE is Member, American Society for Engineering Education; ASHA is Member, American Speech-Language-Hearing Assn.; ASHE is Member, American Society for Hospital Engineers; ASIS is Member, American Society for Industrial Security; ASME is Member, American Society of Mechanical Engineers; ASP is Associate Safety Professional; ASQC is Member, American Society for Quality Control; ASSE is Member, American Society of Safety Engineers; ASTM is Member, American Society for Testing and Materials; CDT is Certified Driver Trainer; CEA is Certified Environmental Assessor; CEM is Certified Energy Manager; CFEI is Certified Fire and Explosion Investigator; CFI is Certified Fire Investigator; CFPS is Certified Fire Protection Specialist; CHC is Certified Hygiene Consultant; CHCM is Certified Hazard Control Manager; CHMM is Certified Hazardous Materials Manager; CHP is Certified Health Physicist; CHSP is Certified Hospital Safety Professional; CIH is Certified Industrial Hygienist; CIHT is Certified Industrial Hygiene Technologist; CME is Certified Manufacturing Engineer; CMVFS is Certified Motor Vehicle Fleet Safety Director; COC is Certified Occupational Conservationist; COHC is Certified Occupational Hearing Conservation-

ist; COHN is Certified Occupational Health Nurse; CPC is Certified Professional Consultant; CPCU is Chartered Property/Casualty Underwriter; CPP is Certified Protection Professional; CPSM is Certified Product Safety Manager; CQE is Certified Quality Engineer; CRE is Certified Reliability Engineer; CRSP is Canadian Registered Safety Professional; CSD is Certified Safety Director; CSE is Certified Safety Executive; CSM is Certified Safety Manager; CSP is Certified Safety Professional; CSS is Certified Safety Specialist; CSSM is Certified Shop Services Manager; CSSP is Certified Safety and Security Professional; CST is Certified Safety Technician; HFS is Member, Human Factors Society; HPS is Member, Health Physics Society; HSP is Healthcare Safety Professional; IAH is Member, Industrial Health Assn.; IEEE is Member, Institute of Electrical and Electronic Engineers; IOSH is Member, Institution of Occupational Safety and Health (Great Britain); JD is Juris Doctor; LPI is Member, Lightning Protection Institute; MBA is Master of Business Administration; MD is Medical Doctor; NAFE is Member, National Academy of Forensic Engineers; NBBM-IC is Member, National Board of Boilers/Pressure Vessels; NFPA is Member, National Fire Protection Assn.; NHCA is Member, National Hearing Conservation Assn.; NSC is Member, National Safety Council; NSMS is Member, National Safety Management Society; NSPB is Member, National Society to Prevent Blindness; NSPE is Member, National Society of Professional Engineers; OHS is Occupational Health and Safety Technician; OTR is Registered Occupational Therapist; PE is Registered Professional Engineer; PhD is Doctor of Philosophy; PSE is Professional Safety Engineer; PTA is Member, Physical Therapy Assn.; RN is Registered Nurse; SFPE is Member, Society of Fire Protection Engineers; SME is Member, Society of Manufacturing Engineers; SPMC is Member, Society of Professional Management Consultants; SSS is Member, System Safety Society; VH is Member, Veterans of Safety; WSO is Member, World Safety Organization.

*Continued from previous page*  
 safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

**Staff:** 215 staff members; 80 assigned to safety consulting, including seven AIHAs, three ACLMs, 21 ARMs, four ASPs, five CHCMs, three CPSMs, 31 CSPs, 29 PEs, two RNs, 17 NSCs, two ASISs, seven AICEs, one ASQC, 57 ASSE members.

**Branch offices:** 158 locations in the United States, 70 foreign locations.

**Principal officers:** Alexander & Alexander Services Inc.: John A. Bogardus, chairman; Tinsley H. Irvin, president/chief operating officer; Michael K. White, senior vp.

### Alexsis Inc.

41000 Seven Mile Road, Northville, Mich. 48167; 313-348-2202

**Year founded:** 1932.

**Parent company:** Alexander & Alexander Services Inc.

**On-site services:** Frequent safety audits/reviews of current programs,

safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent development of training materials, OSHA compliance, noise and vibration research, fire protection engineering; occasional publication of safety materials or videos, industrial hygiene research, occupational health research, ergonomic research, product liability research.

**Staff:** 940 staff members; 46 assigned to safety consulting, including five AIHAs, two ARMs, three ASPs, one CIH, one CPCU, 17 CSPs, two PEs; 46 ASSE members.

**Clients:** 2,000 corporate and institutional safety consulting clients; 85% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million, 2% with \$500 million-\$1 billion, 2% with \$1 billion-\$3.5 billion, 1% with more than \$3.5 billion.

**Specialties:** Health care, municipalities, educational, construction, manufacturing, retail.

**Branch offices:** Philadelphia;

Hartford, Conn.; Winston-Salem, N.C.; Chicago; St. Louis; Louisville and Frankfort, Ky.; Livonia, Grand Rapids and Bay City, Mich.; Lakeland, Fla.; Baton Rouge, La.; Oklahoma City; Portland, Ore.

**1987 gross revenues:** \$60 million total, 5% from unbundled safety consulting services.

**Principal officers:** John A. Malasky, national director; William Bull, president; Joseph A. Giampetro and Ernest C. Fackler, executive vps.

### Allstate Safety Inc.

103 Waring, San Antonio, Texas 78216; 512-829-4220

**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars; occasional industrial hygiene program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent development of training materials, rehabilitation, occupational health research, product liability research, fire protection engineering; occasional pub-

lication of safety materials or videos, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research.

**Staff:** Three staff members; two assigned to safety consulting, including one CSE, one CSP; three ASSE members.

**Clients:** Three corporate and institutional safety consulting clients.

**Specialties:** Health care.

**Principal officers:** Ned A. Flores, president; Laura A. Flores, secretary/treasurer.

### Alpha Consulting Services

5419 1/2 Village Green, Los Angeles, Calif. 90016; 213-271-8422

**Year founded:** 1984.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Development of training materials, rehabilitation, OSHA compliance.

**Staff:** One staff member, two independent contractors; designations held by staff include one CSP, one PE, one RN; three ASSE members.

**Clients:** Three clients.

**Specialties:** Manufacturing.

**1987 gross revenues:** 1,500 total, 100% from unbundled safety consulting services.

**Principal officers:** John J. Phillips, president.

### Applied Risk Control Corp.

100 Dutch Hill Road, Suite 214, Orangeburg, N.Y. 10962; 914-365-2444

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, audiovisual site surveys, organizational profiles, accident investigations.

**Off-site services:** Frequent training classes or seminars, loss level profiles, loss management reviews, computerized accident surveys.

**Other services:** Frequent publication of safety materials or videos, development of training materials, ergonomic research, product liability research, occasional OSHA compliance, industrial hygiene research, occupational health research, noise and vibration research, fire protection engineering. Industrial hygiene testing done through contract with outside labs.

**Staff:** Eight staff members; seven assigned to safety consulting, including one AIHA, one ARM, one CSE, two CSPs, two NSMSs, one PE, two NSCs, one MBA, one attorney; six ASSE members.

**Clients:** 60 corporate and institutional safety consulting clients; 40% with gross revenues less than \$200 million, 40% with \$200 million-\$500 million, 10% with \$500 million-\$1

billion, 5% with \$1 billion-\$3.5 billion, 5% with more than \$3.5 billion.

**Branch offices:** Atlanta.  
**1987 gross revenues:** \$550,000 total, 95% from unbundled safety consulting services.

**Principal officers:** Harry P. Mirjanian, president; Tom DiMarino and Leo Kiebal, vps.

### Assist Risk Control

1209 Maple, Wilmette, Ill. 60091; 312-256-4319

**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, fleet safety audits and program development; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Other services:** Frequent publication of safety materials or videos, OSHA compliance; occasional development of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering, fleet safety research. Industrial hygiene testing done through contract with outside labs.

**Staff:** Two staff members; one assigned to safety consulting, including one CSP; one ASSE member.

**Principal officers:** Larry Toepfer, president; Joan Toepfer, vp.

### Associated Claims Management Inc.

375 N. Wiget Lane, P.O. Box 9350, Walnut Creek, Calif. 94598; 415-930-9883

**Year founded:** 1982.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

**Staff:** Five staff members, all assigned to safety consulting, including one CIH, one CSD, one CSE, two CSMs, two CSSs, two NSMSs, one PE, three WSOs, three NSCs, one ASIS, one CSSP, one CDT, one CSSM; three ASSE members.

**Clients:** 61 corporate and institutional safety consulting clients; 57% with gross revenues less than \$200 million, 32% with \$200 million-\$500 million, 7% with \$500 million-\$1 billion, 3% with \$1 billion-\$3.5 billion.

*Continued on facing page*

# M. P. G.

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Continued from facing page billion, 1% with more than \$3.5 billion.

**Specialties:** Retail, manufacturing, semiconductor industries. **Branch offices:** Brea and Sunnyvale, Calif. Phoenix, Ariz. **Principal officers:** Thomas R. Leonard, president/chief executive officer; Roberta P. Penarelli, senior vp; C. David White, president-southern division; Charles L. Axtell, president-northern division; David F. Nolan, president-Sunnyvale division.

**B**

**Back School of Atlanta**

1401 W. Paces Ferry Road N.W., Suite A-210, Atlanta, Ga. 30327; 404-237-3155; 800-241-1027

**Year founded:** 1979. **On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars; occasional industrial hygiene program assistance.

**Off-site services:** Frequent training classes or seminars; occasional job assessment and functional capacity evaluation.

**Other services:** Publication of safety materials or videos, development of training materials.

**Staff:** Four staff members who are assigned to safety consulting, including one RN, three PTAs; one ASSE member.

**Clients:** Three corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**1987 gross revenues:** \$400,000 total, 30% from unbundled safety consulting services.

**Principal officers:** Stanley V. Paris, president; Ronald W. Porter, director; Greg E. Williams, administrative assistant.

**Back Systems Inc.**

5520 LBJ Freeway, Suite 200, Dallas, Texas 75240; 214-960-9515

**Year founded:** 1984. **On-site services:** Frequent safety audits/reviews of current programs, ergonomic program assistance, training classes or seminars.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, ergonomic research; occasional OSHA compliance, noise and vibration research.

**Staff:** 17 staff members; four assigned to safety consulting, including three MDs, two PhDs; three ASSE members.

**Clients:** 50 clients; 5% with gross revenues less than \$200 million, 5% with \$200 million-\$500 million, 15% with \$500 million-\$1 billion, 25% with \$1 billion-\$3.5 billion, 50% with more than \$3.5 billion.

**Specialties:** Distributors. **Principal officers:** Terry Broxson, president; Charles Anderson, vp-engineering/ergonomics; Kirby Dalton, vp-marketing.

**Biotechnics Inc.**

Suite 260, 7607 Eastmark Drive, College Station, Texas 77840; 409-696-3871

**Year founded:** 1981. **On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars, forensic sciences; occasional ergonomic program assistance, occupational health program assistance.

**Other services:** Frequent development of training materials, industrial hygiene research, product liability research; occasional publication of safety materials or videos, OSHA compliance, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done through contract with outside labs.

**Staff:** Five staff members; four assigned to safety consulting, including 11 AIHAs, nine CIHs, 14 CSPs, 13 PEs, 10 PhDs, one CME, nine ACIHS, nine SSSs, five AIIEs, three ACGIHS, one SFPE, one SME; 12 ASSE mem-

bers. **Clients:** 20 clients. **Specialties:** Manufacturing, construction, chemical, petroleum, legal, public sector. **1987 gross revenues:** \$150,000 total, 94% from unbundled safety consulting services. **Principal officers:** Ralph J. Vernon, president; Clyde M. Berry, executive vp; Leland T. Blank, director-technical services; Pat Clemens, director-systems/product safety; Betty Vernon, secretary/treasurer.

**Bonatus & Associates Inc.**

6292 Lambda Drive, San Diego, Calif. 92120-4606; 619-582-9429

**Year founded:** 1979. **On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training

classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, hazard communication training, expert witness research.

**Other services:** Frequent OSHA compliance; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by Amtech Labs.

**Staff:** One staff member holding CHCM, CSP, PE, NSC and CEM designations; ASSE member.

**Clients:** 15 clients; 66.5% with gross revenues less than \$200 million, 13.4% with \$200 million-\$500 million, 20.1% with \$500 million-\$1

billion. **Specialties:** Attorneys, hotels, motels, restaurants, manufacturing, electronics, construction. **1987 gross revenues:** \$32,000 total. **Principal officers:** Kenneth R. Bonatus, president.

**B. Gawain Bonner, Safety & Health Management Consultant**

Route 3, Box 458, Huntsville, Texas 77340; 409-594-3804

**Year founded:** 1986. **On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, litigation, legis-

lative and regulatory consulting. **Other services:** OSHA compliance. **Staff:** One staff member, holding CSP and PE designations; ASSE member. **Clients:** Four clients. **Specialties:** Manufacturing. **1987 gross revenues:** \$5,000 total, 100% from unbundled safety consulting services. **Principal officers:** B. Gawain Bonner, principal.

**J.F. Boxmeyer Safety Consultants**

P.O. Box 143, Laurelton, Pa. 17835; 717-922-4216

**Year founded:** 1982. *Continued on next page*

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Continued from previous page

**On-site services:** Frequent safety audits/reviews of current programs, training classes or seminars; occasional safety program assistance.

**Other services:** Frequent investigation and recommendations for static electricity control, static electricity seminars.

**Staff:** One staff member, holding CSP, and NFPA designations; ASSE member.

**Clients:** 10 corporate and institutional safety consulting clients; 20% with gross revenues less than \$200 million, 20% with \$200 million-\$500 million, 20% with \$500 million-\$1 billion, 10% with \$1 billion-\$3.5 billion, 30% with more than \$3.5 billion.

**Specialties:** Manufacturing, textiles, printing, chemicals.

**1987 gross revenues:** \$15,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Joseph F. Boxmeyer, owner.

### George Boyd Associates

8111 Eastern Ave., Philadelphia, Pa. 19118; 215-825-8126

**Year founded:** 1979.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional occupational health program assistance.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research. Industrial hygiene testing done through contract with independent labs.

**Staff:** Two staff members, including two AIHAs, one NSMS, one ASTM; two ASSE members.

**Clients:** 450 clients; 99% with gross revenues less than \$200 million, 1% with \$200 million-\$500 million.

**Specialties:** Trade associations.

**1987 gross revenues:** 100% from unbundled safety consulting services.

**Principal officers:** George Boyd Jr., president; Mark Klempner, industrial hygienist.

### Frank J. Breitsameter, P.E.

1005 E. Cardinal Lane, Mount Prospect, Ill. 60056; 312-259-8304

**Year founded:** 1982.

**On-site services:** Occasional safety program assistance, training classes or seminars.

**Off-site services:** Occasional training classes or seminars.

**Other services:** OSHA compliance, product liability research, expert witness testimony.

**Staff:** One staff member, holding PE, NSPE, ASME and NAFI designations; ASSE member.

**Clients:** 80 clients.

**Specialties:** Railroads/rail transit, construction.

**Principal officers:** Frank J. Breitsameter.

### Morley Brickman & Associates Ltd.

5240 Galitz, Skokie, Ill. 60077; 312-674-2664

**Year founded:** 1986.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.

**Other services:** Publication of safety materials or videos, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research.

**Staff:** One staff member, holding CSE, PE, NSC, NSPE, WSO, CSA and NAFE designations; ASSE member.

**Clients:** Five corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Construction, manufacturing.

**1987 gross revenues:** 10% from unbundled safety consulting services.

**Principal officers:** Morley Brickman, president; Betty Brickman, secretary/treasurer.

### Burlington Technical Consultants Inc.

P.O. Box 4442, Warren, N.J. 07060-0442; 201-754-8264

**Year founded:** 1980.

**On-site services:** Frequent accident investigations; occasional safety audits/reviews of current programs, safety program assistance, training classes or seminars.

**Other services:** Publication of safety materials or videos, OSHA compliance, product liability research, expert witness testimony. Industrial hygiene testing done by MDS Laboratories and Burlington Safety Laboratory.

**Staff:** Three staff members; two assigned to safety consulting, including one CHCM, one CSP, one NSMS, one IEEE; one ASSE member.

**Clients:** Six clients; 85% with gross revenues less than \$200 million, 15% with \$200 million-\$1 billion.

**Specialties:** Utilities.

**1987 gross revenues:** \$75,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Arthur L. Lewis, president; Julia Lewis, secretary/treasurer.

C

### C.A.B. Consultants

503 N. Clayton, Hillside, Ill. 60162; 312-547-9355

**Year founded:** 1985.

**On-site services:** Frequent occupational health program assistance, training classes or seminars, wellness programs, first aid reviews; occasional safety audits/reviews of current programs, safety program assistance.

**Other services:** Frequent occupational health research; occasional publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, ergonomic research, noise and vibration research.

**Staff:** Four staff members, including those holding COHN, CSE, MD

and RN designations; one ASSE member.

**Clients:** 20 corporate and institutional safety consulting clients; 9% with gross revenues less than \$200 million, 30% with \$200 million-\$500 million, 50% with \$500 million-\$1 billion, 10% with \$1 billion-\$3.5 billion, 1% with more than \$3.5 billion.

**Principal officers:** Carol A. Bacon, senior consultant; Dr. S.K. White, medical director.

### Claymore Engineering

1308 Valle Vista Drive, Fullerton, Calif. 92631; 714-870-4521

**Year founded:** 1982.

**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance.

**Other services:** Occasional OSHA compliance, noise and vibration research, fire protection engineering.

**Staff:** One staff member, holding CSP and PE designations; ASSE member.

**Clients:** 100 corporate and institutional safety consulting clients; 100%

with gross revenues less than \$200 million.

**Specialties:** Chemical manufacturing.

**1987 gross revenues:** \$120,000 total, 20% from unbundled safety consulting services.

**Principal officers:** Denison W. York, vp/chief engineer.

### Glenn J. Coco Ltd.

P.O. Box 1371, Eunice, La. 70535; 318-546-0478

**Year founded:** 1987.

**On-site services:** Frequent training classes or seminars; occasional safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance.

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**Staff:** One staff member, holding ARM and CSP designations; ASSE member.  
**Clients:** 10 clients; 100% with gross revenues less than \$200 million.  
**Specialties:** Construction.  
**Branch offices:** Lafayette, La.  
**1987 gross revenues:** \$5,000 total, 50% from unbundled safety consulting services.  
**Principal officers:** Glenn J. Coco, president.

**Compliance Consulting Services Inc.**  
 1470 El Camino De Vida, Hollister, Calif. 95023; 408-636-8136

**Year founded:** 1982.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, asbestos management planning; occasional ergonomic program assistance, occupational health program assistance.  
**Off-site services:** Occasional

training classes or seminars.  
**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance.  
**Staff:** Two staff members including one CSE, one CSP; two ASSE members.  
**Clients:** 51 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.  
**Specialties:** Educational institutions.  
**1987 gross revenues:** \$55,000 total, 90% from unbundled safety consulting services.  
**Principal officers:** Thomas L. Franco, president/chairman.

**Constitution State Service Co.**  
 100 Constitution Plaza, Hartford, Conn. 06103; 203-277-2723

**Year founded:** 1978.  
**Parent company:** The Travelers Insurance Co.  
**On-site services:** Frequent safety

audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.  
**Off-site services:** Frequent training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, noise and vibration research; occasional occupational health research, ergonomic research, product liability research, fire protection engineering. Industrial hygiene testing done in company's facilities.  
**Staff:** 450 staff members; 350 assigned to safety consulting, including 25 ACLMs, 35 ARMs, 75 ASPs, 50 CHCMs, eight CIHs, 10 CPCUs, 200 CSPs, 130 NBBM-ICs, 35 PEs; approximately 225 ASSE members.  
**Clients:** 150 corporate and institutional safety consulting clients; 5% with gross revenues less than \$200 million, 15% with \$200 million-\$500 million, 30% with \$500 million-\$1

billion, 30% with \$1 billion-\$3.5 billion, 20% with more than \$3.5 billion.  
**Branch offices:** 80 locations in the United States.  
**Principal officers:** Sheldon R. Rothbart, president; Robert D. Greenberg, executive vp; Stephen H. Reynolds, vp.

**Consultant Services Institute**  
 23 Rumson Road, Livingston, N.J. 07039; 201-992-3811

**Year founded:** 1969.  
**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.  
**Other services:** OSHA compliance, occupational health research, ergonomic research, product liability research, noise and vibration research.  
**Staff:** 50 staff members; 44 assigned to safety consulting, including five CREs, five CQEs, nine CSPs, two

MDs, 30 PEs, 10 PhDs, three RNs; 10 ASSE members.  
**Clients:** Five corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.  
**1987 gross revenues:** \$750,000 total.  
**Principal officers:** Richard M. Jacobs, president.

**Consultive Safety Service**  
 2615 Patterson Road, Florissant, Mo. 63031; 314-831-6909

**Year founded:** 1984.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, fire code surveys; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.  
**Other services:** Frequent OSHA compliance, industrial hygiene research, product liability research, fire protection engineering; occasional publication of safety materials or videos, development of training materials, occupational health research, ergonomic research, noise and vibration research.  
**Staff:** One staff member, who holds a CSP designation; ASSE member.  
**Clients:** Three corporate and institutional safety consulting clients; 75% with gross revenues less than \$200 million, 25% with \$200 million-\$500 million.  
**1987 gross revenues:** 60% from unbundled safety consulting services.  
**Principal officers:** Marion A. Rupe, owner.

**Consumer Usage Laboratories Inc.**  
 1688 E. Gude Drive, Rockville, Md. 20850; 301-424-8200

**Year founded:** 1976.  
**Services:** Frequent ergonomic research, product liability research, research on label warnings.  
**Staff:** Four staff members; three assigned to safety consulting, including one PhD; one ASSE member.  
**Principal officers:** Robert J. Cunitz, president; Anita R. Cunitz, vp.

**Continental Risk Management Inc.**  
 696 Ritchie Highway, Severna Park, Md. 21146; 301-261-1600

**Year founded:** 1985.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional occupational health program assistance.  
**Off-site services:** Frequent training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional fire protection engineering.  
**Staff:** Four staff members; two assigned to safety consulting, including one ARM, one CPCU, one CPS, one JD.  
**Clients:** 12 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.  
**Specialties:** Construction.  
**1987 gross revenues:** \$100,000 total, 75% from unbundled safety consulting services.  
**Principal officers:** Russell G. DeVoe, president; George T. Moran, secretary; Welca Braswell, vp.

**Coopers & Lybrand-Casualty Actuarial & Risk Management Consulting Group**  
 1251 Ave. of the Americas, New York, N.Y. 10020; 212-536-3086

**Year founded:** 1898.  
**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars.  
**Other services:** Publication of safety materials or videos, development of training materials, rehabilitation, occupational health research, product liability research, fire protection engineering.



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# Pollution exposure

By Ronald L. Pearson

## Health risk assessments define human impairment

RISK MANAGERS are in the business of evaluating and mitigating risks. Techniques for loss control and risk management are constantly being refined for greater utility and applications. A recent development in the scientific community is the "health risk assessment," which defines the risk of health impairment for humans exposed to environmental and occupational pollutants.

Risk managers and other insurance professionals need to educate themselves regarding these developments created by the ever increasing litigation around health impairment claims, new regulatory developments and economic pressures on the insurance industry.

Society has established perceptions regarding its health risk from exposure to pollutants. People's anxieties in relation to hazardous waste sites, industrial chemicals and other environmental pollutants are strongly influenced by past media exposure.

The attainment of "zero risk" from pollutant exposure is seen as a real possibility by many, threatening the economic well-being of both the industrial and public sectors. Many professionals feel that the technology available for detecting minute amounts of toxic substances has surpassed the scientific community's ability to arrive at sound judgments regarding their significance.

The questions of risk remain, however, in a society that has lived through Three Mile Island and has seen the catastrophe of Bhopal. These fears need to be addressed with the best available scientific information that is understandable and useful for forming realistic expectations.

There currently are more than 20 separate federal acts that govern health risks in some manner. And, a flurry of activity is under way in federal agencies such as the Environmental Protection Agency and the Occupational Safety and Health Administration to evaluate risks and prioritize allocation of resources.

The EPA, for example, recently prepared a study titled "Unfinished Business: A Comparative Assessment of Environmental Problems" that ranked workplace chemicals and indoor air pollutants at a higher risk level than ground water pollutants and abandoned hazardous waste sites, both of which are contrary to public perception.

Health risk assessment is increasingly being used to evaluate risks to public health and safety. Many states have or are developing guidelines that require health risk assessment of such risks as air pollutants at proposed solid waste incinerators and industrial sites, groundwater pollutants from leaking underground storage tanks and

hazardous waste sites under new Superfund Act statutes. These guidelines bear a potential impact on any policyholder that has or had an interest in an affected site.

Health risk assessments are also useful as a component of prepurchase assessments, where future liabilities for the purchaser of a business or land parcel are defined and used to judge the likelihood of future financial losses. Environmental contamination of air, soil and water are associated with many common types of industrial and non-industrial activities, making a thorough investigation an important safeguard against a purchasing blunder.

Establishing priorities in remedial actions for environmental pollutants can be aided by health risk assessments. Some states now have provisions for the responsible party to develop alternatives to criteria such as drinking water standards.

In such cases it may make more sense to conduct a risk assessment to set alternative exposure levels for pollutants rather than trying to attain a more stringent level through expensive engineering systems. If it is scientifically possible to document that no significant public health risk will result from the alternative levels, regulatory agencies will consider these as an acceptable substitute. The results of the health risk assessment also will be helpful in avoiding other unnecessary or unwarranted remedial actions.

The industrial setting has many situations in which health risk assessments can be beneficial. Industries are increasingly being asked to provide an assessment of impact on public health from process emissions, whether they be via air, water or other media. Workplace conditions also are arising that are not addressed by current regulations, such as exposure to substances with a potential to cause cancer or birth defects.

At this point, it may be useful to further describe what a health risk assessment is, what its strengths are and how it can be of use to risk managers. In evaluating any type of health risk it is very important to recognize the difference between health risk assessments and health risk management.

The purpose of a health risk assessment is to provide a documented scientific approach to quantifying or characterizing health risks in relation to exposure to some type of potentially injurious agent.

Once the risk has been defined, health risk management examines

social factors that affect the acceptability of risk, such as the cost/benefit ratio, whether the risk is voluntary or involuntary (e.g., consumption of ethyl alcohol as a beverage vs. consumption of isopropyl alcohol as a pollutant in drinking water) and whether the risk is considered excessive relative to other everyday risks faced in life.

Health risk assessments involve two distinct steps. The first step is an exposure assessment that details all possible avenues by which humans may potentially be exposed, whether by drinking water, inhaling air contaminants or ingesting contaminated food.

This step is crucial in documenting actual vs. alleged exposures. Often, the exposure assessment is the only step necessary if it can be shown that

no exposure is expected or that the exposure does not exceed the "background" or naturally occurring levels of a pollutant.

The second

step is deriving an acceptable exposure level using data from several types of scientific studies. The first type are toxicological studies conducted with animals or cell cultures exposed to toxic agents.

These studies have the advantage of being conducted under very controlled, precise conditions with pure agents of known amounts. The major question regarding usage of toxicology data involves extrapolating to human beings and drawing conclusions regarding potential human toxic effects from animal data.

The second type are epidemiologic, or studies of human populations. The main advantage of epidemiology studies are that they deal with humans and much of the "guesswork" from animal studies is eliminated. These studies, however, have historically lacked good information regarding actual exposures to the group being studied.

A well-conducted health risk assessment will consider and evaluate both types of data.

What type of situation could be managed more easily by conducting a health risk assessment? Suppose that you have just been informed that your company has accidentally spilled 1,000 gallons of gasoline into a storm sewer in a residential neighborhood. What are the potential liabilities?

The question is a very complex one and warrants a very careful examination of all the available information. As such, in this situation it pays to act quickly; returning to the scene later to "pick up the pieces" can be a very trying experience.

The inherent safety risk of a fire or explosion is obviously the first consideration. Is the gasoline going to pool in low areas or will it be transported away with the mainstream? Was soil in the area contaminated and, if so, will the soil "hang on" to the gasoline?

Questions of health risk also are certain to arise: Do the gasoline vapors pose a risk to any nearby homes? At what level of contamination should the residents be evacuated? Parents want to know if their children will get cancer from the benzene in the gasoline if they are raised in this home.

Ecological considerations also must be made: Will the spill result in the death of fish or wildlife if immediate action is not taken? Answers to these questions are very difficult to answer but very important in terms of future liabilities.

Once the risks are characterized, the course of remedial action can be approached from a more objective standpoint, which will result in the greatest protection of public health and safety for the amount of resources devoted to clean up.

The future course of health risk assessments will largely be determined in the courts and by federal agencies that are at the forefront of regulating risks. Cases involving impaired health allegedly due to pollutant exposure are being heard throughout the country, with much debate regarding the significance of exposures that would never have been considered in past eras.

Federal and state agencies are taking a more aggressive stance in regulating public health risks, but standards that have such a widespread impact on the private and public sectors are slow to pass and even slower to reach implementation.

Costs to industry and business must be considered in future decisions regarding public health risks; numerous past efforts to control public risk have cost vast sums of money with very minimal results.

The risk manager can be most effective by considering as many identifiable risks as possible. This may mean doing some homework in the area of environmental impairment, examining your company's practices in chemical management and pre-purchase assessments or just keeping an open mind to the questions that others may raise similar to those posed earlier in this article.

The objective is to address as many areas as possible with limited time and resources. With this information, a useful investigation scope can be determined and justified.

**The questions of risk remain, however, in a society that has lived through Three Mile Island and has seen the catastrophe of Bhopal.**

Ronald L. Pearson is a toxicologist and industrial hygienist with Delta Environmental Consultants Inc. in St. Paul, Minn.



# ASK A BENEFIT MANAGER

## Health care market triggers PPO growth

**Q**

**What is managed health care? Also, what do you think the future is for managed health care?**

**A**

In my last two articles, we have reviewed this question, examining the various facets of managed health care (*BI*, Nov. 9; Sept. 14). In the September column we reviewed managed health care systems. In

November, we looked at the history and current status of health maintenance organizations. This article continues our discussion on managed health care with a look at PPOs.

Preferred provider arrangements began in California. In 1982, legislation was passed that allowed Medi-Cal to begin contracting selectively with hospitals. Blue Cross followed by contracting with hospitals and extending the process to physicians. In 1983, PPOs began spreading around the country. At the end of 1983, there were 104 PPOs across the country. There now are approximately 700 PPOs operating in 44 states.

The early PPOs were sponsored by medical providers, hospitals and physicians. Hospitals developed PPOs to maintain market share. Physicians, concerned about competition from HMOs and pressures to control health care costs, followed to preserve the fee-for-service payment structure and to maintain control over their practice patterns.

Insurers were one of the last major health care players to develop PPOs. Their involvement came about because of the demands of their customers for lower health care costs. A number of employers have

more recently developed their own PPOs. These tend to be large companies with a significant concentration of employees and dependents in a single geographical area. These employers are using the leverage they have in the local community with providers of health care.

PPOs are easier to establish than HMOs. They require less initial capital investment, have no federal requirements and there are few states with legal requirements. PPO characteristics include:

- A panel of physicians, hospitals or other health care providers.
- Those who discount their fees or accept scheduled limits.
- Quicker claims payment and cash-flow arrangements.
- Benefit plan incentives for employees to use preferred providers.
- Occasional use of gate-keeper physicians.

The risk of cost escalation remains with the employer or insurance company and is not shifted to the providers. However, some of the risk can be shared with employees through premium contributions, deductibles or copayments.

PPOs pay providers in the following ways:

- Negotiated or discounted fee-for-service arrangements.
- Per diem arrangements. Hospitals agree to provide PPO patients room and board and all required services for a fixed amount per day.
- Diagnostic-related group reimbursement. This approach classifies a hospital's treatments into categories and pays a specific amount for each, much like the schedule used to reimburse hospitals for treatment under Medicare.
- Per discharge payments, whereby hospitals receive fixed amounts for each patient's hospital stay.
- Per capita reimbursement, whereby a set amount per year per participant is paid to providers whether or not care is provided. Under this method, providers assume the financial risk of health care similar to the method of capitation payments under HMOs.

The recent movement toward employer

involvement in PPO development represents a major change in the delivery of health care in the United States. In the past, employers played a passive role by just paying for health care. By establishing managed care arrangements of PPOs or HMOs, employers are actively reducing or stabilizing the cost of health care for their company and employees. Large employers and coalitions of companies have significant leverage to negotiate better financial arrangements with their providers. By developing managed care programs, employers are treating their health care costs like any other cost of doing business in seeking quality care at a more reasonable price.

In my next article, I will review how to combine HMOs, PPOs and indemnity plans and design tailor-made managed care programs with cost advantages flowing to the employer, as well as to the HMOs and PPOs.

*Would you like advice from an experienced colleague on a risk management, benefits management or actuarial problem? Four features in the Perspective section of Business Insurance can give you some answers.*

*Ask A Benefit Manager, Ask A Risk Manager, Ask A Casualty Actuary and Ask A Benefit Actuary answer written questions from readers on risk and benefits management issues and actuarial problems.*

*This month's column on employee benefits issues is written by Joseph W. Duva, director of employee benefits at Allied-Signal Inc. in Morristown, N.J. Ralph F. Perry Jr., vp and director of risk management at Amfac Inc. in San Francisco answers risk management questions. And, William J. Miner, an actuary with The Wyatt Co. in Chicago, answers actuarial questions on benefits issues. Richard E. Sherman, a principal with Coopers & Lybrand in San Francisco, answers actuarial questions in the casualty field. Mr. Duva's and Mr. Perry's columns appear alternately on the second Monday of each month. Mr. Miner's and Mr. Sherman's columns appear alternately on the first Monday of each month. Mr. Duva's next column will appear in March.*

*Address your questions to ASK, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Please give us your name, title and employer; however, Business Insurance will consider unsigned letters.*



Mr. Duva

# Insurer must defend employer: Court

A liability insurance policy providing coverage for damages on account of personal injury "arising out of each occurrence" could include an employee's suit for emotional upset arising out of his discharge, the U.S. Court of Appeals for the 8th Circuit has ruled.

The appellate court said the insurer had a duty to defend the employer in the suit.

David Egol, a vp of a subsidiary of Interco Inc. was terminated by the subsidiary's president at a meeting attended by four other Interco employees. This occurred after a heated exchange between Mr. Egol and the president. Mr. Egol sued Interco seeking damages in excess of \$25 million for this termination. He alleged "intentional and/or reckless" acts caused him to be severely emotionally upset, physically shaken and humiliated as well as damaged in his reputation.

Interco was covered under a primary liability policy issued by Hartford Fire Insurance Co. Mission Insurance Co. also insured the subsidiary provided that, if the underlying Hartford coverage was not effective, Mission had primary carrier responsibility

## Legal briefs

subject to a \$10,000 deductible. The Mission policy covered personal injury caused by or arising out of each occurrence.

Interco submitted the defense to Hartford, which declined to defend. Mission also declined to defend. The trial court ruled that neither insurer had a duty to defend.

The appellate court upheld the trial court decision that Hartford had no duty to defend but reversed as to Mission. According to the court, under Missouri law where the policy was issued, an insurer's duty to defend is broader than its duty to indemnify. The court said that under Missouri law reckless acts are included in the term "unexpected happenings or accidents." The court said that Mr. Egol's complaint alleged reckless acts. Because Mr. Egol's complaint stated a claim that was potentially or arguably within the coverage of Mission's policy, the court said that it should have undertaken its duty to defend Interco. *Interco Inc. vs. Mission Insurance Co.*, U.S. Court of Appeals for the Eighth Circuit, Jan. 7, 1987

(BI/02/S.-\$10).

### Insurer insolvency

Is a primary insurance company's insolvency an "occurrence" within the meaning of the underlying and retained limit provision under a commercial catastrophe liability policy? In a case of first impression, an Ohio appellate court ruled that it was not.

Integrity Insurance Co. issued two consecutive one-year commercial catastrophe liability policies to Value City Inc. These policies were essentially identical and provided excess umbrella coverage up to \$5,000, subject to underlying insurance covering bodily injury, property damage and advertising liability in the amount of \$500,000. The underlying insurance was issued by Ambassador Insurance Co.

Ambassador was declared insolvent Nov. 10, 1983, and ordered liquidated on Sept. 15, 1984. Thereafter, Ambassador allegedly failed to defend and pay claims for damages against Value as Value's primary insurance carrier. Thus, Value sought to have

Integrity assume primary liability for the defense and payment of claims pending for the policy years. Integrity refused. Value sued seeking to have a declaration that Integrity had a duty to defend and indemnify it. The trial court ruled for Integrity.

The appellate court concluded that the excess insurance contract at issue did not require Integrity to assume the primary risk of loss upon the insolvency of the primary insurer. The court said that Ambassador's insolvency was not an "accident" resulting in the type of injury, damage or liability defined as an "occurrence" and, therefore, did not serve to exhaust or reduce the aggregate limits of liability of the underlying policy and trigger Integrity's liability. *Value City, Inc. vs. Integrity Insurance Co.*, Court of Appeals of Ohio, Dec. 11, 1986 (BI/01/0.-\$10).

*These abstracts were prepared by Cases Unlimited Inc. Copies of these decisions are available by sending a \$10 check payable to Cases Unlimited to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. List the number for each opinion.*



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Continued from page 29

**Staff:** 25 staff members, including five ARMs, two CPCUs, one CSP, one PhD, one RN; one ASSE member.

**Principal officers:** James A. Hall III, Frederick O. Kist, Oakley Van Slyke, Richard E. Sherman and Richard J. Fallquist.

**Corporate Risk Managers Inc.**

7525 Mitchell Road, Suite 109, Eden Prairie, Minn. 55344; 612-937-8942

**Year founded:** 1974.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional industrial hygiene research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done through contract with outside labs.

**Staff:** Two staff members, including one CHCM, one CPCU, two CSPs, one PE; two ASSE members.

**Clients:** 110 corporate and institutional safety consulting clients; 95% with gross revenues less than \$200 million, 5% with \$200 million-\$500 million.

**Specialties:** Manufacturing, government entities.

**Branch offices:** Brookfield, Wis.

**1987 gross revenues:** 9% from unbundled safety consulting services.

**Principal officers:** Burdell R.

Wessels, president; Fred Moen, Dale Noyed and Theodore Hood, vps; Brian G. Colway, assistant vp.

**Corporate Service Inc.**

29500 W. Five Mile Road, Livonia, Mich. 48154; 313-525-4540

**Year founded:** 1932.

**Parent company:** Alexander & Alexander Services Inc.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent development of training materials, OSHA compliance, noise and vibration research; occasional publication of safety materials or videos, industrial hygiene research, occupational health research, ergonomic research, fire protection engineering.

**Staff:** 167 staff members; nine assigned to safety consulting, including one ASP, one CHCM, eight CSPs, one PE; 11 ASSE members.

**Clients:** More than 300 corporate and institutional safety consulting clients; 90% with gross revenues less than \$200 million, 6% with \$200 million-\$500 million, 3% with \$500 million-\$1 billion, 1% with more than \$3.5 billion.

**Specialties:** Municipal, educational, construction, retail, manufacturing.

**Branch offices:** Grand Rapids and Bay City, Mich.

**1987 gross revenues:** 5% from unbundled safety consulting services.

**Principal officers:** R.F. Proffer, president; R.A. MacAskie, senior vp-operations; T.J. Ermatinger, vp-finance; J.D. Daniel, vp-sales; D.K. Fisher, vp-administration.

**Corroon & Black Co. of New York Inc.**

150 William St., New York, N.Y. 10038; 212-732-4900

**Year founded:** 1905.

**Parent company:** Corroon & Black Corp.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance; occasional ergonomic program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research, fire protection engineering; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research. Industrial hygiene testing done through contract with independent labs.

**Staff:** 11 staff members; six assigned to safety consulting, including one AIHA, one ARM, six CSPs, three PEs; six ASSE members.

**Clients:** 50 corporate and institutional safety consulting clients.

**Specialties:** Construction, manufacturing, chemical, hotels, entertainment industry.

**Principal officers:** Edward Sweeney, chairman/chief executive officer; John Kelly, president/chief operating officer; John Galiano, Richard Loughlin and David Beattie, executive vps.

**Coulter, Hoffman & Associates Inc.**

59 Griswold St., Delaware, Ohio 43015; 614-363-9715

**Year founded:** 1980.

**On-site services:** Frequent safety

audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional OSHA compliance.

**Staff:** Eight staff members; five assigned to safety consulting, including one CME, one RN, one NSC; four ASSE members.

**Clients:** 123 corporate and institutional safety consulting clients; 60% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million, 20% with \$500 million-\$1 billion, 10% with more than \$3.5 billion.

**Specialties:** Amusement and entertainment industries.

**1987 gross revenues:** \$816,000 total, 90% from unbundled safety consulting services.

**Principal officers:** Richard Coulter, president; Patrick Hoffman, vp; Fayette Coulter, secretary/treasurer; Jeffery Abendshien and David Bromilow, directors.

**Crisis Management Corp.**

1650 S. Pacific Coast Highway, Redondo Beach, Calif. 90277; 213-316-2257

**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, crisis management seminars; occasional safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, fire protection engineering, crisis management materials; occasional development of training materials, OSHA compliance, ergonomic research, product liability research, noise and vibration research.

**Staff:** Eight staff members; three assigned to safety consulting, including one CPCU, two CSPs, three PEs, two PhDs, one RN, one SFPE, one NFPA, one PSE; two ASSE members.

**Clients:** 30 clients; 2% with gross revenues less than \$200 million, 14% with \$200 million-\$500 million, 26% with \$500 million-\$1 billion, 12% with \$1 billion-\$3.5 billion, 46% with more than \$3.5 billion.

**Specialties:** Manufacturing, distribution, transportation, utilities, retail sales, consulting, research, engineering, architects, associations, schools, government agencies.

**1987 gross revenues:** 61% from unbundled safety consulting services.

**Principal officers:** J.H. Wiggins, R.H. Soper, K.D. Meholic, G.L. Cook and D.J. Forkner.

**Thomas F. Dalton, Consultant**

40 Joni Ave., Abbott Commons, Hamilton Square, N.J. 08690; 609-581-0331

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars, OSHA compliance training; occasional industrial hygiene program assistance.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, spill cleanup, site remediation; occasional industrial hygiene research, occupational health research, product liability research. Industrial hygiene testing done through contract with outside labs.

**Staff:** Two staff members, including one AIHA, one CHCM, one CPSM, one PhD; one ASSE member.

**Clients:** 24 corporate and institutional safety consulting clients; 62.6% with gross revenues less than \$200 million, 20.8% with \$200 million-\$500 million, 8.3% with \$500 million-\$1 billion, 8.3% with \$1 billion-\$3.5 billion.

**Specialties:** Hazardous materials

industry.

**1987 gross revenues:** More than \$150,000 total, 70% from unbundled safety consulting services.

**Principal officers:** Thomas F. Dalton, president; Sarah M. Dalton, treasurer.

**Bob DeBenedictis Inc.**

4660 S. Hampton Drive, Orlando, Fla. 32812; 305-275-7327

**Year founded:** 1981.

**On-site services:** Safety audits/reviews of current programs; inspection, certification, training, accident investigation, safety audits and acceptance testing for cranes and rigging.

**Other services:** Publication of safety materials or videos, development of training materials.

**Staff:** Six staff members.

**Clients:** 250 clients.

**Specialties:** Cranes and rigging.

**1987 gross revenues:** \$300,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Bob DeBenedictis, president; Beverly DeBenedictis and Curt Lund, vps.

**Delta Environmental Consultants Inc.**

1801 Highway 8, Suite 123, St. Paul, Minn. 55112; 612-636-2427

**Year founded:** 1985.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Other services:** Frequent development of training materials, OSHA compliance, industrial hygiene research, occupational health research, noise and vibration research. Industrial hygiene testing done through contract with outside labs.

**Staff:** 90 staff members; 54 professionals.

**Clients:** Approximately 50 clients.

**Branch offices:** Tampa, Fla.; Charlotte, N.C.; Fort Collins, Colo.; Sacramento, Calif.; Phoenix, Ariz.

**1987 gross revenues:** \$4 million total.

**Principal officers:** Gerald Rick, president.

**Doerfer Engineering**

201 Washington St., Cedar Falls, Iowa 50613; 319-277-3110

**Year founded:** 1961.

**Parent company:** Jefferson Smurfit Corp.

**On-site services:** Frequent safety audits/reviews of current programs; occasional safety program assistance, ergonomic program assistance, training classes or seminars.

**Other services:** Frequent OSHA compliance, product liability research; occasional publication of safety materials or videos, ergonomic research, noise and vibration research, fire protection engineering.

**Staff:** 140 staff members; three assigned to safety consulting, including one CSP, 13 PEs; one ASSE member.

**Clients:** 50 clients.

**1987 gross revenues:** \$12.5 million total, 2% from unbundled safety consulting services.

**Principal officers:** Bill Jenkins, general manager.

**Drucker Health & Safety Management Inc.**

505 N. Sepulveda Blvd., Suite 4, Manhattan Beach, Calif. 90266; 213-372-8686

**Year founded:** 1983.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, environmental consulting.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research; occasional product liability research, fire protection engineering. Industrial hygiene testing done through contract

Continued on page 36

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\*Source—Erdos and Morgan, Inc. Subscriber Survey, 1986.

## Spotlight report

Continued from page 34 with outside labs.

**Staff:** Six staff members; including five AIHAs, one CHCM, one CIH, one CSP; one ASSE member.

**Clients:** 75 corporate and institutional safety consulting clients; 25% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million, 60% with \$500 million-\$1 billion, 5% with \$1 billion-\$3.5 billion.

**Principal officers:** Marjorie A. Drucker, president.

### Dynamic Scientific Controls

3101 N. Market St., Wilmington, Del. 19802; 302-762-4304

**Year founded:** 1984.

**On-site services:** Safety audits/reviews of current programs, ergonomic program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, accident protection.

**Staff:** Three staff members; two assigned to safety consulting, including one CSP, one PhD; two ASSE members.

**Clients:** Five clients; 20% with gross revenues less than \$200 million, 40% with \$1 billion-\$3.5 billion, 40% with more than \$3.5 billion.

**Specialties:** Construction, manufacturing.

**1987 gross revenues:** \$50,000 total, 100% from unbundled safety consulting services.

**Principal officers:** J. Nigel Ellis, president; Howard B. Lewis.

## E

### ESIS Inc.

1600 Arch St., Philadelphia, Pa. 19103; 215-523-2100

**Year founded:** 1955.

**Parent company:** CIGNA Corp.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance,

training classes or seminars.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional publication of safety materials or videos. Industrial hygiene testing done in company's facilities.

**Staff:** 580 staff members; 395 assigned to safety consulting, including eight AIHAs, 25 ARMs, 12 CPCUs, 75 CSPs, 25 PEs, 125 ASSE members.

**Branch offices:** Atlanta, Boston, Chicago, Dallas, Detroit, Los Angeles, New York, San Francisco.

**Principal officers:** Edward P. Holleran, president; George W. Putnam, vp; John C. Egbert, director-product management; Robert F. Bruce, manager-loss control services.

### Engineering Safety Consultants

P.O. Box 290596, San Antonio, Texas 78280; 512-341-3716

**Year founded:** 1980.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance.

**Staff:** Two staff members, assigned to safety consulting, including those holding PE designations; two ASSE members.

**Clients:** 12 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Construction.  
**1987 gross revenues:** \$50,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Robert J. Guinee Sr., president; Robert J. Guinee Jr., vp.

### William English Ltd.

3018 Hunt Road, Oakton, Va. 22124; 703-620-3408

**Year founded:** 1984.

**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance, er-

gonomic program assistance, training classes or seminars, workers compensation evaluation and control programs.

**Other services:** Occasional product liability research, noise and vibration research, identification of frequent accidents through claims exposure.

**Staff:** One staff member, holding CSP, PE and NSC designations; ASSE member.

**Clients:** 25 clients; 80% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million, 10% with \$500 million-\$1 billion.

**Specialties:** Service industry, manufacturing.

**1987 gross revenues:** 75% from unbundled safety consulting services.  
**Principal officers:** William English, principal.

### Enviromed Corp.

PatRick Building, 201 S. Black Horse Pike, Blackwood, N.J. 08012-2802; 609-228-3353

**Year founded:** 1977.

**On-site services:** Mobile audiometry, audiogram interpretation, diagnostic audiology, noise surveys, educational training.

**Off-site services:** Training classes or seminars.

**Other services:** OSHA compliance, noise and vibration research, hearing conservation programs.

**Staff:** Seven staff members; four assigned to occupational health consulting, including those holding ASHA, ASA and NHCA designations; one ASSE member.

**Clients:** Approximately 120 clients.

**1987 gross revenues:** \$500,000 total.

**Principal officers:** Richard L. Stepkin, president.

### Environmental Health Associates

520 Third St., Suite 208, Oakland, Calif. 94607; 415-451-1888; 800-922-4636

**Year founded:** 1977.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Frequent train-

ing classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, epidemiology research, occupational physicians and toxicology services. Industrial hygiene testing done through contract with independent contractors.

**Staff:** 85 staff members; 20 assigned to occupational health consulting, including eight AIHAs, four CIHs, three COHNS, four CSSs, six MDs, five PhDs, three RNs; four ASSE members.

**Clients:** 250 corporate and institutional safety consulting clients; 25% with \$200 million-\$500 million, 25% with \$500 million-\$1 billion, 50% with \$1 billion-\$3.5 billion.

**Specialties:** Chemical, petroleum.

**Branch offices:** Cleveland.  
**1987 gross revenues:** More than \$6 million total, 2% from unbundled safety consulting services.

**Principal officers:** Robert W. Morgan, chief executive officer; M. Donald Whorton, chief operating officer; Otto Wong, chief financial officer; Ellis A. Wallenberg III, vp-marketing.

### Stephen A. Estrin & Co. Inc.

Rural Route 9, Box 127, Mahopac, N.Y. 10541; 914-628-3336

**Year founded:** 1975.

**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Other services:** Frequent OSHA compliance, product liability research; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering.

**Staff:** Six staff members; two assigned to safety consulting, including one ASP, one PhD, one RN, one CSSP; three ASSE members.

**Clients:** 11 corporate and institutional safety consulting clients; 95% with gross revenues less than \$200 million, 5% with \$200 million-\$500 million.

**Specialties:** Construction.  
**Branch offices:** Cleveland.

**1987 gross revenues:** \$375,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Stephen A. Estrin, president; H.M. Estrin, Alan Riga, K. Stadler-Estrin and G.V. Wolstenscholme.

## F

### The FPE Group

3687 Mount Diablo Blvd., Suite 200, Lafayette, Calif. 94549; 415-283-8860

**Year founded:** 1974.

**Parent company:** Fred S. James & Co. Inc.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Frequent OSHA compliance, fire protection engineering; occasional publication of safety materials or videos, development of training materials, noise and vibration research. Industrial hygiene testing done through contract with outside labs.

**Staff:** 55 staff members; seven assigned to safety consulting, including four AIHAs, one CHCM, three CIHs, one COHN, four CSPs, three NSMS, 12 PEs, one PhD, one RN; five ASSE members.

**Clients:** 110 corporate and institutional safety consulting clients.

**Specialties:** Food industry, manufacturing, hotels, health care.

**Branch offices:** St. Charles, Ill.; Plainsboro, N.J.; Burtonsville, Md.

**1987 gross revenues:** \$4.5 million total, 25% from unbundled safety consulting services.

**Principal officers:** Kenneth E. Berg, president; Robert A. Lapidus, Thomas J. Walker, B.J. Walker and Jerry Perstein, vps.

### Fallsafe Inc.

P.O. Box 165, Portland, Ore. 97207; 503-245-4296

**Year founded:** 1984.

**On-site services:** Frequent safety audits/reviews of current programs, ergonomic program assistance, occupational health program assistance, training classes or seminars, programs to reduce back injuries and injuries caused by falls, safety management; occasional safety program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance, ergonomic research.

**Staff:** Eight staff members, including one MD, one OTR; two ASSE members.

**Clients:** 70 clients; 10.7% with gross revenues less than \$200 million, 42.7% with \$200 million-\$500 million, 36.9% with \$500 million-\$1 billion, 6.8% with \$1 billion-\$3.5 billion, 2.9% with more than \$3.5 billion.

**1987 gross revenues:** 100% from unbundled safety consulting services.

**Principal officers:** Robert Button, director-program development; Robert Pater, director-training; Dr. Joel Kay, medical director.

### Ferris Associates

30 Harvard St., Garden City, N.Y. 11530-4004; 516-488-3833

**Year founded:** 1973.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Other services:** Frequent OSHA compliance; occasional development of training materials, rehabilitation, industrial hygiene research, occupational health research, ergonomic research, fire protection engineering. Industrial hygiene testing done through contract with outside labs.

**Staff:** Four staff members; two assigned to safety consulting, including those holding AIHA, CSP, PE and NSC designations; two ASSE members.

**Clients:** 100% with gross revenues less than \$200 million.

**1987 gross revenues:** Approximately \$50,000 total, 100% from unbundled safety consulting services.

**Principal officers:** R.J. Ferris, principal consultant.

### Field Consulting

431 Lenox Court, Pleasant Hill, Calif. 94523; 415-947-6817

**Year founded:** 1983.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, fire protection engineering; seminars on federal and state hazardous material regulations.

**Staff:** One staff member, assigned to safety consulting, holding CHCM, CSP, PE and CEA designations; ASSE member.

**Clients:** 12 clients; 100% with gross revenues less than \$200 million.

**1987 gross revenues:** \$24,000 total, 100% from unbundled safety consulting services.

**Principal officers:** T.W.D. Field, principal.

### FIRECON

P.O. Box 4882, Lancaster, Pa. 17604; 717-354-2411

**Year founded:** 1980.

**On-site services:** Frequent safety audits/reviews of current programs,

Continued on facing page

Let the Experts  
throw some light  
on the subject.

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Continued from facing page  
safety program assistance, training  
classes or seminars.

**Off-site services:** Frequent training  
classes or seminars.

**Other services:** Frequent publication  
of safety materials or videos, development  
of training materials, OSHA compliance;  
occasional product liability research, fire  
protection engineering.

**Staff:** Two staff members, one assigned  
to safety consulting, holding CHCM  
designation; one ASSE member.

**Clients:** More than 100 clients.

**Principal officers:** Craig Schroll,  
chief consultant.

#### Fire Protection Associates Inc.

1101 Kermit Drive, Suite 304,  
Nashville, Tenn. 37217;  
615-361-4700

**Year founded:** 1981.

**On-site services:** Frequent safety  
audits/reviews of current programs,  
safety code compliance surveys; occasional  
safety program assistance, training  
classes or seminars.

**Other services:** Fire protection  
consulting.

**Staff:** Three staff members; two  
assigned to safety consulting, including  
two SFPEs; two ASSE members.

**Clients:** Five corporate and institutional  
safety consulting clients.

**1987 gross revenues:** \$200,000  
total, 100% from unbundled safety  
consulting services.

**Principal officers:** Tom D. Cope-  
land and William M. Steffenhagen,  
partners.

#### Fireman's Fund Insurance Cos.-Loss Control

P.O. Box 777, Novato, Calif.  
94998-3002; 415-492-4708

**Year founded:** 1877.

**Parent company:** Fireman's Fund  
Corp.

**On-site services:** Frequent safety  
audits/reviews of current programs,  
safety program assistance, industrial  
hygiene program assistance, occupa-  
tional health program assistance,  
training classes or seminars; occasional  
ergonomic program assistance.

**Other services:** Publication of  
safety materials or videos, develop-  
ment of training materials, rehabili-  
tation, industrial hygiene research,  
occupational health research, ergo-  
nomic research, product liability re-  
search, noise and vibration research,  
fire protection engineering. Industrial  
hygiene testing done in com-  
pany's facilities.

**Staff:** 300 staff members; 280 assigned  
to safety consulting, including  
eight AIHAs, 30 ACLMs, 50 ASPs,  
eight CIHs, two COHNs, five CPCUs,  
100 CSPs, 20 PEs, eight RNs; 200  
ASSE members.

**Clients:** 50 corporate and institutional  
safety consulting clients; 75%  
with gross revenues less than \$200  
million, 25% with \$200 million-\$500  
million.

**Branch offices:** 48 locations in the  
United States.

**1987 gross revenues:** 2% from un-  
bundled safety consulting services.

**Principal officers:** J.J. Byrne,  
chairman/chief executive officer;  
W.M. McCormick, president; M.  
Davis, president-commercial insur-  
ance; M.A. McNally Jr., president-  
specialty insurance; J.J. Brown,  
executive vp/chief financial officer;  
Robert W. Bruce III, executive vp.

#### Fire & Safety Specialists Inc.

P.O. Box 9713, College Station,  
Texas 77840; 409-693-7105

**Year founded:** 1980.

**On-site services:** Safety audits/  
reviews of current programs, safety  
program assistance, training classes  
or seminars.

**Off-site services:** Training classes  
or seminars.

**Other services:** Publication of  
safety materials or videos, develop-  
ment of training materials, OSHA  
compliance, product liability re-  
search, fire protection engineering.

**Staff:** 11 staff members, all assigned  
to safety consulting, including  
those holding SFPE designations;  
two ASSE members.

**Clients:** 125 clients.

**Principal officers:** David White,  
president.

#### Flatow & Associates

87-20 Little Neck Parkway, Floral  
Park, N.Y. 11001; 718-470-6765

**Year founded:** 1986.

**On-site services:** Frequent safety  
audits/reviews of current programs,  
safety program assistance, industrial  
hygiene program assistance, occupa-  
tional health program assistance,  
training classes or seminars; occa-  
sional ergonomic program assistance.

**Other services:** Frequent publica-  
tion of safety materials or videos,  
OSHA compliance; occasional develop-  
ment of training materials, fire  
protection engineering.

**Staff:** Five staff members; three  
assigned to safety consulting, includ-  
ing one CSP, one NSMS, one PE.

**Clients:** Three clients.

**Specialties:** Construction, general  
industry.

**Principal officers:** Bernard C.  
Flatow, director.

Continued on next page

## D&O MARKET UPDATE

- Demand and Supply
- Premium Volume
- Capacity Trends/Risk
- Growth Rates
- Operating Environment
- Market Participants
- Exposures, Risk Assessment
- Coverage Issues
- Alternative Facilities
- Regulatory Changes
- International Markets
- Future Outlook

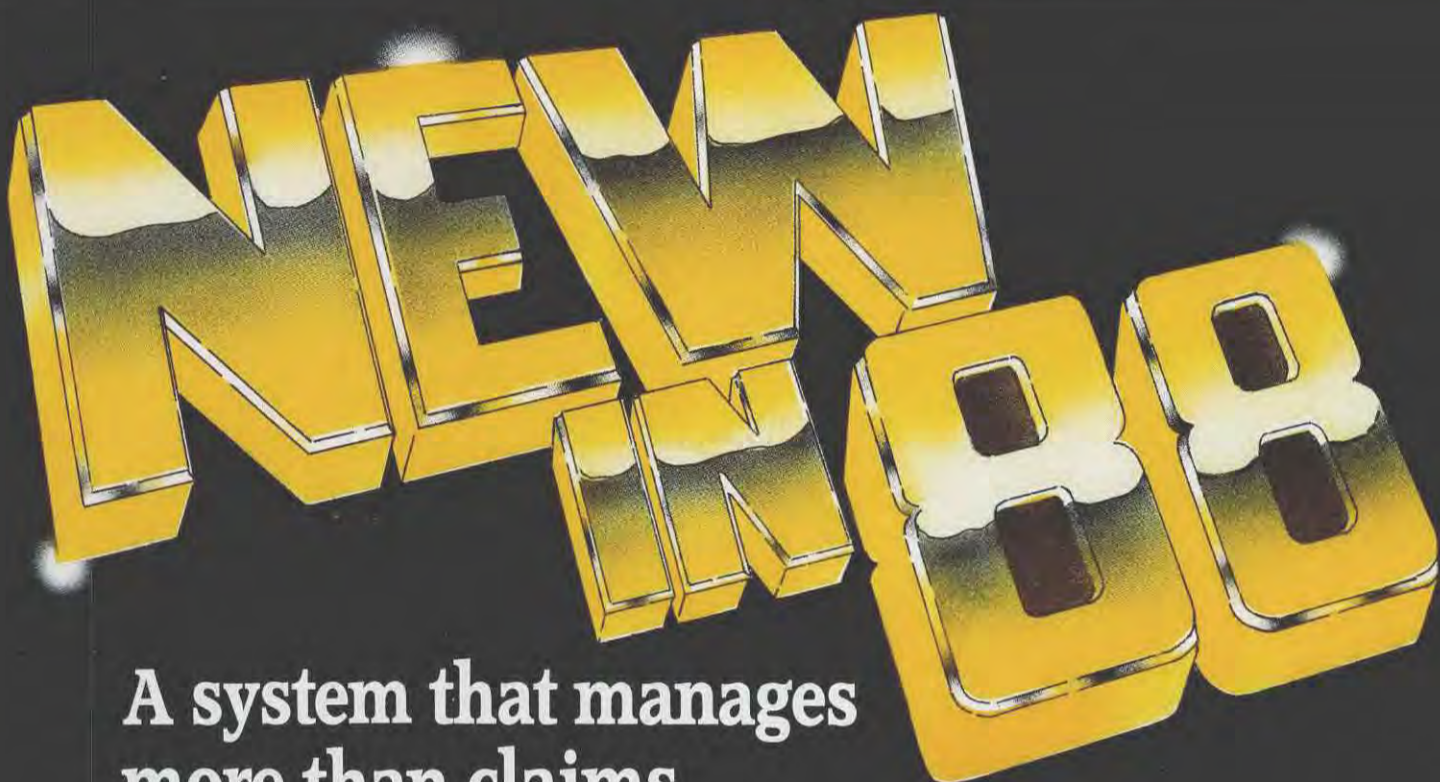
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Continued from previous page

**G**

**GAB Business Services Inc.-Safety & Loss Control Services Division**

Linden Plaza, 9 Campus Drive, Parsippany, N.J. 07054; 201-993-3423

**Year founded:** 1986.

**Parent company:** SGS North America.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars, safety awareness programs, product safety warning evaluations; occasional industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, occupational health research, ergonomic research, product liability research; occasional industrial hygiene research, noise and vibration research, fire protection engineering.

**Staff:** 16 staff members; 15 assigned to safety consulting, including two ARMs, one CPCU, one CPSM, two CSPs, three NSMSs, one PE, five NSCs, one CMVFS, 15 ASSE members.

**Specialties:** Transportation, trucking, manufacturing, commercial and government construction.

**Branch offices:** Chicago, Los Angeles, Atlanta, Dallas.

**Principal officers:** Gordon Cantley, chairman; John P. Holloway, vice chairman; Richard A. Simon, president; Joseph L. Rizzo, executive vp; Raymond A. Auckerman, senior vp.

**James E. Gaffney, Consultant**

230 Wewaka Brook Road, Bridgewater, Conn. 06752; 203-354-7347

**Year founded:** 1974.

**On-site services:** Frequent safety audits/reviews of current programs, product safety standard testing, expert testimony; occasional training classes or seminars.

**Other services:** Occasional product liability research.

**Staff:** One staff member assigned to safety consulting, holds a PE designation; ASSE member.

**Clients:** 20 clients.

**Specialties:** Manufacturing.  
**Principal officers:** James E. Gaffney, owner.

**Gallagher Bassett Services Inc.**

60 Gould Center, Rolling Meadows, Ill. 60008; 312-640-8555

**Year founded:** 1962.

**Parent company:** Arthur J. Gallagher & Co.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done through University of Wisconsin and Parker Services.

**Staff:** 58 staff members; all assigned to safety consulting, including one AIHA, one ASP, two CHCMs, one CIH, nine CSPs, one CSS, three PEs, one COHC, two CFPSs; 26 ASSE

members.

**Clients:** 349 corporate and institutional safety consulting clients.

**Specialties:** Municipalities, schools, religious organizations, hospitals.

**Branch offices:** 72 locations in the United States.

**1987 gross revenues:** \$4.8 million total, 30% from unbundled safety consulting services.

**Principal officers:** John G. Campbell, president; David A. North, executive vp; William C. Galvin, vp-loss prevention division; Fred Potenza, area vp-loss prevention consulting division; Richard R. Rothman, area vp-sales/marketing division.

**Gianforcaro Consulting Engineers**

16 E. Main St., Mendham, N.J. 07945; 201-543-7374

**Year founded:** 1977.

**On-site services:** Occasional safety inspections, safety program assistance.

**Other services:** OSHA compliance, product liability research.

**Staff:** Two staff members, both assigned to safety consulting, including one PE, one NSC; one ASSE member.

**Specialties:** Forensic, manufacturing, construction.

**1987 gross revenues:** 33% from unbundled safety consulting services.

**Principal officers:** George F. Gianforcaro, president; Anthony Gianforcaro.

**James R. Glaze, Safety Engineer**

6051 E. Eastland, Tucson, Ariz. 85711; 602-747-0310

**Year founded:** 1972.

**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.

**Off-site services:** Occasional

training classes or seminars.

**Other services:** Occasional OSHA compliance, ergonomic research, product liability research, expert witness.

**Staff:** One staff member assigned to safety consulting, holding AIHA, CSP and NSC designations; ASSE member.

**Clients:** 25 corporate and institutional safety consulting clients; 85% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million, 5% with \$500 million-\$1 billion.

**Specialties:** Legal industry, construction.

**1987 gross revenues:** 100% from unbundled safety consulting services.

**Principal officers:** James R. Glaze, sole principal.

**Gow Management Services**

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-6148

**Year founded:** 1982.

**Parent company:** S.H. Gow & Co. Inc.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety manuals, development of training materials, OSHA compliance, construction safety management; occasional noise and vibration research, fire protection engineering. Industrial hygiene testing done through contract with outside labs.

**Staff:** 12 staff members; four assigned to safety consulting, including those holding CHCM, CPCU, CSP and CHMM designations; two ASSE members.

**Clients:** 25 corporate and institutional safety consulting clients; 90% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million.

**Specialties:** Construction, heavy industry, chemical, municipalities.

**Branch offices:** Albany, Rochester and Syracuse, N.Y.

**1987 gross revenues:** More than \$300,000 total, 50% from unbundled safety consulting services.

**Principal officers:** Jeffrey Gow, president; Richard Mason and Carl VanVoorhis, senior vps; Michael Gow, vp; John P. Coniglio, manager.

**Great Lakes Educational Consultants Inc.**

3324 Olney, Kalamazoo, Mich. 49007; 616-382-2314

**Year founded:** 1978.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, development of emergency plans for natural and technological disasters.

**Other services:** Frequent publication of safety materials or videos, development of training materials.

**Staff:** Four staff members, all assigned to safety consulting, including one CSE; one ASSE member.

**Clients:** 30 clients; 100% with gross revenues less than \$200 million.

**Specialties:** Manufacturing, educational institutions.

**1987 gross revenues:** \$150,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Robert F. Jonaitis, president.

**H**

**C.R. Haines & Associates**

825 Wheelwright Drive, Manchester, Mo. 63021; 314-227-3959

**Year founded:** 1984.

**On-site services:** Frequent safety audits/reviews of current programs, training classes or seminars; occasional safety program assistance, ergonomic program assistance.

**Other services:** Frequent publication of safety materials or videos, product liability research; occasional development of training materials, rehabilitation, OSHA compliance, ergonomic research, fire protection engineering.

**Staff:** One staff member, assigned to safety consulting, holding CSP and

PE designations; ASSE member.

**Clients:** Two corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Amusement parks, construction, breweries.

**1987 gross revenues:** \$100,000 total, 30% from unbundled safety consulting services.

**Principal officers:** C.R. Haines, president.

**Michael L. Harbaugh, Loss Control Consultant**

1311 N.E. Second St., Cape Coral, Fla. 33909; 813-574-8230

**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.

**Off-site services:** Frequent training classes or seminars; occasional industrial hygiene testing.

**Other services:** Frequent development of training materials, OSHA compliance; occasional publication of safety materials or videos, rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

**Staff:** Two staff members who are ASSE members.

**Clients:** 20 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Electric utilities, construction.

**1987 gross revenues:** \$30,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Michael L. Harbaugh, president.

**L.G. Harkins & Co. Inc.**

239 Fourth Ave., Pittsburgh, Pa. 15222; 412-281-3229

**Year founded:** 1940.

**On-site services:** Frequent safety program assistance.

**Other services:** Publication of safety materials or films, safety awareness programs.

**Staff:** Seven staff members; one ASSE member.

**Clients:** 700 clients.

**Principal officers:** George B. Motheral, president; Lois A. Morris, publications manager.

**Robert E. Harner Inc.**

2892 E. Geddes Place, Littleton, Colo. 80122; 303-773-0816

**Year founded:** 1983.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance; occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, OSHA compliance, ergonomic research, product liability research; occasional development of training materials, fire protection engineering.

**Staff:** Two staff members; one assigned to safety consulting, including one CSP, one PE, one NSC, one HFS, one SSS; one ASSE member.

**Clients:** 55 clients.

**Specialties:** Manufacturing, construction, attorneys.

**1987 gross revenues:** 100% from unbundled safety consulting services.

**Principal officers:** Robert E. Harner, president.

**Hewitt, Coleman & Associates**

P.O. Box 3665, Greenville, S.C. 29608; 803-242-4350

**Year founded:** 1923.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, OSHA compliance; occasional devel-

Continued on facing page

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**Continued from facing page**  
 opment of training materials, rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by Environmental Health Lab.  
**Staff:** Nine staff members, all assigned to safety consulting; all ASSE members.  
**Clients:** 93 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.  
**Specialties:** Textiles, lumber, furniture manufacturing, municipalities, transportation.  
**Branch offices:** Raleigh, S.C.; Orlando, Fla.; Atlanta; Denver; Birmingham, Ala.; Jackson, Miss.; Albuquerque, N.M.; New York.  
**Principal officers:** Charles Warne, chairman/chief executive officer; Joe Kaminski, senior vp-marketing; Will Quinn, senior vp-operations; Steve Milner, senior vp-finance; J. Wesley Sexton, corporate director-loss control/workers compensation.

**Charles M. Hunt**  
 5043 Grape, Houston, Texas  
 77096; 713-665-8249  
**Year founded:** 1985.  
**On-site services:** Safety audits/reviews of current programs, safety program assistance, training classes or seminars.  
**Other services:** Publication of safety materials or videos, development of training materials.  
**Staff:** One staff member assigned to safety consulting, holds CSP designation; ASSE member.  
**Clients:** Three clients; 100% with gross revenues less than \$200 million.  
**1987 gross revenues:** \$10,000 total, 100% from unbundled safety consulting services.  
**Principal officers:** Charles M. Hunt, consultant.

**Hutton Associates Inc.**  
 86 Maple Drive, P.O. Box 517,  
 Hudson, Ohio 44236;  
 216-656-2148  
**Year founded:** 1971.  
**On-site services:** Safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.  
**Other services:** Development of training materials, OSHA compliance, industrial hygiene research, occupational health research. Industrial hygiene testing done by NATLSCO Environmental Sciences Laboratory.  
**Staff:** Three staff members; two assigned to safety consulting, including one NSMS, one PE, one NSC; two ASSE members.  
**Clients:** 40 corporate and institutional safety consulting clients; 50% with gross revenues less than \$200 million, 25% with \$200 million-\$500 million, 25% with \$500 million-\$1 billion.  
**Specialties:** Manufacturing.  
**1987 gross revenues:** \$150,000 total, 100% from unbundled safety consulting services.  
**Principal officers:** David T. Hutton, president.



**I.P.C. Chicago Inc.**  
 4309 W. Henderson, Chicago, Ill.  
 60641; 312-975-3495  
**Year founded:** 1978.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance.  
**Other services:** Asbestos bulk and air sampling; frequent development of training materials, OSHA compliance, industrial hygiene research, occupational health research, fire protection engineering; occasional publication of safety materials or videos, rehabilitation, ergonomic research, noise and vibration research. Industrial hygiene testing done by Micro-Fiber Laboratories Inc.  
**Staff:** 10 staff members; four as-

signed to safety consulting, including one AIHA, one ARM, one CHCM, one CIH, two CSPs, one RN, four NSCs, and those holding HSP, CPP and CHMM designations; three ASSE members.  
**Clients:** 85 corporate and institutional safety consulting clients; 72% with gross revenues less than \$200 million, 20% with \$200 million-\$500 million, 3% with \$500 million-\$1 billion, 4% with \$1 billion-\$3.5 billion, 1% with more than \$3.5 billion.  
**Specialties:** Hotel and motel fire management planning.  
**1987 gross revenues:** \$450,000 total.  
**Principal officers:** Robert G. Cooley, president; Philip G. Pekron, chief of technical services.

**Independent Loss Control Inc.**  
 2421 Haley St., Suite 4,  
 Bakersfield, Calif. 93305;  
 805-872-2306  
**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; accident investigation; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occupational industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering; stress prevention. Industrial hygiene testing done by EMS Labs.  
**Staff:** Two staff members; one assigned to safety consulting, including one ARM, one NSC; one ASSE.  
**Clients:** 15 corporate and institutional safety consulting clients; 30% with gross revenues less than \$200 million, 20% with \$200 million-\$500 million, 20% with \$500 million-\$1 billion, 30% non-profit/public entities.  
**Specialties:** Petroleum-related industries, agriculture, savings and

banking institutions.  
**1987 gross revenues:** \$60,000 total, 80% from unbundled safety consulting services.  
**Principal officers:** Susan A. Guill, president.

**Industrial Health & Safety Division of Xordium Inc.**  
 P.O. Box 8422, Newport Beach,  
 Calif. 92658-8422; 714-759-1707  
**Year founded:** 1975.  
**Parent company:** Xordium Inc.  
**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, self insurance certification compliance audits.  
**Other services:** Publication of safety manuals, OSHA compliance. Industrial hygiene testing done by contract with outside labs.  
**Staff:** Three staff members; two assigned to safety consulting, including one CSP, one PE; two ASSE members.

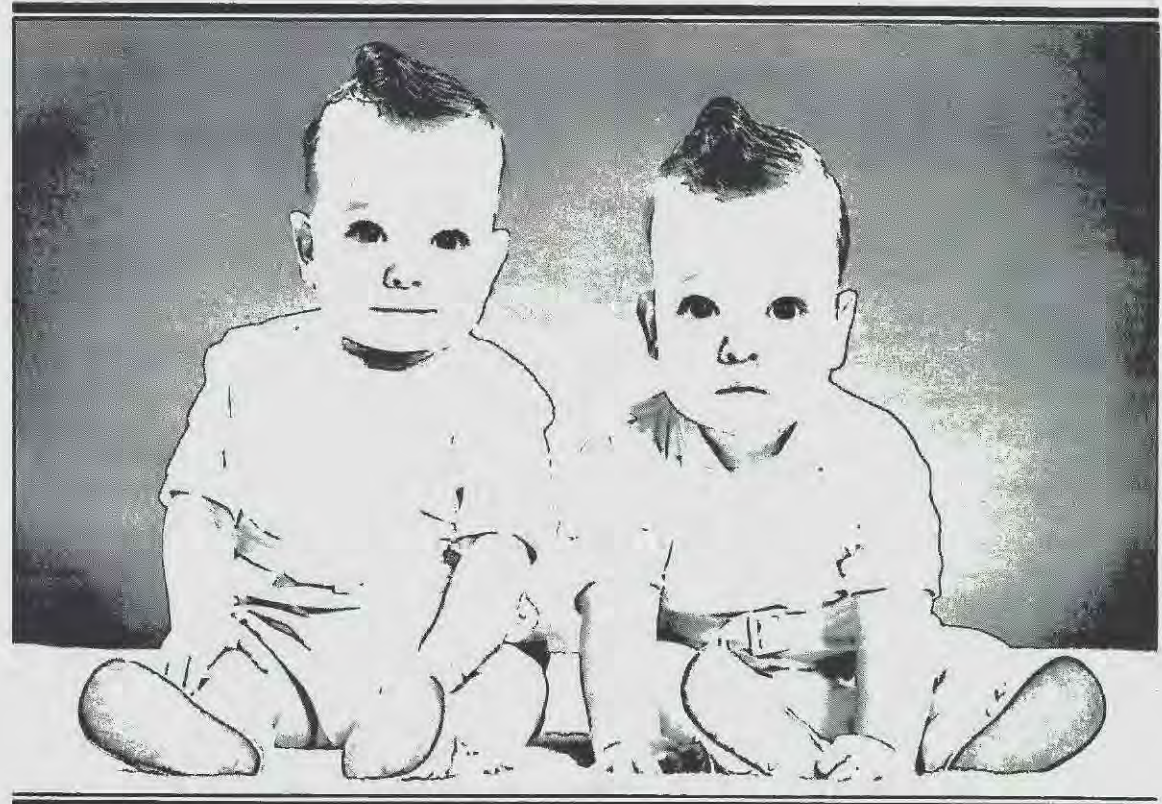
**Clients:** 14 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.  
**Specialties:** Manufacturing, municipalities.  
**1987 gross revenues:** \$100,000 total, 100% from unbundled safety consulting services.  
**Principal officers:** Fred C. Gillett, president.

**Industrial Safety Consultants**  
 4 Pamona Ave., Birmingham, Ala.  
 35209; 205-879-5159  
**Year founded:** 1972.  
**On-site services:** Safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars, expert witness testimony.  
**Off-site services:** Training classes or seminars.  
**Other services:** Publication of safety materials or videos, development of training materials.

**Year founded:** 1972.  
**On-site services:** Safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars, expert witness testimony.  
**Off-site services:** Training classes or seminars.  
**Other services:** Publication of safety materials or videos, development of training materials.

**Year founded:** 1972.  
**On-site services:** Safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars, expert witness testimony.  
**Off-site services:** Training classes or seminars.  
**Other services:** Publication of safety materials or videos, development of training materials.

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# and the unexpected

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Continued from previous page  
 ment of training materials, OSHA compliance.

**Staff:** Two staff members, one assigned to safety consulting; one ASSE member.

**Clients:** 70 clients.

**Specialties:** Manufacturing, construction, municipalities.

**1987 gross revenues:** \$20,000 total, 1% from unbundled safety consulting services

**Principal officers:** Fred Melof, president.

**Industrial Technical Associates**

P.O. Box 332, West Orange, N.J. 07052; 201-674-2625

**Year founded:** 1967.

**On-site services:** Frequent industrial hygiene program assistance; occasional safety audits/reviews of current programs, safety program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Other services:** Publication of safety materials or videos, OSHA compliance, industrial hygiene research, product liability research, fire protection engineering; air, stream, water pollution services.

**Staff:** Two staff members; both assigned to safety consulting, including those who hold AIHA, CSP, NSC, ABIH, AAAS designations; one ASSE member.

**Principal officers:** A. Wallach, president; R. Wallach, secretary/treasurer.

**Insurance Management Services Inc.**

30833 Northwestern Highway, Suite 315, Farmington Hills, Mich. 48018; 313-855-8814

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, EPA assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, EPA regulations research; occasional fire protection engineering. Industrial hygiene testing done at Clayton Environmental Laboratories.

**Staff:** 16 staff members; three assigned to safety consulting, including one ASP, one CSP; three ASSE members.

**Clients:** 490 corporate and institutional safety consulting clients; 42% with gross revenues less than \$200 million, 38% with \$200 million-\$500 million, 14% with \$500 million-\$1 billion, 5% with \$1 billion-\$3.5 billion, 1% with more than \$3.5 billion.

**Specialties:** Manufacturing, food processing.

**1987 gross revenues:** More than \$900,000 total, 20% from unbundled safety consulting services.

**Principal officers:** Dennis K. Jacobs, president; Stephen Horvath, vp.

**International Loss Control Institute**

Highway 78, P.O. Box 345, Loganville, Ga. 30249; 404-466-2208

**Year founded:** 1973.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, occasional rehabilitation, OSHA compliance, occupational health research, product liability research, fire protection engineering.

**Staff:** 40 staff members; 18 assigned to safety consulting, including three CHCMs, one CRSP, one CSP, one PE, two PhDs, one DVM, 15 AcSAs, three ALCMs; six ASSE members.

**Clients:** 100 corporate and institutional safety consulting clients; 80% with gross revenues less than \$200 million, 5% with \$200 million-\$500 million, 5% with \$500 million-\$1 billion, 5% with \$1 billion-\$3.5 billion, 5% with more than \$3.5 billion.

**Principal officers:** Frank Bird Jr., president; Susan B. Arnold, executive director; Robert M. Arnold, vp; Esther Bird, treasurer/secretary; David Bird, comptroller.

**International Technology Corp.**

23456 Hawthorne Blvd., Torrance, Calif. 90505; 213-378-9933

**Year founded:** 1927.

**On-site services:** Frequent safety audits/reviews of current programs, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional safety program assistance, ergonomic program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occasional industrial hygiene research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by three AIHA accredited labs.

**Staff:** More than 3,000 staff members; two assigned to safety consulting. Designations held by staff include 15 AIHA members, one ASP, six CIHs, one CSE, two CSPs, one CSS, one MD, one PhD; six ASSE members.

**Clients:** More than 100 corporate and institutional safety consulting clients; 10% with gross revenues less than \$200 million, 15% with \$200 million-\$500 million, 25% with \$500 million-\$1 billion, 25% with \$1 billion-\$3.5 billion, 25% with more than \$3.5 billion.

**Specialties:** Construction, general industry.

**Branch offices:** Edison, N.J.; Pittsburgh; Knoxville, Tenn.; Cerritos and Martinez, Calif.

**1987 gross revenues:** More than \$300 million total, 1% from unbundled safety consulting services.

**Principal officers:** Murray Hutchison, chairman of the board; William King, president; Raul Deju, vp-environmental projects; Anthony Buhl, vp-risk control services; Brian Smith, vp-environmental services.

**Interstate Safety Engineering Inc.**

1050 Vallejo Circle, Costa Mesa, Calif. 92626; 714-972-8346

**Year founded:** 1965.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance,

training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance.

**Staff:** Two staff members; one assigned to safety consulting. Designations held by staff include one PE; one ASSE member.

**Clients:** 24 clients; 50% with gross revenues less than \$200 million, 25% with \$200 million-\$500 million, 25% with \$500 million-\$1 billion.

**Specialties:** Agribusiness, cattle feed, meat packing.

**1987 gross revenues:** \$75,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Don Winslow, president/chief financial officer; Bonnie Winslow, secretary.

**J**

**C.E. Jackson Jr., Construction Consultant**

P.O. Box 1226, McComb, Miss. 39648; 601-684-1107

**Year founded:** 1983.

**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance, safety consultations with management.

**Other services:** Frequent OSHA compliance; occasional publication of safety materials or videos.

**Staff:** Two staff members; one assigned to safety consulting, including one PE; one ASSE member.

**Clients:** Six corporate and institutional safety consulting clients; 97% with gross revenues less than \$200 million, 3% with \$1 billion-\$3.5 billion.

**Specialties:** Construction.

**Principal officers:** C.E. Jackson Jr., construction consultant.

**William L. Jacobs Enterprises Inc.**

P.O. Box 7472, Fort Lauderdale, Fla. 33338; 305-766-9910

**Year founded:** 1982.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, rehabilitation, OSHA compliance, ergonomic research, product liability research, forensic safety, personal injury civil litigation; occasional development of training materials, noise and vibration research.

**Staff:** Three staff members; one assigned to safety consulting, who holds ASP, CHC, CSP, OHST, CRC, CIRS, and NSC designations; one ASSE member.

**Clients:** 200 clients. 50% with gross revenues between \$500 million-\$1 billion, 25% with \$1 billion-\$3.5 billion, 25% with more than \$3.5 billion.

**Specialties:** Construction, food and beverage industry, retail, municipalities.

**1987 gross revenues:** 20% from unbundled safety consulting services.

**Principal officers:** William L. Jacobs, president/chief executive officer.

**Fred S. James & Co. Inc.- Risk Control Services**

1285 Ave. of the Americas, New York, N.Y. 10019; 212-333-8900

**Year founded:** 1858.

**Parent company:** Sedgwick Group P.L.C.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, chemical hazards control, construction safety, driver and fleet safety; occasional industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with outside

labs.

**Staff:** 95 staff members; 45 assigned to safety consulting, including four ARMs, one CHCM, one CPCU, 23 CSPs, one NBBM-IC, one NSMS, six PEs, one PhD, two RNs, 28 NSCs; six ASSE members.

**Clients:** 200 corporate and institutional safety consulting clients.

**Branch offices:** Atlanta; Bellevue and Seattle, Wash.; Boston; Chicago; Columbia, S.C.; Dallas; Detroit; Fort Lauderdale, Fla.; Greenwich, Conn.; Harrisburg, Philadelphia and Pittsburgh, Pa.; Irvine, Los Angeles and San Francisco, Calif.; Kansas City and St. Louis, Mo.; Memphis and Nashville, Tenn.; Omaha, Neb.; Phoenix, Ariz.; Portland, Ore.; Portland, Maine; Rochester, N.Y.; Short Hills, N.J.

**1987 gross revenues:** 30% from unbundled safety consulting services.

**Principal officers:** William G. Lauffer Jr., vp; Steven Galeotti, director.

**W. Kent Jessee & Associates**

2730 Camino Capistrano, San Clemente, Calif. 92672; 714-492-4891

**Year founded:** 1977.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, occasional rehabilitation, OSHA compliance, ergonomic research, workers compensation cost research.

**Staff:** Six staff members; five assigned to safety consulting, including one CHCM, four PhDs; three ASSE members.

**Clients:** 100 corporate and institutional safety consulting clients; 90% with gross revenues less than \$200 million, 5% with \$200 million-\$500 million, 5% with \$1 billion-\$3.5 billion.

**Specialties:** Manufacturing, plastics, agriculture, restaurants.

**Principal officers:** W. Kent Jessee, owner/principal.

**K**

**The Kairos Co.**

1001 N. Rengstorff Ave., Suite 100, Mountain View, Calif. 94043; 415-962-8453

**Year founded:** 1979.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, system and product safety engineering; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, product liability research; occasional OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, fire protection engineering.

**Staff:** 10 staff members; nine assigned to safety consulting, including two CSPs, two PEs, one RN, one JD; five ASSE members.

**Clients:** 50 clients; 5% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million, 25% with \$500 million-\$1 billion, 20% with \$1 billion-\$3.5 billion, 40% with more than \$3.5 billion.

**Specialties:** Manufacturing, aerospace.

**1987 gross revenues:** \$700,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Lewis Bass, president; Sharon Bass, vp.

**Walter Kante, Safety Consultant**

3778 N. 75th St., Milwaukee, Wis., 53216; 414-463-9759

**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, occupa-

tional health program assistance.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance.

**Staff:** One staff member, assigned to safety consulting.

**Clients:** Three corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Manufacturing.

**1987 gross revenues:** \$10,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Walter Kante, owner.

**M. Kimbrell Associates Inc.**

4024 Dunsmore St., Huntsville, Ala. 35802; 205-883-5473

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs; occasional safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Frequent OSHA compliance; occasional publication of safety materials or videos, development of training materials, product liability research, noise and vibration research. Industrial hygiene testing done by contract with outside labs.

**Staff:** Two staff members; one assigned to safety consulting who holds ANS and ASQC designations; one ASSE member.

**Clients:** Two corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Manufacturing.

**1987 gross revenues:** \$25,000 total.

**Principal officers:** Murvin J. Kimbrell, president; Julia M. Kimbrell.

**Raymond L. Kuhlman**

4640 Sharon Valley Court, Atlanta, Ga. 30360; 404-457-0687

**Year founded:** 1981.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance, development of safety program manuals.

**Other services:** Occasional publication of safety materials or videos, development of training material.

**Staff:** One staff member assigned to safety consulting, who holds CHCM, CSP, PE and AcSA designations; one ASSE member.

**Clients:** 30 clients.

**1987 gross revenues:** \$60,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Raymond L. Kuhlman, principal.

**L**

**Larks Engineering/ Consulting**

4762 Kingfisher Drive, Houston, Texas, 77035; 713-721-6644

**Year founded:** 1966.

**On-site services:** Frequent ergonomic program assistance, training classes or seminars, forensic consulting; occasional safety audits/reviews of current programs, safety program assistance, occupational health program assistance.

**Other services:** Frequent OSHA compliance, ergonomic research, product liability research; occasional publication of safety materials or videos, development of training materials, occupational health research, noise and vibration research.

**Staff:** Two staff members; one assigned to safety consulting, including one CSE, one CSP, one PE, one NSC; one ASSE member.

**Clients:** 16 corporate and institutional safety consulting clients; 98% with gross revenues less than \$200 million, 2% with \$200 million-\$500 million.

**1987 gross revenues:** \$100,000 total, 10% from unbundled safety consulting services.

**Principal officers:** Jack Larks, senior consultant.

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Continued from facing page  
**Legal Forum International**  
 P.O. Box 103, Lynnfield, Mass.  
 01940; 617-334-6196

**Year founded:** 1983.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.  
**Off-site services:** Frequent training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, product liability research, occasional industrial hygiene research, occupational health research, ergonomic research, noise and vibration research.  
**Staff:** Six full-time staff members, approximately 40 independent contractors.  
**Specialties:** Manufacturing, aerospace.  
**Branch offices:** Boston; Arlington, Virginia; New York.  
**Principal officers:** Robert D. DeMore, president.

**Loss Control Services Inc.**  
 691 Cavalcade Circle, Naperville, Ill. 60540; 312-420-0440

**Year founded:** 1976.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance; occasional ergonomic program assistance, training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, fire protection engineering; occasional OSHA compliance, ergonomic research, product liability research, noise and vibration research.  
**Staff:** One staff member who is a CSP and an ASSE member.  
**Clients:** 25 clients; 98% with gross revenues less than \$200 million, 2% with \$200 million-\$500 million.  
**Specialties:** Health care industry.  
**1987 gross revenues:** 100% from unbundled safety consulting services.  
**Principal officers:** David Boor, president.

**Year founded:** 1976.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance; occasional ergonomic program assistance, training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, fire protection engineering; occasional OSHA compliance, ergonomic research, product liability research, noise and vibration research.  
**Staff:** One staff member who is a CSP and an ASSE member.  
**Clients:** 25 clients; 98% with gross revenues less than \$200 million, 2% with \$200 million-\$500 million.  
**Specialties:** Health care industry.  
**1987 gross revenues:** 100% from unbundled safety consulting services.  
**Principal officers:** David Boor, president.

**M**

**David V. MacCollum Ltd.**  
 1515 Hummingbird Lane, Sierra Vista, Ariz. 85635; 602-458-4100

**Year founded:** 1972.  
**On-site services:** Product evaluation, program development.  
**Off-site services:** Training classes or seminars.  
**Other services:** Development of operator/user manuals; product liability research.  
**Staff:** Four staff members, including those with CSP, PE and NSC designations; one ASSE member.  
**Clients:** One corporate and institutional safety consulting client with gross revenues exceeding \$3.5 billion.  
**Specialties:** Construction and product litigation.  
**Principal officers:** David V. MacCollum, president.

**Management Services Inc.**  
 2 E. Main, Towne Centre Building, Danville, Ill. 61832; 217-446-1089

**Year founded:** 1973.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.  
**Off-site services:** Occasional training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional product liability research, noise and vibration research, fire protection engineering.  
**Staff:** 121 staff members; 12 assigned to safety consulting, including four ARMs, three CHCMs, three CPCUs, two CSPs; five ASSE members.  
**Clients:** 360 corporate and institutional safety consulting clients; 65% with gross revenues less than \$200

million, 20% with \$200 million-\$500 million, 15% with \$500 million-\$1 billion.  
**Specialties:** Government entities, construction, manufacturing.  
**Branch offices:** St. Louis; Oak Brook and Champaign, Ill.; Carmel, Ind.  
**Principal officers:** Gary J. Schirmer, president; Sam P. Cannon, senior vp; Robert L. Cowgill, Richard Wickert and Jerry Kats, vps.

**N**

**NATLSCO**  
 Long Grove, Ill. 60049-0075; 312-540-2400

**Year founded:** 1968.  
**Parent company:** Kemper Corp.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, fire protection engineering, hazard identification.  
**Off-site services:** Occasional training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, fire protection engineering. Industrial hygiene testing done in own laboratory.  
**Staff:** 80 staff members; 40 assigned to safety consulting, including 31 AIHAs, four ARMs, two CHCMs, 16 CIHs, three COHNS, 22 CSPs, three OHSTs, five PEs, three RNs, two CIHTs; 32 ASSE members.  
**Clients:** 560 corporate and institutional safety consulting clients.  
**Specialties:** Nuclear power generation stations.  
**Branch offices:** San Francisco; Summit, N.J.  
**1987 gross revenues:** \$48 million total.  
**Principal officers:** R.W. Satterfield, president; A.D. Odom, vp-safety; G.J. Kraficis, vp-health services; F.G. Minchik, vp-risk management; D.F. Benevich, vp-management services.

**N.C.S.I. (National Con-Serv Inc.)**  
 451 Hungerford Drive, Rockville, Md. 20850; 301-251-1880

**Year founded:** 1972.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.  
**Staff:** 125 staff members; one assigned to safety consulting, including one ARM, one CPSM, one CSP, one HSP.  
**Clients:** 11 clients.  
**Specialties:** Municipalities, health care, manufacturing, retail.  
**Principal officers:** Larry Bucklew, president; George Mann, group vp; Peter G. Baldwin, assistant vp.

**Newman Associates**  
 P.O. Drawer 251, Middletown, Va. 22645; 703-869-2037

**Year founded:** 1975.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional training classes or seminars.  
**Off-site services:** Occasional training classes or seminars.  
**Other services:** Frequent OSHA compliance, product liability research, forensic engineering; occasional publication of safety materials or videos.  
**Staff:** Two staff members, including one CSP, one PE, one NSC; two ASSE members.  
**Clients:** 10 corporate and institutional safety consulting clients; 5% with \$200 million-\$500 million, 55% with \$500 million-\$1 billion, 40%

with more than \$3.5 billion.  
**Specialties:** Construction, manufacturing.  
**1987 gross revenues:** 100% from unbundled safety consulting services.  
**Principal officers:** Eugene L. Newman, president.

**O**

**OccuHealth Consultants**  
 P.O. Box 904, Van Nuys, Calif. 91408; 818-980-9090

**Year founded:** 1983.  
**On-site services:** Frequent industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional safety audits/reviews of current programs, safety program assistance.  
**Other services:** Frequent OSHA compliance, industrial hygiene research; occasional publication of safety materials or videos, development of training materials, occupational health research, noise and vibration research. Industrial hygiene testing done by EMS Laboratories.  
**Staff:** Three staff members; one assigned to safety consulting, including one AIHA, one CIH, one CSP, one PhD; one ASSE member.  
**Clients:** Four corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.  
**1987 gross revenues:** \$250,000 total, 30% from unbundled safety consulting services.  
**Principal officers:** Eugene A. Port, owner.

**Occupational Safety & Health Consultants**  
 131 Isle of Cuba Road, Schriever, La. 70395; 504-446-1868

**Year founded:** 1984.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.  
**Off-site services:** Frequent training classes or seminars.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional industrial hygiene research, ergonomic research, product liability research, noise and vibration research, fire protection engineering, expert witness testimony, accident investigation. Industrial hygiene testing done by contract with outside labs.  
**Staff:** Two staff members; one assigned to safety consulting. Professional designations held by staff include CSE, CSM, CSE, CSM and NSC; one ASSE member.  
**Clients:** Two corporate and institutional safety consulting clients; 80% with gross revenues less than \$200 million, 20% with more than \$3.5 billion.  
**Specialties:** Petroleum, construction, maritime industries.

**Organizational Safety Services Inc.**  
 11831 Rothbury Drive, Richmond, Va. 23236; 804-794-0691

**Year founded:** 1987.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.  
**Off-site services:** Frequent training classes or seminars.  
**Other services:** Frequent development of training materials, OSHA compliance, ergonomic research, product liability research; occasional publication of safety materials or videos, industrial hygiene research, occupational health research, fire protection engineering. Industrial hygiene testing done by Industrial Hygiene Lab.  
**Staff:** Four staff members; three assigned to safety consulting, including one CSP, one NSMS, two PEs, one PhD; two ASSE members.

**1987 gross revenues:** More than \$40,000 total, 20% from unbundled safety consulting services.  
**Principal officers:** Donald G. Broussard, president; Renee Parsey, treasurer.

**Occusafe Inc.**  
 1040 S. Milwaukee Ave., Wheeling, Ill. 60090; 312-459-4800

**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.  
**Off-site services:** Training classes or seminars.  
**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with outside labs.  
**Staff:** 53 staff members; 14 assigned to safety consulting, including 17 AIHAs, 10 CIHs, four PhDs, one SCD, one JD, one AIA, one NCARB, one SPMC, two AFSS, two APCAs, one ACS, one ABA, one ASHE; four ASSE members.  
**Clients:** 100 corporate and institutional safety consulting clients; 10% with gross revenues less than \$200 million, 40% with \$200 million-\$500 million, 40% with \$500 million-\$1 billion, 5% with \$1 billion-\$3.5 billion, 5% with more than \$3.5 billion.  
**Branch offices:** Longmont, Colo.  
**1987 gross revenues:** \$5 million total.  
**Principal officers:** Peter F. Koch, president; Donald R. McFee, executive vp; Gary Crawford, group vp; Joseph K. Prince, Theodore J. Thomas and William L. Young, vps.

**1987 gross revenues:** More than \$40,000 total, 20% from unbundled safety consulting services.  
**Principal officers:** Donald G. Broussard, president; Renee Parsey, treasurer.

**1987 gross revenues:** More than \$40,000 total, 20% from unbundled safety consulting services.  
**Principal officers:** Donald G. Broussard, president; Renee Parsey, treasurer.

**1987 gross revenues:** More than \$40,000 total, 20% from unbundled safety consulting services.  
**Principal officers:** Donald G. Broussard, president; Renee Parsey, treasurer.


**Clients:** 14 corporate and institutional safety consulting clients; 5% with \$200 million-\$500 million, 80% with \$500 million-\$1 billion, 5% with \$1 billion-\$3.5 billion, 10% with more than \$3.5 billion.  
**Specialties:** Pulp and paper chemicals, municipalities, manufacturing, food producers.  
**1987 gross revenues:** \$157,000 total, 100% from unbundled safety consulting services.  
**Principal officers:** Keith E. Barenklau, president; Linda Abbott, vp; Eric E. Barenklau, secretary; Leroy V. Abbott, treasurer.

**Donald E. Ostrum, Consultant**  
 12109 Cottonwood St. N.W., Coon Rapids, Minn. 55433; 612-757-0102

**Year founded:** 1985.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional occupational health program assistance.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.  
**Staff:** One staff member holding AIHA, CHCM, CSP, NFPA and COHC designation; ASSE member.

**Year founded:** 1985.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional occupational health program assistance.  
**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.  
**Staff:** One staff member holding AIHA, CHCM, CSP, NFPA and COHC designation; ASSE member.

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Continued from previous page

**Clients:** 50 clients; 95% with gross revenues less than \$200 million, 5% with \$200 million-\$500 million.

**Specialties:** Small businesses, attorneys.

**1987 gross revenues:** \$55,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Donald E. Os-trum, consultant.

**P**

**Marshall Petersen & Co.**

P.O. Box 108, Mount Prospect, Ill. 60056; 312-253-3963

**Year founded:** 1987.

**Services:** Fire protection engineering, fire loss investigation, reconstruction analysis, expert forensic testimony.

**Staff:** One staff member holding CSP, PE, CFI designations; ASSE member.

**1987 gross revenues:** Approximately \$100,000 total.

**Principal officers:** Marshall Petersen.

**Pioneer Loss Control Systems**

P.O. Box 795774, Dallas, Texas 75379; 214-235-3946

**Year founded:** 1984.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Frequent record-keeping for clients on accident costs, loss ratio performance graphs, incident rates; occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional rehabilitation, industrial hygiene research, occupational health research. Industrial hygiene testing done by contract with outside specialists.

**Staff:** One staff member holding CSP and PE designations; ASSE member.

**Clients:** 12 corporate and institutional safety consulting clients; 91.7% with gross revenues less than \$200 million, 8.3% with \$500 million-\$1 billion.

**Specialties:** Construction, petroleum.

**1987 gross revenues:** \$35,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Jennings H. Vaughan, owner.

**Jay William Preston**

7122 Kittyhawk Ave., Los Angeles, Calif. 90045; 213-776-3464

**Year founded:** 1978.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, expert witness testimony.

**Off-site services:** Occasional training classes or seminars, safety program development.

**Other services:** Frequent development of training materials; occasional publication of safety materials or videos, OSHA compliance.

**Staff:** Two staff members; one assigned to safety consulting, holding

CSP, PE, MIOSH designations; one ASSE member.

**Clients:** 13 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Construction, plastics.

**Branch offices:** Temecula, Calif.

**1987 gross revenues:** \$105,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Jay W. Preston and Yoshiko H. Preston.

**Professional Safety Consultants Co. Inc.**

P.O. Box 891, Seabrook, Md. 20706; 301-459-6055

**Year founded:** 1976.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering.

**Staff:** Eight staff members; six assigned to safety consulting, including five AIHAs, one CHCM, three CSPs, one OHST, two PEs, one PhD, one RN; six ASSE members.

**Clients:** 20 clients; 100% with gross revenues less than \$200 million.

**Specialties:** Government entities, construction, industry.

**Branch offices:** Washington, D.C.

**Principal officers:** Ernest Jorgensen, president.

**Professional Safety Consultant Service Inc.**

424 S.E. 30th Ave., Ocala, Fla. 32670; 904-694-4601

**On-site services:** Frequent safety program assistance, training classes or seminars; occasional safety audits/reviews of current programs, ergonomic program assistance, safety expert witness services.

**Other services:** Industrial hygiene research, product liability research, fire protection engineering.

**Staff:** One staffer holding CHCM, CPSM, CSE, CSM, CSP, CSS, NSMS, PE, NSC, CHSP and CHMM designations; one ASSE member.

**Clients:** 25 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**1987 gross revenues:** \$15,000 total.

**Principal officers:** Herbert T. Bogert, president.

**Professional Safety Consulting Services Inc.**

872 Kallin Ave., Long Beach, Calif. 90815; 213-431-9922

**Year founded:** 1976.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars, expert witness testimony.

**Other services:** Frequent development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering, liability and risk evaluation; occasional industrial hygiene research, occupational health research. Industrial hygiene testing done by Health Science

Associates and Audiologists.

**Staff:** Two staff members, assigned to safety consulting, including one AIHA, one CSP, one PE; one ASSE member.

**Clients:** 10 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Construction, petroleum.

**1987 gross revenues:** \$80,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Raymond N. Chace, president; Mary K. Chace, treasurer; Michelle Chace-Bass, vp.

**R**

**R.E.C. Inc.**

12900 Silver Crest Road, Chester, Va. 23831; 804-748-8003

**Year founded:** 1969.

**On-site services:** Frequent safety audits/reviews of current programs, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional safety program assistance, ergonomic program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent industrial hygiene research, occupational health research, noise and vibration research, system safety research; occasional publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, fire protection engineering. Industrial hygiene testing done by Analytics Laboratory.

**Staff:** Four staff members; three assigned to safety consulting, including one AIHA, one CIH, one CSP, one PE, one RN, two ASQC, one HFS, one SSS, one VS, one ACS, one SFPE; one ASSE member.

**Clients:** 30 corporate and institutional safety consulting clients; 97% with gross revenues less than \$200 million, 3% with \$200 million-\$500 million.

**Specialties:** Chemical, pharmaceutical, printing, circuit board manufacturers.

**1987 gross revenues:** \$130,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Henry M. Taylor Jr., president; Genevieve Wills Taylor, vp.

**R.P.F. Associates**

20 LeRoy St., Dix Hills, N.Y. 11746; 516-586-0778

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, right to know training and documentation programs; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, accident investigation and reconstruction, expert witness; occasional product liability research, noise and vibration research, development of audio/visual programs in industrial, construction and fleet safety. Industrial hygiene testing done by contract with outside labs.

**Staff:** One staff member holding ARM and CSP designations; ASSE member.

**Clients:** 28 corporate and institutional safety consulting clients; 90% with gross revenues less than \$200 million, 5% with \$200 million-\$500 million, 5% with \$500 million-\$1 billion.

**Specialties:** Retail stores, manufacturing, fleets, construction, food processing, liquor and beverage manufacturing.

**1987 gross revenues:** \$130,000 total, 60% from unbundled safety consulting services.

**Principal officers:** Robert P. Firmsbach, president.

**Risk Analysis & Management Corp.**

700 St. Louis Union Station, Suite 100, St. Louis, Mo. 63103; 314-436-0800

**Year founded:** 1975.

**On-site services:** Frequent safety

audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, OSHA compliance, occupational health research, product liability research, fire protection engineering; occasional development of training materials, rehabilitation, industrial hygiene research, ergonomic research, noise and vibration research. Industrial hygiene testing done by contract with outside lab.

**Staff:** 11 staff members; three assigned to safety consulting, including two ARMs, one CHCM, two CPCUs, one CSP, one PE, one RN; two ASSE members.

**Clients:** 25 corporate and institutional safety consulting clients; 80% with gross revenues less than \$200 million, 12% with \$200 million-\$500 million, 4% with \$1 billion-\$3.5 billion, 4% with more than \$3.5 billion.

**Specialties:** Mining, construction, real estate development, manufacturing, medical, public entities.

**1987 gross revenues:** 20% from unbundled safety consulting services.

**Principal officers:** J. William Rush, president; Walter E. Sir, vp.

**Risk Management Services Inc.**

7919 Folsom Blvd., Suite 240, Sacramento, Calif. 95826; 916-381-5858

**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance, occupational health research, ergonomic research, product liability research, noise and vibration research.

**Staff:** One staff member.

**Clients:** Three corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Acute care hospitals.

**1987 gross revenues:** \$100,000 total; 100% from unbundled safety consulting services.

**Principal officers:** J. Daniel Henke, president; Robert Levering and Robert Sanford, vps; Ronald Wood, chairman.

**Risk Services Inc.**

26384 Ford Road, Suite 200, Dearborn Heights, Mich. 48127; 313-565-5225

**Year founded:** 1987.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering, marketing and underwriting reports.

**Staff:** Three staff members; two assigned to safety consulting, including those holding CHCM and NFPA designations; two ASSE members.

**Clients:** Eight corporate and institutional safety consulting clients; 80% with gross revenues less than \$200 million, 20% with \$200 million-\$500 million.

**Specialties:** Heavy construction.

**1987 gross revenues:** 100% from unbundled safety consulting services.

**Principal officers:** Michael J. Borsuck, president.

**S**

**SPA Inc.**

203 W. 11th Ave., Baltimore, Md. 21225; 301-789-5888

**Year founded:** 1981.

**On-site services:** Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, product liability research, failure analysis and accident reconstruction, computer safety analysis.

**Staff:** Two staff members; one assigned to safety consulting, including those with ASP, CHCM, CPSM, CSE, OHST and CHMM designations; one ASSE member.

**Clients:** Four corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Transportation, construction, legal, government entities.

**1987 gross revenues:** More than \$50,000 total, 95% from unbundled safety consulting services.

**Principal officers:** Stanley D. Pulz, president.

**SAF-CON**

2940 Noble Road, Cleveland, Ohio 44121; 216-381-8949

**Year founded:** 1972.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, training classes or seminars.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent OSHA compliance; occasional publication of safety materials or videos, product liability research.

**Staff:** One staff member, holding CPSM and PE designations; ASSE member.

**Clients:** 12 corporate and institutional safety consulting clients.

**Specialties:** Manufacturing, institutions, retail.

**Principal officers:** G.S. Burko, president.

**Safcon Safety Consulting Services**

B-8, Suleman Terrace, Sir Shah Suleman Road, Gulshan-E-Iqbal, Karachi, Pakistan; 011-9221-42-90-49

**Year founded:** 1980.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars, industrial security; occasional industrial hygiene program assistance.

**Off-site services:** Training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering. Industrial hygiene testing done by government-owned labs.

**Staff:** 20 staff members; three assigned to safety consulting, including member, Pakistan Engineering Council; one ASSE member.

**Clients:** 210 clients.

**Specialties:** Construction and manufacturing.

**1987 gross revenues:** \$120,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Shahzad Ahmad, director.

**Safe & Sound Inc.**

44 Codfish Lane, Weston, Conn. 06883; 203-226-6970

**Year founded:** 1971.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent OSHA compliance, asbestos management; occasional publication of safety materials or videos, development of training materials, rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by Brooks Laboratories Inc.

**Staff:** 10 staff members; three assigned to safety consulting, including three AIHAs, two CSPs, one MD, one PE, two PhDs, one NSC; three ASSE members.

**Clients:** 30 corporate and institutional safety consulting clients; 50%

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with gross revenues less than \$200 million, 47% with \$200 million-\$500 million, 2% with \$500 million-\$1 billion, 0.5% with \$1 billion-\$3.5 billion, 0.5% with more than \$3.5 billion.  
**Specialties:** Municipalities, metals fabricating.  
**1987 gross revenues:** \$750,000 total.  
**Principal officers:** Keith Brooks, president; Margaret Brooks and Mark Granville, vps.

**Safety Administrators Inc.**  
3211 Wingtail Way, Pearland, Texas, 77584; 713-489-8808

**Year founded:** 1972.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.  
**Other services:** Frequent OSHA compliance; occasional publication of safety materials or videos, development of training materials, ergonomic research, product liability research.

**Staff:** One staff member holding CPCU, CSP and Registered Professional Engineer (Texas) designations; ASSE member.

**Clients:** Eight corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialties:** Construction, oil, marine, longshore, manufacturing, transportation.

**1987 gross revenues:** Approximately \$70,000 total.

**Principal officers:** Fred L. Maxwell, president; Martha S. Maxwell, secretary.

**Safety Associates Inc.**

1351 E. Morehead St., Suite 102, Charlotte, N.C. 28204; 704-334-8690

**Year founded:** 1978.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering; occasional industrial hygiene research, noise and vibration research, safety surveys for insurance companies.

**Staff:** Eight staff members; seven assigned to safety consulting, including one ARM, two CSPs, one PE; four ASSE members.

**Clients:** 250 clients; 100% with gross revenues less than \$200 million.

**Specialties:** Municipalities, construction.

**Branch offices:** High Point and Raleigh, N.C.

**1987 gross revenues:** \$550,000 total, 100% from unbundled safety consulting services.

**Principal officers:** James W. Stephens, president; Ronald F. Sullivan, vp.

**Safety Consulting Inc.**

P.O. Box 2789, Topeka, Kan. 66601; 1271 S.W. Harrison St., 66612; 913-232-3887

**Year founded:** 1971.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional occupational health research, product liability research. Industrial hygiene testing done by Claton Laboratory.

**Staff:** Five staff members; two assigned to safety consulting, including one AIHA, one ASCHM, two NSMSs, two NCSs; two ASSE members.

**Clients:** 52 corporate and institutional safety consulting clients; 90% with gross revenues less than \$200 million, 4% with \$200 million-\$500 million, 2% with \$500 million-\$1 billion, 2% with \$1 billion-\$3.5 billion.

**Specialties:** Construction, manufacturing, government agencies.

**Branch offices:** Wichita, Kan.  
**1987 gross revenues:** \$250,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Denzell B. Ekey, president; Philip W. Blake, vp; Sally J. Ekey, secretary/treasurer.

**Safety Consultants**

P.O. Box 35034, Richmond, Va. 23235; 804-323-4445

**Year founded:** 1969.  
**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Staff:** One staff member, holding CSP and PE designations; ASSE

member.  
**Clients:** Five corporate and institutional safety consulting clients; 75% with gross revenues less than \$200 million, 25% with \$200 million-\$500 million.

**Specialties:** Construction, hard rock mining.

**1987 gross revenues:** \$200,000 total.

**Principal officers:** S. Ty Looney, owner.

**Safety Engineering Services Inc.**

6801 S.W. 82nd Ave., Miami, Fla. 33143; 305-271-0165

**Year founded:** 1966.

**On-site services:** Occasional safety audits/reviews of current pro-

grams, safety program assistance, ergonomic program assistance, retaining management, forensic testimony.

**Other services:** OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

**Staff:** Two staff members; one assigned to safety consulting, including those holding CSP and PE designations; one ASSE member.

**Clients:** 20 clients.

**Principal officers:** Oscar R. Wilingham, president; Vivian Wilingham, secretary/treasurer.

**Safety & Hazard Assn.**

P.O. Box 249, Annapolis, Md. 21404; 301-267-7171

**Year founded:** 1984.

**On-site services:** Frequent safety program assistance, training classes or seminars; occasional safety audits/reviews of current programs, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Other services:** Frequent OSHA compliance, fire protection engineering; occasional publication of safety materials or videos, development of training materials, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with outside lab.

**Staff:** 10 staff members; nine assigned to safety consulting, including  
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four AIHAs, four CHCMs, two CSPs, 10 NSMSs, two PEs; 10 ASSE members.

**Clients:** 14 corporate and institutional safety consulting clients; 79% with gross revenues less than \$200 million, 14% with \$200 million-\$500 million, 7% with \$1 billion-\$3.5 billion.

**Specialties:** Construction, manufacturing.

**Branch offices:** Lanham, Md.; Falls Church, Va.

**1987 gross revenues:** \$100,000 total, 95% from unbundled safety consulting services.

**Principal officers:** Richard C. Knapp, president.

### **Safety & Health Management Consultants Inc.**

161 William St., New York, N.Y. 10038; 212-349-1221

**Year founded:** 1984.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance, expert witness testimony.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occasional noise and vibration research, fire protection engineering. Industrial hygiene testing done in facility and by the company and by CENCON.

**Staff:** Six staff members; five assigned to safety consulting, including two AIHAs, one CHCM, two CSPs, two NSMSs, one PE, one PhD, three NSC members, one COHC, one CHSP; six ASSE members.

**Clients:** 150 corporate and institutional safety consulting clients; 60% with gross revenues less than \$200 million, 30% with \$200 million-\$500 million, 10% with \$500 million-\$1 billion.

**Specialties:** Manufacturing, hospitals, construction.

**1987 gross revenues:** \$1.2 million total.

**Principal officers:** Richard F. Andree, executive vp; G.L. Baril, manager-industrial hygiene; G.S. Kennedy, manager-safety services; J.M. Chin, manager-training services.

### **Safety Management Associates**

P.O. Box 693, Springfield, Va. 22150; 703-455-0511

**Year founded:** 1981.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, system safety analysis of military systems, including weapons and vehicles; occasional industrial hygiene research, occupational health research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside lab.

**Staff:** Four staff members; two assigned to safety consulting, including one CHP, one CHCM, one CSP, one CPSM, one NSMS, one NSC; one ASSE member.

**Clients:** Seven corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**1987 gross revenues:** Approximately \$350,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Neil R. Temple, president/principal consultant.

### **Safety Management Inc.**

4664 Jamestown Ave., Suite 103, Baton Rouge, La. 70808; 504-928-4661

**Year founded:** 1979.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Expert witness testimony, publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

**Staff:** 10 staff members; seven assigned to safety consulting, including one ASP, two CSPs; four ASSE members.

**Clients:** 10 corporate and institutional safety consulting clients; 90% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million.

**Branch offices:** Atlanta.  
**Principal officers:** Dennis R. Howard, president.

### **Safety Management Services Inc.**

P.O. Box 51927, Lafayette, La. 70505; 318-235-6524

**Year founded:** 1981.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, noise and vibration research; occasional industrial hygiene research, occupational health research, ergonomic research, fire protection engineering. Industrial hygiene testing done by Mobile Health Test Services Inc.

**Staff:** One staff member, holding ASP, CHCM, CSE, CSP and NSC designations; ASSE member.

**Clients:** 102 corporate and institutional safety consulting clients; 40% with gross revenues less than \$200 million, 60% with \$1 billion-\$3.5 billion.

**Specialties:** Oil and gas, construction.

**1987 gross revenues:** 100% from unbundled safety consulting services.

**Principal officers:** Jack R. Barnidge, president/owner.

### **Safety Management Systems**

P.O. Box 33648, Dayton, Ohio 45433; 513-429-2943

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability

research; occasional industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering.

**Staff:** One staff member holding CHCM, CSP, and CPC designations; ASSE member.

**Clients:** 35 corporate and institutional safety consulting clients; 20% with gross revenues less than \$200 million, 20% with \$200 million-\$500 million, 20% with \$500 million-\$1 billion, 20% with \$1 billion-\$3.5 billion, 20% with more than \$3.5 billion.

**Principal officers:** Marcus Truitt, consultant/expert witness.

### **Safety Synergistics International**

8325 S.W. 164 Terrace, Miami, Fla. 33157; 305-238-7024

**Year founded:** 1971.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, occasional OSHA compliance.

**Staff:** 45 staff members; 26 assigned to safety consulting, including two ARMs, one CHCM, one CPCU, one MD, five CSPs, one PE, six PhDs; approximately 22 ASSE members.

**Clients:** Approximately 400 corporate and institutional safety consulting clients; 15% with gross revenues less than \$200 million, 15% with \$200 million-\$500 million, 10% with \$500 million-\$1 billion, 30% with \$1 billion-\$3.5 billion, 30% with more than \$3.5 billion.

**Branch offices:** Lake Orion and Plymouth, Mich.; Northbrook, Ill.; Indianapolis, Monroe, La.; Tulsa, Okla.; Far Hill, N.J.; Columbus, Ohio; Memphis, Tenn.; Lakewood, Colo.; Ingersoll, Ontario; Hampshire, England; Chatwood, Australia; Wellington, New Zealand.

**Principal officers:** H.D. Sarkis, president; Dr. Gary Richetto, vp-research/development; Jerry Buss, vp-finance.

### **Sandler Occupational Medicine Associates Inc.**

200 Broadhollow Road, Suite 207, Melville, N.Y. 11747; 516-385-1910

**Year founded:** 1983.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, product liability research, noise and vibration research.

**Staff:** 15 staff members; including 12 AIHAs, two CIHs, 15 COCs, two COHNS, 13 CMEs, one CPSM, one CSD, eight CSEs, three CREs, three CRSPs, three CSPs, four CSSs, 13 MRPs, two OHSAs, four PhDs, one RN, seven NSCs, 12 AOMAs.

**Clients:** 125 corporate and institutional safety consulting clients; 16% with \$200 million-\$500 million, 40% with \$500 million-\$1 billion, 24% with \$1 billion-\$3.5 billion, 20% with more than \$3.5 billion.

**Branch offices:** Denver; Philadelphia; Washington, D.C.

**Principal officers:** Howard M. Sandler, president; Amy Provatas, project manager; Romona Salotti, director-occupational health nursing services; Sheldon Rabinovitz, director-exposure monitoring.

### **Schaible Associates**

900 Center St., Mount Joy, Pa. 17552-9371; 717-684-6045

**Year founded:** 1981.

**On-site services:** Frequent industrial hygiene program assistance, training classes or seminars; occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance.

**Other services:** Frequent development of training materials, OSHA

compliance, industrial hygiene research, product liability research; occasional publication of safety materials or videos, occupational health research, ergonomic research, noise and vibration research. Industrial hygiene testing done by contract with outside labs.

**Staff:** Three staff members; two assigned to safety consulting, including two AIHAs, one CHCM, one CIH, one CPSM, one CSE, two CSPs, one PE; two ASSE members.

**Clients:** 50 corporate and institutional safety consulting clients; 50% with gross revenues less than \$200 million, 50% with \$200 million-\$500 million.

**1987 gross revenues:** 60% from unbundled safety consulting services.  
**Principal officers:** Ronald D. Schaible, president; Gloria J. Schaible, vp.

### **Schirmer Engineering Corp.**

707 Lake Cook Road, Deerfield, Ill. 60015; 312-272-8340

**Year founded:** 1939.

**On-site services:** Frequent safety audits/reviews of current programs; occasional safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, fire protection engineering; occasional OSHA compliance, product liability research, noise and vibration research, litigation support services.

**Staff:** 95 staff members; 24 assigned to safety consulting, including two ARMs, six CSPs, 29 PEs, one PhD, one AICEs; five ASSE members.

**Specialties:** Commercial, industrial, institutional, public entities.

**Branch offices:** Falls Church, Va.; Pleasant Hill, Calif.; Richardson, Texas.

**1987 gross revenues:** \$6.3 million total, 10% from unbundled safety consulting services.

**Principal officers:** Chester W. Schirmer, president; Raymond G. Weigand and Richard R. Osman, vps; Thomas J. Reilly, director-safety/health; Frank J. Klauke, manager-inspection department.

### **John C. Schmitt**

34-15 Fair Lawn Ave., Fair Lawn, N.J. 07410-4324; 201-797-3050

**Year founded:** 1986.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, training classes or seminars.

**Other services:** Product liability research, product liability loss prevention, incident investigation, defense strategy, expert witness testimony, legal review, product design, labels, warnings, product hazard review.

**Staff:** One staff member holding CPSM, NSMS and ARM designations; ASSE member.

**Specialties:** Building material manufacturers, quarries, coatings and adhesives industries.

**Principal officers:** John C. Schmitt, owner.

### **John B. Schroering**

P.O. Box 242, Prospect, Ky. 40059; 502-228-0331

**Year founded:** 1980.

**On-site services:** Safety audits/reviews of current programs, safety program assistance.

**Other services:** Product liability research, noise and vibration research.

**Staff:** Three staff members; two assigned to safety consulting, including one CSP, one PE; one ASSE member.

**Principal officers:** John B. Schroering.

### **Seelbach & Associates**

Route 9, P.O. Box 925, Henderson, Texas 75652; 214-657-8668

**Year founded:** 1984.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, evaluation of subcontractor safety programs for general contractors; occasional industrial hygiene program assistance, occupational health program assistance.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, expert witness, reports and research related to personal injury cases; occasional industrial hygiene research, occupational health research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

**Staff:** One staff member holding IOSH and ASSE memberships.

**Clients:** 10 clients; 90% with gross revenues less than \$200 million, 10% with \$200 million-\$500 million.

**Specialties:** Construction, oil and gas.

**1987 gross revenues:** \$90,000 total, 100% from unbundled safety consulting services.

**Principal officers:** J. Wayne Seelbach, safety consultant.

### **Self-Insured Benefactors/Plus**

4160 S.E. International Way, Suite D206, Milwaukie, Ore. 97222; 503-659-0700

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional occupational health research, ergonomic research, claims and safety management software.

**Staff:** One staff member.

**Clients:** Four corporate and institutional safety consulting clients; 100% with gross revenues \$1 billion-\$3.5 billion.

**Specialties:** Retail, food service.

**1987 gross revenues:** 80% from unbundled safety consulting services.

**Principal officers:** James Morris, president.

### **Sigma Associates Ltd.**

105 Royal Oak Blvd., Pass Christian, Miss. 39571; 601-452-4866

**Year founded:** 1975.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Occasional training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, industrial accident reconstruction; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research.

**Staff:** Five staff members; two assigned to safety consulting, including those holding CFEI, CHCM, PE, PhD, NSC and NFPA designations; one ASSE member.

**Clients:** Six corporate and institutional safety consulting clients; 15% with gross revenues less than \$200 million, 85% with more than \$3.5 billion.

**Specialties:** Construction, marine, petroleum.

**1987 gross revenues:** \$480,000 total, 35% from unbundled safety consulting services.

**Principal officers:** A.J. Scardino Jr., president.

### **Waddell Smith & Associates**

2340 Canterbury Road, Columbus, Ohio 43221; 614-488-6291

**Year founded:** 1986.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance.

**Other services:** Frequent OSHA compliance, ergonomic research, product liability research, noise and vibration research, product safety audits, accident analysis, expert witness testimony, heavy equipment safety; occasional publication of

*Continued on facing page*

*Man's days are like grass,  
he blooms like the flower of the field;  
a wind passes by and it is no more . . .*

*Psalms 103*

**Associated Agencies, Inc. mourns the passing of a member of its family, who will be remembered as a friend and a source of inspiration.**

**Herzl B. Mendelsohn  
(1920-1987)**

*Continued from facing page*  
 safety materials or videos, development of training materials, industrial hygiene research. Industrial hygiene testing done by contract with outside labs.

**Staff:** Three full-time and two part-time staff members; three assigned to safety consulting, including one AIHA, one CHP, one CIH, one CSP, one PE, one PhD; two ASSE members.

**Clients:** Four corporate and institutional safety consulting clients; 50% with gross revenues less than \$200 million, 25% with \$200 million-\$500 million, 25% with \$500 million-\$1 billion.

**Specialties:** Heavy machinery, construction, mining.

**1987 gross revenues:** \$150,000 total.

**Principal officers:** J.W. Smith, owner.

**Spaul & Associates Inc.**

8394 Boca Glades Blvd. E., Boca Raton, Fla. 33434; 305-488-2240

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research; occasional rehabilitation, fire protection engineering, asbestos management. Industrial hygiene testing done by Wisconsin Occupational Health State Lab.

**Staff:** Six staff members; all assigned to safety consulting, including six AIHAs, two CSPs, one PE, two PhDs; one ASSE member.

**Clients:** 65 corporate and institutional safety consulting clients; 80% with gross revenues less than \$200 million, 18% with \$200 million-\$500 million, 1% with \$500 million-\$1 billion, 1% with \$1 billion-\$3.5 billion.

**Specialties:** Manufacturing, school boards.

**Branch offices:** Tampa and Treasure Island, Florida.

**Principal officers:** Wil A. Spaul, president; Gloria Van der Heiden.

**R.B. Stanzione & Associates**

262 W., 1600 N., Harrisville, Utah 84404; 801-782-2211

**Year founded:** 1984.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance; occasional industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Other services:** OSHA compliance, industrial hygiene research, occupational health research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with outside labs.

**Staff:** Two staff members; one assigned to safety consulting; one ASSE member.

**Clients:** Two corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Principal officers:** Rick B. Stanzione, safety/health consultant; Robin S. Stanzione.

**Sullivan Associates**

9 Matthews St., Andover, Mass. 01810; 617-685-7555

**Year founded:** 1955.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, equipment failure investigation, electrical shock investigation.

**Other services:** Frequent OSHA compliance, product liability research, fire protection engineering; occasional publication of safety materials or videos, noise and vibration research.

**Staff:** One staff member holding PE, IEEE, NFPA, ASEE, SFPE designations; ASSE member.

**Clients:** 40 corporate and institutional safety consulting clients; 50% with gross revenues less than \$200 million, 50% with \$500 million-\$1 billion.

**1987 gross revenues:** \$100,000 total, 100% from unbundled safety consulting services.

**Principal officers:** James F. Sullivan, president/chief engineer.

**System Engineering & Laboratories of Northwest Texas**

P.O. Box 1506, Amarillo, Texas 79105; 806-371-7657

**Year founded:** 1985.

**On-site services:** Safety program assistance, training classes or seminars

**Off-site services:** Training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials.

**Staff:** Three staff members; two assigned to safety consulting, including one CSP, two PEs, one PhD, two NAFEs, one LPI, two ASMEs; two ASSE members.

**Clients:** 30 corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Specialty:** Government entities.

**Branch offices:** Tyler, Texas.

**1987 gross revenues:** \$100,000 total, 25% from unbundled safety consulting services.

**Principal officers:** Dr. Frank H. Johnson, president; Lawrence C. Keaton, managing partner.

**System Safety Associates Ltd.**

P.O. Box 1015, Springfield, Va. 22151; 703-978-2944

**Year founded:** 1977.

**On-site services:** Frequent safety audits/reviews of current programs; occasional safety program assistance, training classes or seminars.

**Other services:** Frequent product liability research; occasional development of training materials.

**Staff:** Three staff members; two assigned to safety consulting, including one CHCM, one PE; one ASSE member.

**Clients:** Approximately 10 corporate and institutional safety consulting clients.

**Specialties:** Commercial aviation operations.

**1987 gross revenues:** Approximately \$125,000 total.

**Principal officers:** Ira J. Rimson, president.

**F.J. Szymanski Safety Services**

5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

**Year founded:** 1984.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.

**Other services:** Frequent publication of safety materials or videos, OSHA compliance, occupational health research, noise and vibration research; occasional development of training materials, industrial hygiene research, ergonomic research, product liability research, fire protection engineering.

**Staff:** One staff member, who is an ASSE member.

**Clients:** Three corporate and institutional safety consulting clients.

**1987 gross revenues:** \$65,000 total.

**Principal officers:** Frank J. Szymanski, consultant.

**T**

**Louis B. Trucks**

875 Cherokee Road, Auburn, Ala. 36830; 205-887-7305

**Year founded:** 1982.

**On-site services:** Frequent safety program assistance, ergonomic program assistance, occasional safety audits/reviews of current programs,

training classes or seminars.

**Other services:** Frequent OSHA compliance, noise and vibration research; occasional publication of safety materials or videos, development of training materials, rehabilitation, noise and vibration research.

**Staff:** One staff member holding CSP, PE and PhD designations; ASSE member.

**Clients:** 20 clients; 100% with gross revenues less than \$200 million.

**Specialties:** Manufacturing.

**1987 gross revenues:** \$20,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Louis B. Trucks.

**U**

**United States Associates Inc.**

4035 Tulane Ave., New Orleans, La. 70119; 504-488-6662

**Year founded:** 1960.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering; occasional occupational health research, ergonomic research. Industrial hygiene testing done by contract with outside labs.

**Staff:** 11 staff members; five assigned to safety consulting, including five PEs, five CSPs; five ASSE members.

**Clients:** 40 corporate and institutional safety consulting clients; 55% with gross revenues less than \$200 million, 40% with \$200 million-\$500 million, 5% with \$500 million-\$1 billion.

**Specialties:** Passenger car and motor freight fleets, oil, manufacturing.

**1987 gross revenues:** 90% from unbundled safety consulting services.

**Principal officers:** Jake J. DiMaggio, president; Patrick Villemarette, J.C. Frantz, Denishwa Prasad and David Munson, vps.

**V**

**Wesley R. VanPelt Associates Inc.**

773 Paramus Road, Paramus, N.J. 07652; 201-445-5124

**Year founded:** 1985.

**On-site services:** Frequent safety audits/reviews of current programs, industrial hygiene program assistance, radiation safety audits; occasional safety program assistance, occupational health program assistance, training classes or seminars.

**Other services:** Frequent OSHA compliance, industrial hygiene research, chemical carcinogens and teratogens and non-ionizing (radio-frequency) radiation research; occasional publication of safety materials or videos, development of training materials, occupational health research, noise and vibration research. Industrial hygiene testing done by contract with AIHA accredited labs.

**Staff:** Three staff members; one assigned to safety consulting. Professional designations held by staff include three AIHAs, one CHP, two CIHs, one PhD, two HPS members; one ASSE member.

**Clients:** 10 clients; 30% with gross revenues less than \$200 million, 20% with \$200 million-\$500 million, 10% with \$500 million-\$1 billion, 30% with \$1 billion-\$3.5 billion, 10% with more than \$3.5 billion.

**Specialties:** Pharmaceutical industry.

**1987 gross revenues:** \$210,000 total, 90% from unbundled safety consulting services.

**Principal officers:** Wesley R. VanPelt, president.

**Isabel Voice**

786 Windermere Way, Palm Beach Gardens, Fla. 33418; 305-627-5075

**Year founded:** 1987.

**On-site services:** Safety audits/reviews of current programs, safety program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance. Industrial hygiene testing done by the consultant.

**Staff:** One staff member holding a doctorate of educational psychology and training; ASSE member.

**Principal officers:** Isabel Voice.

**W**

**Paul C. Witbeck**

27 E. Glenwood Drive, Latham, N.Y. 12110; 518-785-8354

**Year founded:** 1983.

**On-site services:** Frequent safety program assistance, training classes or seminars; occasional safety audits/reviews of current programs, industrial hygiene program assistance.

**Staff:** One staff member holding AIHA, CIH, CSP designations; ASSE member.

**Clients:** Two clients.

**Specialties:** Manufacturing.

**1987 gross revenues:** \$8,000 total, 100% from unbundled safety consulting services.

**Principal officers:** Paul C. Witbeck.

**Y**

**Yeager & Co. Inc.**

31440 Northwestern Hwy, Suite 125, Farmington Hills, Mich. 48018; 313-626-9900

\* Address effective Feb. 1

**Year founded:** 1968.

**Parent company:** Consolidated Healthcare Inc.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training

classes or seminars; occasional occupational health program assistance.

**Off-site services:** Frequent training classes or seminars.

**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research; occasional rehabilitation, industrial hygiene research, occupational health research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by BDN Industrial Hygiene Lab.

**Staff:** 12 staff members; nine assigned to safety consulting, including three CSPs, three CSSPs, two CSTs; seven ASSE members.

**Clients:** 12 unbundled corporate and institutional safety consulting clients; 100% with gross revenues less than \$200 million.

**Branch offices:** Southfield, Saginaw and Grand Rapids, Mich.; Richmond and Fairfax, Va.

**1987 gross revenues:** 5% from unbundled safety consulting services.

**Principal officers:** Darrell Jarvis, president/chief operating officer; Michael Murawski, executive vp; Robert Patterson, senior vp; Paul Carlson and Bernard Friedman, vps.

**Z**

**Zeliger Consulting Services**

18 Spring Hill Terrace, Spring Valley, N.Y. 10977; 914-356-9448

**Year founded:** 1967.

**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.

**Off-site services:** Training classes or seminars.

**Other services:** Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering.

**Staff:** Five staff members; three assigned to safety consulting, including one MD, one PE, one PhD.

**Clients:** 20 corporate and institutional safety consulting clients; 50% with gross revenues less than \$200 million, 20% with \$200 million-\$500 million, 20% with \$500 million-\$1 billion, 10% with \$1 billion-\$3.5 billion.

**Specialties:** Chemical industry.

**1987 gross revenues:** \$450,000 total, 25% from unbundled safety consulting services.

**Principal officers:** Harold I. Zeliger, owner.

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OFFICES NATIONWIDE

# Comp pools push for tax break

By JERRY GEISEL

WASHINGTON—The tax status of workers compensation self-insurance pools remains unsettled after a provision to limit the Internal Revenue Service's ability to collect tens of millions of dollars in back taxes, penalties and interest was stripped from the budget-reconciliation bill.

Meanwhile, a congressionally imposed moratorium on IRS audits of pools and the collection of back taxes has expired.

In an effort to map new legislative strategy, a group of pool representatives will meet Jan. 20 in Arlington, Va.

The Coalition to Preserve Group Workers Compensation Funds wants Congress to clarify the future tax status of work comp pools as well as make clear that the pools should not be liable for back taxes.

"The pools are in a state of limbo," said Jim Goldberg, the coalition's executive director and a partner with the Washington, D.C., law firm of Abrams, Westemeier & Goldberg.

A provision in a House-passed budget reconciliation bill that would have barred the IRS from seeking back taxes from workers compensation self-insurance pools was deleted by a congressional conference committee.

Mr. Goldberg notes that there was no specific congressional opposition to the provision. The provision was removed, along with dozens of others, on the grounds that it was a revenue loser, he said.

As part of a so-called summit pact between congressional and administration negotiators to reduce the federal budget deficit by \$76 billion, it was agreed that no revenue-losing provisions would be included in the final budget reconciliation

bill (BI, Dec. 14, 1987).

Congressional staffers estimated that the House-passed pool provision would result in a revenue loss of about \$75 million.

However, coalition members say that estimate is too high.

"The fact that it (the pool provision) did not pass was not an expression of congressional intent," said Tom Stahl, the coalition's vice chairman and executive director of the Florida Group Risk Administrators Assn., a Tallahassee, Fla.-based trade group representing 15 Florida self-funded workers compensation pools.

**Under the IRS interpretation, the pools' premium income in a year may not be offset totally by expenses and dividends. But the pools disagree. 'There is no profit in these funds' and thus no tax liability, says Hugh Ryan, chairman of the coalition and vp of the Michigan Beer & Wine Wholesalers Assn. Fund.**

"The provision was a victim of the politics of deficit reduction," said a House Ways and Means committee staffer, who added that a similar provision could be tacked onto a technical corrections bill that is likely to be introduced by the end of February.

At issue is the timing of deductions that workers compensation pools take for dividends paid to employer members.

Traditionally, after claims are paid, the pools return excess premiums to employers as a dividend. The pools take a tax deduction at the time the dividend is declared.

However, in Michigan, as in many other states, the pools are required to hold any

excess premiums for at least one year before returning them to members as dividends to ensure that the money is not needed to pay claims. Therefore, dividends declared in one year may not actually be paid until the next year.

The IRS has argued that the deduction should be taken only at the time the dividends are paid, not when the dividends are declared.

Under the IRS interpretation, the pools' premium income in a year may not be offset totally by expenses and dividends.

But the pools disagree. "There is no profit

the slate should be wiped clean," Mr. Goldberg said.

Clear rules should be laid out for future tax years, he said.

The pools first locked horns with the IRS after the agency began auditing many of the 37 self-funded workers compensation pools in Michigan for the tax years 1982-84. The attack began when a Michigan IRS agent, on his own initiative, began auditing the Michigan pools (BI, Oct. 27, 1986).

In one case, after an audit, the IRS told the Detroit Tooling Assn. Workers Compensation Fund in Dearborn that it owed about \$18 million in back taxes, penalties and interest. The pool is contesting the IRS claim in U.S. Tax Court.

The IRS audits stopped after Congress—led by the efforts of several Michigan congressmen—included a moratorium provision in the Tax Reform Act of 1986 that required the IRS to suspend audit activity and to take no steps to collect any back taxes or penalties from the pools.

However, that moratorium expired on Aug. 16, 1987.

While the IRS has not renewed audits since the moratorium expired, they could resume, coalition officials say.

"It is possible that the audits could spread," Mr. Stahl warned.

And, while the aggressive IRS stance against workers compensation pools has so far been limited to Michigan, coalition officials say pools throughout the country have reason to be concerned.

"What has happened in Michigan could happen in other states. A lot is at stake," Mr. Stahl said.

"This is not just a Michigan problem," Mr. Goldberg said. "There could be a potential problem in any state."

in these funds" and thus no tax liability, said Hugh Ryan, chairman of the coalition and vp of the Michigan Beer & Wine Wholesalers Assn. Fund in Lansing.

"Taxes are based on income. These funds (after payment of expenses and dividends) do not have income," Mr. Stahl explained.

While coalition organizers concede that taxation of the pools is a gray area of the tax law, they argue it is unfair for the IRS to go after the funds for prior tax years.

"The IRS has approved of dividend deductions before in private letter rulings. The IRS never has challenged the deductions before," Mr. Stahl said.

"The funds operated in good faith, and

## Pollution award

Continued from page 2

The suit also named the city of Salinas, Calif., which owned the landfill, and Salinas Disposal Service, which managed the site.

The plaintiffs—Frank and Shirley Potter and Joe and Linda Plecia—sought \$15 million in present and future damages because of the toxins discovered in their well water in 1984. They alleged that Firestone dumped the toxins at the landfill.

The two other defendants settled with the plaintiffs on the first day of the trial last June, agreeing to pay the families \$400,000 apiece. In addition, the city condemned the properties inhabited by the two families and will pay them a total of roughly \$250,000 for the properties.

A spokesman for Firestone in Chicago confirmed that the manufacturer has no commercial insurance coverage that would respond to the award. Although he would

not reveal how large Firestone's self-insured retention is, he did say that the \$3.9 million million award falls within the retention.

If there are no objections to the judge's award, his decision would be final. If there are objections, the judge can consider these when drafting his final decision. After the final decision is entered, both sides have 60 days to appeal.

The Firestone spokesman said the company has not decided whether it will file objections to the tentative decision. But he said the company was reviewing the decision and that it is "obviously disappointed with the judge's decision."

A Firestone attorney, Charles G. Warner with the Monterey, Calif., firm of Warner & Hogan, did not return telephone calls concerning the decision.

Plaintiffs' attorney Mr. Stemple, said, "I genuinely don't know whether we're going to post any objections."

Firestone operated a tire manu-

facturing plant in Salinas from 1963 until 1980, when the plant closed. Between 1967 and 1980, Firestone dumped wastes generated by the plant at the Crazy Horse site.

The plaintiffs claimed that the substances Firestone dumped at the landfill leached into their wells and caused them to suffer various physical and emotional ailments. The substances cited included benzene, vinyl chloride—both known to cause cancer—chloroform, toluene and methylene chloride.

While Firestone admitted that it disposed of these chemicals, it contended that it was not responsible for the well contamination because it was not the only user of the dump site.

But the court ruled that evidence showed the chemicals found in the plaintiffs' wells could have been dumped only by Firestone.

The court also disagreed with Firestone's contention that the plaintiffs made themselves more susceptible to disease by smoking

and that the plaintiffs were exposed to relatively small amounts of the toxins.

Judge O'Farrell wrote that "prolonged exposure to these toxins has enhanced the plaintiffs' risk of developing cancer and other maladies and that this enhanced susceptibility is a presently existing physical condition. Although there is no way to quantify this risk, there nevertheless is a very real risk and reliable scientific opinion and common sense both tell us that a prolonged period of exposure substantially increases the susceptibility to disease."

In addition, the judge said that Firestone employees were never adequately advised of the terms of a contract between Firestone and the general manager of the disposal service that managed the landfill, which spelled out that no solvents, cleaning fluids, oils or liquids were allowed in the dump.

The judge also ruled that Firestone was negligent because it did not inquire with the state Department of Water Resources about the potential of the chemicals leaching into the groundwater and about which chemicals were prohibited from disposal at that particular dump site.

In his decision, Judge O'Farrell wrote that a May 1977 memo distributed by Firestone's Salinas plant engineer to all managers and department heads "reflected the increased knowledge regarding the dangers involved with the careless disposal of hazardous wastes and it represented the official policy of the plant on that subject."

But the judge said that efforts to comply with the memo's standards were "short-lived." The judge wrote that the Firestone plant production manager "had been specifically sent to Salinas by company headquarters in Akron, Ohio, for the purpose of 'turning the plant around' and making it more profitable. He became angered by the costs involved in the disposal program" and discontinued the revised program.

Firestone was based in Akron

until it recently moved its headquarters to Chicago.

The judge repeated his findings when levying punitive damages against Firestone. "The conduct of defendant relative to its hazardous waste disposal practices after 1977 justifies the imposition of sanctions in the form of punitive and exemplary damages. As previously discussed, in May of that year the Salinas plant had a specific, clear written policy regarding the disposal of these wastes.

"Those company officials in key management positions at the local plant, while professing support for the policy in written distributions, in actuality largely ignored the policy. Even more reprehensible was the conduct earlier alluded to of the plant production manager in actively discouraging compliance solely for the sake of reducing costs.

"This conduct displayed a conscious disregard for the rights and safety of others that justifies the assessment of \$2.6 million in punitive damages."

The judge also ruled that California's Fair Responsibility Act, which took effect June 4, 1986, would not apply to the case. The act, also known as Proposition 51, holds that defendants should not pay more than their proportionate share of non-economic damages if the defendant is one of many at fault. Firestone had held that it was only one of several potentially responsible parties.

A California court had held in September 1986 that the law could not be applied to cases that were pending in state courts before the act was effective (BI, Sept. 29, 1986). Another California court held that the act should apply to all cases that had not been tried before June 4, 1986. The California Supreme Court has yet to decide exactly how the act should be applied.

Judge O'Farrell held that the court is bound to follow the earlier decision restricting the retroactivity of Proposition 51, thus rejecting Firestone's argument.

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## Federal pension

Continued from page 1

"I think most of them feel comfortable with what they have," said Carolyn Merck, a specialist in social legislation at the Congressional Research Service, which is part of the Library of Congress. The federal employees found their existing plans understandable, clear, and predictable, which was not the case with FERS, Ms. Merck said.

The old system, under which employees did not receive Social Security benefits if they had never worked for a private employer, awarded employees accrued pensions worth 1.5% of the average of their highest three years of pay for the first five years of service, 1.75% for the "high three" of the next five years, and 2% of the "high three" for all remaining years.

Under the new system, federal employees receive 1% of the high three years at retirement multiplied by their years of service as their basic pension benefit. But if they have reached age 62 and have 20 years of service, this is increased to 1.1% of pay, giving them, in effect, a 10% bonus.

There is also a less generous cost-of-living adjustment formula under the new system than under the old system.

Possibly offsetting the lower FERS benefits is the thrift plan administered by the Federal Retirement Thrift Investment Board, under which the government matches the first 3% of pay contributed by employees and contributes 50 cents for each dollar of the second 2%.

The government also automatically contributes 1% of pay to employees' individual savings accounts each pay period, even if the employee makes no contribution.

Except for this 1%, employees have immediate rights to both their own and the government's contributions to the account. And, they become entitled to the 1% as well after three years of service.

FERS employees can contribute up to 10% of their pay to the thrift plan. Employees covered by the old civil service plan can contribute only up to 5% of pay. As with private sector 401(k) plans, there is a \$7,000 cap on contributions. The government does not provide any matching funds for civil service plan employees.

About 39% of the FERS plan employees are participating in the thrift plan, while about 18% of civil service plan employees are active in the plan, which had \$1.1 billion in assets as of Jan. 4.

As of Jan. 1, only FERS plan employees have three investment options for their funds: government securities; a fixed-income investment fund; and a common stock index investment fund consisting of common stocks whose value increases or decreases in response to movement in the market overall.

Employees will not be able to invest their funds exclusively in the private sector until 1991, and at least part of the government's matching funds must continue to be invested in government securities until 1996. Non-FERS employees must continue to invest in government securities only.

Observers note that if an employee with many years of service knows he will spend the remainder of his career with the government, the old plan, with its higher pension benefits, is probably his best bet.

However, a young employee who is certain he will spend only a few years in government service is probably better off selecting FERS, because he will never become eligible for the pension plan anyway and could come away with whatever has accrued in his savings account.

But observers note that the decision is considerably less clearcut for the vast majority of employees who fall in between these two extremes.

"You start adding in all the

human factors," said Dallas Salisbury, president of Employee Benefit Research Institute in Washington.

Employees generally either do not know what job they will be in down the road or whether they could afford to take full advantage of the thrift plan by contributing 10% of their salaries, Mr. Salisbury said.

He noted that an analysis his organization conducted indicated 60% of the employees "definitely made the right decision" in staying with the old plan, while the remaining 40% "might have been better off" switching.

But a decision on this issue requires an exceptionally complicated assessment, based on many assumptions, Mr. Salisbury said. He said he knows one attorney with a Ph.D. in economics who could not determine conclusively which plan to choose.

The availability of Social Security benefits under the new plan represented an additional complication in evaluating the benefit package, which would not have been a factor in a comparable program proposed by a private employer because those employees already would be covered by Social Security, noted Edmund Husted, senior vp of Hay Huggins Co. in Washington.

Just the fact that one program included Social Security and the other did not made comparisons very complex, he said.

And, some employees simply do not take an interest in financial planning, said Anne Moss, deputy director of the Pension Rights Center, a public interest group. "That just isn't how they run their financial affairs," she said.

Another factor influencing some employees' decisions to stay with the civil service plan was cynicism about the government's motives for offering the plan, observers say. "There's just tremendous employee cynicism in the government," said Jamie Cowan, a partner with Gov-

ernment Retirement & Benefits Inc. in Alexandria, Va. "There's just a great deal of distrust."

Mr. Cowan said that because of this distrust, some federal employees still hesitated switching to FERS even after his firm clearly demonstrated it would be to their advantage.

Frank Titus, assistant director for financial control management with the retirement insurance group of the Office of Personnel Management and formerly director of FERS' implementation task force, agreed many federal employees were suspicious about the government's motives.

There is a great amount of skepticism among federal employees, he said. They have the attitude: "If the government is selling it, I'm not sure I want it," Mr. Titus said.

This response is partly fueled by reports FERS is less expensive to the government than the previous civil service plan.

Mr. Salisbury of EBRI also pointed out that the government did not want to advocate the new program. "Their role was just to make the basic information available," said Mr. Salisbury.

Mr. Titus agreed that his responsibility was essentially to see that employees made an informed decision.

However, if he instead had been in private industry and expected to actually sell the new program, he "would have had an easier job."

In private industry, there would have been an "all-out process to get every employee involved," said Mr. Cowan of Government Retirement & Benefits.

Mr. Salisbury said the introduction of a comparable program in private industry might have involved the distribution of a personalized, five-page computer-generated analysis for each employee that recommended which program each should choose. But, that "would not fit in with the way government generally operates," he said.

The fact that the government took a neutral position "left people confused and hesitant," said Geoffrey Sandler, assistant actuary in the pension department of Metropolitan Life Insurance Co. in New York. Met Life has just been selected by the thrift board to provide annuities for thrift savings plan participants.

Some employees also found the 124-page booklet the government distributed to explain the new program and compare it with the old program "overwhelming," Mr.

Cowan said.

The government does not tend to do things the "short and simple way," Mr. Salisbury said.

"We felt an obligation to communicate fully about both systems," said Mr. Titus, explaining the booklet's length. He added that he is not sure what he could have eliminated.

But Mr. Husted of Hay Huggins believes that under the circumstances the government did a good job. "I think they did as much as possible given you have 2 million employees situated around the world."

Congress acted in response to the low participation rate.

Shortly before adjourning for Christmas, Congress eliminated a nondiscrimination test for FERS participants that private employers offering 401(k)s must use (BI, Aug. 25, 1986).

Under that test, the average salary deferral elected by highly compensated employees must be the lesser of either 200% of the average deferral percentage of the lower-paid employees—those who earn less than \$50,000 annually—or the ADP of the lower-paid employees plus 2%.

By eliminating the non-discrimination test for the plan, Congress is encouraging future participation by highly paid employees.

# Maryland first state to offer employees long-term care

The state of Maryland is the first state to offer its active employees a long-term health care plan.

Only one other state—Alaska—offers a long-term health care plan, but that program is limited to retirees (BI, March 16, 1987).

Some 65,000 Maryland government employees and 20,000 retirees and their spouses are eligible to participate in the plan, which is underwritten by The Travelers Insurance Co. of Hartford, Conn.

The plan, similar to the plan recently introduced at American Express Travel Related Services (BI, Dec. 14, 1987), helps pay for home health care, nursing home care and adult day care.

The plan became effective Jan. 1 for all state of Maryland employees and retirees and their spouses and parents who demonstrate they are in good health by completing a medical questionnaire provided by The Travelers.

Eligible enrollees have the option of three different levels of coverage, all of which begin after a 90-day waiting period and provide up to four years of continuous coverage, according to The Travelers.

One plan provides \$25 a day for home health care and adult day care and \$50 a day for nursing home care. A second plan offers \$30 a day for home health care and adult day care and \$60 a day for nursing home care. And the third plan provides \$35 a day for home health care and adult day care and \$75 a day for nursing home care.

Depending on the plan chosen, maximum lifetime benefits equal either \$75,000, \$90,000 or \$105,000.

Premiums, which are fully paid by employees or retirees, are based on the age of the covered individual at the time of enrollment and generally remain the same for the life of the policy.

For example, an enrollee between the ages of 50 and 54 would pay \$17 a month for the coverage paying \$50 per day of nursing home confinement.

Employees can either pay their premium directly or through payroll deduction.

Enrollees also can continue the coverage after they retire or resign from their state jobs by paying premiums directly to Travelers.

To assist enrollees, Travelers plans to introduce an

## Benefit beat

Elder Care Referral Service, a toll-free hot line providing information on long-term care and referral assistance.

## Utilization study

Hospital utilization is lower for members of health maintenance organizations than for those whose hospital bills are primarily paid by commercial insurers or the Medicare program, a recent study by a Minneapolis-St. Paul hospital organization shows.

For example, HMO members in the Twin Cities area averaged only 3.76 days of hospitalization in 1986, according to a report by the Twin Cities Council of Hospital Corporations in St. Paul.

By contrast, individuals whose health care is primarily paid by indemnity health care plans written by commercial insurers averaged 5.8 hospital days in 1986.

In addition, Medicare recipients who belong to an HMO averaged 5.6 hospital days in 1986, while Medicare recipients who do not belong to HMOs have the highest utilization rates, the study showed: 7.8 hospital days in 1986.

Individuals in the Twin Cities area who pay their health care bills themselves averaged 4.22 hospital days in 1986.

According to the report, more than 43.4% of all individuals in the Minneapolis-St. Paul area are enrolled in HMOs.

The TCCHC report also showed that the average length of stay in area hospitals was reduced 58% to 5.85 days in 1986 from 7.76 in 1980.

*Benefit beat keeps insurance and employee benefit managers informed on what other companies are doing and of current developments in the employee benefit field. We'd like to know if you've made any changes. Write Stacy Adler, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611; 312-649-5262.*

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# Forum buying spree includes Trenwick unit

By ROGER SCOTTON

HAMILTON, Bermuda—Forum Reinsurance Co. Ltd. is the new owner of Trenwick Reinsurance Co. Ltd., the Bermuda subsidiary of the Trenwick Group Inc.

The purchase, announced last week, is one of a string of transactions engineered in the last few weeks by Forum Re, a financial reinsurer formed in Bermuda in July 1985 and owned mostly by private European investors.

Terms of the purchase, based on Trenwick Re's net book value as of Dec. 31, were not disclosed.

Other deals announced by Forum include the purchase of:

- An 18% shareholding in Bermuda-based Aneco Reinsurance Co. Ltd. for \$1.6 million.

- A 25% stake in Millers-Illinois Inc. for \$1.4 million. Miller-Illinois is being set up by Forum, its Concord, Mass., affiliate Forum Holdings USA Inc. and the US Capital Corp. of Chicago to take over the demutualized Millers National Insurance Co. of Illinois.

Although the purchases were completed by Dec. 31, 1987, they were not connected, said Peter F. Wilson, president of Forum Reinsurance. He described the Aneco Reinsurance and Millers-Illinois transactions as long-term investments and the Trenwick Reinsurance transaction as a business acquisition aimed at giving Forum "another vehicle for future use."

The investment in Aneco Reinsurance, which is traded on the NASDAQ over-the-counter market, "underscores Forum's business arrangement with Aneco," he said. That relationship began a year ago when the two companies agreed on a 50/50 joint underwriting line of \$500,000 for reinsurance written for captive insurance companies.

The new investment in Aneco brings Forum's holding in the company to just less than 22%. But Mr. Wilson stressed that the bulk of the purchase involves 350,000 newly issued restricted common shares, which are not tradeable on the stock market.

"We had a shareholding of about 4.5% in Aneco Reinsurance, which we acquired on the market prior to

## Bermuda briefs

deciding to subscribe for the new restricted shares," said Mr. Wilson. "At the same time we also bought about 200,000 Aneco shares at \$3 a share from Mutual Risk Management."

Mr. Wilson said the purchase, which will be paid for out of Forum's existing investment funds and will secure him a seat on Aneco's board of directors, was an indication of Forum's satisfaction with the activities of its business partner.

Also, Jonathan J. Crawley, president of Aneco Reinsurance Underwriting Ltd., has also become president of Aneco Reinsurance, the holding company. Francis Mulderig continues as chairman of Aneco Reinsurance.

Forum's \$1.4 million holding in Millers-Illinois matched an equal investment by affiliate Forum Holdings USA Inc. and was part of a \$5.7 million capital injection in the new company, half of which will be owned by the US Capital Corp., said Mr. Wilson.

He added that Forum Holdings, in a separate development, was acquiring all the issued shares of Tulsa, Okla.-based Legion Casualty Co., one of two Legion companies taken over in November by Mutual Risk Management for \$5.2 million (BI, Jan. 4). The purchase of Legion Casualty, which is licensed in four states, is being made through Forum Holdings' Westerville, Ohio-based subsidiary, The Oil & Gas Insurance Co. The purchase is pending regulatory approval.

Legion Casualty was sold for around \$3 million, according to Mr. Mulderig, who also is chairman of Mutual Risk. That is approximately \$150,000 in excess of the company's capital and surplus.

Though Mr. Wilson declined to discuss future plans for Trenwick Re, he said that it was possible that the non-admitted property and casualty insurer could begin underwriting again. He said several options were being considered for Trenwick Re, which had premium

income of about \$15 million in 1984 but has been running-off its business since the start of 1985.

## Trenwick's departure

Trenwick Group's disposal of its 8-year-old Bermuda underwriting unit and the closing of Trenwick's Bermuda office reflect a consolidation process in the United States, said Barbara Freed, a group vp at Trenwick's headquarters in Westport, Conn.

The sold unit, Trenwick Reinsurance Co. Ltd., was the group's maiden operating company.

Trenwick is concentrating its resources on developing its admitted company, Trenwick America Reinsurance. That company, formerly Excess & Treaty Reinsurance Corp., was taken over by Trenwick in October 1984.

Trenwick's consolidation process also was a factor in its support of a recent move by excess insurance company EXEL Holdings Ltd. in the Cayman Islands to form its own underwriting team using staff formerly employed by Trenwick Services. Trenwick Services is the Bermuda company that has been acting as underwriting consultant to EXEL's operating subsidiary, X.L. Insurance Co. Ltd., since 1986 (BI, June 2, 1986).

Trenwick Services will provide X.L. with consulting actuarial and claims services, but will not maintain a fully staffed office in Bermuda, Ms. Freed said. Trenwick Services and its affiliate, Trenwick Guaranty Insurance Co. Ltd., a rent-a-captive facility in run-off for the past nine months, are now both being managed by Bermuda-based insurer Bermuda Fire & Marine Insurance Co. Ltd.

"The new arrangement took effect on Dec. 1, and although we haven't signed an agreement with BF&M yet, there is approval on both sides," said Ms. Freed. "It may come about that we eventually consider selling these two remaining Bermuda companies, but that has still to be decided. The situation at present is that we feel our main business is in the United States, not Bermuda."

Ms. Freed said that Trenwick closed its Bermuda office Dec. 1, 1987, after four of its 15 staff members were hired by EXEL's Bermuda-based office. Two more Trenwick employees have since joined Bermuda Fire & Marine.

Announcing the sale of Trenwick Re, the group said that its board had authorized the expenditure of up to another \$5 million on the acquisition of outstanding Trenwick stock. It added that just more than 1 million Trenwick shares already had been repurchased for about \$10 million since a Nov. 5, 1987, board decision.

Trenwick said that as of Dec. 24, about 9 million shares of its common stock were outstanding.

## New liquidation rules

The Bermuda government is considering changing its winding up regulations to allow greater flexibility in the liquidation of insurance and reinsurance companies incorporated on the island.

As a first step, the Ministry of Finance said recently that an ad hoc group of local lawyers, accountants, industry and regulatory representatives is being formed to study existing rules and to recommend amendments that might speed the liquidation process.

The move comes in response to calls for reform from industry pro-

professionals including attorney John Milligan-Whyte. He says current legislation was not designed to deal with the specialized problems of insurance and reinsurance company insolvencies.

The attorney, who has been practicing in Bermuda since 1984, has agreed to chair the new group. He said he believes the island could develop the most advanced and effective insurance regulatory environment in the world.

In a review paper on Bermuda's insolvency laws soon to be published by the American Bar Assn., Mr. Milligan-Whyte argues that Bermuda's 1978 Insurance Act must first be amended to facilitate "the supervision, conservation, reorganization or rehabilitation of troubled insurance and reinsurance companies."

He says that such provisions, adopted in many jurisdictions in the United States, offer alternative or preliminary steps in a liquidation and could allow companies that are "not hopelessly insolvent" but that fail to meet statutory filing or solvency margins to be successfully run-off.

Currently Bermuda's response to companies that do not comply with solvency requirements are limited, says Mr. Milligan-Whyte.

His paper states: "Under Bermuda's existing legislation a company can be wound up in either a member's (i.e. shareholder's) voluntary liquidation, a creditor's voluntary liquidation or a court-supervised compulsory liquidation. If the majority of directors are willing to sign a statutory declaration verifying that the company can pay its debts in full within 12 months, then a member's voluntary liquidation can be attempted. Failing that, a creditor's voluntary liquidation can be used, providing the creditors are not too numerous or diverse to agree."

But Mr. Milligan-Whyte points out that creditor's voluntary proceedings are "usually not practical" and that compulsory liquidation, which he describes as a "draconian" step, has apparently been the only feasible choice to date for 12 insurance and reinsurance companies in Bermuda. One such company that was forced into compulsory liquidation was Mentor Insurance Co. Ltd., which ranks as among the largest and most far-reaching of all court-supervised liquidations (BI, Nov. 16, 1987; Sept. 21, 1987).

Compulsory liquidations, argues Mr. Milligan-Whyte, often exacerbate the problems of the companies and their creditors by disrupting the fulfillment of contractual obligations and the flow of funds among reinsureds and reinsurers.

Mr. Milligan-Whyte, who works as a consultant to the Bermuda law firm of O.A. Smith's Attorneys, believes that a section of the 1978 Insurance Act could be "the embryonic forerunner" of new regulations paving the way for rehabilitation, conservation and supervision procedures similar to those found in the United States.

Mr. Milligan-Whyte maintains that the relevant law throughout the world is in its formative stages. He urges the adoption in Bermuda and in other jurisdictions of "specially designed rules" to solve special problems and recommends the continuing study of legal frameworks affecting the operations of insurers and reinsurers on the island.

He argues that the best time for reform is now, during the current "balmy" period of higher premium rates and corporate profits.

Mr. Milligan-Whyte will address a meeting of the American Bar Assn.'s Tort and Insurance Prac-

tice Section scheduled for May 12 in Bermuda. He will also be co-chairman of the section's National Institute on International Insurance and Reinsurance, which meets in New York in June to address the subject of collections and insolvency.

## BF&M hurt by storm

Bermuda's largest domestic insurer, Bermuda Fire & Marine Insurance Co. Ltd., will not pay shareholders a fourth-quarter dividend and its 1987 results have been scarred by unprecedented losses arising from Hurricane Emily, which hit the island Sept. 25 (BI, Oct. 5, 1987).

Company officials said that hurricane claims combined with further deterioration in the United Kingdom business written under a discontinued agency agreement will have "a substantial impact" on the company's profits for the year ended Dec. 31, 1987.

But the insurer is predicting strong growth for its wholly owned risk financing, captive management and brokerage subsidiary BF&M Management, which expects to sign a contract this month with the Trenwick Group Inc. covering the management of Trenwick's five captives in Bermuda.

BF&M President Cyril Rance told his 1,140 shareholders that Hurricane Emily caused the largest single group of losses for the company since its founding in 1903. BF&M's exposure is likely to be in excess of \$10 million out of an estimated \$50 million for island-wide property damage and clean-up claims, he said. A substantial part of this exposure is reinsured, Mr. Rance said, adding, "Management and staff are doing all they can to settle these losses as quickly as possible and it is hoped to have a clearer picture of the loss by March."

The hurricane losses, together with "anticipated further but unascertained deterioration" in business written for BF&M by London-based H.S. Weavers (Underwriting) Agencies Ltd., led to the board of director's "regrettable" decision not to pay a fourth-quarter dividend on common stock, Mr. Rance reported.

The agency agreement with Weavers was discontinued in December 1983. In 1986, BF&M paid out \$3.3 million in excess of underlying losses on the Weaver business (BI, July 6, 1987). BF&M announced last summer that a further \$3.3 million had been set aside to meet future claims from the runoff of the London market portfolio for which a total provision of \$21.7 million, net of reinsurance, was shown on the company's 1986 balance sheet.

BF&M's Keith White, who runs the company's international operations, says that BF&M Management is expected to sign a contract with Trenwick Services, a Trenwick Group subsidiary, that will boost the number of captives on the management unit's books by five. He declined to name the captives, which are believed to include the Scottish International Insurance Co., owned by Toronto-based Scottish & York Insurance. He added that two Trenwick staffers are joining to run the new business and that BF&M is now managing more than 30 captives.

"BF&M Management, which was set up in August 1969, is one of the oldest independent insurance management companies in Bermuda and we find that some clients prefer this independence from the larger firms operated by the major broking houses," Mr. White says.

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# More NYIE liquidations ordered

By DOUGLAS McLEOD

NEW YORK—A state judge has ordered two New York Insurance Exchange syndicates liquidated, signaling the failure of efforts to consolidate the runoff of several insolvent exchange underwriting members.

New York State Supreme Court Judge Irving Kirschenbaum signed liquidation orders against U.S. Risk Inc. last Tuesday and Realex Group N.V. on Dec. 29.

Both consented to the orders, becoming the first exchange syndicates to enter liquidation since Heartland Group Inc. was ordered liquidated last April.

Additional liquidation petitions are pending against four other syndicates: Burt Syndicate Inc., First New York Syndicate Corp., KCC New York Syndicate Corp. and Pine Top Syndicate Inc.

An eighth syndicate, Candon Syndicate N.V., was declared insolvent by the exchange board of governors but obtained an injunction blocking liquidation proceedings.

Separately, five syndicates have filed an amended complaint against the exchange seeking damages for lost revenues resulting from the exchange members' Nov. 23 decision to close the market to new and renewal business.

The failure of a committee appointed by Judge Kirschenbaum to agree on how to implement a plan to speed up the liquidations of the eight insolvent syndicates, along with the subsequent liquidation orders, signal the end of plans to consolidate the insolvent syndicates' runoff, lawyers involved with the cases say.

"I think it's dead," according to one lawyer who asked not to be identified. "I think Judge Kirschenbaum has concluded it's not possible to do it."

"The net result is that the judge is going to entertain these petitions and proceed under Article 74 of the insurance law," which governs liquidations, the lawyer added.

Exchange officials had been working for more than a year on a plan to streamline the liquidations by consolidating the insolvent syndicates' assets and liabilities into a single runoff syndicate, to be known as Syndicate 100.

A separate outline for another "market solution," similar in some respects to the Syndicate 100 plan, was presented to Judge Kirschenbaum in November by Peter Bickford, a lawyer with the New York firm of Calinoff & Katz, representing Burt and KCC.

The plans were intended as alternatives to traditional liquidations, which could take several years. The plans' supporters hoped a "market solution" would speed claim payments to the syndicates' ceding insurers by, among other things, accelerating payments from the exchange's security fund.

Action on individual liquidation petitions was held up while these plans were considered.

Judge Kirschenbaum created a committee consisting of representatives of the exchange, the exchange's security fund, insolvent syndicates and the New York Insurance Department to review Mr. Bickford's plan.

However, committee members could not agree on how the plan would be implemented. Specifically, the Insurance Department objected to the proposed appointment of a "special deputy/special master" to oversee the runoff, maintaining that any liquidations would have to follow established procedures set out in state insurance law.

Judge Kirschenbaum subsequently acted on the petitions to liquidate Realex and U.S. Risk and is expected to review petitions against the other insolvent syndicates separately.

A court conference was held last Thursday on the status of liquidation petitions against Burt Syndicate and KCC, but the court did not rule on either of the petitions.

Burt is awaiting the results of an audit of its operations and has not decided whether to consent to liquidation, according to Mr. Bickford. KCC has objected to liquidation and argues that it should be allowed to pursue a rehabilitation plan.

Shareholders of First New York also are considering whether to consent to a liquidation order, according to Steven S. Honigman, an attorney with the New York firm of Miller, Singer, Raives & Brandes.

Meanwhile, six syndicates—Galleon Syndicate Corp., GoldStreet Syndicate Corp., Pan At-

lantic Investors Ltd., Meadows Syndicate Inc., Vik Re Syndicate Inc. and Lancer Syndicate Inc.—unsuccessfully sought a court order enjoining the Nov. 23 vote to shut the exchange.

A majority of exchange syndicates and brokers approved the exchange board's recommendation to close the facility after 27 of the exchange's 37 solvent syndicates and 33 of its 71 broker members filed petitions to withdraw from the market.

The withdrawal petitions had been prompted by the exchange security fund's decision to draw down \$25 million in syndicate deposits to cover expected obligations of the insolvent syndicates. A preliminary actuarial report projected that six of the eight insolvent syndicates were broke by \$170 million.

The same syndicates, with the exception of Lancer, are now pursuing an amended complaint in New York State Supreme Court.

The amended complaint seeks a court order declaring the Nov. 23 vote illegal and enjoining the exchange from proceeding with the shutdown.

Exchange members had no legal authority to suspend business on the exchange, according to the complaint, which argues that only the board can restrict or suspend a member's underwriting privileges and then only if the member is impaired or insolvent, fails to maintain membership qualifications or commits wrongful acts specified in the exchange constitution.

None of the syndicates falls into any of these categories, the complaint maintains.

The lawsuit also seeks an unspecified amount of monetary damages for lost revenues resulting from the shutdown.

By closing its doors to new and renewal business, the exchange breached its fiduciary duties to the syndicates to abide by the NYIE constitution and bylaws, the complaint charges.

In addition, "because of the stigma in the insurance industry that attaches to any underwriter which suspends its operations for any period of time, the effect of the wrongful acts of the Exchange... may be that some or all plaintiffs may be permanently put out of business," the complaint says.

The exchange has not yet answered the suit. ■

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<del>Feb 29</del>	<del>Feb 17</del>
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<del>May 23</del>	<del>May 11</del>

# New Texas rules govern AIDS testing

AUSTIN, Texas—The Texas State Board of Insurance has adopted rules aimed at assuring that testing for the virus that causes acquired immune deficiency syndrome is done on a non-discriminatory basis by insurance companies.

The new section of the state's insurance code, approved last month and effective Feb. 1, applies to all insurers writing life, accident and health insurance and annuities for individuals and groups.

Insurers writing those lines of business in Texas were already allowed to require potential policyholders to be tested for the AIDS-causing human immunodeficiency virus—or HIV—under rules adopted prior to the new regulations. The state board's regulations allow commercial insurance coverage to be denied if an applicant has AIDS or tests positive for the virus.

Although the new regulations apply to insurers that write group health care insurance, group insurers say the new statute and the regulations allowing insurers to test for the virus will not affect the way they conduct business in Texas.

Robert Brady, president of Dallas National Life Insurance Co. in Dallas, said his company is not considering imposing testing of individuals covered under an employer's group health insurance plan. Dallas National Life Insurance writes health insurance for more than 300 employer groups in the state.

Sonja Steves, corporate secretary at American Security Life Insurance Co. in San Antonio, said her company also will not require the tests for members of employer groups and plans no changes in any applications for health care cover-

## Around the states

age. The anti-discrimination rules forbid insurers from attempting to determine a potential policyholder's sexual orientation through application questions or investigations.

A spokesman for Blue Cross/Blue Shield of Texas Inc. in Dallas said the insurer does not plan to require most group health plan members to submit to the tests. BC/BS writes insurance for about 5,000 employers in Texas.

"It would be too expensive to test for AIDS," said the spokesman.

He said members of employee groups smaller than 25 workers are required to fill out questionnaires that are aimed at determining whether the person has been exposed to the virus. Those questionnaires already meet the anti-discrimination guidelines, the spokesman added.

BC/BS would exclude a person exposed to the virus from the insured group, according to the spokesman, but would provide insurance coverage for the remainder of the workers on a group basis.

Under the new Texas rules, questions relating to the applicant's prior medical history are permitted if they ask whether the person has AIDS or a related illness or any other sexually transmitted disease.

However, the rules state: "Neither the marital status, the 'living arrangements,' the occupation, the gender, the medical history, the beneficiary designation, nor the ZIP code or other territorial classification of a proposed insured may be used to establish, or aid in es-

establishing, the proposed insured's sexual orientation."

Insurers are allowed to impose "territorial rates," according to the regulation, as long as the rates are based on "sound actuarial principles or are related to actual or reasonably anticipated experience."

No "adverse underwriting decision" can be made because a person has simply demonstrated "acquired immune deficiency syndrome-related concern" by seeking counseling from health care professionals, according to the regulations.

Mr. Brady of Dallas National said he had no objections to the underwriting criteria imposed by the state board. "You can expect those kinds of things in this day and age. You can't blame anybody for putting those in."

The new statute also allows insurers to share the test results "under procedures that are designed to assure confidentiality." The statute calls for coding of test results that do not identify applicants and would include results of tests for other diseases or conditions.

The results also would be available to reinsurers involved in the underwriting process and legal counsel if the information is needed to defend an insurer in a case concerning the applicant.

—By Michael Bradford

## Arkansas adds cover

LITTLE ROCK, Ark.—Individual and group health insurance policies in Arkansas that provide maternity benefits also must cover in vitro fertilization, the Insurance

Department has ruled.

Effective Dec. 31, 1987, all applicable insurance policies were required to include a maximum lifetime benefit for in vitro fertilization of at least \$15,000.

However, the rule stipulates several criteria that must be met before coverage is triggered:

- The patient must be either the policyholder or spouse of a policyholder and must be fertilized with her husband's sperm.

- The couple must have a history of at least two years' unexplained infertility or the infertility must stem from one or more of several circumstances. These include: endometriosis; exposure in utero to diethylstilbestrol, also known as DES; blockage or removal of one or both Fallopian tubes; or abnormal male factors contributing to the infertility.

- The patient must have failed to become pregnant by any less expensive process covered under the insurance policy.

- The in vitro fertilization process must be performed at a medical facility licensed or certified by the state Department of Health as an in vitro fertilization clinic.

The rule followed a law requiring the coverage enacted by the Arkansas General Assembly early last year, said John Shields, supervisor of the compliance department of the Arkansas Insurance Department.

The \$15,000 lifetime benefit minimum was chosen, he said, because the average in vitro fertilization costs about \$5,000, although some cost more. He added that medical experts who testified during hearings on the proposed rule recommended that a patient undergo no more than three in vitro fertilizations in a lifetime.

—By Mark Hofmann

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Administrative:	
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Vice-Presidents, General Managers and Other Administrative Personnel	3,210
Financial:	
Chief Financial Officers and Vice-presidents of Finance	2,787
Secretaries, Treasurers, controllers and other Financial Personnel	5,600
Risk/Employee Benefits:	
Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations	9,701
Sub-total	23,868
Associations	500
Government, Unions and Educational Institutions	914
Commercial Consumers	
Sub-total	25,282
Insurance Agents and Brokers	10,858
Insurance Companies	7,140
Financial Institutions	989
Actuaries, Attorneys, Adjusters, Appraisers and Consultants	4,617
Others Allied to the Field	1,792
TOTAL	49,689
* Source: Business/Occupational breakdown of qualified circulation, May 25, 1987 issue, as submitted to BPA for June 1987 BPA Publisher's Statement.	

# Lloyd's projects 10% capacity increase

By CAROLYN ALDRED

## London

LONDON—Lloyd's of London's premium income capacity will increase almost 10% in 1988 to more than 11 billion pounds.

Based on year-end estimates, Lloyd's expects gross premium income capacity in 1988 will amount to 11.2 billion pounds (\$21.2 billion at current exchange rates), up from 1987 capacity of 10.2 billion pounds (\$15.1 billion).

"This latest increase reflects the commencement of underwriting by more than 2,600 new members and the decision by almost 8,700 existing members to increase their underwriting capacity," said a statement from Lloyd's.

Lloyd's membership in 1988 is expected to total more than 33,600, up from 31,484 in 1987.

### Utility indemnified for storm damage

Southern Electricity Board, the public utility that provides electricity to southern England, has received an interim insurance payment of 2.5 million pounds (\$4.6 million) to cover damage caused by the freak windstorms that struck England last October (BI, Oct. 26, 1987).

Although the utility's losses have not been fully adjusted, the interim payment was made last month by Royal Insurance P.L.C., the utility's lead insurer, according to a statement released by Alexander Stenhouse U.K. Ltd., SEB's London-based broker.

The storms, which swept across southern England, France, Portugal and Norway Oct. 16, "cost Southern Electricity Board millions of pounds in damage to its equipment, particularly to the overhead cable network from which it was necessary to remove 25,000 fully grown trees," said the Stenhouse statement.

The area served by the regional electricity company includes the counties of Hampshire and Dorset on England's south coast, which were among the hardest hit by the storm.

"The damage to the network was so severe that 480,000 customers were without electricity," the statement said.

The utility's property insurance covers exceptional losses and increased costs arising from storm damage.

"The hurricane damage was precisely the sort of catastrophe which the board's insurance package was intended to cover," said the statement, which added, "This package will ensure that the major part of the loss will be recovered from the underwriters, a matter of considerable comfort to the board's management."

Meanwhile, insurers are bracing for another spate of claims following storms that hit south and south-west Britain early this month.

Homes throughout the counties of Surrey, Sussex and Kent lost electricity and telephone service when 80-mph winds brought down trees already weakened by the October storm.

### Kellett warns of overregulation

Lloyd's of London's ability to compete with the rest of the world is being placed at risk by over-burdensome regulation, a leading underwriter warned last month.

Lloyd's currently is in the process of introducing some 70 regulatory reforms recommended a year ago by a government committee chaired by Sir Patrick Neil that investigated self-regulation at Lloyd's (BI, Jan. 26, 1987).

However, "concern with the level of regulation has been

voiced by many people," Bryan Kellett, chairman of Lloyd's Underwriters' Non-Marine Assn., told members of the Insurance Institute of London last month.

"The heavy cost of regulation has so far only been borne in a hard market. As the market softens and underwriting margins come under pressure, I fear that our names will discover that protection doesn't always equal benefit," he warned.

Meanwhile, the Neill committee's recommendations could have other far-reaching effects on Lloyd's, Mr. Kellett added.

For example, he pointed out that the number of working members on the Council of Lloyd's already has been reduced by four while the number of non-Lloyd's members on the council was increased by four, leaving the working members in a minority for the first time in Lloyd's history.

"This change was made for regulatory reasons (but) it is its effect upon business which concerns me," said Mr. Kellett.

The change in the council's structure has resulted in a reduction in the membership of the Committee of Lloyd's, which consists of the working members of the council and which manages many of Lloyd's everyday affairs, to 12 from 16, he explained.

"When one excludes the chairman and deputy chairmen, whose other duties take up so much of their time, we are left with nine. . . . A forum of nine people giving attention to business—only in the time they are able to spare from regulating—is not enough," said Mr. Kellett.

As a result, the committee "is ill-equipped to attend to business," he said.

"Attempts have been made to consult more with market associations and to increase the effectiveness of the corporation departments, but the Committee of Lloyd's, left with insufficient time to give proper consideration to these issues itself, will inevitably feel driven to the idea of delegation," said Mr. Kellett, adding that the delegation "will most likely be to the corporation staff because they are answerable to the council and market associations are not."

However, Mr. Kellett stressed there must be a better link between the corporation's departments and the market associations.

"It is possible that a separate body made up of representatives from each of the four underwriting associations and from the Lloyd's Insurance Brokers' Committee would provide a better link between those departments and the people they are meant to be serving," he suggested.

Alternatively, if Lloyd's underwriters and brokers "do not regain the initiative in making their own decisions in the business context. . . . then I am fearful of the future of Lloyd's as a piece of innovation and enterprise. Without these, Lloyd's is just another insurance company, and we will drop further behind in the battle to keep London as the world center of insurance," he warned.

### Miller supports EEC decision

Peter Miller, the outgoing chairman of Lloyd's of London, last month welcomed the decision by the European Economic Community's trade and industry ministers to liberalize cross-border trade in property/casualty insurance (BI, Dec. 28, 1987).

"The accord reached by ministers on implementation of the freedom of services directive is a historic milestone in the development of the European community," he said.

The outline accord, which is expected to be ratified within the next six months, will enable insurers to offer insurance coverage to large companies from any EEC country, subject to certain restrictions.

"We have always advocated freedom of services without thresholds and we shall continue to pursue that objective. This agreement, however, is welcome because it will enable the Lloyd's market to offer its specialist policies to European clients," Mr. Miller said.

### Button merchant buys brokerage

A British button merchant is planning to expand into insurance brokering with the addition of two former Stewart Wrightson P.L.C. directors.

C.A. Sperati (The Special Agency) P.L.C., one of the smallest companies listed on the London Stock Exchange, last month acquired Ansford Management Ltd. for about 100,000 pounds (\$188,000) worth of Sperati shares.

Ansford was set up by George Boden and Tony Keys after they left Lloyd's of London broker Stewart Wrightson following its merger with rival broker Willis Faber P.L.C.

Mr. Boden and Mr. Keys intend to build Sperati into an insurance broker through a series of acquisitions, Mr. Keys said.

Initially the company will concentrate on brokerage operations dealing with U.K. commercial business, including both property/casualty and employee benefits, said Mr. Keys. However, the company later intends to move into specialty lines of business, he added.

### Jardine forms specialist broker

Jardine Reinsurance Holdings Ltd. has formed a specialist life reinsurance broker with Stephen L. Gray, formerly a director of Robert Fraser Reinsurance Ltd.

Jardine Gray Ltd. is 50% owned by Mr. Gray, who is chief executive of the new company, and 50% by JRH.

"We felt there was a need for a niche player in life reinsurance brokering, which is currently dominated by direct communications between insurance and reinsurance companies," said Mr. Gray.

Jardine Gray will offer specialist policies such as AIDS-sensitive stop-loss coverage, he said, adding that such policies are currently underwritten "mainly at Lloyd's although other players have expressed interest."

Mr. Gray anticipates first-year brokerage revenues of between \$1 million to \$2 million, with most clients being U.S.-based insurance companies.

### Wellington reports 1987 profits

Wellington Underwriting Holdings Ltd., Lloyd's of London's third-largest underwriting agency, has announced pre-tax profits of 1.1 million pounds (\$1.8 million) for the year ended Sept. 30, 1987, compared with 115,853 pounds (\$167,987) the previous year.

"This favorable result has been achieved through higher fee income earned due to the expansion of the group's syndicates in 1987 and by continuing to control overheads," according to a company statement.

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## Lodderhose

Continued from page 2

Mr. Schaller said.

The state law prohibiting comingling of insurance premiums with other funds has been in effect since Jan. 1, 1985, and a similar but less specific law had been in effect since 1977, according to James Stephens, a supervisor in the producer regulatory division for the Illinois Insurance Department.

The Florida Insurance Code also has such a provision, noted the syndicates' attorneys' brief.

"All premiums... or other funds belonging to insurers or others received by an agent, solicitor, or adjustor... shall be trust funds so received by the licensee in a fiduciary capacity," noted the brief, quoting from the Florida statute.

Most states have laws requiring agents specifically to account for premium funds but fewer states require agents to maintain a separate trust account for the funds, according to Art Chartrand, an associate counsel at the National Assn. of Insurance Commissioners.

The syndicates contend that from Dec. 15, 1986, through Feb. 16, 1987, Premier International Agency Inc., a Chicago insurance producer, sent premiums totaling \$601,057 to Lodderhose.

The syndicates claim that Lodderhose owes them \$591,903—after deduction of a brokerage fee—plus interest and attorneys fees.

Jerry Crowley, president of Premier, said he paid the premiums to Lodderhose and has the canceled checks of his payments on file.

Premier, which still exists but is no longer operating, purchased excess liability policies on behalf of clients, he said.

Some of the largest policyholders whose premiums were passed along to Lodderhose include Olin Corp., Boise-Cascade, ITT Corp. and GATX Corp., according to copies of correspondence between Mr. Crowley and Lodderhose that were submitted to the court.

And, the syndicates are bound to honor those policies,

Mr. Schaller said.

Mr. Crowley said he had known Daniel Lodderhose, the broker's president, for a couple of years and had used him as a reinsurance intermediary in the past.

"I (had) no reason to believe that anything irregular was going on," Mr. Crowley said.

Mr. Crowley said he first learned last summer that the insurance premiums were not reaching the syndicates. "I really have no idea what happened."

The syndicates, equally confounded, began demanding the premiums in June 1987, according to Mr. Schaller.

They repeatedly asked Lodderhose for the money during the next few months but did not receive it, Mr. Schaller re-

**Jerry Crowley, who paid the premiums to Lodderhose and has the canceled checks of his payments on file, said, 'I (had) no reason to believe that anything irregular was going on.'**

lated.

Meanwhile, the three syndicates were dealing with their own financial pressures, he explained.

Mounting losses on reinsurance treaties had forced the IEA to close last February and sent seven of its 15 formerly active syndicates into rehabilitation (BI, Nov. 9, 1987; Feb. 16, 1987; Feb. 9, 1987).

If the exchange—which failed to meet several scheduled reopening dates—had reopened, member syndicates would have been responsible for assessments to cover operating costs.

"We couldn't give this man more time," Mr. Schaller explained.

Lodderhose proposed on Oct. 27 to pay the syndicates over time, Mr. Schaller said.

The syndicates rejected the proposal and later that day

obtained a restraining order against Lodderhose that prevented the broker from transferring, spending, investing or otherwise disposing of any of its assets or funds.

At an emergency hearing the next day, the syndicates were informed that Lodderhose was filing for corporate bankruptcy and that Mr. Lodderhose was filing for personal bankruptcy.

Lodderhose's bookkeeper said in a deposition taken several weeks later that although at some point the money had been in the syndicates' trust account, only about \$8,000 remained, according to Mr. Schaller.

Repeatedly invoking his Fifth Amendment rights during depositions, Mr. Lodderhose refused to answer questions about the premiums.

The court-appointed executor of Lodderhose's bankruptcy proceeding, Richard Mason of Levitt and Mason Ltd. in Chicago, declined to comment on the case.

And, telephone calls to Lodderhose's Chicago office were not answered by anyone.

"It appears we may receive next to nothing on our money," Mr. Schaller concluded. "The money's just gone."

The syndicates may end up being unsecured general creditors on the Lodderhose estate, he said. Unsecured general creditors are among the last creditors paid following the liquidation of an estate.

In addition to the lawsuit, an investigator for the Illinois Insurance Department is ready to begin reviewing Lodderhose's financial records but has had difficulty making arrangements to review the records, according to Mr. Stephens.

The investigator will look for evidence of a breach of fiduciary trust responsibility, Mr. Stephens said. If the agency finds evidence of a misappropriation of funds "as serious as was reported," Mr. Lodderhose's license probably would be revoked, Mr. Stephens said.

Both the Illinois and the Florida statutes allow criminal charges to be brought against an insurance producer who knowingly misappropriates or withholds premiums, according to the syndicates' attorneys' brief.

Criminal charges have not been filed against Mr. Lodderhose.

# Jones is named president of Crump E&S

Orville D. Jones has been named president of The Crump E&S Group in Dallas, a new position.

Previously, Mr. Jones served as executive vp of Crump E&S. He joined the company in 1984 as vp.

In addition, Marcus Payne joined Crump E&S as executive vp and chief operating officer.

Most recently, Mr. Payne was senior vp of Unigard Insurance Co. in Seattle. Mr. Payne spent his entire 25-year insurance career with Unigard.



Mr. Jones



Mr. Payne

## Insurers

At Liberty Mutual Insurance Co. in Boston, Executive Vp William E. Commack also designated manager of business markets.

Therese A. Maloney and Robert J. Hytha elected executive vps at Liberty Mutual. Ms. Maloney will serve as executive vp and manager of corporate underwriting administration and policy development and Mr. Hytha will serve as manager of the field center.

Also at Liberty Mutual, Maryann P. Burke elected senior vp and manager of corporate research and information systems.

James M. Schultz promoted to president of United Services Life Insurance Co. from senior vp. As president, Mr. Schultz will assume responsibility for all USL marketing functions, as well as being the senior corporate officer of the life insurance company.

Mary K. Benedi promoted to senior vp at Bankers Security Life Insurance Society, a subsidiary of ULISCO Corp. in Arlington, Va. In addition to her current responsibilities for policyholder service, claims administration and salary deduction, Mrs. Benedi will now assume responsibility for mass marketing issuing and service purchasing. She joined ULISCO in 1972.

Robert B. Spiro promoted to vp-buffer operations from assistant vp in the Atlanta office of The Home Insurance Co.

Francis A. Mandosa elected vp-group benefit services from second vp at John Hancock Mutual Life Insurance Co. in Boston.

Robert W. Henry appointed senior vp for International Marine Underwriters, a division of Crum & Forster Commercial Insurance in New York. In his new position, Mr.

## Comings & goings: industry

Henry will be responsible for all IMU underwriting policy and marketing strategies for ocean marine product lines. Previously vp for national and international cargo underwriting, he joined IMU in 1980 as cargo manager.

## Reinsurance

Claude E. Nyssen has been named head of the European underwriting operations of Prudential Reinsurance Co. Mr. Nyssen, who will assume the position of managing director of Le Rocher, Compagnie de Reassurance in Brussels, Belgium, also will have the title of regional vp-Europe with Prudential Re. The company also announced that Mr. Nyssen will assume the position of managing director of Prudential Re's British subsidiary, Le Rocher U.K. Ltd. Previously, Mr. Nyssen was managing director of Allstate Reinsurance Co. Ltd. in London. Mr. Nyssen succeeds James E. Hulett, who was named vp-direct treaty department at Prudential Re's Newark, N.J., headquarters.

Franklin D. Brunk promoted to senior vp at Sullivan Payne Co. in Des Moines. Mr. Brunk has been with the company since 1979 and is the branch manager of the Des Moines office.

Peter A. Clauson and Kenneth B. Lundgren advanced to vp from second vps at General Reinsurance Corp. in Stamford, Conn.

## Agents/brokers

Roger E. Clayton appointed profit center manager of Fred. S. James & Co. in Irvine, Calif. In his new position, Mr. Clayton will oversee one of James' largest producing offices nationwide, representing more than \$16 million in annual revenues. Since 1985, Mr. Clayton has served as national sales director at James' corporate offices in New York.

Thomas C. Madison named president and chief operating officer of the Grand Rapids Division of Frank B. Hall & Co. of Michigan. Prior to his appointment, Mr. Madison was chief financial officer of Hall's Pacific Southwest Region based in Los Angeles.



Mr. Clayton

At Hall in New York, Francis "Bunty" Lawrence named senior vp. Based in Manhattan, Mr. Lawrence is responsible for managing new business development. For the past 12 years, Mr. Lawrence was a vp at Hall's New York office.

And, in the marine division of Hall New York, Bruce A. Bossert named manager. Based in Manhattan, Mr. Bossert is responsible for managing Hall's hull, cargo, protection and indemnity claims and average adjusting departments.

Timothy Reath named senior vp-Eastern region of Rollins Burdick Hunter Co. in New York. In his new position, Mr. Reath is responsible for 11 offices in New York, the District of Columbia, Florida, Georgia, Massachusetts, New Jersey, North Carolina and

Pennsylvania.

## Other suppliers

Lawrence W. Sullivan named president of the newly formed MBA Risk Management Services Inc., a division of The MBA Group in Braintree, Mass. Mr. Sullivan is responsible for new business and supervises all services provided to the firm's existing clients.

Gwynne R. Winsberg rejoined GRW Associates, a health care consultant in Chicago. Ms. Winsberg founded GRW in 1981 as president and director of the benefits analysis division. During 1987, Ms. Winsberg was a vp at Efficient Health Systems Inc. in Skokie, Ill. ■



Mr. Sullivan

## The new M&M hierarchy: a recap of appointments

After nearly a dozen executive changes at Marsh & McLennan Cos. Inc. and its subsidiaries in the last month, here is a recap of the realignment at the world's largest insurance brokerage.

At the parent company, Marsh & McLennan Cos. Inc., an Office of the Chairman was created consisting of Frank J. Tasco, chairman and chief executive officer; A.J.C. Smith, president; and soon-to-be-elected Vice Chairman, Robert J. Newhouse Jr.

The board of directors will vote on Mr. Newhouse's appointment and other changes made at M&M at its Jan. 21 meeting.

At Marsh & McLennan Inc., the company's North American brokerage subsidiary: Robert Clements will be elected chairman; L. Patton Kline and Sherwood C. Blake continue as vice chairman; and David D. Holbrook will be elected president.

Mr. Kline also is chairman of newly formed Marsh & McLennan Aviation. Richard F. Carroll, a managing director of M&M since 1983, is president of M&M Aviation.

Marsh & McLennan Worldwide Ser-

vices Co. also was recently created. It manages the activities of M&M's wholesale brokerage units and its specialized industry groups, including the aviation and aerospace group. The new unit also manages other M&M support services like risk management services, captive management, loss prevention and global insurance marketing.

John T. Sinnott, currently an executive vp of M&M Inc., will be elected president of M&M Worldwide Services.

At Marsh & McLennan Bowring Ltd. in the United Kingdom, which coordinates all non-North American direct brokerage units: Philip L. Wroughton will be elected chairman.

To achieve its goals of creating a unified worldwide brokerage operation, M&M has created a single executive committee that will serve M&M Inc., M&M Bowring and M&M Worldwide Services. The executive committee consists of Mr. Clements, Mr. Sinnott, Mr. Wroughton, Mr. Holbrook, Mr. Tasco, Mr. Smith, Mr. Newhouse and Gilbert A. Cooke.

Mr. Cooke is chairman of C.T. Bowring & Co. Ltd., the London-based subsidiary of Marsh & McLennan Cos. Inc.

## Oil spill coverage

Continued from page 1

The Ashland spill is the largest inland refined oil spill in the United States, according to a spokesman for the American Petroleum Institute in Washington, D.C., an oil industry trade group.

With no comparable event, experts find it impossible to even guess how much liability for the spill may total.

While offshore tanker spills have been larger in gallons lost, the ramifications of an inland oil spill are greater than those from an offshore spill, said the API spokesman. More communities and businesses generally are disrupted by an inland spill than an offshore spill, which generally poses a greater threat to wildlife and seashores.

Furthermore, refined oil, like the diesel fuel that spilled from the Ashland terminal, is "extremely difficult to control" and is "more toxic than crude oil," noted the spokesman.

Ashland's total liability from the accident, in addition to cleanup costs, could include damages paid in citizens' class-action lawsuits and business interruption lawsuits, as well as reimbursements to state and local governments for expenses related to the spill.

Two class-action lawsuits already had been filed last week by citizens seeking damages of more than \$10,000, the damage demand required for access to Pennsylvania courts.

The spill occurred when a 40-year-old oil tank holding 3.5 million gallons of fuel ruptured as it was being filled for the first time since being moved from Cleveland. Approximately 1 million gallons of fuel escaped from a dike surrounding the tank and into the Monongahela River, about 25 miles from Pittsburgh. The other 2.5 million gallons of fuel were contained by the dike.

The Monongahela River feeds into the Ohio River, where the oil is spreading. As the spill moves downstream, it could damage water supplies and the environment in as many as six states, according to Robert Grotevant, Pennsylvania Gov. Robert Casey's press secretary.

Contractors hired by Ashland have been at work cleaning up the river since the spill.

Numerous businesses and schools in the area were forced to shut down last Monday because water supplies were cut off. They resumed operations only after portable toilets had been set up.

Commercial insurance brokers in the Pittsburgh area said Friday that they had not yet received any claims for business interruption losses and do not expect to receive any.

Standard business interruption coverage generally would be written as part of a property insurance policy and business interruption coverage would be triggered only if business interruption followed damage to the property, explained Mark Ickes, vp of marketing at Babb Inc. in Pittsburgh.

While businesses were closed as a result of losing water, no property damage is known.

Among the companies whose operations were disrupted was Mobay Corp., with corporate headquarters in Robinson Township, Pa., about 10 miles west of Pittsburgh. Mobay sent 1,300 employees home at noon last Monday and did not resume full operations until Thursday, according to a company spokesman.

"It is premature" to discuss whether Mobay will sue Ashland for its losses due to business interruption, the

spokesman said, adding that Mobay has not ruled out litigation but has not decided to pursue it either.

As a non-manufacturing facility, the Mobay headquarters do not have business interruption coverage.

Calgon Corp., also based in Robinson Township, let most of its 400 employees go home early Monday when water was shut off at 11 a.m.

Many workers returned to work on Tuesday, but as of last Thursday the company still was only "functioning at about 80%," said President James Gregory.

However, Mr. Gregory noted that Calgon does not intend to sue Ashland for business interruption.

"We haven't concerned ourselves with recouping costs," he said.

The water utilities, whose operations were shut down to avoid damaging their equipment by pumping oil-tainted water, "have the right to bill Ashland" for their costs, maintained a spokeswoman for the Ohio River Valley Water Sanitation Commission in Cincinnati.

Ashland will reimburse "the appropriate government agencies for reasonable expenses they have incurred" because of the accident, promised John Hall, chairman and chief executive officer of the Ashland, Ky.-based company.

A spokeswoman for the Environmental Protection Agency in Philadelphia said EPA personnel are only serving as technical advisers to cleanup crews and therefore the agency's costs will not be great.

Furthermore, the EPA receives an annual lump sum from a fund established by the Clean Water Act to clean up oil spills. If the agency's costs exceed what would be reasonable based on that lump sum, then the EPA would bill Ashland for its costs, explained the spokeswoman.

About 40 members of the U.S. Coast Guard were involved with the cleanup efforts as of the middle of last week.

Petty Officer Dean Jones said that Ashland has agreed to reimburse some of the Coast Guard's expenses.

Regarding expenses Ashland would not cover, Petty Officer Jones said: "Part of our job is to respond to things like this. This would fall into the lines of our normal service."

Estimating the environmental damage from the spill probably will take quite a while, government officials and oil insurance experts agreed.

Ashland, federal and state officials are conducting separate investigations into the accident.

Ashland did not obtain a written permit to build the tank and did not follow the company's standard procedure of testing a tank by filling it with water before it is used, acknowledged Mr. Hall.

The tank was made of 40-year-old steel, but "there is no evidence at this point to suggest that the condition of the steel contributed to the failure of the tank," Mr. Hall said in a statement.

However, he continued that "in hindsight, one might question the use of 40-year-old steel."

Legislation now under consideration in Congress would limit the liability of a company responsible for an oil spill.

Identical House and Senate versions of the legislation would limit a facility's liability in the case of an oil spill to \$75 million, assuming the company's actions were not negligent, according to a House committee staffer.

Both bills, S. 1802 and H.R. 1632, are pending before committees.

## Update

### Baby formula makers face suit

Continued from page 2

A Syntex spokeswoman could not be reached for comment. But, the company has said it has a substantial self-insured retention. And London sources have said Syntex's first \$5 million umbrella layer is led by H.S. Weavers (Underwriting) Agencies Ltd.

The company also has said it has settled more than 100 formula-related lawsuits and was litigating a small number of others.

A Pet spokesman said the company merely manufactured the formula according to Syntex's specifications. He declined to comment on the lawsuit because Pet had not received a copy of it.

### S&P, Moody's cleared from suit

SEATTLE—Standard & Poor's Corp. and Moody's Investors Service Inc. have been dismissed as defendants in a lawsuit filed by investors in response to the default of \$2.25 billion in municipal bonds by the Washington Public Power Supply System in 1983.

Plaintiffs' attorney Jim Irwin said the bond rating agencies were dropped from the suit after reviewing the evidence.

S&P's ratings for the bonds ranged from an A-plus in February 1977 to a D in August 1983, said a spokesman. Moody's gave the bonds an A1 rating in 1977, a BAA1 rating in June 1981 and suspended its rating in January 1982, a spokesman said.

Municipal bond insurer AMBAC Indemnity Corp. has paid about \$25 million in losses from the default (BI, Oct. 20, 1986).

### A&A completes sale of units

NEW YORK—As part of its intent to divest itself of underwriting operations, New York-based Alexander & Alexander Services Inc., the second-largest world insurance brokerage, has completed the sale of its London-based Sphere Drake Insurance Group P.L.C. and its Evanston, Ill.-based Shand Morahan & Co. Inc. units.

The sale of Sphere Drake (BI, Sept. 7) was completed on Dec. 30. A group of investors including the chairman and directors of Sphere Drake paid 36 million pounds (\$67.9 million) for the company: 26 million pounds (\$49.1 million) in the form of a five-to-seven year note and the remainder in cash. Sphere Drake was acquired by A&A in 1982 as part of its acquisition of London-based Alexander Howden Group P.L.C.

The sale of Evanston, Ill.-based Shand Morahan & Co. Inc. (BI, Sept. 28) was completed Dec. 29. A corporation owned by a group of investors including officers of Shand paid \$62.8 million for the underwriting manager: \$32 million in the form of a five year note and the remainder in cash.

Meanwhile, in cost-cutting moves in the United States, A&A Inc., the U.S. retail brokerage subsidiary, reduced its staff by about 200 since the end of September. At year-end 1987, A&A Inc. had cut its workforce to an estimated 9,648, an A&A spokesman said.

### Centre Re placement hits target

HAMILTON, Bermuda—A private placement for Centre Reinsurance Holdings Ltd. has hit its target of \$250 million in capital commitments, organizers report.

Guy Carpenter & Co. Inc. and Morgan Guaranty Trust Co. circulated the revised \$250 million offering of stock and subordinated notes last September after an earlier attempt to raise \$450 million in a private placement of common shares failed (BI, Oct. 5, 1987).

Centre Re will act as a holding company for three reinsurance units domiciled in Bermuda, Barbados and New York, specializing in financial reinsurance products.

Lead Centre Re investors are Kemper Reinsurance Co. and Morgan Portfolio Corp., each with 9.9% of the \$250 million offering.

Organizers would not disclose the names of other investors until the private placement closes later this month.

### U.K. contract questions remain

LONDON—An out-of-court settlement between ADAS, the Romanian state insurance company, and Phoenix General Insurance Co. of Greece has thwarted the London insurance market's attempt to intervene in the case concerning whether insurance contracts entered into by insurers not authorized by Britain are void.

Late last month, the House of Lords, England's highest appellate court, granted Lloyd's of London Underwriters' Assn., the Assn. of British Insurers and the Institute of London Underwriters permission to file an amicus curiae brief in the case, which was scheduled to be heard in February (BI, Jan. 4).

The London market, which would have made legal history by becoming the first group not party to an action to have used an amicus brief, wants to overturn a lower court opinion that contracts by unauthorized insurers are void and therefore unenforceable (BI, May 11, 1987; Dec. 8, 1986). The market fears that if the opinion stands, reinsurers will refuse to pay claims on contracts with ceding companies not authorized in Britain at the time and that unauthorized foreign insurers might refuse to pay claims.

"We will have to wait until another case goes to appeal," said Donald O'May, attorney for the industry group.

"There are several cases which are subject to litigation which were waiting to see the outcome of this case," he said.

### Briefly noted

Denver-based Protex Industries Inc. is the first company convicted under federal environmental laws for endangering human life. A U.S. District Court jury in Denver last month found that workers at the waste container recycling company were insufficiently informed about and insufficiently protected from toxic chemicals. . . . Gordon L. Teach, chairman of the board of Illinois Co. Inc., a stock brokerage firm in Chicago, is expected to be elected chairman of the Illinois Insurance Exchange this week, succeeding Bernard Epton, who died last month.

## Datebook

**JAN. 20. Managing and Controlling Asbestos Contamination/Exposure** course in Los Angeles, sponsored by the University of Southern California's Institute of Safety and Systems Management; \$160. University of California, Institute of Safety and Systems Management, Office of Extension and In-service Programs, 3500 S. Figueroa St., Suite 202, Los Angeles, Calif. 90007; 213-743-6523.

**JAN. 20. Health Care in the '80 and '90s: What Employers Want** workshop in New York City, sponsored by Health Research Institute; \$495. Workshop coordinator, Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

**JAN. 20-21. Second Annual Legislative Conference** in Washington, D.C., sponsored by the Self-Insurance Institute of America Inc.; \$125 for SIIA members; \$175 for non-members. Kevin Shein, Self-Insurance Institute of America Inc., P.O. Box 15466, Santa Ana, Calif. 92705; 714-261-2553.

**JAN. 21-22. Transportation of Hazardous Materials/Waste** course in Los Angeles, sponsored by the University of Southern California's Institute of Safety and Systems Management; \$265. University of California, Institute of Safety and Systems Management, Office of Extension and In-service Programs, 3500 S. Figueroa St., Suite 202, Los Angeles, Calif. 90007; 213-743-6523.

**JAN. 20-21. Pension and Welfare Benefits in Bankruptcy** seminar in New York City, sponsored by the Practising Law Institute; \$425; \$45 for course handbook only. Practising Law Institute, Dept. 8A-105, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700, extension 271.

**JAN. 25-26. Hawaii-The U.S. Offshore Alternative** conference, sponsored by the state of Hawaii, organized by Tillinghast, a division of

Towers, Perrin, Forster & Crosby; \$50 for Jan. 25 captives briefing; \$300 for conference. Conference Director, Tillinghast, 722 Post Road, Darien, Conn. 06820; 714-553-1277.

**JAN. 25-29. Hazardous Materials: Handling and Disposal** course in Los Angeles, sponsored by the University of Southern California's Institute of Safety and Systems Management; \$735. University of California, Institute of Safety and Systems Management, Office of Extension and In-service Programs, 3500 S. Figueroa St., Suite 202, Los Angeles, Calif. 90007; 213-743-6523.

**JAN. 27. Health in the 100th Congress: The Second Session** conference in Washington, co-sponsored by the Washington Business Group on Health and the National Assn. of Manufacturers in conjunction with the Women in Government Relations Health Task Force; \$40 for WBGH, NAM or WGR members; \$50 for non-members. Sherri Farris, Washington Business Group on Health, 229 1/2 Pennsylvania Ave. S.E., Washington, D.C. 20003; 202-547-6644.

**JAN. 27-28. The Risk Retention Act of 1986: Opportunity or Anarchy?** symposium in Rosemont, Ill., co-sponsored by the Society of Chartered Property & Casualty Underwriters Excess/Supplies/Specialty Lines Section and the National Assn. of Professional Surplus Lines Offices; \$200 for Society of CPCU members; \$250 for non-members. Mari Jennings, Professional Services Coordinator, Society of Chartered Property & Casualty Underwriters, Kahler Hall, 720 Providence Road, CB#9, Malvern, Pa. 19355; 215-251-2741.

**JAN. 27-28. Persuasive Selling Skills for New Agents and Brokers** course in New York City, sponsored by the College of Insurance; \$395 for college sponsors; others \$445. Professional Development Programs, The College of Insurance, 1 Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111.

**JAN. 27-29. Fifth Annual Atlanta Risk Management Educational Conference** sponsored by the Atlanta chapter of the Risk & Insurance Management Society; before Jan. 13: \$100 for RIMS members, \$115 for non-members, \$25 for students; after Jan. 13: \$125 for RIMS members, \$140 for non-members, \$25 for students. George Netherton, The Coca-Cola Co., P.O. Drawer 1734, Atlanta, Ga. 30301; 404-676-7032.

**JAN. 27-29. Health Agenda 1988** conference in Washington, D.C., co-sponsored by the Washington Business Group on Health and the National Assn. of Manufacturers; \$475 for WBGH/NAM members; \$575 for non-members. Ellen Menton, Washington Business Group on Health, 229 1/2 Pennsylvania Ave. S.E., Washington, D.C. 20003; 202-547-6644.

**JAN. 28-29. 'Preventive Defense' and the Product Liability Case** seminar in Phoenix, Ariz., sponsored by the Defense Research Institute Inc.; \$395 for DRI members; \$415 for non-members. DRI, 750 N. Lake Shore Drive, Suite 500, Chicago, Ill. 60611; 312-944-9575.

**FEB. 1. Human Factors in Loss Control** course in New York City, sponsored by The College of Insurance; \$195 for college sponsors; \$245 for non-sponsors. Professional Development Programs, The College of Insurance, 1 Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111.

The Datebook is compiled from notices sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. Please include the price, if any, of the meeting and information on registration for interested readers. Business Insurance reserves the right to select meetings of most interest to its readers and cannot guarantee that notices will be printed.

# H.S. Weavers

Continued from page 1

Walbrook, which is owned by London United Investments, last year increased its capital and surplus to 55 million pounds (\$100.7 million), Mr. Wilson said.

And, Anglo-American Insurance Co. Ltd. will write 39.75% of each risk, up from 33.42% of each risk in April. Anglo-American, which was activated in April with \$80 million in capital and surplus, is owned by Los Angeles-based Calfed Inc., a diversified financial services holding company.

The other two participants on the Weavers line slip will continue to write the same percentage of each risk that they have since April. The Mutual Reinsurance Co., owned by Mutual Insurance Ltd. of Bermuda, a captive of the American Newspaper Publishers Assn., will write 5.2% of each risk. And, Compagnie Europeene D'Assurances Industrielle in Belgium, a subsidiary of Petrofia of Italy, will write 2.65%.

The Mutual Reinsurance currently has capital and surplus of 10 million pounds and Compagnie Europeene has \$25 million (\$45.7 million), according to Mr. Wilson.

It is not unusual for Weavers, the premier U.S. casualty underwriter in London, to change the composi-

**The Nov. 23 letter distributed by Marsh & McLennan Cos. Inc. 'gives a very unbalanced and also misleading view of the financial position of our companies,' according to Peter Wilson, managing director of Weavers.**

tion of its line slip. The last time it was changed was in April, when Calfed activated Anglo-American and announced it would be managed by Weavers (BI, April 20, 1987; April 13, 1987).

Prior to Anglo-American's contribution, the seven insurers on Weavers' line slip from 1984 to 1986 also wrote different percentages of each risk. Kraft, for example, wrote 20% of each risk in 1986, and El Paso wrote 15% of each risk (BI, April 7, 1986).

The first M&M letter regarding the Weavers slip, dated Nov. 23, 1987, was distributed to the brokers' clients by account executives to draw clients' attention to "information that has recently appeared in the 1986 annual statements" of five of the seven insurers that were on the Weavers slip at that time.

The five companies whose 1986 annual statements M&M refers to in its Nov. 23 letter were Wal-

brook, Kraft, El Paso, Louisville, and Ludgate.

The letter pointed out that the five companies' loss reserves had been discounted an aggregate of 143 million pounds (\$256.2 million at the appropriate exchange rate), while shareholders equity, taken at its present value, was reported as an aggregate of 89 million pounds (\$159.4 million). That left a net deficiency of shareholders funds before discounting loss reserves of 54 million pounds (\$96.7 million), according to the M&M letter.

M&M, however, sent another letter to its account executives, dated Dec. 15, 1987, that "endeavors to correct their letter of the 23rd of November and remove any concerns expressed by their clients," said Mr. Wilson in the letter he sent to London brokers last week.

Mr. Wilson says in his letter that M&M's Nov. 23 letter "gives a very unbalanced and also misleading view of the financial position of our companies."

The Nov. 23 letter says, "In 1987, for the first time, insurers have been required to state the discounted amounts of loss reserves. Five of the participants on the Weavers slip reported as of Dec. 31, 1986, loss reserves that had been discounted an aggregate amount of 143 million pounds. Shareholders equity after discount was reported as an aggregate of 89 million pounds." The term "after discount" means the present reported value of shareholders equity.

M&M also pointed out that two participants on the Weavers slip—obviously referring to Mutual Re and Compagnie, although they were not named—had not filed their annual statements with the DTI at the time of the M&M's "last" request for such information.

The letter says that exhibits were enclosed listing key amounts and ratios.

"It is Marsh & McLennan's position that clients should have available to them public information that reports the financial position of their insurers," the letter continued. "Since these companies are U.K. insurers that are not subject to the equivalent of an on-site periodic examination in the same manner as in the U.S., the adequacy of financial reporting is dependent on a company's outside auditors."

The letter closed with: "As you know, Marsh & McLennan does not guarantee or make representations in regard to and expressly disclaims responsibility for the financial condition of insurers with which we place business."

The letter's implication was that the brokers' account executives and clients review the enclosed material and discuss the information.

The letter was distributed to M&M account executives, but eventually made its way to the hands of several of Weavers' key clients—some of whom did not use M&M as a broker.

The second M&M letter, sent to account executives after Mr. Wilson discussed the first letter with M&M, consisted of a set of guidance notes in a question and answer format.

Although the notes repeat that the DTI reports of some of the companies on the Weavers slip show "the stated discounts to loss reserves at Dec. 31, 1986, exceed the amount of capital and surplus," the broker adds that this in-

formation is not "evidence of a deteriorating underwriting situation. "Marsh & McLennan has no information that the extent of the discounting of the Weavers companies is not consistent with the practices which were followed but not publicly reported in the past," the notes say.

However, "it would be significant to learn whether, in light of the extent of the discounting, the total liabilities of those companies have been steady, improving, or deteriorating relative to capital," the M&M notes continue.

M&M also says in the notes that it obtained a copy of Walbrook's DTI returns in August and the others "several weeks later."

After receiving them, "Marsh & McLennan, along with its U.K. consultant, Coopers & Lybrand, met with H.S. Weavers to review information contained in these reports, and these discussions are still continuing," the notes say.

In addition, M&M hopes to review the annual statements of Mutual Re and Compagnie Europeene "in the immediate future," it says.

But, M&M has "no right of access to inside information regarding the current financial condition of any insurance company," and it cannot at this point "fully assess all aspects of the financial reports of the companies participating on the H.S. Weavers stamp," it says.

However, M&M in the notes gave Weavers a vote of confidence.

"H.S. Weavers has underwritten risks for clients of Marsh & McLennan for a period in excess of 20 years and has demonstrated its continuity as a market through the cycles," the notes say.

In addition, "Marsh & McLennan has found H.S. Weavers to be supportive of its clients' desire to transfer risk, and has generally responded to the needs of a variety of clients in a variety of circumstances," it adds.

In his letter dated Dec. 29, but sent to London brokers last week, Mr. Wilson said: "We were not at all pleased when we discovered that this letter (referring to the Nov. 23 M&M letter) had been distributed to Marsh account executives."

Mr. Wilson told *Business Insurance* the letter was "unbalanced and misleading. . . It was sent out without our knowledge. When we heard about it we called Marsh & McLennan."

As a result of that conversation, M&M released the Dec. 15 letter to its account executives.

"They (Marsh & McLennan) possibly regret the (Nov. 23) letter," He said. "We don't need it and we don't need any press about it."

Mr. Wilson acknowledges that M&M's Nov. 23 letter "has caused considerable discussion in the market-place."

"Prior to the issuance of the (Nov. 23) letter, we supplied Marsh with certain information pertaining to the companies represented by our agency, and on receipt of this information they then requested some further information which we promised to supply, but before we had time to send them the material requested, they took it upon themselves to send out the 'Dear Client' letter," Mr. Wilson explains in his letter.

Enclosed with Mr. Wilson's letter was a one-page explanatory note compiled jointly with the agency's auditors, Peat Marwick McLintock, which states that although the companies participating on the Weavers slip have followed the same discounting procedure for many years, "the Department of Trade returns now require disclosure of the amount of discount deducted in arriving at the loss reserves." DTI returns have to be completed by all companies authorized to write insurance business in the United Kingdom.

"In their letter, Marsh & McLennan have summarized this publicly

available information and, by deducting the amount of the discount from the amounts of the shareholders' equity, have derived amounts which are described as "net deficiency of shareholders equity before discounting loss reserves," the note to the Wilson letter says.

This deduction "has no relevance," according to the note, because:

- "As an undisputed fact, the losses are paid over an extended period of years, and the interest earnings during this period on the retained loss reserves are substantial."

- "The discounting procedure . . . involved and the interest rate applied has been fully discussed with . . . the Department of Trade and Industry, which has accepted the basis adopted."

- U.K. accounting procedures permit discounting.

- "Several leading U.K. companies discount their 'long-tail' business reserves."

- "It should not be assumed that if discounting had not taken place the same level of undiscounted reserves would be regarded as necessary."

M&M Vice Chairman L. Patton Kline, who was responsible for the second M&M letter being distributed, would not release any information about the contents of either of the documents about Weavers. Mr. Kline said they were "internal office communications that are possibly getting out. They speak for themselves.

"We are advised that these being communications between our company and our clients have qualified privileged status, and we do not want to jeopardize that status."

Brokers say that the first M&M letter may have been misleading. For example, it is not unusual to discount reserves, especially for the long-tail casualty risks that Weavers underwrites, they said.

Also, the information on all of the companies on the line slip was available from Weavers in August, although the insurers may not have yet submitted the information to the DTI.

In addition, brokers point out that Weavers has strengthened its finances over the last few years by increasing rates and imposing its own excess liability claims-made form which it has adhered to for the last two years.

However, brokers say the M&M letters helped spur development of a stronger Weavers line slip.

"The 1988 line slip is substantially improved and Marsh & McLennan should be given credit for that," said one broker who asked not to be identified.

"Marsh & McLennan have in a responsible way studied the Department of Trade returns, which have indicated certain factors, that is the amount companies discount, for the first time and brought the details to the attention of their clients," said Hady Wakefield, deputy chairman of C.T. Bowring Reinsurance Ltd., an M & M subsidiary.

They "sent a follow-up letter in a more rational style in case the original letter may have been read to have cast some doubts on Weavers' security. The letter was sent to heads of Marsh & McLennan offices for the benefit of existing Marsh & McLennan clients," as was the second letter, Mr. Wakefield said, though he admitted that some letters may have landed into the hands of other brokers' clients.

Mr. Wakefield said he was aware M&M was making investigations into Weavers prior to the original letter being sent out but was not told of the letter before its release.

"Bowring and Marsh & McLennan regularly monitor insurance carriers' security" and the second letter is a "rational expose of what you should look for in an insurance company and its history of settling claims."

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# Cautious budgeting key to success for brokers

By LEONARD M. WILSON  
Special to Business Insurance

BUDGET TIME HAS rolled around once again for corporate America, and insurance brokerage is no exception. Our foray into forecasting last year underestimated the extent of rate reductions on commercial lines. This was almost uniformly the case for the public insurance brokers as well. We nonetheless take a degree of comfort from our year ago closing observation: "Convincing the organization that the heyday of rate increases is finished will be the challenge of 1987."



Mr. Wilson

Now, sobriety is the leitmotif of the budgetary process. Managers face more than the normal quota of uncertainties in 1988. Not being privy to the budget deliberations of the public brokers, we have assembled the likely content of a budget through Risk Adverse Associates, our fictitious vehicle for exploring the budgetary possibilities of the real brokerage world.

Risk Adverse starts out with the expectation of moderate economic strength in 1988. GNP growth of 2.0% to 2.5% seem plausible despite the drop in the stock market and the prospect of relatively high interest rates.

Premium rates on commercial lines, though, look rather unpromising. Lately, they seem to have undergone further deterioration. Therefore, for 1988, Risk Adverse targets the impact of rates at a negative 9% to 10% across the board.

New business is slated to remain strong. Optimism over production is based upon activity at various stages within the prospect pipeline. New business is budgeted at 15% of 1987's renewal commissions, slightly under the experience of the past two years. Sustaining new business at that pace will be a formidable undertaking, but the addition of a few new producers and a concerted focus on production could do the trick.

Leonard M. Wilson, a managing director at L.F. Rothschild & Co. Inc. in New York, specializes in insurance brokerage stocks. He is a member of the New York Society of Security Analysts.

Lost business is a bit of an imponderable. Even with greater dedication to retention of existing accounts, it would appear that attrition may stay above historical experience in 1988. The budget calls for lost business at 5% of renewal commissions.

Lower premium rates, a moderately stronger economy and inflation of approximately 4% should generate demand for more coverage. Growth from additional coverage is always a difficult variable to estimate, but a 4% to 5% contribution to the commission stream seems an acceptable forecast.

These factors provide the building blocks for quantifying an estimate of the growth in direct insurance commissions. Through pure arithmetic calculation, we arrive at an increase in commissions of 5% for the year, a dramatic contrast to gains achieved as recently as 1986. Commission growth might be a few percentage points higher with a little luck, but for purposes of rigorous budgeting, this lower figure should be heeded.

Domestic reinsurance does not present a particularly rosy perspective. Retentions by the primary companies are likely to remain high, while facultative rates are soft and treaty rates are easing. Consequently, no growth is 1988's expectation for reinsurance brokerage, not a happy prospect given the wide profit margins of this activity.

The variables influencing the growth of international insurance brokerage are more difficult to assess. Markets have softened, but not as much as in the United States. New business is likely to be less dynamic particularly in the segment. The weak dollar could lift comparisons in currencies that have also appreciated against the dollar. Putting it all together, the budget allows for a 7% to 9% advance in international commissions.

Employee benefits is a bright spot in an otherwise somber landscape. Gains of 10% to 15% seem attainable, particularly with an increased focus on market penetration. A backlog of work generated by the Tax Reform Act should fuel a strong showing.

Investment income will not receive much impetus from the growth in the premium float in the face of single digit expansion. Interest rates, on the other hand, could narrowly exceed 1987's average level. Therefore, the yield on the float, a trifle shy of 7% in 1987, could edge higher in 1988 if there is no recession. On balance, investment income might expand around 10% for the year.

No matter how the budget is stretched

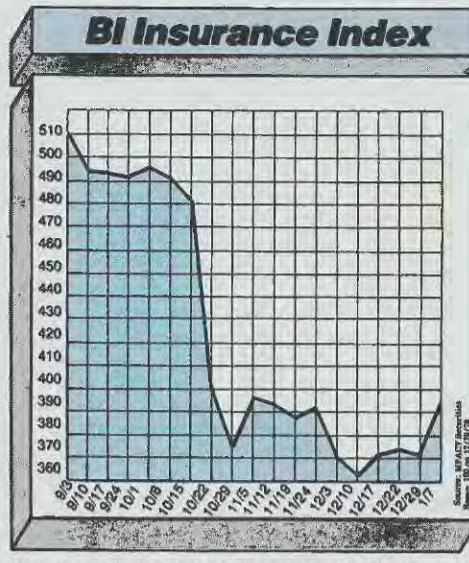
and pulled, there seems little likelihood that revenue growth will be any better than anemic, excluding acquisitions. This has implications for expense growth. It will take determination to keep costs from putting substantial pressure on profit spreads.

Employment costs are propelled by headcount, upgrades of staff and inevitable cost-of-living or merit raises. Head count growth will have to be tightly restrained, and a rise of 2% seems about all that can be tolerated in the context of a modest, single-digit rise in revenues. Average per-capita compensation increases can be targeted at only 3% to 5%, with some flexibility for local conditions. If employment costs can be held to an increase of modest proportion, there is hope of maintaining profit margins in 1988.

Other operating expenses are really a collection of several distinct categories of costs that respond to different factors. Occupancy seems to increase inexorably with the growth in staff and higher rentals. Data processing is an investment in current and future productivity. Travel, entertainment and communications are subject to a degree of discretionary control, but also are a function of new business activity. Insurance costs may shrink somewhat as the soft market lowers renewal premiums. On balance, Risk Adverse has less confidence in the ability to restrain other operating expenses, and consequently incorporates an increase of 6% to 7% for this category.

If expenses are held to the budgeted targets, pretax earnings ought to rise in line with revenues, or 6% to 7%. Aftertax earnings, aided by a lower tax rate could increase 13% to 14%. That would be a rather gratifying result in a tough environment. The key is disciplined management and recognition throughout the organization that collective austerity is necessary. Risk Adverse knows there is not much margin for error. Shortfalls in new business or slack cost restraint could mean lower 1988 earnings.

Budgets are mechanisms of control and management—and often wishful thinking. For the public brokers, the real test of profit planning comes in soft markets. In tight markets, the budget tends to be an easily surpassed bogey. In soft markets, planning has tended to err on the side of too much optimism. This was certainly the case in the last soft market. We suspect, though, that brokerage managements are sizing up the possibilities for 1988 with few illusions.



Insurance industry stocks rebounded last week, as the Business Insurance index gained 22.8 points to 393.6 on Jan. 7, from 370.8 on Dec. 29. Advancing issues were led by: Belvedere Corp., up 25.6%; Kemper Corp., up 13.4%; NAC Re Corp., up 13.4%; Frank B. Hall & Co., up 12.8%; Statesman Group Inc., up 11.9%; and Farmers Group Inc., 11.8%. The only declining issues for the period were: St. Paul Cos. Inc., down 3.8%; General Re Corp., down 1.8%; SAFECO Corp., down 0.9%; Liberty Corp. S.C., down 0.7%; and AVMCO Corp., down 0.7%. All other issues posted gains or no change. Issues showing the most activity during the period were: Sears Roebuck & Co. (Allstate), 29.5 million shares traded; Travelers Corp., 19.2 million shares traded; ITT (Hartford Group), 18.6 million shares traded; American International Group Inc., 14.5 million shares traded. The Business Insurance index gained 5.3% for the period, performing on par with the leading market indicators: the Dow Jones 30 Industrials gained 112.3 points, a 5.8% gain; the Standard & Poor's 500 gained 13.9 points, a 5.7% rise; and the New York Stock Exchange composite grew 7.7 points, a 5.5% increase.

Jan. 7 Companies	Price	P/E	Div. %	Yield	1 Week	
					High	Low
Comml Union	342	13.7	17.8	5.2	356	342
Genl Accident	848	10.9	38.3	4.5	848	813
Gdn Royal Exch	846	11.4	46.6	5.5	861	840
Royal	402	10.0	21.2	5.3	428	402
Sun Alliance	878	13.2	32.2	3.7	878	855

Company	Price	P/E	Div. %	Yield	High	Low
CE Heath	423	14.1	34.5	8.1	423	419
Hogg Robinson	143	11.0	9.6	7.7	146	143
JH Minet	460	16.7	12.9	3.1	463	457
Sedg Grp	228	14.3	16.4	7.6	228	220
Willis Faber	237	10.8	14.8	6.2	238	232

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

## BI Industry Stock Report

JAN. 7, 1988 12/30/87 THRU 1/7/88

	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value		
				High	Low										High	Low								
<b>BROKERS</b>																								
Alexander & Alexander Svcs	18.25	2.8	2.8	32.00	15.88	294	1.00	5.5	12.8	2.93	6.12	56.75	1.6	1.6	73.50	50.88	432	1.88	3.3	7.5	39.52	1.44		
Baldwin & Lyons Inc.	12.50	4.2	4.2	27.00	12.00	1	0.20	1.6	4.8	16.40	0.76	39.88	2.9	2.9	54.88	30.50	340	2.60	6.5	7.5	41.62	0.96		
Corroon & Black Corp.	29.00	2.7	2.7	37.50	22.00	86	0.84	2.9	13.6	6.31	4.60	22.75	5.8	5.8	34.00	20.00	15	0.92	4.0	18.3	26.15	0.87		
Gallagher Arthur J & Co.	16.00	0.0	0.0	31.00	15.00	0	0.40	2.5	10.6	4.81	3.33	45.00	11.8	11.8	51.25	37.75	963	1.20	2.7	13.2	19.95	2.26		
Hall Frank B. & Co.	3.25	12.8	12.8	19.00	2.50	265	0.00	0.0	10.6	0.00	N/A	27.00	3.8	3.8	42.75	24.13	435	0.40	1.5	50.0	23.55	1.15		
Marsh & McLennan Cos. Inc.	49.75	0.5	0.5	72.00	43.75	525	2.40	4.8	12.4	5.14	9.68	10.00	3.8	3.8	20.50	7.88	116	0.60	6.0	50.0	16.75	0.60		
Poe & Assoc Inc.	7.00	0.0	0.0	13.25	7.00	0	0.40	5.7	6.8	0.57	12.28	12.25	3.1	3.1	24.88	10.50	650	0.20	1.6	2.0	16.30	0.75		
BROKERS AVERAGE		3.3	3.3									24.75	6.5	6.5	37.25	21.38	65	0.36	1.5	5.3	21.16	1.17		
<b>CONGLOMERATES &amp; HOLDING COMPANIES</b>																								
Berkley W.R. Corp.	25.00	4.2	4.2	37.00	18.75	240	0.28	1.1	6.3	13.72	1.82	23.50	2.2	2.2	36.63	20.25	119	1.00	4.3	9.3	10.17	2.31		
Berkshire Hathaway Inc. DEL	3000.00	1.7	1.7	3792.00	2510.00	327	0.00	0.0	18.8	62.53	3.12	27.00	2.9	2.9	31.50	21.50	0	0.00	0.0	9.3	0.00	N/A		
CIGNA Corp.	48.63	10.8	10.8	69.50	41.25	826	2.80	5.8	6.0	42.01	1.16	33.25	13.4	13.4	38.75	19.25	683	0.60	2.6	7.0	23.48	0.99		
CNA Fin'l Corp.	56.38	1.3	1.3	66.50	47.00	251	0.00	0.0	10.1	42.71	1.32	35.25	-0.7	-0.7	53.00	32.50	10	0.80	2.3	15.8	19.96	1.77		
General Re Corp.	54.88	-1.8	-1.8	68.88	46.00	1056	1.00	1.8	12.4	23.47	2.34	44.38	10.6	10.6	60.50	35.75	187	2.36	5.3	8.9	44.85	0.99		
ITT (Hartford Group)	48.75	8.3	8.3	66.38	41.88	1862	1.25	2.6	9.5	44.08	1.11	20.13	13.4	13.4	32.25	17.50	236	0.00	0.0	18.6	18.12	1.11		
Sears Roebuck & Co. (Allstate)	35.00	4.1	4.1	59.50	29.75	2945	2.00	5.7	8.1	32.94	1.06	9.00	2.9	2.9	18.50	7.75	43	0.40	4.4	42.9	9.37	0.96		
Transamerica Corp.	32.38	8.8	8.8	51.38	22.63	629	1.84	5.7	6.1	26.94	1.20	25.13	9.8	9.8	32.38	20.75	316	0.96	3.8	6.7	33.26	0.76		
CONGLOMERATES AVERAGE		4.7	4.7									36.25	0.0	0.0	49.25	34.50	220	1.68	4.6	8.5	26.80	1.35		
<b>INSURERS</b>																								
Aetna Life & Cas Co.	47.25	4.4	4.4	68.13	43.75	176	2.76	5.8	6.4	44.75	1.06	36.25	0.0	0.0	49.25	34.50	220	1.68	4.6	8.5	26.80	1.35		
American General Corp.	32.88	3.6	3.6	44.75	27.25	831	1.25	3.8	8.7	27.13	1.21	10.13	10.7	10.7	33.63	18.88	163	0.74	3.3	7.0	19.80	1.12		
Amer Heritage Life Inv't	24.75	2.1	2.1	34.00	23.00	2	0.96	3.9	11.8	20.37	1.22	14.13	4.7	4.7	31.00	11.00	28	0.76	5.4	7.0	9.39	1.50		
Amer Ind'y Fin'l Corp.	9.50	5.6	5.6	19.00	7.75	4	0.56	5.9	11.8	20.40	0.47	7.00	7.7	7.7	14.63	5.00	29	0.00	0.0	4.9	9.43	0.74		
American Int'l Group	62.00	3.3	3.3	83.75	53.50	1448	0.30	0.5	11.5	29.02	2.14	17.00	8.8	8.8	28.75	14.25	910	0.84	4.9	42.5	27.00	0.63		
Aneco Reins Ltd.	3.38	0.0	0.0	4.38	2.13	17	0.00	0.0	11.5	1.93	1.75	44.25	-3.8	-3.8	60.00	40.25	1323	1.76	4.0	7.0	29.89	1.48		
AON Corp.	24.13	5.5	5.5	29.88	20.50	355	1.20	5.0	8.5	15.23	1.58	27.50	-0.9	-0.9	38.00	24.38	639	0.96	3.5	9.0	19.68	1.40		
Argonaut Group	32.00	7.6	7.6	52.13	21.00	203	0.00	0.0	6.6	14.60	2.19	9.25	0.0	0.0	16.25	5.00	43	0.00	0.0	7.1	8.08	1.14		
AVEMCO Corp.	19.50	-0.7	-0.7	25.25	13.25	25	0.28	1.4	11.6	6.94	2.81	12.00	6.7	6.7	19.00	9.75	182	0.80	6.7	7.1	11.88	1.01		
Belvedere Corp.	5.50	25.6	25.6	9.13	4.00	9	0.04	0.7	68.8	6.71	0.82	21.25	11.8	11.8	27.50	17.25	33	1.08	5.1	18.8	16.02	1.33		
Business Mens Assum Co.	27.25	1.9	1.9	48.25	25.25	87	1.10	4.0	38.4	22.15	1.23	5.25	11.9	11.9	3.50	1.69	241	0.05	1.0	18.8	5.19	1.01		
Chubb Corp.	56.75	1.6	1.6	73.50	50.88	432	1.88	3.3	7.5	39.52	1.44	70.13	6.5	6.5	103.38	50.75	116	0.19	0.3	59.4	0.00	N/A		
Continental Corp.	39.88	2.9	2.9	54.88	30.50	340	2.60	6.5	7.5	41.62	0.96	25.75	5.1	5.1	36.75	21.75	123	1.00	3.9	8.7	13.01	1.98		
Durham Corp.	22.75	5.8	5.8	34.00	20.00	15	0.92	4.0	18.3	26.15	0.87	37.13	5.7	5.7	52.63	30.75	1915	2.28	6.1	7.8	45.03	0.82		
Farmers Group Inc.	45.00	11.8	11.8	51.25	37.75	963	1.20	2.7	13.2	19.95	2.26	10.50	2.4	2.4	19.13	8.88	82	0.00	0.0	10.8	13.83	0.76		
Fireman's Fund Corp.	27.00	3.8	3.8	42.75	24.13	435	0.40	1.5	50.0	23.55	1.15	27.00	3.8	3.8	33.00	20.25	13	0.96	3.6	7.2	18.32	1.47		
Fremont Gen Corp.	10.00	3.8	3.8	20.50	7.88	116	0.60	6.0	50.0	16.75	0.60	11.00	4.7	4.7	31.00	11.00</								

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