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update

ABA group advocates 20 tort law modifications

CHICAGO—A special American Bar Assn. commission is recommending that the ABA support 20 modifications of the tort liability system, including imposing limits on joint and several liability for non-economic damages, requiring greater proof of intent before awarding punitive damages and limiting attorneys' contingent fees.

ABA delegates are expected to

Continued on next page

Hotel's liability cover may be only $1 million

By STEPHEN TARNOFF

SAN JUAN, Puerto Rico—Only $1 million in liability insurance is known to be available to cover the Dupont Plaza hotel for any damage awards from the New Year's Eve fire that killed 96 people and injured as many as 125 others.

Excess liability coverage may exist, but insurance and reinsurance industry sources say they have not been able to find anyone who knows of any.

A unit of American International Group Inc. wrote $1 million in primary liability insurance for the Dupont Plaza, an AIG spokeswoman confirmed last week.

AIG also confirmed that it did not write any excess liability insurance covering the hotel.

AIG units also wrote property and business interruption insurance for the Dupont Plaza, the AIG spokeswoman confirmed, but she declined to provide other details.

Other sources say the hotel had purchased about $30 million in property and business interruption insurance.

AIG told stock analysts last week that its gross loss on the property and business interruption coverage would be $10 million to $13 million, with 60% to 75% of it reinsured.

Property damage estimates range from $3 million to $8 million.

General Reinsurance Corp. in Greenwich, Conn., confirmed that "AIG is a client of ours. If AIG was on the property coverage, we would probably have some small participation in it."

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Alexander & Alexander of California Inc. in Los Angeles was the broker for the coverage, which was written on a calendar-year basis, sources say.

In addition, Sun Alliance Insurance Co. of Puerto Rico Inc. wrote coverage for a discotheque and restaurant in the hotel, a Sun Alliance official said. He declined to give further details, but industry sources said the businesses, which rented their space from the hotel, had purchased contents coverage from Sun Alliance.

While $1 million in liability coverage would be woefully inadequate to cover liability claims against the Dupont Plaza, plaintiffs' attorneys said last week they intend to name as many as 100 defendants in liability lawsuits, searching for a deep pocket to cover liability claims. The laws of Puerto Rico recognize joint and several liability.

Risk management experts also point out that the hotel's owners could lose their property to cover claims if their insurance proves insufficient.

Plaintiffs' attorneys last week were estimating the ultimate liability payments stemming from the fire at $300 million to $400 million, if enough insurance and assets are available from defendants.

Uncharacteristically for a week after a major disaster, everyone in the industry was still trying to find out if there was any excess insurance for the hotel and who had written it. Interviews by *Business Insurance* reporters with more than 50 people in the retail and reinsurance brokerage businesses

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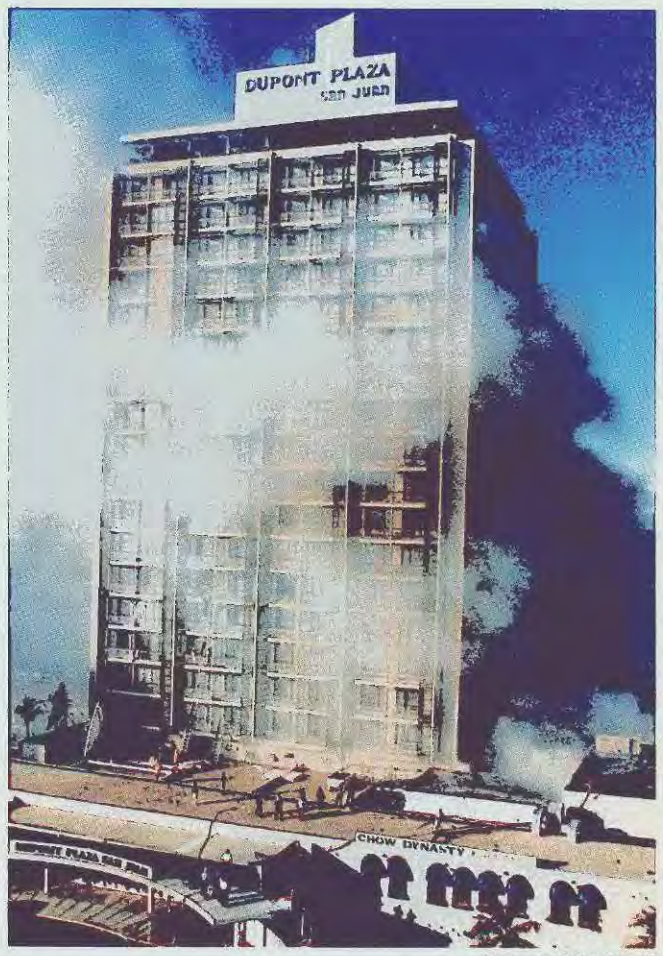


Photo: AP/Wide World

The Dec. 31 fire at the Dupont Plaza hotel in San Juan killed 96 people and injured as many as 125 others.

Congress attacks risk, benefit issues

By JERRY GEISEL

WASHINGTON—The 100th Congress is only 1 week old, but legislators already are preparing to tackle a variety of issues affecting risk and employee benefits managers.

Within hours of the opening of the new session last week, Sen. Howard M. Metzenbaum, D-Ohio, introduced legislation to repeal the McCarran-Ferguson Act, the 1945 law that leaves primary regulation of the insurance industry with the states and gives insurers certain protections from federal antitrust law.

"The McCarran-Ferguson Act has long outlived whatever legitimate purpose it served. It is time to repeal it," said Sen. Metzenbaum.

At the same time, other members of Congress are preparing legislation that would:

- Require property/casualty insurers to disclose more financial information to state and federal officials.
- Restore the authority of the Federal Trade Commission to investigate the insurance industry.
- Establish a uniform federal product liability reform law to replace varying state statutes.

While legislative observers say it is too soon to predict the outcome of these efforts, they say debate on property/casualty issues will be intense and persist throughout the two-year session.

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Beneficial unit's battles with reinsurers intensify

By DOUGLAS McLEOD

PEAPACK, N.J.—American Centennial Insurance Co. is battling with a growing number of its reinsurers over business produced by two of its former managing general agents.

Since late last year, about 15 of ACIC's reinsurers have disclaimed liability for and demanded arbitration on business produced for ACIC by The Underwriters Inc. of Parsippany, N.J., a former MGA.

Together, the reinsurers may account for more than $40 million in reinsurance recoverable by ACIC, a Beneficial Corp. unit, court papers say.

In addition, Bermuda-based Walton Insurance Ltd.—a captive owned by Phillips Petroleum Co. that no longer is writing commercial reinsurance business—has demanded arbitration on its participation in treaties reinsuring business produced by another former ACIC managing general agent, Dar Allen Reinsurance Agency Inc. of Freeport, Ill.

Walton last month sued ACIC and Mead Reinsurance Corp.—another captive reinsurer that retroceded Dar Allen-produced business to Walton—to block the two companies from drawing down on letters of credit and custodial funds maintained by Walton.

ACIC and Mead Re later agreed not to draw down on the letters of credit, though they will continue to draw on reinsurance premium funds held in the custodial accounts, sources say.

Papers filed with the Walton suit allege that ACIC and Mead Re engaged in fraud and misrepresentation in their handling of the reinsurance programs managed by Dar Allen.

The papers also charge that ACIC and Mead Re are insolvent, and that their insolvency would deny Walton recovery if the letters of credit and custodial funds were drawn down.

The charge against ACIC is based in part on the assumption that an estimated $110 million in disputed reinsurance ceded to currently solvent reinsurers—including Walton—will ultimately prove uncollectable.

Neither ACIC or Mead Re has been declared insolvent by state regulators, and ACIC and Mead Re both denied the insolvency charges in subsequent court filings.

At the same time ACIC is battling with its reinsurers, a group of ceding company clients—Employers Insurance of Wausau and several related entities—is suing ACIC and demanding arbitration on treaty and facultative reinsurance ceded to ACIC.

The Wausau insurers charge in court papers that

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update

ABA group backs tort reform

Continued from previous page
decide at their midyear meeting in New Orleans next month whether to adopt the 14-member commission's proposals and recommend that state legislatures enact them.

Specifically, the commission recommends restricting joint and several liability by holding defendants "whose responsibility is substantially disproportionate to liability for the entire loss suffered by the plaintiff. . .liable for only their equitable share of the plaintiff's non-economic loss, while remaining liable for the plaintiff's full economic loss." The commission does not recommend capping awards for pain and suffering, but instead encourages courts to set aside excessive or inadequate awards.

The commission proposes courts award punitive damages only when plaintiffs can prove defendants intentionally—rather than because of ordinary negligence—disregarded their rights and safety.

The commission also recommends that contingent fees be based on the net amount recovered after litigation disbursements, rather than on the gross amount of a judgment or settlement.

Lloyd's increases capacity 20%

LONDON—Lloyd's of London is increasing its 1987 underwriting capacity by nearly 20% this year to 10.2 billion pounds ($15 billion) from 8.5 billion pounds ($12.5 billion) in 1986.

The increase reflects the introduction of 2,800 new members and the decision by some 8,700 existing members to increase their underwriting commitments, according to a statement from Lloyd's.

Two syndicates join NYIE

NEW YORK—The New York Insurance Exchange is entering the new year with two new syndicates.

Spear, Leeds & Kellogg Re Corp., which started operating Jan. 1 with $10 million in capital from Spear, Leeds & Kellogg, a privately held New York stock brokerage firm, will focus on treaty reinsurance of excess and surplus lines risks, but also will reinsure standard lines, said Roy G. Nelson Jr., president of Johnson & Higgins Willis Faber (USA) Inc., which manages the syndicate.

The new syndicate is expected to write gross premiums of about $15 million this year, according to Mr. Nelson.

Another syndicate, Vik Re Syndicate Inc., has been formed from the shell of the former Chubb Syndicate Inc. Vik Re is capitalized with a little more than $3 million and will write property and casualty treaty and facultative reinsurance as well as direct insurance business, said Joseph K. Strehle, president of Azimuth Underwriting Managers Inc., Vik Re's manager and 20% owner.

The syndicate will have a maximum capacity per risk of $250,000 for all types of business, Mr. Strehle said.

Vik Re is 80% owned by American Professionals Insurance Co. of Indianapolis, Ind., a former Baldwin-United Corp. unit now owned by Alexander M. and Gustav M. Vik.

GAF joins asbestos facility

SAN FRANCISCO—Having just settled asbestos coverage disputes with several of its liability insurers, GAF Corp. is now joining the Asbestos Claims Facility.

The settlements were announced last Wednesday, the same day the former asbestos maker applied for and was granted admission to the Wellington facility, a mechanism for asbestos makers and insurers to jointly defend asbestos claims.

GAF reached the settlements with Insurance Co. of North America, a unit of CIGNA Corp.; Aetna Life & Casualty Co.; First State Insurance Co., a Hartford Insurance Group unit; North River Insurance Co., a Crum & Forster unit; and certain Lloyd's of London underwriters, says GAF attorney David Steuber with Paul, Hastings, Janofsky & Walker in Los Angeles.

Employers Insurance of Wausau also reached an agreement with GAF, which sets forth procedures to be followed should claims ever be filed against a GAF unit that Wausau once insured. The insurer is not contributing funds now.

The settlement amounts, which were not disclosed, differed in each case, Mr. Steuber explained.

GAF also modified two previous insurance settlements, with Fireman's Fund Insurance Cos. and Transamerica Insurance Co., to conform to joining Wellington.

GAF still has asbestos coverage disputes pending in San Francisco with about 10 insurers.

Briefly noted

Shareholders of Lloyd's of London broker Hogg Robinson Group P.L.C. have agreed to plans to sell off **Janson, Green Ltd.** for more than 14 million pounds ($20.6 million) over a six-year period. . . .The long-awaited **Neill report** on investor protection at Lloyd's of London is expected to be published and available to the public Jan. 22. . . .U.S. Secretary of State George Shultz pledged the administration's support for a stalled **tax treaty with Bermuda** while on the island for diplomatic talks with British officials. The treaty would exempt Bermuda from federal excise taxes.

errors & omissions

- Employers Reinsurance Corp. reports that it does not know why it is named in a suit brought by the California Insurance Department against reinsurers for payment of claims to Mission Insurance Co. (*BI*, Dec. 29, 1986). A Nov. 11 letter from the department confirms that Employers Re's account is in good standing, the reinsurer reports. Employers Re has not been served with the suit.
- The New York office of Lodderhose Inc. is located at 116 John St., Suite 610, New York, N.Y. 10038 (*BI*, Jan. 5).

Health plans sue to retrieve premiums not paid to Ideal

By JUDY GREENWALD

CLEVELAND—Two health care plans once insured by now-insolvent Ideal Mutual Insurance Co. are suing McDonough Caperton Shepherd Group and two subsidiaries over their handling of $1.7 million in group health insurance premiums.

The health care plans contend they are entitled to the premiums that McDonough Caperton, acting as a general agent, had not remitted to the insurer before it was ordered liquidated in February 1985.

However, McDonough Caperton is asking a federal court in Ohio to rule on who should receive the premiums, which Ideal Mutual's liquidator also is demanding.

The group health plans, which are seeking the return of $1.7 million in unremitted group health premiums, MGA commissions and interest in addition to millions more for unpaid claims and compensatory and punitive damages, also charge that McDonough Caperton was lax in allegedly not informing them Ideal was in financial trouble until after the insurer was placed in liquidation. The plans also note that top officers of the MGA and Ideal are related.

Meanwhile, McDonough Caperton Shepherd Group is suing its errors and omissions insurer, Chicago-based International Surplus Lines Insurance Co., for indemnification and defense costs arising from litigation stemming from the broker's MGA relationship with Ideal Mutual.

McDonough Caperton Shepherd Group is the holding company of McDonough Caperton Insurance Group, based in Charleston, W.Va., which ranked No. 18 in the *Business Insurance* annual survey of brokerage firms (*BI*, June 23, 1986).

McDonough Caperton, acting as a general agent, issued group health insurance contracts for Ideal Mutual. The insurer, which was ordered liquidated by the New York State Supreme Court in February 1985, primarily was a property/casualty insurer.

The litigation stemming from that group health business includes:

- A suit filed against McDonough Caperton last month by Ohio Health Choice Plan. The Cleveland-based preferred provider organization, which is a subsidiary of St. Vincent Charity Hospital & Health Center, is seeking the return of $250,000 in premiums McDonough Caperton never remitted to Ideal and $500,000 spent on replacement coverage.
- A joint suit against McDonough Caperton filed by the Academy of Medicine of Cleveland, a professional association that offered a health insurance plan to its members with Ideal as the insurer, and one of the Academy's policyholders, Dr. Timothy M. Tuthill. This suit demands that McDonough Caperton return $1.1 million of unremitted premiums, plus pay $1.4 million for claims unpaid by Ideal Mutual.

The OHCP and the Academy suits were filed in the Court of Common Pleas, Cuyahoga County, Ohio.

- An interpleader suit filed by McDonough Caperton in a federal court seeking a judgment on who should receive the $1.7 million in unremitted premiums.
- Claims filed in federal court by the New York Insurance Department, Ideal's liquidator. The liquidator seeks the unremitted premiums and compensatory and punitive damages against McDonough Caperton.
- A suit McDonough Caperton has filed against its errors and omissions insurer. It seeks defense costs and indemnification arising from the Academy suit and its own interpleader action.

The Ohio Health Choice Plan is suing the McDonough Caperton Shepherd Group as well as subsidiaries

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Reagan budget would increase benefit costs

By JERRY GEISEL

WASHINGTON—Employers' benefit costs—especially for post-retirement health care—would rise if Congress approves the Reagan administration's new budget.

In its proposed budget for fiscal 1988 submitted to Congress last week, the administration recommends changes to the Medicare program that would increase the cost of providing post retirement health care benefits.

In addition, the administration proposes placing new Social Security taxes on group term life insurance premiums paid by employers and raising pension contributions by the nation's railroads.

And, as reported exclusively in *Business Insurance* last month, the budget states that the administration is drafting legislation which would require that termination insurance premiums employers pay the Pension Benefit Guaranty Corp. be based on the financial condition of their pension plans (*BI*, Dec. 29, 1986).

"The proposed legislation would permit the (PBGC) to charge higher

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Railroad retentions big for train wreck

By MEG FLETCHER and CAROLYN ALDRED

CHASE, Md.—Conrail has the only commercial insurance coverage available to pay claims stemming from this month's collision of an Amtrak passenger train with three Conrail freight locomotives.

Amtrak dropped its commercial insurance coverage in October, according to London sources.

It's not clear who will pay claims stemming from the incident, which killed 15 people and injured about 175 others.

Both railroads, however, are members of the 8½-month-old captive insurer that writes excess liability insurance for 15 railroads. Bermuda-based Railroad Assn. Insurance Ltd., which was formed last year, provides $50 million excess of $50 million of liability coverage, primarily for third-party liability, evacuation, sudden and accidental pollution and liability under the Federal Employers' Liability Act (*BI*, Aug. 4, 1986; Oct. 7, 1985).

Millions of dollars in liability claims are expected to be filed in the wake of the accident, but it is too early to determine whether awards and settlements will pierce RAIL's coverage.

The Jan. 4 collision occurred when a 12-car Amtrak train traveling at about 100 mph on a Washington-to-Boston run rammed the three Conrail locomotives from behind.

Conrail, a freight railroad that operates without federal subsidies although the government owns 85% of it, has $190 million in liability coverage excess of a $10 million self-insured retention.

Conrail has $40 million in coverage written by commercial insurers. This coverage is led in London by Lloyd's of London syndicates managed by Merrett Underwriting Management Agency Ltd. and is led in the United States by California Union Insurance Co. of Los Angles, according to London sources.

California Union officials could not be reached to comment.

RAIL writes $50 million in liability coverage excess of $50 mil-

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inside

✔ The Reagan administration's proposal to charge employers a variable pension termination insurance premium based on the financial health of their plans is enthusiastically recommended in this week's editorial. Such a formula is fairer to well-funded plans, while it encourages underfunded plans to increase plan assets. **PAGE 8**

✔ In Speaking Out, Thomas C. Radziewicz, vp of John Liner Insurance and Risk Management Advisers Inc. and president of the Society of Risk Management Consultants, says risk managers should make sure that alternative risk financing strategies are based on sound risk management principles. **PAGE 41**

✔ The U.S. Property/casualty industry posted a $4.5 million operating profit last year, compared with a $5.4 billion loss in 1985, A.M. Best Co. estimates. **PAGE 72**

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Consultants' bonanza

More risk managers seeking expert advice

By MEG FLETCHER

Risk managers are tapping independent risk management consultants for advice more than ever.

Businesses, professionals and municipalities are tapping independent consultants for a variety of services, from helping to prepare insurance renewals to establishing risk financing alternatives, like self-insurance programs and captive insurers.

"We are still at the peak," said Robert Sturgis, vp of the Atlanta-based Tillinghast Division of Towers, Perrin, Forster & Crosby, the nation's largest independent risk management consultant.

"It's gotten to the point where we have phones in the cars and clients also call us at home," said Bruce S. McCallum, executive vp of Corporate Policyholders Counsel Inc. in Park Ridge, Ill., the 10th-largest independent consultant.

Risk managers are turning to consultants because they are "appalled" at the cost and the lack of available third-party liability insurance, especially umbrella coverage," said Joseph H. Albert, president of seventh-ranked J.H. Albert International Insurance Advisors Inc. in Needham Heights, Mass.

"The market has pretty nearly become a circus," said Bruce H. Suter, vp of ninth-ranked Stone & Webster Management Consultants Inc.'s risk management division in New York, a Top 10 newcomer.

In fact, all of the 10 largest independent risk management consultants ranked by *Business Insurance* posted at least an 8% increase in pure risk management consulting revenues during 1986. And Stone & Webster reported that its pure risk management consulting revenues leaped by 75%.

BI's ranking of independent risk management consultants is based on reported estimated revenues generated in 1986 from pure risk management consulting.

BI defines pure risk management consulting as providing advice and counsel on risk management issues on a fee-for-service basis, excluding revenues from activities like conferences, publications, third-party administration, computer time-sharing fees, consulting for commercial insurers, captive management fees and benefits consulting.

Consultants affiliated with companies that sell or broker insurance are not ranked, but their activities are reported in the directory of risk management consultants beginning on page 24 and in a separate story (see story, page 20).

According to the *BI* survey, consultants generated a greater percentage of revenues from special projects in 1986, such as helping clients develop alternatives to commercial insurance.

Requests for continuous consulting—advising clients on risk management issues throughout the year—also are up, but not as much as for special projects. However, requests for risk management audits—one-time reviews of risk management programs—were static at many of the consultants.

Among those benefiting from the demand for risk management consulting revenues are the two newcomers to the Top 10 list:

- Public accounting giant Touche Ross & Co., whose risk management group is based in Dallas. Touche Ross reported $3.5 million in pure risk management consulting revenues, placing it in fifth place. Touche Ross participated in the *BI* survey for the first time this year.
- Stone & Webster, whose $2.1 million in pure risk management consulting revenues earned it the No. 9 spot.

Two firms that made the Top 10 last year are missing from this year's listing:

- St. Louis-based Risk Analysis & Management Corp., which ranked fifth last year, declined to return a questionnaire this year (see story, page 19).

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10 largest risk management consultants
(Ranked by risk management consulting revenues: 1986 estimates)

Consultant (Parent)	1986 pure risk management consulting revenues (in millions of dollars)	1985 pure risk management consulting revenues (in millions of dollars)	Percent change in risk management consulting services	Number of risk management clients	Total professional risk management staff (full-time equivalent)	Number of risk management offices
Tillinghast Division of Towers, Perrin, Forster & Crosby	$14	$10.6[1]	32%	1,000	124	17
The Wyatt Co.	6.9[2]	5.15[2]	34%	800	46	9
Huggins Financial Services Inc. (Hay Associates/Saatchi & Saatchi)	3.96	3.6	10%	375	36	4+
S.B. Ackerman Associates	3.85[3]	3.5[3]	10%	100+	31	1
Touche Ross & Co.- Risk Management Division	3.5	3	17%	50+	26	10
Stogniew & Associates	2.48	1.97	26%	400	15	5
J.H. Albert International Insurance Advisors Inc.	2.2	1.85	19%	350	17	1
Coopers & Lybrand- Risk Management Division	2.12[4]	1.95[4]	8%	300	42	9
Stone & Webster Management Consultants Inc.- Risk Management Division	2.1	1.2[5]	75%	115	16	1
Corporate Policyholders Counsel Inc.	1.87[3]	1.7[3]	10%	275	11	1

[1] Pre-merger; Tillinghast, Nelson & Warren and TPF&C combined.
[2] Fiscal year ends June 30.
[3] *BI* estimate.
[4] Fiscal year ends Sept. 30.
[5] Restated 1985 figure.

Source: *BI* survey
Chart: Amy Palmer

Consultants judge brokers' performance

By ROBERT A. FINLAYSON

Some risk managers, frustrated by rising insurance costs and shrinking coverage limits, are pointing an accusing finger at their brokers and calling in independent consultants to scrutinize the brokers' performance, consultants say.

"People do tend to blame their broker when prices go up," noted Ronald T. Kuehn, a senior vp with Huggins Financial Service Inc. in Philadelphia.

"Generally, when risk managers are unhappy with their renewals—not only the pricing but what seems to be available on the market—they tend to like to do a broker review," Mr. Kuehn added.

Consultants report that some risk managers want an independent evaluation of their brokers to verify that everything possible has been done to place their insurance coverage—particularly in situations when little or no coverage is available for a particular risk.

Other risk managers need an independent opinion of the broker's performance to satisfy concerned boards of directors, consultants say.

"The frustration felt by many corporations in the cost or non-availability of insurance causes them to look for some explanation other than just the very broad generality that it's a hard insurance market," explained George M. Betterley, a principal with the Tillinghast Division of Towers, Perrin, Forster & Crosby in Newton, Mass.

> 'People do tend to blame their broker when prices go up,' says Huggins' Ronald T. Kuehn

Mr. Betterley observed that companies and organizations that have had problems securing insurance at acceptable prices usually want an independent evaluation of their broker, while "those that haven't had problems don't have the same sense of frustration."

Sometimes, the risk manager's boss asks a consultant to review an insurance broker's performance, consultants say.

Such a request typically includes a review of the company's own risk management department as well.

"It may be someone higher up in the organization wanting a second opinion" about the broker's performance, Mr. Kuehn said. "And they might even be checking on their own risk management department to see if they're doing a good job," he added.

Consultants say they sometimes are called in to conduct a broker review when there is disagreement within a corporation about the broker's performance.

"You may have the financial guy saying he wants to change brokers and the CEO saying he wants a second opinion," Mr. Betterley noted.

Despite these requests for broker reviews, consultants report that most insurance brokers are doing a fairly good job for their clients.

Consultants say they rarely suggest to their clients that they change brokers. Instead, they develop recommendations to improve the broker's performance and strengthen the broker-client relationship.

"Fundamentally we like to see clients maintain relationships with people who know their business," Mr. Betterley said. "But, if the relationship is irretrievable and solutions aren't apparent, we have to fulfill our responsibility as objective consultants and advise the client to find another broker."

Mr. Betterley also says that his firm occasionally finds no specific error or omission on the part of the broker, but rather a failure of the risk manager to give the broker sufficient time to market the account.

"We may conclude that the risk manager didn't give the broker the necessary information soon enough," he said.

In other cases, consultants find that

Continued on next page

Judging brokers

Continued from previous page
while the account team handling the client's insurance program did a poor job, the brokerage house still is best positioned to serve the client. For example, the broker may have exclusive connections with markets the risk manager needs, said Robert M. Bieber, president of New York-based Ebasco Risk Management Consultants Inc.

In such situations, the risk manager may lose an important market if he or she chooses to change brokers, he said. "And a lot of the smaller companies are fearful of losing their markets. So it's a two-edged sword," Mr. Bieber added.

"Part of the solution may be to recommend that the account team be changed, but that the broker not be changed," Mr. Betterley noted.

However, usually when a broker is doing a poor job, the risk manager knows it and is using the review only to verify that judgment, said Warren G. Brockmeier, a vp with The Wyatt Co. in Chicago.

While every consulting firm has its own methods for reviewing a broker, reviews typically include:

- A series of interviews with the broker to determine competency, experience and sensitivity to the risk manager's needs.
- Interviews with risk management personnel to determine feelings about the broker, services provided and the level of communication between broker and risk management department.
- A review of the method the broker used to package the risk for presentation to insurers.
- An examination of the existing insurance program to determine whether there are any gaps or overlaps in coverage, if the retention and limits are correct and if the premium is reasonable relative to current market conditions.
- An examination of broker compensation.

The broker almost always is the primary source of information, because the broker usually has all loss information and knows all the insurers to which the account was marketed, consultants note.

However, in rare instances, the risk manager may not want the broker to know of the review and "may just give the consultant certain pieces of information and ask him to comment on that," Mr. Kuehn noted.

Consultants say it is important to look beyond the broker's reputation and focus on the skills and experience of the personnel actually handling the account.

Using a major broker with national recognition does not always guarantee that the most qualified people will be handling a particular account, consultants say.

Mr. Kuehn pointed out that a small regional or local broker may put its best people on an account that would be handled by less experienced personnel at a large broker because the account is small compared with the large broker's average client size.

Mr. Bieber noted that it is important to look at the amount of premium a broker handles in the client's class of business. "Say, for example, you're a hospital, and the broker only has a small premium volume in hospitals. They obviously don't have the capability to provide services for hospitals, because they haven't done much with hospitals."

It also is important "that the person or persons involved have a good working knowledge of that particular client—and not just in insurance terms, but the financial position of the client, what that client does, their market share, how many employees they have and where they're located," said Lawton Swan III, president of Interisk Corp. in St. Petersburg, Fla.

Interviews with the risk management department also are a key element of the review. Mr. Betterley explained that those interviews often reveal the risk manager's opinions of the broker and the broker's services.

Those interviews also help the consultant assess the level of broker-risk manager communication.

"A large part of (brokering) is in the communications field—how well they communicate with the client and with the market," Mr. Brockmeier observed. "That's what brokering is all about, really."

Consultants say they also examine how the broker marketed the account to insurers.

"We look for the obvious flaw or a less than full conscientious effort," Mr. Betterley said.

Generally, consultants explain, a study of the broker's methodology is an attempt to determine how much time the broker spent preparing for the account renewal and how far in advance preparations were made; whether the risk was presented to the appropriate markets and in a way that made it easy for underwriters to evaluate; whether the risk manager was involved in the renewal process; and whether meaningful loss exhibits and forecasts were prepared.

One problem consultants say is frequently unearthed in broker reviews is the failure of the brokers to properly market their clients' risks to insurers.

Mr. Kuehn said it is important that the broker package the risk so the insurer can quickly evaluate the account and set a premium.

Several consultants say that during the review process, they contact insurers that have turned down a particular risk to find out why and to determine whether the broker could have done anything differently to make the risk more acceptable.

Perhaps the most important element of the broker review is evaluating the coverage program set up by the broker, consultants say.

"Looking at the results is probably the best effort you can do in analyzing the process," Mr. Betterley concluded.

It is important when reviewing the insurance program to discern which elements can be credited to the broker and which should be credited to the risk manager, Mr. Betterley noted.

Mr. Kuehn said that when reviewing an insurance program, he attempts to determine whether the program is set up efficiently with the appropriate coverages and limits and whether the premium is realistic in relation to the risk.

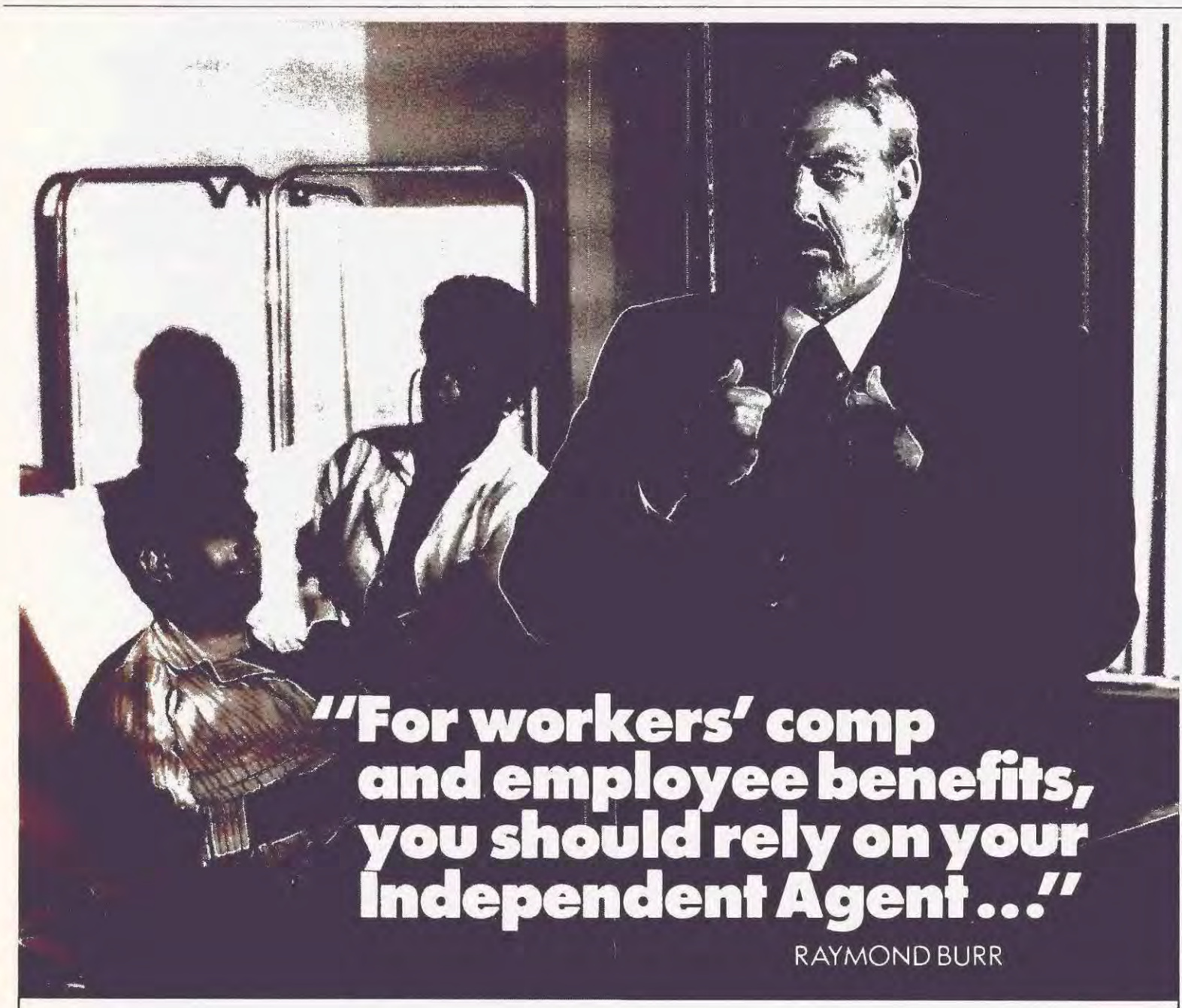
In examining the method of compensating the broker, consultants say they attempt to determine whether the method is appropriate for the type of organization and insurance program under review.

"It might make sense to go from just commission to having the broker quote net of commission, and then just pay the broker a preagreed fee for their work," Mr. Kuehn said. "This is especially true in the tightening market, where in some cases a client's umbrella coverage may have gone up by a factor of 10, and that means the broker's commission goes up by a factor of 10 also."

When reviewing a broker, consultants say they must be careful not to fault the broker for actions that seemed reasonable at the time, but, through the benefit of hindsight, now appear inappropriate.

"It's like Monday-morning quarterbacking," Mr. Betterley noted.

The cost of a broker review varies widely, depending on the size and complexity of the insurance program, consultants say. While consultants generally charge an hourly fee for the work, they often will agree in advance to a cap or maximum fee if the scope of the review is well defined. ■



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Top consultants

Continued from page 3

● Atlanta-based Risk Sciences Group Inc. has increased its orientation toward risk management information systems and re-evaluated its involvement with risk management consulting, which generated about $900,000 in revenues in 1986. Risk Sciences reported $1.75 million in pure risk management consulting revenues in 1985, but has now restated that figure to $840,000.

In addition to the Top 10, seven other independent consultants reported pure risk management consulting revenues of at least $1.2 million in 1986, compared with only three in 1985.

Among the risk financing alternatives consultants increasingly are exploring include:

● Group captives and other alternative insurance facilities.

The tight property/casualty insurance market is still triggering a high level of buyer interest in the formation of group captives, said Mitchell Cole, vp with Tillinghast.

Coopers & Lybrand expects helping clients establish association captives and policyholder-owned insurers will continue to be an important part of its operations in fiscal 1987, said Douglas H. Hartman, a director of eighth-ranked Coopers & Lybrand-Risk Management Division.

"We may not hit equilibrium in the insurance market until everyone is in an industry-owned mutual," jested Michael M. Kaddatz, a principal consultant with Advanced Risk Management Techniques in Laguna Hills, Calif., a runner-up to the 10 largest independent consultants.

People are "bananas" about forming captives, even before a feasibility study determines that a captive is a client's best alternative, said Corporate Policyholders' Mr. McCallum.

But, participation in group captives and other alternative facilities is not always the best solution for all clients, particularly smaller businesses, some consultants say.

Glen Pehl, president and treasurer of Industrial Insurance Management Corp. in Charlotte, N.C., another Top 10 runner-up, said everyone wants to talk about group captives, but "it is hard to get competitors to get into bed with each other."

In addition, it is difficult to arrange reinsurance support for these captives, he said.

Some consultants also disagree about the impact of the Tax Reform Act of 1986 on captives.

Under the new law, shareholders of many offshore group captives now are liable for current-year taxes on the captives' income from insuring U.S. risks (*BI*, Sept. 15, 1986).

While Tillinghast's Mr. Cole said the new tax law has had no noticeable depressive effect on formation of group captives, Ronald T. Kuehn, senior vp and practice director of third-ranked Huggins Financial Services Inc. in Philadelphia, said the new tax law took away a lot of the advantages of offshore captives.

● Risk Retention Groups.

Several consultants are studying the feasibility of establishing risk retention groups for their clients under the 1986 amendments to the Risk Retention Act.

Under the new law, business and professionals are allowed to band together in a risk retention group to self-fund all of their liability risks except workers compensation. A risk retention group that is chartered in one state is free to operate nationwide without having to obtain licenses in other states or use a fronting insurer.

The Risk Retention Act "will have a significant impact in 1987 and beyond," said William C. Moore Jr., president of McNeary Insurance Consulting Services Inc., a runner-up in Charlotte, N.C.

However, risk retention groups make the most sense for associations whose members' risks are spread across more than one state, and that is not always the case, pointed out Mr. Hartman.

Bernard Salwen, a senior partner with fourth-ranked S.B. Ackerman & Associates, said that the New York-based firm is working on some risk retention group proposals, but have dissuaded other clients from the approach because it did not best meet their needs.

The growth of risk retention groups is likely, but "not a sure thing," said Tillinghast Vp Robert Sturgis. The original 1981 Risk Retention Act, which allowed risk retention groups to provide only product liability and completed operations coverages, became "much ado about nothing" because insurance became inexpensive and trade associations found other ways to fund product liability exposures.

Mr. Sturgis said he does not think such a scenario "will happen again, but who knows?"

"I think the crest of that consulting is done," said William D. O'Connell, partner and national director of business insurance consulting at Touche Ross, referring to risk retention group formation. As commercial insurance market conditions ease, "what is going to be done, has been done," he said.

Many independent consultants say there is little they can do to prepare for inquiries about risk retention groups other than to be familiar with the law.

However, some are educating clients about the nuances of the expanded Risk Retention Act. Tillinghast, for example, has been offering seminars in nearly a dozen cities, and Coopers & Lybrand has designated certain tax and actuarial partners in branch offices to answer consultants' questions about risk retention groups.

● Capital market financing alternatives, like bond issues and certificates of participation, to raise capital for self-insurance reserves.

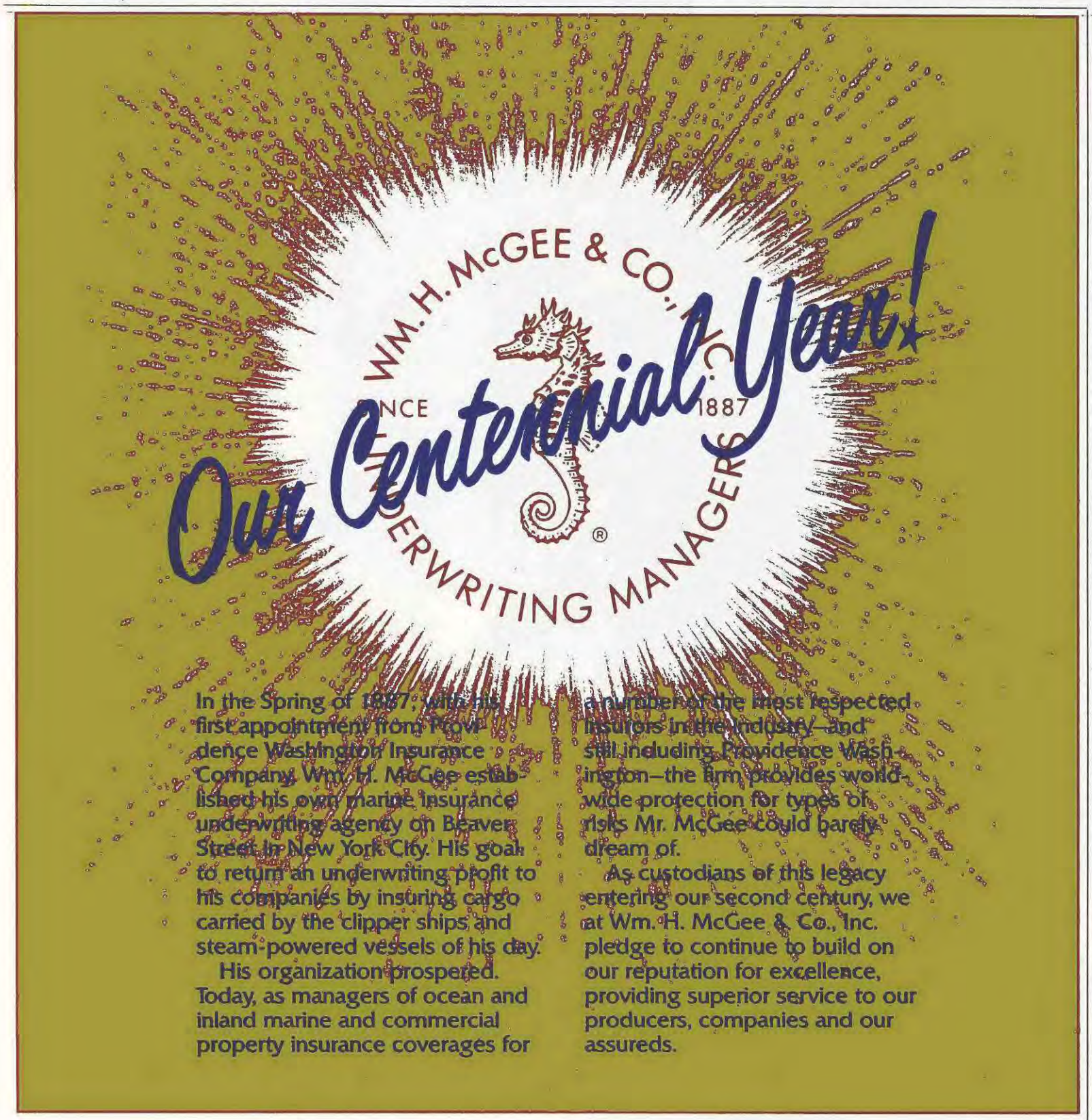
Mr. Cole said a significant development in 1986 was that some clients, especially public entities but private companies as well, explored the feasibility of capital market financing alternatives.

Huggins Financial Services also is serving as a consultant to municipalities hoping to finance loss reserves through bond offerings.

Robert M. Bieber, president of Top 10 runner-up EBASCO Risk Management Consultants Inc. in New York, said he has consulted on several alternative programs including establishing secured lines of credit to back a client's self-insured retention in hopes of convincing insurers to write excess coverage.

In addition to these services,

Continued on page 10



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opinions

A good PBGC proposal

WE HEARTILY ENDORSE the proposal to charge employers variable pension termination insurance premiums based on the financial health of pension plans.

We've been concerned for years about the financial condition of the Pension Benefit Guaranty Corp., the federal agency that guarantees the vested pension benefits of workers. The PBGC annual premium per plan participant is inadequate to cover the mounting liabilities the PBGC has assumed as more and more companies have terminated their underfunded pension plans.

The current PBGC deficit—the difference between benefits it has guaranteed beneficiaries of underfunded, terminated pension plans and its assets—now stands at $2.4 billion, almost double the $1.3 billion deficit of a year ago.

Rather than simply keep hiking the annual per plan participant premium paid by all employers to cover the PBGC's liabilities, as has been done in the past, it's much fairer to adopt a schedule of increasing premiums linked to the potential risk that individual plans will terminate with insufficient assets to pay vested benefits.

The administration commented in its budget proposal submitted to Congress last week that it is considering a variable PBGC premium, confirming what we reported two weeks ago (*BI*, Dec. 29, 1986). Specifically, the administration is considering a range of premiums from about $10 to $100 per participant, based on whether the plan is fully funded or underfunded, *Business Insurance* learned.

The current rate is $8.50 annually per plan participant, but could have to be raised to as much as $20 to $25 if financially troubled LTV Corp. terminates several massively underfunded pension plans and transfers more than $2 billion in liabilities to the PBGC.

We support a variable PBGC premium not only because it is fairer to pension plan sponsors that fully fund their plans, but also because increasing the PBGC premium in tandem with the amount a pension plan is underfunded will encourage higher funding of pension plans.

While supporting a variable PBGC premium, we also continue to urge the administration and Congress to consider amending the Employee Retirement Income Security Act to require a minimum level of funding for vested pension benefits, such as 75%, as we urged last fall (*BI*, Sept. 22, 1986).

letters

Claims-made policy form is not a 'non-issue'

To the editor: You portray the claims-made form as a non-issue, that most insurers are not using the form and that most of the problems with it have been corrected anyway (*BI*, Dec. 29, 1986).

I disagree. The claims-made form is in the marketplace. Even though many companies haven't started using it routinely yet, these companies are planning to use the form as soon as they can get the procedures in place required to deal with the form.

It is true some companies have rejected the new forms, occurrence and claims-made, and other companies have indicated that they intend only to use the new occurrence form. But, as long as the claims-made form is filed for use, it is waiting out there in the market like a time bomb ready to go off as soon as companies feel that they can force it upon the market.

The agent associations are ignoring their membership by giving up the fight regarding these new forms. While I don't pretend to speak for other agencies, I challenge the agent associations to poll their members to see the actual level of opposition to the new forms among their members. I believe that they will see an overwhelming opposition to the new forms. If the level of opposition is as broad based as I suspect, the agent associations should reconsider their positions as agents' representatives.

To those who say that the international market will not permit the rejection of the claims-made forms, I say hogwash. The U.S. market is the largest insurance market in the world. The issue with foreign reinsurers isn't what forms are to be used, but at what price coverage is to be written. Certain types of products, like asbestos and others that cause latent injuries, probably should be insured on a claims-made form. Those exposures could then be written in the surplus lines market instead of by standard insurers.

Thomas E. Nelson
Hallmark Insurance Associates Inc.
Fresno, Calif.

HMO article took naive viewpoint

To the editor: David Evert suggests in his Dec. 22 Perspective article the first step to combat HMOs may be to "self-insure. . . .This allows you to keep cash in-house longer and to keep all of what otherwise would be insurer profits."

How naive do you think your readers are? Insurers have been out of the pure insurance business for decades with the larger-employer risks. Retention accounting has been industry practice since before Mr. Evert was born. Creating cash flow does not cure HMO penetration nor does becoming self-insured. As a matter of fact, with COBRA, the self-insured employers are faced with additional problems, not less.

As a third-party claims payer, Mr. Evert might be expected to write with a bias. As publishers, *Business Insurance* should demand more objectivity.

Peter Strout
Manager of Major Group Sales
CNA Insurance Cos.
Dallas

Multinational pool's clients really not 'lost'

To the editor: I think the headline, "Insurope Grows Despite Loss of Seven Clients" (*BI*, Nov. 24, 1986) is misleading, although I suspect that you gave me some free publicity in that everyone interested in networks will be curious to find out what clients we lost! In fact, as you point out in the third paragraph, the seven companies we "lost" *are still clients* but were simply deleted from our list because they no longer qualified for the particular pooling arrangement they had. One of the things we are trying to do is to be scrupulously honest with our statistics.

You also referenced my comment that Insurope has loaned clients money from pension plans. These arrangements are possible through certain Insurope companies, not the network.

With regard to Multipool, there may have been some misunderstanding in that our minimum requirements for Multipool are still "two countries," but there may be exceptions in which we will, through the underwriting company, take on "one country" with a group contract.

The comment on reinsuring with captives was not stated quite properly in that the multinational pool, and not the premium, is reinsured with the captive.

I should also have pointed out that Insurope's partner in Finland, Pensions Varma, would pool group life insurance through its new company, Nova, effective Jan. 1, given the proper authorization from the Finnish Control Authorities.

I should have made the comment that from the beginning, Insurope has included conventionally insured group pensions from at least six countries in its pools. Such inclusions may produce excess earnings, thus reducing the need to consider other funding vehicles. In countries where managed funds are permitted, Insurope companies do offer extremely competitive products.

Robert M. Pickrell
President
Multinational Benefit Associates
South Norwalk, Conn.

What is the rationale for tort reform?

To the editor: It is interesting to note that Norman Chanzis' criticism of tort reform tactics is one he could easily reserve for himself (*BI*, Dec. 22, 1986).

He implies he is concerned with tactical errors in the support of tort reform, but hinges his argument solely on a quote from Victor Schwartz, ostensibly another advocate of tort reform. I say ostensibly because the only "fact" I can glean from his letter is that both Mr. Chanzis and Mr. Schwartz are fond of hyperbole.

I defy either one to cite one judgment where a large award was given to a defendant solely because Good-N-Plenty candy was found in a soda bottle.

Tort reform is a most serious and complicated issue. There are strong arguments for and against. Perhaps the matter is so complex that our era will not see any satisfactory resolution. Nonetheless, I contend that if the only argument the pro-tort reform contingent can muster rests on the idiocy of non-sequitur for the sake of humor, then the party laughing loudest is the anti-tort reformist.

John A. Churilla
Huntington Station, N.Y.

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Top consultants

Continued from page 6
consultants say their business has been increased by a wave of corporate mergers and acquisitions.

Mr. Hartman noted that companies acquiring other firms need risk management consultants' help in determining their new exposures. In addition, companies that are spun off as a result of leveraged buyouts need help establishing their own risk management departments, Mr. Hartman said.

While all of the Top 10 consultants reported a revenue increase in 1986, some consultants have controlled their growth to ensure that the quality of their work is not reduced.

"We have turned away a number of projects because the potential client had unrealistic time deadlines," said Ackerman's Mr. Salwen.

While consultants predict that the commercial property/casualty market will continue to improve, consultants generally do not expect their business to dwindle.

Risk management consultants' business will continue to grow as buyers are disgusted with commercial insurers' actions during the tight market and are committed to risk financing alternatives, EBASCO's Mr. Bieber said, adding "they want control of their own destiny." If property/casualty insurance rates become very cheap, risk managers may be tempted to return to the commercial market, but the advent of the claims-made policy form may deter their return, he added.

In addition, risk management consultants say that some risk managers, especially those from public entities, find that being forced to go bare or retain high levels of exposure has changed their perspective on buying coverage from commercial insurers.

"You may return (to the market), but not as quickly or as passively," Mr. Kaddatz said.

However, some consultants say their growth will suffer when the market turns.

Demand for consultants' services "will slacken somewhat, but I don't think it will fall off dramatically like in the late '70s," said Mr. Sturgis.

The Top 10 consultants generally predict their pure risk management consulting revenues will increase more than 20% during 1987, though one company, Touche Ross, said revenues would be flat during the coming year.

Following are profiles of the Top 10 risk management consultants and seven runners-up:

Tillinghast Division of Towers, Perrin, Forster & Crosby

The midyear merger of top-ranked Tillinghast, Nelson & Warren Inc. with Towers, Perrin Forster & Crosby caused the independent consulting giant to grow even larger in risk management consulting in 1986.

The Tillinghast Division of TPF&C, which includes its risk management consulting and casualty actuarial practices, generated an estimated $14 million in gross revenues from pure risk management consulting in 1986, a 32% increase from the $10.6 million the two firms generated independently in 1985.

The Tillinghast Division's consulting revenues were about 40% of the total $35 million in revenues generated by the property/casualty division. The remainder was generated by management and actuarial consulting services for commercial property/casualty clients.

In comparison, pre-merger Tillinghast, Nelson & Warren reported $9.8 million in pure risk management consulting revenues in 1985, which included revenues from part of an actuarial division added after a reorganization.

Pre-merger TPF&C generated $750,000 in risk management consulting revenues in 1985.

The merger is "90% behind us," said Robert Sturgis, vp. Still to be resolved are issues relating to employees' benefits and areas of market and practice overlap, he said.

The Tillinghast Division now has 124 full-time professionals, excluding independent contractors, assigned to risk management consulting. The newly merged firms added nearly 50 new employees, who are predominantly actuaries, Mr. Sturgis said. Pre-merger Tillinghast reported 77 professional employees in 1985.

The risk management consultants operate from 17 offices, including the headquarters in Atlanta. New offices were opened in Washington, D.C., and San Francisco, while TPF&C risk management operations were merged into Tillinghast offices in Chicago and Philadelphia. Other locations include Boston; Dallas; Darien and Hartford, Conn.; Los Angeles; New York; St. Louis; Stockholm, Sweden; and Toronto.

The Tillinghast Division provided risk management services to about 1,000 clients in 1986—an increase of 150 from 850 reported in 1985.

Tillinghast generates about 24% of its revenues from special projects, 10% from continuous consulting and 6% from audits.

Its consultants frequently perform a full range of special consulting projects, with emphasis in 1986 on group captives and capital market financing techniques like bonds. Also, it is holding seminars on risk retention groups and is working on at least one risk retention group proposal.

The merger creates a "tremendous" opportunity for the "cross-sale and fertilization" with clients of TPF&C's traditional employee benefits operations, Mr. Sturgis added. Before the merger, TPF&C specialized in consulting primarily on employee benefits and, to a lesser extent, on insurance topics, general management and compensation issues.

Total corporate revenues for TPF&C are estimated at $400 million in 1986, up 51% from $265 million in pre-merger 1985. The revenues include about $41 generated by reinsurance brokering, according to *BI* estimates.

The Tillinghast Division's hourly charges for most principal consultants range from $200 to $250, which is up from $125 to $240 for the pre-merger Tillinghast in 1985; consultant fees are $100-$200, up from $75-125 last year; actuary, $200-$250; analyst, $70-$100, up from $50-$80; and clerical, $40-75, up from $35-50.

The Wyatt Co.

Clients seeking to form captive insurance companies and other pool-like alternatives to scarce commercial insurance protection were an important factor in The Wyatt Co.'s 1986 growth.

Risk management consulting revenues increased 34% to $6.9 million from $5.15 million for the fiscal year ending June 30, 1985.

And, Wyatt expects to grow another 30% in fiscal 1987, according to Vp Warren Brockmeier in the company's Chicago office.

Wyatt consultants have been involved in such projects as offshore insurers Bankers Insurance Co. Ltd. and Corporate Officers & Directors Assurance, as well as captive feasibility studies for the U.S. League of Savings Institutions and the American Bankers Assn.

Wyatt also is involved in forming a risk retention group, planned as

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Top consultants

Continued from page 10
a Tennessee-based mutual captive, for the University Risk Management & Insurance Assn. (*BI*, Dec. 8, 1986).

About 30% of Wyatt's consulting involves health care facilities, 14% associations, 12% financial institutions, 10% industrial clients, 8% public entity clients, and the remainder a mix of other clients.

Wyatt's clients have increased 23.1% to 800 from 650.

Risk management consulting generates only 3.5% of The Wyatt Co.'s gross revenues, which increased 15% to $200 million from $174 million in fiscal 1985.

Most of Wyatt's revenues are generated from other consulting, involving employee benefits, employee benefits communications, pensions, plan administration, compensation and asset management strategies.

Wyatt's risk management consulting operation is almost equally split between continuous consulting, which is up substantially from last year, and a full range of special projects. Wyatt occasionally performs loss prevention audits, provides loss settlement assistance and consults on the design of risk management information systems. Wyatt also performs risk management audits.

Serving clients are 46 full-time, professional risk management consultants, which is 24.3% more than the 37 in 1985.

Wyatt has five offices in the United States, three in Canada and a London office that was opened in 1986. Offices are in: Chicago; Dallas; Detroit; San Francisco; Washington, D.C.; Montreal; Toronto; and Vancouver, British Columbia.

International operations are becoming more important to Wyatt "because the corporate world has become more international," Mr. Brockmeier said. Its international clients are increasingly foreign-based companies with operations in the United States, he added. To meet the demand, Wyatt is considering placing consultants in existing corporate offices in Mexico, Europe and the Far East.

Hourly charges for a consultant are $75-$300, up from $60-$235 in 1985; actuary, $75-$225, a change from $100-$200; analyst, $30-75, up from $30-60; and clerical, $30-$50, a change from $25-$55.

Huggins Financial Services Inc.

A "heavy" increase in consulting for professional associations and municipalities seeking to self-insure helped increase third-ranked Huggins Financial Services Inc.'s revenues from pure risk management consulting 10% to $3.96 million from $3.6 million in 1985, said Ronald T. Kuehn, senior vp and practice director.

Slightly more than half of Philadelphia-based Huggins' work is pure risk management consulting, which is up slightly from 1985, and the remaining 45% consists of consulting for commercial insurers and banks.

Huggins is owned by The Hay Group and both are part of advertising giant Saatchi & Saatchi Co. P.L.C. in the United Kingdom.

About 25% of Huggins' gross revenues is made up of continuous risk management consulting and 20% special projects, including captive feasibility studies that were especially popular in 1986, Mr. Kuehn said.

Huggins also generates about 10% of its gross revenues from risk management audits.

Although Huggins only occasionally audited claims in 1986, Mr. Kuehn expects to do more in the future. "The question keeps coming up a lot. People want to control loss costs and want to know if claims are being handled appropriately," he said. However, the auditing would not include claims administration, he said.

Huggins' client base increased 7.1% to 375 from 350 in 1985.

Servicing clients were 36 full-time equivalent risk management consultants, which is up 12.5% from the 32 reported in 1985.

Huggins' risk management consulting staff works primarily from from the company's Philadelphia headquarters and offices in New York and Chicago. A Stamford, Conn., office was moved to Greenwich, Conn., in 1986.

Hourly fees for most principal consultants are $120-$150, up from $110-$135 in 1985; consultant, $100-$120, up from $80-$110; actuary, $125-$200; analyst, $75-$100; and clerical, $50-$55, up from $20-$40.

S.B. Ackerman Associates

Giving advice to hospitals and other medically related risks continues to be the backbone of fourth-ranked S.B. Ackerman Associates' risk management consulting operation.

However, the New York-based firm also advises a broad mix of clients including associations, builders, manufacturers and governmental entities, according to Senior Vp Bernard Salwen.

Risk management clients generated 65% of Ackerman's gross revenues in 1986, which *BI* estimates at $3.85 million, up 10% from an estimated $3.5 million in 1985. Another 30% of its gross revenues were produced by claims administration and 5% from employee benefits consulting.

The risk and insurance budgets of the more than 100 clients using Ackerman's services range from less than $1 million to more than $25 million. Clients are located in the United States and Canada.

A professional risk management staff of 31 serves clients from Ackerman's New York headquarters, up about 11% from 28 in 1985.

Those professionals provide primarily continuous consulting services to clients, but they also do some risk management audits and special projects.

Hourly fees for a principal consultant are generally $200; actuary, $200; consultant, $90; analyst, $70; and clerical, $35.

Touche Ross & Co.-Risk Management Division

Pure risk management consulting generated $3.5 million in gross revenues for fifth-ranked Touche Ross & Co.'s Risk Management Division in 1986, which is up about 17% from $3 million the previous year.

However, risk management consulting is less than 1% of the Big Eight accounting firm's operation.

More than two-thirds of the company's risk management revenues are generated by special projects, especially loss settlement assistance, claims preparation, analysis of necessary insurance limits and insurance contracts, and disaster recovery planning.

In addition, Touche Ross frequently performs quantitative analysis and statistical forecasting, provides expert testimony in insurance litigation and helps prepare claims relating to losses including business interruption, physical damage and fidelity risks.

"The majority of our work is in claims," averaging between $1 million and $5 million, said William D. O'Connell, partner and national director of business insurance consulting. The risk management unit also generates some of its work from audits and continuous consulting.

The claims-related consulting business of the Dallas-based risk management operation declined in 1986 because fewer clients' claims

Continued on page 14

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Top consultants

Continued from page 12

were covered by insurance as a result of the tight insurance market, which made clients operate with less coverage or higher deductibles, he said.

However, other aspects of its risk management practice have increased, including audits for merging companies and giving expert testimony about disputed claims during court hearings.

Touche Ross has 26 risk management professionals who service clients from eight U.S. offices and two Canadian offices: Newark, N.J.; Chicago; Los Angeles; Houston; Minneapolis/St. Paul; Seattle; Stamford, Conn.; Calgary, Alberta; and Toronto. No new personnel or offices were added in 1986.

Touche Ross had more than 50 risk management clients in 1986, which is about the same number as in 1985. About half of the risk management division's clients had a previous relationship with other Touche Ross operations, Mr. O'Connell said.

While the consulting operation will provide advice about any claim for a client of other Touche Ross services, the minimum size claim from a new risk management client is generally between $250,000 and $500,000, he said.

Touche Ross' clients have risk and insurance budgets ranging from less than $1 million to more than $25 million, but 60% of them have budgets between $1 million and $10 million.

Professionals are compensated 90% of the time through hourly charges and 10% by the project. Hourly fees for a principal consultant are $195-$225; consultant, $50-$125; engineer, $100-$150; actuary, $60-$125; and clerical, $30.

Stogniew & Associates

Sixth-ranked Stogniew & Associates reports its pure risk management consulting revenues have increased 26% in 1986 to $2.48 million from $1.97 million in 1985.

Stogniew specializes in consulting for financial institutions that hire consultants primarily to conduct risk audits required by insurers. Clients pay for the insurer-required analyses, said Gerald F. Stogniew, president.

About 400 institutions were served in 1986, an increase of 33.3% from 300 in 1985, yet the number of consultants remained at 15, he added.

Risk audits generated 54% of Stogniew's total gross revenues of $2.75 million, down about 26 percentage points from last year, while continuous consulting jumped to 18% of total revenues in 1986 from zero in 1985. Insurers require more reports on an annual basis rather than every three years, as had been required in the past, Mr. Stogniew explained.

Special projects generated 18% of its revenues in 1986, especially consulting on the design of risk management information systems, quantitative analysis and statistical forecasting and surveying to determine directors' risk.

The remaining 10% of its gross revenues were generated by other services, including data processing feasibility studies and reviews of internal controls on financial transactions.

Stogniew has created performance ratio norms for financial institutions using data from 700 financial institutions for which it has done work.

Stogniew also continues to perform many loss prevention audits and accounting system analyses. However, it refers clients seeking an analysis of necessary insurance limits to consultants with more expertise, he said.

Mr. Stogniew anticipates that some new business in 1987 will result from regulators' increased scrutiny of securities firms and directors' concern about their potential liability at a time when directors and officers insurance coverage is tight.

About 70% of Stogniew's clients have risk and insurance budgets of less than $1 million.

Consultants operate from Stogniew's headquarters in St. Petersburg, Fla.; Miami; Atlanta; Charlotte, N.C.; and Los Angeles. A Houston office closed, while a Chicago office is planned in 1987.

J.H. Albert International Insurance Advisors Inc.

Pure risk management consulting garnered seventh-ranked J.H. Albert International Insurance Advisors Inc. an estimated $2.2 million in gross revenues in 1986, about 19% more than $1.85 million in 1985.

Albert International's client base grew 16.7% in 1986 to 350 from 300. While the company handles clients with risk and insurance budgets ranging from less than $1 million to more than $25 million, 90% of its clients have budgets of $5 million or less.

Seventeen professional employees at the firm's Needham, Mass., headquarters service both U.S.- and Canadian-based clients with international and domestic operations, said Joseph H. Albert, president.

Continuous consulting is the backbone of services offered by Albert International, generating 85% of total revenues in each of the past two years. However, 8% of its business is from risk management audits, down five percentage points from last year, and 7% is from special projects, up five percentage points from 1985.

Albert International's hourly compensation for principal consultants remains the same at $110-$150; consultant, $100-$120, which is up from $90 in 1985; analyst, $80. Clerical charges are included in those fees.

Coopers & Lybrand Risk Management Division

Continued demand for actuarial services helped increase eighth-ranked Coopers & Lybrand's risk management consulting revenues more than 8% to $2.12 million from $1.95 for the fiscal year ending Sept. 30.

However, risk management consulting generated only 0.2% of the total gross revenues for the New York-based public accountant.

The needs of governmental units that want to pool risks and association captives have led to "a very surprising increase in services directly for risk managers," said Douglas H. Hartman, a Coopers & Lybrand director. The company has been involved in establishing policyholder-owned insurers, including Corporate America's Risk Exchange, an excess liability insurance facility.

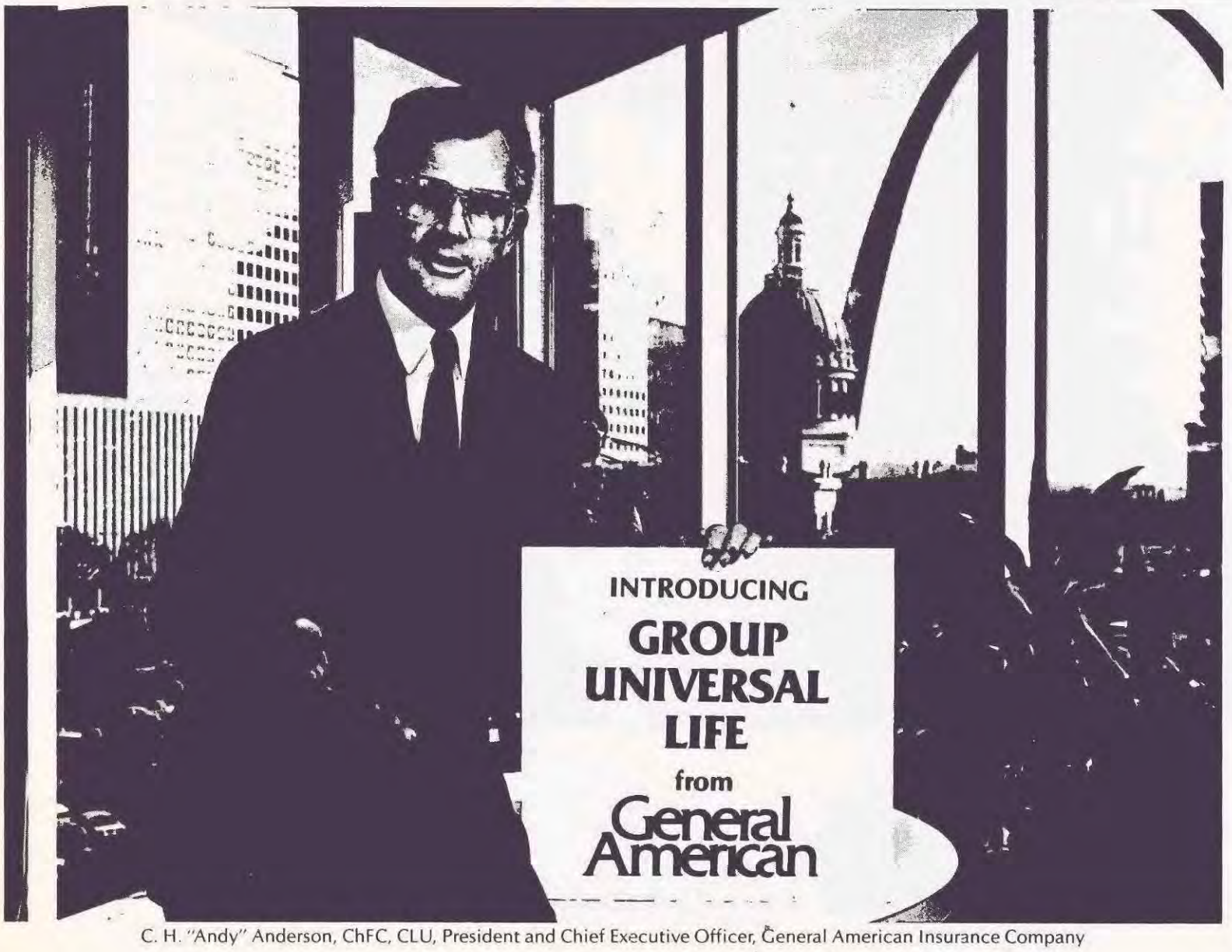
The risk management practice is equally split between risk management audits and special projects, each service generating 47% of risk management revenues. The risk management practice does not provide continuous consulting.

And, while it offers a full range of special services, the risk management practice never audits loss prevention programs and only occasionally audits claims or assists in loss settlements.

The company served about 300 clients in 1986, unchanged from last year. Clients have risk and insurance budgets ranging from less than $1 million to more than $25 million.

Serving clients are 42 professional staff members, a 133% increase from 18 professionals the previous year. "The growth was all on the actuarial side," Mr. Hartman noted.

Continued on page 18



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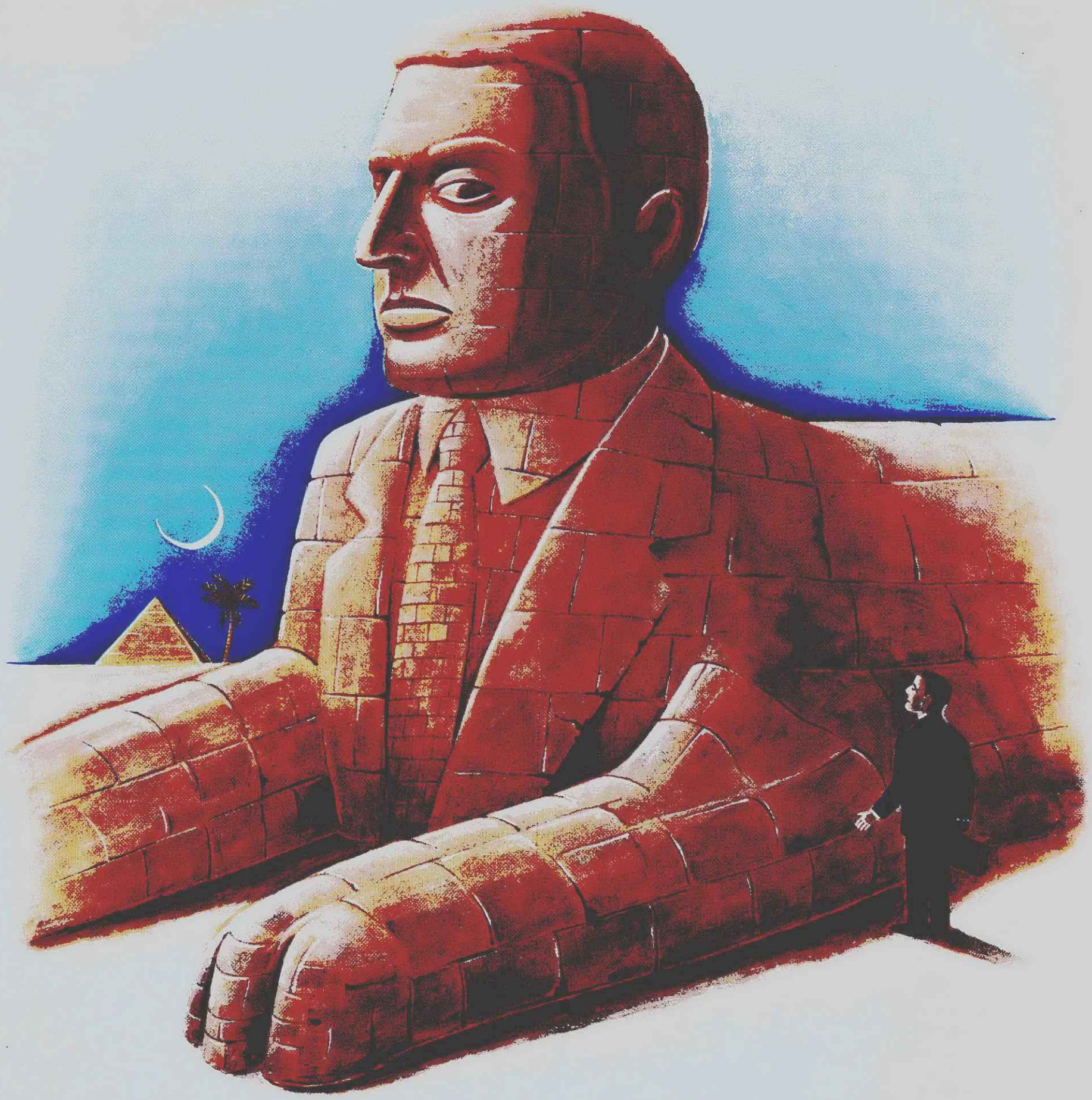
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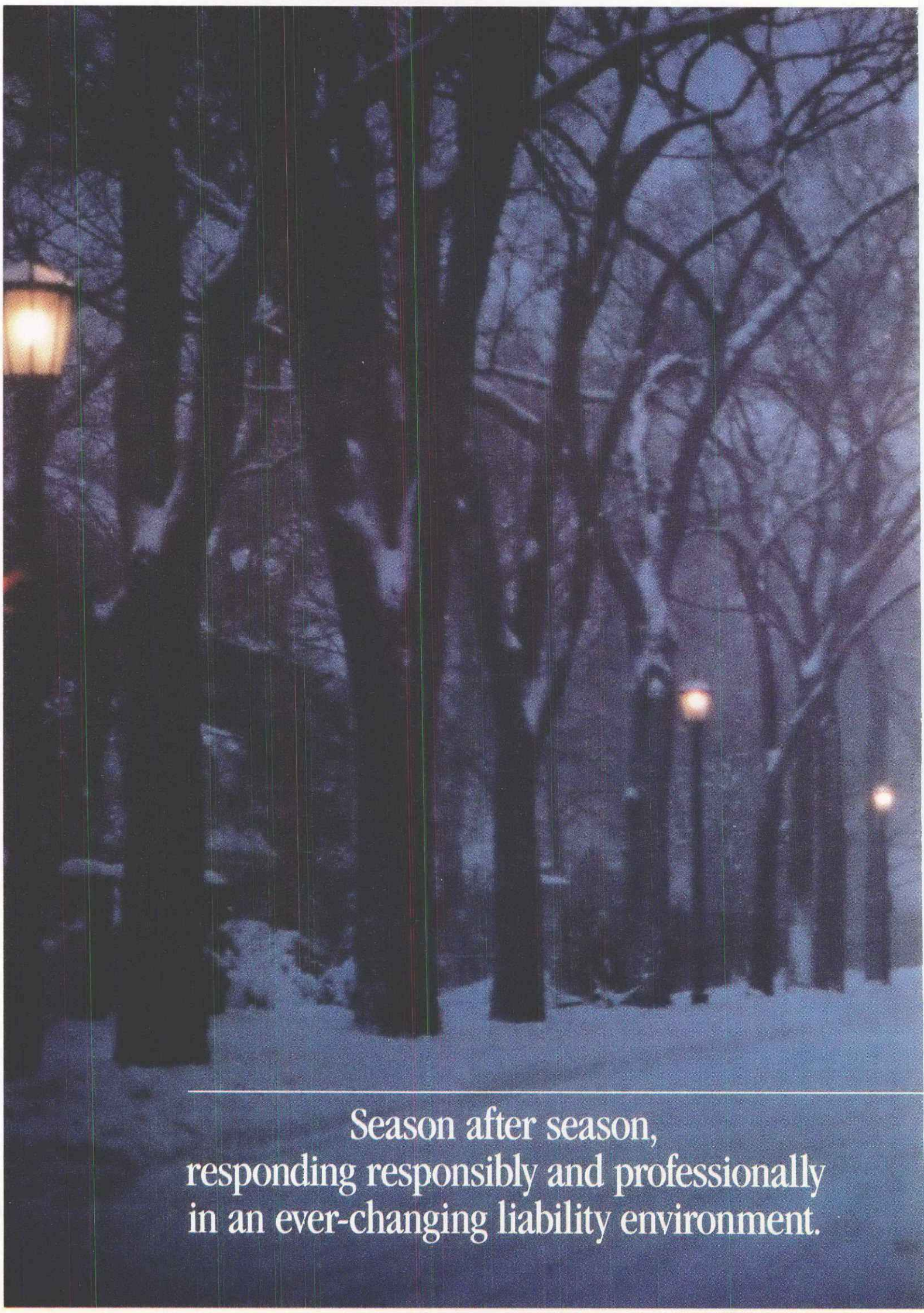
Medical/Hospital Malpractice

Shand Morahan's coverages in this area are in three separate professional liability categories: Physicians, Surgeons and Dentists; Specified Medical Professions; and Hospitals, including nursing homes.

The Physicians policy is available for individuals as well as associations, corporations or partnerships.

The Specified Medical Professions policy covers medical and paramedical personnel such as therapists, psychologists and optometrists. It also covers medical facilities, emergency centers, outpatient surgical centers, etc., including technicians of these facilities, such as anesthetists, dental technicians and pharmacists.

The Hospital policy covers hospitals (150 beds or less), nursing homes, and their non-physician employees. Comprehensive general liability is also available for hospitals.



in higher consumer prices and higher taxes. Those who cannot obtain insurance go "bare" or curtail their business or service to a minimum.

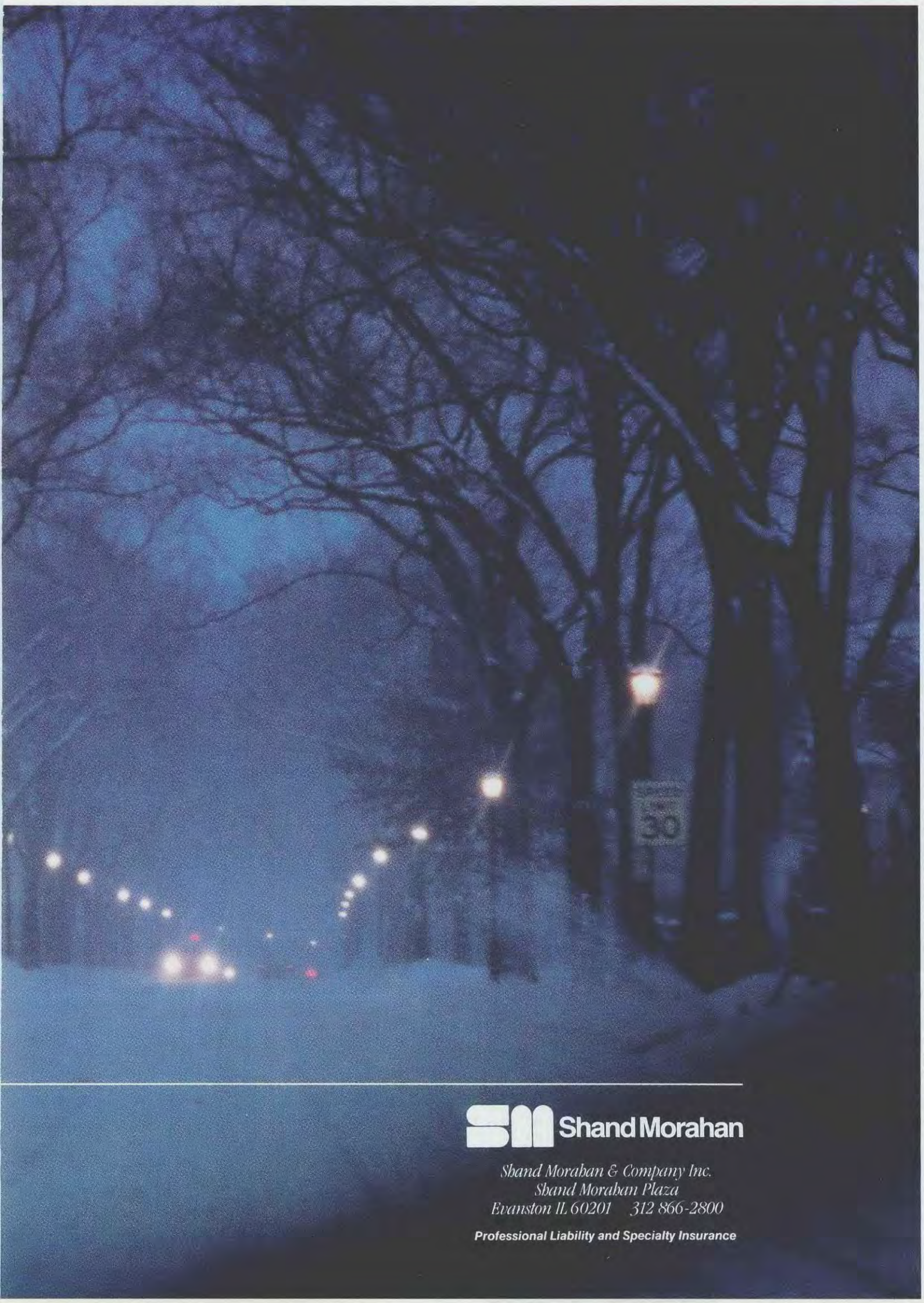
In short, when insurance doesn't work the way it is supposed to work, everyone suffers.

That's why it is everyone's responsibility to see that the problems which led to the current crisis are resolved and rectified.

First, this means we must all understand the complex issues involved. Then, we must communicate this understanding to others–to our friends, our colleagues and most importantly, to our legislators.

Shand Morahan & Company will continue to discuss and attempt to clarify the issues most in need of reform. We ask you to join us in seeking solutions. Individually and collectively, we have the potential to change things. We are most interested in your thoughts and in sharing ours with you. For more information, write to: Joseph J. Prochaska, Jr., Chairman and Chief Executive Officer, Shand Morahan & Company, Inc., Shand Morahan Plaza, Evanston, IL 60201.

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Shand Morahan, one of the larger suppliers of this coverage in the nation, continues to offer liability protection to a variety of professionals in the architectural and engineering fields. The most favorable risks are architects; electrical, mechanical, HVAC and civil engineers; land surveyors; landscape architects; and interior designers. We are particularly interested in firms with an annual gross income of $1 million or less; however, firms with an annual gross income up to $7.5 million can be considered.

The coverage is written on a claims-made basis.

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Shand Morahan also offers a range of various E&O coverages. These include our Association E&O policy, which covers a wide variety of trade associations, preferably nonprofit, and Franchisor Liability, which covers claims arising from acts, errors or omissions by franchisors and their employees.

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Our Specified Professions policy provides E&O protection to a range of professions including management consultants, printers, publishers, public relations firms, property managers and others not covered under our other professional liability policies.

For more information about these or other coverages, contact Shand Morahan & Company.

Top consultants

Continued from page 14

Staff members serve clients from the New York headquarters; Atlanta; Chicago; Los Angeles; San Francisco; Seattle; and Bermuda. New offices were opened in Melbourne, Australia, and Toronto.

Hourly fees for a principal consultant have remained at $225; actuary, $175; consultant, $110; analyst, $80; and clerical, $35.

Stone & Webster Management Consultants

The risk management division of ninth-ranked Stone & Webster Management Consultants Inc. reports gross revenues from pure risk management consulting increased 75% to $2.1 million in 1986 from $1.2 million in 1985, which is restated from the $900,000 it reported the previous year.

Risk management consulting revenues for the New York-based company, owned by Stone & Webster Inc., represents 80% of the division's $2.6 million of total gross revenues. This is 20% higher than its restated 1985 figures, said Vp Bruce H. Suter.

The remaining 20% of its business was generated by management of offshore captives and employee benefits consulting.

Stone & Webster handled substantially more risk management consulting projects in 1986, which generated 35% of its gross revenues. It has had an "unbelievable" increase in the amount of requests to prepare bid specifications and analyze necessary insurance limits, especially for banks, he said.

Another 35% of its risk management revenues came from continuous consulting and 10% from risk management audits.

Stone & Webster specializes in providing services to utilities, general industry and trade associations. Its clients increased 27.8% to 115 in 1986 from 90 in 1985.

In 1986, the firm increased to $500,000 from $300,000 the minimum risk and insurance budget required. About 70% of its clients have risk and insurance budgets of $1 million to $10 million.

Clients are served by 16 professional staff members in the company's headquarters in New York.

Corporate Policyholders Council

Non-profit and smaller clients are being targeted in 1987 to help 10th-ranked Corporate Policyholders Council increase its pure risk management consulting revenues, which climbed 10% to more than $1.87 million in 1986, *BI* estimates.

The company generated $1.7 million from risk management consulting the previous year, according to *BI* estimates.

In addition, the Park Ridge, Ill.-based consultant is planning a joint project with an accounting firm, said Bruce S. McCallum, executive vp. However, he declined to provide details.

Corporate Policyholders provided services to broad mix of 275 clients in 1986, unchanged from the previous year. Corporate Policyholders generates 100% of its revenues from risk management consulting, including 45% from an increasing number of special projects, 30% from audits and 25% from continuous consulting.

The company serves clients from its headquarters with 11 professional staff members, unchanged from 1985, although client demand increased significantly in 1986.

Hourly fees for a principal consultant are $135-$200, up from $125-$175 last year; consultant, $100-$125, up from $75-$100; analyst, $75-$100; and clerical, $30-$40, up from $20-$30.

Runners-up

Runners-up are six consultants whose pure risk management consulting revenues range from $1.8 million to $1.35 million:

- The number of professional staff members at EBASCO Risk Management Consultants Inc. increased nearly two-thirds to 13 in 1986, according to Robert M. Bieber, president.

EBASCO generated $1.8 million in revenues in 1986, up 64% from $1.1 million the previous year. Most of its revenues are derived from continuous consulting and risk management audits.

EBASCO had 125 clients in 1986, 31% more in than in 1985.

EBASCO, headquartered in New York City and Lyndhurst, N.J., now services smaller clients than in the past, having reduced to $250,000 from $1 million the minimum risk and insurance budget required.

- Requests to establish public entity pools helped Warren, McVeigh & Griffin Inc. of Newport Beach, Calif., generate $1.69 million in revenues in 1986, up 9% from $1.55 million in 1985.

However, revenues generated by risk management audits and continuous consulting exceeded special project revenues.

Warren McVeigh's 13 professional staff members serviced a total of 160 clients from its headquarters, an office in San Francisco and from a new office in Oakbrook Terrace, Ill., said C.C. "Bud" Griffin. Mr. Griffin is now chief executive officer, succeeded as president last year by Erin A. Oberly.

- Advanced Risk Management Techniques in Laguna Hills, Calif., increased its professional risk management staff by 75% to 14 during 1986. Those professionals service about 150 clients from ARM Tech's headquarters, a new office in Sacramento, Calif., and a Seattle office. A Salt Lake City office is planned in 1987.

ARM Tech's pure risk management consulting revenues are up 20.8% to $1.45 million in 1986, from $1.2 million the previous year. Its work is nearly equally divided between continuous consulting, risk management audits and special projects that include governmental pooling studies, captive feasibility studies, risk retention analysis and developing insurance standards for leases, said Michael M. Kaddatz, principal.

- WBK Ltd. of Fairfax, Va., generated more than $1.4 million in pure risk management consulting revenues in 1986, up about 40% from more than $1 million in 1985.

WBK has about 175 clients, primarily financial institutions and stockbrokers. The revenue figure excludes fees from underwriters and insurance brokers.

WBK employs 13 professionals who service clients from offices in New Jersey and North Carolina.

WBK also is closely affiliated with London-based consultant WBK International Ltd. and has a cooperative relationship with a California-based company.

About 80% of WBK Ltd.'s business is risk management audits, and the remainder is special projects. Its new automated risk assessment service enables the company to profile the exposures and level of risk for bank-type operations with up to $750 million in assets, noted Alan L. Butkow, president. In addition, the company is beginning to target the airline industry as a potential client.

- Continuous consulting is the backbone of the consulting practice of Industrial Insurance Management Corp. in Charlotte, N.C., which generated $1.36 million in pure risk management consulting revenues in 1986, up 16.2% from $1.17 million the previous year.

Industrial Insurance's 22 consultants provided services to 275 clients from its headquarters and of-

Continued on next page

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RAM no longer ranked with top consultants

By MEG FLETCHER

ST. LOUIS—Risk Analysis and Management Corp., a St. Louis-based company that was ranked among the 15 largest independnet risk management consultants based on 1985 reported revenues, declined to participate in the *Business Insurance* survey this year.

And, a consultant formerly with RAM disputes staff and revenue figures RAM submitted in last year's survey.

Although RAM Chairman Harry J. Maue did not respond to the survey questionnaire, he did answer some questions concerning the disputed RAM staff and revenue figures that *BI* submitted in writing. Mr. Maue earlier had terminated a telephone interview after requesting that questions be submitted in writing.

In a letter responding to some of the questions sent to him, Mr. Maue wrote: "This firm, founded by me, is currently experiencing some internal changes that I cannot discuss at this time, but I may be able to discuss them in the near future."

A questionnaire returned by RAM officials last year stated that RAM, founded in 1975, had five wholly-owned locations, 19 professional staff members, 250 clients and $2.36 million in pure risk management consulting revenues in 1985.

In an interview during last year's survey, a RAM principal said revenues had grown 99% in 1985, up from $1.18 million in 1984 (*BI*, March 17, 1986).

Following publication of that information, a consultant formerly with RAM's Georgia subsidiary raised questions about some aspects of RAM's report.

In an effort to confirm the information, *BI* conducted nearly a dozen interviews with, among others, former employees and public entities that have received proposals from RAM and competitors.

Steven R. Webber, now president of Webber Consulting Group in Atlanta, told *BI* that his name and professional credentials had been used twice in proposals submitted by RAM after he ceased his affiliation as an independent contractor with the group by January 1986. Mr. Webber had held an interest in RAM of Georgia from January through July of 1985, when he became an independent contractor.

Mr. Maue explained in his letter why Mr. Webber's name had been used in at least two proposals for new assignments. "As it was explained to Mr. Webber, we had printed a large quantity of preprinted resumes and he was not removed in a timely fashion. Upon notifying us of this situation, we immediately removed him from future proposals."

Mr. Webber also suggested that RAM's reported staff and revenue figures included independent contractors and the revenues they generated.

Asked about RAM's use of independent contractors, Mr. Maue said in his letter: "In order to finish certain projects to the ultimate satisfaction of the client, we have had to engage the services of other professionals, who were not named in the original proposal, in order to assist in the completion of the project. If the client does not incur any additional cost, as in the case of a fixed-fee contract, then the clients will benefit from these types of situations. If the client has contracted with us on an hourly rate basis, then we will discuss the situation with the client and obtain his/her approval prior to engaging additional personnel to complete the audits and/or project."

Jim Mullen, risk manager for the state of Arizona and a RAM client, said RAM has used subcontractors who were not listed in RAM's original proposal to the state. While the contract between the state and RAM allows for the use of subcontractors, "it is unusual to use a subcontractor to the extent that we are with RAM," he said.

However, the quality of the subcontractors' work, after the initial orientation, has met the state's expectations, Mr. Mullen noted.

Mr. Mullen also expressed concern about the cost of paying a RAM representative to "stand next to" the independent contractor. However, the state could control this by telling the RAM representative not to come to meetings in Arizona, he said.

Mr. Maue refused to answer questions about how many people the firm employs on a full-time basis and the number of independent contractors it has used.

Mr. Maue also refused to comment on the firm's revenues.

Asked to confirm that RAM operates four satellite offices, Mr. Maue wrote in his letter that RAM closed its four satellite offices effective Sept. 1, 1986. Those offices were located in Beverly Hills, Calif.; Minneapolis; Atlanta; and Philadelphia, according to stationery Mr. Maue sent to *BI*.

RAM now operates only from its headquarters in St. Louis.

Among the risk management consultants ranked as the 15 largest last year, the majority said they either had not heard of RAM or had competed against RAM infrequently. Therefore, they said, they could not confirm RAM's revenues and staff as reported. ■

Top consultants

Continued from previous page

fices in Birmingham, Ala., and Richmond, Va., according to Glen E. Pehl, president and treasurer. About 87% of those clients pay retainers, he noted.

- Insurance Buyers' Council Inc. in Baltimore, reports an 8.3% increase in pure risk management consulting revenues to $1.35 million in 1986 from $1.25 million.

Its 10 professional staff members, all located in its headquarters, serviced 242 clients in 1986, 12% more than the previous year.

Clients are requesting more pooling-related services, said Rick Schultz, vp and secretary.

- McNeary Insurance Consulting Services Inc. in Charlotte, N.C., increased its risk management consulting staff to 17 from 14 in 1985. It services about 190 clients, up about 17% from 162 in 1985, from the company's base and an Atlanta office, said W.C. Moore Jr., president.

McNeary Insurance, which is owned by benefit consultant Book & Co., generated 85% of its 1986 gross revenues from pure risk management consulting, up 10 percentage points from 1985. Its risk management consulting revenues increased to more than $1.35 million in 1986, *BI* estimates. ■

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Affiliated consultants see business surge

By MEG FLETCHER

Consulting on alternatives to commercial insurance is a booming business for the risk management consulting divisions of brokers, insurers and other insurance services firms.

There has been a "tremendous" interest in exploring options like risk retention groups and captives as a means of coping with risk, said William Torpey, vp of American Risk Management Inc. in Fort Lee, N.J., a member of the captive management firm known as The Reiss Organization.

Recent federal legislation expanded the Risk Retention Act, allowing businesses and professionals to band together to self-fund most types of liability risks through specially state chartered risk retention groups (*BI,* Dec. 8, 1986).

AIG Risk Management Inc., a unit of American Insurance Group Inc. in New York, will be involved in the formation of about five risk retention groups, predicts Vp Frank Neuhauser Jr.

Corroon & Black was working on six risk retention groups and captives in 1986, said Lucien P. Laborde Jr., president and chief executive officer of Corroon & Black Research and Development, a unit of Corroon & Black Corp.'s Advanced Risk Management Services. About half of the captives will be based offshore.

Johnson & Higgins Risk Management Services in New York, a division of broker Johnson & Higgins, reports it has nine risk retention groups in various stages of study and development, although none has been established yet.

Some affiliated consultants are gearing up for more risk retention group business.

Anistics Inc., a unit of broker Alexander & Alaxander Services Inc. in New York, opened an office in Burlington, Vt., on Oct. 1. "We see that as the primary site in the United States for the future formation of captives and risk retention groups," said Willian D. Scaff, executive vp and chief operating officer of Anistics.

American Risk Management has expanded its office space in Vermont and added staff to gear up for more interest in establishing risk retention groups there. Mr. Torpey said the company hopes its access to controlled reinsurance facilities, through a Reiss affiliate, will attract risk retention group clients.

Many midsized and smaller companies are seeking to band together to fund risks, consultants note.

But, Mr. Torpey says, some of the potential clients are too small financially to bear the risk they are seeking to assume.

Mr. Neuhauser also said he is concerned about proper funding of risk retention groups as well as potential problems obtaining needed state regulatory approval and the lack of available excess insurance.

He also expressed concern that some consultants could be motivated by self-interest in recommending formation of a risk retention group because establishing a group can generate "substantial" revenues, directly or indirectly.

Affiliated consultants also report that clients are increasingly interested in captives, including pure captives owned by one company and group offshore captives.

Corroon & Black's Advanced Risk Management Services handled 15 captive feasibility studies in 1986, compared with three in 1985, Mr. LaBorde reports.

Johnson & Higgins Risk Management Services has performed dozens of captive studies, mostly for group captives, but some for individual companies also, said Vp Joan B. Schaeffer.

For example, J&H provided the feasibility study, implemented and is now managing the Financial Institutions Reserve Ltd., a Bermuda-based captive offering directors and officers liability insurance for banks.

Pure captives—those owned by a single parent—are expanding into other types of products, she said. For example, a captive owned by an automotive manufacturer will offer liability insurance to individual dealers, she said.

Marsh & McLennan Inc. is best known among the brokers for its work in establishing A.C.E. Insurance Co. Ltd. and X.L. Insurance Co. Ltd. Paul T. Goularte, managing director and national manager of risk management services, says there has been a "tremendous" rise in association and group programs.

However, the Tax Reform Act of 1986—which subjects shareholders of most offshore group-owned captives to current year U.S. taxation on the captives' income from insuring shareholders' U.S. risks—has reduced the popularity of offshore captives, some say.

M&M's Mr. Goularte said the law "won't totally prevent captive programs but it made people look at the tax liability. It certainly gets very difficult when you look at partnerships," he added, explaining that the money for taxes "is right out of their pockets."

J&H's Ms. Schaeffer said the new tax law generally has led to an increased interest in U.S.-based rather than offshore captives, except among non-profit institutions that would not owe taxes.

However, AIG Risk Management's Mr. Neuhauser said that client interest in captives has not been diminished by the law. His company has consistently recommended that clients not consider tax implications when they consider establishing a captive to help solve insurance problems, he said.

Meanwhile, Corroon & Black offers clients the opportunity to fully fund excess liability layers and directors and officers liability insurance through its Meridian Insurance Co. Clients pay a premium equal to coverage limits, and receive dividends under a retrospective rating system if their experience is good, Mr. Laborde said. The company, which operated on a courtesy basis without any advertising, generated about $1.4 million in premium in 1986, he said.

Overall, affiliated consultants say, demand for services in 1986 outpaced 1985.

"In 1986 you could get as many projects as you had time and people to handle," said Mr. Laborde. The biggest problem was making sure you could deliver on a timely basis, he said.

"I do not believe that there is a good risk management consultant who doesn't have too much to do," said AIG's Mr. Neuhauser.

Generally, there has been an increasing emphasis on long-term financial planning and stability in

Continued on next page

Leader of the



Continued from previous page
the design of risk financing programs, said A. Hunter Long, senior vp with broker Frank B. Hall & Co. Inc. in Briarcliff Manor, N.Y.

While many consultants admit that growth in demand for services was tied to the tight commercial insurance market, Mr. Scaff of Anistics maintains that consultants are operating in a "better" risk management atmosphere now that the market is beginning to soften. Clients were more crisis-oriented in early 1986 when they had just lost, or were faced with the loss of, insurance coverage. They have coped with that and are now willing to take a longer look at their situation, he explained.

International consulting also is growing for many consultants.

American Risk Management's Mr. Torpey said its European affiliate has seen a growing interest among European-based companies in risk management, especially among those companies with U.S. branches or subsidiaries.

The international arena will be a key growth area in 1987, said Corroon & Black's Mr. Laborde.

Broker Fred S. James & Co. Inc., a unit of Sedgwick Group P.L.C., has broadened the scope of its risk management consulting to include more work for foreign-based multinationals with U.S. operations, said Vp Michael P. Dinstein.

Following, in alphabetical order, are the leading consultants affiliated with brokers or insurers:

AIG Risk Management Inc.

Risk management consulting revenues for AIG Risk Management Inc. in New York, a division of insurer American International Group Inc., leaped 59% in 1986 to an estimated $56 million from $35.24 million in 1985. Pure risk management consulting continues to generate 91% of revenues.

Clients especially wanted more continuous consulting, which accounted for 78% of gross revenues. Fewer clients requested special projects in 1986 compared with 1985, although special projects generated 11% of revenues. Audits of risk management programs generated only 2% of gross revenues.

AIG Risk Management's clients grew 48.8% to 503 in 1986 from 338 in 1985. A client must have an annual risk and insurance budget of at least $250,000, but nearly three-fourth of the company's clients have budgets between $1 million and $10 million.

Meanwhile, professional staff grew 37% to 63 full-time equivalent staff members, up from 46.

In addition to New York, AIG Risk Management has offices in Atlanta, Los Angeles, Chicago, Houston, Philadelphia, San Francisco and London.

AIG Risk Management's total gross revenues during the same period increased 58.8% to $61.54 million from $38.75 million, according to figures supplied by Vp Frank Neuhauser Jr.

He predicts revenues will rise 30% to 50% this year as clients demand more special projects and more continuous consulting.

American Risk Management Inc.

Increased client demand for special technical services was a significant factor in American Risk Management Inc.'s operations in 1986, said Vp William Torpey.

Those services include engineering and infrared thermographic analysis, in which videotape is used to detect hot spots in equipment before heat can cause any damage, he explained.

The Fort Lee, N.J.-based company is one of eight firms operating under the umbrella of The Reiss Organization. Most of the companies are primarily concerned with forming and managing captives, while American Risk Management and European Risk Management Ltd. in Weybridge, England, focus on more general risk management consulting.

American Risk Management's gross revenues are equally split between pure risk management consulting and captive management services, but the company does not release specific figures.

Of total revenues, 25% involves continuous consulting, 15% special projects and 10% audits, Mr. Torpey said.

Clients in 1986 numbered about 200, about 21% more than the previous year. More than two-thirds of the clients have risk and insurance budgets between $1 million and $10 million. Clients must have a risk and insurance budget of at least $1 million.

Risk management services are provided by 110 professional staff members, of which 70 specialize in property losses. They operate from 14 offices in the United States: Cleveland and Youngstown, Ohio; Fort Lee and Bridgewater, N.J.; Louisville, Ky.; Chicago; Minneapolis; Burlingame, Calif.; Atlanta; Seattle; Southfield, Mich.; Dallas; Nashville, Tenn.; Kansas City, Mo.; and Burlington, Vt. The company also has a Toronto office.

Anistics Inc.

A new headquarters and the opening of two new branch offices were among the highlights of Anistics Inc. operations during 1986.

The Alexander & Alexander Services Inc. subsidiary moved its New York headquarters to The Daily News Building on 42nd St. from 640 Fifth Ave. and opened offices in Sydney, Australia, in September and Burlington, Vt., in October. The Vermont office is expected to help Anistics meet client demand for captive and risk retention group projects, said William D. Scaff, executive vp and chief operating officer.

However, Anistics also closed an office in Minneapolis and pulled risk management personnel from a Denver office. Colorado captive clients are being serviced by other A&A personnel, Mr. Scaff said.

Anistics also has offices in Atlanta; Chicago; Los Angeles; San Francisco; Palo Alto, Calif.; and London. Staffing those offices are 85 full-time equivalent professional staff members, up 6.3% from 1985.

Anistics served about 300 clients in 1986, up 20% from 250 in 1985. While generally Anistics clients must have risk and insurance budgets exceeding $1 million, 1% do not. Of the other 99%, 30% have budgets between $1 million and $5 million; 30% between $5 million and $10 million; 30% between $10 million and $25 million; and 9% exceeding $25 million.

About 40% of Anistics' gross revenues are generated from pure risk management consulting, but Anistics does not release gross revenues. Nearly all consulting involves special projects, especially analysis of necessary insurance limits, quantitative analysis and statistical forecasting, Mr. Scaff said. The remaining 60% of revenues is generated by time sharing of risk management information systems and related services.

Advanced Risk Management Services

Corroon & Black Corp.'s Advanced Risk Management Services reports that it gross revenues from pure risk management consulting leaped 69% to $2.2 million in 1986 from $1.3 million in 1985.

Yet, pure risk management consulting generated only 37% of the division's $5.9 million in total revenues, up 28.3% from $4.6 million.

Of that, 24% was from continuous consulting, 5% from special projects and 1% from risk manage-

Continued on next page



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For further information regarding specific capabilities, clients and additional case histories, contact Dr. Allen Selz:

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Affiliates

Continued from previous page

ment audits. Clients especially requested more bid specification preparation during 1986, said Lucien P. Laborde Jr., president and chief executive officer of Corroon & Black Research & Development.

The staff in 1986 totaled 20, up 25% from 16 in 1981. They served clients from three main locations in Nashville, Tenn.; Boston; and Hamilton, Bermuda, and 21 other locations where claims auditing and administration is done.

Advanced Risk Management Services has about 250 clients, up about 25% from 1985. Nearly three-fourths have risk and insurance budgets between $1 million and $10 million. A client's minimum risk and insurance budget should be $500,000.

The remaining 70% of the company's gross revenues were generated from captive management, self-insurance administration, facultative reinsurance placement, arranging for admitted insurance to front for a captive, third-party claims administration and brokerage fees.

Frank B. Hall & Co. Inc.

Pure risk management consulting revenues have increased for two of three separate units of broker Frank B. Hall & Co. Inc.:

- Frank B. Hall & Co. Inc. (Risk Management Services) in Briarcliff Manor, N.Y., reports revenues are up 6.7% to $71.2 million in 1986 from $66.7 million in 1985.
- Risk Science International in Washington, D.C., reports that risk management revenues doubled to $4 million in fiscal 1986 from $2 million in 1985. Risk Science continues to employ 12 full-time risk management professionals who generate 65% of the division's gross revenues from pure risk management consulting on primarily environmentally related projects. The remainder is generated from fees paid for primarily by insurers.

Joan B. Berkowitz was named president and chief executive officer in 1986 to replace Lynne Miller, who resigned in the spring of 1986 with three colleagues to establish Washington-based Environmental Strategies Corp.

RSI's consulting work is 40% risk management audits and 40% special projects, including loss prevention audits and risk management organization studies. The remaining 20% is continuous consulting.

About 60% of RSI's clients have risk and insurance budgets under $1 million.

- Adjustco Inc. in Tarrytown, N.Y., reports that it generated about $800,000 in pure risk management consulting fees in 1986, the same amount reported in 1985.

Adjustco generated only 1.6% of its gross revenues in 1986 from pure risk management consulting, while 98.4% of its $47.2 million in divisional revenues were generated by claims management and cost containment services.

Johnson & Higgins Risk Management Services

Johnson & Higgins Risk Management Services in New York reports nearly a 50% jump in clients to 450 in 1986 from more than 300 in 1985.

The broker's risk management operation receives most of its gross revenues from pure risk management consulting, but the firm does not release gross revenues. Most of its work is special projects, including captive feasibility studies as well as quantitative analysis and statistical forecasting. However, it also generates some of its gross revenues from continuous consulting and a small amount from occasional risk management audits.

Johnson & Higgins Risk Management Services employed 72 professional staff members in 1986, up 11% in 1985.

And, the division operated from 40 offices in 1986, an increase of about three from 1985. Offices are located throughout the United States and in Toronto and Sydney, Australia.

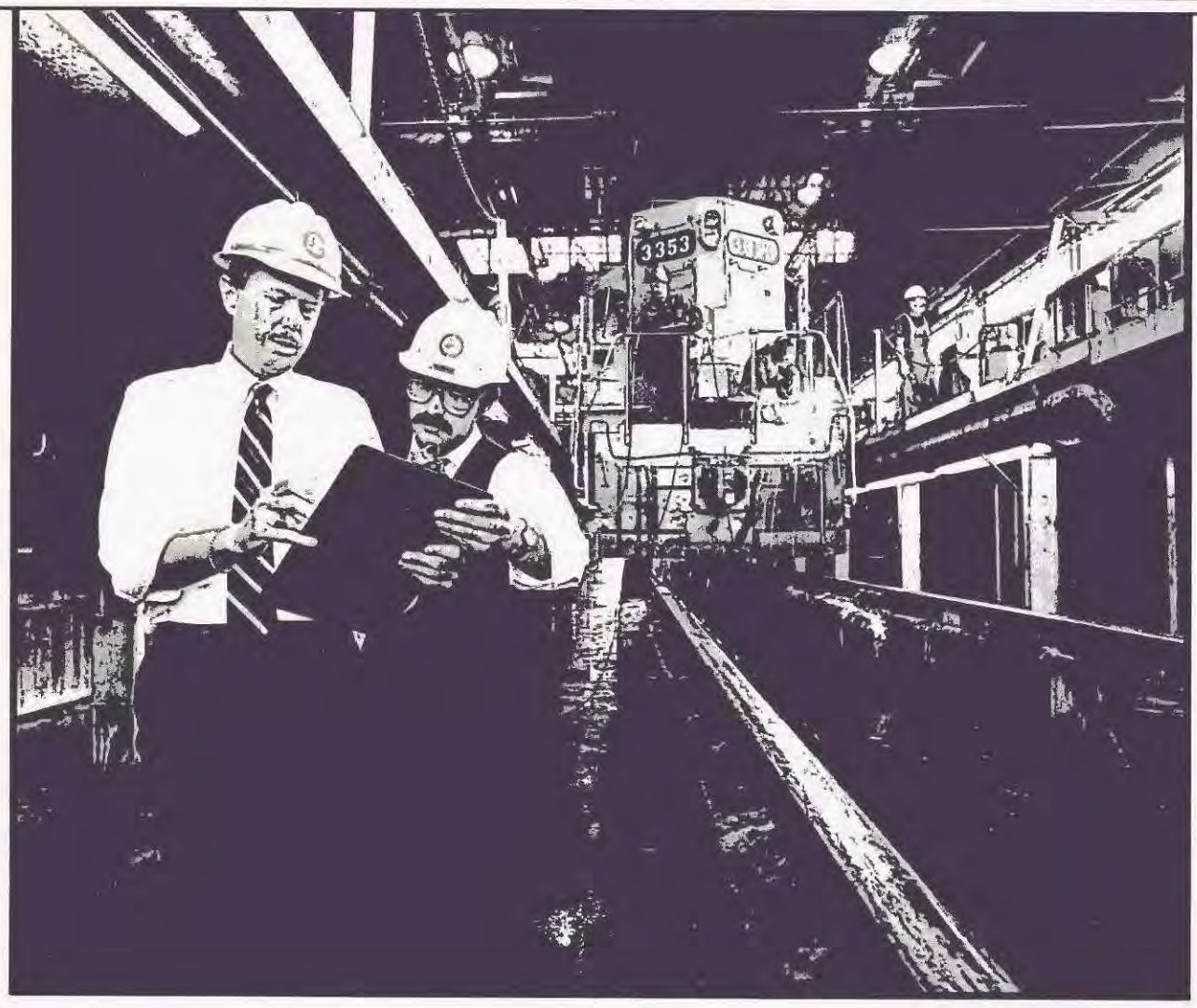
Fred S. James (Risk Management Services)

The 1986 merger of The Crump Cos. Inc. and Armistead Group Inc. into Fred S. James & Co. Inc.'s brokerage operation is expected to also strengthen its risk management consulting operation by increasing personnel and improving their visibility, especially in the South (*BI*, Sept. 1, 1986).

They augment James' operation through their technical, sales and marketing capabilities, said Vp Michael P. Dinstein.

James' risk management operation generates 50% of its revenues from special projects, which during 1986 especially included captive feasibility studies. James helped establish a mutual insurer for energy-related risks and other domestic captives. It also expects to have two risk retention groups operating by the end of January.

James generated 40% of gross revenues from continuous consulting and a 10% from risk management audits. The company served about 300 clients in 1986. It employed 60 professional staff members, up 20% from 50 in 1985, in various offices throughout the United States, Canada, Bermuda and the Caribbean. ■



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Independents challenge objectivity of affiliates

By MEG FLETCHER

Is there a difference in the quality of advice given by an independent and affiliated risk management consultants?

Independent risk management consultants—those not owned by a company that also sells insurance, brokerage services or other insurance-related services such as captive management—say perhaps.

Affiliated consultants say no.

Independents challenge the ability of the affiliated consultants to be objective in choosing risk financing alternatives, because their companies have a financial stake in selling insurance-related products and services.

Clients, too, are skeptical of affiliated consultants, especially during a tight market, contends Michael M. Kaddatz, a principal consultant with Advanced Risk Management Techniques in Laguna Hills, Calif.

A few independent consultants were especially concerned about affiliated consultants conducting captive feasibility studies while anticipating future captive management fees.

The demand for captives "brought the wolves into the act," said Bruce S. McCallum, executive vp of Corporate Policyholders Counsel Inc. in Park Ridge, Ill.

And, Robert M. Bieber, president of EBASCO Risk Management Consultants Inc. in New York, said he knows of four or five cases in the last nine months of clients paying significant consulting fees to affiliated consultants, expecting both advice and insurance coverage but obtaining no insurance.

Affiliated consultants counter that they meet clients' needs with little regard to selling commercial insurance or other services.

"We believe we can do the consulting at arm's length," said Frank Neuhauser Jr., vp with AIG Risk Management Inc.

The separation of consulting and selling functions is underscored by the fact that clients pay a separate fee for consulting services, he said.

Yet, AIG's consulting arm is closely tied to its general operations, which allows consultants to present realistic alternatives that reflect market conditions, Mr. Neuhauser said.

Affiliated consultants have better market information and placement possibilities, some consultants say.

Alexander & Alexander Services Inc. subsidiary Anistics "progressively is becoming more integrated" with A&A's brokerage operation, noted William D. Scaff, executive vp and chief operating officer. Anistics is paid either directly by individual clients or by A&A branch offices, which pay either fees or commissions.

The integration between brokers and risk management consulting has "gotten closer" during 1986 at Marsh & McLennan Inc. also, in part because some of the company's risk management offices were moved closer to its marketing office, explained Paul Goularte, managing director.

Although most of the risk management operation's revenues are commission-based, it also receives fees for special project work.

Mr. Goularte even declined to return a *BI* survey questionnaire regarding Marsh & McLennan's risk management operations because the consulting function is "fully integrated with our insurance broking."

Affiliated brokers do not have to sell clients insurance, emphasized Joan B. Schaeffer, vp of Johnson & Higgins Risk Management Services. J&H has been receiving more fee-based rather than commission income from clients, she said. Other J&H branches are not charged for their use of risk management services, she added.

Fred S. James' risk management division does not market programs other than captive-related ones. However, risk management personnel do help captive-related programs market excess and work with fronting insurers, said Michael P. Dinstein, vp. The consulting operation recoups about 60% of costs by billing offices for services provided. The remaining 40% is paid by James offices on an assessment basis, he added. ■

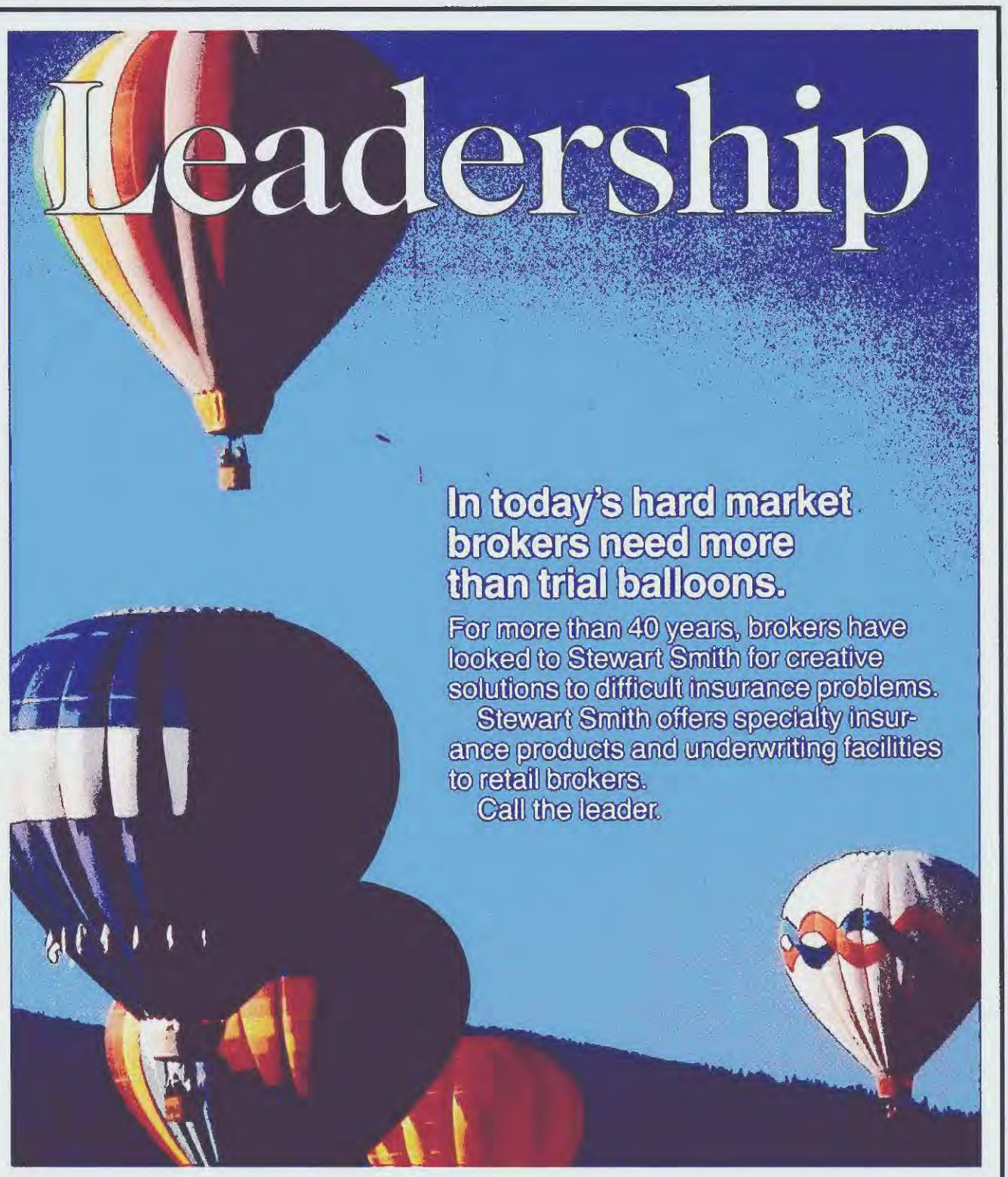
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Risk management consultants' directory

A

AIG Risk Management Inc.

70 Pine St., Third Floor, New York, N.Y. 10270; 212-770-6366

Year founded: 1974.
Parent company: American International Group Inc.
Services provided: 78% continuous consulting; 2% risk management audits; 11% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, feasibility studies for self-insured associations, hospital simulations, IBNR loss studies; occasional insurance contract analysis, accounting system analysis, risk management organization studies, captive mergers and acquisitions; 9% other services.
Specialty: Health care, consumer products, manufacturing, transportation, municipalities.
Locations: Atlanta, Los Angeles, Chicago, Houston, Philadelphia, San Francisco, London.
Staff: 164 total staff members; 63 professionals, including 12 principal consultants, 22 consultants, one actuary, 28 analysts. Professional designations held by staff include nine CPCUs, eight ARMs, 15 MBAs, two FCASs, two CSPs, two ACASs, two attorneys, two PEs.
Clients: 503 total clients; 2% with risk and insurance budgets less than $1 million, 36% $1 million-$5 million, 37% $5 million-$10 million, 20% $10 million-$25 million, 5% exceeding $25 million; minimum size client, $250,000 risk and insurance budget.
Compensation: By the project, on retainer.
1986 gross revenues: $61.5 million total, $56 million from risk management consulting.
Principal officers: Joseph C. Smetana, Frank Neuhauser Jr., Martin Banker, Michael Curio and Joseph Cavolo.

AJA Risk Management Consultants Inc.

888 Seventh Ave., New York, N.Y. 10106; 212-333-3259

Year founded: 1982.
Independent.
Services provided: 100% continuous consulting, risk management audits and special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, quantitative analysis and statistical forecasting; occasional insurance contract studies, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems.
Specialty: Medical malpractice, professional liability.
Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one ACAS.
Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million.
Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $100.
1986 gross revenues: More than $200,000 total, all from risk management consulting.
Principal officers: Ben Silberstein, president.

S.B. Ackerman Associates

605 Third Ave., New York, N.Y. 10158; 212-599-1717

Year founded: 1915.
Independent.
Services provided: 50% continuous consulting; 7.5% risk management audits; 7.5% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional loss prevention audits, quantitative analysis and statistical forecasting; 35% other services, including claims administration, employee benefit consulting.
Specialty: Associations, builders, conglomerates, government entities, hospitals, manufacturing.
Staff: 58 total staff members; 31 professionals, including 11 principal consultants, 15 consultants, one actuary, four analysts. Professional designations held by staff include one MBA, one FCAS, one CSP, 11 attorneys, one MD.
Clients: More than 100 total clients; 25% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 25% $5 million-$10 million, 25% $10 million-$25 million, 5% exceeding $25 million; no minimum size client.
Compensation: By the project; on retainer; by the hour, principal consultant, $200; consultant, $90; actuary, $200; analyst, $70; clerical, $35.
1986 gross revenues: Not reported.
Principal officers: Saul B. Ackerman, Bernard A. Salwen, Joel Glass, Michael H. Barnett and James E. Ehrenfeld, partners.
Membership: SRMC.

Aditex Inc.

2958 Brixham Road, North Vancouver, British Columbia V7H 1C4; 604-929-4391

Year founded: 1976.
Independent.
Services provided: 20% continuous consulting; 20% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems, design of leases and real property agreements, annual risk management and insurance evaluations; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting; 45% other services.
Specialty: Financial institutions, retail stores, manufacturers.
Staff: Two total staff members; one professional staff member who is an analyst and holds CA and AIIC designations.
Clients: 12 total clients, 100% with risk and insurance budgets less than $1 million, no minimum size client.
Compensation: By the project; on retainer; by the hour, $20-$80.
1986 gross revenues: Not reported.
Principal officers: Russell B. Sykes, president.

Adjustco Inc.

220 White Plains Road, Tarrytown, N.Y. 10591; 914-332-4747

Year founded: 1981.

Continued on facing page



Guide to directory

The directory of risk management consultants lists companies that provide a variety of services and responded to a *Business Insurance* questionnaire.

There is no charge to be listed; however, to be included companies must generate at least 50% or $500,000 of their gross revenues from pure risk management consulting.

Business Insurance defines risk management consulting as providing advice on risk management issues on a fee-for-service basis; excluding other activities such as conferences, publishing, claims administration, computer timesharing, consulting for commercial insurers, captive management and employee benefit consulting.

Companies were asked to supply information on the services they provide, and these are listed as a percent of gross revenues. The services are categorized as follows:

- Continuous risk management consulting, which is serving as the risk management specialist for clients, providing continuous evaluation of design and management of risk and insurance programs.
- Risk management audits, which are one-time complete reviews of clients' risk and insurance programs.
- Special risk management projects, which are identified by specific types of projects and how frequently the projects are performed.
- Services other than risk management consulting that the company may provide.

Types of businesses and industries to which the company specializes in consulting are noted, as well as wholly owned locations other than the home office.

Information on staffing follows. Total staff members as well as the number of professional staff members assigned only to risk management consulting reflect full-time equivalent employees. Number of current clients, ways in which the company bills for it's services and gross revenues, when reported by the company, follow. Because *BI* gathered information on companies before year-end 1986, total 1986 revenues as well as 1986 revenues from risk management consulting only are estimated by companies.

Paragraphs listing the names and titles of the principal officers and membership of at least one staff member in the Society of Risk Management Consultants (SRMC) complete the listings.

The information reported for each company is based on that company's answers to the *BI* questionnaire. There are no public documents available to allow *Business Insurance* to verify the information.

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

AAI is Accredited Adviser in Insurance; **ACAS** is Associate, Casualty Actuarial Society; **ACII** is Associate, Chartered Insurance Institute; **AIC** is Associate in Claims; **AIIC** is Associate, Insurance Institute of Canada; **AIM** is Associate in Insurance Management; **ALCM** is Associate in Loss Control Management; **ARM** is Associate in Risk Management; **ASA** is Associate, Society of Actuaries; **ASCE** is Member, American Society of Civil Engineers; **ASSE** is Member, American Society of Safety Engineers; **AU** is Associate in Underwriting; **CA** is Chartered Accountant; **CAE** is Certified Association Executive; **CBA** is Chartered Bank Auditor; **CCC** is Certified Compensation Consultant; **CDPA** is Certified Data Processing Auditor; **CEBS** is Certified Employee Benefit Specialist; **CHC** is Certified Hygiene Consultant; **ChFC** is Chartered Financial Consultant; **CIB** is Chartered Insurance Broker; **CIC** is Certified Insurance Counselor; **CIH** is Certified Industrial Hygienist; **CLU** is Certified Life Underwriter; **CMC** is Certified Management Consultant; **CPA** is Certified Public Accountant; **CPCU** is Chartered Property/Casualty Underwriter; **CSP** is Certified Safety Professional; **EA** is Enrolled Actuary; **FCAS** is Fellow, Casualty Actuarial Society; **FCIA** is Fellow, Canadian Institute of Actuaries; **FIIC** is Fellow, Insurance Institute of Canada; **LIA** is Licensed Insurance Advisor; **LIIA** is Licensed Independent Insurance Adjuster; **MAAA** is Member, American Academy of Actuaries; **MBA** is Master of Business Administration; **MCA** is Member, Conference of Actuaries in Public Practice; **M.D.** is Medical Doctor; **NASD** is Member, National Assn. of Security Dealers; **NBE** is National Bank Examiner; **PE** is Professional Engineer; **PhD** is Doctor of Philosophy; **RN** is Registered Nurse; **SFPE** is Member, Society of Fire Protection Engineers; **SRA** is Member, Society of Risk Analysts.

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4. Is your case management system built on 15 years of cost containment experience?

200,000 cases have given Intracorp a matchless record of returning patients to their maximum level of recovery—with the maximum return for every dollar spent. By combining pre-certification with effective cost containment services, Intracorp gets results. Costs are contained from the *onset* of illness. And you avoid the reoccurrence that too often happens when initial treatment isn't as comprehensive as it should be.

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Intracorp

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Mr. Daniel H. Davis, Senior Vice President of Marketing, Intracorp
701 Lee Road, Wayne, PA 19087 BI

Please send me information on Intracorp's Medical Case Management System.

Name *Title*

Company

Street *City*

State *Zip* *Phone* *Ext.*

Continued from facing page

Parent company: Frank B. Hall & Co. Inc.

Services provided: 1.6% special risk management projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, litigation management consulting; occasional analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, preparation of specifications for bidding; 98.4% other services, including claims management, cost containment services.

Specialty: Municipalities, associations, hospitals, universities.

Locations: Santa Clara and Burbank, Calif.; Briarcliff Manor, N.Y.; Chicago; Dallas; Maitland, Fla.

Staff: 1,046 total staff members, 18 professionals. Professional designations held by staff include two CPCUs, six ARMs, 14 MBAs, one FCAS, two CLUs, one attorney.

Clients: 44 total clients; 15% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 30% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million; no minimum size client.

Compensation: By the project; commissions for insurance placed with underwriters; on retainer; by the hour, principal consultant, $125; consultant, $100; clerical, $35.

1986 gross revenues: $48 million total, $800,000 from risk management consulting.

Principal officers: T.V. Hallett, chairman/chief executive officer; W.E. Danielewski, president/chief operating officer; J.W. Baldwin, F.I. Hughes, R.W. Lowry, T.J. O'Hara and J.M. Cannon, senior vps.

Advanced Risk Management Techniques (ARM Tech)

25251 Paseo de Alicia, Suite 100,
Laguna Hills, Calif. 92653;
714-472-8324

Year founded: 1982.
Independent.

Services provided: 30% continuous consulting; 28.1% risk management audits; 32.5% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, governmental pooling studies, insurance standards for contracts and leases; occasional claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems; 9.4% other services, including employee benefit studies.

Specialty: Utilities, health care institutions, transit operators, government agencies, property owner as-

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sociations, contractors.

Locations: Seattle; Sacramento, Calif.; Salt Lake City, Utah.

Staff: 19 total staff members; 14 professionals, including four principal consultants, eight consultants, two analysts. Professional designations held by staff include five CPCUs, eight ARMs, three MBAs, one PE, two RNs, one CIC, one attorney.

Clients: 150 total clients; 5% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 35% $5 million-$10 million, 20% $10 million-$25 million, 5% exceeding $25 million; no minimum size client.

Compensation: By the project; by the hour, principal consultant, $140-$150; consultant, $80-$90; analyst, $60-$70; clerical, $35.

1986 gross revenues: $1.6 million total, $1.45 million from risk management consulting.

Principal officers: Richard R. Huntington, Steven P. Kahn, Michael M. Kaddatz and Robert E. Ford, principals; David M. McCleerey, benefits principal.

Membership: SRMC.

Aerospace Management Services International

611 Ryan Plaza Drive, Suite 500, Arlington, Texas 76011; 817-460-5924

Year founded: 1973.
Independent.

Services provided: 10% continuous consulting; 50% risk management audits; 10% special projects, including frequent loss prevention audits, risk management organization studies; occasional captive feasibility studies, claims auditing, loss settlement assistance, preparation of specifications for bidding, consulting on the design of risk management information systems, manual preparation, appraisal services; 30% other services, including aircraft accident investigation.

Specialty: Aviation.

Staff: 10 total staff members, five professionals, including two principal consultants, two consultants. Professional designations held by staff include two MBAs.

Clients: Total clients not reported. no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $120; consultant, $100.

1986 gross revenues: Not reported.

Principal officers: Joseph R. Bailey, president; David F. Ek and O. Ray Wall, vps.

J.H. Albert International Insurance Advisors Inc.

161 Highland Ave., Needham Heights, Mass. 02194; 617-449-2866

Year founded: 1967.
Independent.

Services provided: 85% continuous consulting; 8% risk management audits; 7% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, preparation of risk management manuals, annual risk management reports to boards of directors, drafting insurance policies; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems.

Staff: 22 total staff members; 17 professionals, including five principal consultants, seven consultants, five analysts. Professional designations held by staff include five CPCUs, three ARMs, two MBAs, one attorney, two AIUs.

Clients: 350 total clients; 60% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 5% $5 million-$10 million, 3% $10 million-$25 million, 2% exceeding $25 million.

Compensation: By the hour, principal consultant, $110-$150; consultant, $100-$120; analyst, $80; clerical services included.

1986 gross revenues: $2.2 million total, all from risk management consulting.

Principal officers: Joseph H. Albert, president; Michael A. Rodman, George W. West, Thomas L. Atkins and Martin S. Berman, vps.

Membership: SRMC.

Aldrich & Cox Inc.

1900 Ridge Road, Buffalo, N.Y. 14224; 716-675-6300

Year founded: 1951.
Independent.

Services provided: 53% continuous consulting; 10% risk management audits; 7% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting; 30% other services, including employee benefit consulting.

Specialty: Manufacturers, retailers, health care facilities, educational institutions, municipalities.

Staff: 15 total staff members; 10 professionals, all of whom are consultants. Professional designations held by staff include by six CPCUs, four ARMs, one MBA, one ALCM, one CEBS, one attorney.

Clients: 60 total clients; 95% with risk and insurance budgets less than $1 million, 5% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, consultant, $55-$85.

1986 gross revenues: Not reported.

Principal officers: Herbert Cox, president; Charles H. Cox and James B. Hood Jr., vps.

Membership: SRMC.

Allied Adjustment Services

20 Pickering St., Needham, Mass. 02192; 617-449-2300

Year founded: 1956.
Independent.

Services provided: 50% continuous consulting; 50% other services, including general adjusting.

Specialty: Workers compensation, trucking.

Locations: Clifton, N.J.; Burlington, Vt.; Manchester and Portsmouth, N.H.; Waterville and Portland, Maine; Providence, R.I.; Falmouth, Lynfield, Worcester and West Springfield, Mass.; West Hartford, West Haven, Bridgeport and Stamford, Conn.

Staff: 110 total staff members, 15 professionals, including five principal consultants. Professional designations held by staff include two CPCUs, three attorneys.

Clients: Total clients not reported.

Compensation: By the hour, principal consultant, $50-$75; clerical, $17.75.

1986 gross revenues: Not reported.

Principal officers: Charles A. Hubbard, president; Walter J. Gillespie, executive vp.

Ambel Consultation Services Inc.

111 John St., New York, N.Y. 10038; 212-513-7722

Year founded: 1985.
Independent.

Services provided: 5% continuous consulting; 5% risk management audits; 30% special projects, including frequent captive feasibility studies, analysis of reinsurance company security, reinsurance programs for captives; occasional risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 60% other services, including reinsurance underwriting consultation services.

Staff: Three total staff members who are principal consultants. Professional designations held by staff include two CPCUs, three MBAs.

Clients: Total clients not reported; 5% with risk and insurance budgets less than $1 million, 2% $1 million-$5 million, 1% $5 million-$10 million, 2% $10 million-$25 million, 90% exceeding $25 million.

Continued on facing page

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Continued from facing page

Compensation: By the project, by the hour.

1986 gross revenues: Not reported.

Principal officers: Andrew Barile and Edward Mallozzi, directors.

American Insurance Consultants

605 Ward Ave., High Point, N.C. 27260; 919-841-5600

Year founded: 1979.

Parent company: American International Consultants Inc.

Services provided: 15% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; 75% other services, including reinsurance, managing underwriters, administration.

Specialty: Government agencies, trade organizations.

Locations: Charlotte and Raleigh, N.C.; New York.

Staff: 33 total staff members; 22 professionals, including four principal consultants, 10 consultants, two actuaries, six analysts. Professional designations include one CPCU, three ARMs, two MBAs, one FCAS, one ACAS, one CLU, two CICs.

Clients: 211 total clients; 40% with risk and insurance budgets less than $1 million, 45% $1 million-$5 million, 10% $5 million-$10 million, 5% $10 million-$25 million; minimum size client, $500,000 risk and insurance budget.

Compensation: By the project.

1986 gross revenues: $12 million total, $3.5 million from risk management consulting.

Principal officers: J. Dwight Gay, president; Michael W. Gay, vp; Richard H. Owens, vp-marketing.

American Risk Managers Inc.

Suite 4, The Sanderson Building, Hamilton, Ala. 35570; 215-921-7979

Year founded: 1979.

Independent.

Services provided: 19% continuous consulting; 19% risk management audits; 57% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, assessment of broker service and remuneration, loss settlement assistance, quantitative analysis and statistical forecasting; 5% other services.

Staff: Six total staff members; three professionals, including two principal consultants, one consultant.

Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million; minimum size client, $100,000 risk and insurance budget.

Compensation: By the hour, principal consultant, $75; consultant, $57.50; clerical, $15.

1986 gross revenues: $210,000 total, $200,000 from risk management consulting.

Principal officers: Walter D. Haney and Walter D. Haney Jr., partners.

American Risk Services Inc.

3033 Campos Drive, Minneapolis, Minn. 55441-2620; 612-559-7300

Year founded: 1979.

Independent.

Services provided: 80% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 10% other services, including employee benefits consulting.

Specialty: Manufacturers of medical devices, health care providers, municipalities, contractors.

Staff: Seven total staff members; five professionals, including two principal consultants, three consultants.

Clients: 30 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million; minimum size client, $200,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $100; consultant, $75; analyst, $40; clerical, $25.

1986 gross revenues: Not reported.

Principal officers: Mark T. Flaten, president.

Anistics Inc.

220 E. 42nd St., New York, N.Y. 10017; 212-972-9600

Year founded: 1970.

Continued on next page

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Continued from previous page

Parent company: Alexander & Alexander Services Inc.

Services provided: 5% continuous consulting; 35% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, loss reserve analysis; 60% other services, including risk management information system time sharing and services.

Locations: Atlanta; Chicago; Los Angeles; San Francisco; Burlington, Vt.; Palo Alto, Calif.; London; Sydney, Australia.

Staff: 148 total staff members; 85 professionals, including 34 principal consultants, 25 consultants, one actuary, 46 analysts. Professional designations held by staff include three CPCUs, nine ARMs, 10 MBAs, three PhDs, one FAS, one CPA.

Clients: 300 total clients; 1% with risk and insurance budgets under $1 million, 30% $1 million-$5 million, 30% $5 million-$10 million, 30% $10 million-$25 million, 9% exceeding $25 million; minimum size client, $1 million risk and insurance budget.

Compensation: By the project; by the hour, principal consultant, $150; consultant, $125; actuary, $125; analyst, $80; clerical, $30.

1986 gross revenues: Not reported.

Principal officers: Luther T. Griffith, president/chief executive officer; William D. Scaff, executive vp/chief operating officer; Richard B. Hall, executive vp/director-business development.

Applied Risk Consultants Inc.

P.O. Box 12464, Raleigh, N.C. 27605; 919-833-2878

Year founded: 1985.

Services provided: 50% risk management audits; 50% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, educational seminars.

Staff: Two total staff members who are principal consultants. Professional designations held by staff include two CPCUs, two ARMs, one MBA.

Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million; minimum size client, $50,000 risk and insurance budget.

Compensation: By the hour, principal consultant, $85-$100; clerical, $20.

1986 gross revenues: Not reported.

Principal officers: Durant G. Vick, president/senior principal; Gary W. Buchanan, vp/principal consultant.

Applied Risk Control

3 Garber Hill, Blauvelt, N.Y. 10913; 914-359-4240

Year founded: 1985.

Independent.

Services provided: 33.3% continuous consulting; 38% risk management audits; 23.7% special projects, including frequent risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, establishment of claims management procedures, loss analysis; occasional analysis of necessary insurance limits, accounting system analysis, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 5% other services, including risk management education programs.

Locations: Atlanta.

Staff: Staff members include four principal consultants, two consultants. Professional designations held by staff include two CSPs.

Clients: Four total clients; 25% with risk and insurance budgets less than $1 million, 25% $5 million-$10 million, 25% $10 million-$25 million, 25% exceeding $25 million; no minimum size client.

Compensation: By the project, on retainer.

1986 gross revenues: $199,000 total, $190,000 from risk management consulting.

Principal officers: Harry P. Mirijanian, president.

Applied Risk Funding Services

25201 Paseo de Alicia, Suite 104, Laguna Hills, Calif. 92653; 714-770-9722

Year founded: 1984.

Independent.

Services provided: 25% continuous consulting; 10% risk management audits; 25% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting, computer modeling, captive formation and consulting; 40% other services, including reinsurance consulting and placement.

Specialty: Association captives.

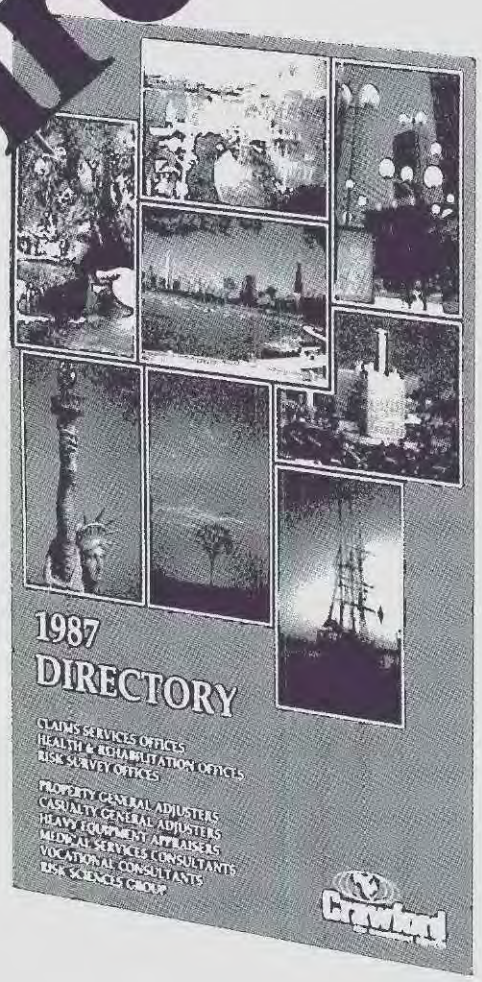
Locations: Walnut Creek, Calif.

Staff: Seven total staff members; six professionals, including four principal consultants, two consultants. Professional designations held by staff include three CPCUs, one ARM, one MBA.

Clients: 26 total clients; 15% with risk and insurance budgets under $1 million, 80% $1 million-$5 million,

Continued on facing page

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Continued from facing page

5% $5 million-$10 million; minimum size client, $25,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $95; analyst, $45; clerical, $30.

1986 gross revenues: $440,000 total, $264,000* from risk management consulting.

Principal officers: Duane E. Allen and Allon J. Greene, principals.

**BI estimate.*

Armour Riley Inc.

6725 Airport Road, Suite 702, Mississauga, Ontario L4V 1V2; 416-672-0555

Year founded: 1972.
Independent.

Services provided: 40% continuous consulting; 40% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, loss settlement assistance, expert witness testimony, insurance studies for government agencies.

Staff: Seven total staff members, including one principal consultant, four consultants. Professional designations held by staff include one AIIC.

Clients: Total clients not reported; 85% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million; minimum size client normally accepted, $100,000 risk and insurance budget.

Compensation: By the hour, principal consultant, $200; consultant, $125-$150.

1986 gross revenues: $274,000 total, all from risk management consulting.

Principal officers: Peter Armour, president; Culver Riley, vp.

Membership: SRMC.

Associated Consultants Inc.

2250 Devon, Des Plaines, Ill. 60068; 312-297-0500

Year founded: 1981.
Independent.

Services provided: 85% continuous consulting; 15% special projects, including frequent insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems.

Staff: Eight total staff members, including one principal consultant, four consultants.

Clients: Total clients not reported; 80% with risk and insurance budgets under $1 million, 20% $1 million-$5 million.

Compensation: By the project; by the hour, principal consultant, $125; consultant, $65; clerical, $35.

1986 gross revenues: Not reported.

Principal officers: Robert K. Nelson, president.

Membership: SRMC.

AuditRate Inc.

60 W. Superior St., Chicago, Ill. 60610; 312-944-2000

Year founded: 1966.

Parent company: Alper Services Inc.

Services provided: 10% continuous consulting; 50% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self insurance studies), claims auditing, loss prevention audits, assessment of broker service and remuneration; 30% other services, including cost reduction consulting, premium refund services.

Specialty: Manufacturing.

Staff: Eight total staff members; six professionals, including one principal consultant, one consultant, four analysts. Professional designations held by staff include one CPCU, one ARM.

Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million; minimum size client, $25,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $100; analyst, $50; clerical, $25.

1986 gross revenues: $400,000 total, $280,000 from risk management consulting.

Principal officers: Howard C. Alper, president; Edward J. Priz, vp.

b

Douglas Bell Associates Inc.

3415 Theo Way, West Palm Beach, Fla. 33417; 305-683-8189

Year founded: 1984.
Independent.

Services provided: 75% continuous consulting, 25% risk management audits.

Staff: Two total staff members, one professional who is a principal consultant.

Clients: Total clients not reported; 50% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million; no minimum size client.

Compensation: By the hour, principal consultant, $100; clerical, $20.

1986 gross revenues: Not reported.

Principal officers: Douglas Bell, chairman/treasurer; Rockwell O. Bell, president; Meredith B. Mathewson, secretary.

Benefit Technology Inc.

209 S. 2nd, Rogers, Ark. 72756; 501-636-0366

Year founded: 1978.
Independent.

Services provided: 100% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, accounting system analysis, consulting on the design of risk management information systems, risk retention group studies; occasional analysis of necessary insurance limits, claims auditing, quantitative analysis and statistical forecasting.

Staff: Three total staff members; two professionals, including one principal consultant, one analyst.

Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million; minimum size client, $100,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $100; analyst, $60; clerical, $15.

1986 gross revenues: $148,000 total.

Principal officers: John T. Oakes, president.

D.A. Betterley Risk Consultants Inc.

446 Main St., Worcester, Mass. 01608; 617-754-1704

Year founded: 1932.
Independent.

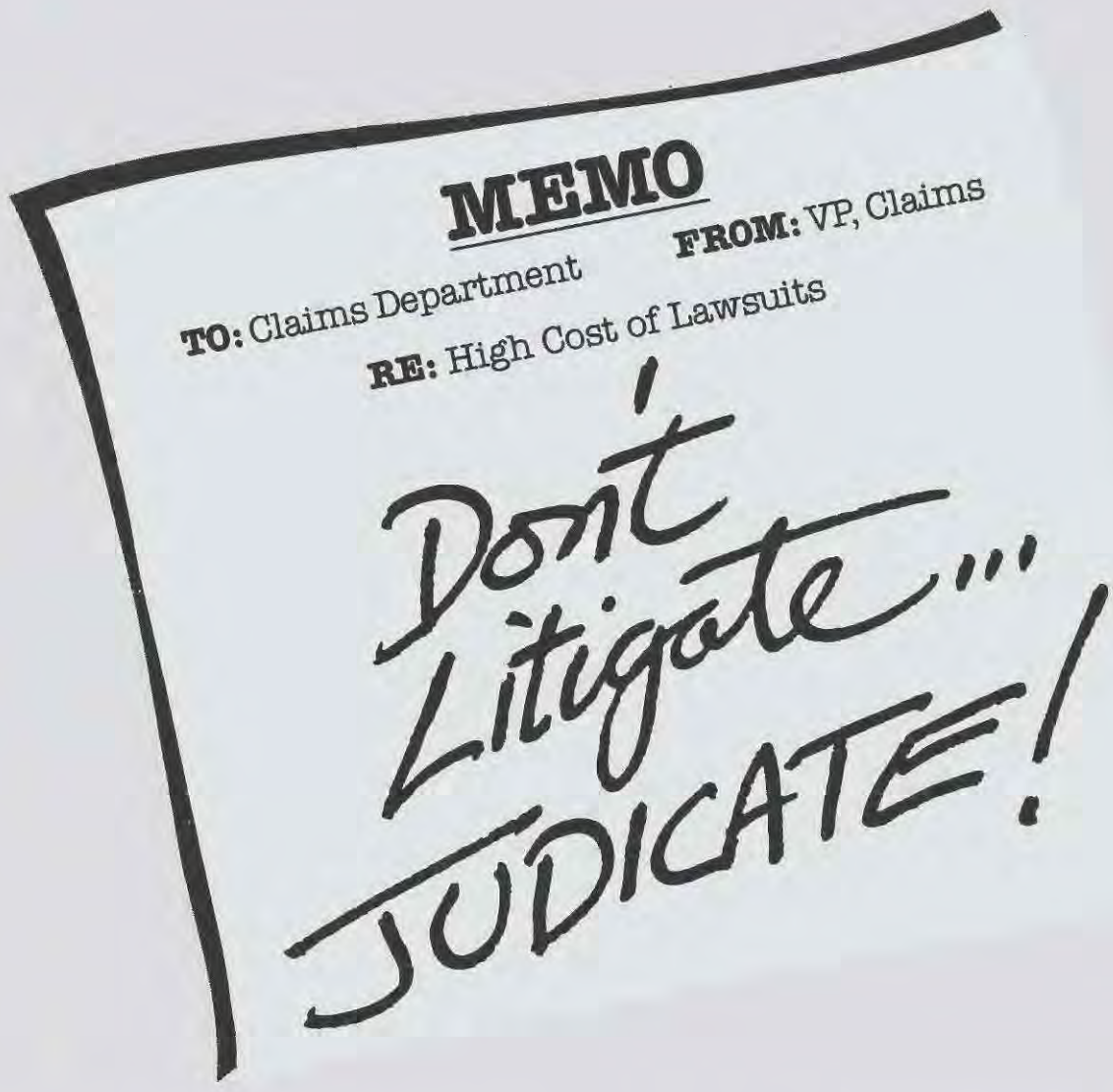
Services provided: 35.6% of gross revenues from continuous consulting; 40.6% from risk management audits; 20.3% from special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional loss prevention audits, accounting system analysis, loss settlement assistance; 3.5% other services, including publishing.

Staff: 16 total staff members; seven professionals, including three principal consultants, four consultants. Professional designations held by staff include two CPCUs, two ARMs, three MBAs, two CMCs.

Clients: 75 total clients; 20% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 35% $5 million-$10 million, 10% $10 million-$25 million, 15% exceeding $25 million; no minimum size client.

Compensation: By the hour, principal consultant, $135-$165; consul-

Continued on next page



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(212) 406-3410 New York

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ALASKA
(907) 561-8824 Anchorage

Continued from previous page
tant, $75-$100; clerical, $35.

1986 gross revenues: $855,000 total, $825,000 from risk management consulting.

Principal officers: Delbert A. Betterley, chairman; Richard S. Betterley, president; Mark P. Charren, principal.

Membership: SRMC.

Blades & Macaulay

2444 Morris Ave., P.O. Box 188, Union, N.J. 07083; 201-687-3735

Year founded: 1926.
Independent.

Services provided: 60% continuous consulting; 20% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.

Staff: Six total staff members; three professionals, including two principal consultants, one consultant. Professional designations held by staff include one CPCU, one attorney.

Clients: 30 total clients; 20% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 30% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $90.

1986 gross revenues: Not reported.

Principal officers: Arthur Macaulay Jr. and John J. Crout, partners.

Membership: SRMC.

.T.E. Brennan Co.

330 E. Kilbourn Ave., Suite 750, Milwaukee, Wis. 53202; 414-271-2232

Year founded: 1895.
Independent.

Services provided: 65% continuous consulting; 15% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, accounting system analysis, assessment of broker service and remuneration, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Locations: Chicago.

Staff: 16 total staff members; 11 professionals, including five principal consultants, five consultants, one analyst. Professional designations held by staff include one CPCU, two ARMs, two MBAs, two attorneys, two CPAs.

Clients: Not reported.

Compensation: By the hour, $35-$150.

1986 gross revenues: $1 million total, all from risk management consulting.

Principal officers: John Hayes, chairman.

Membership: SRMC.

Geoffrey T. Brown

1617 Via Laguna, San Mateo, Calif. 94404; 415-341-7716

Year founded: 1978.
Independent.

Services provided: 80% special projects, including frequent accounting system analysis, risk management organization studies, consulting on the design of risk management information systems; 20% other services.

Staff: Professional designations held by staff include one CPA.

Clients: 20 total clients; 10% with risk and insurance budgets $1 million-$5 million, 40% $5 million-$10 million, 40% $10 million-$25 million, 10% exceeding $25 million; minimum size client, $1 million risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $80 and up.

1986 gross revenues: $250,000* total, $200,000 from risk management consulting.

Principal officers: Geoffrey T. Brown, president.

**BI estimate.*

Larry W. Buck & Associates Inc.

Suite 890, 820 Gessner, Houston, Texas 77024; 713-467-4701

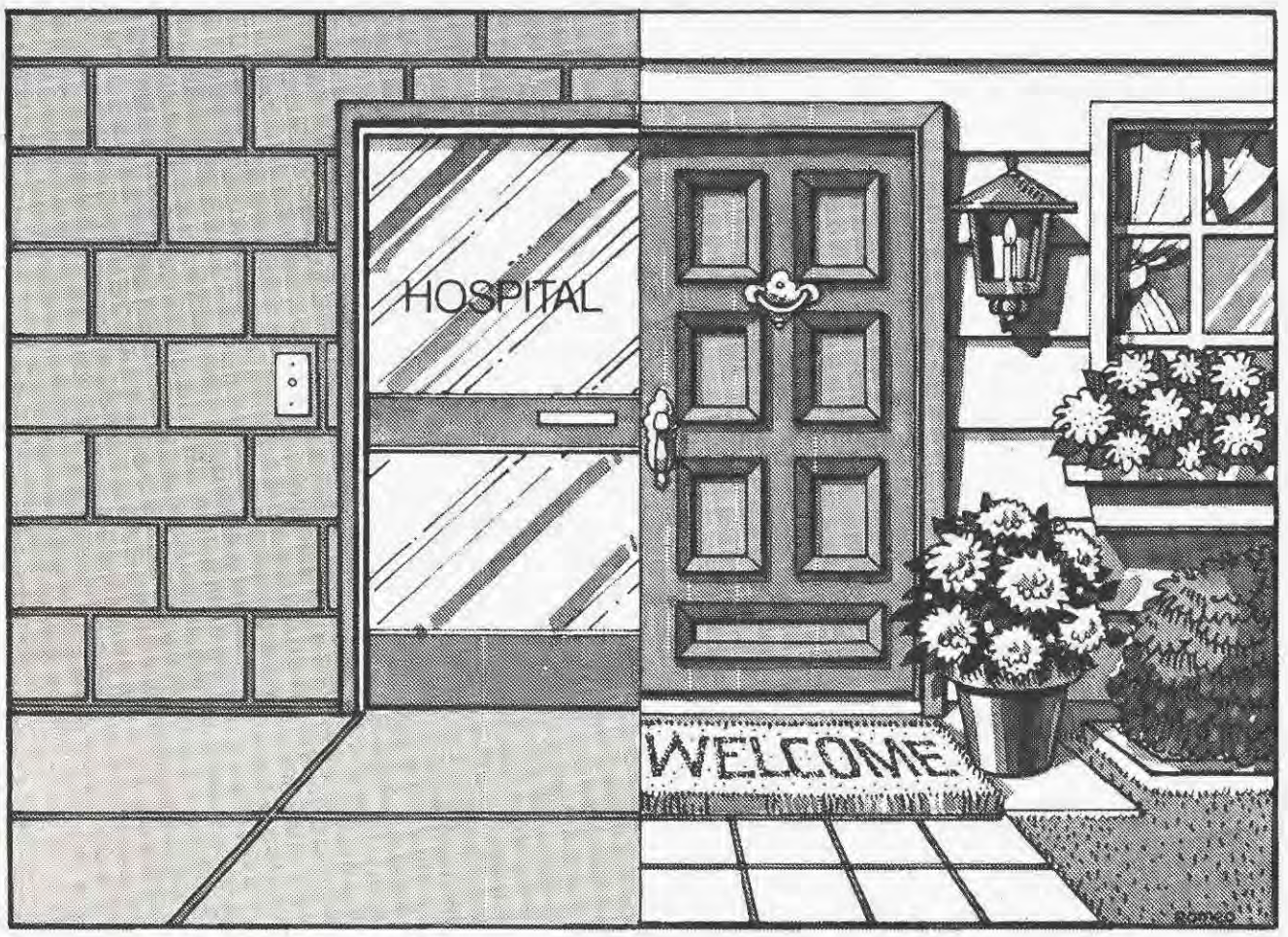
Year founded: 1977.
Independent.

Services provided: 80% continuous consulting; 5% risk management audits; 15% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, loss prevention audits, accounting system analysis, preparation of specifications for bidding, consulting on the design of risk management information systems.

Specialty: Real estate developers, wholesale meat distributors, nonprofit agencies.

Continued on facing page

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Continued from facing page

Staff: Three total staff members; including on principal consultant, one consultant. Professional designations held by staff include one AAI.

Clients: Total clients not reported; 90% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 5% $5 million-$10 million.

Compensation: By the hour, principal consultant and consultant, $150; clerical, $15.

1986 gross revenues: Not reported.

Principal officers: Larry W. Buck, president; N. Richard Magel, vp.

Membership: SRMC.

Ken Buhler Associates Inc.

11 Erita Lane, Smithtown, N.Y. 11787; 516-360-3770

Year founded: 1976.
Independent.

Services provided: 45% continuous consulting; 35% special projects, including frequent loss prevention audits, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional assessment of broker service and remuneration, loss settlement assistance, risk management organization studies; 20% other services, including fire protection design.

Staff: Five total staff members; four professionals, including two principal consultants, two consultants. Professional designations held by staff include two PEs.

Clients: Total clients not reported; 25% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 35% $5 million-$10 million, 10% $10 million-$25 million, 5% exceeding $25 million; no minimum size client.

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

1986 gross revenues: Not reported.

Principal officers: Ken Buhler, president.

Business Risk Managers

1205 Wasatch Drive, Mountain View, Calif. 94040; 415-967-5130

Year founded: 1986.
Independent.

Services provided: 75% continuous consulting; 10% risk management audits; 15% special projects, including frequent analysis of necessary insurance limits, loss prevention audits, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.

Specialty: Food service, retail.

Staff: Three total staff members; two professionals who are principal consultants. Professional designations held by staff include two ARMs, one CSP.

Clients: Total clients not reported; 50% with risk and insurance budgets $1 million-$5 million, 50% $5 million-$10 million; minimum size client, $1 million risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $65-$75; clerical, $20.

1986 gross revenues: $30,000 total, all from risk management consulting.

Principal officers: Terrence A. Higgins, president.

C

CBK Consulting Corp.

855 Valley Road, Clifton, N.J. 07013; 201-773-5506

Year founded: 1979.
Independent.

Services provided: 85% continuous consulting, risk management audits and special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies; 15% other services, including employee benefits administration.

Locations: Boca Raton, Fla.

Staff: Four total staff members who are professionals.

Clients: 50 total clients; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million.

Compensation: By the project, on retainer.

1986 gross revenues: $475,000 total, $403,750* from risk management consulting.

Principal officers: William H. Klein, president; J. Scott Klein, vp; Carole Klein, secretary/treasurer; Scott Wiggins.

**BI estimate.*

Capell Industrial Risk Management Inc.

P.O. Box 3167, Princeton, N.J. 08540; 609-896-3017

Year founded: 1978.
Independent.

Services provided: 80% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, risk assessments prior to acquisitions; occasional captive feasibility studies, claims auditing, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 10% other services, including environmental studies, software design, insurance brokerage.

Specialty: Chemicals, paint, coatings and plastics; residential developers.

Locations: Dublin, Pa.

Staff: Four total staff members; two professionals, including one principal consultant, one consultant.

Clients: Total clients not reported; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $165.

1986 gross revenues: $430,000 total, $345,000 from risk management consulting.

Principal officers: James W. Capell, president.

Carabillo Consulting Co.

P.O. Box 10009, West Hartford, Conn. 06110; 203-236-2095

Year founded: 1981.
Independent.

Services provided: 32% continuous consulting; 32% risk management audits; 16% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, insurance carrier reserve practice audits, video documentation for post-loss asset recovery; occasional captive feasibility studies, accounting system analysis, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 20% other services, including third-party property/casualty claims administration.

Specialty: Heavy manufacturing, trucking, hospitals, real estate and property management, retail chains.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include two ARMs, one MBA, one CIC.

Clients: 16 total clients; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million; minimum size client, $100,000.

Compensation: By the project; on retainer; by the hour, principal consultant, $85; consultant, $65.

1986 gross revenues: Not reported.

Principal officers: Vincent J. Carabillo, president.

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Caronia Corp.

350 Jericho Turnpike, Jericho, N.Y. 11753; 516-433-1200

Year founded: 1969.
Independent.
Services provided: 15% continuous consulting; 5% risk management audits; 5% special projects, including frequent claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies; occasional insurance contract analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 75% other services, including claims management.
Specialty: Health care.
Locations: Houston; Tustin, Calif.; Miami; Tampa, Fla.; Atlanta; Chicago; Louisville, Ky.; New Orleans; St. Louis; Bedford, N.H.; Dallas; Alexandria, Va.; London.
Staff: 150 total staff members. Professional designations held by staff include two ARMs, 10 attorneys.
Clients: 50 total clients; 50% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 10% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million; no minimum size client.
Compensation: By the project.
1986 gross revenues: Not reported.
Principal officers: Charles Caronia, president; Carl Ferdenzi, Earl Silverstein, Randall Brent and Joseph Costantino, executive vps.

Charlesworth & Associates

P.O. Box 12830, Overland Park, Kan. 66212; 913-451-4730

Year founded: 1977.
Independent.
Services provided: 50% continuous consulting; 40% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
Specialty: Municipalities, hospitals, manufacturing, educational institutions.
Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, one ARM, one CLU.
Clients: 40 total clients; 98% with risk and insurance budgets less than $1 million, 2% $1 million-$5 million; no minimum size client.
Compensation: By the project, on retainer.
1986 gross revenues: Not reported.
Principal officers: Art Charlesworth, owner.

Classic Funded Risk Services Inc.

342 Madison Ave., Suite 307, New York, N.Y. 10173; 212-972-5977

Year founded: 1984.
Parent company: Classic Insurance Agency Inc.
Services provided: 20% continuous consulting; 20% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, insurance contract analysis, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; 50% other services, including commercial insurance products, sales and services.
Specialty: Manufacturing, transportation.
Locations: NV Insurance, McLean, Va.
Staff: Five total staff members; four professionals, including one principal consultant, two consultants, one analyst. Professional designations held by staff include one CPCU, one MBA, one CLU.
Clients: 28 total clients; 50% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million; minimum size client, $750,000 risk and insurance budget.
Compensation: By the project, commissions for insurance placed with underwriters.
1986 gross revenues: $1.76 million total.
Principal officers: David M. Fernandez, president.

Commercial Insurance Alternatives Inc.

1250 Church St., St. Helena, Calif. 94574; 707-963-2400

Year founded: 1985.
Independent.
Services provided: 45% continuous consulting; 30% special projects, including frequent captive feasibility studies, loss prevention audits, risk management organization studies; occasional risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing; 25% other ser-

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Continued from facing page
vices, including insurance company administration.

Specialty: Professional and trade multi-owner captives and risk retention groups.

Staff: Five total staff members, including two principal consultants, one consultant, one analyst. Professional designations held by staff include one CPCU.

Clients: 10 total clients; 10% with risk and insurance budgets less than $1 million, 90% $1 million-$5 million; minimum size client, $500,000 risk and insurance budget.

Compensation: By the project, on retainer.

1986 gross revenues: Not reported.

Principal officers: E. Richard Crebs, president.

Commercial Risk Consultants Inc.

55 W. Queensway, Hampton, Va. 23669; 804-723-0254

Year founded: 1979.
Independent.

Services provided: 60% continuous consulting; 30% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding; occasional captive feasibility studies, accounting system analysis, risk management organization studies, quantitative analysis and statistical forecasting.

Staff: Two total staff members, one professional who is a principal consultant. Professional designations held by staff include one CPCU, one ARM, one CLU.

Clients: Total clients not reported; 60% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $75-$100.

1986 gross revenues: Not reported.

Principal officers: John W. Newby, president.

The Congeneric Group Inc.

17 Oak Forest Road, Novato, Calif. 94947; P.O. Box 30, Suite 345, Novato, Calif. 94948; 415-883-3032

Year founded: 1986.
Independent.

Services provided: 75% continuous consulting; 20% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding, occupational health services; occasional captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, industrial hygiene services.

Staff: Five total staff members; including one principal consultant, two consultants. Professional designations held by staff include one CHC, one RN.

Clients: Total clients not reported; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million; minimum size client, $250,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $100-$150; consultant, $60-$90; clerical, $30.

1986 gross revenues: Not reported.

Principal officers: John W. Kabaker, president/secretary; M. Jean Blanton, vp/treasurer.

Consulting Associates Inc.

4425 Randolph Road, Suite 333, Charlotte, N.C. 28211; 704-366-4910

Year founded: 1980.
Independent.

Services provided: 60% continuous consulting; 15% risk management audits; 25% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Utilities, financial institutions, education associations.

Staff: Five total staff members; three professionals, including two principal consultants, one consultant. Professional designations held by staff includes two CPCUs, two ARMs.

Clients: More than 30 total clients; 60% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 10% $5 million-$10 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $105; consultant, $55; actuary, $100; clerical, $30.

1986 gross revenues: Not reported.

Principal officers: William B. Brown, president; A. Bruce Johnston, vp.

Membership: SRMC.

Coopers & Lybrand-Risk Management Consulting Division

1251 Ave. of the Americas, New York, N.Y. 10020; 212-536-3203

Year founded: 1898.

Parent company: Coopers & Lybrand.

Services provided: 47% risk management audits; 47% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional claims auditing, loss settlement assistance; 6% other services.

Locations: Atlanta; Chicago; Los Angeles; San Francisco; Seattle; Hamilton, Bermuda; Toronto; Melbourne, Australia.

Staff: 69 total staff members; 42 professionals, including three principal consultants, seven consultants, 20 actuaries, 12 analysts. Professional designations held by staff include five CPCUs, four ARMs, four MBAs, 23 FCASs, 10 ACASs.

Clients: 300 total clients; 20% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million, 20% $5 million-$10 million, 30% $10 million-$25 million, 20% exceeding $25 million.

Compensation: By the project; by the hour, principal consultant, $225; consultant, $110; actuary, $175; analyst, $80; clerical, $35.

1986 gross revenues: $2.25 million total, $2.12 million from risk management consulting.

Principal officers: James A. Hall III, Richard E. Sherman, Frederick O. Kist, Charles McClenahan, partners; Douglas H. Hartman, Richard J. Fallquist, Oakley VanSlyke, Orin M. Linden, David O. Grady and Alvin Dyson, directors.

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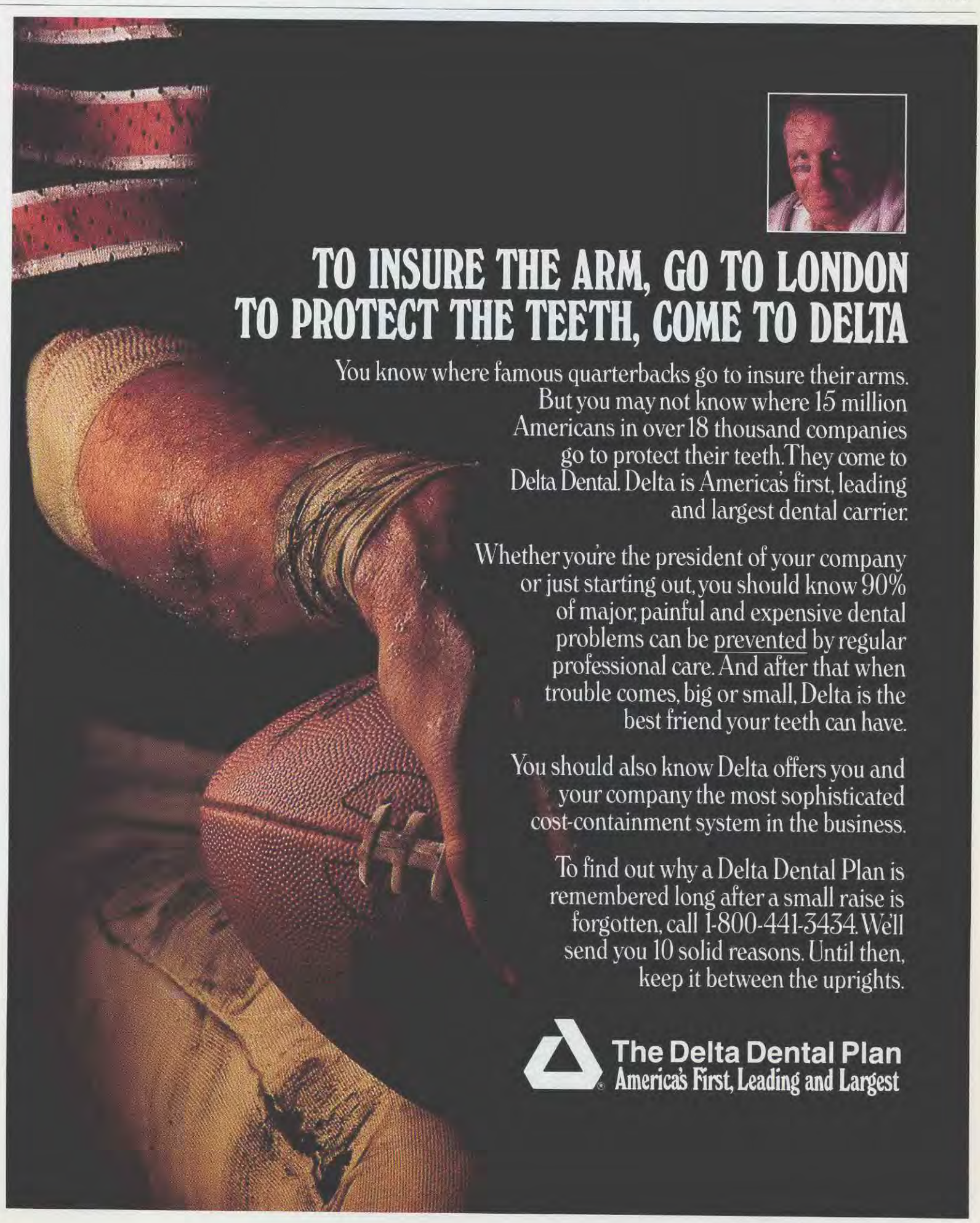
Year founded: 1970; activated in 1986.

Independent.

Services provided: 10% continuous consulting; 10% risk management audits; 60% special projects, including frequent captive feasibility studies, loss settlement assistance, quantitative analysis and statistical forecasting, consulting and other services for association insurance companies; occasional risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; 20% other services, including brokering insurance.

Specialty: Railroads, transporta-

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(213) 556-3290 Los Angeles
(714) 540-3585 Orange County

NO. CALIF.
(415) 631-0610 Moraga
(415) 543-5554 San Francisco

SOUTHEAST
(305) 941-7556 Pompano Beach
(305) 751-3280 Miami

DALLAS
(214) 934-8208 Dallas
(214) 248-2992-3 Dallas

NORTHEAST
(609) 953-0440 Medford, N.J.
(212) 406-3410 New York

MIDWEST
(312) 263-4485 Chicago

ALASKA
(907) 561-8824 Anchorage

Continued from previous page

tion, pharmaceutical, chemical.

Staff: Five total staff members; three professionals, including two principal consultants, one analyst. Professional designations held by staff members include two PEs.

Clients: 35 total clients; 10% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million, 40% $5 million-$10 million, 20% $10 million-$25 million, 20% exceeding $25 million; no minimum size client.

Compensation: By the project; by the hour, principal consultant, $150-$200; analyst, $75; clerical services included.

1986 gross revenues: $343,750 total, $275,000 from risk management consulting.

Principal officers: Louis W. Biegler, president; Eugene W. Bader and William L. Biegler, vps; Carmina M. Murphy, vp/secretary.

Corporate Policyholders Counsel Inc.

1460 Renaissance Drive, Suite 305, Park Ridge, Ill. 60068; 312-298-1770

Year founded: 1898.
Independent.

Services provided: 25% continuous consulting; 30% risk management audits; 45% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, non-insurance contract analysis, expert witness and counsel, education and training seminars; occasional loss prevention audits, accounting system analysis, merger studies, D&O loss control seminars.

Staff: 16 total staff members; 11 professionals, including five principal consultants, four consultants, two analysts. Professional designations held by staff include two CPCUs, one ARM, one MBA.

Clients: 275 total clients, no minimum size client.

Compensation: By the project; by the hour, principal consultant, $135-$200; consultant, $100-$125; analyst, $75-$100; clerical, $30-$40.

1986 gross revenues: Not reported

Principal officers: Lawrence B. Mulvaney, chairman; Ronald E. Seaver, president; Bruce S. McCallum, executive vp; Steven A. Coombs, vp.

Corporate Risk Consultants

24370 Northwestern Highway, Southfield, Mich. 48075; 313-358-1100

Year founded: 1976.
Parent company: Meadowbrook Inc.

Services provided: 45% continuous consulting; 5% risk management audits; 50% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis; occasional claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting.

Specialty: Manufacturers, bowling alley proprietors, pharmacies.

Locations: Boca Raton, Fla.

Staff: Eight total staff members, four professionals. Professional designations held by staff include two CPCUs, one ARM, one MBA, one CLU, one CPA.

Clients: 10 total clients; 50% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million.

Compensation: By the project, on retainer.

1986 gross revenues: $525,000 total, all from risk management consulting.

Principal officers: Merton J. Segal, president; Robert A. Engle, vp; Larry Kraus and Lee Kelly.

Corporate Risk Management Inc.

505 Fenton Place, Charlotte, N.C. 28207; 704-335-0185

Year founded: 1978.
Independent.

Services provided: 54% continuous consulting; 27% risk management audits; 9% special projects, including analysis of necessary insurance limits, insurance contract analysis, preparation of specification for bidding, quantitative analysis and statistical forecasting; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 10% other services, including employee benefits consulting.

Staff: Four total staff members; three professionals, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one CPCU, one ARM.

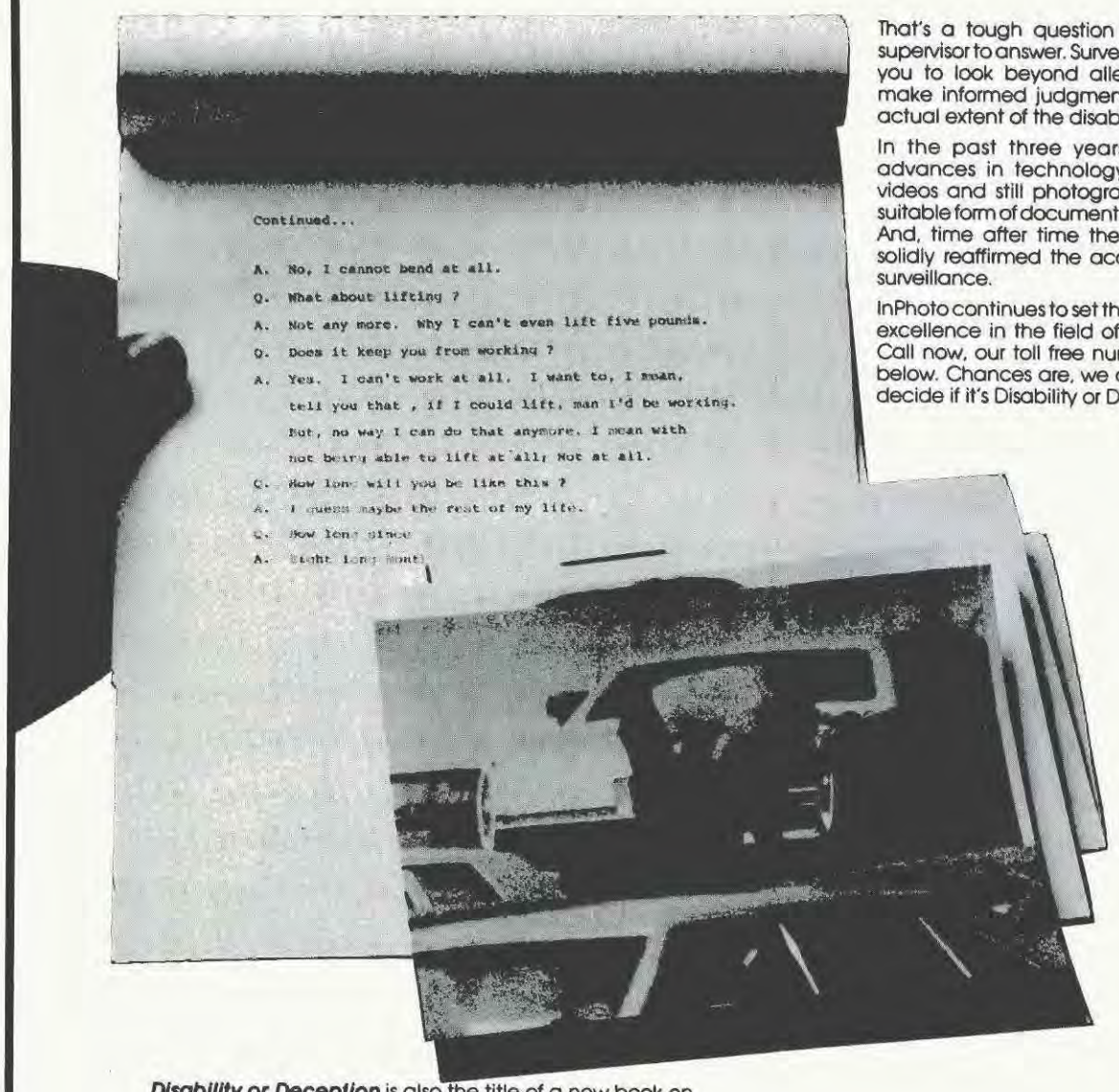
Clients: 35 total clients; 80% with

Continued on facing page

"It is in the best interests of society that valid claims be ascertained and fabricated claims be exposed." *Supreme Court of Pennsylvania*

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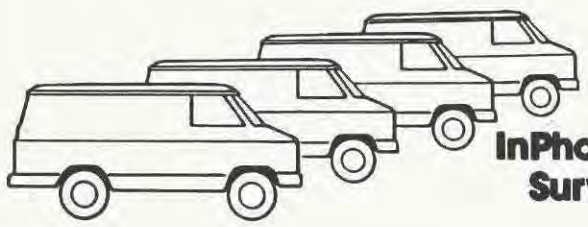


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Continued from facing page
risk and insurance budgets under $1 million, 20% $1 million-$5 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $95; consultant, $75.

1986 gross revenues: Not reported.

Principal officers: William B. Heeney, president.

Corporate Risk Managers Inc.

7525 Mitchell Road, Suite 109, Eden Prairie, Minn. 55344; 612-937-8942

Year founded: 1974.
Independent.

Services provided: 95% continuous consulting; 4% risk management audits; 1% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems, risk and insurance management services; occasional captive feasibility studies, quantitative analysis and statistical forecasting.

Locations: CRM Risk Managers, Brookfield, Wis.

Staff: 17 total staff members; including nine principal consultants, three consultants, two analysts. Professional designations held by staff include one CPCU, two ARMs.

Clients: More than 200 total clients; 96% with risk and insurance budgets less than $1 million, 4% $1 million-$5 million.

Compensation: On retainer.

1986 gross revenues: Not reported.

Principal officers: Burdell R. Wessels, president; Fred Moen, Theodore Hood, Dale Noyed, vps; Brian Colway, assistant vp.

Corroon & Black/ Advanced Risk Management Services

1 Commerce Place, Suite 1500, Nashville, Tenn. 37239; 615-244-8430

Year founded: 1976.
Parent company: Corroon & Black Corp.

Services provided: 24% continuous consulting; 1% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, insurance contract analysis, claims auditing, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting, actuarial studies, alternative loss financing studies; occasional analysis of necessary insurance limits, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, consulting on the design of risk management information systems; 70% other services, including captive management, third-party claims administration, facultative reinsurance placement, policy fronting, self-insurance administration, management and insurance brokerage.

Locations: Boston; Hamilton, Bermuda.

Staff: 142 total staff members; 20 professionals, including eight principal consultants, five consultants, one actuary, six analysts. Professional designations held by staff include six CPCUs, one ARM, six MBAs, one ACAS, three PhDs, one attorney, one CIC.

Clients: 250 total clients; 2% with risk and insurance budgets less than $1 million, 41% $1 million-$5 million, 32% $5 million-$10 million, 20% $10 million-$25 million, 5% exceeding $25 million; minimum size client, $500,000 risk and insurance budget.

Compensation: By the project; by the hour, principal consultant, $110-$200; consultant, $90; actuary, $110; analyst, $75; clerical, $25.

1986 gross revenues: $5.9 million total, $2.2 million from risk management consulting.

Principal officers: James V. Davis, chairman/chief executive officer; Manny D. Buzzell, vice chairman; Kenneth H. Pinkston, president/chief operating officer; Carolyn W. Pierce, assistant vp-administration; Thomas Perez, president-Corroon & Black Management; Donald K. Heim, president-Meridian Insurance Co.; Lucien P. Laborde Jr., president/chief executive officer-research & development; John Furlong, president-RGI Inc.

Crain, Langner & Co.

20575 Center Ridge Road, Suite 318, Cleveland, Ohio 44116; 216-333-7622

Year founded: 1939.
Independent.

Services provided: 75% continuous consulting; 20% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Hospitals, government entities, industry.

Staff: Four total staff members, three professionals who are principal consultants. Professional designations held by staff include three CPCUs, two ARMs, two CLUs.

Clients: 100 total clients; 94% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 1% $10 million-$25 million.

Compensation: By the hour, principal consultant, $125.

1986 gross revenues: $300,000 total, all from risk management consulting.

Principal officers: David A. Langner, president; William H. Elliott Jr. and Thomas E. Borror, vps.

Membership: SRMC.

Crouch Insurance Consulting Inc.

919 Congress, Suite 602, Austin, Texas 78701; 512-480-5502

Year founded: 1982.
Independent.

Services provided: 30% continuous consulting; 20% risk management audits; 50% special projects, including frequent insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Multi-housing projects, manufacturing, contracting, trucking, commercial development.

Staff: Two total staff members, one professional who is a principal consultant and holds a CIC designation.

Clients: 25 total clients; 100% with risk and insurance budgets less than $1 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $100.

1986 gross revenues: $215,000 total, all from risk management consulting.

Principal officers: Gregory K. Crouch, president.

Robert M. Currey & Associates Inc.

17 Arlington St., Boston, Mass. 02116; 716-267-1280

Year founded: 1981.
Independent.

Services provided: 54% continuous consulting; 18% risk management audits; 18% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 10% other services, including publications.

Staff: Five total staff members; three professionals, including two

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principal consultants, one consultant. Professional designations held by staff include one ARM, two attorneys.

Clients: 35 total clients; 30% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million, 10% $5 million-$10 million, 5% $10 million-$25 million, 5% exceeding $25 million.

Compensation: By the hour.

1986 gross revenues: Not reported.

Principal officers: Robert M. Currey, president; Sharon S. Mohney, vp.

Curtner Risk Management Inc.

1616 17th St., Denver, Colo. 80202; 303-628-5556

Year founded: 1984.
Independent.

Services provided: 25% continuous consulting; 50% risk management audits; 25% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, loss prevention audits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems.

Specialty: Cable television, associations, manufacturing.

Staff: Two total staff members, including one principal consultant. Professional designations held by staff include one ARM, one MBA.

Clients: 12 total clients; 25% with risk and insurance budgets less than $1 million, 75% $1 million-$5 million, 25% $5 million-$10 million; no minimum size client.

Compensation: By the project.

1986 gross revenues: Not reported.

Principal officers: Walter R. Curtner, president.

d

Kevin F. Donoghue & Associates

200 Lincoln St., Boston, Mass. 02111-2496; 617-482-7015

Year founded: 1970.
Independent.

Services provided: 80% continuous consulting; 15% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Contractors, manufacturers, retail, wholesale, municipalities, pharmaceutical, leisure time industries.

Staff: 12 total staff members; seven professionals, including four principal consultants, three consultants. Professional designations held by staff include three CPCUs, one MBA.

Clients: 95 total clients; 65% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 7% $5 million-$10 million, 3% $10 million-$25 million; minimum size client, approximately $50,000 risk and insurance budget.

Compensation: By the hour, principal consultant, $125-$150; consultant, $70-$110.

1986 gross revenues: Not reported.

Principal officers: Kevin F. Donoghue, president; Timothy R. Love, executive vp; Wesley B. Rowe, senior vp; Joseph B. McWilliams, vp; Richard G. Healy, claims consultant; Theresa M. Brill and Paula Cuozzo, staff consultants.

Membership: SRMC.

e

Ebasco Risk Management Consultants Inc.

2 World Trade Center, New York, N.Y. 10048; 212-839-1315

Year founded: 1905.
Independent.

Services provided: 40% continuous consulting; 40% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, pension actuarial studies; occasional claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding; 5% other services, including production of newsletters, books, films and hospital assessment guides.

Specialty: Service companies, utilities, government entities, manufacturing, transportation.

Staff: 35 total staff members; 13 professionals, including two CPCUs, three ARMs, one MBA, one ACAS.

Clients: 125 total clients; 15% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million, 30% $5 million-$10 million, 30% $10 million-$25 million, 10% exceeding $25 million; minimum size client, $250,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $110; consultant, $100; actuary, $120; analyst, $45; clerical, $37.50.

1986 gross revenues: $1.9 million total, $1.81 from risk management consulting.

Principal officers: Robert M. Bieber, president; Bruce Buchanan, senior vp; Lee Cohen, vp.

Environmental Strategies Corp.

3050 K St. N.W., Washington, D.C. 20007; 202-333-8500*

*As of Feb. 1, new address will be 8521 Leesburg Pike, Suite 650, Vienna, Va. 22180; 703-821-3700

Year founded: 1986.
Independent.

Services provided: 50% special risk management projects, including frequent environmental risk management, environmental risk assessments for pollution insurance; occasional claims auditing, loss prevention audits; 50% other services, including site investigations and cleanup.

Specialty: Chemical industry; wood treatment facilities; waste treatment, storage and disposal sites.

Locations: Denver; Hot Springs, Ark.

Staff: 17 total staff members; including two principal consultants, 15 consultants. Professional designations held by staff include five PhDs.

Clients: Total clients not reported, no minimum size client.

Compensation: By the project, by the hour.

1986 gross revenues: Not reported.

Principal officers: Lynne M. Miller, president; Michael J. Murphy, chief executive officer.

Ernst & Whinney-Risk Management Consultant Practice

787 Seventh Ave., New York, N.Y. 10019; 212-830-6000

Year founded: 1903.
Independent.

Services provided: 33.3% continuous consulting; 33.3% risk management audits; 33.4% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting,

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Heyward Fetner, President

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Houston, Texas 77290
Ph: (713) 875-6213 • Telex: 765630

Continued from facing page
consulting on the design of risk management information systems; occasional loss prevention audits.

Locations: Offices throughout the U.S.

Staff: 25 total staff members; 14 professionals, including four principal consultants, six consultants, four analysts.

Clients: 52 total clients; 20% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million, 15% $5 million-$10 million, 15% $10 million-$25 million, 10% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $175-$225; junior consultant, $125-$175; consultant, $90-$125; clerical services included.

1986 gross revenues: Not reported.

Principal officers: Richard S. Van Cleave III, principal/national director; Cyrus P. Quadland and John F. Riley, senior managers.

Membership: SRMC.

EVAZBO Risk Management Consulting Services Inc.

Popular Bank Building, 9th Floor, Suite 901, Old San Juan, Puerto Rico; 809-724-3442

Year founded: 1974.

Independent.

Services provided: 72.3% continuous consulting; 8.5% risk management audits; 4.2% special projects, including frequent analysis of necessary insurance limits; insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional risk retention analysis (including self-insurance studies), accounting system analysis; 15% other services, including conferences, loss control training, publishing, employee benefit audits.

Specialty: Hospitals, government entities, manufacturing.

Locations: Tampa, Fla.; New York.

Staff: 10 total staff members; four professionals, including one principal consultant, two consultants, one analyst. Professional designations held by staff include one CPCU, one CPA.

Clients: 10 total clients; 100% with risk and insurance budgets $1 million-$5 million; minimum size client, $100,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $100; actuary, $75; analyst, $75; clerical, $25.

1986 gross revenues: $500,000 total, $425,000 from risk management consulting.

Principal officers: Edna Vazquez de Bonnet, president; Mildred Miranda, vp; Gloria Gordils, treasurer.

Executive Risk Research

2828 N. 36th St., P.O. Box 10014, Phoenix, Ariz. 85064; 602-955-7811

Year founded: 1980.

Independent.

Services provided: 90% continuous consulting, 10% risk management audits.

Specialty: Government entities.

Staff: Three total staff members, two professionals. Professional designations held by staff include one MBA.

Clients: 51 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million; no minimum size client.

Compensation: By the project.

1986 gross revenues: $84,200 total, all from risk management consulting.

Principal officers: Robert Dennis, owner.

Membership: SRMC.

f

The FPE Group

3687 Mount Diablo Blvd., Lafayette, Calif. 94549; 415-283-8860

Year founded: 1972.

Parent company: Fred S. James & Co. Inc.

Services provided: 35% continuous consulting; 10% risk management audits; 25% special projects, including frequent loss prevention audits, safety management studies, industrial hygiene studies, boiler and machinery studies; occasional risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, quantitative analysis and statistical forecasting; 30% other services, including fire protection systems specification and design.

Locations: St. Charles, Ill.; Princeton, N.J.; Youngstown, Ohio; Wichita, Kan.; Burtonsville, Md.

Staff: 65 total staff members; including eight principal consultants, 16 consultants, 12 analysts. Professional designations held by staff include one CPCU, one ARM, 18 PEs, six CIHs.

Clients: 100 total clients; 50% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million, 15% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million; no minimum size client.

Compensation: By the hour, principal consultant, $120; consultant, $82-$100; analyst, $30-$72; clerical, $25.

1986 gross revenues: $3.6 million total, $2.6 million from risk management consulting.

Principal officers: Kenneth E. Berg, president; MacDonald Curless, Robert A. Lapidus, Joseph H. Talbert, Edward K. Vining, B.J. Walker, Thomas J. Walker and Jerry Perstein, vps.

Continued on page 44

Schirmer

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ALLEN AGENCY
Camden, Maine
has acquired
ROCKLAND, MAINE OFFICE
of
FRED S. JAMES & CO.
OF MAINE, INC.

The undersigned initiated this transaction and acted as financial advisor to Allen Agency

RUSSELL MILLER, INC.

BUTTERFIELD
INVESTMENT ADVISORS, INC.
has sold the assets of its
San Diego Insurance Agency
to
WILLIAM F. HABEGER

The undersigned initiated this transaction and acted as financial advisor to Butterfield Investments, Inc.

RUSSELL MILLER, INC.

McM CORPORATION
Raleigh, North Carolina
has sold its subsidiary
ALLIED GENERAL AGENCY, INC.
to
INSURANCE GENERAL
AGENCY, INC.
Scottsdale, Arizona

The undersigned initiated this transaction and acted as financial advisor to MCM Corporation

RUSSELL MILLER, INC.

BUTTERFIELD
INVESTMENT ADVISORS, INC.
has sold certain insurance assets to
CALIFORNIA COASTAL INSURANCE
ROBERT J. CHRISTADORE
MUTUAL INSURANCE AGENCY INC.

The undersigned initiated this transaction and acted as financial advisor to Butterfield Investments, Inc.

RUSSELL MILLER, INC.

FRED S. JAMES & CO., INC.
has acquired
THE ARMISTEAD GROUP, INC.
and its wholly-owned subsidiaries

The undersigned initiated this transaction and acted as financial advisor to The Armistead Group

RUSSELL MILLER, INC.

BUTTERFIELD
INVESTMENT ADVISORS, INC.
has sold the assets of its subsidiary
ISU/CHANDLER
INSURANCE AGENCY
Burlingame, California
to
CRUMP/KINDLER & LAUCCI
INSURANCE BROKERS

The undersigned initiated this transaction and acted as financial advisor to Butterfield Investments, Inc.

RUSSELL MILLER, INC.

HORAN, GOLDMAN
COMPANIES, INC.
has become a wholly owned subsidiary
JARDINE GLANVILL LIMITED
a subsidiary of
JARDINE MATHESON
HOLDING LIMITED

The undersigned acted as financial advisor to Horan, Goldman Companies, Inc.

RUSSELL MILLER, INC.

BUTTERFIELD
INVESTMENT ADVISORS, INC.
has sold the assets of its subsidiary
ISU/GOLD INSURANCE AGENCY
Long Beach, California
to
PHD INSURANCE BROKERS

The undersigned initiated this transaction and acted as financial advisor to Butterfield Investments, Inc.

RUSSELL MILLER, INC.

CORROON & BLACK, INC.
has sold its Juneau, Alaska Office to
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MAKING CHANGES

Evaluate risk management alternatives before adopting plans

By Thomas C. Radziewicz

ALTHOUGH LIABILITY insurance continues to be the No. 1 concern of most commercial insurance buyers, there are some signs that the worst of the liability insurance crunch may be behind us.

For one thing, some of the "untouchable" classes of liability insurance are no longer untouchable. In recent months, a few insurers have indicated a willingness to provide liability coverage for day-care centers, municipalities, schools, taverns, recreational facilities, etc.

Admittedly, the market for such risks is very limited and coverage may be available only in states that have passed some sort of tort reform legislation, but there are definite indications that underwriting positions are being re-examined.

That doesn't mean that prices have peaked. But price hikes for primary coverage are definitely tapering off and excess underwriters are looking for much more modest increases than a year ago (*BI*, Jan. 5).

Perhaps the surest sign that the liability insurance crunch will ease is the fact that insurers' profits are up substantially. Figures for the first quarter were very healthy, and results for the second and third quarters were even healthier. Many of the major property/casualty insurers report profits for the first nine months of the year that are two to three times those of last year. Chubb Corp. even wrote business at an underwriting profit.

One interesting phenomenon of the tight market is that it has spawned a number of risk financing alternatives. In the past year or so, any number of organizations have been driven from conventional insurance markets to formal self-insurance programs—captive insurance companies, risk pooling arrangements, etc.

Not every company is large enough or has the resources to establish a formal self-insurance program, to form a captive insurance company or to qualify for membership in some type of risk-sharing pool. But, practically any business can benefit from the judicious use of a variety of risk assumption techniques.

And, no matter how large or small—or how sophisticated the problem—every company needs to evaluate whether the techniques it uses are based on sound principles of risk management. Any discussion of "alternative" methods of handling risk has to recognize how such methods are integrated into your overall risk management program.

speaking out

The basic functions of a risk management program are to:

- Identify and evaluate all sources of significant risk of loss.
- Eliminate or reduce such risk wherever practical.
- Transfer some or all of the risk to another party, often an insurance company.
- Assume the remaining risk within established guidelines.
- Monitor results.

The initial stage of the risk management process—identification and evaluation of exposure to loss—is the basis from which all other steps in the process should flow. It involves a comprehensive analysis of information gathered from various sources to enable you to identify those conditions and perils that may cause a loss, and to evaluate the extent of injury, damage or financial loss that may occur.

Loss control is a crucial factor in managing risk, and it is a fundamental technique for eliminating or reducing those risks. For example, if you have a significant product liability exposure, a rigid loss prevention and quality control program is essential.

However, some firms have been forced to take more drastic measures because their insurance costs have skyrocketed, or they may have been unable to buy coverage at any price.

For example, in some cases the only economically feasible alternative may be to discontinue a product line or perhaps even sell a subsidiary that has generated enormous insurance problems.

Another technique for handling a risk you have identified is to transfer that risk to some other party. The most common method of transferring risk is the purchase of insurance; however, there are other mechanisms for transferring the financial burden of loss, usually through some type of contractual agreement: leases, construction contracts, purchase orders, maintenance contracts, etc. Such contracts often contain a "hold-harmless" or indemnification agreement, under which one party to the contract assumes certain liabilities of the other.

As a practical matter, your ability to transfer risk depends on whether you or the other party to the contract is in the better bargaining position. For example, as a favored customer, you may insist that a supplier assume all liability arising out of a product you purchase from the supplier.

Such a transfer of liability would normally be expressed in the indemnification or hold-harmless agreement written into a purchase order or sales agreement.

Even if you are in a position to transfer risk contractually to another party, you probably haven't eliminated the risk entirely. For one thing, the other party may not have the resources to back up its obligations stemming from the assumed risk. So, you should request evidence of adequate liability insurance from the other party.

In addition, you may want to require that your company be included as an insured under the other party's liability insurance.

All in all, the contractual transfer of risk is an effective risk management technique primarily for the purpose of shifting claims from your own experience to someone else's. In that sense, it is not truly an alternative to insurance. Only when coverage is unavailable—or its cost is

Continued on next page

perspective

Evaluate risk management alternatives

Continued from previous page
prohibitive—should you consider using a contractual transfer of risk in lieu of your own protection. And then bear in mind that you may not have eliminated your risk completely.

Once you have identified and evaluated your risk of loss, taken measures to minimize, eliminate or transfer those risks, you should determine to what extent you can assume the remaining risk. That last step leads you to true alternatives to insurance. And, there is a wide range of such alternatives: from deductibles to captive insurance companies.

Many of the more sophisticated risk retention techniques that are being used today are not feasible for the vast majority of businesses. Obviously, those companies with more limited assets—and, thus, more limited ability to absorb an uninsured loss—have limited risk retention alternatives. But every organization can—and should—retain some portion of its risk.

Unfortunately, one basic technique for doing that—the deductible—is often overlooked.

Traditionally, deductibles were merely a method of reducing premium charges. They were used primarily with insurance coverages that generate a large number of small claims. By eliminating "nuisance" claims and the cost of handling those claims, you avoid dollar-swapping with your insurer. So, the premium credit allowed for the deductible you assume could be significant.

An important question, however, is whether you have the internal resources to handle losses as effectively as an insurer. Many firms choose to insure against automobile collision damage, for example, primarily to obtain the insurer's claims service. The insurer provides the controls they desire: Repair costs are kept to reasonable levels, vehicles are back on the road quickly and claims against third parties are handled effectively.

The deductible concept, as a technique for reducing premium cost, usually lends itself more to first-party insurance than it does to liability insurance. For one thing, many insurers insist on handling even small liability claims themselves to avoid problems that could develop later. Typically, endorsements used with liability policies specify that the insurer is obligated to pay damages only in excess of the deductible amount, but state further that the insurer may settle claims within the deductible amount, and that you must reimburse the insurer for those payments.

Some companies prefer to have claims handled in this manner because the insurer can be somewhat of a "buffer" between them and claimants. But obviously such a deductible arrangement does not eliminate the insurer's expense of handling claims. So, it will not usually call for any significant reduction of your premium.

In the current market, a sizable liability "deductible," or self-insured retention, is much more common, often because it is the only alternative acceptable to an underwriter.

The question of who is to handle claims is extremely important if your liability coverage is written with a substantial self-insured retention. Most insurers have rigid requirements and procedures that must be followed when a retention includes both losses and claims handling. If you use a service organization, that organization will have to satisfy the requirements of your underwriter, including specific procedures for monitoring and reporting the status of claims to the insurer.

Generally, underwriters insist on some guarantee that claims within the self-insured retention will be paid. These guarantees can include letters of credit, bonds, financial guarantees, trust accounts, etc. If you use a service organization to handle claims, that organization should be able to arrange such a guarantee that satisfies the underwriter.

Make sure it is clear how defense is to be handled under any self-insured retention program you may consider. Traditional deductible arrangements normally provide first-dollar defense coverage. However, it is not uncommon today for liability insurance to be written with a substantial self-insured retention applying to the total cost of a claim, including the amount of the actual settlement and allocated claims expenses, including legal fees and court costs.

The market for workers compensation insurance is far less distressed than the liability insurance market. Nevertheless, workers compensation insurance costs have increased substantially for many companies, and many insurers feel that work comp rates are still inadequate and have become increasingly selective in the risks that they will write.

What's more, paid-loss retros and other types of cash-flow plans that were being highly touted by insurers during the soft market have all but disappeared from the marketplace. So, to more companies today, workers compensation self-insurance appears to be an attractive alternative.

There are many criteria other than size for judging whether self-insurance is feasible for your business. Among other things, consideration should be given to your company's financial stability, its past loss experience, its ability to administer a self-insured program and, of course, the cost of any accompanying services you must obtain from outside organizations.

If you do self-insure, you will almost certainly be dependent on an insurer to provide some type of excess insurance. The market for excess insurance—particularly aggregate excess—is quite constricted today and the cost in some cases is prohibitive.

The principal benefits of a self-insured program are that it should:

- Improve cash flow through the elimination of advance premiums.
- Improve your company's loss picture through more effective loss control.
- Save money through reduced administrative costs.

But, bear in mind that cash flow may actually be impeded in later years as claims mature. Make sure, too, that you are aware of what your total additional expenses will be, including the cost of excess coverage.

Captives also are receiving renewed interest in the current tight market. The surge of interest in captives has primarily centered on multiowner captives, typically those set up by members of trade associations. However, many captives also have been formed recently by non-affiliated companies that have pooled their resources to solve common insurance problems, like the non-availability of adequate directors and officers liability, pollution liability or professional liability insurance.

A key factor underlying the success of any multiowner captive is to establish a consensus concerning the captive's goals and the commitment of its owners. A viable captive cannot thrive as a short-term solution to current market problems. And, without an extremely large initial capitalization, most captives in their early years wimll be heavily dependent on reinsurance.

A new wrinkle in multiowner captives will be generated by the amendments to the Risk Retention Act, signed by President Reagan in October.

The new law permits the formation of risk retention groups for the purpose of self-insuring most liability risks of its members. The law also authorizes the establishment of purchasing groups to buy most types of liability insurance on a group basis.

A principal feature of the Risk Retention Act is that it pre-empts state laws and regulations that prohibit or impede group self-insurance. A risk retention group may operate nationwide as a chartered and licensed insurer as long as it is licensed in one state.

We expect that the new Risk Retention Act will promote the creation of many captives and purchasing groups.

One thing is sure: Many buyers are making long-term commitments to risk management alternatives to solve a short-term insurance problem. Many of these long-term solutions should be thoroughly studied, since they will remain in place after the insurance crisis eases.

Thomas C. Radziewicz is president of the Society of Risk Management Consultants. He is also vp of John Liner Insurance & Risk Management Advisers Inc. and assistant editor of The John Liner Letter.



'Padding' voids policyholder's claim: Court

legal briefs

An insurer was entitled to recover from a policyholder the entire amount paid on a theft loss claim, rather than merely the excess or inflated recovery amount, in a case where the policyholder filed a fraudulent claim, according to a Colorado appellate court.

Larry Barnhart did business as Power Stop, an automobile repair service. Mr. Barnhart's shop was burglarized and cash, tools, parts, supplies and inventory were stolen.

Mr. Barnhart had purchased theft insurance from Northwestern National Insurance Co. The policy contained a provision voiding the policy if the policyholder willfully concealed or misrepresented any material fact or circumstance concerning the insurance.

Mr. Barnhart submitted a proof of loss form with a list of items claimed to have been stolen. Northwestern National paid the amount of the claimed loss.

Later, Mr. Barnhart admitted that he had "padded" the claim he filed with Northwestern National and said that his actual losses were less than the amount reported.

Northwestern National then sued Mr. Barnhart to recover the total amount paid on the theft loss claim.

The trial court ruled for Northwestern National.

On appeal, Mr. Barnhart argued that Northwestern National should be able to recover only the excess amount of his claim, over and above his actual loss.

However, the appellate court concluded that the policy was voided by Mr. Barnhart's false statement made for the purpose and with the intention of deceiving Northwestern National and inducing it to pay more insurance than the amount of the loss sustained.

The penalty for fraud in an insurance case where a fraud clause exists is not simply forfeiture of the excess amount, but the voiding of all actual loss benefits as well, according to the appellate court. *Northwestern National Insurance Co. vs. Barnhart,* Colorado Court of Appeals, Dec. 26, 1985 (*BI*/03/N.—$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. List the number for each opinion.

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Herbert H. Feldman Insurance Consulting Associates

60 Cutter Mill Road, Great Neck, N.Y. 11021; 516-829-6050

Year founded: 1974.
Independent.
Services provided: 95% continuous consulting; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting.
Specialty: Real estate, retail, manufacturing, importing, service industries.
Locations: Montreal.
Staff: Four total staff members, two professionals who are principal consultants. Professional designations held by staff include one MBA, one CPA.
Clients: 33 total clients; 74% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 3% $5 million-$10 million, 3% $10 million-$25 million; minimum size client, $200,000 risk and insurance budget.
Compensation: On retainer.
1986 gross revenues: Not reported.
Principal officers: Herbert H. Feldman, managing partner.
Membership: SRMC.

Felton Associates

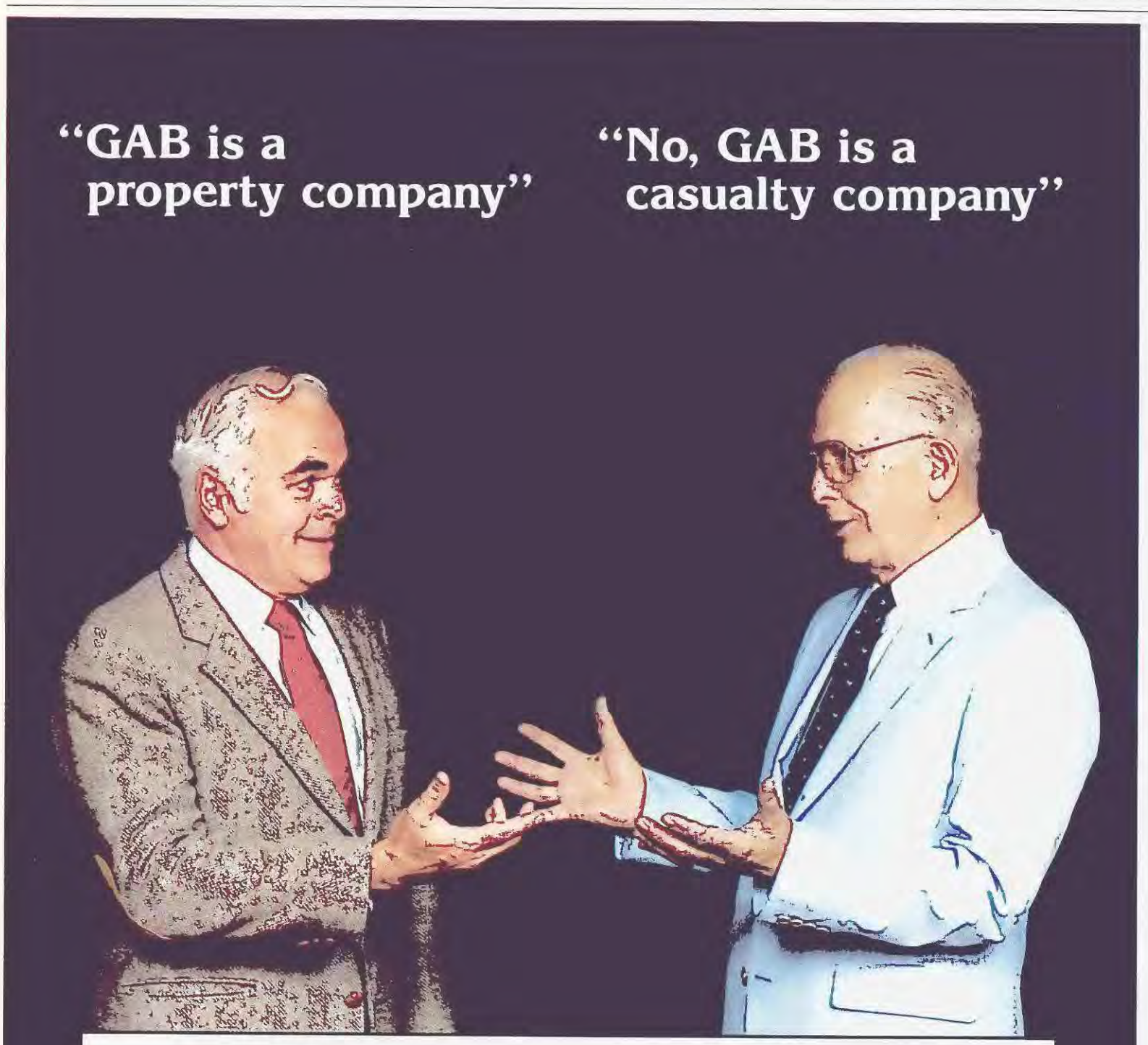
3255 Fritchie Drive, Baton Rouge, La. 70809; 504-925-2833

Year founded: 1976.
Independent.
Services provided: 30% continuous consulting; 30% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), assessment of broker service and remuneration, loss settlement assistance; 30% other services, including expert witness testimony.
Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, one MBA, one CLU, one attorney.
Clients: 40 total clients; 96% with risk and insurance budgets less than $1 million, 2% $1 million-$5 million, 2% exceeding $25 million; no minimum size client.
Compensation: By the hour, principal consultant, $100; consultant, $75.
1986 gross revenues: $100,000 total, $70,000 from risk management consulting.
Principal officers: Robert S. Felton, principal consultant/owner.
Membership: SRMC.

First Risk Management Co.

90 Bustleton Pike, Feasterville, Pa. 19047; 215-322-2400

Year founded: 1959.
Independent.
Services provided: 70% continuous consulting; 20% risk management audits; 7% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, consulting on the design of risk management information systems; 3% other services, including expert witness testimony.
Locations: First Risk Management (P.R.) Inc., San Juan, Puerto Rico.
Staff: 15 total staff members; eight professionals, including three principal consultants, five consultants. Professional designations held by staff include four CPCUs, four ARMs, one ALCM.
Clients: Approximately 60 total clients; 98% with risk and insurance budgets less than $1 million, 2% $1 million-$5 million; no minimum size client.
Compensation: By the project; by the hour, principal consultant, $225; consultant, $160-$195; clerical, $35.
1986 gross revenues: $950,000 total, approximately $900,000 from risk management consulting.
Principal officers: Leonard J. Silver, president; Alvin E. Mangold, executive vp; Vera N. Peregrim, vp.
Membership: SRMC.



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Fortune & Co./ Risk Managers Inc.

9728 Rosehill Road, Lenexa, Kan. 66215; 913-492-0451

Year founded: 1978.
Independent.
Services provided: 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.
Specialty: Political subdivisions, manufacturers, real estate developers, gasoline vendors, engineering firms, trucking, wholesale, retail, boat manufacturing, truck dealers.
Staff: Six total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include two CPCUs, one ARM, one attorney.
Clients: 80 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million; no minimum size client.
Compensation: By the project; on retainer; by the hour, principal consultant, $90; consultant, $75.
1986 gross revenues: Not reported.
Principal officers: Burton A. Selfridge Jr., president; David E. Fortune, chairman.

Friedman, Fuller & Hudson Inc.

6120 Executive Blvd., 8th Floor, Rockville, Md. 20879; 301-468-6946 or 301-792-2327

Year founded: 1981.
Independent.
Services provided: 40% continuous consulting; 45% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, accounting system analysis, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, consulting on risk financing, loss and safety control services; occasional claims auditing, assessment of broker service and remuneration, loss settlement assistance.
Specialty: Transportation, real estate, wholesale, retail.
Staff: 12 total staff members; eight professionals, including three principal consultants, four consultants. Professional designations held by staff include two CPCUs, two ARMs, two MBAs, one attorney, two CPAs.
Clients: Total clients not reported; 48% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 15% $5 million-$10 million, 2% $10 million-$25 million; no minimum size client.
Compensation: On retainer; by the hour, principal consultant, $120; consultant, $70; actuary, $120; ana-

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lyst, $50; clerical, $20.

1986 gross revenues: $850,000 total, all from risk management consulting.

Principal officers: Peter M. Hudson, president/chief executive officer; Jeffrey L. Duncan, vp-loss control; Arthur G. Methvin, vp-consulting; Robley Backus, assistant vp-special projects.

Membership: SRMC.

Leonard R. Friedman Risk Management Inc. (LRF/RM Inc.)

170 Great Neck Road, Great Neck, N.Y. 11021; 516-466-0750

Year founded: 1974.
Independent.

Services provided: 90% continuous consulting; 7% risk management audits; 3% special projects, including occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding.

Specialty: Retail chains, clothing manufacturers, non-profit institutions.

Staff: 16 total staff members; 10 professionals, including two principal consultants, five consultants, three analysts. Professional designations held by staff include two CPCUs, three ARMs, one MBA.

Clients: 26 total staff members; 85% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million.

Compensation: On retainer; by the hour, principal consultant, $175; consultant, $150; associate risk manager, $85; analyst, $55; clerical, $35.

1986 gross revenues: $1 million total, all from risk management consulting.

Principal officers: Alice B. Weiss, president; Susan G. Kaufman, vp.

Membership: SRMC.

g

Glenn, Nyhan & Associates/American Health Systems/ American Insurance Services

282 Second St., San Francisco, Calif. 94105; 415-777-2341

Year founded: 1980.
Parent company: Glenn, Nyhan & Associates.

Services provided: 5% continuous consulting; 5% risk management audits; 10% special projects, including risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting, risk management program review, development of risk management newsletters and periodicals; occasional analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, consulting on the design of risk management information systems; 80% other services, including insurance brokerage, insurance company management services, health economics consulting.

Specialty: Health care.

Locations: Chicago; Princeton, N.J.; Radnor, Pa.; Columbia, Md.; Wallingford, Conn.

Staff: 94 total staff members. Professional designations held by staff include five CPCUs, four ARMs, six MBAs, two CLUs, three attorneys, five CPAs.

Clients: 32 total clients; 10% with risk and insurance budgets less than $1 million, 90% $1 million-$5 million; minimum size client, $100,000 risk and insurance budget.

Compensation: By the project; commissions for insurance placed with underwriters; on retainer; by the hour, principal consultant, $225; consultant, $175; analyst, $125; clerical, $75.

1986 gross revenues: $7.2 million total, $1.51 million from risk management consulting.

Principal officers: Paul E. Dorroh, chairman/chief executive officer; Bartholomew G. Nyhan, president/chief operating officer; Richard E. Glenn, executive vp; Ronald W. Shepherd, executive vp-finance; John Dorsett, president-American Insurance Services; John Norris, president-American Health Systems.

Dave Goodwin & Associates

P.O. Drawer 54-6661, Surfside, Fla. 33154; 305-531-0071

Year founded: 1963.
Independent.

Services provided: 90% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies; occasional accounting system analysis, preparation of specifications for bidding.

Staff: Three total staff members, including one principal consultant, two consultants.

Clients: 45 total clients; 97% with risk and insurance budgets less than $1 million, 3% $1 million-$5 million; minimum size client, $50,000 risk and insurance budget.

Compensation: By the project, on retainer.

1986 gross revenues: $240,000 total, all from risk management consulting.

Principal officers: David Goodwin, owner.

J.M. Gordon & Associates

Suite 620, Stock Exchange Tower, Calgary, Alberta T2P 3C4; 403-265-6748

Year founded: 1983.
Independent.

Services provided: 20% continuous consulting; 40% risk management audits; 40% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting, risk pooling studies, O.I.L. feasibility studies; occasional claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, consulting on the design of risk management information systems.

Specialty: Energy, utilities, manufacturing, banking.

Staff: Five total staff members, three professionals who are principal consultants. Professional designations held by staff include one CPCU, three ARMs, two MBAs, three PEs, one attorney, one FIIC.

Clients: Total clients not reported; 20% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million, 30% $5 million-$10 million, 10% $10 million-$25 million.

Compensation: By the project; by the hour, principal consultant, $100; consultant, $90; clerical, $20.

1986 gross revenues: Not reported.

Principal officers: Jack Gordon, president.

Membership: SRMC.

h

Frank B. Hall & Co. Inc. (Risk Management Services)

549 Pleasantville Road, Briarcliff Manor, N.Y. 10510; 914-769-9200

Year founded: 1862.
Parent company: Frank B. Hall & Co. Inc.

Services provided: 7% continuous consulting; 3% risk management audits; 6% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecast-

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ing, consulting on the design of risk management information systems; occasional accounting system analysis, assessment of broker service and remuneration; 84% other services.

Locations: Offices worldwide.

Staff: Not reported.

Clients: Not reported.

Compensation: By the project; commissions for insurance placed with underwriters; on retainer; by the hour, principal consultant, $125-$250; consultant, $60-$125; actuary, $150-$250; analyst, $50; clerical, $35.

1986 gross revenues: $445 million total, $71.2 million from risk management consulting.

Principal officers: John F. McCaffrey, chairman/chief executive officer; Peter T. Pruitt, president/chief operating officer; William C. Bartholomay, Henry E. Froebel and Colby Hewitt Jr., vice chairmen.

Thomas J. Hammond & Co.

3701 Wilshire Blvd., Suite 326, Los Angeles, Calif. 90010; 213-480-3833

Year founded: 1975.

Independent.

Services provided: 90% continuous consulting; 8% risk management audits; 2% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, consulting on the design of risk management information systems.

Staff: Five total staff members; two professionals, including one principal consultant, one consultant.

Clients: 38 total clients.

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

1986 gross revenues: Not reported.

Principal officers: Thomas J. Hammond Jr., president; Rosemary Jansen, vp.

Membership: SRMC.

H.E. "Hap" Hardies

247 N. Western, Suite 206, Los Angeles, Calif. 90004-4199; 213-381-1017

Year founded: 1983.

Independent.

Services provided: Special risk management projects include insurance contract analysis, claims auditing, loss settlement assistance, risk management organization studies.

Staff: One total staff member who is an attorney.

Clients: Total clients not reported.

Compensation: By the project; by the hour, principal consultant, $65.

1986 gross revenues: Not reported.

Principal officers: H.E. Hardies.

Louis A. Hellming Co.

2030 Carew Tower, Cincinnati, Ohio 45202; 513-381-2280

Year founded: 1982.

Independent.

Services provided: 60% continuous consulting; 30% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, accounting system analysis, assessment of broker service and remuneration, quantitative analysis and statistical forecasting.

Specialty: Manufacturing, hospitals, municipalities.

Staff: Two total staff members, one professional who is a principal consultant.

Clients: Total clients not reported; 40% with risk and insurance budgets less than $1 million, 60% $1 million-$5 million.

Compensation: On retainer; by the hour, principal consultant, $125.

1986 gross revenues: Not reported.

Principal officers: Louis A. Hellming, president.

Membership: SRMC.

Helmsman Management Services Inc.-Risk Consulting

225 Borthwick Ave., Portsmouth, N.H. 13806; 603-431-1181

Year founded: 1983.

Parent company: Liberty Mutual Insurance Group.

Services provided: 15% continuous consulting; 25% risk management audits; 60% special projects, including risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Staff: 110 total staff members, 10 professionals.

Clients: Seven total clients, no minimum size client.

Compensation: By the project, by the hour.

1986 gross revenues: Not reported.

Principal officers: Elliot J. Williams, vp/manager.

Ernest A. Holfoth

4947 Lake Shore Road, Hamburg, N.Y. 14075; 716-627-5828

Year founded: 1978.

Independent.

Services provided: 75% continuous consulting; 15% risk management audits; 8% special projects; 2% other services, including management of a non-profit risk management education organization for governments.

Specialty: Municipalities, local government entities.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include two CPCUs, two ARMs.

Clients: 30 total clients, 100% with risk and insurance budgets less than $1 million, no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $50-$75; consultant, $50-$75.

1986 gross revenues: Not reported.

Principal officers: Ernest A. Holfoth, sole proprietor.

Membership: SRMC.

Huggins Financial Services Inc.

229 S. 18th St., Philadelphia, Pa. 19103; 215-875-2464

Year founded: 1911.

Parent: Saatchi & Saatchi P.L.C.

Services provided: 25% continuous consulting; 10% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; 45% special projects, including consulting for commercial insurers and banks.

Locations: New York; Chicago; Greenwich, Conn.

Staff: 90 total staff members; 36 professionals, including eight principal consultants, seven consultants, 10 actuaries, 11 analysts. Professional designations held by staff include three CPCUs, two ARMs, nine MBAs, three FCASs, four ACASs, two CLUs, one CIC, two PhDs.

Clients: 375 total clients; 15% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 25% $5 million-$10 million, 25% $10 million-$25 million, 15% exceeding $25 million.

Compensation: By the project; by the hour, principal consultant, $120-$150; consultant, $100-$120; actuary, $125-$200; analyst, $75-$100; clerical, $50-$55.

1986 gross revenues: $7.2 million total, $3.96 million from risk management consulting.

Principal officers: Phillip A. Turberg, president; Ronald T. Kuehn, senior; Warren Cooper and George Evans, vps.

Continued on facing page

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before

Thanks to CertiFacts' online, single-screen processing, everything moves smoothly, starting with the employee's first call to his preadmission review service. The system verifies employee eligibility by checking plan provisions in the ClaimFacts database. CertiFacts records the physician's plan for the anticipated normal delivery. Should the physician indicate an alternate treatment plan, it would be reviewed online using objective criteria developed for CertiFacts by board-certified specialists.

At every point CertiFacts promotes personal communication among the reviewer, the employee and the physician's office. This includes agreement on the level of care, the treatment plan, when admission should occur and length of stay.

during

When a minor problem results in a Caesarean section, instead of the planned delivery, CertiFacts takes the changes in stride. The physician contacts the review service to extend the wife's length of stay, and to revise the treatment plan.

CertiFacts automatically keeps an online diary that tracks the case from its onset. It flags and confirms significant dates for the reviewer, including admis-





Continued from facing page

Robert Hughes Associates Inc.

15400 Knoll Trail Drive, Suite 105, Dallas, Texas 75248; 214-980-0088

Year founded: 1979.
Independent.
Services provided: 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, loss prevention audits, accounting system analysis, consulting on the design of risk management information systems.
Staff: Six total staff members; four professionals, including two principal consultants, two consultants. Professional designations held by staff include two CPCUs, two ARMs.
Clients: 25 total clients; 10% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million, 50% $5 million-$10 million; no minimum size client.
Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $100; actuary, $150; clerical, $30.
1986 gross revenues: $660,000 total, all from risk management consulting.
Principal officers: Robert N. Hughes, president.

I.A.G. Ltd.

9 E. 37th St., New York, N.Y. 10016; 212-213-1515

Year founded: 1985.
Independent.
Services provided: 100% special risk management projects, including research of past insurance coverage, analysis of terms of historic casualty insurance programs.
Locations: London.
Staff: Eight total staff members; including four principal consultants, four analysts. Professional designations held by staff include three attorneys.
Clients: Total clients not reported; 20% with risk and insurance budgets less than $1 million, 60% $1 million-$5 million, 20% $5 million-$10 million; minimum size client, $100,000 risk and insurance budget.
Compensation: By the project; by the hour, principal consultant, $125; consultant, $100; analyst, $60-$75; clerical, $30.
1986 gross revenues: $325,000 total, all from risk management consulting.
Principal officers: Sheila Mulrennan, president; Edward Tanenhaus, director; Russell Munves and Michele Pierro, vps.

Independent Risk & Insurance Management Services Inc. (IRIMS)

3080 N. Civic Center, Suite 1, Scottsdale, Ariz. 85251; 602-941-8357

Year founded: 1981.
Independent.
Services provided: 16% continuous consulting; 16% risk management audits; 48% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, accounting system analysis, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 20% other services, including employee benefits consulting, sale of risk management information systems.
Specialty: Public entities, non-profit organizations.
Staff: One total staff members, who is a professional and principal consultant and holds an MBA designation.
Clients: 25 total clients, 100% with risk and insurance budgets less than $1 million.
Compensation: On retainer; by the hour, principal consultant, $65.
1986 gross revenues: Not reported.
Principal officers: James E. Loeb, principal.

Industrial Insurance Management Corp.

P.O. Box 18308, Charlotte, N.C. 28218; 704-535-1123

Year founded: 1967.
Independent.
Services provided: 63.4% continuous consulting; 9.3% risk management audits; 4.6% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies; 22.7% other services, including employee benefits consulting.
Locations: Birmingham, Ala.; Richmond, Va.
Staff: 35 total staff members; 22 professionals, including four principal consultants, seven consultants, 11 analysts. Professional designations held by staff include two CPCUs, one ARM, one MBA, one attorney, one CIC.
Clients: 275 total clients; 81% with risk and insurance budgets less than $1 million, 16% $1 million-$5 million, 2% $5 million-$10 million, 0.5% $10 million-$25 million, 0.5% exceeding $25 million; no minimum size client.
Compensation: By the project; on retainer; by the hour, principal consultant, $77.50-$95; consultant, $77.50-$85; analyst, $35-$45.
1986 gross revenues: $1.76 million total, $1.36 million from risk management consulting.
Principal officers: Glen E. Pehl, president/treasurer; Norman F. Crews, executive vp; Henry A. Dierks, first vp; Richard Fisher, vp.

Industrial Risk Specialists Inc.

150 Great Neck Road, Great Neck, N.Y. 11021; 516-487-1700

Year founded: 1980.
Independent.
Services provided: 95% continuous consulting; 4% risk management audits; 1% special projects, including frequent insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
Specialty: Real estate, construction, manufacturing, service businesses.
Staff: 10 total staff members; including three principal consultants, two consultants. Professional designations held by staff include one CPCU, two ARMs, one CLU, two attorneys.
Clients: 100 total clients; 80% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million, 10% $5 million-$10 million.
Compensation: By the project; on retainer; by the hour, principal consultant, $250; consultant, $150.
1986 gross revenues: Not reported.
Principal officers: Robert S. Sterling, president; Daniel S. Sterling, treasurer; Richard Selby, vp.
Membership: SRMC.

Insurance Advisory Service Inc.

1099 30th St. N.W., Washington, D.C. 20007; 202-965-7900

Year founded: 1968.

Continued on next page

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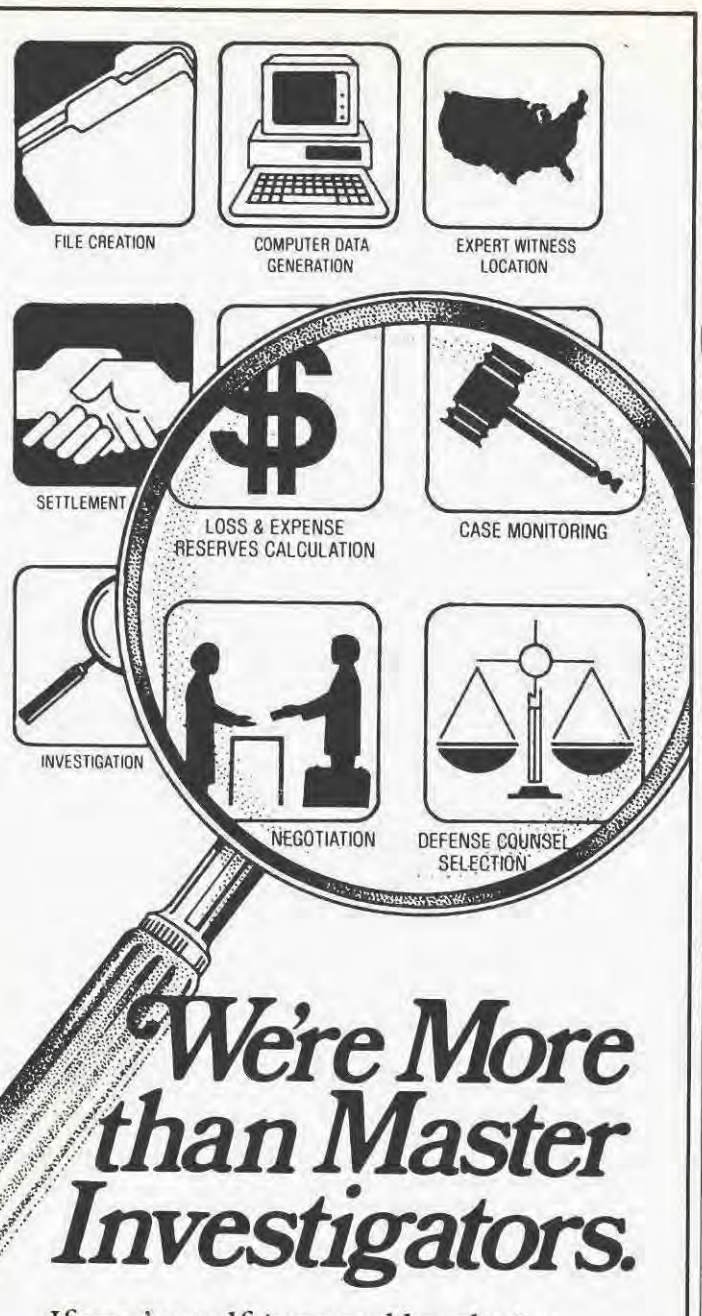
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Continued from previous page

Independent.

Services provided: 95% continuous consulting; 5% special projects, including captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding, consulting on the design of risk management information systems.

Staff: Five total staff members, including two principal consultants, one analyst. Professional designations held by staff include one CPCU.

Clients: 25 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million; minimum size client, $250,000 risk and insurance budget.

Compensation: On retainer.

1986 gross revenues: Not reported.

Principal officers: Howard de Franceaux, president; John Byrd, vp.

Insurance Audit & Inspection Co.

6525 E. 82nd St., Suite 206, Indianapolis, Ind. 46250; 317-849-2700

Year founded: 1901.

Independent.

Services provided: 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, loss prevention audits, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting.

Locations: St. Louis; Columbus, Ohio.

Staff: 14 total staff members, 10 professionals. Professional designations held by staff include four CPCUs, one ARM, two MBAs, one CLU, two attorneys.

Clients: Approximately 200 total clients; 10% with risk and insurance budgets less than $1 million, 70% $1 million-$5 million, 10% $5 million-$10 million, 5% $10 million-$25 million, 5% exceeding $25 million.

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

1986 gross revenues: Not reported.

Principal officers: Mary Coate Houtz, president; Frank C. Alderson, executive vp; Jack G. Harris, vp; Mary E. Free, secretary/treasurer.

Membership: SRMC.

Insurance Buyers' Council Inc.

22 West Road, Suite 301, Baltimore, Md. 21204; 301-828-1656

Year founded: 1945.

Independent.

Services provided: 74% continuous consulting; 5% risk management audits; 21% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems, preparation of risk management and insurance manuals, risk management seminars.

Staff: 15 total staff members; 10 professionals, including eight principal consultants, two consultants. Professional designations held by staff include seven CPCUs, eight ARMs, one MBA.

Clients: 242 total clients; 41% with risk and insurance budgets less than $1 million, 45% $1 million-$5 million, 7% $5 million-$10 million, 7% $10 million-$25 million; no minimum size client.

Compensation: By the hour, principal consultant, $100; consultant, $70; clerical services included.

1986 gross revenues: $1.35 million total, all from risk management consulting.

Principal officers: Bernard J. McGovern, president/treasurer; Milton A. Sorrell Jr., chairman; Adam P. Sielicki Jr., executive vp; Fredric W. Schultz, vp/secretary.

Membership: SRMC.

Insurance Consultants Inc.

1100 Starks Building, Louisville, Ky. 40202; 502-589-1138

Year founded: 1982.

Independent.

Services provided: 39.2% continuous consulting; 9.8% risk management audits; 49% special projects, including frequent insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, assessment of broker service and remuneration, loss settlement assistance, consulting on the design of risk management information systems, expert witness testimony, risk management programs for groups; 2% other services, including seminars and speeches.

Staff: One total staff members who is a principal consultant and holds a CPCU designation and is an attorney.

Clients: 40 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million; no minimum size client.

Compensation: By the hour, principal consultant, $100.

1986 gross revenues: $112,000 total, $110,000 from risk management consulting.

Principal officers: Eric S. Tachall, president.

Insurance Consulting Associates

P.O. Box 2326, South Hackensack, N.J. 07606; 201-343-8833

Year founded: 1957.

Independent.

Services provided: 100% continuous consulting.

Locations: New York.

Staff: Professional designations held by staff include two ARMs, one MBA, one CLU, two CPAs.

Clients: 282 total clients.

Compensation: On retainer.

Principal officers: George Jack Wall and Barron Stephen Wall.

Membership: SRMC.

Insurance & Financial Consultants Inc.

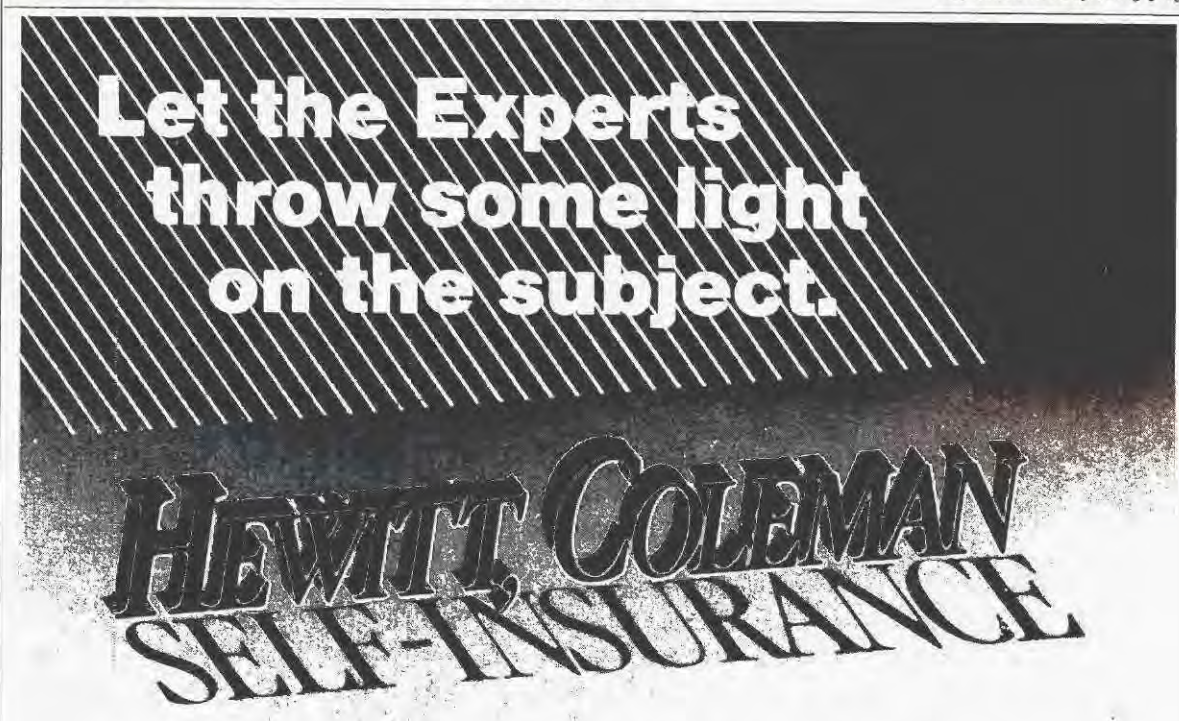
Rural Route 12, Box 363, Muncie, Ind. 47304; 317-759-6047

Year founded: 1972.

Independent.

Services provided: 54% continuous consulting; 27% risk management audits; 9% special projects, including frequent analysis of necessary insurance limits, insurance

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contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, seminars, expert witness testimony; 10% other services.

Specialty: Municipalities, manufacturers.

Locations: Warwick, R.I.

Staff: Six total staff members, including one principal consultant, one consultant, two analysts. Professional designations held by staff include one CPCU, one MBA, one CLU, one PhD, one CIC.

Clients: 83 total clients; 100% with risk and insurance budgets less than $1 million; minimum size client, $25,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $125; consultant, $100; analyst, $50; clerical, $15.

1986 gross revenues: Not reported.

Principal officers: John F. Fitzgerald, president.

Membership: SRMC.

Insurance Management Bureau

921 E. 86th St., Suite 100, Indianapolis, Ind. 46240; 317-259-7418

Year founded: 1950.

Independent.

Services provided: 85% continuous consulting; 10% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding, insurance program management; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems.

Specialty: School systems.

Staff: Nine total staff members; including two principal consultants, two consultants, one analyst. Professional designations held by staff include one CPCU, one MBA, one CLU.

Clients: 160 total clients; 98% with risk and insurance budgets less than $1 million, 2% exceeding $1 million; no minimum size client.

Compensation: By the project, on retainer.

1986 gross revenues: On retainer.

Principal officers: Dewey O. King, president; Richard C. Canovai and Paul W. Davis, vps; M.D. Randle, chairman.

Insurance Management Consultants Inc.

4113 Inman Ave., Tampa, Fla. 33609; 813-877-3360

Year founded: 1971.

Independent.

Services provided: 88.8% continuous consulting; 5.6% risk management audits; 5.6% special projects, including frequent insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting.

Specialty: Public entities, financial institutions.

Staff: Three total staff members, including one principal consultants, two consultants.

Clients: Total clients not reported; 15% with risk and insurance budgets less than $1 million, 85% $1 million-$5 million; no minimum size client.

Compensation: By the hour, principal consultant, $100; consultant, $85; clerical, $15.

1986 gross revenues: Not reported.

Principal officers: Otto Lee Henderson, president; William O. Taylor, vp; J.L. Henderson, secretary; J.C. Henderson, treasurer.

Membership: SRMC.

Insurance Program Management Inc.

9880 S. Ridgeview Drive, Oak Creek, Wis. 53154; 414-281-1100

Year founded: 1983.

Services provided: 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Institutions.

Staff: Five total staff members; three professionals, including two principal consultants, one consultant. Professional designations held by staff include one CPCU.

Continued on next page

Joe P. Moss, Pres.

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Continued from previous page

Clients: 40 total clients; 80% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million, 5% $5 million-$10 million; no minimum size client.

Compensation: By the hour, principal consultant, $95; consultant, $95; analyst, $65; clerical, $35.

1986 gross revenues: $250,000 total, all from risk management consulting.

Principal officers: Greig K. Forrest, president; Patrick R. Parrish, vp.

Insurance Risk Management Inc.

P.O. Box 3434, Portland, Maine 04104; 207-773-7671

Year founded: 1986.
Independent.

Services provided: 50% continuous consulting; 30% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems.

Specialty: Public entities.

Staff: Two total staff members who are principal consultants and hold CPCU designations.

Clients: 33 total clients; 100% with risk and insurance budgets less than $1 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $75; clerical, $35.

Principal officers: O. William Robertson, president; John M. Plunkett, treasurer.

Interisk Corp.

9320 Second St. N., St. Petersburg, Fla. 33702; 813-874-1434

Year founded: 1979.
Independent.

Services provided: 40% continuous consulting; 10% risk management audits; 30% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 20% other services, including employee benefits consulting.

Specialty: Medical care, transportation, manufacturing.

Locations: Tampa, Fla.

Staff: Three total staff members; including one principal consultant, two consultants. Professional designations held by staff include three CPCUs, one ARM.

Clients: Total number of clients not reported; 65% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 5% $5 million-$10 million, 5% $10 million-$25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $75-$100; consultant, $50-$90; clerical, $15-$25.

1986 gross revenues: Not reported.

Principal officers: Lawton Swan III, president.

International Insurance Consultants

837 Thorn Hill Road, Lexington, Va. 24450; 703-463-5991

Year founded: 1979.
Independent.

Services provided: 60% continuous consulting; 20% risk management audits; 20% special projects, including assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding.

Specialty: Government agencies.

Staff: Two total staff members who are professionals, including one principal consultant, one consultant. Professional designations held by staff include one CPCU.

Clients: One total client with a risk and insurance budget $5 million-$10 million; no minimum size client.

Compensation: By the project.

1986 gross revenues: Not reported.

Principal officers: Louis E. Dwyer Jr., senior consultant; T. Brand Dwyer, associate consultant.

INTEX Management Co. Ltd.

2700 W. 15th St., Suite 300, Plano, Texas 75075; 214-867-2200

Year founded: 1979.
Independent.

Services provided: 50% continuous consulting; 10% risk management audits; 40% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, quantitative analysis and statistical forecasting.

Specialty: Associations, manufacturing, automobile dealers, insurance agents.

Locations: Grand Cayman, Cayman Islands.

Staff: 10 total staff members; seven professionals, including four principal consultants, one consultant. Professional designations held by staff include two ARMs, one MBA, two attorneys.

Clients: 20 total clients; 40% with risk and insurance budgets less than $1 million, 60% $1 million-$5 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $125; consultant, $75; clerical, $40.

1986 gross revenues: Not reported.

Principal officers: Klaus J. Gebhardt, president; Mark D. Gebhardt, senior vp; John F. Schapperle, vp.

The Joseph Ivy Co.

7800 N. Mopac, Suite 215, Austin, Texas 78755; 512-346-6921

Year founded: 1985.
Independent.

Services provided: 25% continuous consulting; 25% risk management audits; 30% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 20% other services, including employee benefits consulting, conferences, publications.

Specialty: Government entities, government pools.

Staff: Five total staff members; four professionals, including two principal consultants, one consul-

Continued on facing page

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Continued from facing page
tant, one analyst. Professional designations held by staff include one MBA.

Clients: 20 total staff members; 70% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 10% exceeding $25 million; minimum size client, $300,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $90-$120; consultant, $60-$90; analyst, $40-$70.

1986 gross revenues: $480,000 total, $385,000 from risk management consulting.

Principal officers: William I. Martin Jr., president; Francis J. Fey, vp.

j

Jack & Levine Risk Management Inc.

1225 E. Union Ave., Fullerton, Calif. 92631; 714-871-0246

Year founded: 1976.
Independent.
Services provided: 70% continuous consulting; 15% risk management audits; 15% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, insurance litigation consulting; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
Specialty: Public agencies, attorneys.
Locations: Long Beach, Calif.
Staff: Three total staff members, including two principal consultants, one analyst. Professional designations held by staff include one CPCU, one ARM.
Clients: 15 total clients; 50% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 5% $5 million-$10 million, 5% $10 million-$25 million, 5% exceeding $25 million; no minimum size client.
Compensation: By the project; on retainer; by the hour, principal consultant, $50-$75; analyst, $40.
1986 gross revenues: Not reported.
Principal officers: Arthur J. Levine, president; Donald C. Jack, consultant of counsel.
Membership: SRMC.

Fred S. James & Co. Inc. (Risk Management Services)

1285 Ave. of the Americas, New York, N.Y. 10019; 212-333-8900

Year founded: 1858.
Parent company: Sedgwick Group P.L.C.
Services provided: 40% continuous consulting; 10% risk management audits; 50% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional assessment of broker service and remuneration, loss settlement assistance.
Locations: Offices throughout the world.
Staff: 60 total staff members. Professional designations held by staff include one CPCU, one ARM, five MBAs, two FCASs, one CSP, two PhDs, one CPA, one PE, one attorney.
Clients: 300 total clients, no minimum size client.
Compensation: By the project, commissions for insurance placed with underwriters, on retainer, by the hour.
1986 gross revenues: Not reported.
Principal officers: Michael P. Dinstein, vp-risk management; Richard M. Duvall, manager-consulting; Richard W. Wright, manager-captive development/planning; Steven Visner, manager-risk management consulting; Alfred O. Weller, chief actuary; Alan R. Josefsek, manager-information systems.

Johnson & Higgins Risk Management Services

125 Broad St., New York, N.Y. 10004; 212-574-7000

Year founded: 1972.
Parent company: Johnson & Higgins.
Services provided: More than 50% continuous consulting, risk management audits and special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, actuarial consulting, actuarial certifications for captives and self-insureds; occasional insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, management consulting, strategic planning for captives; less than 50% other services.
Locations: 40 offices in the U.S.; Toronto; Sydney, Australia.
Staff: 80 total staff members, 72 professionals. Professional designations held by staff members include nine CPCUs, five ARMs, 10 MBAs, two FCASs, two ACASs, one PhD, one CPA, two attorneys.
Clients: 450 total clients.
Compensation: By the project, commissions for insurance placed with underwriters, by the hour.
1986 gross revenues: Not reported.
Principal officers: Richard J. Rice, senior vp/director; Alan G. Page, senior vp; William Belvin, Arthur Koritzinsky, Daniel Rogers and Joan B. Schaeffer, vps.

Albert C. Jones New England Inc.

107 S. Main St., West Lebanon, N.H. 03784; 603-298-7873

Year founded: 1977.
Independent.
Services provided: 65% continuous consulting; 10% risk management audits; 25% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
Specialty: Public entities.
Staff: Five total staff members; four professionals who are principal consultants. Professional designations held by staff include one CPCU, one ARM, one MBA, two CLUs, two CICs.
Clients: 120 total clients; 90% with risk and insurance budgets less than $1 million; 8% $1 million-$5 million; 2% $5 million-$10 million; no minimum size client.
Compensation: By the hour, consultant, $60-$75; clerical, $15.
1986 gross revenues: $275,000 total, all from risk management consulting.
Principal officers: Albert C. Jones, president; Richard F. Larrabee, vp.

k

Kamp Associates

Pavillions at Greentree, Suite 308, Marlton, N.J. 18053; 609-596-7812

Year founded: 1984.
Independent.
Services provided: 88% continuous consulting; 12% other services, including surety bond placement.
Specialty: Construction.
Staff: Six total staff members, four professionals who are principal consultants. Professional designations held by staff include one MBA.
Clients: 18 total clients; 89% with risk and insurance budgets less than

Continued on next page

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Continued from previous page
$1 million, 11% $1 million-$5 million; minimum size client, $250,000 risk and insurance budget.

Compensation: On retainer.

1986 gross revenues: $340,000 total, $300,000 from risk management consulting.

Principal officers: A. Lee Penman, president; Charles Marciano, vp; Bruce Allen, treasurer.

Kemp Risk Management & Analysis Ltd.

1076 Richards St., Vancouver, British Columbia V6B 3E1; 604-685-3148

Year founded: 1984.
Independent.
Services provided: 40% continuous consulting; 45% risk management audits; 15% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration; occasional risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Staff: One total staff member who is a principal consultant and holds an AIIC designation.

Clients: 21 total clients; 70% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million; no minimum size client.

Compensation: On retainer; by the hour, principal consultant, $75-$100; clerical, $20.

1986 gross revenues: $70,000 total, all from risk management consulting.

Principal officers: David B. Kemp, president.

Membership: Risk Management & Insurance Consultants Society of British Columbia.

Knox Insurance Services Co.

8155 Mulberry Place, Dublin, Calif. 94568; 415-828-6949

Year founded: 1986.
Independent.
Services provided: 20% continuous consulting; 10% risk management audits; 70% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance.

Specialty: Construction, gas and oil, hospitals, public agencies.

Staff: Three total employees, including one principal consultant.

Clients: Five total clients; 20% with risk and insurance budgets less than $1 million, 60% $1 million-$5 million, 20% $10 million-$25 million; minimum size client, $250,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $75; consultant, $65; actuary, $50; analyst, $35; clerical, $25.

1986 gross revenues: $50,000 total, all from risk management consulting.

Principal officers: Houston L. Knox, president.

Kusters Consulting International

2100 Tanglewilde, Suite 392, Houston, Texas 77063; 713-784-8730

Year founded: 1985.
Independent.
Services provided: 15% risk management audits; 60% special projects, including frequent loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting; occasional risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance; 25% other services, including consulting for commercial insurers.

Specialty: Multinational companies.

Staff: Two total staff members, one professional who is a principal consultant. Professional designations held by staff include one PE, one SFPE, two ASSEs, one SRA.

Clients: Total clients not reported, no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $65; clerical, $20.

1986 gross revenues: Not reported.

Principal officers: Jacques H. Kusters, owner.

I

LMC & Associates

8770 S.W. Scoffins, Portland, Ore. 97223; 503-684-1590

Year founded: 1981.
Independent.
Services provided: 30% continuous consulting; 40% risk management audits; 30% special projects, including frequent risk retention analysis (including self-insurance studies), insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, legislative appearances pertaining to insurance reform, lectures.

Specialty: Manufacturing, contractors, public entities, retail, wholesale.

Staff: Total staff not reported.

Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million; minimum size client, $50,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $125; consultant, $65; clerical, $25.

1986 gross revenues: $160,000 total, all from risk management consulting.

Principal officers: Lawrence M. Cooksey.

Membership: SRMC.

Robert W. Lazarus & Associates Inc.

2700 W. 15th St., Suite 316, Plano, Texas 75075; 214-867-4348

Year founded: 1981.
Independent.
Services provided: 70% continuous consulting; 25% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Staff: Five total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one ARM, one MBA.

Clients: 77 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million.

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

1986 gross revenues: Not reported.

Principal officers: Robert W. Lazarus, president.

Membership: SRMC.

Justin S. Lencke & Associates

Route 4, Box 270, Marianna, Fla. 32446; 904-579-4575

Year founded: 1952.
Independent.
Services provided: 90% continuous consulting; 5% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, risk management organization studies; occasional risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, quantitative

Continued on facing page

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Continued from facing page
analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Financial institutions, hospitals, wholesale, retail, manufacturing.

Locations: Memphis, Tenn.

Staff: Five total staff members; including one principal consultant, two consultants.

Clients: 110 total clients, 100% with risk and insurance budgets less than $1 million, no minimum size client.

Compensation: On retainer.

1986 gross revenues: $250,000 total, all from risk management consulting.

Principal officers: Justin S. Lencke, owner; John D. Lencke and Mark D. Lencke, junior consultants.

Benjamin Levy-Insurance Surveys Co.

P.O. Box 1058, 31 S. Main St., Liberty, N.Y. 12754; 914-292-5390

Year founded: 1940.
Independent.

Services provided: 80% continuous consulting; 10% risk management audits; 10% other services, including loss adjusting.

Staff: One total staff members who is a principal consultant.

Clients: 15 total clients, no minimum size client.

Compensation: On retainer; by the hour, principal consultant, $45-$60.

Principal officers: Benjamin Levy, owner.

Membership: SRMC.

John Liner Insurance & Risk Management Advisors Inc.

555 Washington St., Wellesley, Mass. 02181; 617-235-8450

Year founded: 1959.
Independent.

Services provided: 80% continuous consulting; 15% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting, expert witness testimony.

Specialty: Sugar producers, financial institutions, hospitals, educational institutions, municipalities.

Staff: 10 total staff members; five professionals, including two principal consultants, one consultant, two analysts. Professional designations held by staff include three CPCUs.

Clients: Total clients not reported; 83% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million, 5% $5 million-$10 million, 1% $10 million-$25 million, 1% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $100; consultant, $80; analyst, $30.

1986 gross revenues: Not reported.

Principal officers: Dwight E. Levick, president; Thomas Radziewicz, vp.

Membership: SRMC.

Loss Reduction Inc.

200 W. Adams, Chicago, Ill. 60606; 312-558-4500

Year founded: 1986.

Parent company: The Shore Line Group Inc.

Services provided: 20% continuous consulting; 10% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss settlement assistance; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, risk management organization studies; 50% other services, including claims services and management.

Specialty: Manufacturing.

Staff: Three total staff members; two professionals. Professional designations held by staff include two attorneys.

Clients: Total clients not reported; 30% with risk and insurance budgets $1 million-$5 million, 70% $5 million-$10 million; no minimum size client.

Compensation: By the project; by the hour, principal consultant, $100.

1986 gross revenues: Not reported.

Principal officers: John M. Lison, chairman; Robert L. Russell, president.

m

MRM/Multi-Risk Management Inc.

350 N. Clark, Chicago, Ill. 60610; 312-670-2100

Year founded: 1977.
Independent.

Services provided: 50% continuous consulting; 7% risk management audits; 13% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing; occasional loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; 30% other services including third-party claims administration.

Specialty: Health care industry.

Staff: 33 total staff members; 17 professionals, including 12 principal consultants, two consultants, three analysts. Professional designations held by staff include four MBAs.

Clients: 120 total clients; 4% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 12% $5 million-$10 million, 67% $10 million-$25 million, 12% exceeding $25 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $55; consultant, $50; analyst, $40.

1986 gross revenues: $1.5 million total, $1.1 million from risk management consulting.

Principal officers: Michael E. Burack, president; Amy Cohen, vp; Lisa Sarsany, assistant vp.

MacMeekin Consulting Inc.

58 Progress Ave., West Springfield, Mass. 01089; 413-737-0867

Year founded: 1982.
Independent.

Services provided: 70% continuous consulting; 10% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting.

Specialty: Paper manufacturers and converters, entertainment industry.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, one ARM, one MBA.

Clients: Total clients not reported; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million.

Compensation: By the project; by the hour, principal consultant, $100; consultant, $65; clerical, $40.

1986 gross revenues: Not reported.

Principal officers: Donald MacMeekin, president; Dorrie MacMeekin, treasurer.

Management Functions Inc.

Box 70272, Ocala, Fla. 32670-0272; 904-351-0145

Year founded: 1985.
Independent.

Services provided: 70% continuous consulting; 10% risk management audits; 10% special projects, including frequent insurance contract analysis, assessment of broker service

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Continued from previous page
and remuneration, risk management organization studies; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 10% other services, including general management consulting.

Staff: Two total staff members, including one principal consultant.

Clients: 26 total clients; 100% with risk and insurance budgets less than $1 million; minimum size client, $100,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant; consultant, $100; clerical, $35.

1986 gross revenues: Not reported.

Principal officers: Robert A. Carr.

Management Resources Inc.

173 Hilltown Village Center, Suite 225, Chesterfield, Mo. 63017; 314-532-8111

Year founded: 1986.
Affiliate: Innovative Risk & Insurance Services Inc.

Services provided: 56% continuous consulting; 7% risk management audits; 7% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, litigation control services; occasional accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 30% other services, including risk venture management and development, insurance company management and auditing.

Specialty: Health care industry, transportation, high risk licensed professionals, school districts.

Locations: Philadelphia; Reston, Va.; Burlington, Vt.

Staff: Six total staff members; four professionals, including three principal consultants, one consultant. Professional designations held by staff include one ARM, one MBA, two RNs, two attorneys.

Clients: Total clients not reported; 60% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 10% $5 million-$10 million; no minimum size client.

Compensation: By the project, on retainer.

1986 gross revenues: Not reported.

Principal officers: Dorian Weiss, president; C. Jo Leonard and Stephen M. Schuster Jr., vp.

R.E. Maynard Consulting Inc.

325 Davis St., Evanston, Ill. 60201; 312-864-7717

Year founded: 1985.
Independent.
Services provided: 100% continuous consulting.

Staff: One total staff member who is a principal consultant and holds a CPCU designation.

Clients: Two total clients; 100% with risk and insurance budgets $1 million-$5 million; minimum size client, $500,000 risk and insurance budget.

Compensation: On retainer.

1986 gross revenues: $42,360 total, all from risk management consulting.

Principal officers: Robert E. Maynard, president.

McDonough Caperton Risk Services

1810 Water Place, Suite 290, Atlanta, Ga. 30339; 404-956-0125

Year founded: 1985.
Parent company: McDonough Caperton Shepherd Group Inc.

Services provided: 50% continuous consulting; 10% risk management audits; 40% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, risk management organization studies, quantitative analysis and statistical forecasting; occasional claims auditing, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems.

Specialty: Hospitals, nursing homes, manufacturing, mining.

Staff: Five total staff members; four professionals, including one principal consultant, two consultants, one analyst. Professional designations held by staff include one CPCU, one MBA, one CPA, one attorney.

Clients: 40 total clients; 5% with risk and insurance budgets $1 million-$5 million, 90% $5 million-$10 million, 3% $10 million-$25 million, 2% exceeding $25 million; minimum size client, $1 million risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $150.

1986 gross revenues: Not reported.

Principal officers: W. Gaston Caperton, president; W. Marston Becker, senior vp; J. Sterling Shuttleworth, vp.

Francis X. McGrath

376 Lacey Drive, New Milford, N.J. 07646; 201-385-1671

Year founded: 1980.
Independent.
Services provided: 100% continuous consulting.

Specialty: Large industrial companies, construction contracting, colleges, boards of education.

Staff: Two total staff members, including one principal consultant. Professional designations held by staff include one CPCU, one MBA, one NASD.

Clients: Four total clients; 25% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 25% $5 million-$10 million, 25% $10 million-$25 million.

Compensation: On retainer; by the hour, principal consultant, $50-$100.

1986 gross revenues: Not reported.

Principal officers: Francis X. McGrath.

McNeary Insurance Consulting Services Inc.

Suite 301, 6525 Morrison Blvd., P.O. Box 220926, Charlotte, N.C. 28222; 704-365-4150

Year founded: 1956.
Parent company: Booke & Co.

Services provided: 63.8% continuous consulting; 4.2% risk management audits; 17% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 15% other services, including administration of association programs.

Locations: Atlanta.

Staff: 23 total staff members; 17 professionals, including 10 principal consultants, two consultants, two analysts. Professional designations held by staff include seven CPCUs, six ARMs, three MBAs, one CSP, one CLU, two RNs, one ALCM, one AIC.

Clients: Total clients not reported; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $90-$145; consultant, $60-$90; analyst, $45-$65; clerical, $25-$35.

1986 gross revenues: Not reported.

Principal officers: W.C. Moore Jr., president; T. Stephen Helms, senior vp; Richard G. Clark, Carl W. Malmberg and William D. Yeager, vps.

Warren D. McPherson

Suite 221, Russo Building, P.O. Box 366, Fredonia, N.Y. 14063; 716-673-1777

Year founded: 1974.
Independent.

Services provided: 85% continuous consulting; 5% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance; 5% other services, including insurance education.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, one ARM.

Clients: 16 total clients, 100% with risk and insurance budgets less than $1 million, no minimum size client.

Compensation: By the hour, principal consultant, $60.

1986 gross revenues: Not reported.

Principal officers: Warren D. McPherson, owner.

Membership: SRMC.

Melanber Inc.

488 Montford Drive, Dollard des Ormeaux, Quebec H9G 1M6; 514-620-3010

Year founded: 1978.
Independent.

Services provided: 25% continuous consulting; 50% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 5% other services, including teaching, seminars.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one ARM, one AIIC.

Clients: Total clients not reported; 35% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million, 15% $5 million-$10 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $120-$150; consultant, $60.

1986 gross revenues: Not reported.

Principal officers: Mel Parsons, president; Beryl Shapley, secretary/treasurer.

Membership: SRMC.

Milway Corp.

Suite 101, 2 Radnor Corporate Center, Radnor, Pa. 19087; 215-293-0787

Year founded: 1983.
Independent.

Services provided: 17.5% continuous consulting; 17.5% risk management audits; 15% special projects, including frequent loss prevention audits, risk management organization studies, consulting on the design of risk management information systems; occasional risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding; 50% other services, including market research for health care industry, general consulting.

Specialty: Healthcare products and equipment manufacturers, healthcare providers.

Staff: 15 total staff members; six professionals, including two principal consultants, four consultants. Professional designations held by staff include one MBA.

Clients: 52 total clients; 10% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 20% $5 million-$10 million, 10% $10 million-$25 million, 40% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $125; consultant, $100; clerical, $50.

1986 gross revenues: $1 million total.

Principal officers: Thomas S. Gaudiosi and William L. Nellis, senior vps.

Morris Insurance Services Inc.

4551 Glencoe Ave., Suite 115, Marina del Rey, Calif. 90292; 213-822-1129

Year founded: 1985.
Independent.

Services provided: 65% continuous consulting; 15% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasi-

Continued on facing page

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Continued from facing page
bility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant.

Clients: 37 total clients; 75% with risk and insurance budgets less than $1 million, 13% $1 million-$5 million, 12% $5 million-$10 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $125; consultant, $100; clerical, $50.

1986 gross revenues: Not reported.

Principal officers: Joan C. Morris, president.

Membership: SRMC.

Mund, McLaurin & Co. of San Francisco

1990 N. California Blvd., Walnut Creek, Calif. 94596; 415-930-7557

Year founded: 1920.
Independent.

Services provided: 60% continuous consulting; 40% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting.

Specialty: Political subdivisions.

Staff: Four total staff members, one professional.

Clients: Total clients not reported.

Compensation: By the project, on retainer.

1986 gross revenues: Not reported.

Principal officers: Don L. DeVere, president.

N

NIA Risk Management Services

66 Route 17, Paramus, N.J. 07652; 201-845-6600

Year founded: 1978.

Parent company: The NIA Group.

Services provided: 90% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, preparation of specifications for bidding; occasional captive feasibility studies, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting.

Staff: 10 total staff members; seven professionals, including three principal consultants, one consultants, three analysts.

Clients: 41 total clients; minimum size client, $100,000 risk and insurance budget.

Compensation: By the project, on retainer.

1986 gross revenues: $400,000 total, all from risk management consulting.

Principal officers: Paul L. Gross, president; William F. Meade, executive vp; Charles Rosenberg, regional vp; Michael J. Fitzgerald, director.

National Consulting Services Inc.

555 Madison Ave., New York, N.Y. 10022; 212-355-3154

Year founded: 1985.
Independent.

Services provided: Risk management audits and special projects, including frequent insurance contract analysis, claims auditing, accounting system analysis, loss settlement assistance; occasional risk management organization studies.

Staff: Six total staff members, including four principal consultants, two consultants. Professional designations held by staff include one CPA, one attorney.

Clients: Total clients not reported; 20% with risk and insurance budgets $5 million-$10 million, 20% $10 million-$25 million, 60% exceeding $25 million; no minimum size client.

Compensation: By the project, by the hour.

1986 gross revenues: $510,000 total.

Principal officers: Raj Srinivasan, president; George Duncan, executive vp; David Sullivan, vp.

National Insurance Advisory Services

161 Forbes Road, Braintree, Mass. 02184; 617-848-4500

Year founded: 1979.
Independent.

Services provided: 39% continuous consulting; 2% risk management audits; 4% special projects, including frequent insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 55% other services, including employee benefits consulting, self-funding analysis.

Staff: 20 total staff members; eight professionals. Professional designations held by staff include one CPCU, two ARMs, one MBA, one CLU, six LIAs.

Clients: 205 total clients; 25% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 30% $5 million-$10 million, 7% $10 million-$25 million, 3% exceeding $25 million; minimum size client, $50,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $110; consultant, $85; clerical, $40.

1986 gross revenues: $1.4 million total, $600,000 from benefit consulting.

Principal officers: James B. Conant, president; P. David Sullivan, director-risk analysis; Suzanne E. Tilden, director-group benefits division; John P. Bishop, director-marketing development.

National Risk Management Consultants Inc.

1777 W. Camelback Road, Phoenix, Ariz. 85015; 602-274-1100

Year founded: 1976.

Parent company: Alliance Financial Group Inc.

Services provided: 56% continuous consulting; 16% risk management audits; 8% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding, consulting on the

Continued on next page



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design of risk management information systems, market analysis, contractual agreement reviews; occasional captive feasibility studies, loss prevention audits, accounting system analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting; 20% other services, including risk management seminars for the real estate industry.

Specialty: Real estate developers, building owners, association programs.

Staff: Five total staff members, including two principal consultants, one consultant, two analysts. Professional designations held by staff include three CPCUs, one ARM, two MBAs, one CLU, one CIC, one CPA.

Clients: 25 total clients; 100% with risk and insurance budgets less than $1 million; minimum size client $50,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $125; actuary, $150; analyst, $100; clerical, $25.

1986 gross revenues: $135,000 total, $110,000 from risk management consulting.

Principal officers: Guy L. Labelle, president; James P. Rahilly, vp.

Haig Neville Associates

3400 Commerce Road, West Bloomfield, Mich. 48033; 313-683-0380

Year founded: 1959.

Parent company: Risk Research Institute Inc.

Services provided: 50% continuous consulting; 40% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, risk management seminars; occasional claims auditing, loss prevention audits, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Municipalities, educational institutions, financial institutions.

Locations: Hamilton, Bermuda.

Staff: 10 total staff members; eight professionals, including three principal consultants, three consultants, two analysts. Professional designations held by staff include three CPCUs, two ARMs, one CLU.

Clients: More than 150 total clients; 96% with risk and insurance budgets less than $1 million, 2% $1 million-$5 million, 2% $5 million-$10 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $125; consultant, $100; analyst, $75; clerical services included.

1986 gross revenues: Not reported.

Principal officers: Haig G. Neville, president; Juanita Neville, secretary/treasurer; Denis Shelley, vp.

North Star Risk Services Inc.

1401 W. 76th St., Minneapolis, Minn. 55423; 612-861-8600

Year founded: 1984.

Independent.

Services provided: 10% special risk management projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance; occasional analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 90% other services, including program administration for self-insureds and captives.

Specialty: Municipalities, nonprofit organizations, contractors, health care.

Staff: 38 total staff members, including two principal consultants, eight consultants, three analysts. Professional designations held by staff include two CPCUs, two ARMs, one MBA, one CIC, one CPA.

Clients: Total clients not reported; minimum size client, $250,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $125-$165; consultant, $100-$125; analyst, $40-$60; clerical services included.

1986 gross revenues: Not reported.

Principal officers: Louis A. Golinvaux and Mark C. Tansey, principals.

O

Omni Risk Services Ltd.

3080 N. Civic Center Plaza, Suite 33, Phoenix, Ariz. 85016; 602-990-1706

Year founded: 1984.

Independent.

Services provided: 60% continuous consulting; 25% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional captive feasibility studies, analysis of necessary insurance limits, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting.

Specialty: Municipalities, hospitals, trucking.

Staff: Two professional staff members who are principal consultants. Professional designations held include two CPCUs, one PhD.

Clients: 45 total clients; 65% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 5% $5 million-$10 million; no minimum size client.

Compensation: On retainer; by the hour, principal consultant, $50-$60; consultant, $45; clerical, $20.

1986 gross revenues: $85,000 total, all from risk management consulting.

Principal officers: Arthur J. Blankenship, president; Gary L. Snapp, vp.

P

Parentis Risk Management Inc.

P.O. Box 768, Middletown, N.J. 07748; 201-671-1777

Year founded: 1985.

Independent.

Services provided: 40% continuous consulting; 40% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional captive feasibility studies, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, risk management organization studies.

Staff: One total staff members who is a consultant and holds a CIC designation.

Clients: 25 total clients; 100% with risk and insurance budgets less than $1 million; minimum size client, $150,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $75; clerical, $30.

1986 gross revenues: $75,000 total, all from risk management consulting.

Principal officers: Clyde W. Hall, president.

William Peet, Insurance Consultant

2156 Inglehart Ave., St. Paul, Minn. 53704; 612-645-6677

Year founded: 1959.

Independent.

Services provided: 24.3% continuous consulting; 72.7% special projects, including preparation of policy specifications, evaluation of insurance proposals; 3% other services, including expert witness testimony.

Staff: One total staff member who is a principal consultant and holds a CPCU designation.

Continued on facing page

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January, 1987

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Return to: W. Lee Carter, III, Director of Research and Development, Alexander & Alexander, Inc., 717 N. Harwood, Dallas, Texas 75201

[redacted]

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Compensation: By the hour, principal consultant, $100.

1986 gross revenues: $24,743* total, $24,000 from risk management consulting.

Principal officers: William Peet, owner.

Membership: SRMC.

**BI estimate.*

H. Russell Perry Insurance Advisor Inc.

P.O. Box 611, Carlisle, Mass. 01741; 617-369-6111

Year founded: 1976.
Independent.

Services provided: 65% continuous consulting; 5% risk management audits; 5% special projects; 25% other services, including employee benefits consulting.

Staff: Two total staff members, including one principal consultant. Professional designations held by staff include one ARM.

Clients: 15 total clients, 100% with risk and insurance budgets less than $1 million.

Compensation: By the project; on retainer; by the hour, principal consultant, $90; clerical, $10.

1986 gross revenues: $125,000 total, $93,750 from risk management consulting.

Principal officers: H. Russell Perry, president/treasurer.

Membership: SRMC.

John Pierce, Consulting Actuary

1241 Tyrell, Park Ridge, Ill. 60068; 312-692-5284

Year founded: 1983.
Independent.

Services provided: 75% special risk management projects, including frequent risk retention analysis (including self-insurance studies), quantitative analysis and statistical forecasting; occasional captive feasibility studies, analysis of necessary insurance limits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems; 25% other services, including consulting on insurance company pricing and loss reserves, consulting for state insurance departments.

Staff: One total staff member who is an actuary and holds MBA, FCAS and MAAA designations.

Clients: Total clients not reported; 100% with risk and insurance budgets $1 million-$5 million; no minimum size client.

Compensation: By the hour, $110.

1986 gross revenues: $65,000 total, $48,750 from risk management consulting.

Principal officers: John Pierce, president.

Mary A. Pierce-Insurance & Risk Management Consulting Services

900 Brown St., Anchorage, Alaska 99501; 907-276-0147

Year founded: 1986.
Independent.

Services provided: 30% continuous consulting; 25% risk management audits; 25% special projects, including frequent assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 20% other services, including marketing.

Staff: One total staff member who holds ARM and MBA designations.

Clients: Total clients not reported; 20% with risk and insurance budgets less than $1 million, 80% $1 million-$5 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $70.

1986 gross revenues: $50,000 total, $40,000 from risk management consulting.

Principal officers: Mary A. Pierce, owner.

Professional Risk Management Inc.

8300 Bissonnet, Suite 610, Houston, Texas 77074; 713-777-3561

Year founded: 1979.
Independent.

Services provided: 100% continuous consulting.

Locations: Dallas and Austin, Texas.

Staff: 28 total staff members; 10 professionals, including three principal consultants, five consultants, one actuary, one analyst. Professional designations held by staff include one CPCU.

Clients: Two total clients; 50% with risk and insurance budgets $1 million-$5 million, 50% $5 million-$10 million; minimum size client, $25,000 risk and insurance budget.

Compensation: By the project.

1986 gross revenues: $1.1 million, all from risk management consulting.

Principal officers: A.A. Tijerina, chairman; Barbara W. Tijerina, president; Edward R. McGrew, executive vp; Donald P. Duplantis and Mark S. Winkler, vp.

Professional Risk Management Consultants

18th Floor, 2 Gateway Center, Pittsburgh, Pa. 15222; 412-288-0832.

Year founded: 1982.

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Continued from previous page

Parent company: Halliwell & Associates Inc.

Services provided: 50% continuous consulting; 20% risk management audits; 25% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, loss settlement assistance, quantitative analysis and statistical forecasting; 5% other services, including employee benefits consulting.

Specialty: Hospitals, public and private educational institutions, county governments, municipalities, construction contractors.

Staff: 33 total staff members; five professionals, including one principal consultant, two consultants, one actuary, one analyst. Professional designations held by staff include two CPCUs, two ARMs, two CLUs, three EAs, four ASAs, one CEBS.

Clients: 55 total clients; 85% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 5% $5 million-$10 million; minimum size client, $50,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $110; consultant, $80, actuary, $90; analyst, $60.

1986 gross revenues: $180,000 total, $171,000 from risk management consulting.

Principal officers: Paul D. Halliwell, chairman; Thomas S. Baily, president; David B. Thomas and David L. Wetherill, vps.

Professional Risk Management Consultants Inc.

3631 Wakefield Road, Richmond, Va. 23235; 804-320-0733

Year founded: 1986.
Independent.

Services provided: 90% continuous consulting, 10% risk management audits.

Specialty: Public sector, agriculture.

Staff: Three total staff members; including one principal consultant, one analyst. Professional designations held by staff include one ARM, one PhD.

Clients: 10 total clients; 60% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million; minimum size client, $100,000 risk and insurance budget.

Compensation: By the project.

1986 gross revenues: $50,000 total, all from risk management consulting.

Principal officers: Kenneth G. Jones, president; Verna L. Little and Caren L. Yarbrough, vps.

Regent Consultants Corp.

366 N. Broadway, Jericho, N.Y. 11753; 516-931-6555

Year founded: 1964.
Independent.

Services provided: 72% continuous consulting; 9% risk management audits; 9% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, accounting system analysis, quantitative analysis and statistical forecasting; 10% other services, including law practice.

Staff: Four total staff members; including one principal consultant, one analyst. Professional designations held by staff include one CPCU, one ARM, one attorney.

Clients: Total clients not reported; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million.

Compensation: On retainer; by the hour, principal consultant, $100.

1986 gross revenues: Not reported.

Principal officers: Philip Platzer, president.

Membership: SRMC.

The Reiss Organization/ American Risk Management Inc.

1 Executive Drive, Fort Lee, N.J. 07024; 201-592-7100

Year founded: 1958.

Parent company: The Reiss Organization.

Services provided: 25% continuous consulting; 10% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, property loss control engineering, infrared thermographic analysis; occasional claims auditing, assessment of broker service and remuneration, risk management organization studies; 50% other services, including captive management.

Locations: Cleveland; Youngstown, Ohio; Bridgewater, N.J.; Louisville, Ky.; Chicago; Minneapolis; Burlingame, Calif.; Atlanta; Seattle; Southfield, Mich.; Dallas; Nashville, Tenn.; Kansas City, Mo.; Burlington, Vt.; European Risk Management Ltd., Weybridge, England.

Staff: 400 total staff members, 110 professionals. Professional designations held by staff include 25 CPCUs, 25 ARMs, five MBAs, five attorneys, 30 CPAs.

Clients: 200 total clients; 1% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 40% $5 million-$10 million, 25% $10 million-$25 million, 4% exceeding $25 million; minimum size client, $1 million risk and insurance budget.

Compensation: By the hour, principal consultant, $200; consultant, $150; clerical services included.

1986 gross revenues: Not reported.

Principal officers: Fredrick M. Reiss, chairman/chief executive officer; Arthur H. Deters, chief operating officer; John J. Ryan, William F. Nehls, Bryan D. Murphy, William F. Sennett and Donald J. Westmoreland, members of the executive committee.

Risk Administrators Inc.

P.O. Box 1269, Midlothian, Va. 23113-8569; 804-379-0086

Year founded: 1980.
Independent.

Services provided: 17.5% continuous consulting; 24.5% risk management audits; 28% special projects, including frequent risk retention

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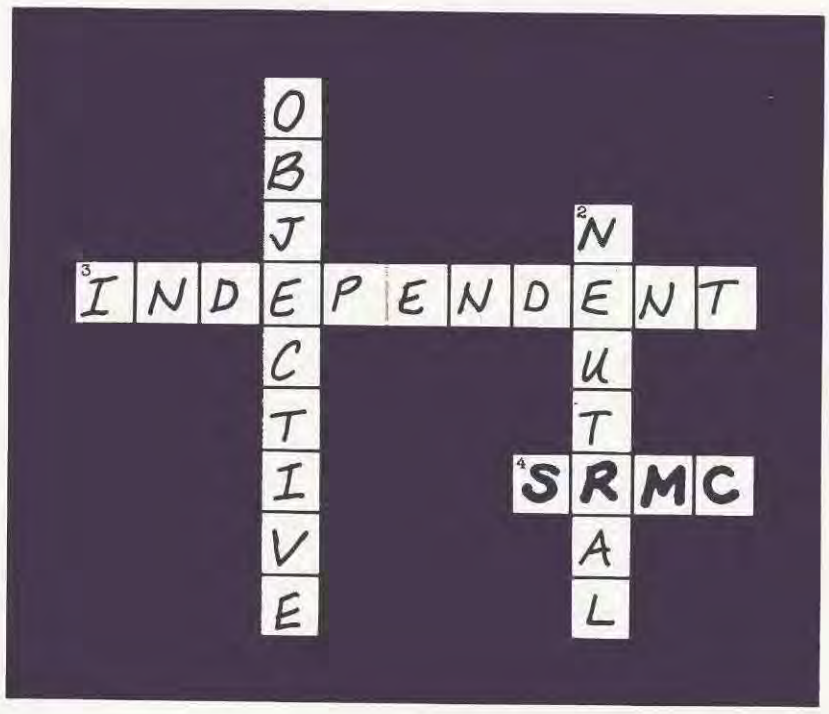
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Across

3. Free from control, influence of others.
4. All of the above.



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analysis (including self-insurance studies), captive feasibility studies, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; occasional claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting; 30% other services, including employee benefits consulting.

Specialty: Associations, government entities.

Staff: Five total staff members who are principal consultants.

Clients: Total clients not reported; 40% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million, 20% $5 million-$10 million; no minimum size client.

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

1986 gross revenues: Not reported.

Principal officers: George H. Cosby III, president.

Risk Analysts Inc.

4828 Loop Central Drive, 9th Floor, Houston, Texas 77081; 713-666-5200

Year founded: 1936.

Parent company: Wisenberg Insurance & Risk Management.

Services provided: 100% continuous consulting, risk management audits and special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting.

Staff: 70 total staff members; 10 professionals, including two principal consultants, two consultants, six analysts. Professional designations held by staff include two CPCUs, one MBA.

Clients: 25 total clients; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million.

Compensation: By the project; by the hour, principal consultant, $150; consultant, $100; analyst, $75; clerical, $60.

1986 gross revenues: $250,000 total, all from risk management consulting.

Principal officers: Irving Pozmantier, chairman; Joe L. Williams president.

Risk Consultants

1571 Race St., Denver, Colo. 80206; 303-388-5688

Year founded: 1976.

Independent.

Services provided: 60% continuous consulting; 25% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional loss prevention audits, assessment of broker service and remuneration, risk management organization studies, consulting on the design of risk management information systems.

Staff: Six total staff members; four professionals, including one principal consultant, one consultant, two analysts. Professional designations held by staff include two ARMs, two CICs.

Clients: 50 total clients; 45% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 18% $5 million-$10 million, 2% $10 million-$25 million; minimum size client, $500 risk and insurance budget.

Compensation: By the hour, principal consultant, $125 average; consultant, $90 average; analyst, $80 average; clerical, $25 average.

1986 gross revenues: Not reported.

Principal officers: Michael Murphy, principal consultant; Brent A. Winans, consultant; James M. Graham and Nancy McAninch, risk analysts.

Membership: SRMC.

Risk Consultants Inc.

7506 E. Independence Blvd., Suite 100, Charlotte, N.C. 28212; 704-537-3400

Year founded: 1969.

Independent.

Services provided: 50% continuous consulting; 30% risk management audits; 10% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, fire prevention engineering; occasional captive feasibility studies, claims auditing, accounting system analysis, assessment of broker service and remuneration, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 10% other services, including employee benefits

Continued on next page

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consulting.

Locations: Austin, Texas; Indianapolis (affiliated company).

Staff: 16 total staff members, including five principal consultants, two consultants, three analysts. Professional designations held by staff include one CPCU, three ARMs, two CLUs.

Clients: 560 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $75; consultant, $60; analyst, $35; clerical, $20.

1986 gross revenues: $630,000 total, $585,000 from risk management consulting.

Principal officers: Merle D. Randle, chairman; Richard C. Canovai, president; J. Lanny Goode, G. Ken Gordon and David R. Lively, vps.

Risk Consultants Inc.

821 Plaza 8, P.O. Box 251, Sheboygan, Wis. 53081; 414-457-7781

Year founded: 1970.

Parent company: First Interstate Corp. of Wisconsin.

Services provided: 75% continuous consulting; 20% risk management audits; 5% special projects, including insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, preparation of specifications for bidding.

Specialty: Financial institutions.

Locations: Manitowoc, Wis.

Staff: Staff members include two principal consultants, one consultant. Professional designations held by staff include two CPCUs, one ARM, one CLU.

Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million; minimum size client, $50,000 risk and insurance budget.

Compensation: On retainer; by the hour, principal consultant, $65; consultant, $50.

1986 gross revenues: $60,000 total, all from risk management consulting.

Principal officers: Edwin W. Storer, president; Donald E. Huber, vp.

Risk Consulting Services Inc.

2601 W. 22nd St., Suite 8, Oak Brook, Ill. 60521; 312-572-0622

Year founded: 1986.

Parent company: Delta Financial Corp.

Services provided: 75% continuous consulting; 20% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Financial institutions, manufacturing, retail.

Staff: Five total staff members, two professionals who are principal consultants. Professional designations held by staff include one CPCU, one ARM.

Clients: 51 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million; no minimum size client.

Compensation: On retainer.

1986 gross revenues: $255,000 total, all from risk management consulting.

Principal officers: John W. Wall, president; Debbra K. Callan, vp.

Risk Control Inc.

216 Water St., Excelsior, Minn. 55331; 612-474-5204

Year founded: 1978.

Independent.

Services provided: 80% continuous consulting; 8% risk management audits; 12% special projects, including risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding.

Staff: Six total staff members, four professionals. Professional designations held by staff include three ARMs, one CIC.

Clients: Total clients not reported; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million; minimum size client, $25,000 risk and insurance budget.

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

1986 gross revenues: Not reported.

Principal officers: Jerry L. Brecke, president.

Membership: SRMC.

Risk Control Strategies Inc.

170 Great Neck Road, Great Neck, N.Y. 11021; 516-466-0750

Year founded: 1984.

Parent company: LRF/Risk Management Inc.

Services provided: 70% continuous consulting; 20% risk management audits; 10% special projects, including occasional analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance.

Specialty: Retail, manufacturing.

Staff: Four total staff members; three professionals, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one ARM.

Clients: 16 total clients; 25% with risk and insurance budgets less than $1 million, 75% $1 million-$5 million; minimum size client, $250,000 risk and insurance budget.

Compensation: On retainer; by the hour, principal consultant, $100; consultant, $75; analyst, $55; clerical, $35.

1986 gross revenues: Not reported.

Principal officers: Susan G. Kaufman, president.

Risk Management Advisers Inc.

2667 Camino del Rio South, Suite 271, San Diego, Calif. 92108; 619-295-0378

Year founded: 1982.

Independent.

Services provided: 10% continuous consulting; 65% risk management audits; 25% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include two CPCUs, one ARM, one CLU, one CIC, one ChFC, one AAI, one attorney.

Clients: 50 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $100; consultant, $75; clerical, $25.

1986 gross revenues: $100,000 total, all from risk management consulting.

Principal officers: Edward A. Whitney, president/principal; Jory B. Croom, senior consultant.

Risk Management Associates

P.O. Box 317, Marlborough, Mass. 01752; 617-460-0210

Year founded: 1972.

Independent.

Services provided: 80% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, accounting system analysis, assessment of broker service

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The UAC team of adjusters, specialists

Continued from facing page
and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional captive feasibility studies, claims auditing, loss settlement assistance; 10% other services, including construction surety bonding.

Specialty: Associations.
Staff: Three total staff members; two professionals, including one principal consultant, one actuary.
Clients: Total clients not reported; 100% with risk and insurance budgets less than $1 million; minimum size client, $250,000 risk and insurance budget.

Compensation: On retainer; by the hour, principal consultant, $130; analyst, $60; clerical, $20.
1986 gross revenues: Not reported.
Principal officers: Edward V. Harding, principal consultant; Joan M. Harding, analyst; Brian D. Harding, loss prevention manager.
Membership: SRMC.

Risk Management Associates

60 Cutter Mill Road, Great Neck, N.Y. 11021; 516-829-4009

Year founded: 1986.
Independent.
Services provided: 100% continuous consulting.
Specialty: Heating oil and gasoline retailers, real estate.
Staff: Two total staff members who are principal consultants. Professional designations held by staff include one CPCU, one MBA, one CPA.
Clients: Eight total clients; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million; minimum size client, $200,000 risk and insurance budget.
Compensation: On retainer.
1986 gross revenues: Not reported.
Principal officers: John J. Wenz and Herbert H. Feldman, principal consultants.
Membership: SRMC.

Risk Management Consultants

1700 Sunset Ridge Drive, Laguna Beach, Calif. 92651; 714-494-4451

Year founded: 1977.
Independent.
Services provided: 25% continuous consulting; 75% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies; occasional analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
Staff: Two total staff members, one professional staff member who is a principal consultant. Professional designations held by staff include one CPCU, one ARM, one MBA.
Clients: 20 total clients; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million; no minimum size client.
Compensation: By the project; on retainer; by the hour, principal consultant, $100-$150; clerical, $25.
1986 gross revenues: $65,000 total, all from risk management consulting.
Principal officers: William S. Mortimer, president.
Membership: SRMC.

Risk Management Consultants Inc.

250 W. 57th St., Suite 1527, New York, N.Y. 10107; 212-582-2214

Year founded: 1957.
Independent.
Services provided: 70% continuous consulting; 15% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
Staff: Five total staff members: including one principal consultant, two consultants, one analyst. Professional designations held by staff include two CPCUs, one ARM, one MBA.
Clients: 50 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million; no minimum size client.
Compensation: By the project, on retainer.
1986 gross revenues: Not reported.
Principal officers: Ezra Lifshitz, president.
Membership: SRMC.

Risk Management Inc.

5101 Minnaqua Drive, Golden Valley, Minn. 55422; 612-529-5627

Year founded: 1978.
Independent.
Services provided: 15% continuous consulting; 50% risk management audits; 35% special projects, including frequent insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.
Specialty: Banks, government entities, manufacturing.
Staff: Three professionals, including one principal consultant, one consultant, one actuary. Professional designations held by staff include one CPCU, one MBA, one CSP, one ACAS, one CLU, one attorney.
Clients: 20 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million; minimum size client, $100,000 risk and insurance budget.
Compensation: By the project; by the hour, principal consultant, $125; consultant, $100; actuary, $100; clerical, $25.
1986 gross revenues: Not reported.
Principal officers: Andrew F. Whitman, president.

Risk Management Technologies Inc.

Route 50, Mays Landing, N.J. 08330; 609-625-7926

Year founded: 1985.
Independent.
Services provided: 20% continuous consulting; 60% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.
Specialty: Municipalities, contractors, trucking.
Staff: Three total staff members, including two professionals who are consultants. Professional designations held by staff include one ARM, one MBA.
Clients: 50 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million; minimum size client, $250,000 risk and insurance budget.
Compensation: By the project.
1986 gross revenues: Not reported.
Principal officers: Ronald P. Hambrecht.

Risk Science International

1101 30th St. N.W., Suite 4, Washington, D.C. 20007; 202-342-2206

Year founded: 1981.
Parent company: Frank B. Hall & Co. Inc.
Services provided: 13% continuous consulting; 26% risk management audits; 26% special projects, including frequent loss prevention audits, risk management organization studies, environmental risk cleanup; occasional loss settlement assistance, quantitative analysis and statistical forecasting, consulting on

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the design of risk management information systems; 35% other services.

Staff: 18 total staff members; 12 professionals, including three principal consultants, eight consultants. Professional designations held by staff include one PhD, one attorney.

Clients: 100 total clients; 60% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 10% $5 million-$10 million, 10% $10 million-$25 million; no minimum size client.

Compensation: By the project, by the hour.

1986 gross revenues: $4 million from risk management consulting.

Principal officers: Joan B. Berkowitz, president/chief executive officer; Robert M. Kibe and Stephen Wendt, vps; Mary P. Morningstar, corporate counsel.

Risk Sciences Group Inc.

5620 Glenridge Drive, Atlanta, Ga. 30342; 404-256-0830

Year founded: 1978.
Parent company: Crawford & Co.

Services provided: 10% continuous consulting; 5% risk management audits; 15% special projects, including frequent risk retention analysis (including self-insurance studies), preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, litigation management support, risk allocation cost studies; occasional captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance; 70% other services, including development of risk management information systems.

Specialty: Retail, beverage, restaurant chains, diversified holding companies, pharmaceutical.

Locations: New York; Sausalito, Calif.

Staff: 36 total staff members; 10 professionals, including three principal consultants, three consultants, four analysts. Professional designations held by staff include one CPCU, four ARMS, five MBAs, one attorney, one CPA.

Clients: 50 total clients; 5% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 20% $5 million-$10 million, 20% $10 million-$25 million, 35% exceeding $25 million; no minimum size client.

Compensation: By the project; by the hour, principal consultant, $150-$175; consultant, $100-$150; analyst, $75-$100; clerical, $35-$50.

1986 gross revenues: $900,000 from risk management consulting.

Principal officers: Richard F. Denning, president; Dennis M. Aaron, Andrew R. Daniels and R. Michael Keating, vps-operations; Carol J. Freytag, vp-computer development; John W. Hueckstead, vp-computer services.

Risk Services Inc.

1040 E. Las Tunas Drive, Suite A, San Gabriel, Calif. 91776; 818-285-5443

Year founded: 1985.
Affiliated.

Services provided: 20% continuous consulting; 30% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting; 50% other services, including brokering insurance.

Specialty: Property owners.

Staff: Two total staff members who are principal consultants. Professional designations held by staff include two CPCUs, two ARMs, one MBA.

Clients: 20 total staff members; 100% with risk and insurance budgets less than $1 million; minimum size client, $25,000 risk and insurance budget.

Compensation: By the hour, principal consultant, $100.

1986 gross revenues: Not reported.

Principal officers: John Michael and Alice Wong.

Risk Services of California

10221 Slater Ave., Suite 103, Fountain Valley, Calif. 92708; 714-964-5793 or 714-963-1213

Year founded: 1980.
Independent.

Services provided: 100% special projects, including frequent claims auditing, loss settlement assistance, risk management organization studies, preparation of claim procedure and risk management manuals; occasional captive feasibility studies, insurance contract analysis, loss prevention audits, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Staff: Staff includes one principal consultant, one analyst. Professional designations held by staff include one LIIA.

Clients: Total clients not reported; 15% with risk and insurance budgets less than $1 million, 60% $1 million-$5 million, 15% $5 million-$10 million, 10% $10 million-$25 million; minimum size client, $400,000 risk and insurance budget.

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INFORMATION AND IDEAS ON RISK MANAGEMENT AND BENEFITS FROM JOHNSON & HIGGINS NO. 21

AIDS In The Work Force:

The costly implications for employee benefit plans.

There is disturbing evidence that AIDS is spreading to the American populace from a base formerly confined to high risk individuals. The National Center for Disease Control estimates the U.S. will experience 270,000 cases by 1991. This contrasts with 27,000 cases diagnosed to date. (The fatality rate—in the absence of an effective vaccine—is 100 percent.)

Employers must examine seriously—and soon—the potential impact of AIDS on overall employee benefit program expense. While there is controversy concerning the medical cost of treating an AIDS victim, it is undeniably expensive. J&H projects the typical per-case financial impact on all benefit plans, including medical, disability and life insurance, could average $150,000 for an employee earning $25,000 per year and $250,000 for someone earning $75,000.

If AIDS enters the experience of previously unaffected plans, employer costs would escalate dramatically. A J&H projection estimates a cost of $14 billion to employers over the next five years if the average case costs $100,000.

Some important issues for study:

- Most health benefit plans offer hospital treatment only and do not contain hospice or home health care provisions. Many health professionals feel the latter are more appropriate for AIDS cases, as well as less costly. Medical case-management programs also may deliver more apprcpriate treatment at lower cost.
- Group term-life programs should be assessed to determine if full employer coverage should be maintained or if some risk should be transferred to employees through vehicles such as group universal life insurance.
- Self-insured arrangements must be reevaluated with an eye toward preventing catastrophic claims that could cause program insolvency.

Despite the emergence of some promising AIDS treatments, no cure is in sight, according to Surgeon General Dr. C. Everett Koop. He also says that a vaccine probably will not be available before the end of the century. Employers therefore might consider making a serious long-term financial commitment to help accelerate AIDS research in the public and private sectors.

For more information, call your J&H office, or call Brian Harrigan or Nancy Jones at 617-742-5300.

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Compensation: By the project; by the hour, principal consultant, $85-$110; analyst, $25; clerical, $15-$20.

1986 gross revenues: Not reported.

Principal officers: Terry Coleman, principal consultant/owner.

Risk Strategies Inc.

CBT Plaza, 1120 Post Road,
Darien, Conn. 06820;
203-656-1000

Year founded: 1984.
Independent.

Services provided: 10% continuous consulting; 10% risk management audits; 30% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits; occasional insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 50% other services, including new venture and new product development.

Specialty: Accountants and lawyers, real estate, health care.

Staff: Four total staff members, two professionals who are principal consultants. Professional designations held by staff include one CPCU, one ARM, two MBAs, one CLU.

Clients: 25 total clients; 10% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million, 20% $5 million-$10 million, 50% $10 million-$25 million, 10% exceeding $25 million; minimum size client, $100,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $175; consultant, $100; clerical, $25.

1986 gross revenues: $550,000 total, $275,000 from risk management consulting.

Principal officers: Bernard M. Brown and W. Rodney Smith, principals.

Roberts & Associates Risk Management Consultants

Suite 455, 2 Bentall Centre,
Vancouver, British Columbia V7X
1M8; 604-684-8440

Year founded: 1986.
Independent.

Services provided: 50% continuous consulting; 10% risk management audits; 40% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, quantitative analysis and statistical forecasting.

Staff: Two total staff members, including one principal consultant. Professional designations held by staff include one ARM, one FIIC.

Clients: Total clients not reported; 30% with risk and insurance budgets less than $1 million, 60% $1 million-$5 million, 10% $5 million-$10 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $100-$150; clerical, $30.

1986 gross revenues: $70,000 total for eight months, all from risk management consulting.

Principal officers: John E. Roberts, principal consultant.

James A. Robertson & Associates Inc.

2495 Campus Drive, Suite 202,
Irvine, Calif. 92715; 714-955-2240

Year founded: 1978.
Independent.

Services provided: 10% continuous consulting; 10% risk management audits; 60% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, quantitative analysis and statistical forecasting, expert witness testimony; occasional assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; 20% other services, including seminars.

Staff: Three total staff members, including one professional staff member who is a principal consultant. Professional designations held by staff include one CPCU, one ARM, one MBA.

Clients: Total clients not reported, no minimum size client.

Compensation: By the project; by the hour, principal consultant, $175; clerical, $30.

1986 gross revenues: Not reported.

Principal officers: James A. Robertson, president.

Membership: SRMC.

Rodriguez Consulting Group Inc.

4241 Baymeadows Road, Suite 1,
Jacksonville, Fla. 32217;
904-731-4846 or 904-731-1295

Year founded: 1984.
Independent.

Services provided: 30% contin-

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BI-1

Continued from previous page
uous consulting; 50% risk management audits; 20% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems.

Staff: Four total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, one ARM, one MBA, one CLU.

Clients: Total clients not reported; 50% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million.

Compensation: By the project, on retainer.

1986 gross revenues: Not reported.

Principal officers: Albert P. Rodriguez, president.

Root & Boyd Risk & Insurance Consulting Services Inc.

101 S. Main St., Waterbury, Conn. 06723; 203-753-1234

Year founded: 1985.
Parent company: Root & Boyd Inc.

Services provided: 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent claims auditing, loss settlement assistance, consulting on the design of risk management information systems; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, preparation of specifications for bidding.

Specialty: Hospitals, municipalities, non-profit organizations, unions.

Locations: Stamford, Conn.

Staff: Six total staff members; three professionals, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one ARM, one MBA, one CLU, one CCC.

Clients: 20 total clients; 50% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 15% $5 million-$10 million, 10% $10 million-$25 million; no minimum size client.

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

1986 gross revenues: Not reported.

Principal officers: Arthur J. Giulietti, president; Peter Moody and John Brady.

Bernard Ruback-Certified Public Accountant

94 Fairfax Court, Madison, N.J. 07940; 201-822-0203

Year founded: 1982.
Independent.

Services provided: 100% special projects, including frequent insurance contract analysis, claims auditing, accounting system analysis, loss settlement assistance, inventory claim preparation, business interruption claim preparation and consulting, litigation support.

Staff: One total staff member who is a principal consultant and holds a CPA designation.

Clients: Total clients not reported.

Compensation: By the project, by the hour.

1986 gross revenues: Not reported.

Principal officers: Bernard Ruback, principal.

Rupp & Johnson Inc.

4141 MacArthur Blvd., Suite 200, Newport Beach, Calif. 92660; 714-851-3070

Year founded: 1984.
Independent.

Services provided: 10% continuous consulting; 10% risk management audits; 40% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, risk management information research; occasional analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, risk management organization studies, preparation of specifications for bidding; 40% other services, including publications, insurance company administration.

Specialty: Automobile dealers and lessors, health care, credit unions, contractors, associations.

Staff: Five total staff members; four professionals, including one principal consultant, two consultants, one analyst. Professional designations held by staff include one CPCU, one ARM, one MBA.

Clients: 30 total clients; 5% with risk and insurance budgets less than $1 million, 80% $1 million-$5 million, 10% $5 million-$10 million, 5% $10 million-$25 million; minimum size client, $500,000 risk and insurance budget.

Compensation: By the project; on retainer; by the hour, principal consultant, $125; consultant, $70; analyst, $60; clerical, $28.

1986 gross revenues: $350,000 total, $210,000 from risk management consulting.

Principal officers: Richard V. Rupp, president.

Russell Insurance Services Inc.

1380 156th St. N.E., Suite C-2, Bellevue, Wash. 98007; 206-644-1658

Year founded: 1986.
Independent.

Services provided: 50% continuous consulting; 20% risk management audits; 30% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, merging all insurance-related activities of a company into one administrative program; occasional insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialties: Small and medium size companies without full-time risk managers.

Staff: Two total staff members, including one professional. Professional designations held by staff include one CPCU, one AIM.

Clients: Eight total clients, 100% with risk and insurance budgets less than $1 million, no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $75; clerical, $15.

1986 gross revenues: $24,000 total for 10 months, all from risk management consulting.

Principal officers: A. Dan Russell, president; Agnes M. Russell, vp.

S

Richard E. Schmidt

1215 Press Building, Binghamton, N.Y. 13901; 607-772-1542

Year founded: 1982.
Independent.

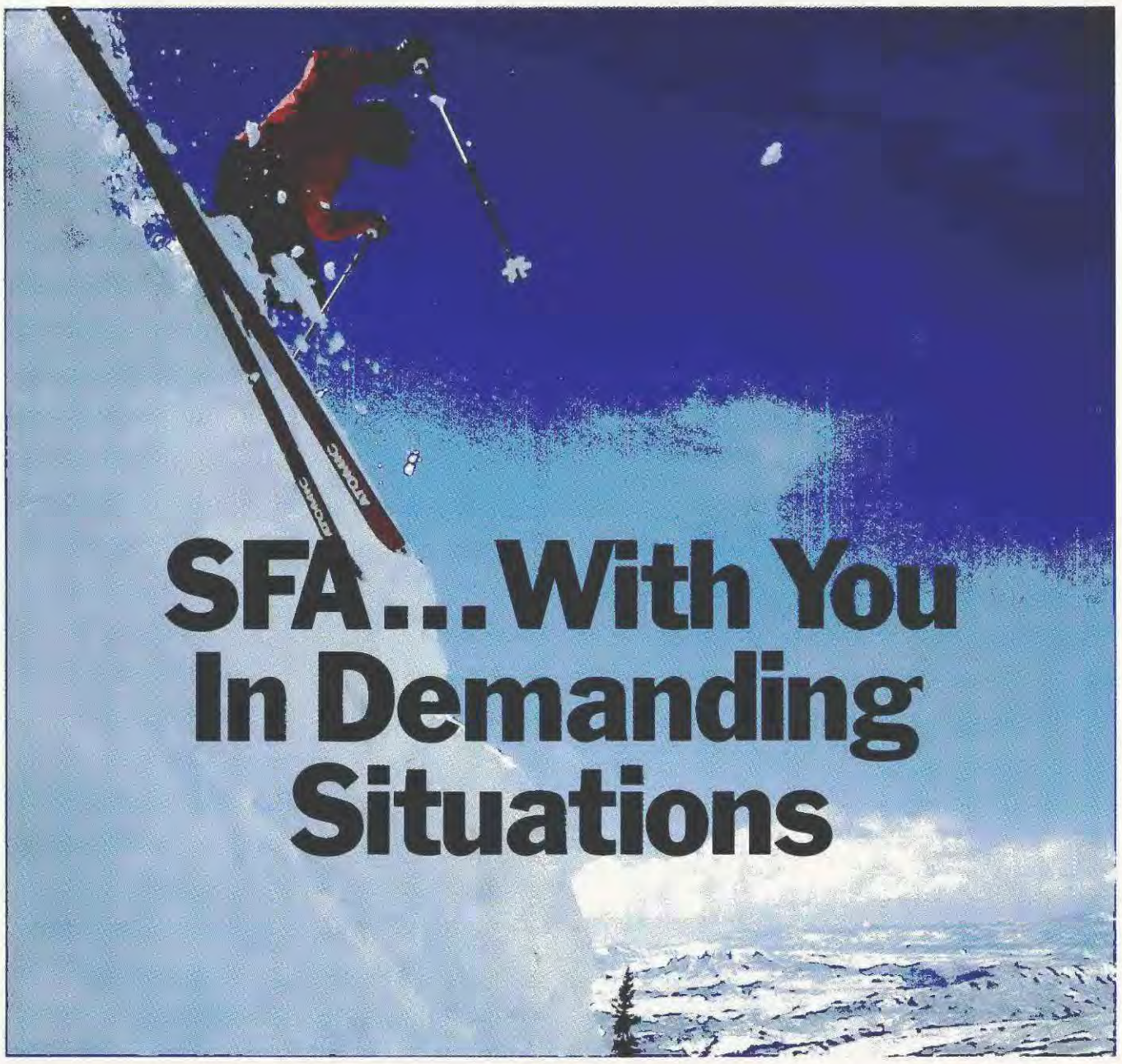
Services provided: 75% continuous consulting; 20% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Healthcare, municipalities, construction.

Staff: One total staff member who is a principal consultant.

Clients: 31 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million;

Continued on facing page



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Continued from facing page
no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $75.

1986 gross revenues: Not reported.

Principal officers: Richard E. Schmidt, owner/principal.

Membership: SRMC.

Peter Shuley & Associates Inc.

Box 5254, Vancouver, British Columbia V6B 4B4; 604-684-4700

Year founded: 1962.
Independent.

Services provided: 50% continuous consulting; 25% risk management audits; 25% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, preparation of specifications for bidding; occasional accounting system analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Locations: Toronto.

Staff: Three total staff members, two professionals who are principal consultants. Professional designations held by staff include one CIB.

Clients: 30 total clients, 100% with risk and insurance budgets less than $1 million, no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $100-$150; consultant, $80-$100; clerical, $25.

1986 gross revenues: Not reported.

Principal officers: Peter A. Shuley, president.

Membership: SRMC.

E.W. Siver & Associates Inc.

9400 Fourth St. N., Suite 119, St. Petersburg, Fla. 33702; 813-577-2780

Year founded: 1970.
Independent.

Services provided: 35% continuous consulting; 3% risk management audits; 27% special projects, including frequent risk retention analysis (including self-insurance studies), insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, expert witness testimony; 35% other services, including employee benefits consulting.

Specialty: Health care, financial institutions, government entities.

Staff: 17 total staff members; eight professionals, including six principal consultants, two consultants. Professional designations held by staff include five CPCUs, two ARMs, four CLUs, one ChFc, two attorneys, one AU.

Clients: 78 total clients; 59% with risk and insurance budgets less than $1 million, 23% $1 million-$5 million, 10% $5 million-$10 million, 5% $10 million-$25 million, 3% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $125-$150; consultant, $90-$100; clerical, $25-$40.

1986 gross revenues: $1.3 million total, $840,000 from risk management consulting.

Principal officers: Edward W. Siver, president; Robert I. Siver, vp/treasurer/secretary; James Marshall Jr., vp.

Membership: SRMC.

Richard H. Soper Inc.

1055 Wall St., Suite 202, P.O. Box 2494, La Jolla, Calif. 92038-2494; 619-456-0505

Year founded: 1982.
Independent.

Services provided: 31% continuous consulting; 28% risk management audits; 41% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, crisis management, expert witness testimony; occasional claims auditing, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Locations: San Francisco.

Staff: Eight total staff members; six professionals, including two principal consultants, four consultants. Professional designations held by staff include two CPCUs, one ARM, one CSP, one PE, one RN, one SFPE.

Clients: 19 total clients; 26% with risk and insurance budgets less than $1 million, 42% $1 million-$5 million, 16% $5 million-$10 million, 11% $10 million-$25 million, 5% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $100-$135; consultant, $75-$100; clerical and word processing, $25.

1986 gross revenues: Not reported.

Principal officers: Richard H. Soper, consultant/president; Robin L. Foorman, associate consultant/vp; Lori B. Arlen, senior project coordinator/corporate secretary.

Duke Nordlinger Stern & Associates Inc.

1336 54th Ave. N.E., St. Petersburg, Fla. 33703-3225; 813-527-1212

Year founded: 1980.
Independent.

Services provided: 60% continuous consulting; 15% risk management audits; 5% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, design and implementation of claim prevention programs; occasional accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems; 20% other services, including publishing.

Specialty: Professional and trade associations.

Locations: London; Hamilton, Bermuda.

Staff: Five total staff members; four professionals, including one principal consultant, three consultants. Professional designations held by staff include two MBAs, one CSP, two PhDs, two attorneys, one CMC, one CAE.

Clients: 23 total clients; 21% with risk and insurance budgets less than $1 million, 43% $1 million-$5 million, 26% $5 million-$10 million, 10% $10 million-$25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $150; consultant, $75-$100; clerical, $25.

1986 gross revenues: $400,000 total, $320,000 from risk management consulting.

Principal officers: Duke Nordlinger Stern, president.

Stogniew & Associates

275 96th Ave. N., St. Petersburg, Fla. 33702; 813-578-2580

Year founded: 1980.
Independent.

Services provided: 18% continuous consulting; 54% risk management audits; 18% special projects, including frequent loss prevention audits, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, directors' risk determination survey; occasional risk retention analysis (including self-insurance studies), insurance contract analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; 10% other services, including data processing feasibility studies, accounting system evaluation, independent internal control studies, physical security management and control review.

Specialty: Financial institutions, data processing service bureaus.

Locations: Atlanta; Charlotte, N.C.; Los Angeles; Miami.

Staff: 45 total staff members; 15 professionals, including seven principal consultants, eight senior consultants. Professional designations held by staff include nine MBAs, 10 CAAs, five CBAs, four CDPA.

Clients: 400 total clients; 70% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 10% $5 million-$10 million; no minimum size client.

Compensation: By the project, on retainer.

1986 gross revenues: $2.75 million total, $2.48 million from risk management consulting.

Principal officers: Gerald F. Stogniew, president; Jo C. Minor, director.

Stone & Webster Management Consultants Inc.-Risk Management Division

1 Penn Plaza, 250 W. 34th St., New York, N.Y. 10119; 212-290-7135

Year founded: 1889.

Parent company: Stone & Webster Inc.

Services provided: 35% continuous consulting; 10% risk management audits; 35% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, consulting on the design of risk management information systems; 20% other services, including captive management, employee benefits consulting.

Specialty: General industry, utilities, trade associations.

Staff: 21 total staff members; 16 professionals, including five principal consultants, eight consultants, three analysts. Professional designations held by staff include two CPCUs, two ARMs, one MBA, one CSP, one CLU, one PE.

Clients: 115 total clients; 10% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 40% $5 million-$10 million, 15% $10 million-$25 million, 5% exceeding $25 million; minimum size client, $500,000 risk and insurance budget.

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

1986 gross revenues: $2.6 million total, $2.1 million from risk management consulting.

Principal officers: Bruce H. Suter, vp; William J. Collins, director-client service; Anthony Panuthos, manager-client service.

Tierney Associates Inc.

602 Coolidge St., Davis, Calif. 95616; 916-756-5890

Year founded: 1985.
Independent.

Services provided: 18% continuous consulting; 36% risk management audits; 36% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, insurance contract analysis, risk management organization studies; occasional analysis of necessary insurance limits, claims auditing, loss

Continued on next page

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prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting; 10% other services, including legal research projects.

Specialty: Hospitals, physicians, associations.

Staff: Three total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, one ARM, one attorney.

Clients: 12 total clients; 20% with risk and insurance budgets $1 million-$5 million, 10% $5 million-$10 million, 10% $10 million-$25 million, 60% exceeding $25 million; minimum size client, $1 million risk and insurance budget.

Compensation: By the project; by the hour, principal consultant, $150; consultant, $100; clerical, $20.

1986 gross revenues: $100,000 total, $90,000 from risk management consulting.

Principal officers: Justin N. Tierney, president/chief executive officer; J.T. Tierney, vp/secretary.

Tiller Consulting Group Inc.

509B Goldenrod Ave., Corona del Mar, Calif. 92625; 714-673-7089

Year founded: 1984.
Independent.

Services provided: 99% special risk management projects, including frequent risk retention analysis (including self-insurance studies), quantitative analysis and statistical forecasting, environmental risk assessments, actuarial studies; occasional captive feasibility studies, analysis of necessary insurance limits, loss prevention audits, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems, expert witness testimony; 1% other services, including writing articles.

Staff: Two total staff members who are professionals; including one principal consultant, one principal consultant and actuary. Professional designations held by staff include one CPCU, two ARMs, one MBA, one FCAS, one ASA, one MAAA, one MCA, one ASCE.

Clients: 60 total clients; 4% with risk and insurance budgets less than $1 million, 6% $1 million-$5 million, 40% $5 million-$10 million, 30% $10 million-$25 million, 20% exceeding $25 million; no minimum size client.

Compensation: By the project; by the hour, principal consultant, $125-$175 plus expenses.

1986 gross revenues: Not reported.

Principal officers: Margaret Wilkinson Tiller, president; Michael H. Tiller, vp/secretary/treasurer.

Tillinghast Division of Towers, Perrin, Forster & Crosby

Tower Place, 3340 Peachtree Road N.E., Atlanta, Ga. 30026; 404-261-5420

Year founded: 1946.
Parent company: Towers, Perrin, Forster & Crosby.

Services provided: 10% continuous consulting; 6% risk management audits; 24% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, strategic planning, risk control; 60% other services, including management actuarial consulting for commercial life, property and casualty insurance companies.

Locations: Boston; Dallas; Darien and Hartford, Conn.; Los Angeles; New York; St. Louis; Chicago; Denver; Jacksonville, Fla.; San Francisco; Washington, D.C.; Philadelphia; Toronto; Hamilton, Bermuda; Stockholm, Sweden.

Staff: 250 total staff members; 124 professionals, including 20 principal consultants, 55 consultants, 49 actuaries. Professional designations held by staff include 12 CPCUs, 13 ARMs, 24 MBAs, 42 FCASs, 21 ACASs.

Clients: 1,000 total clients, no minimum size client.

Compensation: By the hour, principal consultant, $200-$250; consultant, $100-$200; actuary, $200-$250; analyst, $70-$100; clerical, $40-$75.

1986 gross revenues: $35 million total, $14 million from risk management consulting.

Principal officers: Robert Sturgis, Mitchell Cole, H. Felix Kloman, Charles Tagman Jr., George Betterley and Charles Lee, vps.

Membership: SRMC.

Touche Ross & Co.

2001 Bryan Tower, Suite 2400, Dallas, Texas 75201; 214-220-8890

Year founded: 1947.
Independent.

Services provided: 0.1% continuous consulting; 0.2% risk management audits; 0.7% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims preparation, loss settlement assistance, quantitative analysis and statistical forecasting, disaster recovery planning, expert witness testimony; occasional risk retention analysis (including self-insurance studies), accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; 99% other services, including auditing, public accounting, tax consulting.

Locations: Newark, N.J.; Chicago; Los Angeles; Houston; Minneapolis; Seattle; Stamford, Conn.; Toronto; Calgary, Alberta.

Staff: More than 7,000 total staff members; 26 professionals, including four principal consultants, 10 consultants, six actuaries, six engineers. Professional designations held by staff include two CPCUs, three MBAs, 10 CPAs, four CMCs.

Clients: More than 50 total clients; 10% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 30% $5 million-$10 million, 20% $10 million-$25 million, 10% exceeding $25 million; no minimum size client.

Compensation: By the project; by the hour, principal consultant, $195-$225 plus expenses; consultant, $50-$125 plus expenses; actuary, $60-$125 plus expenses; engineer, $100-$150 plus expenses; clerical, $30.

1986 gross revenues: $3.5 million from risk management consulting.

Principal officers: William D. O'Connell, partner/national director-business insurance consulting; Vincent C. Cali, partner/associate national director-business insurance consulting.

U

UniRisk Inc.

1 California St., San Francisco, Calif. 94111; 415-772-7190

Year founded: 1986.
Independent.

Services provided: 35% continuous consulting; 40% risk management audits; 25% special projects, including frequent analysis of necessary insurance limits, claims auditing, loss prevention audits; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding.

Staff: Five total staff members; including one principal consultant, two consultants. Professional designations held by staff include one ARM.

Clients: Total clients not reported; 50% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 25% $5 million-$10 million; no minimum size client.

Compensation: By the project: on retainer; by the hour, principal consultant, $100-$125; consultant, $90-$110; analyst, $50-$75.

1986 gross revenues: $225,000 total.

Principal officers: Warren C. Heiman, president; Bruce Codding, vp; Graham J. Wright, assistant vp.

United Risk Management Inc.

14261 E. 4th Ave., Suite 261, Aurora, Colo. 80011; 303-364-5372

Year founded: 1982.
Independent.

Services provided: 20% continuous consulting; 40% risk management audits; 40% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

Specialty: Political subdivisions.

Staff: Three total staff members, one professional who is a principal consultant.

Clients: 27 total clients, 100% with risk and insurance budgets less than $1 million, no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $75; clerical, $20.

1986 gross revenues: Not reported.

Principal officers: Brian L. Briese, president.

W

WBK Ltd.

10605 Judicial Drive, Suite B5-6, Fairfax, Va. 22030; 703-385-7390

Year founded: 1979.
Independent.

Services provided: 80% risk management audits; 20% special projects, including frequent loss prevention audits, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, physical security, data processing security, security management, loan review; occasional risk retention analysis (including self-insurance studies), claims auditing, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, disaster recovery, loss investigation, loss recovery, earnings improvement.

Specialty: Financial institutions, aviation.

Locations: Oredale, N.J.; Charlotte, N.C.; affiliated with WBK International Ltd., London.

Staff: 16 total staff members; 13 professionals, including eight principal consultants, 15 consultants, one analyst. Professional designations held by staff include five MBAs, six NBEs.

Clients: More than 175 total clients; 60% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 5% $5 million-$10 million, 10% $10 million-$25 million, 20% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $150-$200; consultant, $85-$150; analyst, $65-$95; clerical, $35.

1986 gross revenues: More than $1.8 million total, all from risk management consulting.

Principal officers: Alan L. Butkow, chairman/president; Gene A. Eskildsen, chief operating officer/senior vp; James Angel and James Stewart, vps.

WEB Insurance Consultants Inc.

P.O. Box 4065, Middletown, N.J. 07748; 201-671-9455

Year founded: 1981.
Independent.

Services provided: 82% continuous consulting; 10% risk management audits; 8% special projects, including frequent insurance contract analysis, loss settlement assistance, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting.

Staff: Four total staff members; two professionals, including one principal consultant, one consultant.

Clients: Total clients not reported; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million; no minimum size client.

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

1986 gross revenues: Not reported.

Principal officers: William E. Brengel, president.

Membership: SRMC.

David Warren

58 Diablo View Drive, Orinda, Calif. 94563; 415-254-9472

Year founded: 1979.
Independent.

Services provided: 70% risk management audits; 30% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, expert witness testimony; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems.

Staff: One total staff member who holds a CPCU designation.

Clients: No minimum size client.

Compensation: By the project; by the hour, principal consultant, $130.

1986 gross revenues: Not reported.

Principal officers: David Warren.

Membership: SRMC.

Warren, McVeigh & Griffin Inc. & Subsidiary Cos.

1420 Bristol St. N., Newport Beach, Calif. 92660; 714-752-1058

Year founded: 1968.
Independent.

Services provided: 27.4% continuous consulting; 28.9% risk management audits; 19.7% special projects, including frequent risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, public entity pooling and implementation; occasional loss prevention audits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems; 24% other services, including employee benefits consulting, publishing.

Locations: San Francisco; Oakbrook Terrace, Ill.

Staff: 20 total staff members; 13 professionals, including eight principal consultants, four consultants, one analyst. Professional designations held by staff include six CPCUs, five ARMs, two MBAs, one attorney.

Clients: 160 total staff members; 15% with risk and insurance budgets less than $1 million, 80% $1 million-$25 million, 5% exceeding $25 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $125-$175; consultant, $90-$120; actuary, $150-$200; analyst, $60-$80; clerical, $25-$40.

1986 gross revenues: $2.22 million* total, $1.69 million* from risk management consulting.

Principal officers: C.C. Griffin, chief executive officer; Erin A. Oberly and Robert Wilkinson, vps.

Membership: SRMC.

*For fiscal year ending June 30.

Waters Risk Management

7300 Park St. N., Seminole, Fla. 33543; 813-387-8665

Year founded: 1978.
Independent.

Services provided: 40% continuous consulting; 30% risk management audits; 25% special projects, including frequent risk retention analysis (including self-insurance studies), analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 5% other services, including seminars, teaching.

Specialty: Government entities.

Staff: Four total staff members; two professionals, including one principal consultant, one consultant. Professional designations held by staff include two CPCUs, one ARM, one CLU.

Clients: 40 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $100; consultant, $90; clerical, $20.

1986 gross revenues: Not reported.

Principal officers: Allan Paul Waters, principal; J. Hayden Knowlton, associate.

Membership: SRMC.

Webber Consulting Group Inc.

2900 Chamblee-Tucker Road, Building 15, Atlanta, Ga. 30341; 404-454-7355

Year founded: 1985.
Independent.

Services provided: 9% continuous consulting; 54% risk management audits; 27% special projects, including frequent risk retention analysis (including self-insurance studies), risk management organization studies, preparation of specifications for bidding, risk management manuals, drafting ordinances, legislation and resolutions; 10% other services, including seminars, writing articles, employee benefits consulting.

Specialty: Public entities, professional associations.

Staff: Two total staff members, including one principal consultant.

Clients: Total clients not reported; 64% with risk and insurance budgets less than $1 million, 36% $5 million-$10 million; no minimum size client.

Compensation: By the project; on retainer; by the hour, principal consultant, $125.

1986 gross revenues: $100,000 total, $90,000 from risk management consulting.

Principal officers: Steven R. Webber, president.

Charles C. Woodward Risk Management/ Insurance Consulting

Suite 107, 5006 Lakeland Circle, Waco, Texas 76710; 817-772-1247

Year founded: 1986.
Independent.

Services provided: 75% risk management audits; 25% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis; occasional risk retention analysis (including self-insurance studies), loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding.

Specialty: Municipalities, schools, banks.

Staff: One total staff member who is a principal consultant and holds CPCU, ARM, MBA, CLU, AU and AAI designations.

Clients: Four total staff members, 100% with risk and insurance budgets less than $1 million, no minimum size client.

Compensation: By the hour, principal consultant, $75.

1986 gross revenues: Not reported.

Principal officers: Charles C. Woodward, owner/principal consultant.

The Wyatt Co.

233 S. Wacker Drive, Suite 5600, Chicago, Ill. 60606; 312-876-2000

Year founded: 1942.
Independent.

Services provided: 1.6% continuous consulting; 0.7% risk management audits; 1.2% special projects, including frequent risk retention analysis (including self-insurance

Continued on facing page

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studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, special industry surveys, evaluation of loss reserves, expert witness testimony, special exposure analysis; occasional loss prevention audits, loss settlement assistance, consulting on the design of risk management information systems; 96.5% other services, including employee benefits consulting, compensation consulting, asset management consulting.

Specialty: Health care, associations, financial institutions.

Locations: Dallas; Detroit; San Francisco; Washington, D.C.; Montreal; Toronto; Vancouver, British Columbia; London.

Staff: 60 total staff members; 46 professionals, including 23 consultants, 11 actuaries, 12 analysts. Professional designations held by staff include 15 CPCUs, 11 ARMs, 11 MBAs, seven FCASs, three ACASs, one CLU, three FIICs, two ACIIs, three FCIAs, four attorneys, one PE, two ALCMs, one PhD.

Clients: 800 total clients, no minimum size client.

Compensation: By the hour, consultant, $75-$300; actuary, $75-$225; analyst, $30-$75; clerical, $30-$50.

1986 gross revenues: $200 million total, $6.9 million from risk management consulting.

Principal officers: Warren G. Brockmeier, vp; Arthur E. Parry, Henry P. Devlin, Thomas G. Briggin, Edgar W. Armstrong and Frank Kingan, consultants; Sylvain Dion, William R. Andrus and Robin Michaelson, actuaries.

Membership: SRMC.

X

Xordium Inc.

P.O. Box 8422, Newport Beach, Calif. 92658-8422; 714-759-1707

Year founded: 1985.
Independent.
Services provided: 35% continuous consulting; 10% risk management audits; 15% special projects, including frequent loss prevention audits, preparation of specifications for bidding; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance; 40% other services, including seminars, publications, medical management.

Specialty: Manufacturing, joint pool groups.

Staff: Two total staff members, including one professional who is a principal consultant.

Clients: Total clients not reported, 100% with risk and insurance budgets less than $1 million.

Compensation: By the project, on retainer.

Gross revenues: $80,000 total in 1985, $48,000 from risk management consulting.

Principal officers: Karen J. Gillett, president; Fred C. Gillett, vp.

Y

Bill A. Yeargan

16110 New Field, Houston, Texas 77082; 713-531-9617

Year founded: 1985.
Independent.

Services provided: 50% special projects, including frequent loss control audits; occasional risk retention analysis (including self-insurance studies), captive feasibility studies, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, risk management organization studies, preparation of specifications for bidding; 50% other services, including market assistance programs for associations.

Specialty: Energy industry.

Staff: One total staff member who is a principal consultant.

Clients: Nine total clients, 100% with risk and insurance budgets $1 million-$5 million, no minimum size client.

Compensation: By the project; by the hour, principal consultant, $35.

1986 gross revenues: $50,000 total, $25,000 from risk management consulting.

Principal officers: Bill A. Yeargan, owner. ■

Xerox settles pension dispute

By JUDY GREENWALD

STAMFORD, Conn.—A Xerox Corp. settlement that boosts the retirement benefits of up to 43,000 current and former employees should serve as a warning to other employers to carefully word their benefits materials, consultants say.

A major issue in the class-action suit was that different Xerox benefit materials gave inconsistent dates for when a special inflation adjustment in the company's retirement plan would take effect.

Subsequently, during the time between the two announced dates, the company decided not to make the adjustment.

The Xerox case "points up that employers have to be extremely careful in their communications," observed Charles Ginsberg, managing vp in the research and training services group of Alexander & Alexander Inc.'s Human Resource Management Group in Newburyport, Mass.

A Xerox spokesman explained that the situation developed in 1981, when the company announced an "inflation adjustment plan" to supplement its existing Retirement Income Guaranty Plan.

The plan called for an additional 3.25% non-cumulative boost in pension benefits each year, according to David Golub, an attorney with Silver, Golub & Sandak, the Stamford law firm that brought the class-action suit on behalf of Thomas D. Anglim, a former Xerox public relations employee.

The Xerox spokesman said the company had intended for the inflation plan to become effective Jan. 1, 1983, but because of "a drafting error," the company also announced an effective date of Jan. 1, 1982.

Then, in November 1982, Xerox canceled the plan "for economic reasons," the spokesman said. Mr. Anglim sued, claiming Xerox committed "breach of contract."

Under terms of the settlement approved by U.S. District Court Judge Ellen Bree Burns in New Haven, Conn., any non-union domestic worker employed by Xerox between Jan. 1, 1982, and Nov. 17, 1982, who already is vested in the company's pension plan, or who eventually becomes vested by working 10 continuous years, will receive an additional 0.96% non-cumulative pension boost each year after retirement.

In addition, Silver, Golub & Sandak will distribute $2.1 million of Xerox funds over the next 40 years among 622 former employees who resigned or took early retirement as part of a 1982 reorganization. Mr. Anglim is among those former employees who will receive a portion of those funds.

But Mr. Golub noted that Judge Burns still must approve two elements of the settlement: for Xerox to pay $287,000 in legal fees and $30,000 in court fees, as well as pay Silver, Golub & Sandak $252,000 to administer the $2.1 million in pension funds to the former Xerox employees.

The Xerox spokesman said the pension boost, excluding the $2.1 million fund disbursement to former employees and the related fees, will be paid from Xerox's fully funded defined benefit plan.

The spokesman said it is impossible to estimate the settlement's value because it is not known how many of the approximately 43,000 employees who were working at Xerox in 1982 will become vested.

Mr. Golub, who said there were approximately 44,000 Xerox employees in 1982, estimated the total price tag of the settlement could reach $120 million if each employee were to become vested and receive an average of $50 annually under the inflation plan, based on their estimated life expectancy.

He admitted, however, this is "not a precise figure by any means."

The Xerox case should serve as a warning to employers, consultants say.

"The employer can't say, 'We did it in January,' and then in November of that same year say, 'No, we really didn't do it,' " said A&A's Mr. Ginsberg. Apparently, many employees had believed that the inflation plan had been implemented, he said. "You have to be very careful about your dates."

Employers "must be very careful in the benefits area to say what they mean and mean what they say," said Henry Savetch, vp-technical analysis at Johnson & Higgins' in New York.

Mr. Savetch and Mr. Ginsberg said the Xerox case is analogous to that of Bethlehem Steel Corp.

A federal judge ruled that because of ambiguous plan language as well as extrinsic evidence, including promises made to retirees, Bethlehem Steel did not have the right to reduce retirees' health benefits. The steel company eventually reached a settlement with its retirees (*BI*, March 18, 1985). ■

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100th Congress

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"This will be one of the busiest and most challenging sessions on insurance issues ever," predicts Joan Albert Dreux, executive director of government affairs for the National Assn. of Casualty & Surety Agents in Washington.

Furthermore, action on employee benefits issues could rival the activity during the last session when Congress passed tax overhaul legislation that made sweeping changes in employer-provided benefit programs.

"This will be a health care Congress," says Roger Thomas, general counsel with the House Select Committee on Aging.

Health care legislation likely to be introduced in the coming weeks, according to congressional aides and other benefits experts, include bills that would:

- Require states to set up employer subsidized pools to provide health coverage to high-risk uninsured individuals.
- Require all employers to offer health care plans that would protect employees from catastrophic health care costs.
- Make it more difficult for employers to terminate or reduce post-retirement health care benefits.
- Give employers tax incentives to prefund post-retirement health care programs.

Pension issues also are on Congress's agenda. For example, the Reagan administration is drafting legislation that would base the pension termination insurance premiums employers pay the Pension Benefit Guaranty Corp. on the financial condition of their defined benefit pension plans (see story, page 2).

Also, the administration wants to toughen minimum pension funding standards for so-called shutdown benefits, which are benefits payable to workers before they reach retirement age when facilities are closed.

However, the administration also is considering giving employers the authority to recoup surplus pension assets from overfunded plans without having to terminate the plans (*BI*, Dec. 29, 1986).

However, both Sen. Metzenbaum and Rep. Edward R. Roybal, D-Calif., are expected to introduce legislation that would make it more difficult for employers to terminate overfunded pension plans.

"The 100th Congress will see a level of activity in benefits like we never have seen before," said Stuart J. Brahs, executive director of the Assn. of Private Pension & Welfare Plans in Washington.

On the property/casualty side, Sen. Metzenbaum's bill to repeal the McCarran-Ferguson Act is likely to be only the first of several measures to remove the insurance industry's partial protection from federal antitrust law. Rep. John J. LaFalce, D-N.Y., and Sen. Paul Simon, D-Ill., also are expected to join the assault on McCarran-Ferguson.

One reason why attacks will intensify is that longtime critics of the law, like Sen. Metzenbaum and Rep. LaFalce, now have major platforms from which to launch them: Sen. Metzenbaum is the new chairman of the Senate Judiciary Antitrust subcommittee, while Rep. LaFalce is now chairman of the House Small Business Committee.

Congressional interest in how the property/casualty insurance industry is regulated is being fueled by the problems businesses, municipalities and professional organizations have faced since 1984 in obtaining adequate and affordable liability insurance.

"Access to insurance and affordable prices have become critical problems for individuals, small business and even governmental bodies." Insurers "should have to operate by the rules of free competition just as other industries do," Sen. Metzenbaum says.

Congress also is likely to receive new pressure from outside interest groups to repeal the McCarran-Ferguson Act.

For example, the Alexandria, Va.-based National Insurance Consumer Organization is actively seeking business support as it attempts to organize a broad-based coalition to fight for the act's repeal. "Few interest groups used to care about McCarran-Ferguson. That has now begun to change." said NICO President J. Robert Hunter.

Indeed, Mr. Hunter says there now is a reasonable chance that Congress will repeal the act, a prediction he says, "I never thought I would make in my lifetime." Mr. Hunter says the act allows the industry to engage in "cartellike" rate behavior that can drive up the cost of insurance.

But, industry officials contend that commercial insurance buyers would be hurt by such a repeal. For example, if the industry lost its statutory protection from antitrust law, insurers would become much more cautious about participating in joint activities like providing coverage through pools, says Tom O'Day, associate vp in the Washington office of the Alliance of American Insurers.

A question asked many times last session —whether industry mismanagement or problems in the civil justice system are to blame for the liability insurance crisis—will lead to proposals to require insurers to disclose more financial information to federal and state officials.

"We don't have the data," says Amy Berger, a legislative aide to Sen. John D. Rockefeller IV, D-W.Va., who plans to introduce a data collection bill.

In the House, Rep. LaFalce is expected to introduce legislation to repeal a ban, enacted more than six years ago, that prohibits the FTC from investigating insurance issues without specific congressional approval.

NICO's Mr. Hunter predicts this ban will be lifted. "There is no reason to blindfold the FTC," he said. In fact, FTC Chairman Daniel Oliver already is urging that the FTC be allowed to study the insurance industry (*BI*, Dec. 15, 1986).

Efforts to enact federal product liability reform legislation will continue this session.

For example, Sen. John C. Danforth, R-Mo., who many observers say deserves primary credit for last year's Senate Commerce Committee approval of a reform bill, intends to introduce another proposal this session.

"Sen. Danforth is committed to federal product liability reform legislation and intends to do everything within his power to see that such reform is enacted," said Allen Moore, the Senate Commerce Committee's minority chief of staff, adding he and Sen. Danforth hope the bill will attract bipartisan sponsorship.

While Sen. Danforth's bill would be along the lines of the measure approved by the committee last June (*BI*, June 30, 1986), changes are expected to be made to a controversial provision that would have capped non-economic damages at $250,000 if a plaintiff rejected certain settlement offers.

While the issue has not been resolved yet, modifications to the settlement provision being discussed include raising the damage cap or only capping damages in cases involving less serious injuries.

Regardless of the modifications made, observers acknowledge that the new political alignment in the Senate makes enactment of a product liability bill an uphill battle.

Sen. Ernest F. Hollings, D-S.C., Congress' most outspoken opponent of federal product liability legislation, now chairs the Commerce Committee and, as chairman, has the power to delay legislation he opposes.

Business lobbyists now are hoping to win new support for product liability legislation in the House, which has not considered the issue so far. But, an influential House member has not yet emerged to lead the battle.

On the benefit side, there is no shortage of legislators who want to lead the charge to expand health care coverage.

Among those publicly committed to making expansion of health care coverage a priority issue during the 100th Congress are:

- Sen. Edward M. Kennedy, D-Mass., new chairman of the Senate Labor and Human Resources Committee.
- Rep. Roybal, who chairs the House Select Committee on Aging.
- Rep. Fortney (Pete) Stark, D-Calif., chairman of the House Ways and Means Health subcommittee.

"Given the forces of change and inequities of access, the 100th Congress must make the commitment to protect the uninsured and underinsured," Rep. Roybal said.

Sen. Kennedy already has introduced legislation, S. 210, that gives states the authority to require employers to offer catastrophic health care coverage to employees. The bill tracks a comprehensive proposal advanced by Health and Human Services Secretary Otis Bowen (*BI*, Dec. 1, 1986).

In addition, Rep. Stark is working on what could become a multiple-bill approach to give the uninsured access to coverage through state health insurance pools that could be subsidized by employers.

This push to expand the scope of health care coverage is being fueled by changes in the health care delivery market, observers say. With the federal government placing new controls on what Medicare will pay hospitals and with employers bargaining to win rate discounts, hospitals now find it much more difficult to accept charity cases.

"Who will pay for uncompensated care? That is the crux of the issue that will be debated in Congress," said Dallas Salisbury, president of the Employee Benefit Research Institute, a Washington-based benefits think tank.

Faced with the massive budget deficit, congressional leaders will be looking to employers to help pay the costs of those not already covered by employer-sponsored health plans, predicts Edward J. Davey, a vp with Johnson & Higgins in New York.

In another health care issue, Congress, stunned last year by the sudden—though temporary—termination of post-retirement health care benefits by LTV Corp. after it filed for bankruptcy, will be looking for ways to make terminations more difficult.

"The focus will be on treating these benefits as legal commitments that cannot be withdrawn once promised," said Mr. Salisbury.

Sen. Metzenbaum already has said he will introduce bankruptcy reform legislation to protect post-retirement health care benefits.

At the same time, the administration is considering a legislative package that would exempt pension plan asset reversions used to prefund post-retirement health care benefits from any special excise taxes.

The administration also is considering to allow asset reversions that are transferred to a trust-type arrangement—like a Voluntary Employee Beneficiary Assn.—to prefund post-retirement health care to accumulate interest on a tax-free or partially taxed basis.

Permitting such asset transfers on a tax-favored basis is an idea that is picking up speed, notes Frederick Rumack, director of taxes and legal services at Buck Consultants Inc. in New York.

On the other hand, Rep. Roybal is expected to introduce legislation, as he did last session, to restrict employers from terminating overfunded plans.

On another pension issue, an administration proposal to base the termination insurance premiums employers with defined benefit plans pay the PBGC on their plans' funding levels is likely to produce infighting in the business community.

Mr. Rumack notes the proposal will be resisted by employers with underfunded plans, whose PBGC premiums would soar. On the other hand, the proposal will be welcomed by employers with well-funded plans that resent having to subsidize poorly funded plans through the current PBGC premium.

PBGC Executive Director Kathleen P. Utgoff says she is optimistic that Congress will pass a variable-rate PBGC premium because the proposal is beneficial to the vast majority of plan sponsors. ■

Budget proposal

Continued from page 2

premiums to those employers who do not adequately fund their pension promises," the budget says.

While the budget does not disclose details, the administration is considering a proposal under which employers with well-funded and overfunded pension plans would pay an annual premium of between $10 and $15 per plan participant.

The annual premium for an employer with an underfunded plan would be based on the amount the plan is underfunded per participant but would be capped at approximately $100 per plan participant, sources have said.

Now, all employers—regardless of the financial condition of their pension plans—pay a flat annual PBGC premium of $8.50 per plan participant.

Regarding health care, the administration, as expected (*BI*, Dec. 15, 1986), proposes to almost double the Part B premiums—which cover physician bills in the Medicare program—for all third parties that pay the premium on behalf of retired workers. Third-parties include employers that pay the premium on behalf of retirees and states that pay the premium for the elderly poor.

Currently, the Part B monthly premium covers 25% of program costs. The other 75% comes from general revenues.

However, the administration is recommending that the Part B premiums should cover 50% of program costs, effective on Jan. 1, 1988. As a result, the Part B monthly premium would double to more than $44 from the anticipated $22 premium in 1988 for these third parties.

If the retiree pays the premium, it would remain at about $22 a month for current retirees and rise to about $31 for persons retiring in 1988. The current monthly Part-B premium is $17.90 and rises each year.

If Congress accepts the administration's recommendation, employers that pay the Part-B premium for retirees would spend about 150% more in 1988 than they do today for the same retiree population.

For example, an employer with 10,000 retirees would see its Part B premium costs jump to $5.3 million in 1988 from $2.1 million in 1987.

Currently, of those employers that offer post-retirement health care coverage, about 15% to 20% pay the Part B premium for retired salaried employees, benefit experts estimate.

Although no figures are available for all employers, 85% of 812 employers surveyed by benefit consultant Hewitt Associates provided post-retirement health care plans to their employees in 1985. Most of these were large employers.

Under another Medicare-related change proposed in the budget package, the annual Part B deductible, now fixed at $75, would rise in tandem with increases in the medical care component of the Consumer Price Index. This change would take effect in 1988.

Raising the deductible would affect employers whose post-retirement health programs are coordinated with Medicare. Under some arrangements, the employer plan automatically picks up health care costs not covered by Medicare.

As a result, as Medicare pays less, the employer plan automatically has to pay more.

The administration also is proposing to require that all state and local government entities and their employees pay that portion of the Social Security payroll tax that covers Medicare hospital expenses. The Medicare portion of the FICA tax is now 1.45% of an employee's first $43,800 of wages.

Currently, only state and local governmental employees hired after March 31, 1986, must pay the Medicare tax.

While a congressional conference committee last year rejected this extension of the Medicare tax, the proposal may have a better chance of enactment in the new session of Congress, which started last week.

"Many members of Congress would find the Medicare tax extension to public employees attractive as a revenue source to reduce the deficit or raise funds to support a catastrophic health care program," said Frank McArdle, director of education and communications at the Employee Benefit Research Institute, a Washington-based benefits think tank.

The Medicare tax extension would raise $1.6 billion in revenue in 1988, according to the Department of Health and Human Services.

The budget package also would impose Social Security taxes on employer-paid premiums for group term life insurance coverage that exceeds $50,000. These premiums already are subject to federal income tax.

While the amount of new FICA taxes paid on group term life insurance would be small, employers would face an administrative hassle computing the tax for withholding purposes, said Janet DenUyl, a senior consultant in the Louisville, Ky., office of William M. Mercer-Meidinger Inc.

For example, the taxable income on which FICA taxes are based would increase $288 for a 50-year-old receiving $100,000 in group term life coverage, according to the IRS tax table.

The group term life insurance FICA tax proposal is another example of how the administration is looking for innovative ways to broaden the tax base, said Michael Romig, associate general counsel at the American Council of Life Insurance in Washington.

Railroads that contribute to the Railroad Retirement System also would see their payroll taxes rise under the administration's budget proposal.

Currently, under the Tier II portion of the railroad program, which corresponds to the private pension plan benefits that many employers offer their employees, railroads pay a tax of 14.75% of an employee's first $32,700 of wages, while the Tier II tax for employees is 4.25%, also on the first $32,700 of wages.

To improve the financial condition of the program, the administration wants Congress to raise the total Tier II tax by 1.5% in 1988 and again in 1989. However, the proposal does not recommend how the increased tax would be apportioned between railroads and employees. ■

American Centennial

Continued from page 1

ACIC owed them a total of about $8.4 million in claims payments as of November.

Court records indicate that ACIC declined to pay the claims until Wausau—which reinsured ACIC on business managed by The Underwriters—agreed to pay ACIC $432,103 in balances outstanding on The Underwriters' business.

The New York law firm of Kroll, Tract, Harnett, Pomerantz & Cameron represents nearly all of the ACIC reinsurers now attempting to rescind their contracts, including Walton and Wausau. Elliott M. Kroll, a partner in the firm, refused to discuss any of the cases.

ACIC officials also declined to comment on the reinsurance disputes.

Beneficial last month announced plans to divest its property/casualty insurance units—including ACIC—along with other subsidiaries unrelated to its core consumer lending business.

The announcement followed the failure of a previously disclosed plan to sell the entire company. Beneficial had been negotiating a sale of "substantially all" of its operations, except the property/casualty units, to a "major U.S. corporation," which it did not identify.

This deal fell apart last month, however, when the potential buyer reduced its initial $1.92 billion offering price to $1.74 billion, and Beneficial's board rejected the offer as inadequate.

Beneficial expects to notify the Delaware Insurance Department within the next two weeks of a proposed buyer of ACIC, according to a Beneficial spokeswoman, who would not identify the proposed buyer.

Beneficial first announced in August plans to restructure and a $260 million pretax provision to bolster the reserves of its property/casualty units, principally ACIC (*BI*, Sept. 1, 1986).

The reserve addition amounted to $165 million for ACIC on a statutory basis, the Beneficial spokeswoman said.

Although the reserve bolstering was described as being the last that the insurance units would need, Beneficial was reported last month to have told the Delaware Insurance Department that a technical error in its earlier reserve audit may lead to further contributions.

An ACIC spokeswoman declined to comment on the report.

Catherine S. Mulholland, the Delaware department's director of company solvency, also declined to comment, but noted that the department has nearly finished an audit of ACIC's reserves in anticipation of a possible sale. This audit will become part of the insurer's regular triennial examination, which should be completed shortly, Ms. Mulholland said.

While Beneficial pursues its plans to sell ACIC, it also must maneuver in court and in arbitrations.

The approximately 14 ACIC reinsurers represented by Kroll, Tract that have demanded arbitration with ACIC are disputing two reinsurance treaties covering business managed by The Underwriters. They are charging ACIC with misrepresentation and negligence in the handling of business managed by The Underwriters, according to court papers in a lawsuit filed by ACIC against Imperial Casualty & Indemnity Co. in November in U.S. District Court for the Southern District of New York.

The business includes a reinsurance program for Associated Electric & Gas Insurance Services Ltd., a utility industry captive. ACIC continues to press a 1984 lawsuit in U.S. District Court in Newark, N.J., charging that The Underwriters and others defrauded ACIC on the AEGIS program (*BI*, Oct. 29, 1984).

ACIC sued Imperial—one of the reinsurers demanding arbitration—to block Imperial from using an arbitrator that it had appointed on ACIC's behalf and to block it from using an umpire that was subsequently selected without ACIC's approval.

U.S. District Judge Richard Owen sided with ACIC on Nov. 21, invalidating Imperial's selection of an arbitrator for ACIC and the subsequent selection of the umpire.

As reported earlier, arbitration also has been demanded on The Underwriters business by First Horizon Insurance Co.—a unit of Cargill Corp. that recently discontinued commercial reinsurance underwriting—and Universal Marine Insurance Co., both represented by Kroll, Tract, as well as Unione Italiana Reinsurance Co. of America, represented by Werner, Kennedy & French in New York.

In addition to these four underwriters, reinsurers demanding arbitration and represented by Kroll, Tract include Employers Insurance of Wausau, Crum & Forster Insurance Co. (Bermuda) Ltd., Arion Insurance Co. Ltd. of Bermuda, Chiyoda Fire & Marine Insurance Co. Ltd., Dowa Fire & Marine Insurance Co. Ltd. and Nippon Fire & Marine Insurance Co. Ltd., according to court records and other sources.

Names of the remaining reinsurers were not available.

Kroll, Tract also had demanded arbitration on behalf of Omaha Indemnity Co. last July, but Omaha Indemnity later withdrew the demand.

Reinsurance recoverable on paid and unpaid losses from the reinsurers named above—except Omaha Indemnity—totaled $14.7 million at year-end 1985, according to ACIC's 1985 convention statement. Unione Italiana accounts for $7.7 million of the total.

However, reinsurers demanding arbitration on treaties covering business produced by The Underwriters now account for more than $40 million in reinsurance recoverable by ACIC, according to papers in a lawsuit filed in December by ACIC against Employers of Wausau.

Reinsurers represented by Kroll, Tract have chosen as an arbitrator Dennis C. Gentry, a reinsurance consultant based in Morristown, N.J., while ACIC has chosen Ralph C. Hemp, former president of North American Co. for Property & Casualty Insurance. The two arbitrators have not yet agreed on an umpire or umpires, according to Gerald A. Greenberger, a lawyer with the New York firm of Miller, Singer & Raives, which is representing ACIC.

ACIC has sought to have the arbitrations consolidated, but has received no response from the reinsurers, Mr. Greenberger said.

Meanwhile, ACIC has agreed not to draw down the $7.6 million letter of credit posted by Walton, which also has demanded arbitration on its participation on a treaty covering business produced by Dar Allen.

ACIC will continue to collect losses payable by Walton from a custodial account maintained at the First National Bank of Chicago (C.I.) in the Channel Islands. The account contained $2 million as of June 30, 1986, which probably will be sufficient to cover losses pending the arbitration, according to Walton President Brian A. Harpster.

In a lawsuit filed last month in U.S. District Court in Manhattan, Walton sought to block ACIC's use of the LOC and custodial account pending the arbitration. Walton also accused ACIC and Mead Re of several fraudulent practices in managing the Dar Allen business.

To support the fraud allegations, Walton submitted an affidavit of Martin Hoffman, an insurance consultant based in Floral Park, N.Y., who audited Dar Allen's records for Walton.

Mr. Hoffman alleged several improprieties by ACIC, Mead Re and Dar Allen in the handling of business ceded to Walton, including Dar Allen's reporting of reinsurance premiums net of ceding commissions as gross written premiums.

For example, in the case of one Dar Allen certificate, no ceding commission to ACIC's client was reported when in fact a 27.5% ceding commission was allowed, Mr. Hoffman says. Net ceded premium was thus reported by Dar Allen as gross premium.

Mr. Hoffman said that about 25% of the 5,500 Dar Allen policies examined showed no ceding commissions taken.

This practice, his affidavit noted, would result in an understatement of the expense of writing the policies and would make it impossible for Walton to properly report and cede premium to its own retrocessionaires or to determine the adequacy of its incurred-but-not-reported loss reserves.

If premiums net of ceding commissions were reported as gross, ceding commissions also may have been deducted twice, the affidavit says.

Mr. Hoffman says he also found "serious problems" in the handling of claims and reserves that led to a gross understatement of loss exposures. For example, the affidavit says that Dar Allen established no reserves for loss adjustment expenses, including attorney's fees.

Mr. Hoffman's audit found that in 50 cases that produced total claims payments of $8.1 million, reserves had been closed at a total of $865,000, reflecting underreserving of nearly 1,000%.

Losses and expenses paid on the Dar Allen business between 1976 and 1985 totaled $113.2 million, while final reserves prior to payment totaled $68.7 million, according to the Hoffman affidavit.

This pattern of underreserving over a nine-year period "could only have occurred as a result of intention. It could not have been a mistake," the affidavit charges.

Mr. Hoffman also alleged in his affidavit that Dar Allen wrote medical malpractice business for ACIC and Mead Re starting in 1979, even though medical malpractice had been specifically excluded from ACIC's and Mead Re's retrocessional agreements. "This was done by eliminating the medical malpractice exclusion without notification to the retrocessionaires advising them of a material change to the management agreement," according to Mr. Hoffman's affidavit.

Dar Allen then concealed most of the malpractice risks by coding them as general liability or umbrella business, Mr. Hoffman alleges in the affidavit.

As of Aug. 31, the malpractice business had resulted in 93 reported claims generating $2.95 million in paid losses and expenses. Fifty-eight of the 93 claims were still open and carried reserves of $580,000, though $575,000 of the reserves related to only three open claims. The remaining 55 open claims carried only precautionary reserves of between $2 and $250, resulting in a "gross understatement" of outstanding losses, the affidavit says.

The affidavit also charges that Dar Allen improperly subdelegated binding authority for ACIC and Mead Re to several brokers, who bound the two companies on risks for which no premium was ever received but on which losses ultimately were paid.

Ronald C. Ade, ACIC's vice chairman from 1980 to 1981 and now a senior vp with John Gilbert Intermediary Group Inc. in New York, said in an affidavit submitted by Walton that it was "totally improper" for Dar Allen to have written malpractice business without informing Walton.

Mr. Ade also said that Dar Allen's sub-delegation of binding authority was improper.

ACIC had a duty to "direct and supervise Dar Allen, including performing underwriting, financial and claims audits," Mr. Ade's affidavit says. "During my tenure at ACIC, I found that no substantive underwriting or financial audits had been conducted. Additionally, no claims audits were ever performed."

ACIC does not answer the fraud allegations in detail in papers filed with the court. In another affidavit, though, Lawrence I. Brandes, a lawyer with Miller, Singer, calls the fraud charges a "sham" designed to prevent a drawdown on the letters of credit by ACIC and Mead Re.

The examples cited in Mr. Hoffman's affidavit, Mr. Brandes says, represent "garden-variety breaches of contract" rather than fraud that could vitiate the reinsurance agreement.

In any case, Mr. Brandes says, the fraud allegations involve the actions of Dar Allen, not of ACIC and Mead Re. "If Dar Allen committed any 'fraud,' then ACIC and Mead were victims rather than perpetrators," the affidavit says.

Walton and ACIC are still in the process of deciding on an arbitration panel to settle their dispute, Mr. Greenberger said.

ACIC reported $5.4 million in reinsurance recoverable on unpaid losses from Walton in its 1985 annual statement.

In addition to the fraud allegations, affidavits from Mr. Hoffman charge that ACIC is insolvent.

The insolvency charge is based on alleged continued underreserving by ACIC, depsite the recent reserve bolstering, and on an assumption that ACIC will be unable to collect large amounts of reinsurance, including:

- An estimated $60 million in reinsurance claims that may become payable by Commonwealth Insurance Co. of Vancouver, British Columbia, which also is contesting its liability on business produced for ACIC by The Underwriters and another MGA, Barrett Treaty Corp. of Huntington, N.Y. (*BI*, Oct. 6, 1986).
- $40 million from reinsurers demanding arbitration on business produced by The Underwriters.
- $10 million from Walton.
- $32.4 million recoverable from 19 reinsurers that currently are in rehabilitation or liquidation.

Unrecoverable reinsurance thus may total $142 million, far in excess of ACIC's policyholder surplus as of Sept. 30, 1986, the Hoffman affidavit says.

In a quarterly statement filed with the Delaware Insurance Department, ACIC reported policyholders surplus of $61.3 million as of Sept. 30, including a $100 million cash contribution to surplus. In a statement filed with the New York Insurance Department, the Beneficial unit reported surplus of $28.7 million as of the same date. The difference stems mainly from larger liabilities for unauthorized reinsurance under New York insurance law.

ACIC officials previously have refused to say whether ACIC has established reserves for disputed reinsurance recoverables from solvent companies. However, the officials have said ACIC will vigorously pursue collection efforts against these reinsurers.

In the third quarter of 1986, Beneficial Insurance Group, which includes ACIC, added $20 million to its reserves for uncollectable reinsurance with companies that became insolvent in 1985 and before, according to its third-quarter statement.

Mr. Hoffman's affidavit also was used in a lawsuit filed by Norad Reinsurance Co. Ltd. against ACIC in U.S. District Court for the Eastern District of Pennsylvania. Norad also sued to block ACIC and Mead Re from drawing down of letters of credit and custodial funds posted in connection with the Dar Allen business, sources say.

In a settlement reached last week,ACIC agreed to draw down only the Norad custodial account until that fund is exhausted, and then give Norad 10 days' notice before drawing down an LOC, according to a source familiar with the agreement. Mead Re may use both the custodial fund and its LOC to cover current losses.

ACIC and Mead Re also agreed to discuss loss commutation agreements with Norad, the source said.

Meanwhile, ACIC is preparing to arbitrate disputes with Employers Insurance of Wausau and several related companies—Wausau Insurance Cos., Illinois Employers Insurance of Wausau and Worldwide Underwriters Insurance Co.

Employers of Wausau last November demanded arbitration of disputes under several reinsurance treaties and facultative certificates.

The Wausau companies claim that ACIC owed them a total of $6.7 million under the treaties and certificates as of Nov. 7, court records show.

ACIC, on the other hand, claims that Employers Insurance of Wausau owed $432,103 to ACIC on business written by The Underwriters and ceded to Wausau.

On Oct. 30, a week before the Wausau companies demanded arbitration, ACIC offered to release $500,000 per month to Wausau starting in November if Wausau would release $100,000 per month to ACIC and enter loss commutation discussions on all business ceded and assumed between the companies.

Under a loss commutation agreement, a ceding company agrees to accept a cash payment now for all future anticipated losses, generally for an amount less than the anticipated losses. Ceding companies will do this for a variety of reasons, including the desire for immediate access to cash and if they are concerned that the reinsurance may not be recoverable in the future.

Wausau made a counter offer, agreeing to discuss commutations if ACIC paid it $2 million in November and another $1 million before Dec. 1, 1986.

ACIC refused this offer, and Wausau then demanded a consolidated arbitration of disputes on all the various treaties and certificates.

ACIC last month sued the Wausau insurers in U.S. District Court in Newark, N.J., to bar the Wausau companies from pursuing a consolidated arbitration. ACIC argued that the separate treaties and certificates should be subject to separate arbitration proceedings.

U.S. District Judge Maryanne Trump Barry last month found in ACIC's favor, ruling against consolidated arbitration proceedings, according to Mr. Greenberger, ACIC's lawyer. ACIC and the Wausau companies—represented by Kroll, Tract—are in the process of deciding on arbitration panels, Mr. Greenberger said.

Employers Insurance of Wausau, meanwhile, filed suit against ACIC in U.S. District Court in Manhattan in November to recover $1.7 million it claims ACIC owes it on facultative reinsurance certificates that are not subject to arbitration.

In its answer to this suit, ACIC charges, among other things, that Wausau has not paid ACIC all premiums due on the certificates and has not reported losses in a timely fashion. ■

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UNITED AIRLINES

McDonough Caperton sued

Continued from page 2

McDonough Caperton Employee Benefits of West Virginia Inc. and McDonough Caperton Employee Benefits of Ohio Inc. According the OHCP suit, premiums paid to the subsidiaries were forwarded to McDonough Caperton Shepherd Group. And, according to the OHCP suit, McDonough Caperton, which already was processing claims for the plan, suggested in April 1983 that McDonough Caperton market a group health care plan product for businesses with six to 100 employers involving OHCP.

The proposal was that OHCP's administrative and preferred service capabilities be sold concurrently with an insurance element to these employers.

Under a July 1983 contract with the health plan, McDonough Caperton agreed to process claims submitted by the small employers. McDonough Caperton selected Ideal Mutual to underwrite the small group product and began offering it in October 1983.

In its complaint, OHCP charges that McDonough Caperton "failed to conduct an in-depth investigation of Ideal's financial ability to underwrite the Small Group Product."

The complaint further charges that the brokerage "had close personal and business ties with officers of Ideal at all times relevant to this complaint." The complaint notes that B. Frederick Becker, who became president and chief executive officer of Ideal in March 1984, formerly was president of the McDonough Caperton Benefits Group and vp of the Shepherd Group.

B. Frederick Becker also is the brother of W. Marston Becker, executive vp at McDonough Caperton.

OHCP also claims it was not notified when rating company A.M. Best Co. lowered Ideal's rating from A to C-plus in August 1984. Contrary to its obligations, McDonough did not "take any steps to protect the integrity or viability of OHCP's Small Group Product," the complaint asserts.

The complaint further claims that McDonough Caperton did not inform it when Ideal's financial problems prompted McDonough Caperton to stop marketing the small group product in October 1984. And although Ideal announced it would cease underwriting on Dec. 10, 1984, McDonough Caperton continued to collect insurance premiums from the employers "for the purpose of purchasing insurance coverage from Ideal which it knew, or should have known, would not be provided," OHCP claims. It continued to collect premiums even after Ideal, which had already stopped paying claims, was placed in rehabilitation on Dec. 26, 1984, the plan alleges. The premiums totaled $250,000, according to other court papers. The following month, OHCP agreed to pay Connecticut General Life Insurance Co. $500,000 plus related costs and expenses to cover any claims Ideal had defaulted on, as well as provide replacement coverage.

In addition to the group health premiums, OHCP is seeking the $500,000 it paid Connecticut General, unspecified compensatory damages for loss of profit and damage to its reputation, $2 million in punitive damages and legal expenses.

The Academy of Medicine suit, filed in June against McDonough Caperton Shepherd Group and McDonough Caperton Employee Benefits of Ohio, states that it obtained group health insurance for its members from the Insurance Company of North America in 1982 and for half of 1983 through McDonough Caperton. The suit says Employee Benefits of Ohio acted as broker and administrator for the Academy's plan.

But in July 1983, following McDonough Caperton's recommendation, the Academy switched the coverage to Ideal Mutual. According to the complaint, the Academy made $1.1 million in premium payments to McDonough Caperton to cover the period Jan. 1, 1985 through June 30, 1985. Ideal Mutual was in liquidation for most of that period.

The Academy's charges against McDonough Caperton are similar to those made by the OHCP, including that it was not informed about Ideal's downgraded Best's rating and that McDonough Caperton continued to accept premiums even after Ideal had stopped underwriting in December 1984.

The Academy's complaint notes that in November, 1984, three months after Best downgraded Ideal's rating, Employee Benefits "reconfirmed to plaintiffs the viability, reliability and benefit of Ideal Mutual Insurance Co."

The suit seeks the return of its $1.1 million of group health premiums as well as $1.4 million for unpaid medical claims, $2.5 million in punitive damages, attorney's fees and interest.

But W. Marston Becker says McDonough Caperton did not collect premiums once Ideal was placed in liquidation. While McDonough Caperton collected premiums for future insurance periods, it collected them before Ideal went into liquidation, he said.

"We didn't keep collecting. Premiums continued to come in for billings sent prior to when Ideal stopped writing business," Mr. Becker said. "We ceased doing everything when Ideal ceased doing everything."

Mr. Becker also said he has "no idea" why the plans are attempting to hold McDonough Caperton liable for unpaid claims in light of the fact "they feel Ideal is responsible for" the claims.

But OHCP attorney Patricia A. Hemann, with Hahn Loeser & Parks in Cleveland, noted that the plan never filed a claim with the New York Insurance Department for any unpaid claims. "Our whole relationship was with McDonough. We did not have a contractual relationship with Ideal," she said. OHCP never turned over premiums to Ideal, she added.

Mr. Becker would not comment when questioned about whether McDonough Caperton was slow to inform its clients about Ideal's financial difficulties.

McDonough Caperton's interpleader action, filed in November 1985, asks the U.S. District Court for the Northern District of Ohio to determine how to distribute the $1.7 million in unremitted premium, commissions and interest relating to the premiums it collected from the Academy of Medicine and Ohio Health Care Plan. The funds have been turned over to the court clerk.

McDonough Caperton notes in the interpleader action that in addition to suits filed by the OHCP and the Academy and Dr. Tuthill, "conflicting claims" have been made by Ideal Mutual, New York Superintendent of Insurance James P. Corcoran and Joseph A. La Monte, who since has left his position as the New York department's special deputy insurance superintendent.

"By reason of these conflicting claims of the Defendants, Plaintiff is in great doubt as to which Defendant is entitled to be paid the amounts of unremitted premiums which it has in its possession and control," the McDonough Caperton interpleader action says.

McDonough requests that it be discharged of any liability regarding the unremitted premiums. It also requests injunctions restraining any of the other parties involved from bringing or continuing legal action against it.

In a subsequent claim it filed in the federal court, McDonough Caperton contends that $166,000 of the $1.7 million in dispute represents commissions the broker is owed relating to insurance policies in effect prior to Jan. 1, 1985.

In response, the New York Insurance Department has asked the court to dismiss McDonough Caperton's interpleader action, stating Ideal Mutual's liquidation order, issued by the New York Supreme Court, requires that the Supreme Court handle the matter.

However, U.S. District Judge John M. Manos last spring denied the department's motion that the federal court not claim jurisdiction, noted Thomas M. Campbell, an attorney with Cahill, Gordon & Reindel in New York, which is representing the New York Insurance Department.

Mr. Campbell said the department is appealing Judge Manos' decision to the 6th Circuit Court of Appeals.

The department in October 1986 also filed a counterclaim in federal court in Ohio, contending that the litigation over the $1.7 million of unremitted premiums violated Ideal's liquidation order, which enjoins agents from bringing suit against Ideal.

The counterclaim also contends that the managing general agency agreement between McDonough Caperton and Ideal, which was effective Jan. 1, 1983, calls for Ideal to receive the unremitted premiums.

This "breach of contract has caused great injury to the estate of Ideal, and to the Superintendent, as liquidator, in the amount of all premiums due to Ideal from McDonough Caperton," the counterclaim says.

Since the liquidation, McDonough Caperton has "willfully and negligently failed and refused to turn over premiums and other property to the Superintendent and has willfully and negligently devoted such premiums to purposes prohibited by the order of liquidation," the counterclaim charges.

The New York department asks for the unremitted premiums as well as any accrued interest, compensatory and punitive damages of not less than $2 million against McDonough Caperton, and legal costs.

McDonough Caperton has asked the court to dismiss the counterclaim for lack of jurisdiction.

McDonough Caperton also states that because of Ideal's failure to perform duties and obligations stipulated under the managing general agency agreement, the agreement is void or "otherwise unenforceable." Mr. Campbell said a pretrial conference on this case is scheduled for Jan. 22.

In the E&O suit, McDonough Caperton seeks defense costs as well as indemnification from International Surplus Lines relating to the Academy of Medicine and interpleader cases.

McDonough Caperton filed the suit in October 1986, before the Ohio Health Care Plan filed its suit.

International Surplus Lines has not yet informed McDonough Caperton whether it will reimburse defense and indemnification costs in connection with the Ohio Health Choice Plan case, noted Timothy M. Bittell, of Zeigler, Metzger & Miller, McDonough Caperton's law firm.

McDonough Caperton's E&O policy for the period April 20, 1984 to April 30, 1985, provided $5 million in limits, with a $10,000 deductible. The broker paid a $39,500 premium for the coverage.

International Surplus Lines "has ignored the request of McDonough Caperton Shepherd Group Inc. to provide a defense against the counterclaim filed in the federal court," McDonough Caperton charges, referring to the New York Insurance Department's action.

However, International Surplus Lines has agreed to provide a defense in the Academy suit, "but has done so under a 'reservation of rights' and has indicated that while it is providing a defense, it will not provide indemnity in the event of an adverse verdict," McDonough Caperton's suit says.

International Surplus Lines told McDonough Caperton that any liability that might result from either New York Insurance Department action and the Academy suit "arises out of the liquidation and insolvency of Ideal Mutual Insurance Co.," and therefore ISLIC is not liable under the E&O insurance policy, McDonough Caperton said in its suit. ■

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Administrative:

CEO's Presidents and Owners	2,803
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Financial:	
Chief Financial Officers and Vice-presidents of Finance	1,890
Secretaries, Treasurers, controllers and other Financial Personnel	6,127
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	7,471
Sub-total	**20,892**
Associations	477
Government, Unions and Educational Institutions	1,357
Commercial Consumers	
Sub-total	**22,726**
Insurance Agents and Brokers	10,795
Insurance Companies	7,168
Financial Institutions	897
Actuaries, Attorneys, Adjusters, Appraisers and Consultants	4,536
Others Allied to the Field	1,505
TOTAL	**47,627**

* Source Business/Occupational breakdown of qualified circulation, May 26, 1986 issue, as submitted to BPA for June 1986 BPA Publisher's Statement.

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REINSURANCE

Train accident

Continued from page 2

lion for Conrail, while the railroad also has a $100 million excess of $100 million layer written by A.C.E. Insurance Co. Ltd., another policyholder-owned facility, according to London sources.

Conrail's liability insurance program was brokered until last year by Marsh & McLennan Inc. and C.T. Bowring, according to London sources. The account was taken over by Alexander & Alexander Inc. in Baltimore and C.E. Heath P.L.C. in London, although the London portion of the account was later moved to Stewart Wrightson North American Development Ltd.

Amtrak, which is operated by the National Railroad Passenger Corp. and receives federal subsidies, apparently has self-insured its first $50 million in liability exposure since October, London sources say. Previously, the railroad purchased a "substantial" amount of liability coverage in the London market, the sources say.

Amtrak declined to comment on its insurance except to say that it does have excess liability insurance for its operations.

If awards and settlements from the accident do pierce the RAIL coverage written for either railroad, the captive has the financial strength to pay the claims, observers note.

RAIL now has enough assets to withstand more than one "big hit" of $50 million, especially considering that it usually takes at least five years for claims to be paid, said a risk manager for a RAIL member that was not involved in the disaster.

"RAIL was created to deal with catastrophes," added RAIL attorney George Abramowitz, a partner with Sutherland, Asbill & Brennan in Washington, D.C.

The collision is the second such incident involving RAIL members since the captive's inception.

RAIL already has received a notice of claim from CSX Corp. in connection with the July 8 train derailment that led to the evacuation of more than 30,000 persons in a southwestern Ohio town, according to a spokesman for International Risk Management Ltd. in Bermuda, which manages RAIL. Plaintiffs seeking more then $600 million in compensatory and punitive (*BI*, July 28, 1986).

However, RAIL officials generally do not believe that awards or settlements stemming from the CSX incident will be large enough to trigger the RAIL coverage, the RAIL member said.

RAIL was capitalized through one-time policyholder contributions equal to 2½ times a member's first-year premium. RAIL members cannot be further assessed should claims payments exceed the captive's assets, Mr. Abramowitz said.

Meanwhile, who ultimately will be responsible for paying liability claims from this month's railroad catastrophe could depend on operating agreements between Amtrak and Conrail.

Amtrak's or Conrail's liability may be affected by operating agreements containing hold-harmless clauses, said Mr. Abramowitz.

Such agreements are common in the industry because railroads frequently share tracks and equipment and sometimes jointly own subsidiaries, said Todd Morris, Conrail's director of insurance.

Some hold-harmless clauses require a railroad to pay liability claims resulting from a collision, even if it was not responsible for the accident, sources explain.

Amtrak and Conrail previously had operated under a hold-harmless clause and were negotiating a new one, a source said, but railroad spokesmen would not provide details of any of the clauses.

One factor that could affect the ultimate liability cost is that plaintiffs in railroad litigation have a choice of jurisdictions in which to file suit, allowing them to shop for a sympathetic jury, a railroad attorney says.

Plaintiffs generally can file suit in the jurisdiction where the accident occurred, in any jurisdiction where the railroad operates, or in the plaintiffs' home jurisdictions, the attorney explained.

Consequently, there are questions whether Maryland's recently enacted $350,000 cap on non-economic awards would apply.

The National Transportation and Safety Board is continuing its investigation, which is focusing on whether human error or mechanical defects prevented Conrail's engineer from responding to warning signals that should have alerted him to stay on a side track and yield the main right of way to the Amtrak train.

The risk manager for a RAIL member not involved in the wreck estimated the collision caused nearly $10 million of property damage.

In addition, Amtrak may have incurred business interruption expenses. The railroad was only able to resume limited service on the heavily traveled route three days after the accident, a railroad spokesman said.

Conrail was able to reroute its trains immediately.

Details of both railroads' property and business interruption coverage were not available. ■

NATURAL DISASTERS

During the Past Few Years, Business and Industry Worldwide has suffered hundreds of millions of dollars of weather-related losses due to arctic freeze, floods, hurricanes, snow overload, tornadoes, windstorm. In addition, earthquakes have contributed their share of damage. For many years, much has been written about controlling man-made losses—arson, operator error, inadequate training—but how about natural disasters? Can anyone develop a program to manage natural emergencies, or is this just so much wishful thinking?

At Industrial Risk Insurers we feel our OVERVIEW management program for loss prevention and control can be used to minimize damage caused by a natural disaster. OVERVIEW may not be able to control the emergency itself (how can you really control a hurricane or tornado?), but the **before** and **after** situations can be anticipated, prepared for, and implemented as appropriate. For example:

Arctic Freeze. Each winter we expect cold weather, but arctic freeze is something else. This phenomenon occurs when the jet stream that circles the earth at high altitudes shifts course and carries an unusual mass of bitterly cold arctic air deep into warmer climates, sustaining subnormal, freezing temperatures for periods of nearly a week. Every state, including Florida and Hawaii, has felt the effects of arctic freeze at one time or another. This winter we suggest you closely monitor weather reports, since a few days warning should be enough time to actuate your pre-emergency plan.

Snow Overload. When a snow or ice storm is on the way, the facility's emergency coordinator should begin monitoring storm advisories, decide when to activate the Emergency Control Center, and assign the tasks of plowing, shoveling, and installing snow fences and markers at hydrants and fire protection control valves. **During** and **after** a storm the coordinator should make sure that snow is continually removed from roofs and that ice is dislodged from roof drains. Otherwise, the roof might collapse.

Spring Floods. Although some of the most disastrous floods have occurred in July and August due to heavy rains or hurricanes, many people associate flooding with springtime. And for good reason, because thawing temperatures in the snow fields and April showers result in abnormal runoff. Rampaging waters are only part of the threat, however, since floods can spread flammable liquids, isolate facilities and disrupt fire protection measures. All too often, what floods leave behind is consumed by fire. Be sure to review the potential flood threat to properties located near bodies of water and plan ahead.

Each of the above situations is discussed in OVERVIEW, IRI's total management program for loss prevention and control. For assistance, contact your servicing IRI loss prevention consultant, or ask Mrs. P.A. Sasso for a complimentary copy of the OVERVIEW brochure: IRI, 85 Woodland Street, Hartford, CT 06102, area code (203) 520-7412.

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Rate hikes boost profits, Best reports

The U.S. property/casualty insurance industry reaped the benefits of higher rates in 1986, A.M. Best Co. reports.

According to the report, U.S. property/casualty insurers will show a year-end 1986 pretax operating profit of $4.5 billion, contrasting a pretax operating loss of $5.4 billion in 1985.

The report projects an industry-wide combined ratio, after policyholder dividends, of 108.6% at year-end 1986, compared with 116.5% at year-end 1985.

Property/casualty insurers' aggregate underwriting loss in 1986 is estimated by Best at $17 billion, following a 1985 underwriting loss of $24.8 billion. However, the 1986 underwriting loss was more than offset by an estimated $21.6 million in pretax net investment income, up 10.8% from $19.5 billion.

The industry's policyholder surplus grew an estimated 21.5% at year-end 1986 to $91 billion from $74.9 billion at year-end 1985, Best's estimates. Net premium volume grew 22.6% in 1986 to an estimated $176.4 billion from $143.9.

The industry's 1986 premium-to-surplus ratio, based on Best's estimates, stood at 1.94-to-1.

The Best report also estimated 1986 year-end combined ratios by insurance line, including:

- A general liability combined ratio of 120.3%, a 26.9 point drop from 147.2% in 1985.
- A workers compensation combined ratio of 120.5%, a 1.5 percentage point increase from the 119.0% reported in 1985.
- A medical malpractice combined ratio of 144.4%, a 22.3 point drop from 166.7% in 1985.
- A commercial multiperil combined ratio of 97.2%, a 24.8 point drop from 122.0% in 1985.
- A commercial auto liability and physical damage combined ratio of 103.7% a 12.9 point drop from 116.6 reported in 1985.
- An inland marine combined ratio of 84.2%, a 12 percentage-point drop from 96.2 in 1985.

The report attributes the increase in the workers comp combined ratio to political pressures against work comp reform. ■

Hotel coverage

Continued from page 1

and with insurance and reinsurance companies in the United States and London all turned up the same response: They had been unable to learn of any excess insurance for the hotel.

In the past following a major disaster, reports of applicable liability insurance limits and insurers' participation have spread quickly throughout the industry.

"Everyone is trying to find out the coverage. No one knows," said one reinsurance intermediary.

"It is a mystery, isn't it," said a leading insurance company executive.

Since no one could find any evidence of excess insurance, rumors were circulating last week that excess insurance covering the Dupont Plaza was not purchased. Several sources said they had heard that excess coverage was refused because the premium quotes were too expensive.

And, a broker who has handled insurance for three hotels in Puerto Rico said, "It would not surprise me if they only had $1 million," explaining that hotel owners in Puerto Rico are reluctant to pay the high price for excess liability insurance.

Generally, risk managers and brokers agree that if excess coverage was purchased, the maximum capacity available in the conventional insurance market for a high-rise hotel in Puerto Rico without a sprinkler system would have been about $20 million to $30 million. The Dupont Plaza did not have a sprinkler system, which is not required under Puerto Rican laws.

Two sources told *Business Insurance* last week that the Dupont Plaza is exploring the option of purchasing back-dated liability coverage to cover claims from the fire, which suggests whatever limits of liability insurance it had purchased may be inadequate.

Some speculate that if excess insurance exists for the Dupont Plaza, it was purchased by Santa Monica, Calif.-based Hotel Systems International, which may have an ownership interest in the hotel.

Bruce Shulman, the Dupont Plaza's vp for sales and marketing and the hotel's spokesman following the fire, denied that HSI had any relationship to the Dupont Plaza other than as a reservation and information service for the hotel.

However, *Business Insurance* has learned that HSI was looking for excess liability insurance in January 1986 to cover eight hotels, including the San Juan Dupont Plaza. Corporate structure and ownership was very complex, said an underwriter who saw the submission but did not write any coverage.

And, a recent submission for 1987 coverage in the insurance market by broker Alexander & Alexander of California Inc. in Los Angeles on behalf of HSI as a hotel chain listed U.S. properties and a property in Puerto Rico.

One insurance company executive said a preliminary submission made to his company in November on behalf of HSI sought coverage beginning Jan. 1. The submission was seeking general liability, property and automobile liability coverage and named American International Group as the current insurer.

Because it was a preliminary submission, no limits were listed for 1986 and no limits were requested for 1987, the executive said. Ownership also was not stated.

Another insurance company executive said the submission he saw was for $1 million in limits.

Business Insurance also has learned from public documents in the United States and Puerto Rico that the president of HSI, incorporated in California, also is an official of the San Juan Dupont Corp., a Delaware corporation that Mr. Shulman said owns the Dupont Plaza.

The official, Brian Corbell, also is listed as president and agent of HSI, according to records in the California Secretary of State's office.

Calls to HSI and Mr. Corbell about the fire were referred by a secretary to Mr. Shulman, who was described as HSI's representative.

San Juan Dupont Corp. lists its principal office in Dallas and its parent company as S.J. Hotel Associates in papers filed with the government of Puerto Rico.

The press secretary for Gov. Rafael Hernandez Colon of Puerto Rico said the hotel was owned by a partnership: San Juan Dupont Plaza Corp. and Hotel Associates in Dallas.

However, Hotel Associates forfeited its incorporation in Texas in 1982.

Hotel Associates was incorporated in California in 1981. Directory assistance had no telephone number for the company or its agent for service of process.

At least one lawsuit stemming from the fire names HSI as a defendant.

"It is our belief they are the owner or have a controlling interest," said Peter Berkowitz of the Hato Rey, Puerto Rico, firm of Lugo & Berkowitz.

The Dupont Plaza in San Juan is listed by the 1986 Directory of Hotel and Motel Systems as being connected with HSI. The directory lists seven other properties as connected with HSI, including the Dupont Plaza in Washington, D.C.; the Grand Hotel in Anaheim, Calif.; Inn at the Park in Annaheim; the Mendocino Hotel/Garden House in Mendocino, Calif.; the Seven Seas Lodge in San Diego; the Barclay in Philadelphia; and the Sir Francis Drake in San Francisco.

The directory does not list, however, whether HSI is a reservations service, manages the hotels or owns them.

In addition, a brochure for the Dream Inn in Santa Cruz, Calif., which is not listed in the directory as being connected with HSI, refers to it as an HSI hotel.

The fire—which was declared as arson at the conclusion of the first phase of an investigation by the FBI, Justice Department and the San Juan Police Department—began near the ballroom and rapidly spread through the casino and hotel's lower floors.

The United States provides assistance and protection to Puerto Rico, as a territory, but the Puerto Rican government, which is self-governing, has authority in all local matters.

Smoke eventually enveloped the entire 20-story structure, which with 423 rooms is one of the larger hotels in Puerto Rico. Some people survived by climbing to the roof, where they were rescued by helicopters.

Sixty persons were hospitalized following the fire and 13 remained in the hospital as of last week.

While the fire was determined to have been caused by arson, no one had been charged as of late last week.

Since October, a group of hotel employees, represented by Teamsters Local 901, and hotel management have been engaged in bitter labor negotiations.

Union members had been meeting in the hotel shortly before the fire erupted at about 3:30 p.m., but Teamsters officials have denied that the arson was set by union members.

Three small fires had been set in the hotel in the days prior to the Dec. 31 blaze, and threatening phone calls were reported by some hotel guests.

And, less than two hours before the fire, police were sent to the hotel after receiving a call that a bomb had been planted. However, police were told by hotel personnel the threat was a hoax.

The Dec. 31 blaze killed more people than any hotel fire in more than a decade. By comparison, the November 1980 fire at the MGM Grand Hotel in Las Vegas, Nev., killed 85 people, though it injured more than 700.

MGM and numerous co-defendants ultimately paid out more than $200 million in settlements with victims of the 1980 fire. MGM had only $30 million in liability insurance at the time of the fire, but subsequently purchased $170 million in back-dated liability insurance.

Plaintiffs' attorneys believe that the amount that victims of the Dupont Plaza fire and their families eventually receive could exceed the MGM settlement and ultimately reach $300 million to $400 million.

"It's got the potential to be more than MGM," said plaintiffs' attorney Patrick McCabe, who filed a Dupont Plaza-related suit last week on behalf of Jose E. Aponte, who was injured in the fire. Mr. McCabe noted more people were killed at the Dupont Plaza than at the MGM, and the personal injury cases appear to be more serious.

Many injuries caused by the MGM fire were due to smoke inhalation, while those injured at the Dupont Plaza suffered severe burns, broken limbs and paralysis, noted Mr. McCabe, with the New Orleans firm of Gauthier, Murphy, Sherman, McCabe & Chehardy. "There are more serious-type bodily injury cases even though the number of injuries is less."

"The odds are they don't have enough insurance to cover this," Mr. McCabe added.

The Dupont Plaza fire was "very similar to MGM" in that the major problem was the rapid acceleration of the fire, said attorney John Coale, who filed the Aponte suit along with Mr. McCabe. He said liability estimates of $300 million to $400 million are "realistic if the pockets are there."

"Arson may have started the fire, but the way it spread so quickly is what killed everybody," said Mr. Coale, who as of last week represented 11 victims.

Plaintiffs' attorneys say that the hotel and other potential defendants will not be able to avoid liability for damages, even if arson is the immediate cause.

Plaintiffs' attorney Guerry Thornton Jr. said the fact that the fire was deliberately set would have "no impact" on liability claims. The previous fires at the hotel created a foreseeability of arson that made the hotel's standard of care much higher, explained Mr. Thornton, with the Atlanta firm of Acree & Thornton, who is representing a group of fire victims and their families.

However, plaintiffs' attorney Aaron J. Broder, with the New York law firm of F. Lee Bailey & Aaron J. Broder, said that if arson is established, courts may be less likely to bring verdicts against defendants since an arsonist, not the hotel, was responsible for the fire's ignition.

Some attorneys said more than 100 defendants eventually could be named, including contractors, architects and designers, furniture manufacturers, air conditioning installers, air duct manufacturers, carpet manufacturers and elevator installers.

In addition, Sheraton Corp. likely will be named and is a "major, major deep pocket," Mr. Thornton said. Sheraton owned the hotel prior to December 1978.

Otis Elevator Co. in Farmington, Conn., and its parent, United Technologies Corp. in Hartford, Conn., also may be named as defendants in lawsuits stemming from the fire.

An unknown number of people who perished in the fire were in one of six Otis elevators in the Dupont Plaza.

Since access to the hotel still was cut off late last week, Otis officials would not comment any further on the fire. A spokesman from Otis also said it was company policy not to discuss its insurance program.

CIGNA Corp. is known to provide general liability insurance to United Technologies.

Other attorneys believe the Commonwealth of Puerto Rico, and perhaps other local governmental units, could be named.

Mr. Thornton noted it will not be a serious problem for plaintiffs if the hotel has inadequate liability insurance because of the numerous other defendants that will be named.

"The liability of the hotel is a very, very small part of the total liability picture," he said. "The fact there may be limited coverage on the hotel is not a concern of ours."

The names of other potential defendants were not available last week.

Mr. Berkowitz noted that if the hotel were placed in bankruptcy, victims would get whatever assets of the hotel that remain, although he said it was premature to speculate about such a scenario.

If $1 million in liability insurance is all that protects the hotel from liability claims, then "this is basic risk management 101—you are betting the ranch," said risk management consultant Michael Waskom with the Tillinghast Division of Towers, Perrin, Forster & Crosby. "Insurance is simply transferring your liability to a professional risk taker. The liability rests with the entity, not the insurance company."

A risk manager pointed out that if claims forced the hotel into bankruptcy, the court could appoint a manager to operate it and generate profits to pay liability claims.

In papers filed with the Puerto Rico State Department, San Juan Dupont Plaza Corp. reported a net profit of about $1.2 million in 1985 on operating revenues of $22.2 million.

The revenues included $8.6 million from rooms, $3.5 million from food and beverages and $7.7 million from the casino.

The company also reported $1.3 million in capital expenses for 1985, which includes a line item of $123,440 for insurance premiums, though it's not stated what type of insurance was purchased for this amount.

San Juan Dupont Plaza reported a stockholders equity of $9.1 million as of Dec. 31, 1985, and $1 million in stock dividends were declared for the year.

The Dupont Plaza is not considered to be one of San Juan's more luxurious ones. "It's a little shabby, and badly in need of repairs," said a local reporter.

The Dupont Plaza invested $2.5 million on renovations in 1986, and it had planned to spend another $3 million this year, said a spokeswoman with The Rowland Co., a New York public relations firm that represents the Puerto Rico Tourism Co.—a branch of the Puerto Rican government. Most of the hotel's rooms were renovated last year.

"Plans were in the works for the renovation of the lobby, disco, lobby bar, casino, four additional floors, the suites and the cabanas," said the tourism spokeswoman.

At least two suits stemming from the fire were filed last week.

Plaintiffs' attorney Mr. Berkowitz last week filed a suit against Hotel Systems International in U.S. District Court in Puerto Rico on behalf of Elena Pastoriza, the wife of Juan Rosario Torres, a janitor who was killed in the fire.

Among the allegations in the complaint are that the hotel failed to warn the plaintiffs of the risks of fire and that it knew of the risk of fire because of the condition of the hotel and the prior fires.

In addition, Mr. Berkowitz alleged that the door to the casino, where most of the victims died, was locked and concealed and could only be opened inward, creating an extremely hazardous condition. There was also a large amount of combustible material stored in the hotel, he said.

The suit seeks $9 million in compensatory damages but does not include punitive damages. Punitive damages are "not permitted" under Puerto Rican law, he said. "I don't see any way punitive damages will be awarded."

Continued on next page

Insurers unable to solve hotel coverage mystery

Spokesmen for more than 20 of the largest U.S. property/casualty insurers and reinsurers say their companies did not participate directly or indirectly in any coverage that would respond to claims filed by the Dupont Plaza hotel stemming from the Dec. 31 fire.

An official with one company, who asked not to be named, observed:

"It seems to be a situation where no one does" have a piece of any coverage the hotel may have had. He added that, in such a catastrophe, staff at his company normally would have some idea by now who participated in the coverage, but that "no one here knows."

"I guess we've been practicing some selective underwriting," said a spokesman for Fremont Insurance Group, explaining why the insurer did not write any coverage for the hotel.

"That's not the kind of program we would ever enter into," noted a spokeswoman for National Reinsurance Corp. of Stamford, Conn.

"We had no part of that disaster," said a spokesman for Crum & Forster Inc.

Other insurers that say they did not write any primary or excess coverage for the hotel are:

- Aetna Life & Casualty Co.
- CIGNA Corp.
- Continental Corp.
- Factory Mutual International.
- Hartford Insurance Group.
- The Home Group Inc.
- Kemper International Insurance Co.
- Royal Insurance Co. of America.
- St. Paul Fire & Marine Insurance Co.
- Travelers Corp.
- Barbados-based excess insurer X.L. Insurance Co. Ltd.
- Zurich-American Insurance Co.

Spokesmen for Chubb Corp. and Fireman's Fund Insurance Cos. would not comment about whether they had written coverage for the hotel, explaining company policy prevented them from divulging such information.

Other reinsurers that said they did not reinsure any coverage for the hotel are:

- American Re-Insurance Co.
- Employers Reinsurance Corp.
- INA Reinsurance Co.
- Kemper Reinsurance Co.
- North American Reinsurance Corp.
- Prudential Reinsurance Co.
- United States Fidelity & Guaranty Co. ■

State fund to pay comp benefits in hotel fire

By CAROL CAIN

SAN JUAN, Puerto Rico—The Puerto Rico State Insurance Fund will pay workers compensation claims for Dupont Plaza Hotel employees killed or injured in the New Year's Eve fire at the hotel.

At least 19 of the 96 people killed in the fire were employees, primarily croupiers and maintenance workers, according to claims filed with the State Insurance Fund. The dead employees include Brooke Thompson, the hotel's general manager.

Another 20 claims were filed by employees injured in the blaze, according to a spokeswoman from the state fund.

The fund's liability for fire-related claims was unknown last week because additional claims are expected and because those already filed must be reviewed, the spokeswoman said.

All Puerto Rico employers are required to purchase workers compensation coverage from the State Insurance Fund, rather than from commercial insurers. Self-insuring workers compensation risks is prohibited.

The Dupont Plaza's annual workers compensation premium is $102,000, the fund's spokeswoman said. According to law, 50% of the premium for the next year must be paid by Dec. 31 of the preceding year, with the balance due by Jan. 16.

The Dupont Plaza had paid $50,000 to the fund on Dec. 29, two days before the fire, she said.

Besides Puerto Rico, six states—Nevada, North Dakota, Ohio, Washington, West Virginia and Wyoming—also have exclusive state workers compensation funds. The Puerto Rico workers compensation law, which has been in effect since 1935, is patterned after the Ohio statute.

The Puerto Rican state fund pays medical costs, disability benefits and death benefits, but benefit levels are far below those in the 50 states.

The Puerto Rican workers compensation law also notes that workers compensation is the exclusive remedy against the employer for any worker injured or killed in a work-related accident, such as the Dupont Plaza fire, several Puerto Rican attorneys say.

"The employer has immunity (from being sued)," said Victor Colon, an attorney with the state fund.

The law prohibits injured workers from filing intentional tort cases against the hotel/casino, pointed out Gilbert Cobian, a San Juan workers compensation attorney who generally represents employees in contested cases. "The employer is protected," he said.

Technically, that immunity is contained in all state workers compensation laws, but this exclusive remedy has been eroded over time by various state supreme court decisions.

However, in Puerto Rico, the exclusivity rule is still strong, according to Mr. Cobian and other Puerto Rican workers compensation attorneys.

"Plaintiffs' attorneys have tried" to bring suits against employers, "but the Supreme Court has upheld the employer's immunity, except in discrimination cases," said an attorney with the San Juan law firm of McConnell, Valdes & Kelly. The attorney asked not to be identified, explaining that the firm represented the Dupont Plaza in labor negotiations last month.

Despite the exclusive remedy rule in Puerto Rico's workers compensation law, injured employees and families of employees who died in the blaze are expected to sue the hotel as test cases, the attorney said.

Attorneys also noted that a disaster of such magnitude never before has occurred in San Juan, adding that lawsuits arising out of such disasters can often set legal precedent.

Other types of lawsuits also are expected to be filed by employees. For instance, "if it is determined that a third party caused the accident, the employee still will be covered by workers compensation, but the employee may have a case against the third party," Mr. Cobian said.

One lawsuit already has been filed on behalf of a janitor killed in the blaze against Hotel Systems International Inc. in Santa Monica, Calif. (see story, page 1).

If injured employees and families of employees killed in the fire are limited to workers compensation benefits, the payments will be small compared with what survivors of guests of the hotel and patrons of the casino who were killed in the fire may collect, attorneys say.

For example, in death cases, a surviving spouse receives a lifetime benefit from the state fund equal to 50% of the dead employee's weekly wages, but not less than $50 per month nor more than $100 per month.

That benefit is increased by 10% if the surviving spouse has one child and by a 5% more for each additional child, though the total weekly benefit cannot exceed the greater of 35% of the dead worker's weekly wages or $125 per month.

Most spouses, however, receive the maximum benefit, because wages are high enough in Puerto Rico that 50% to 85% of the victim's wages would exceed the $125 monthly maximum, explained Francisco Falu, an attorney with the state fund.

This is especially true in the hotel/casino business in which croupiers, for example, can earn up to $30,000 annually.

In addition, hotel maids and housemen earn on average $980 per month in salary, according to figures released in 1985 during labor negotiations at a neighboring hotel/casino.

A first cook in a hotel earns on average $1,180 per month, while food and beverage cashiers earn on average $1,035 per month.

Hotel telephone operators earn an average of $1,010 per month and hotel mechanics earn on average $1,060 per month.

By comparison, the average starting salary for Puerto Rican teachers is $600 per month.

Survivors may petition the state fund for a lump-sum death benefit, instead of a weekly benefit, to make an investment, such as the purchase of a house, said the spokeswoman for the state fund. Lump sum benefits are capped at $18,900, the fund's Mr. Colon said.

There also is a burial allowance of $600, which was just doubled from $300 in July.

Disability benefits for Puerto Rican workers injured on the job are equal to two-thirds of an employee's wage, with the maximum temporary total disability benefits set at $65 per week, which includes a $20 per week increase that went into effect in July.

The minimum temporary total disability benefit remains the same—$10 per week.

There is a 312-week cap on temporary total disability benefits and a $10,000 cap on lump-sum settlements.

The maximum permanent total disability benefit, also based on two-thirds of an employee's wages, is $28.86 per week. The minimum weekly benefit is $11.54. Such benefits are paid for life. There is an $18,900 cap on lump-sum permanent total disability settlements.

These disability benefits, however, are doubled under two circumstances.

First, these benefits are doubled if the employee was younger than 18 and was working without permission of the Department of Labor, said Mr. Colon.

Disability benefits also are doubled if the accident resulted from uncorrected safety violations that had been pointed out to the employer by either federal or local occupational safety and health authorities, said the attorney at McConnell, Valdes & Kelly.

Barbara LeBlanc, a reporter with the Caribbean Business Newspaper in San Juan, a weekly English business publication, also contributed to this story.

Hotel coverage

Continued from previous page

Various experts agree that punitive damages are not recoverable under Puerto Rican law.

However, a $10 million suit filed in federal court in San Juan by Mr. McCabe on behalf of Mr. Aponte, his wife and four minor children seeks punitive damages. That suit names San Juan Dupont Plaza Corp.

Although Puerto Rican statutes are silent on punitive damages, Mr. McCabe said it's possible punitive damages could be recovered if willful, wanton or gross negligence is involved.

The suit filed by Mr. McCabe contends the company "negligently maintained, controlled, constructed, designed, planned and operated the Dupont Plaza Hotel in such a manner that the subject premises presented an unreasonable risk of fire. . . ."

The suit charges the hotel was negligent due to lack of an adequate sprinkler system, fire walls, shut-off valves, evacuation plans, smoke detectors, warning systems and signs, fire alarm systems, lighted exit signs and other safety measures.

The hotel also inadequately trained and supervised its personnel and employees regarding fire prevention techniques, the suit charges. It also alleges that the hotel staff ignored warnings of impending arson attempts and, after the fire started, failed to adequately warn the plaintiff and attempted to conceal the fact of fire from patrons, the suit adds.

Puerto Rican law generally follows U.S. law, though there are some differences. For example, unlike in most U.S. states, persons who are not immediate relatives of an accident victim can sometimes sue if they are financially dependent on the victim.

However, recoveries may be severely restricted for Puerto Rican citizens injured in the fire, according to Demetrio Fernandez, a professor of law at the Law School of the University of Puerto Rico.

Under federal procedural rules, Puerto Rican citizens—who also are U.S. citizens—would be unable to sue the owner of the Dupont Plaza in federal court if the owner was based in Puerto Rico because there is no diversity of citizenship, said Professor Fernandez.

These victims and their families would be left to sue in Commonwealth courts, which do not permit jury trials for civil cases and are apt to make small awards.

"Our courts are very reluctant to give big amounts of money in damage actions," Professor Fernandez said.

It is unknown how many of the victims were from Puerto Rico, but half had Spanish surnames.

Puerto Rican law does contain joint and several liability so that a defendant's inability to pay claims would have to be picked up by other defendants.

Also different from most state laws, insurers in Puerto Rico may have a duty to inspect the premises they insure, some plaintiffs' attorneys say, adding that victims and their survivors may be able to recover directly from insurers. Puerto Rico also permits direct suits by victims against insurers.

Plaintiffs' attorneys say that it is likely that the U.S. Panel on Multidistrict Litigation will decide which court will hear cases filed in various federal courts.

Plaintiffs' attorneys said that some suits were filed shortly after the fire in an effort to preserve evidence.

According to plaintiffs' attorney Mr. Thornton, the hotel site shortly after the fire was swarming with plaintiffs' attorneys trying to sign up clients and insurance adjusters offering compensation to victims.

"There's a lot of abusive conduct down there on both sides," says Mr. Thornton, who said his firm has had offices in Puerto Rico since last February.

The attorney for the San Juan Dupont Plaza Corp., James L. Fetterly with the Minneapolis firm of Fetterly & Gordon, could not be reached for comment.

A&A Senior Vp Robert H. Moore in Washington, D.C., said: "Because of the human tragedy involved in any event, and the litigation coming out of it, I would not be in a position to comment."

Also contributing to this report were Business Insurance Associate Editors Carol Cain, Linda Collins, Michael Bradford and Steve Taravella; and Barbara LeBlanc, a reporter with the Caribbean Business Newspaper in San Juan.

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Fire's impact on market debated

By LINDA J. COLLINS

The Dupont Plaza Hotel fire may reduce the availability and increase the cost of liability insurance for high-rise hotels, some hotel risk managers and insurance brokers say.

However, others disagree, contending that the fire won't have a major impact on the market.

The Dec. 31 fire that killed 96 patrons and employees and injured as many as 125 others at the hotel/casino in San Juan, Puerto Rico, came at a time when the property/casualty insurance market was beginning to show signs of general price leveling and increased availability (*BI*, Jan. 5).

"The biggest impact would be in the liability area. My feeling is that the fire will have a negative impact on the market. It will definitely increase the fears of underwriters" that write hotel risks, said a risk manager of a major hotel chain, who asked not to be identified.

There is "no question" that the fire will affect availability of liability coverage for high-rise hotels, agreed Samuel Alcorn, senior vp of operations for Bayly, Martin & Fay International Inc. in Fort Worth, Texas.

"When you go back and examine other disasters in public facilities—such as the Las Vegas MGM Grand fire—each had a long-term impact on the market. Some reinsurers even put exclusions in their treaties with insurers excluding them from participation in those types of risks," he added.

William M. Gray, manager of First Risk Services, the excess/surplus lines division of broker FBS Insurance in Minneapolis, said that generally "insurers just don't like high-rises, where there is a large concentration of people. Unless the hotels had actual fire cut-offs between floors, concrete walls, sprinklers, etc., it was tough" to find liability coverage —even before the fire.

"Casualty-wise, high-rise hotels are a class of business that a lot of insurers were negative about anyway," agreed Earl R. Lanning, vp of Crump Co. Inc., the Memphis, Tenn. surplus lines unit of Fred S. James & Co. Inc. "This fire only strengthens their decision not to deal with this type of risk."

"Property-wise, the fire will probably have no effect at all, because that market is turning so fast," he said, referring to increasing competition to write property insurance.

The Dupont Plaza fire will bring "the whole idea of catastrophic loss in the hospitality industry into the minds of liability underwriters," said Irwin Mallernee, director of risk management for Westin Hotel Co. in Seattle. "Underwriters have been focusing in on the fire, life-safety aspect for the past two years, especially in regards to sprinklers."

Other observers predict the disaster will only marginally worsen market conditions for hotels.

The fire "is causing some mild eyebrow-raising. Capacity has increased significantly in this area in 1987 over 1986, but the fire is now causing some small degree of concern," said Susan J. Whittet, assistant vp at Johnson & Higgins in New York.

"More detailed underwriting information is being required right after the fact but, over the course of the next few months, it should have no significant impact. The premiums went up so significantly over the last two years, they should be adequate to cover a shock loss," Ms. Whittet added.

"There is always a shying away from risks after a catastrophe," said Steve Batzer, chairman of Bayly, Martin & Fay's offices in Atlantic City, N.J., and Philadelphia.

However, because the insurance market is currently in such a state of change, "it will be difficult to determine a cause-and-effect relationship" of the Dupont Plaza tragedy to availability over the next several months, he added.

"We don't really expect major changes in affordability or availability of umbrella protection for high-rise hotels as a result of the San Juan fire," said Richard Hoyt, manager of Industrial General Agency, a wholly owned subsidiary of Memphis, Tenn.-based Holiday Inns Inc.

"Some companies may back off, but right now we see other companies that have been on the sidelines because of capacity problems returning to the marketplace. There should be an offset there," Mr. Hoyt explained.

Some brokers and hotel risk managers add the fire probably will not cause problems for hotels that are judged to be good risks.

"Our feeling is that for the better class of hotel, there should be no increase in premiums on the liability side," said James M. Corroon, executive vp of Corroon & Black Corp.

However, he added: "For poorer-class hotels, they are going to have some trouble finding coverage. Availability may restrict for the substandard hotel risk."

John F. McCaffrey, chairman and chief executive officer of Frank B. Hall & Co. Inc. in Briarcliff Manor, N.Y., said he is confident that the market will not overreact to the fire. He stressed that insurers have increased their focus on underwriting individual risks within a class, rather than class underwriting.

"Those high-rise hotels that have installed adequate life-safety procedures should find coverage. They shouldn't have trouble," Mr. McCaffrey said.

But observers like Mr. McCaffrey also predict that insurers may impose more stringent risk management and safety requirements on high-rise hotels.

"Hotels and casinos in general have come under scrutiny" by underwriters in the last few years, noted Mr. McCaffrey.

The high-rise hotel "risk management community will now have to look at fire prevention and suppression techniques more than ever before," predicted Robert J. Redmond, a managing director of Marsh & McLennan Cos. Inc.

"As far as high-rise hotels are concerned, we believe that within the next 10 years, almost every state is going to require complete sprinkler systems," Mr. Hoyt said.

However, Westin's Mr. Mallernee said underwriters may have difficulty in imposing sprinkler system requirements on hotels in some foreign countries, because of the economics involved; the fact that many areas of the world do not even have sprinkler companies to install the systems properly if they were required; and because some countries' water supply is probably not adequate to operate sprinkler systems.

Sprinkler systems are not required in San Juan's high-rise hotels, and the Dupont Plaza did not have one.

A few brokers suggested that the fire will have little impact on coverage availability since the fire was caused by arson.

"I don't believe it would or should have an impact. Labor unrest and arson caused the fire. It was an aberration," said Frank McDougald, senior vp and national marketing director for Fred S. James in New York.

Mr. Redmond noted than an arson-related fire could occur anywhere with "a large concentration of life in a relatively confined space," adding it would be hard for underwriters to single out hotels as a significant arson risk.

"I don't personally think the loss suggests an obvious need for a dramatic increase in premium" for high-rise hotels, he added. But, he said, it will probably have some "impact on the pricing portion of the equation."

"The circumstances surrounding this fire are rather unique," agreed Larry Sorensen, senior vp and director of marketing for Rollins Burdick Hunter Co. in Chicago.

However, he did acknowledge that such an "arson situation could weigh on the underwriters' perception of the class" of high-rise hotels as a whole.

Mr. Sorensen added that the rates charged by underwriters for high-rise hotels over the past two years will "hopefully be sufficient to cover that kind of disaster."

Most brokers also agreed that few—if any—insurers would be interested in writing back-dated, or retroactive, liability insurance for the Dupont Plaza to cover fire claims.

Two sources told *Business Insurance* the Dupont Plaza already is exploring the option of back-dated liability coverage.

MGM Grand Hotels Inc. bought $170 million in back-dated coverage to cover losses stemming from the 1980 fire at its Las Vegas hotel. MGM had only $30 million in liability coverage at the time of the fire and wanted more insurance to protect its financial statements from an auditor's qualification and to obtain a tax deduction for the premium paid (*BI*, Feb. 9, 1981).

The coverage led to years of litigation among MGM, its broker Frank B. Hall and the insurers that wrote the coverage after MGM settled liability claims for what insurers charged was an excessive amount. The litigation was settled in early 1985, when Hall and the retroactive liability insurers that wrote the first $125 million agreed to pay MGM $75.9 million (*BI*, April 8, 1985). MGM had paid $34.5 million for the coverage it tapped.

While the principle of back-dated liability coverage "is still sound, there are just so many resources to go around," M&M's Mr. Redmond said.

He pointed out that now that the insurance market has begun to stabilize, insurers, brokers and buyers are busy filling holes and increasing limits on insurance programs.

"The market would be disinterested, for the most part, I think, because of the complexity" involved in structuring back-dated coverage and the time demands on underwriters, Mr. Redmond commented.

In addition, he said that "underwriters' enthusiasm" for writing back-dated coverage "is reduced, all things being equal, when interest rates are depressed," since insurers writing such coverage count on earning sufficient investment income on the premium paid to offset claims payments.

Mr. McDougald at James said the possibility of the Dupont Plaza obtaining back-dated coverage "is slim to nil." He explained that because the hotel may want to pay claims quickly and because its potential liability may be enormous, back-dated coverage "would probably be cost-prohibitive."

"It would be very difficult to place retroactive coverage" for the Dupont Plaza fire because of the difficulty in "trying to measure the severity of the loss," Mr. McCaffrey agreed.

"I haven't seen a market for that type of coverage since the MGM. And, some of the (former) advantages are gone, since it is more of a financial-type arrangement and the interest rates have declined," said J&H's Ms. Whittet.

"We're not aware of anyone who is actively looking for retro business following the MGM fiasco," Mr. Corroon commented. ■

BI Industry Stock Report

January 7, 1987 — 12/30/86 thru 1/7/87

		Price	% Chg.	P/E	$ Div.	% Yld.	High	Low	Vol.(000)
Brokers									
Alexander & Alexander Svcs	NYSE	25.00	-4.3	357.1	1.00	4.0	26.50	25.00*	829.8
Baldwin & Lyons Inc	OTC	21.00	5.0	17.1	0.20	1.0	25.00	21.00	0.8
Corroon & Black Corp	NYSE	34.63	9.9	15.7	0.65	1.9	34.63	32.38	297.9
Gallagher Arthur J & Co	OTC	28.00	7.7	20.4	0.20	0.7	28.00	26.25	135.3
Hall Frank B & Co Inc	NYSE	16.50	12.8	0.0	0.00	0.0	16.50	14.25	492.7
Marsh & Mclennan Cos Inc	NYSE	67.50	9.3	21.6	1.90	2.8	67.50	60.75	558.7
Poe & Assoc Inc	OTC	12.00	2.1	15.2	0.32	2.7	12.00	12.00	13.6
AGENTS/BROKERS	AVERAGE			21.4		2.3			
Conglomerates & Holding Cos.									
Anderson Clayton(Ranger/PanAm)	NYSE	65.63	0.0	18.8	0.00	0.0	0.00	0.00	0.0
Amco Inc	NYSE	6.00	17.1	0.0	0.00	0.0	6.00	5.13	1,053.0
Berkley W R Corp	OTC	28.25	9.7	15.6	0.24	0.8	28.50	26.25	198.6
Berkshire Hathaway Inc Del	OTC	3005.00	10.1	174.3	0.00	0.0	3005.00	2720.00	3.2
CIGNA Corp	NYSE	57.25	4.1	0.0	2.60	4.5	57.88	55.00	574.6
CNA Finl Corp (CNA)	NYSE	56.50	7.1	14.2	0.00	0.0	56.50	53.75	225.1
General Re Corp	NYSE	60.00	9.1	25.9	0.88	1.5	60.00	55.50	927.5
ITT (Hartford Group)	NYSE	56.63	4.9	23.3	1.00	1.8	56.63	53.38	3,021.2
Sears Roebuck & Co. (Allstate)	NYSE	43.50	8.1	11.9	1.76	4.0	43.63	39.75	3,679.5
Transamerica Corp (Occidental)	NYSE	34.88	4.9	10.0	1.76	5.0	34.88	32.63	527.8
CONGLOMERATES/HOLDING COS.	AVERAGE			87.2		0.2			
Insurers									
Aetna Life & Cas Co	NYSE	59.75	5.8	10.4	2.64	4.4	59.75	56.38	2,300.4
American General Corp	NYSE	39.88	7.4	11.0	1.12	2.8	39.88	36.88	1,008.2
Amern Heritage Life Invt Co	NYSE	39.50	3.3	14.2	1.32	3.3	39.63	38.50	2.9
American Indty Finl Corp	OTC	18.50	1.4	0.0	1.12	6.1	18.50	18.00	8.5
American Intl Group Inc	NYSE	64.75	7.0	18.5	0.25	0.4	64.75	61.13	1,488.3
Aneco Reins Ltd	OTC	2.13	3.0	0.0	0.00	0.0	2.13	2.13	2.0
Avemco Corp	NYSE	29.50	12.9	14.5	0.50	1.7	29.50	26.25	11.1
Business Mens Assurn Co Amer	OTC	26.25	1.0	0.0	1.10	4.2	26.50	25.88	107.3
Chubb Corp	NYSE	64.00	9.9	25.7	1.68	2.6	64.00	59.25	482.0
Combined Intl Corp	NYSE	61.13	14.0	11.4	2.24	3.7	61.13	52.75	234.0
Continental Corp	NYSE	48.25	6.9	229.8	2.60	5.4	48.25	44.75	340.6
Crown Life Ins Co	OTC	375.00	4.2	13.0	6.40	1.7	375.00	375.00	0.8
Durham Corp	OTC	41.75	0.6	12.8	1.36	3.3	41.75	41.00	4.8
Farmers Group Inc	OTC	44.25	16.8	14.8	1.00	2.3	44.25	38.75	704.8
Fairmont Finl Inc	AMEX	16.75	8.1	13.4	0.00	0.0	16.88	16.00	54.1
Fireman Fd Corp	NYSE	36.50	6.6	0.0	0.30	0.8	36.50	35.00	496.7
Fremont Gen Corp	OTC	16.88	6.3	0.0	0.48	2.8	16.88	16.13	138.4
Great West Life Assurn Co	OTC	700.00	0.0	14.4	18.00	2.6	700.00	700.00	0.0
Home Group Inc	AMEX	21.88	6.7	35.3	0.00	0.0	21.88	21.00	291.6
Hanover Ins Co	OTC	65.50	4.4	13.9	0.56	0.9	65.50	63.50	43.8
Harleysville Group Inc	OTC	14.50	0.0	9.2	0.32	2.2	14.50	14.25*	226.5
Hartford Steam Boiler Insptn	OTC	50.38	7.8	12.9	1.60	3.2	50.38	47.00	83.8
Kans City Life Ins	OTC	27.50	6.8	11.5	0.87	3.2	27.50	25.75	41.3
Kemper Corp	OTC	29.00	14.9	11.6	0.60	2.1	29.00	25.00	877.9
Liberty Corp S C	NYSE	40.00	8.8	13.5	0.72	1.8	40.00	36.75	11.0
Lincoln Natl Corp Ind	NYSE	50.75	9.1	11.7	2.16	4.3	50.75	46.38	397.9
Mission Ins Group Inc	PAC	1.88	0.0	0.0	0.00	0.0	4.38	1.25	1.4
Monumental Corp	OTC	55.63	0.0	18.8	0.00	0.0	55.63	55.63	1.1
Nac Re Corp	OTC	29.75	13.3	0.0	0.00	0.0	29.75	26.00	75.3
Nobel Ins Ltd	OTC	17.75	9.2	13.3	0.37	2.1	17.75	16.25	44.9
Northwestern Natl Life Ins	OTC	31.50	1.6	10.5	0.86	2.7	31.88	30.88	58.1
Ohio Cas Corp	OTC	79.75	4.2	15.0	3.00	3.8	79.75	77.75	122.2
Old Rep Intl Corp	OTC	30.00	10.1	11.6	0.78	2.6	30.00	27.38	379.0
Orion Cap Corp	NYSE	28.00	4.2	0.0	0.76	2.7	28.25	27.13	19.3
Protective Corp	OTC	18.75	5.6	10.3	0.70	3.7	19.00	18.00	194.1
Provident Life & Acc Ins Co	OTC	25.50	5.2	9.7	0.84	3.3	25.50	24.63	618.7
St Paul Cos Inc	OTC	42.75	7.2	13.2	1.50	3.5	42.75	40.25	636.1
SAFECO Corp	OTC	56.75	7.1	12.4	1.70	3.0	56.75	53.50	347.4
Scor U S Corp	OTC	11.50	9.5	23.0	0.00	0.0	11.50	10.50	192.7
Seibels Bruce Group Inc	OTC	15.50	5.1	0.0	0.80	5.2	15.50	14.75	53.2
Selective Ins Group Inc	OTC	22.50	3.4	44.1	0.92	4.1	22.50	21.75	84.6
Statesman Group Inc	OTC	5.13	7.9	0.0	0.05	1.0	5.13	4.75	119.7
Tokio Marine & Fire Ins Co	OTC	59.38	-89.4	66.7	0.17	0.3	559.00	56.50*	74.7
Torchmark Corp	NYSE	29.38	13.5	11.2	1.20	4.1	29.38	26.00	410.3
Travelers Corp	NYSE	47.38	6.2	11.3	2.16	4.6	47.38	44.63	1,874.7
Trenwick Group Inc	OTC	17.25	9.5	132.7	0.00	0.0	17.25	15.75	128.8
United Fire & Cas Co	OTC	31.00	12.7	14.6	0.80	2.6	31.00	28.00	211.5
United States Fid & Gty Co	NYSE	42.38	4.3	48.7	2.32	5.5	42.38	39.75	950.9
Unum Corp	NYSE	28.63	9.0	8.4	0.40	1.4	28.63*	26.88	602.3
Uslife Corp	NYSE	45.75	4.3	11.9	1.20	2.6	45.75	43.50	116.4
Washington Natl Corp	NYSE	31.75	-0.8	14.4	1.08	3.4	32.50	31.75	64.0
Zenith Natl Ins Corp	OTC	26.25	7.1	31.6	0.80	3.0	26.50	24.75	1,282.4
INSURANCE COMPANIES	AVERAGE			14.6		2.5			

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BI Insurance Index



The *Business Insurance* index of insurance industry stocks soared 22.9 points to 493.1 on Jan. 7, from 470.2 on Dec. 30, 1986. With all but two stocks advancing or staying even, the week's biggest gainers were: Farmers Group Inc., up 16.8%; Kemper Corp., up 14.9%; Combined International Corp., up 14.0%; Torchmark Corp., up 13.5%; and NAC Re Corp. up 13.4%. Showing declines were: Alexander & Alexander Services Inc., down 4.3%; and Washington National Corp. down 0.8%. The *Business Insurance* index, which climbed 4.9% during the week's trading, performed on par with three major market averages. The NYSE composite rose 5.3%; the Standard & Poor's 500 average rose 4.9%; and the Dow Jones 30 Industrials grew at a rate of 4.5%.

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