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Update

Lloyd's of London members to maintain unlimited liability

LONDON—Lloyd's of London affirmed its 300-year tradition of unlimited liability for underwriting members, the Council of Lloyd's announced last week.

Lloyd's based its decision on the results of an internal study it initiated late last year that examined the legal, financial and taxation consequences of limiting members' liability.

"Unlimited liability is Lloyd's unique selling point. . .it has served the Society

Continued on next page

California court overturns claims-made

By STACY ADLER

SAN FRANCISCO—A claims-made professional liability insurance policy that requires claims to be reported during the policy period is unenforceable because it violates public policy, according to a sweeping California state appellate court ruling.

The radical decision marks the second time a California appellate court has seemingly transformed a claims-made policy into an occurrence form. However, it is the first time a court has cited "public policy" as the reason.

The earlier decision has since been decertified, which means it cannot be used as precedent.

If upheld by the California Supreme Court, the Dec. 30 decision against International Surplus Lines Insurance Co. of Chicago, a Crum & Forster Inc. unit, could trigger a vast increase in litigation surrounding claims-made policies that require claims to be reported during the policy period, insurer attorneys say.

The decision also could cause insurers, already skeptical about the California insurance market because of Proposition 103, to shy even further away, insurer attorneys say. Proposition 103, among other things, mandates a rollback of property/casualty insurance "charges" to 20% lower than November 1987 (*BI*, Nov. 14, 1988).

Policyholder attorneys, however, praised the court's decision, saying that it conforms with policyholders' expectations of claims-made coverage.

California Appellate Court Judge Robert Merrill ruled that "a notice provision in a 'claims-made' insur-

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New Congress drafts proposals on benefits

By JERRY GEISEL

WASHINGTON—The 101st Congress is just 2 weeks old, but already the legislative caldron is bubbling with employee benefit proposals.

For example, a slew of measures already have been introduced in the House that seek the delay or repeal of last year's landmark law that expanded the federal Medicare program and increased retirees' taxes and Part B premiums to help pay for the additional coverage.

The Medicare expansion, intended to give retirees more protection against acute care catastrophic expenses, is really a "raw deal for seniors who have saved and invested wisely for their later years," complains Rep. Don Ritter, R-Pa., a leader in the drive to repeal the expanded Medicare program.

Some experts worry that if Congress reconsiders the law, it may consider extending a provision of the Medicare law that requires employers that eliminate portions of their retiree health care plans that duplicate expanded Medicare benefits to pass those cost savings on to retirees over the next two years.

But, despite retiree backlash to their added costs under the Medicare program, many congressmen are expected to introduce legislation calling for the establishment of a federal long-term care health care program funded by employers and employees.

In the Senate, one of the most hotly debated benefit proposals of the last session—a bill by Sen. Edward Kennedy, D-Mass., that would require all employers to offer a health care plan that meets minimum federal standards—is being revised and soon will be introduced.

Additional far-reaching benefit proposals likely will be unveiled in the weeks and months ahead, including legisla-

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Congressional benefits agenda

- ✔ Mandating employer-provided health care benefits.
- ✔ Reducing tax advantages of flex plans.
- ✔ Taxing health care benefits.
- ✔ Establishing federal long-term care program.
- ✔ Restricting pension asset reversions.
- ✔ Amending new Medicare changes.
- ✔ Delaying Section 89 penalties.

Graphic: Holly Seguine

Public entities to pay landslide settlement

By DONNA DiBLASE

LOS ANGELES—Two California public entities are largely self-insured for their $75 million share of a tentative $96.8 million settlement with Malibu residents who claim water drainage problems created by the entities caused earth movements that heavily damaged their homes.

The settlement would end more than four years of litigation between a group of 241 residents and the California Department of Transportation and Los Angeles County.

The homeowners claim that a series of earth movements in 1983 caused by water drainage problems created by the public entities severely damaged their homes, many of which had been valued at $1 million each.

The county later countersued the homeowners, alleging that they were responsible for the landslides. And, homeowners later sued one another, charging each other with contributing to the damage.

The homes are located in an area known as Big Rock Mesa, which sits on bluffs high above the Pacific Ocean.

The earth movement forced some homes off their foundations, led to cracked walls in other homes and buckled homeowners' driveways and tennis courts. Thirty of the homes were condemned.

Under the settlement, the homeowners would receive about $250,000 to $350,000 each, estimated one attorney.

The settlement, which is expected to be formally approved soon, is about half of the $200 million the plaintiffs originally sought in suits they

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Panel seeks SEC probe of Mission execs' trading

By DOUGLAS McLEOD

WASHINGTON—A congressional subcommittee is asking the Securities and Exchange Commission to investigate possible securities law violations by three former officers of Mission Insurance Group, including former Mission President E. Richard DeRosa.

In a Dec. 23 letter to SEC Chairman David S. Ruder, leaders of the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations say that the three officers may have violated insider trading and other securities laws when they sold Mission stock at a "hefty profit" before Mission reported its first net loss in 1983.

An SEC spokesman declined to comment on the letter or on whether the SEC has decided to investigate.

Meanwhile, a Justice Department spokesman confirmed last week that the U.S. attorneys for the Southern District of New York and the Central District of California in Los Angeles are investigating possible criminal wrongdoing in the collapse of California-domiciled Mission and New Jersey-based Integrity Insurance Co.

Mission was ordered liquidated in February 1987 and is estimated to be insolvent by at least $1.5 billion. That figure is expected to increase.

Proofs of claim filed against the Mission estate are now estimated to total about $20 billion, though the actual value of these claims is probably substantially less, according to one source familiar with the liquidation proceedings.

Integrity, ordered into liquidation a month later, is estimated to be insolvent by $300 million.

The House subcommittee had earlier written to U.S. Attorney General Richard L. Thornburgh requesting an inquiry into possible violations of mail and wire fraud statutes by "persons closely involved in the operations and ultimate failures of these companies" (*BI*, Dec. 19, 1988).

In fact, U.S. Postal Service inspectors in New York have been looking into possible fraud in the

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NEWSPAPER

Update

Lloyd's keeps unlimited liability

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well for 300 years," said Chief Executive Alan Lord. He said limiting liability might "cast doubt" on the strength of a Lloyd's policy.

However, the council "recognized the concern of some underwriting members about their exposure to exceptional losses" and is exploring ways to allow members to spread their capacity among a greater number of syndicates, said a Lloyd's statement.

One idea under consideration would allow a members' agency to allocate a percentage of all of its names' pooled capacity among many syndicates, instead of placing each name on only a few syndicates. However, a members' agency would not be prohibited from placing a name on just a few syndicates.

RRA proposals revised

WASHINGTON—U.S. Commerce Department staff members are circulating a new discussion draft that further clarifies ambiguities in the federal Risk Retention Act, but generally contains the same proposals as a draft released in November.

The Jan. 11 draft straightens out some issues that were not clear or had not been resolved in the prior proposal drafted by staffers (*BI*, Nov. 21, 1988).

For example, the latest draft says that one criteria that a domestic insurer admitted in one state could meet to write purchasing group business elsewhere would be to maintain a premium-to-surplus ratio of no greater than 3-to-1.

The proposals retained from the November draft include requiring a purchasing group insurer to meet certain objective criteria before writing purchasing group business. The original draft also makes clear that only one state—the state that a purchasing group declares as its principal place of business—could regulate policy forms and rates used by the purchasing group insurer.

EIL reinsurance pool disbands

DOWNERS GROVE, Ill.—The Pollution Liability Insurance Assn. has dissolved as of Jan. 1 because of declining membership and capacity, the pool announced last week.

But, PLIA—which provided pollution reinsurance to its members—will continue to service in-force policies.

PLIA membership fell to 14 insurance companies last year from a high of 49 companies in 1983 and 1984.

Group seeks insurance reforms

WASHINGTON—Citizen Action, a Washington, D.C.-based federation of state consumer organizations, says it will seek repeal of the McCarran-Ferguson Act as well as insurance rate rollbacks and tougher regulation at the state level.

"The consumer revolt against skyrocketing insurance rates is spreading like wildfire from California to the rest of the nation. . .California was just the tip of the iceberg," said Robert Brandon, vp of Citizen Action, referring to California's passage of Proposition 103.

One of the group's chief goals is repeal of McCarran-Ferguson, which grants insurers a limited exemption from federal antitrust law.

At the state level, Citizen Action and its affiliates will be seeking legislation modeled along the lines of Proposition 103. The group and its affiliates in 14 states are, among other things, seeking: repeal of insurers' exemptions to state antitrust laws in Illinois, Indiana, Maryland, Oregon and Wisconsin; a one-year rate freeze and a 15% rollback in property/casualty insurance rates in Illinois; and auto insurance rate rollbacks and the implementation of flex rating in Connecticut.

Briefs support Proposition 103

SAN FRANCISCO—All provisions of Proposition 103 should be upheld since states—and thus voters—have the primary responsibility of regulating the property/casualty insurance industry, say proponents of the controversial California law in briefs filed last week with the state Supreme Court.

Attorney General John Van de Kamp and other Proposition 103 proponents also note that insurers' exemption from state antitrust law is unique and should be struck down as Proposition 103 mandates.

Separately, California Gov. George Deukmejian and Insurance Commissioner Roxani Gillespie asked the court in a 15-page brief to define when premium rollbacks should become effective if the court upholds the law. A stay of a provision calling for insurance "charge" rollbacks to 20% below November 1987 levels remains in effect until the court rules on the constitutionality of the entire law (*BI*, Dec. 12, 1988).

Gov. Deukmejian and Ms. Gillespie, who maintained their neutrality on the law's constitutionality, also asked the court to clarify language in Proposition 103 that gives insurers relief from the law's insurance charge rollback provision.

The state Supreme Court likely will not rule on the constitutionality of the law until March, since the case was not included on the court's February calendar.

In a related development, the state Banking Department ruled Jan. 5 that state-licensed banks can act as insurance agents and brokers as allowed by Proposition 103, despite objections raised by the Independent Insurance Agents & Brokers of California. The agents contended that bank sales of insurance should be barred because the new law failed to strike down portions of the state financial code restricting banks from selling insurance, though it did delete comparable sections of the insurance code.

Dupont Plaza trial date set

SAN JUAN, Puerto Rico—Questions concerning the ownership and management of the San Juan Dupont Plaza Hotel at the time of the 1986 New Year's Eve fire will be answered during the first phase of a trial set to begin March 15 in San Juan.

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Aviation losses

Two disasters unlikely to reverse slide in rates

By STACY SHAPIRO

LONDON—Last week's crash of a British Midland Airways' Boeing 737-400, coupled with last month's explosion aboard a Pan American World Airways Boeing 747, will not stop airline hull and liability insurance rates from falling, brokers and underwriters say.

While the British Midland crash killed at least 44 people and 270 people died aboard the Pan Am jetliner, the losses are not large enough to reverse the slide in aviation insurance rates, observers say.

The British Midland crash could cost $55.6 million in hull and bodily injury claims, while leading Pan Am liability war risk underwriters believe that total losses arising from the explosion over Lockerbie, Scotland, in December may total only $92 million, including only $60 million for bodily injury claims (see related story).

The combined $148 million loss is not large enough to halt the 50% hull rate reductions and 35% liability rate reductions now common, brokers and insurers agree.

Overcapacity coupled with generous reinsurance terms negotiated at year-end will fuel a soft aviation insurance market throughout 1989 unless another major airline disaster occurs, they say.

"Pan Am and British Midland won't affect the market materially at all," summed up John Westcott, Lloyd's of London aviation underwriter for the Hill aviation syndicate managed by Wren Underwriting Agencies Ltd. "Both losses are spread wide across the market and they won't affect anyone too severely. There is, after all, overcapacity, (which is) three or four times more than is necessary."

The two latest losses are not large enough to turn the

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Pan Am liability insurer sets $60 million reserve

By STACY SHAPIRO

LONDON—The lead liability insurer for Pan American World Airways estimates that liability claims arising from last month's crash of a Pan Am Boeing 747 jetliner in Scotland will total only $60 million because of an international agreement that caps an airline's liability for overseas flights.

However, London underwriters believe that liability limits under the Warsaw Convention could be stricken and that losses from the disaster will top $250 million.

Meanwhile, at least three lawsuits filed against Pan Am in U.S. courts and seeking $90 million in damages say the Warsaw Convention liability limitation should not apply because of Pan Am's willful misconduct.

United States Aircraft Insurance Group, Pan Am's lead aviation liability underwriter, informed the other insurers on the Pan Am program Jan. 4 that insurers should establish a liability reserve of $60 million for the loss of Pan Am Flight 103, which killed 270 people.

New York-based USAIG stated in correspondence to underwriters that $30 million should be reserved for compensation to the relatives of the 244 passengers killed; $10 million for ground-related claims, including the deaths of 11 residents of Lockerbie, Scotland; and $20 million for other crash-related expenses.

However, USAIG also reserved the right to "revise" the liability reserve for the Dec. 21 crash.

Based on USAIG's calculations, relatives would receive an average of $122,950 for each passenger who died. However, USAIG did not explain to the other underwriters why this estimate exceeds the $75,000 per ticketed passenger liability limit for overseas

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Industry, consumer activists split over ISO, ABA reports

By STACY ADLER

Insurance industry representatives and consumer activists are squaring off over the merits of two recent studies of insurance industry practices.

Insurance industry officials and tort reform advocates are lauding an Insurance Services Office Inc. study, released last month, that suggests that tort reform could lead to lower insurance costs for policyholders.

The industry officials contend the ISO study presents much-needed empirical evidence that tort reform could significantly help stabilize insurance costs.

At the same time, they label as biased the report issued late last month by an American Bar Assn. commission that recommends keeping the tort system intact but overhauling the insurance regulatory system, including eliminating insurers limited antitrust exemptions.

Meanwhile, plaintiffs' attorneys and consumer activists are blasting the ISO survey as biased and inaccurate, and instead support the recommendations of the ABA report.

In the second of a two-part effort to quantify the effects of tort reform on insurance costs, New York-based ISO said the elimination of joint and several liability, caps on non-economic damage awards and relaxation of collateral source rules would save insurers millions of dollars in indemnity claims payments, which suggests that lower insurance costs would follow.

ISO's "Claims File Data Analysis" was an empirical study of 13,316 open and closed commercial liability claims files of 24 major insurers (*BI*, Dec. 12, 1988).

The report released by the Chicago-based ABA later in December sidestepped the effects of the tort system on liability insurance costs and recommended repeal of the McCarran-Ferguson Act and implementing other regulatory changes to prevent future insurance crises.

However, the report did say that some cooperative efforts among insurers—such as the collection and dissemination of past loss experience data—should be allowed.

The ABA's "Report of the Commission to Improve the Liability Insurance System" concluded the mid-1980s liability insurance crisis cannot be blamed on flaws in the tort system and, thus, wide scale tort reforms are not justified (*BI*, Jan. 2).

"The most plausible hypothesis suggests that the premiums paid for liability insurance and the availability of coverage are affected both by liability rules and by insurance industry practice," the ABA commission concluded.

The preliminary report, which has not been widely distributed, was the compilation of the opinions of a 12-member panel that included plaintiffs' and defense lawyers, a corporate staff attorney, two former insurance regulators, an insurance industry trade group executive, a consumer group executive and a U.S. district judge.

The report will be submitted next month to the ABA's House of Delegates, which will decide whether to approve all or some of the panel's 25 recommendations.

Insurance industry representatives and a tort reform proponent say the ISO study presents empirical evidence that the tort system drives liability insurance costs.

The ISO study answers criticism of the insurance industry for not providing this type of data, said Lowell Beck, president of the National Assn. of Independent Insurers and a member of the ABA commission who dissented from some

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Inside

- It is a disappointment that the American Bar Assn.'s report on liability insurance report is so predictable, says this week's editorial. **PAGE 8**
- There are a number of common scenarios in which employers may lose their immunity from tort suits filed by workers injured on the job, says attorney Scott Tucker in Perspectives. **PAGE 27**
- Public employers and many employees would be hit with higher payroll taxes if Congress accepts a recommendation included in the Reagan administration's new budget. **PAGE 43**

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Work comp litigation

Cutting legal costs becomes top priority

By MEG FLETCHER

Reducing the amount of litigation in state workers compensation systems already is a high priority in many states, and experts predict efforts to pare legal costs will only intensify.

Many states have reported a "tremendous" increase in work comp litigation, according to a report by the Adjudication Committee of the International Assn. of Industrial Accident Boards & Commissions.

"More attorneys are being involved and at earlier levels," said Douglas Stevenson, a Chicago attorney and executive director of the National Council of Self-Insurers.

"Reducing litigation has become one of the highest priority topics for improving the system in any state that is thinking about improving their system," said Richard Victor, executive director of the Workers Compensation Research Institute in Cambridge, Mass.

Many employers, state administrators, insurers and some union officials believe that the billion-plus dollars spent annually in the United States for lawyers' services and physicians' evaluation and witness fees include unnecessary "friction" costs for both employers and employees.

"The concern on the part of employers in a number of states is that the costs of the system are too high," Mr. Victor said. "It's not necessarily that benefits paid to an individual worker are too high, but that the aggregate cost (of the entire system) is too high."

Insured and self-insured employers last year spent approximately $40 billion on workers compensation, estimated David Appel, vp of economic and social research for the National Council on Compensation Insurance, the New York-based statistical research and ratemaking organization supported by the insurance industry.

In an effort to trim that expense, many employers are looking to better manage their injured workers' claims so workers are less likely to seek out legal help in pressing their claims (see stories, pages 11 and 15).

At the same time, many state work comp administrators are trying to implement approaches like informal dispute resolution to reduce the inherent adversarial nature of some state work comp systems (see story, page 13).

But employers and state administrators are not the only ones concerned with the problem.

Insurers want to reduce litigation because such frictional costs are hard to recover through premium dollars for a line of coverage in which employers' plans are retrospectively

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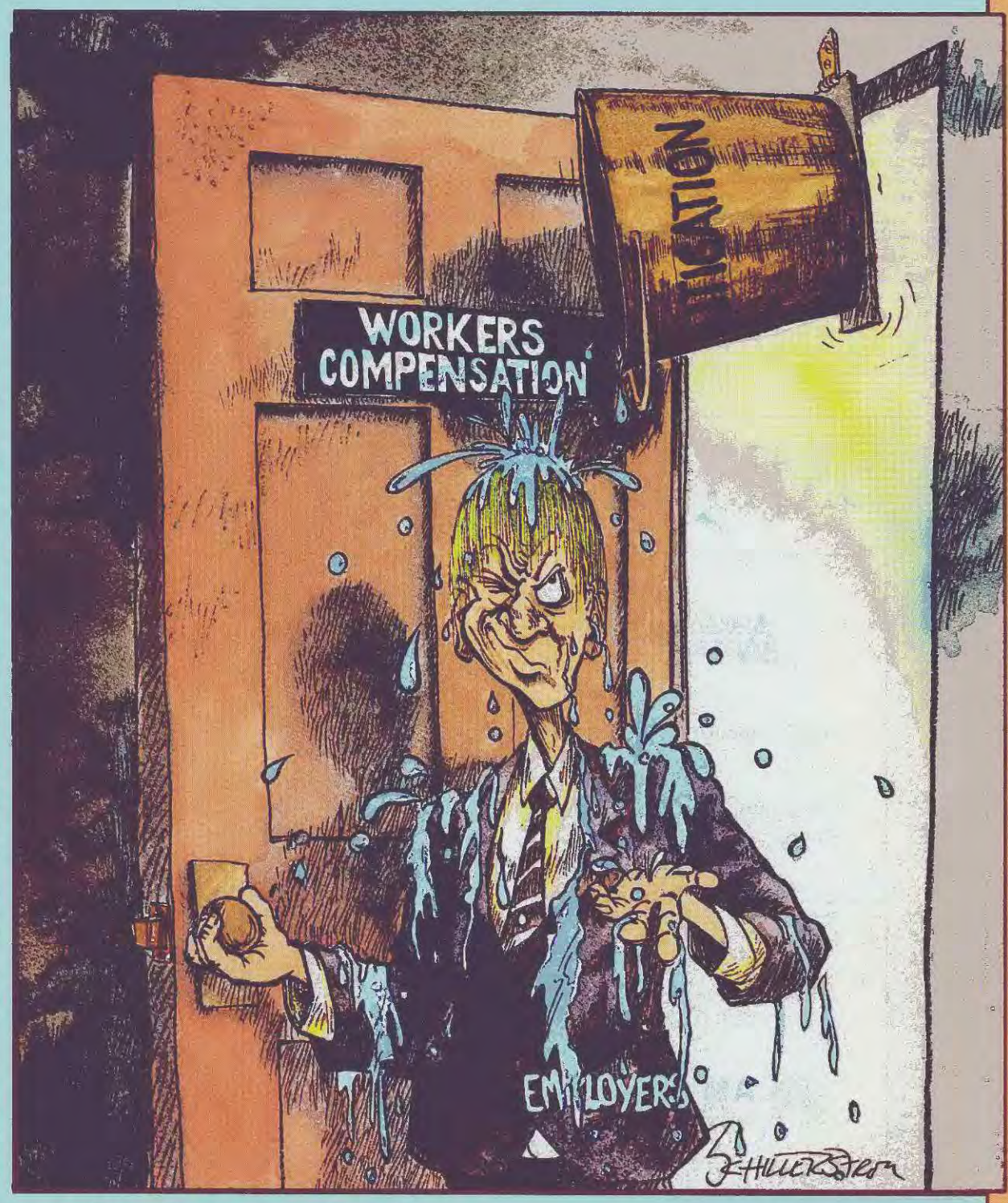

Employers scrutinize defense counsel

By DEBORAH SHALOWITZ

Employers can reduce their workers compensation litigation costs by carefully screening their defense attorneys and by keeping close tabs on their work, experts say.

And, some employers have reaped substantial savings by hiring in-house legal counsel instead of outside firms and by eliminating the use of attorneys wherever possible.

"Most companies can at least save some money" through litigation management, which is the process of monitoring and directing the handling of legal defense, said Lisa Kramer, a lawyer and litigation management consultant in the Philadelphia office of the Tillinghast division of Towers, Perrin, Forster & Crosby Inc.

The goal of litigation management is "to control legal costs associated with workers compensation without sacrificing the end result—the loss payment," Ms. Kramer said.

For many companies, the first step in litigation management is selecting the right attorney, because hiring the wrong attorney can cost a company more than money, according to one employer who asked not to be named.

For example, a defense attorney who is overzealous in relying on technical defenses to the point of impeding the progress of a case is "very bad for employee relations and bad for relations with state agencies, in addition to being expensive," he added.

"References are the No. 1, easiest way to check out an attorney," commented Sherman Caldwell, general manager of the Ohio workers compensation operation of Gates, McDonald & Co., a Columbus, Ohio-based third-party administrator specializing in workers compensation claims.

Also, "ask around at the state (workers compensation) agency" to locate experienced workers compensation attorneys, Mr. Caldwell recommended. "The people that the bureau hearing officers want to stay away from generally are good," he added wryly.

Robin S. Conrad, director of litigation for the National Chamber Litigation Center Inc., the non-profit public policy law firm of the U.S. Chamber of Commerce in Washington, D.C., advises companies to "do some comparison shopping" of different law firms.

Tillinghast's Ms. Kramer suggests that employers maintain an internal list of approved attorneys for use in workers compensation litigation.

But when shopping for legal representation, employers should keep in mind that they are hiring a lawyer and not a law firm, recommended Ms. Kramer.

"The process of picking a lawyer is a very personal one," she said. "You need a lawyer with whom you have a good rapport and working relationship."

Among the criteria that Ms. Kramer recommends employers use when selecting a workers compensation attorney are: area of expertise, trial experience and track record; fees; availability; referrals; and proximity to the jurisdiction where the case is filed.

After an employer has selected outside counsel, the company's involvement in managing the litigation throughout the case is very important both to ensure proper defense and to keep costs in line, experts say.

Michael Skinner, corporate manager of safety and

Continued on page 7

Quicker solutions

Informal dispute resolution is a hot topic among state workers compensation administrators who want to expedite contested claims. Page 13

Spreading the word

Injured employees who understand the workers comp system are not as likely to retain an attorney as those bewildered by the process. Page 15

Seeking advice

Employers' concerns about liability issues and their corporate reputations are the primary reasons they retain safety consultants. Page 17

Comp litigation

Continued from previous page
rated and based on an employer's benefit payments rather than insurers' total costs of handling those claims.

In addition, representatives of organized labor are increasingly concerned about the amount of litigation in the work comp system because it may delay workers' benefits, although many states often arrange for the claimant to receive some benefits while a claim is being considered, sources say.

Litigation often reduces the amount claimants ultimately receive because most states require that workers pay their own attorneys' fees and other costs.

To protect workers, however, most states regulate the amount that claimants—but not employers or insurers—can be charged for legal services, according to the January 1988 report of State Workers' Compensation Laws prepared by the U.S. Department of Labor's Office of State Liaison and Legislative Analysis.

Fees are typically capped at 20% to 30% of the first $1,000 or $5,000, and smaller percentages are allowed as the amount increases, according to the report.

However, union representatives and some state administrators also worry that if no attorneys are involved, an injured employee may not receive the payment to which he or she should be entitled.

The goal of using a state workers compensation system as the exclusive remedy for determining an injured worker's benefits has always been to substitute an administrative program for a court action.

But not only money is at stake.

The adversarial process also may make it more difficult for a worker to return to the original employer and can hurt employee morale in general.

However, it is important to keep the litigation issue in its proper perspective, cautions the NCCI's Mr. Appel, who tracks statistics for most states outside California.

Workers in the United States who are covered by workers compensation reported an estimated 13 million injuries in 1983-84, and the vast majority of cases involving those injuries are resolved without litigation, Mr. Appel said. Those figures, which are the latest data available, include employees covered by commercial insurance as well as those who work for employers that self-insure for the exposure.

About 80% of all work comp claims nationally are for medical-only benefits and "virtually none of these are litigated," Mr. Appel said.

The remaining 20% of claims are for indemnity benefits, of which about 9% are litigated nationally, he said. This rate "hasn't changed a great deal in the 1980s," he said.

While sources may differ about national trends, they agree that the number of litigated cases varies widely from state to state and a state's experience can change dramatically if the system is modified to reduce legal wrangling between parties, sources say.

Many sources point to California as the worst-case scenario for litigated work comp claims.

Out-of-pocket litigation expenses in the state will exceed $1.3 billion in 1988, which represents a $315 million increase in two years, the California Workers' Compensation Institute estimated late last year.

The average expense of litigating a workers compensation claim in California climbed to $5,794 last year, according to the results of a recent institute study.

The largest component of the statewide average—$3,050—represents attorney fees for claimants and defendants, which have increased 290% in the past 10 years. The second-largest component—$2,339—represents charges for forensic medical testimony, which increased 362% during the same period. The final category is other expenses including document copying costs, which were $405 in 1988, up 10% in the past 10 years.

"It costs 59 cents in overhead expenses to deliver $1 in benefits in a litigated claim" in California, concluded the report.

Last year, 11.8% of all new claims—including medical-only ones—reported to insured employers in California were litigated in the state, said Alan Tebb, general manager of the CWCI.

The rate of litigated cases has grown to 11.2% in 1986 from 8.3% in 1976 and 5.2% in 1970, he said.

The litigation rate for indemnity claims is 62% to 65%, while the rate for permanent disability claims has soared to 74% in the state.

The study was based on a sample of 1,902 claims closed in the six-week period ended June 30, 1988, from data provided by 33 insurer groups representing 67% of the statewide premium.

The situation in California prompted three workers compensation claimants to file a lawsuit last summer to force California state officials to spend about $11 million annually to clear up a backlog of cases (*BI*, Aug. 22, 1988). That case is still pending, said Ralph Santiago Abascal, general counsel for the California Rural Legal Assistance, which represents the workers.

But California is not the only state that is experiencing an increase in litigated claims.

John Arcudi, chairman of Connecticut's Workers' Compensation Commission said, "There is no question that litigation has increased tremendously."

In the past 12 years, the number of cases that went to a formal hearing in Connecticut increased about 280% to 2,100, while the number of cases that went through an informal hearing increased by about 244% to 39,000, according to data supplied by Mr. Arcudi.

Both increases exceed the approximate doubling of lost-time cases during the same period, which totaled about 51,000 for the year ended June 30.

Although officials in Florida and Oregon report more workers compensation-related litigation in those states, officials in Maryland and Ohio say that litigation levels have remained constant.

In contrast, there has been "a tremendous decrease" in the number of new contested comp cases in Michigan, said Edward Welch, director of the Michigan Bureau of Workers' Disability Compensation.

Significant changes in Michigan's 1982 law made it less attractive for workers who were voluntarily retiring to file work comp claims at the end of their careers. This change, among others, helped slash the number of new contested cases to about 22,000 by the mid-1980s from about 44,000 in 1981. There were about 24,000 new contested cases last year, he added.

Chrysler Motor Corp. of Highland Park, Mich., had 800 new litigated claims from Michigan employees in 1987, down from 5,500 in 1981, said David Lewsley, the automaker's manager of workers compensation. He attributed much of the decline to the change in the state work comp law.

What are employers and employees most likely to be disputing when a work comp claim is litigated?

In most cases, "the No. 1 issue is the extent of an employee's disability and loss of wage-earning capacity in non-scheduled perma-

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SMITH BARNEY Innovative investment banking for the Insurance Industry.

December 29, 1987
Alexander & Alexander
has sold
Shand, Morahan & Co., Inc.
to
F-M Acquisition Corporation
(a new company formed by Fairfax Financial Holdings Limited, Markel Corporation and other investors)

November 17, 1988
Alexander & Alexander
has sold
TIFCO Inc.
to
Transamerica Corporation

May 20, 1988
550,000 Shares
AMWEST Insurance Group, Inc.
Common Stock
Price $12 per Share

December 30, 1988
$12,300,000
AMWEST Insurance Group, Inc.
Senior Notes Due 1993

December 22, 1988
BROUGHER INSURANCE GROUP, INC.
has been acquired by
BIGI Holdings, Inc.

December 22, 1988
Business Insurance Corporation
a newly formed company
has acquired
California Compensation & Fire Company
from
The Hanover Insurance Companies

December 22, 1988
Chandler Insurance Company LTD
has acquired
LaGere and Walkingstick Insurance Agency, Inc.
Walkingstick and LaGere Excess and Specialty Lines
and
Walkingstick, LaGere and Pair Underwriters, Inc.

December 22, 1988
Guaranty National Corporation
has been acquired by
Orion Capital Corporation

December 29, 1987
KANSA
Kansa General Insurance Company Ltd.
has sold its 41% interest in
Evanston Services, Inc.
to
F-M Acquisition Corporation
(a new company formed by Fairfax Financial Holdings Limited, Markel Corporation and other investors)

July 5, 1988
840,000 Shares
MARKEL CORPORATION
Common Stock
Price $16.25 per Share

March 17, 1988
PAMCO
The PAMCO Group, Inc.
has been acquired by
Liberty Mutual Insurance Company

Smith Barney, Harris Upham & Co.
Incorporated
The above has acted as manager, financial advisor or placement agent for these insurance company transactions.

The trains are gone now.
And their sounds are just an echo in the mind.

But this little depot keeps on working, reminding you and us that business insurance ought to work for a living. Getting your money's worth ought not be just a thing of the past.

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Workers comp litigation

Continued from page 4

nent partial cases," the WCRI's Mr. Victor said.

The largest single category of cases are back injuries, he added (*BI*, Sept. 28, 1987). However, other frequently litigated types of claims include heart attacks, mental stress and long-latent occupational diseases such as respiratory problems.

In many cases, the issue being litigated is whether the ailment was caused by worksite exposures or lifestyle factors or habits, like smoking. "The system asks the parties to prove the unprovable and litigation asks an adjudicator to know the unknowable," Mr. Victor said.

In these types of cases, the extent of impairment is often difficult to measure because subjective symptoms of pain can contribute significantly to the physical impairment. As a result, there is room for substantial disagreement over a claimant's ability to return to work and the extent of permanent impairment caused by the injury, the WCRI reported previously.

The controversy usually emerges after a worker has reached the point of maximum medical improvement. The disagreements focus on whether a previously injured employee can return to work and whether he has any residual incapacity that can be considered permanent, he said.

Specifically, employers are questioning the number of workers receiving costly permanent partial injury benefits and whether they should be eligible for them, he said.

Employers typically don't quarrel with the payment of temporary total benefits and they only infrequently challenge whether an injury is work-related, sources say.

In those cases where employers and insurers have less at stake, the workers compensation system is operating as the no-fault system it was designed to be.

The "driving force" behind litigation in state workers compensation systems may be how entrenched attorneys are in the system, said the NCSI's Mr. Stevenson. Lawyers are an essential "lubricant" in society, "but I fear we have extended ourselves too deeply and become part of the problem," he added.

For example, a Michigan law firm filed a Freedom of Information Act request asking for copies of each report of injury and notice of dispute filed in that state so the firm could write claimants in what was interpreted as an effort to solicit business.

The law firm's request was subsequently withdrawn, which left Mr. Welch "very pleased," he reported late last year in a state publication.

While Mr. Welch endorses the role lawyers play in the system as a necessary safeguard, he is now trying to develop a consensus for changes to the state's workers comp law that would ensure the confidentiality of such injury records.

However, Steven U. Mullens, a plaintiffs' attorney in Colorado Springs, Colo., who chairs a work comp subgroup of the Assn. of Trial Lawyers of America, emphasizes that attorneys have an important function in the system.

"There have to be attorneys involved so the (insurance) carriers are kept honest," he said.

Nearly all the work comp claimants who come to him have never been involved in lawsuits before but "have a sharply defined sense of not being treated right," he said.

However, other observers would prefer to see claimants' interests more actively represented by state administrators and union representatives rather than by individual claimant's attorneys.

The outlook for the future of litigation in the work comp process also is mixed. The WCRI's Mr. Victor predicts more lawsuits, though NCCI's Mr. Appel is not as pessimistic.

The baby boom workforce is aging. The percentage of the working age population between 50 and 65 years of age is now 20%, but will grow to 25% by 2000 and 30% by 2020, Mr. Victor points out.

As a result, a greater percentage of persons in the workforce will experience diseases of aging that could have a connection with the workplace, including back problems, heart attacks, respiratory problems and cancers.

"That's a big change in a relatively short time and that means more people with the kinds of claims that are ripe for litigation," Mr. Victor said.

"I see it as a real threat to the system," he added. ■

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System design may affect litigiousness

By MEG FLETCHER

The design of a state's workers compensation system plays a much larger role than the state's litigation "climate" in controlling the level of workers compensation disputes, researchers report.

Four key features of the Wisconsin impairment determination system constitute a package that may reduce litigation in other states, a study by the Workers Compensation Research Institute shows.

The study, which was formally released last month, compared Wisconsin's handling of back injury claims with those in New Jersey and Maryland, which were considered typically litigious states at the time the data was gathered.

Researchers scrutinized Wisconsin's system for determining the degree of an employee's functional impairment due to a serious back injury. The degree of impairment is used to calculate permanent partial disability benefits (*BI*, Sept. 12, 1988).

The four factors that contributed to low levels of litigation in Wisconsin were:

- Mandatory minimum impairment ratings, so that workers who have had back surgery are presumed to have sustained impairments of at least 5% or 10%, depending upon the facts.

"In 80% of these cases, defendants voluntarily initiate payment for at least the minimum amount," according to a report summary.

- Active oversight by the state agency in tracking claim disposition and encouraging voluntary payment of benefits.

"It requires the treating physician's rating at maximum medical improvement and uses that rating to compute the functional impairment benefits due," the summary said. "It sends the defendant a worksheet indicating the amount due and, barring evidence to the contrary, expects this amount to be paid.

"In contrast, many workers compensation agencies play a relatively passive role in preventing disputes, waiting until the parties bring them a dispute before getting involved," the WCRI said.

- Heavy reliance on the treating physician, who is chosen by the worker, for establishing an impairment rating.

"In the typical system, parties must resort to partisan experts to evaluate permanency," the summary found.

- Dispute resolution by final-

Continued on next page

Comp system design

Continued from previous page
offer adjudication, in which each side makes a final recommendation about what the impairment rating should be and the adjudicator chooses one.

This approach encourages credibility.

In contrast, many states generally add together each side's impairment recommendation and average them to determine an impairment rating.

But the study does more than merely recommend Wisconsin's approach to observers, many of whom contend that the Wisconsin system would never work in their states because they lack a cooperative climate.

The study shows that legal wrangling in Wisconsin increases to traditional levels when Wisconsin uses the same rules found in litigious states for the use of medical and rehabilitation experts to determine an injured workers earning capacity.

Before work comp administrators consider employing the Wisconsin formula in their states, the appropriateness of each component must be analyzed for the specific setting, said study author Leslie I. Boden.

For example, the success of final offer adjudication requires adjudicators who are knowledgeable and experienced and would not work in a state where such adjudicators have little experience.

Since the study was completed, Wisconsin has moved to encourage voluntary payments to resolve earning capacity claims. In addition, Maryland adopted the use of American Medical Assn. guidelines for determining an injured worker's degree of impairment.

But it is important to remember that state work comp officials' ability to adopt new programs is frequently restricted by budgetary limits, said John Arcudi, chairman of Connecticut's Workers' Compensation Commission. "Too many have been starved with not enough personnel." ■

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Defense lawyers

Continued from page 3
workers compensation for Georgia-Pacific Corp., said the Atlanta-based company "constantly evaluates our attorneys."

Georgia-Pacific uses two law firms in areas in which the company faces a lot of workers compensation claims, Mr. Skinner continued. With two firms handling similar claims in the same location, case management and costs can be compared, he said, adding "that competition keeps everybody hungry."

Georgia-Pacific company representatives also attend hearings to see how well the attorney is handling a case, Mr. Skinner noted.

Another way employers can ensure they are getting the most most for their money is to seek an independent legal expert's evaluation of their workers compensation defense attorneys' work, a method employed by a Michigan public entity self-insurance fund.

Employers should continually oversee their defense counsel's activities, says Ms. Kramer.

The Michigan Municipal Workers Compensation Fund's attorney reviews all of its TPA's defense decisions, said Eugene F. Berrodin, fund administrator for the Ann Arbor-based statewide workers comp self-insurance pool, whose members include some 500 governmental units.

For example, the Michigan fund reviews such decisions as: who is selected as the defense counsel; how aggressively settlements of serious cases are pursued; how aggressively subrogation is pursued; and the effectiveness of the defense.

Results of the review program, which began in 1981, are not quantifiable, but there is "the satisfaction that I have as administrator and the board have in knowing that there's a check-and-balance system," Mr. Berrodin said.

"The expense of the check-and-balance system is relatively minor," he added. Mr. Berrodin estimated that it costs the fund less than $30,000 per year to retain an outside attorney to review workers compensation defense decisions.

Employers should, as a matter of policy, continually oversee their defense counsel's activities, Tillinghast's Ms. Kramer advises.

She suggested that employers develop a standard letter that spells out to an attorney what the company expects in terms of billing procedures, staffing procedures, legal strategy, communications with the employer and who will perform tasks such as answering interrogatories, taking depositions and conducting investigations.

For example, the billing proce-

Continued on page 10

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Opinions

Lost opportunity

IT IS A DISAPPOINTMENT that an organization with so much talent would produce a report as predictable as the American Bar Assn.'s commission on liability insurance. This is an organization that represents about half of the 700,000 lawyers in this country, both defense and plaintiff.

The majority of 12 lawyers analyzing the liability insurance crisis of the mid-1980s recommended against widespread tort reform and concluded that overhauling the regulation of the insurance industry would avert future insurance crises (see story, page 2).

They, unfortunately, fell prey to their biases. Lawyers generally oppose abrupt changes in the legal system in which they have invested a great deal of time and their clients' money learning so that they can operate by rote. And, many lawyers often believe that the best solution to a problem is simply to pass another law.

Nonetheless, we had hoped for more from the ABA commission than the conclusion that there is not enough existing data to attribute the liability insurance crisis to flaws in the tort system. And, we had hoped for more than the recommendation to repeal the McCarran-Ferguson Act and a host of other regulatory reforms.

Just as the panel asserted that blaming the liability insurance crisis on the tort system is "too simplistic," so is suggesting that any combination of changes in insurance regulation alone will solve problems of affordability and availability of insurance in the years to come. Clearly some tort reform is in order and, in fact, is required to make the pricing of insurance more predictable.

But while we find fault with the commission's conclusions opposing tort reform and endorsing new regulations as the sole prevention for future insurance crises, we recommend reading the body of the commission's report. It is a very thorough recitation of the debate over the factors affecting the price and availability of insurance. It is worthwhile reading for everyone concerned with the insurance industry and its future.

And, within the discussion of the various recommendations is commentary that suggests at least some commission members understand more about the business of insurance than many of the recommendations would lead one to conclude.

For example, while recommending against widespread tort reform, the panel acknowledged: "The availability and price of liability insurance is in some manner influenced by the extent of the liability generated by the tort system."

Further, the report says that the repeal of McCarran-Ferguson would not alone be sufficient to avoid "future dislocations" in the market.

Some of the panel's recommendations also cannot be quarreled with, even by the staunchest of insurance industry protectionists or critics. For example, the commission recommended that insurers' loss and income data on specified lines be calculated on a policy-year basis; that courts collect and report data on cases to evaluate the tort system and proposals for its reform; and that rules should govern the use of claims-made policy forms.

Clearly to the benefit of insurance buyers, the panel also recommended that Congress amend the Risk Retention Act of 1986 to clarify uncertainties that may be inhibiting the use of risk retention groups and risk purchasing groups and that insurers be precluded from including the cost of defense within policy limits except when the policyholder agrees to accept some of the cost of defense and a role in controlling the defense.

But, the panel could have done so much more. The 12 lawyers representing various interests had an opportunity to produce a breakthrough in the impasse between insurers and consumers. They could have provided a definitive analysis coupled with less-biased recommendations for change.

Letters

Data analysis sample would aid understanding

To the editor: I read with interest the editorial in your Dec. 12, 1988, issue and agree that presenting facts is the best way to argue the need for tort reform.

It would be interesting to know if the Insurance Services Office's Claim File Data Analysis described in the editorial could be further subdivided so as to provide information as to ratios with respect to settlements on one hand and judgments on the other (see story, page 2).

It would also be useful to let the readers know a bit about the manner in which the sample or samples were selected.

I would think providing such data would go a long way toward blunting the claims, which I suspect will be forthcoming from opponents, that the study was made on the basis of carefully selected cases rather than random samples, etc.

Dewey R. Villareal Jr.
Fowler, White, Gillen, Boggs,
Villareal & Banker, P.A.
Tampa, Fla.

■ *Editor's note: In selecting its sample, ISO asked the 24 insurers involved to supply all of their claims files of all bodily injury claims closed during the first week of August 1987 as well as all bodily injury claims of $25,000 or more—whether open or closed—arising primarily from liability insurance policies written in 1983.*

According to the ISO study, only 1% of the closed claims sample and 2% of the sample of claims of $25,000 or more were settled by verdict. Further breakdowns are not included in the ISO study and would not be meaningful as they represent such a small portion of claims, an ISO spokesman said.

Story fails to mention BC/BS managed dental care

To the editor: Your Dec. 19, 1988, article, "Managed Dental Care Gains Popularity," makes a very solid point and we compliment your perceptiveness in reporting this development.

We are surprised, however, that no mention was made that Blue Cross & Blue Shield Plans currently cover more than 1 million members under dental health maintenance organization programs—more than any other organization. Our plans' total dental enrollment is now approximately 14.5 million.

Of our 1 million members in dental HMOs, 550,000 are enrolled in programs administered by Dental Network of America Inc. Dental Network was established by the Blue Cross & Blue Shield organization in 1984 to help us offer a managed dental care option but it should be noted that BC/BS plans were offering dental HMOs as early as 1975.

We, too, see managed dental care programs growing and are confident that BC/BS plans will continue to be leaders in the field.

Leonard E. Wood III
Senior Vp-National Marketing
Blue Cross & Blue Shield Assn.
Chicago

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Insurers' words, actions disagree

To the editor: I had a nice chuckle upon reading the cover story of your Jan. 2 issue. On the brokers' side of the cover the headline read: "Rate Cutting Abounds and Capacity Expands." On the insurers' side, the headline read: "Higher Taxes, Red Ink May Stifle Competition."

What's wrong with this picture?

As usual, insurance company leaders are once again talking out of both sides of their mouths, saying one thing and doing the opposite.

Gary S. Resman
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Attorney costs

Continued from page 7

dures portion of the letter should specify how frequently the client will be billed. Ms. Kramer recommended that employers ask to be billed either monthly or quarterly, adding that "if the first time you see a bill is at the close of the case, it's too late."

Ms. Kramer also recommended that the billing procedures portion of the letter require that all bills be completely itemized to include information such as the date work was performed, a description of the legal task performed, how long the work took, the cost of each task, the initials of each individual who performed the work and a summary of the time and cost for each individual from the law firm working on the case.

The staffing procedures portion of the letter should include how many partners, associates, paralegals and other staff the attorney proposes to use on the case, while the communications portion should specify how frequently the attorney will report to the employer and to whom he or she will report, Ms. Kramer said.

Companies sometimes can negotiate a fee cap on a project before the work has begun, says Ms. Conrad, co-author of a book titled "100 Ways to Cut Legal Fees and Manage Your Lawyer."

However, employers should be aware of hidden costs that can be excluded from the cap, such as copying, computer time, messengers and extra secretarial work, she added.

For high-exposure, complex workers compensation cases, Ms. Kramer suggested that an employer's outside counsel draw up a litigation budget that lays out the legal strategy and projects the cost and likely outcome of the case. The litigation budget should be reviewed, and the legal strategy evaluated as the case proceeds, Ms. Kramer added.

For many companies, increasing the use of in-house counsel to handle workers compensation litigation can be an effective technique to control both the content and costs of litigation.

For example, Weyerhaeuser Co. discovered that using in-house counsel to defend workers compensation cases eliminates the time and expense of familiarizing outside attorneys with its operations, said Jane Light, manager of statutory benefits administration in the company's Tacoma, Wash., headquarters.

Weyerhaeuser's in-house workers compensation counsel is very familiar with the rural areas in which many of the company's plants are located, Ms. Light said. The attorney knows how limited other job opportunities are in many of these rural areas and understands the difficulties encountered by an injured worker in finding work outside of Weyerhaeuser if he cannot return to his previous position, she added.

The attorney's knowledge and understanding of the situation reduces the need for litigation to prove these facts, Ms. Light explained.

"We thought we'd save money and have better results" using an in-house attorney instead of outside counsel, she explained.

Because the attorney has been on staff for only seven months, real cost savings are hard to calculate, she noted. However, "we are getting substantially better service," Ms. Light added.

Weyerhaeuser, which still uses outside counsel to handle some workers compensation litigation, is considering hiring another attorney in the future to handle workers compensation, Ms. Light stated.

White Plains, N.Y.-based Texaco Inc., which uses both staff attorneys and outside counsel, also "tries to handle as much litigation as possible in-house," said Robert Harrigan, manager of corporate insurance.

"The more you keep in-house, the less the cost is," Mr. Harrigan said. Also, "you're much closer to the claim" if it is handled by in-house staff, he added.

'You're much closer to the claim' if it is handled by in-house staff, says Robert Harrigan.

Fireman's Fund Insurance Cos. of Novato, Calif., also is using in-house staff attorneys when they have workers compensation expertise, said James P.D. Robertson, vp and manager of litigation.

It has "proven to be cost-effective" to use in-house attorneys instead of outside counsel when possible, he explained.

However, using in-house attorneys to handle workers compensation litigation is worthwhile only if a company's workers compensation claims are concentrated in very few locations because each state's workers compensation laws are so unique, several experts pointed out.

For certain cases, employing litigation management techniques can eliminate attorneys' fees altogether, one self-insurance fund has found.

The Redwood Empire Municipal Insurance Fund in Sonoma, Calif., has hired a workers compensation claims administrator to review each claim to determine whether a defense attorney is really needed.

While REMIF's previous TPA routinely assigned all litigation to an attorney, now only 40% of the fund's litigated workers compensation cases are sent to a lawyer, said Frank James, general manager of the insurance pool, whose members include 14 cities in California.

"Just because an individual is represented by an attorney doesn't mean you need an attorney to defend the case," Mr. James said. "If you have a talented, trained person, many, many times the administrator can represent you" in workers compensation litigation in court.

The REMIF claims administrator handles the litigation for about 30 cases per year, saving the pool approximately $50,000 per year in defense costs, Mr. James estimated. He also estimated that it costs between $4,000 and $7,500 to hire an attorney to defend a case.

Fireman's Fund also has reduced its workers compensation litigation costs by using claims department employees—rather than attorneys—for representation, said Mr. Robertson.

Using hearing representatives that are not attorneys is "very cost-effective," Mr. Robertson said.

But while some states permit a non-attorney to represent a party in workers compensation litigation, other states require attorney representation, he explained.

Employers also can use computer software developed by consultants to keep track of how well litigation management programs and cost-containment strategies are working, according to Tillinghast's Ms. Kramer.

Mr. Robertson of Fireman's Fund said the insurer uses a computer program that monitors and compares legal expense to those originally budgeted.

This summer, the insurer plans to add a computer program component that will compare win and loss data of different attorneys, he added. ■

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Variety of strategies can stem litigation

By DONNA DiBLASE

Employers can adopt several strategies—both newfangled and traditional—to reduce workers compensation claims litigation, employers and insurers say.

Some workers compensation experts say that strategies borrowed from group health care plans like utilization review and case management programs not only reduce workers compensation medical costs but also reduce litigation.

These programs emphasize early employer awareness of and involvement in an injured employee's workers compensation case. This helps ensure that the employee receives the most appropriate care, which reduces the likelihood that the employee will litigate the claim.

Other experts point out that a tried-and-true strategy—prompt handling of workers compensation claims—remains a key method for reducing work comp litigation.

And, workers compensation observers agree that ongoing communication with employees—both before and after an injury—is essential to the elimination of work comp-related litigation.

Educating employees about the workers compensation system and keeping them up to date on their individual cases creates a non-adversarial relationship that discourages attorney involvement (see story, page 15).

Employers are becoming more interested in applying utilization review and other managed health care techniques to their workers compensation programs despite the regulatory limitations on how much control an employer can exert.

These programs stress early intervention by the employer to ensure that the employee is receiving medically necessary care in the most appropriate health care delivery setting.

"What we've found is that by getting involved in a case early on, the employer and the injured employee experience a better outcome of health care and the employee feels that the employer really wants the employee to be healthy again and able to return to work," noted David Iskowe, executive vp of FOCUS Health Care Management Inc., a health care cost management firm in Brentwood, Tenn.

The company provides precertification, concurrent review, preferred provider networks and other managed care services to workers compensation insurers and self-insured employers.

"The fact that we play the role of patient advocate early on really defrays the need for a lawyer and litigation. Managing the patient's case from the start is a good vaccination against prolonged litigation over workers comp claims," Mr. Iskowe said.

Cost management firms "can provide independent, professional management and information that helps ensure that the employee gets only necessary care" and is not abused by a health care provider taking advantage of the employer and the workers compensation system, he said. Employees in these situations often resort to litigation because they feel lost in the medical and claims payment system, he explained.

About a year ago, ARA Services Inc. implemented a medical management program in its workers compensation plan covering about 3,000 employees of its ARA Living Centers nursing home subsidiary in California.

The program, administered by Business Health Services Inc. of Sacramento, Calif., directs employees to specific physicians, which is allowed under California workers compensation laws.

The program also assists employees in returning to work on modified duty and in obtaining second opinions when the physician's care seems inappropriate, said James McNamara, ARA's insurance manager.

The program also provides ARA, a services management company, with detailed information on its workers compensation cases.

"Our reasons for implementing this program were to enable us to get involved in workers comp cases as soon as possible and to apply medical case management techniques as soon as possible. Our losses on workers compensation are about $30 (million) to $35 million a year, so we had to do something to control our costs," he explained.

"Legal costs in the workers comp area are rising for everyone. But, the sad thing is that in many cases, people are not getting good medical care" for work-related injuries and illnesses, Mr. McNamara observed.

"But, our employees realize that with this program, we are making sure that they are receiving good care," he said. This fosters a cooperative spirit between ARA and its employees, making injured employees feel less inclined to seek an attorney.

ARA's guaranteed-cost workers compensation insurance program is underwritten by Old Republic Insurance Co. of Greensberg, Pa., a unit of Chicago-based Old Republic International Corp.

Along with the program's benefits to ARA, the company's employees also have the advantage of having an ombudsman or advocate to help them through their case, said Dr. E. Scott Rosenbloom, president and medical director of Business Health Strategies.

"The patient knows that someone is looking after him. So, there is less of an opportunity for the patient to get lost in the system and become angry at the system," he explained.

"I knew that this program would have some effect on our litigation rate, but the numbers surprised us," Mr. McNamara said.

Of the first 139 cases followed in the new medical management program, only 14 have reached the stage where an employee has retained an attorney to settle the claim. However, this statistic cannot be compared with cases before the program was adopted because comparable records were not kept.

Other employers and insurers point out that fair, efficient claims handling helps to prevent or reduce litigation of work comp claims.

Boston-based Liberty Mutual Insurance Co. encourages its workers compensation policyholders to report their employees' accidents and injuries as quickly as possible, said John A. Antonakes, vp of workers compensation and medical management.

Liberty Mutual claims examiners

Continued on next page

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Strategies

Continued from previous page
then must contact the injured employee within 48 hours to pay benefits to the employee within 14 days.

"The attempt here is to first, explain to the employee the benefits to which they are entitled and second, to help manage medical treatment" should the employee need rehabilitation services, he said.

But along with prompt reporting by the employer and employee to the insurer, an insurer also must report back to the employee in a timely manner, said Tony Vogel, manager of workers compensation claims for the home office of Wausau Insurance Co. in Wausau, Wis.

"If there is some question about whether a claim is compensable, then we should be up front with the employee. And, if payment is due, then that payment should be prompt," he said.

"A lot of this has to do with the attitudes of the parties involved. There has to be a positive attitude by all parties involved," Mr. Vogel said.

Intel Corp. of Santa Clara, Calif., has found that prompt, personal claims handling has helped control its workers compensation litigation rate.

The manufacturer of microcomputers and microprocessors in 1979 set up a unit within the company dedicated to handling workers compensation claims for injured employees, said Pamela Lawlor, program administrator for workers compensation and risk management for Intel's domestic operations

Intel, which has about 12,000 employees in several states, self-insures its workers compensation risks. Claims are administered by various third-party claims administrators.

Rather than having injured employees deal directly with the TPAs, Intel has two staff members that serve as a link between the claimants, Intel and the TPAs, she said. "The reason is so that our employees don't have to deal directly with an insurer or claims administrator. It's done for them because it's extremely frustrating to deal with a big insurer."

When employees are injured at work, they first visit the company's employee health unit, which has a nationwide staff of 50 nurses. The nurses report injuries to the workers compensation unit, but they are not involved in the claims handling process. "We want them to be perceived as pro-employee," Ms. Lawlor explained.

On an annual basis, only about 5% to 7% of Intel's workers compensation claims are litigated, Ms. Lawlor estimated, though she could not provide details on the number of claims filed or the company's annual workers compensation costs.

"It works. We pride ourselves on our resources and the fact that Intel made a commitment to have a dedicated workers compensation unit," she said.

Other employers also stress the importance of communication with injured employees.

At Georgia-Pacific Corp. in Atlanta, "we try to maintain good communication with injured employees, letting them know what benefits they are entitled to and that we want them to get the best medical care possible," explained Michael Skinner, corporate manager of safety and workers compensation.

"Communication with employees, not only at the inception of a claim but continuously, is the best prevention (of litigation) we know of," he said.

Noting that it is difficult to estimate the percentage of Georgia-Pacific's claims that are litigated, Mr. Skinner said that the construction and building materials manufacturer does fight unfair claims.

"If we have acted in good faith, chances are we are going to fight a claim. That's because you don't want to set a precedence of always negotiating higher settlements" to avoid litigation, he said.

Georgia-Pacific's workers compensation program is self-insured and self-administered. The company has about 40,000 employees.

Richmond, Va.-based James River Corp. also believes in making injured employees feel they are cared about.

So, when employees suffer an injury that causes them to lose time from work, they receive their benefits checks inside a colorful large-size get well card from the company, said John Paque, a regional manager of workers compensation administration in the pulp and paper products manufacturer's Vancouver, Wash., office.

The card features a picture of a balloon emblazoned with the company logo. On the inside is the get well wish, "Have an Up Day," and a personal message written by one of the company's claims staff.

The message usually suggests that the employee use the card as a file folder in which to store their workers compensation materials. The message also lets the employee know they can contact the administrator with any questions.

The greeting card "is consistent with our philosophy that we want our injured employees treated like we would want to be treated. The workers comp system is so complex and regulated, so we try to temper that by" making employees feel like another James River employee —the claims administrator—cares and is there to help, Mr. Paque explained.

The greeting cards are used in conjunction with a self-insured, self-administered work comp program covering about 30,000 workers, who are former employees of San Francisco-based Crown Zellerbach Corp., which James River acquired in May 1986. The other 10,000 of James River's 40,000 employees are covered under a program insured by Aetna Casualty & Surety Co. of Hartford, Conn.

In addition to the greeting cards, injured employees receive a "Certificate of Time Loss Authorization" form to be completed by both them and their attending physicians. The form features a sketch of landmarks of either San Francisco; Portland, Ore.; St. Louis; Seattle; or New Orleans, depending on the company location in which the employee works.

Employees are asked to report the date they last worked, when they expect to return to work, what benefits they have filed requests for and when their next doctor's appointment is. In addition, employees are asked to have their physicians report on the form the diagnosis, date of last treatment, next scheduled appointment and when the doctor expects to have the patient return to work.

The company began using the greeting cards and time loss reports in 1985.

As a result of these and other litigation control strategies, like union/management cooperation to reduce workers compensation litigation, James River's litigation experience under the self-insured plan has improved considerably.

To calculate its litigation experience, James River compares the number of new claims it receives to the number of cases it has that are represented by attorneys.

In fiscal year 1988, this ratio dropped to 5% from 16% for the company's Oregon location. And, the ratio dropped to 2% from 2.7% for the same period for its Washington location, Mr. Paque said. ■

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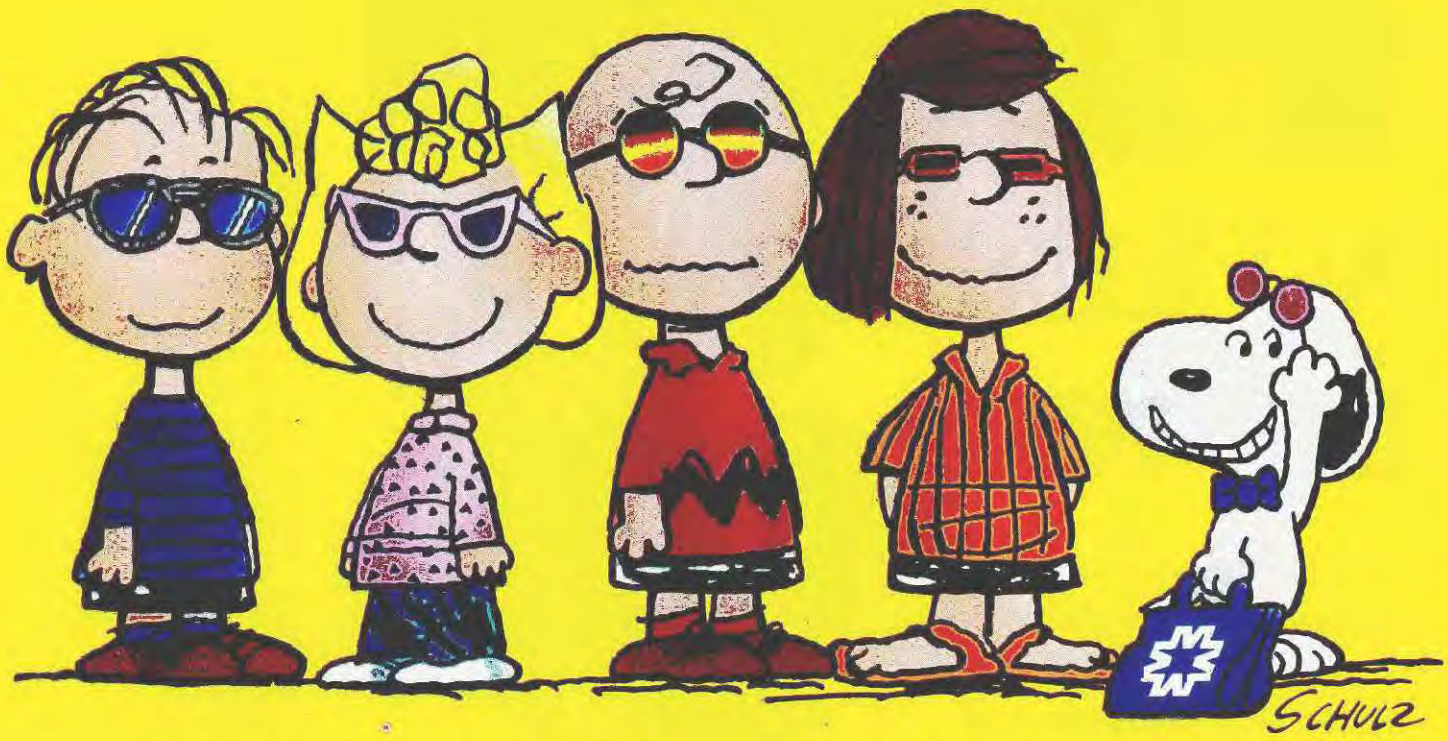

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Informal dispute resolution popular among comp officials

By MEG FLETCHER

Informal dispute resolution is a hot topic among state administrators who want to expedite contested workers compensation claims.

About two dozen states now use some form of informal dispute resolution, although some systems are not formally codified by statute or rule, according to a committee report from the International Assn. of Industrial Accident Boards & Commissions.

"The topic is on the minds of a great number of state administrators," said Douglas Stevenson, executive director of the Chicago-based National Council of Self-Insurers.

"Because of the tremendous increase in workers compensation litigation, which many states have been experiencing, it became readily apparent that there was a need for increased efficiency in the disposition of litigation," reported the Adjudication Committee of the IAIABC, a Jackson, Miss.-based organization that represents work comp administrators.

During the past few years, the IAIABC committee has been surveying states about their current procedures and developing committee recommendations for a model IDR system that would be "the most efficient adjudication system possible in terms of speedy resolution at minimum expense."

As a result, it is likely that more states will adopt such an approach or modify their existing systems in accordance with those recommendations. However, each state must meet different requirements for integrating the changes into its administrative rules or pass legislation to make the changes.

The most common IDR procedure is a prehearing conference called by the state adjudicator. The adjudicator meets in person or by telephone with both the claimant and perhaps his attorney or union official and the employer or his insurer representative. The session is intended to move the case through activities such as supervising discovery, identifying issues, entering stipulations and exploring the possibility of settlement.

The aim of the approach, which at least a few states have used for decades, is to resolve all or as many of those issues possible prior to a more time-consuming and thus more expensive formal hearing.

An IDR conference "provides an efficient method of adjudication resulting in quicker resolution of cases at less expense," the committee explained in a 1987 report.

"Several jurisdictions estimated that the savings were substantial from both an administrative standpoint, i.e., no court reporter, nd from an attorney fee standpoint," the report said.

Oregon, which enacted legislation to establish an IDR conference process, expected to save $523 per case in state administrative expenses alone, according to Evelyn Scott Ferris, a member of the IAIABC's executive board who acts as a liaison with the organization's Adjudicatory Committee she formerly chaired.

A survey of other states found that Kentucky "is settling three times as many cases as under the old system," which was abandoned midway through last year, said Glenn Schilling, the state's work comp commissioner.

Kentucky's new system, which was adopted legislatively, restructured personnel to reduce the number of persons hearing cases but increased their individual workloads by changing their status to full time from part time.

In addition, court backlogs in Montana have declined substantially since July 1987, when a legislative package of work comp reforms—including a provision requiring mandatory non-binding mediation—went into effect, according to George Wood, executive secretary of the Montana Self-Insurers Assn. in Missoula.

The key to Montana's success is a requirement that both sides disclose all information supporting their positions prior to the mediation session, he said. If either side fails to comply, the case is stalled and no subsequent hearing date is set until the information is dis-

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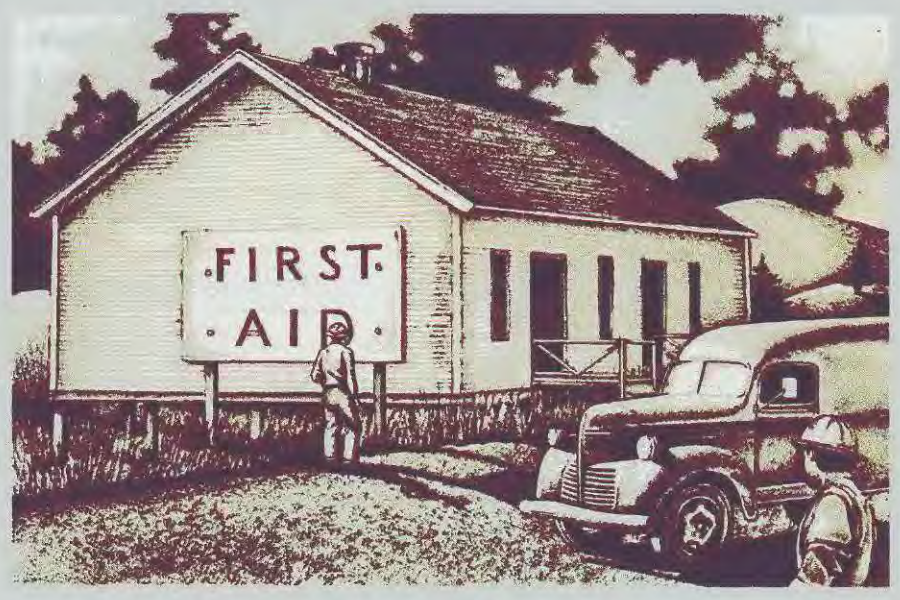

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Spotlight report

IDR procedures

Continued from previous page
closed, he said.

Claimants are still being represented by lawyers, but some plaintiff's attorneys have directed their energies elsewhere because there are fewer formal hearings, Mr. Wood said.

Meanwhile, in Connecticut, "the vast majority of cases end up resolved without a complete formal hearing," said John Arcudi, chairman of that state's Workers' Compensation Commission. The fact that Connecticut's informal settlement process was developed administratively—rather than legislatively—makes it "fairly unique," he said.

And, Michigan is now settling about 65% of the comp cases that go through informal mediations, which are held before a claimant hires an attorney or files a petition, according to Edward Welch, director of Michigan's Bureau of Workers' Disability Compensation.

In contrast, settlement is reached in about 35% of the cases that go through statutory mediation hearings, in which claimants are represented by counsel, he said.

Mr. Welch currently is seeking an attorney general's opinion about whether a non-attorney can represent a claimant at a formal mediation session, he added.

The most common single kind of IDR settlement is a lump-sum close-out of future benefits, according to a report on mediation activity in Minnesota through June 1988.

This typically occurs in situations where the claimant is close to retirement and wants to be self-employed, prefers not to return to work full time or is unable to work for reasons unrelated to work-induced disability, according to the report prepared by Charlotte Neigh, director of mediation services for the Minnesota Department of Labor and Industry.

"Frequently, payment is a combination of a lump sum plus some form of annuity," the report said.

In addition to saving time and money, the IAIABC found "a less tangible benefit that is gained by informal dispute resolution over the more formal hearing process is acceptability of the resolution in that the case is resolved by agreement rather than by edict."

"It is axiomatic that once a dispute arises, the more promptly it can be resolved the better. The passage of time tends to create fixed and inflexible litigation postures and fosters distrust in labor/management relations," it said.

"The more informal the initial hearing, the easier it is to resolve things at the beginning of the administrative process," said David Lewsley, manager of workers compensation for Chrysler Motors Corp. in Highland Park, Mich.

And, noted Michigan's Mr. Welch, "If you can get a solution that the injured worker agrees to, you are more likely to have a worker return back to work for the employer, which is the best solution of a workers compensation case."

IAIABC surveys in 1986 found that there is a "high" degree of attorney involvement in IDR procedures in most of the states surveyed. However, in other states some informal procedures are handled by the claimant or with the help of non-attorney representation, who are often union representatives.

And, the surveys found, about one-third of the states issued interim orders for payment of at least some benefits.

A 1987 follow-up survey of targeted states found that of the 13 states responding, at least 60% of all cases were resolved through IDR, while in three states that number was more than 90%.

IDR was mandatory in 58% of the states.

Exchange of medical information was mandatory in 33% of the states, although 75% of the states surveyed reported no sanctions for failure to comply with a request to supply medical reports.

About 33% of the states had an average length of time from filing the request to resolution of 60 days or less.

In addition, half of the states responding permitted appeals while 25% prohibited any appeals in all cases, according to the 1987 survey.

The IAIABC's 1987 report recommended three requirements for an optimal IDR system:

- The IDR conference should be mandatory.
- The hearing officer conducting the conference should be specifically selected for ability and special talent for informally resolving cases and bringing them to settlement.
- The conferences should be unrecorded to allow the parties to speak freely.

In addition, the committee later recommended a fourth key factor in its 1988 report: Sanctions should be promulgated, either by statute or by rule, for failure of the parties to make a good-faith effort to adjudicate their differences at this level.

"For instance, if the parties do not attempt to resolve their differences on an informal basis, a formal hearing would not be set until such effort had been demonstrated," said Ms. Ferris, an attorney, who is a member of Oregon's Workers' Compensation Board.

The committee plans to survey jurisdictions to determine which sanctions are actually being used and which appear to be the most beneficial.

While IDR is being heralded in many states, it is not a panacea.

The IAIABC's follow-up survey found that only about one-third of the states that have pre-hearing conferences use them in all cases.

Richard Victor, executive director of the Workers Compensation Research Institute, said it is important to take "a hard look" at informal dispute resolution.

State administrators should question whether IDR merely generates an additional, inexpensive step that has the effect of discouraging persons from early voluntary adjudication of claims, he said.

Some states, such as Ohio, probably don't need it, said Philip Donner, law director for the Ohio Bureau of Workers Compensation. "Ohio's administrative hearings are already very informal and to have another prehearing would probably lengthen it," he explained.

Attorneys often frown on a state adopting informal dispute resolution because they feel it cuts them out of work, some sources say. However, others note that there is still a need for attorneys in a system with IDR.

"Although some states reported reluctance of the bar to participate initially, cooperation of the bar was not now a problem," according to the IAIABC committee's 1987 report. Some states have found it helpful to seek the advice of local attorneys in developing the program and follow-up with annual meetings to discuss its status, the report said.

While IDR may not be for every state or every case, "if we can cut down on the cost of the system and, at the same time, provide a way to help injured workers, we have accomplished a great deal," said Charles Krysiak, chairman of Maryland's Workers' Compensation Commission and IAIABC president. ■

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Employers can deter attorney involvement

By KARI BERMAN

Injured employees that understand the workers compensation system are not as likely to retain an attorney as those bewildered by the process, workers compensation experts point out.

Thus, employers should carefully and compassionately explain workers compensation statutes and procedures to injured employees, experts say, noting that insurers and claims adjusters can further stem the rising tide of workers comp litigation by trying to minimize injured workers' concerns and their confusion with the process, experts say.

Employees' confusion over the workers compensation bureaucracy and their resulting frustration keeps a steady stream of injured workers flowing from the doctors' office to the nearest legal clinic, workers comp observers agree.

"A lot of times employees simply cannot get good answers to their questions from either the insurer or employer and end up going to a lawyer for explanations," explained Edward M. Welch, director of the Bureau of Workers Compensation at the Michigan Department of Labor in Lansing.

"The harder it is for employees to get usable information, the higher the rate of litigation," concurred Alan Tebb, executive vp at the California Workers' Compensation Institute in San Francisco.

But, while many injured employees are justified in hiring outside legal help, the decision to retain a lawyer often is premature, fueled by job termination fears and misconceptions about workers comp administration procedures, according to Mr. Tebb.

Improved communication efforts by employers could significantly reduce workers compensation litigation, experts say (see story, page 11).

To avoid work comp litigation, "employers need to sit down and assure the injured employee that his job is safe and that he will be taken care of properly," said Theodore Kulongoski, director of workers compensation at the Oregon Department of Insurance and Finance in Salem.

According to statistics from the U.S. Department of Labor's Employment Standards Administration in Washington, D.C., 90% to 95% of workers compensation claimants involved in a dispute will retain an attorney.

However, approximately only 1.8% of all workers compensation claims—including medical-only and indemnity claims—are litigated within the workers comp system, according to statistics from the approximately three dozen states tracked by the National Council on Compensation Insurance.

This estimate may be on the low side because it does not include figures from states, like California, which have a high incidence of workers comp litigation, according to Mr. Tebb. For example, three of every four workers comp cases involving injuries resulting in permanent disability are litigated in California, he said.

Mr. Kulongoski of the Oregon department said an injured employee's actions largely will be based on his or her employer's response to a workers comp claim. "If the initial reaction of the employer is negative, then the employees' whole perception of the system is jaded."

The percentage of cases litigated might be lower if an employee's first contact with the workers compensation system is a positive experience, he said.

Immediate communication by the employer allaying an injured employee's concerns is imperative in reducing litigation, agrees Douglas Marsh, the certified safety professional at chemical manufacturer H.B. Fuller Co. in St. Paul, Minn.

"The first thing we tell injured employees is that their job is secure and that we want the best for them. Even though they are off the bench, they are still part of the team," Mr. Marsh said.

Only five—or 3.8%—of the 130 injuries among H.B. Fuller's 2,000

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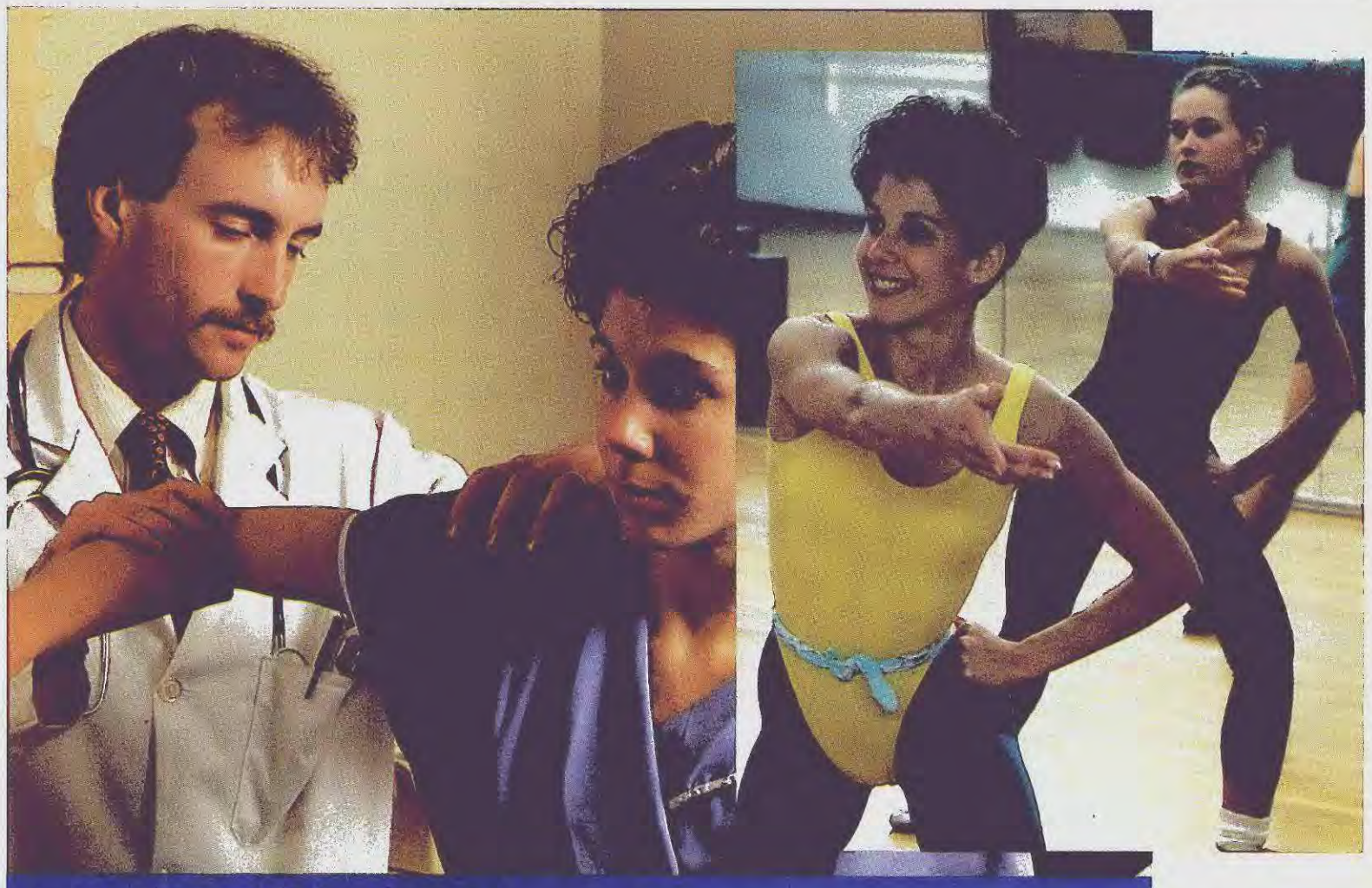

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THE FAST TRACK TO A COMEBACK

Avoiding litigation

Continued from previous page
U.S. employees in 1988 involved litigation.

"I think that close contact with the employee during the recovery period keeps him cooperative and eager to get back to work rather than into a lawyer's office," Mr. Marsh said.

Indeed, "employer communication is the key that could put some lawyers out of business," said Barrie Bratt, a personal injury attorney and partner in the Southfield, Mich., law firm of Levine, Benjamin, Tushman, Bratt, Jarris & Stein.

An employer's attitude during the initial contact with an injured employee is equally as important as maintaining an open line of communications. Workers comp experts agree that the employers must present a sincere desire that they want to help the injured worker.

Employer hostility, however, can do more harm than good, experts warn.

For example, statistics compiled by the California Workers' Compensation Institute show a correlation between an employee's desire to contact an attorney and how his or her employer initially treated the employee at the time of the injury.

According to the CWCI's decade of cumulative data, 40% of injured employees who litigate their cases are hostile toward their employers when they retain their attorneys.

Workers compensation experts agree that weak human relations practices by claims adjusters and employers irritate injured employees, who often retaliate by seeking legal counsel.

"Often employees who litigate have been treated poorly by the employer, and they feel that the company doesn't care and doubts the legitimacy of their injury," said Mr. Tebb of California Workers' Compensation Institute.

Mr. Welch of the Michigan Department of Labor believes that the "we vs. they" mentality often displayed by employers is partly responsible for a high rate of litigation among injured employees in Michigan.

About 24,000—or 30%—of the 80,000 claims filed annually in Michigan involve lawyers and litigation, according to Mr. Welch.

"I think that fewer employees would turn to lawyers if they felt that the employer was with them instead of against them. Now, more and more, companies are waking up and seeing that they have to work together," Mr. Welch said.

Injured employees at Minnesota Power in Duluth, Minn., rarely contact lawyers for assistance with their workers comp claims because of the utility's extensive employee communication program and its genuine concern for injured workers, boasts Norma Swanbum, the workers compensation administrator at the electric utility, which self-insures its workers comp exposures.

"Employees need personal attention. If they feel that you care about them, then they will care about you. We have never had to go to court on a workers compensation claim even with 1,500 employees working in a potentially dangerous business," Ms. Swanbum said.

Injured Minnesota Power employees that require hospitalization usually are met at the hospital by Ms. Swanbum or another company representative.

"I visit them, their supervisor calls and visits, and if they can come back to work on a restrictive basis, all three of us sit down and talk about the physical limitations to avoid misunderstandings," Ms. Swanbum explained.

Between 100 and 130 Minnesota Power workers have been injured on the job in each of the last five years, and only one or two per year involve outside legal counsel, Ms. Swanbum reported.

An employer's workers comp insurer or the employer's claims adjuster also can foster employee resentment and frustration, leading the employee to seek legal advice, according to workers compensation experts.

But directing injured employees to workers comp insurers or claims administrators often is misinterpreted, leaving employees feeling abandoned, experts point out.

"Perceived lack of concern by the employer leaves the employee feeling like a criminal, and he turns to a lawyer for help and sympathy," said Mr. Bratt, the personal injury attorney in Michigan.

"When an employee is injured and—in addition to being in pain—feels slighted by his employer, improper behavior by a claims technician adds to the confusion that often sends him to an attorney," said Mr. Tebb of the California Workers' Compensation Institute.

To reduce the number of employees seeking professional legal advice, Mr. Tebb advises insurers to offer special information training for claims adjusters.

"We offer seminars for claims adjusters at the California Workers' Compensation Institute where we stress the importance of sensitive behavior that makes the employee feel like a person instead of a number," Mr. Tebb said.

For example, claims adjusters attending the seminar are instructed to inquire about an injured employee's health and well-being.

"I think insurance companies should always remember compassion in injury cases," Mr. Tebb said.

William Saake, a senior vp in claims at Zenith Insurance Co. in Woodland Hills, Calif., also believes that insurers must treat injured employees with compassion and sensitivity.

"Sometimes employers don't want anything to do with either the process or the employees, and if the insurer doesn't contact the injured promptly, they become insulted and angry," Mr. Saake said.

Quick contact with an injured employee is a strict policy at Zenith, which underwrites work comp insurance for 27,000 employers.

Mr. Saake believes that answering employee questions as soon as possible is essential in discouraging them from going to a lawyer.

"We try to directly communicate with the employee as soon as we hear of the injury and tell them what to expect step by step, Mr. Saake said.

Although Mr. Saake could not disclose how many workers compensation claims are filed against Zenith, he estimated that about 12% of Zenith's workers compensation claims involve lawyers hired by the employee.

Liberty Mutual Insurance Co. of Boston, which underwrites $3 billion of workers compensation premiums annually, also tries to keep claimants out of the lawyer's office by teaching claims adjusters how to handle workers comp claimants, said John Antonakes, vp-workers compensation claims at Liberty Mutual.

"We recognize the need for good and prompt human relations, and we attempt to train adjusters in handling situations, treating people properly and answering questions so that they don't feel the need to go to a lawyer," he said.

Mr Antonakes estimates that about 20% of Liberty Mutual's workers compensation claims nationally involve some kind of litigation. ■

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Liability concerns boost safety consultants' role

By CHRISTINE WOOLSEY

While the birth of new federal and state safety regulations has increased demand for safety consulting, employers' concerns about liability issues and protecting their corporate reputations is the primary reason they retain a consultant.

Regulations and fines levied by the Occupational Safety & Health Administration aren't taken seriously enough by employers, consultants say. In fact, most say that employers tend to shrug off OSHA fines as an operating expense.

Rather, it is the possibility of protracted litigation—and possibly a jail term—that has sent employers scrambling to hire consultants to help them comply with safety standards.

"The reason to comply is not because of OSHA (regulations), but because of a moral obligation and criminal and civil liability," says Don Rhodes, president of Lakewood, Calif.-based COMCO Safety Services.

"OSHA fine-wise just does not carry the wallop the EPA does; they never have," says Don Uhruh, regional manager of occupational health and safety services for Torrance, Calif.-based International Technology Corp. Mr. Uhruh, who works in the Knoxville, Tenn., office of ITC, served as an OSHA inspector during the Carter administration.

Other consultants agree that OSHA is not as successful as hoped in forcing employers to comply with health and safety regulations.

"There is not enough enforcement," said Henry Kana, president of K&T Safety, an independent consultant in Houston. "OSHA doesn't have the time to run around and find all the violators," he added.

"Legal liability is the real concern, not OSHA. Employers have more fear of a long-term lawsuit than concern over an OSHA fine of $2,000 to $4,000," Mr. Unruh said.

For example, many companies—particularly those in California—now realize that the risks to which they expose employees have a direct reflection on their reputation in the community as well as with other businesses, explained COMCO's Mr. Rhodes.

Glenn Wintemute, president of American Vanguard in City of Commerce, Calif., agreed. He operates two companies, AMVAC Chemical and ABSCO Welding Supply, and says despite employing just more than 100 employees, he wants to have the same type of safety training and requirements that large manufacturers utilize.

"Our customers are Chevron, Shell, Du Pont; we sell them chemicals and they want to know if we're going to be around" in the future, Mr. Wintemute said, adding that a major advantage to safe operations is the ability to expand in the marketplace.

"Companies won't do business with companies with a bad health and safety record," he added.

But while employees and the public are growing increasingly concerned about chemical hazards, companies usually do not flock to comply with regulations until a situation like Love Canal or Bhopal occurs, consultants say.

Occidental Chemical Corp. was found liable for an estimated $250 million to $300 million in cleanup costs at the polluted Love Canal landfill (*BI*, Feb. 29, 1988). Occidental is appealing the decision while also pursuing a lawsuit against dozens of its liability insurers for coverage of pollution-related losses.

And, Union Carbide Corp. was ordered to pay interim compensation of $271.1 million to victims of a poison gas leak in Bhopal, India, in 1984 (*BI*, Dec. 21, 1987).

Similarly, requests have diminished for consulting services to comply with OSHA's worker right-to-know rule, which became effective last year (*BI*, May 16, 1988), because many employers think they have compliance with this rule under control, consultants say.

In addition, some employers say they do not need safety consultants because government agencies do

Continued on next page

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Spotlight report

Safety consultants

Continued from previous page
not have the commitment or the funds to enforce employee safety rules.

But, "if industry doesn't want government regulating them out of business, they better clean up their act," Mr. Rhodes warned, predicting an imminent regulatory crunch.

In addition, employers face the possibility of criminal charges if they continue to ignore safety and hazardous waste regulations.

"The corporate veil has been pierced," he explained, "as more corporate people—managers, CEOs—do hard time and word gets out, people are going to get religion."

The first criminal homicide verdicts brought against an employer occurred in Chicago in 1985 when three executives of the now-defunct Film Recovery Systems Corp. were sentenced to 25 years in prison after being convicted of "corporate murder" and reckless disregard for employee safety in connection with an employee death from cyanide overexposure (*BI,* July 8, 1935).

The promulgation of federal and state laws governing the handling of hazardous materials has prompted an increase in safety consulting services, said Walter Garber Jr., national director of loss control services for Maitland, Fla.-based Adjustco Inc.

For example, asbestos remediation is a hot area for safety consultants today.

Gail Brandys, director of training and technical services at Hinsdale, Ill.-based Occupational & Environmental Health Consulting Services Inc., attributes the increase in demand for asbestos abatement consultants to new banking and lending regulations.

"Financial institutions in some areas are making it mandatory to inspect buildings and environmentally assess property before a transfer," she explained.

Also, state legislation such as the Responsible Property Transfer Act, which Illinois Gov. James R. Thompson signed into law last year, will help keep business booming for asbestos consultants, she said.

The Illinois legislation requires those involved in the transfer of certain commercial or industrial properties to disclose information on the environmental condition of the property. This would alert any parties involved in a real estate transaction of any potential environmental liability that may exist on the land, as well as the environmental condition of the property.

Some consultants say the need for consulting services related to asbestos removal will become even more widespread in the commercial sector.

"All commercial buildings will have to inspect for asbestos, remove it and baby-sit it; it will become a multimillion-dollar business to make sure everyone complies," Ms. Brandys predicted.

Another environmental regulation that consultants say is contributing to increased business is SARA III, the Superfund Amendment Reauthorization Act. The law, which went into effect July 1 1988, requires companies to account for the chemicals that come into their facilities, their use and their disposal

"That's giving us more business because employers have to submit forms to the government to prove they are in compliance," Ms Brandys said.

The forms are so complex and detailed that they may take employers hundreds of hours to complete. Many employers don't know where to begin; others see it as an insurmountable task, so they tend to comply with certain regulations, but not with others.

Some safety consultants offer to computerize an employer's compliance records to make meeting the regulations easier.

Still, safety is a hard sell, consultants admit, and it usually takes a major accident or a big fine due to a violation before employers recognize the benefits of a good safety program.

"There are still some people who say, 'I'll just do it the old way and wait until I see the whites of the inspector's eyes' first," Ms. Brandys said.

However, consultants warn that executives with a leadership role within a company can no longer merely concentrate on financial information and production levels while ignoring health and safety.

"They should want to see the safety record and what programs are in effect," Mr. Rhodes said. "We've found that when safety is a topic at each management meeting, positive things really begin to happen" for the company, he added.

As an employer, Mr. Wintemute said he is committed to a comprehensive safety program because it affects his companies' profitability.

"Initially, there is a tremendous increase in costs to have a good safety program in place," he admits, "but if I didn't have one, would I even have a bottom line?"

Mr. Wintemute said he could convince anyone of the benefits of safety, which include better employee morale, increased efficiency and a good reputation with the public and other companies. But the primary motivation for complying is liability, he stressed.

Employer concern over workers compensation claims and other legal liabilities is the primary reason for the intense interest in safety consulting, according to Gary Schirmer, president of Management Services Inc. in Danville, Ill.

"Increased employer demand is a direct reflection of insurance and workers comp rates," he said.

One way employers can control costs is to purchase loss control services on an unbundled basis, consultants say.

Specialized safety consulting services purchased on an unbundled basis are often more cost-effective because they target a particular problem, the consultants say.

"Not everyone can know everything," explained Robert G. Cooley, president of I.P.C. Chicago Inc. in Lake Forest, Ill., an independent safety consulting firm. "And no company can afford to have an individual who is an expert, the most recognized person in industrial hygiene for example, on staff."

Employers hire consultants because they may feel they are not getting the most bang for their buck, or they may be looking for specific services that aren't offered or haven't been thought of by their insurer, said Jon Sweeney Jr., assistant vp/manager-loss control at Livonia, Mich.-based Alexsis Inc., a division of Alexander & Alexander Services Inc. of New York.

Mr. Wintemute said, "We've gone outside partly because of our size but also to get fresh ideas." Hiring an independent consultant also provides employers with the flexibility to initiate a short- or long-term relationship, he said.

The second annual *Business Insurance* directory of safety consultants, beginning on page 19, contains information on 149 vendors. Of these companies, 97% conduct safety audits/reviews of current programs, 91% offer training classes or seminars and 86% offer OSHA compliance consulting to employers.

Other frequently offered services include development of training materials, publication of safety manuals and ergonomic program assistance.

Of those vendors giving quantifiable answers, 44% have one- or two-person staffs, 42% have between three and 20 employees and 14% have staffs exceeding 20 employees.

In addition, 93% of the consultants in the directory have employees who are members of ASSE, the American Society of Safety Engineers. ■

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Second annual directory of safety consulting firms

A

AGM Services

P.O. Box 7062, Huntington Beach, Calif. 92615; 213-813-2688

Year founded: 1972.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars, consulting on environmental issues and hazardous materials; occasional occupational health program assistance.
Other services: Frequent OSHA compliance, fire protection engineering; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, ergonomic research, product liability research, noise and vibration research.
Staff: Two staff members, both professionals, who hold AIHA, CSP and NSC designations and are ASSE members.
Clients: Six clients, 100% with gross revenues $200 million-$500 million.
1988 gross revenues: $500,000 total, 100% from unbundled safety consulting services.
Principal officers: Allen G. Macenski, principal.

APO Consulting Services

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

Year founded: 1983.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Other services: Frequent OSHA compliance, fire protection engineering; occasional development of training materials, rehabilitation, product liability research.
Staff: Three staff members; two assigned to safety consulting, including one CSP, one PE, one RN; one ASSE member.
Clients: 20% with gross revenues less than $200 million, 30% with $200 million-$500 million, 10% with $500 million-$1 billion, 40% with more than $3.5 billion.
Specialties: Food, manufacturing, legal profession, retail.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Aldo P. Osti.

Adjustco Inc.

2605 Maitland Center Parkway, P.O. Box 5005, Maitland, Fla. 32751; 407-660-2611

Year founded: 1973.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, fire protection engineering; occasional occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with independent labs.
Staff: 12 staff members; 10 assigned to safety consulting, including one CSP, one CSE, two NSCs; 10 ASSE members.
Clients: 3,200 total clients.
Specialties: Hospitality industry, automobile dealers, public sector.
Branch offices: Jackson, Miss.
Principal officers: Leonard J. Russo, president; Jack D. Holton, executive vp; F.I. Hughes and David A. North, senior vps; David B. Crosby, vp/national sales manager.

Affiliated Insurance Managers

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

Year founded: 1980.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Other services: Occasional publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, fire protection engineering.
Staff: One staff member who holds an ARM designation and is an ASSE member.
Clients: 20 corporate and institutional safety consulting clients; 80% with gross revenues less than $200 million, 10% with $200 million-$500

Continued on next page

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How to use directory

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

Information for the directory was gathered from responses to questionnaires sent to safety consultants by *Business Insurance*.

The directory is published as an editorial service; there is no charge to be included. However, to be listed consultants must offer their services directly to employers on an unbundled basis; companies that offer safety consulting only in conjunction with the purchase of other products and services are not included in the directory.

Listings begin with the name and address of the company, followed by the **year founded** and **parent company**, if any.

Next, safety consulting services the company provides are detailed; including **on-site services**, **off-site services** and **other services.**

Information on **staff** follows, including total staff members, professional staff members assigned to safety consulting and designations or memberships they may hold. Information on the number of corporate and institutional safety consulting clients in 1988 and a percentage breakdown of their revenues is listed under the **clients** heading.

If a company specializes in consulting to a particular type of business or industry, it is noted under the **specialties** heading.

Locations of **branch offices** providing safety consulting services follow.

When reported by the company, 1988 **gross revenues** are given. Names and titles of **principal officers** complete the listings.

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

If you would like to be put on the mailing list to be included in the 1990 directory of safety consultants, please write Christine Woolsey, Editorial Assistant, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590.

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

AIHA is Member, American Institute of Chemical Engineers; **ALCM** is Associate in Loss Control Management; **ARM** is Associate in Risk Management; **ASP** is Associate Safety Professional; **ASSE** is Member, American Society of Safety Engineers; **CFEI** is Certified Fire & Explosion Investigator; **CHC** is Certified Hygiene Consultant; **CHCM** is Certified Hazard Control Manager; **CHP** is Certified Health Physicist; **CIH** Certified Industrial Hygienist; **COHN** is Certified Occupational Health Nurse; **CPCU** is Chartered Property/Casualty Underwriter; **CPSM** is Certified Product Safety Manager; **CQE** is Certified Quality Engineer; **CRE** is Certified Reliability Engineer; **CSD** is Certified Safety Director; **CSE** is Certified Safety Executive; **CSM** is Certified Safety Manager; **CSP** is Certified Safety Professional; **CSS** is Certified Safety Specialist; **MD** is Medical Doctor; **NBBM-IC** is Member, National Board of Boilers/Pressure Vessels; **NSC** is Member, National Safety Council; **NSMS** is Member, National Safety Management Society; **OHST** is Occupational health & Safety Technician; **PE** is Professional Engineer; **PhD** is Doctor of Philosophy; **RN** is Registered Nurse.

Continued from previous page

million, 10% with $500 million-$1 billion.

Specialties: Construction, cable television, municipalities, trucking.

Principal officers: Vincent J. Carabillo, president.

Ahearn & Associates

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

Year founded: 1979.

On-site services: Frequent industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance.

Other services: Frequent development of training materials, OSHA compliance industrial hygiene research, noise and vibration research; occasional ergonomic research, product liability research.

Staff: Four staff members, including two AIHAs, two CHs; one ASSE member.

Clients: 60 clients.

1988 gross revenues: $400,000 total, 100% from unbundled safety consulting services.

Principal officers: William C. Ahearn, president

Alcona Associates

P.O. Box 606, Harrisville, Mich. 48740; 517-724-6649

Year founded: 1983.

On-site services Safety audits/reviews of current programs, safety program assistance.

Other services: Publication of safety materials or videos, OSHA compliance.

Staff: Two staff members, one assigned to safety consulting; professional designations held by staff include one PE; one ASSE member.

Specialties: Stamping press industry.

Principal officers: William S. Roorda, president Pearl E. Roorda secretary/treasurer.

Alexander & Alexander Services Inc.- Loss Control

1135 Ave. of the Americas, New York, N.Y. 10036; 212-575-8000

Year founded: 1899.

Parent company: Alexander & Alexander Services Inc.

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

Off-site services: Training classes or seminars.

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

Staff: 215 staff members; 30 assigned to safety consulting, including seven AIHAs, three ACLMs, 21 ARMs, four ASPs, five CHCMs, three CPSMs, 31 CSPs, 29 PEs, two RNs, 17 NSCs; 59 ASSE members.

Branch offices: 158 offices in the United States, Canada and England; offices in 70 other countries.

Principal officers: Tinsley H. Irvin, chairman/chief executive officer-Alexander & Alexander Services Inc.; Michael K. White, executive vp.

Alexsis Inc.

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

Year founded: 1932.

Parent company: Alexander & Alexander Services Inc.

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

Off-site services: Frequent training classes or seminars.

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

Staff: 940 staff members; 46 as-

Continued on next page

"Zapping the client" is a way of life at a lot of well-

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Continued from previous page
signed to safety consulting, including five AIHAs, two ARMs, three ASPs, one CIH, one CPCU, 17 CSPs, two PEs; 46 ASSE members.

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

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

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

1988 gross revenues: $60 million total, 5% from unbundled safety consulting services.

Principal officers: John A. Malasky, national director; William Bull and Peter Proffer, division presidents; Joseph A. Giampetro and Ernest C. Fackler, division executive vps.

Althouse & Associates

1304 Water St., Conneautville, Pa. 16406; 814-587-6192

Year founded: 1980.

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

Off-site services: Occasional training classes or seminars.

Other services: Accident evaluation and research; malpractice research for the health care industry.

Staff: Six staff members, two assigned to safety consulting; professional designations held by staff include one CSP, one PE, one Ph.D., three RNs; one ASSE member.

Clients: Nine corporate and institutional safety consulting clients.

Specialties: Health care industry.

Principal officers: Harold L. Althouse, president; France L. Erway, vp/secretary.

Applied Health Physics Inc.

2986 Industrial Blvd., Bethel Park, Pa. 15102; 412-563-2242

Year founded: 1962.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, health physics, decontamination and waste disposal services, emergency response contamination control; occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars, radiological analyses.

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

Staff: 10 staff members; two assigned to safety consulting, including one AIHA, one CHP, one CHCM, one CIH, one CSP, one NSMS, one PE.

Clients: 75 corporate and institutional safety consulting clients; 70% with gross revenues less than $200 million, 20% with $200 million-$500 million, 6% with $500 million-$1 billion, 3% with $1 billion-$3.5 billion, 1% with more than $3.5 billion.

Specialties: Insurance, manufacturing, research and development, hospitals, universities.

Branch offices: Albany, N.Y.; Washington, D.C.

1988 gross revenues: Approximately $2 million total, 60% from unbundled safety consulting services.

Principal officers: Robert C. Gallaghar, president; Paul O. Belisle, executive vp; Victoria Locke, treasurer.

Applied Risk Control Corp.

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

Year founded: 1985.

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

Off-site services: Frequent training classes or seminars.

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

Staff: 10 staff members; nine assigned to safety consulting, including one AIHA, one ARM, one CSE, three CSPs, two NSMSs, one PE, two NSCs; seven ASSE members.

Clients: 75 corporate and institutional safety consulting clients; 40% with gross revenues less than $200 million, 40% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Branch offices: Atlanta, Los Angeles.

1988 gross revenues: 95% from unbundled safety consulting services.

Principal officers: Harry P. Mirijanian, president; Tom DiMarino, vp/treasurer; Leo Kiebala, vp.

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Associated Claims Management Inc.

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

Year founded: 1982.

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

Off-site services: Frequent training classes or seminars.

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

Staff: Five staff members; all assigned to safety consulting, including one CIH, one CSD, one CSE, two CSMs, two CSSs, two NSMSs, one PE; three ASSE members.

Clients: 117 corporate and institutional safety consulting clients; 57% with gross revenues less than $200 million, 32% with $200 million-$500 million, 7% with $500 million-$1 billion, 3% with $1 billion-$3.5 billion, 1% with more than $3.5 billion.

Specialties: Retail, manufacturing, health services and semiconductor industries.

Branch offices: Brea and Santa Clara, Calif.; Phoenix, Ariz.

1988 gross revenues: $8.5 million total.

Principal officers: Thomas R. Leonard, president/chief executive officer; Roberta P. Penarelli, senior vp; C. David White, president-southern division; David F. Nolan, president-Santa Clara division.

B

Back School of Atlanta

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

Year founded: 1979.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials; occasional rehabilitation, OSHA compliance, occupational health research, ergonomic research.

Staff: Six staff members; four as-

Continued on next page

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signed to safety consulting, including four physical therapists; one ASSE member.

Clients: 400 total clients.

1988 gross revenues: $400,000 total, 40% from unbundled safety consulting services.

Principal officers: Ronald W. Porter, president; Gregory E. Williams, secretary/treasurer.

Donald Baetge

1904 Tanglelane, Richmond, Texas 77469; 713-342-8183

Year founded: 1972.

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

Staff: One staff member who holds a CSP designation and is an ASSE member.

Specialties: Construction, petroleum, manufacturing.

Principal officers: Donald Baetge, owner.

W.A. Bateman, P.E., C.S.P.

P.O. Box 10196, Midland, Texas 79702; 915-697-1243

Year founded: 1979.

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

Other services: Development of training materials, OSHA compliance.

Staff: One staff member who holds ARM, CSP and PE designations and is an ASSE member.

Clients: 100 total clients.

Specialties: Petroleum industry.

1988 gross revenues: 10% from unbundled safety consulting services.

Principal officers: W.A. Bateman.

Biehl Engineering Inc.

N66 W12659 Ravine Drive, Menomonee Falls, Wis. 53051; 414-251-8251

Year founded: 1960.

On-site services: Frequent safety audits/reviews of current programs, ergonomic program assistance; occasional safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, forensic engineering, expert witness testimony, injury investigations.

Other services: OSHA compliance, product liability research, fire protection engineering.

Staff: Five staff members; two assigned to safety consulting, including those with ASP, CSP and PE designations; one ASSE member.

Clients: Approximately 50 total clients.

Specialties: Insurance, legal profession.

1988 gross revenues: Approximately $200,000 total, 100% from unbundled safety consulting services.

Principal officers: Francis W. Biehl, president; Steven F. Biehl.

Biotechnics Inc.

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

Year founded: 1981.

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

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

Staff: Five staff members; four assigned to safety consulting, including three AIHAs, two CIHs, four CSPs, two PEs, one Ph.D.; four ASSE members.

Clients: 18 corporate and institutional safety consulting clients; 56% with gross revenues less than $200 million, 6% with $200 million-$500 million, 16% with $500 million-$1 billion, 11% with $1 billion-$3.5 billion, 11% with more than $3.5 billion.

Specialties: Manufacturing, construction, legal profession.

1988 gross revenues: $250,000 total, 100% from unbundled safety consulting services.

Principal officers: Ralph J. Vernon, president; Clyde M. Berry, executive vp; Lee T. Blank, director-technical services; Pat Clemens, director-system/product safety; Betty Vernon, secretary/treasurer.

B. Gawain Bonner, Safety & Health Management Consultant

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

Year founded: 1986.

On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, litigation, legislative and regulatory consulting.

Other services: OSHA compliance.

Staff: One staff member who holds CSP and PE designations and is an ASSE member.

Clients: Four total clients.

Specialties: Manufacturing.

Principal officers: B. Gawain Bonner, principal.

Joseph F. Boxmeyer, Safety Consultant

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

Year founded: 1982.

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

Staff: One staff member who holds a CSP designation and is an ASTM and ASSE member.

Clients: 13 corporate and institutional safety consulting clients; 38% with gross revenues less than $200 million, 8% with $200 million-$500 million, 15% with $500 million-$1 billion, 8% with $1 billion-$3.5 billion, 31% with more than $3.5 billion.

Specialties: Chemical, tape manufacturing, textiles, printing.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Joseph F. Boxmeyer.

George Boyd Associates

8111 Eastern Ave., Philadelphia, Pa. 19118; 215-825-5126

Year founded: 1979.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research. fire protection engineering. Industrial hygiene testing done by contract with independent facilities.

Staff: Two staff members, both assigned to safety consulting; professional designations held by staff include two AIHAs, one NSMS, two NSCs, one ASTM; one ASSE member.

Clients: 270 total clients, 100% with gross revenues less than $200 million.

Specialties: Municipalities, manufacturers, schools, nursing homes, self-insured associations.

Principal officers: George Boyd Jr., owner.

Frank J. Breitsameter & Associates

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

Year founded: 1982.

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

Other services: OSHA compliance.

Staff: One staff member with a PE designation and NSC, SCSE and ASSE memberships.

Clients: One corporate and institutional safety consulting client with gross revenues $1 billion-$3.5 billion.

Specialties: Construction, railroads, industry.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Frank J. Breitsameter.

Morley Brickman & Associates Ltd.

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

Year founded: 1986.

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

Other services: Publication of safety materials or videos, OSHA compliance.

Staff: One staff member with PE and CSE designations; ASSE member.

Specialties: Construction.

Principal officers: Morley Brickman, president.

C

C.A.B. Consultants

503 N. Clayton, Hillside, Ill. 60162; 312-547-9355

Year founded: 1985.

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

Continued on next page

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Outside California 1-800-247-2898

Midwestern Regional Office:
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Brookfield, WI 53005

Please Visit us at Booth 820

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Continued from previous page
grams, first aid classes.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, occupational health research, ergonomic research, noise and vibration research.

Staff: Four staff members, including those holding COHN, CSE, CSP, MD and RN designations; two ASSE members.

Clients: 50 corporate and institutional safety consulting clients.

Principal officers: Carol A. Bacon, senior consultant; Dr. S.K. White, medical director.

Claymore Engineering

1308 Valle Vista Drive, Fullerton, Calif. 92631; 714-870-4521

Year founded: 1982.

On-site services: Frequent air pollution control and industrial ventilation programs; occasional safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance.

Other services: Occasional OSHA compliance, fire protection engineering.

Staff: One staff member who holds CSP and PE designations and is an ASSE member.

Clients: 15 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

1988 gross revenues: $100,000 total, 20% from unbundled safety consulting services.

Principal officers: Denison W. York, president.

Glenn J. Coco Ltd.

P.O. Box 1371, Eunice, La. 70535; 318-546-0478; 318-253-8761

Year founded: 1988.

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

Off-site services: Frequent training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done through contract with independent facilities.

Staff: One staff member who holds a CSP designation and is an ASSE member.

Clients: Six corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Specialties: Construction, oil fields, pipelines, municipalities.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Glenn J. Coco, president.

COMCO Safety Services

5710 Harvey Way, Lakewood, Calif. 90713-3012; 213-420-9195; 818-308-9755; 714-632-5111

Year founded: 1980.

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

Off-site services: Frequent training classes or seminars.

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

Staff: 20 staff members; 14 assigned to safety consulting, including one AIHA, one CIH, three CSEs, one NSMS, two RNs; five ASSE members.

Clients: 168 corporate and institutional safety consulting clients; 98% with gross revenues less than $200 million, 2% with $500 million-$1 billion.

Specialties: Manufacturing, construction, automotive.

Principal officers: Joy L. Janes, treasurer/chairman; Don Rhodes, president/chief executive officer.

Consolidated Risk Management Services

1602 Rolling Hills Drive, Richmond, Va. 23283; 804-285-8000

Year founded: 1968.

Parent company: Consolidated Healthcare Inc.

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

Off-site services. Frequent training classes or seminars.

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

Staff: Seven staff members; six assigned to safety consulting, including

Continued on page 28

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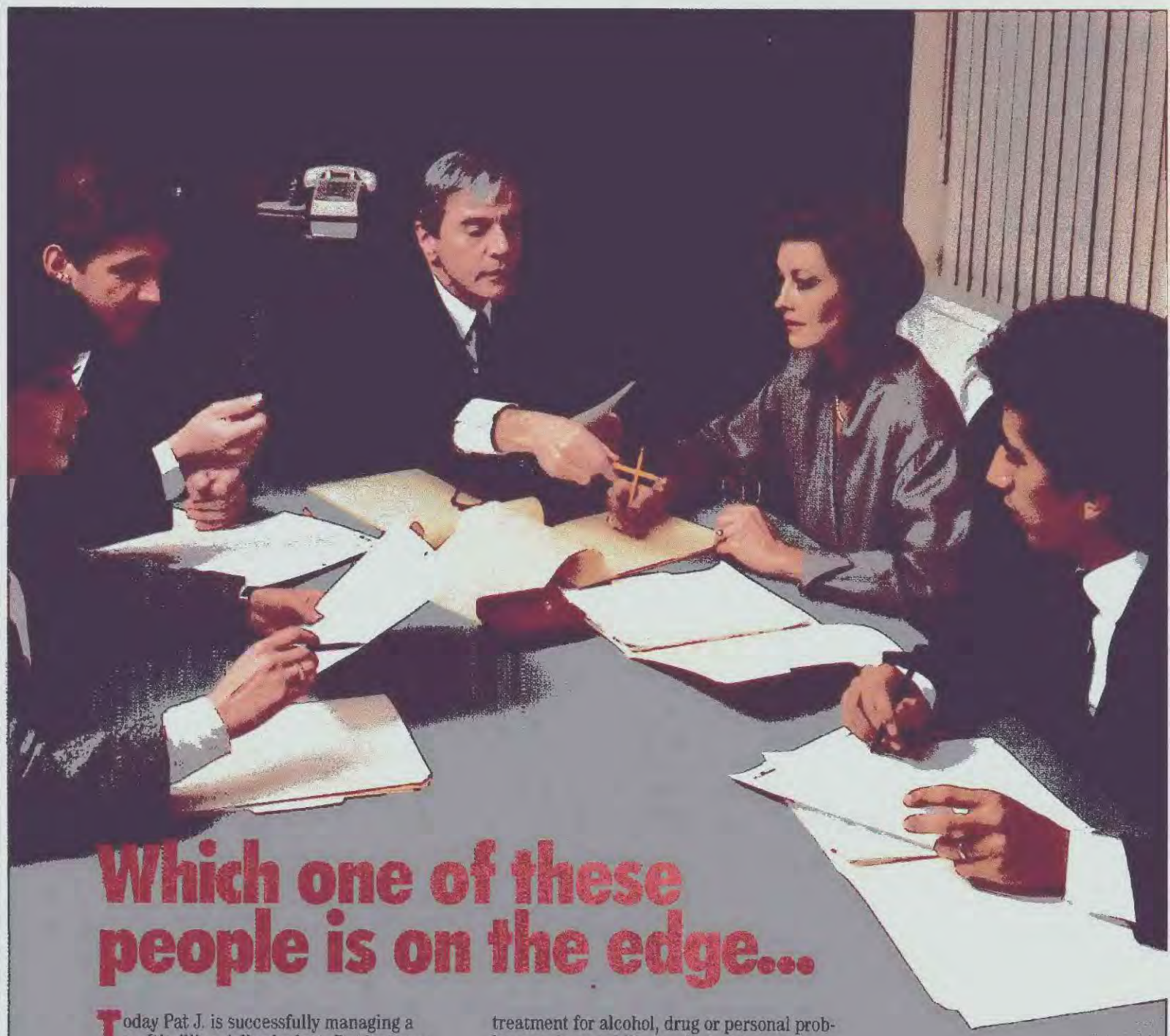

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BI-L

Hidden liabilities

Employers not immune to lawsuits by injured employees

By Scott Tucker

UNDER MOST STATUTORY workers compensation insurance programs, employers are immune from tort liability to injured employees. However, there are a number of common scenarios in which employers may lose that immunity and find themselves exposed to common law tort suits. These problems can arise when personnel, operations, legal and purchasing management teams fail to work with risk managers to make informed decisions regarding other areas of operation and their effects on risk exposure—and thereby prevent the risk manager from insuring the company appropriately for general liability.

It should be noted that the frequency of these types of scenarios is increasing. We are living today in a highly litigious environment. With increasing numbers of insurance companies becoming insolvent and with the trend to reduce insurance coverage in response to rising insurance costs, more and more companies are finding themselves exposed as plaintiffs' lawyers search for more and deeper pockets. With the potential for uncalculated, inadvertent exposure on the rise, the risk manager's already critical role is heightened. The prudent company recognizes the value of its risk manager's expertise and creates a structure for corporate decision-making that requires the involvement of the risk manager.

Perhaps the most common manner in which tort liability immunity is lost is when a company hires temporary workers through an agency. The temporary worker remains an employee of the agency, rather than becoming an employee of the company. This produces short-term benefits, especially for the personnel and bookkeeping department in the reduced cost of employment and the paperwork related to it. There is an offsetting factor, however, in the company's long-term exposure to tort liability. The temporary worker is not barred from suit against the company and, as a result, can bring a common law tort suit against the company.

Perhaps the most common manner in which tort liability immunity is lost is when a company hires temporary workers through an agency.

Certainly, the temporary worker faces the more difficult task of proving negligence in order to recover against the company (a regular employee needs only to show the injury occurred in the course of his or her employment in order to receive workers compensation benefits). However, if negligence is established, the damages awarded by a jury in most tort actions are far greater than the statutory damages awarded by administrative boards under workers compensation acts.

The temporary worker's proof of liability against the company actually may be facilitated by the circumstances under which the company decided to hire temporary help. In the case of a temporary worker who is hired to fill in for an absent employee, the primary objective is to prevent lost productivity, and the temporary worker is put to work as quickly as possible. As a rule, temporary workers rarely receive the level of training provided to permanent employees involved in the same task—and this can be argued to have increased the temporary worker's risk of injury. In the case of unusual tasks that do not routinely involve permanent employees, the company may not have developed appropriate training and supervisory procedures that minimize the risk of injury—and this can be used as evidence of negligence.

The decision to employ temporary workers should be made with appropriate consideration of the short-term benefits vs. long-term risks. As such, the decision should be made in consultation with the risk manager, who can present the long-term risks and, if necessary, ensure proper general liability insurance protection.

Multiple entity structures can also increase risk. Many types of companies find it beneficial to operate different aspects of their businesses in separate entities within an otherwise unified business operation. Common examples are in real estate development and operations where separate entities engage in related activities, such as developer/general contractor, general contractor/equipment operator, property owner and operator/property manager and landlord/tenant. While it may be wise for the company to maintain multiple entities for tax, financing and other corporate purposes, there is a risk: One of the entities may find itself liable in tort to employees of the other.

The damages awarded by a jury in most tort actions are far greater than the statutory damages awarded under workers compensation acts.

Consider, for example: Worker A is employed by Entity A and is injured in the course of a job that involves the services of Entity B. Worker A receives workers compensation benefits through his immediate employer, Entity A. But the worker can demonstrate negligence on the part of Entity B that led to the injury. Worker A may bring a common law tort suit against Entity B.

Is Entity B immune through workers compensation? The answer lies in whether the barriers between the corporate entities have been disregarded. If the barriers have been adhered to, the immunity will not extend to Entity B. Ironically, companies that faithfully comply with corporate counsel's admonition to maintain separate boards of directors, offices, books and operations, may be exposing themselves to increased tort liability. This type of situation will be particularly harmful to companies that purchase workers compensation insurance but self-insure or keep a large deductible or retention on their general liability insurance coverage.

Therefore, while there are any number of sound business reasons for setting up multiple corporate entities, there is a downside and the risk manager is in the best position to identify what those risks are and how to go about insuring against them.

Inadvertent risk can arise from contractual provisions. Many standard contracts—particularly those in construction and property management and leasing—include indemnification provisions, through which a company agrees to indemnify or hold harmless a third party from liability to the company's employees. While the modern trend of the law is to strike down implied indemnification obligations, most jurisdictions continue to recognize the right of any party to a contract to voluntarily assume an obligation from which it is otherwise immune. As a result, express indemnification provisions are upheld.

As an example, consider this lease negotiation between an investment firm and a property management company. The policy of the property manager for the building is to limit tenants' business operations to the hours during which it provides a security guard for the building. The investment firm wants access to the building before and after business hours. The investment firm therefore negotiates a lease in which it expressly indemnifies the property manager from liability to persons using the premises during the off hours.

An employee of the firm working after hours is mugged on his way to the rest room and sustains serious bodily injuries and emotional trauma. The employee brings a common law tort suit against the property management company for neglecting to provide adequate security. By nature of the indemnification provisions of its lease, the investment company finds itself with a potential liability to indemnify the property management company for a judgment obtained by the employee from which it would otherwise have been immune under the workers compensation statute.

Conceptually, contractual indemnification liability differs from the preceding two situations in that the employer is not liable directly to its ut it is easy to see from the case above that, practically, the exposure is identical because the liability of a negligent third party is passed through to the employer, which contractually indemnified the third party from liability. Even more distressing to the employer and the risk manager is the fact that the employer need not have been negligent (a prerequisite to exposure in the preceding two examples).

The only requirement is that the provisions of the contract relating to the circumstances of the third party's liability are met; for example, the injury arises out of the third party's performance of the contract.

While the first two situations most often arise as a result of failure to reconcile the good intentions of one department with those of risk management, the final situation here often arises inadvertently. Indemnity provisions may give rise to a type or level of exposure that was not initially contemplated by the risk manager in considering which insurance coverage, including exclusions, to purchase for the company. Before another department exposes the company to indemnification liability, all options for eliminating the exposure should be considered. If the indemnification provisions in the contract are negotiable, they should be eliminated. If they are non-negotiable, the benefit of entering into the contract should be evaluated—or insurance alternatives should be explored.

It is important to note that many state legislatures have enacted laws that nullify contractual indemnification provisions. Risk managers, particularly those in areas like construction subcontracting, may be able to encourage the passage of such legislation in their own states.

In summary, companies cannot allow other departments to operate without considering the liability exposure created by their decisions. This is especially true in light of the unprecedented litigiousness of today's business environment. A structure for decision-making must be created that involves the risk manager as a matter of routine. Only in this way is the risk manager ensured the opportunity to do the job he or she has been hired to perform; that is, to promote a discussion of the benefits and risks of a department's proposed action, to attempt to change the action if it so merits and, barring change, to adjust the company's insurance coverage accordingly.

Scott Tucker is a partner in the law firm of Parker, Coulter, Daley & White, with offices in Boston and Fall River, Mass.

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one ARM, two ASPs, one CPCU, three CSPs, one Ph.D.; five ASSE members.

Clients: 2,049 total clients; 90% with gross revenues less than $200 million, 10% with $200-$500 million.

Specialties: Public employers.

Branch offices: Farmington Hills, Grand Rapids and Saginaw, Mich.; Fairfax, Va.

1988 gross revenues: 10% from unbundled safety consulting services.

Principal officers: William D. Monday Jr., president; Darrell D. Jarvis and Michael Murawski, executive vps; Robert S. Patterson, senior vp; David G. Brown, vp-marketing.

Constitution State Service Co.

1 Tower Square, 10 MN, Hartford, Conn. 06183; 203-277-3429

Year founded: 1978.

Parent company: The Travelers Insurance Co.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, fleet and marine safety consulting; boiler and machinery and pressure vessel safety inspection services.

Off-site services: Frequent training classes or seminars.

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

Staff: 476 staff members; 338 assigned to safety consulting, including eight AIHAs, 20 ACLMs, 25 ARMs, 30 ASPs, 20 CHCMs, five CIHs, four CPCUs, 150 CSPs, 50 PEs, one NSC; ASSE memberships held by staff.

Clients: 120 corporate and institutional safety consulting clients; 10% with gross revenues less than $200 million, 20% with $200 million-$500 million, 40% with $500 million-$1 billion, 15% with $1 billion-$3.5 billion, 15% with more than $3.5 billion.

Branch offices: More than 80 field offices in the U.S. and Canada.

Principal officers: Michael Ignatewicz, president; Robert Greenberg, executive vp; Robert McGinnis, treasurer.

Construction Safety Consultants Inc.

5597 Seminary Road, Suite 1104-S, Falls Church, Va. 22041; 703-379-2509

Year founded: 1973.

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

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

Staff: Three staff members; two assigned to safety consulting, including two CHCs, one CSP, two NSMSs; two ASSE members.

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

Specialties: Construction and manufacturing.

1988 gross revenues: $200,000 total, 100% from unbundled safety consulting services.

Principal officers: Frederick F. Foote, president/treasurer; Carole Ann Foote, vp/secretary.

Consultant Services Institute Inc.

651 W. Mount Pleasant Ave., Livingston, N.J. 07039; 201-992-3811

Year founded: 1969.

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

Other services: OSHA compliance, industrial hygiene research, occupational health research, product liability research, fire protection engineering.

Staff: 35 staff members assigned to safety consulting, including four CREs, four CQEs, three CSPs, two MDs, 25 PEs, 17 Ph.D.s, four RNs; seven ASSE members.

Clients: 13 corporate and institutional safety consulting clients.

Specialties: Manufacturing.

1988 gross revenues: $1 million total, 85% from unbundled safety consulting services.

Principal officers: Richard M. Jacobs, president; Glenn Storck and Lawrence Dorsky.

Consumer Usage Laboratories Inc.

1688 E. Gude Drive, Rockville, Md. 20850; 301-424-8200

Year founded: 1976.

On-site services: Occasional ergonomic program assistance.

Other services: Ergonomic research, product liability research; consulting on product labeling, warnings and recalls.

Staff: Three staff members, including one Ph.D.; one ASSE member.

Clients: Approximately 100 total clients.

Specialties: Manufacturing, legal profession.

Principal officers: Robert Cunitz, president; Anita Cunitz, vp.

Continental Risk Management Inc.

696 Ritchie Hwy. Severna Park, Md. 21146; 301-261-1600

Year founded: 1986.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional product liability research.

Staff: Three staff members; two assigned to safety consulting, including one ARM, two CHCs, one CSP.

Clients: 100 total clients, 100% with gross revenues less than $200 million.

Specialties: Construction.

1988 gross revenues: $100,000 total, 100% from unbundled safety consulting services.

Principal officers: Russell G. DeVoe, president; Welca Braswell, vp; George T. Moran, secretary.

Coopers & Lybrand-Casualty Actuarial & Risk Management Consulting Group

1251 Ave. of the Americas, New York, N.Y. 10020; 212-536-3086

Year founded: 1898.

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

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, occupational health research, product liability research, fire protection engineering.

Staff: 25 staff members, one assigned to safety consulting; professional designations held by staff include five ARMs, two CPCUs, one CSP, one Ph.D., one RN; one ASSE member.

Principal officers: James A. Hall III, Frederick O. Kist, Oakley Van Slyke, Richard E. Sherman and Richard J. Fallquist.

Corporate Service Inc.

29500 W. Five Mile Road, Livonia, Mich. 48154; 313-525-4540

Year founded: 1932.

Parent company: Alexander & Alexander Services Inc.

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

Off-site services: Frequent training classes or seminars.

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

Staff: 167 staff members; nine assigned to safety consulting, including one ASP, one CHCM, eight CSPs, one PE; 11 ASSE members.

Clients: More than 300 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 6% with $200 million-$500 million, 3% with $500 million-$1 billion, 1% with more than $3.5 billion.

Specialties: Municipalities, educational, construction, retail, manufacturing.

Branch offices: Grand Rapids and Bay City, Mich.

1988 gross revenues: 5% from unbundled safety consulting services.

Principal officers: R.F. Proffer, president; William Wallace, vp-finance; J.D. Daniel, vp-sales; D.K. Fisher, vp-administration.

Corroon & Black of New York Inc.-Technical Service Division

150 William St., New York, N.Y. 10038; 212-732-4900

Year founded: 1905.

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

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

Staff: Eight staff members; four assigned to safety consulting, including two ARMs, one CPCU, three CSPs, four PEs; three ASSE members.

Clients: 240 total clients; 15% with gross revenues less than $200 million, 70% with $200 million-$500 million, 5% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Specialties: Real estate, aerospace, construction, retail, chemical.

1988 gross revenues: $585,000 total, 14% from unbundled safety consulting services.

Principal officers: E. Sweeney, chairman; J. Kelly, president/chief executive officer; H. Ehrlich, chief operating officer; D. Giusto, treasurer; R. Loughlin, executive vp.

Coulter, Hoffman & Associates Inc.

P.O. Box 357, Delaware, Ohio 43015; 614-363-9715

Year founded: 1984.

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

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

Staff: 13 staff members; six assigned to safety consulting, including one PE; six ASSE members.

Clients: 150 clients, 100% with gross revenues less than $200 million.

Specialties: Amusement and entertainment industries.

Branch offices: Melbourne, Australia; London.

1988 gross revenues: $750,000 total, 60% from unbundled safety consulting services.

Principal officers: Richard Coulter, president; Patrick Hoffman, vp; Fayetta Coulter, Jeff Abendshien and David Bromilow, directors.

Crawford & Co.

5620 Glenridge Drive N.E., Atlanta, Ga. 30342; 404-256-0830

Year founded: 1941.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, fire protection engineering; occasional occupational health research. Industrial hygiene testing done through contract with independent facilities.

Staff: 42 staff members; 34 assigned to safety consulting, including two AIHAs, four ARMs, four ASPs, six CHCMs, four CPSMs, two CSEs, 20 CSPs, six NSMSs, five PEs, seven NSCs; 36 ASSE members.

Clients: 65 corporate and institutional safety consulting clients.

Specialties: Food processing, construction, manufacturing, transportation, restaurants.

Branch offices: Boston; Hartford, Conn.; Syracuse, N.Y., Trenton, N.J.; Philadelphia and Harrisburg, Pa.; Cleveland; Baltimore; Greensboro, N.C.; Atlanta; Orlando and Fort Lauderdale, Fla.; Memphis, Tenn.; Dallas; Houston; Chicago; St. Louis; St. Paul, Minn.; Detroit; Los Angeles; San Francisco; Seattle; Honolulu.

1988 gross revenues: $294 million total, 1% from unbundled safety consulting services.

Principal officers: F.L. Minix, chairman/chief executive officer; P.A. Bollinger, C.C. Lefler, D.R. Chapman and F.J. Semancik, executive vps.

Crisis Management Corp.

1650 S. Pacific Coast Hwy., Suite 311, Redondo Beach, Calif. 90277; 213-316-2257

Year founded: 1987.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation, product liability research, noise and vibration research, fire protection engineering, consulting on earthquake damage.

Staff: 10 staff members; four assigned to safety consulting, including one CSP, two PEs, two Ph.D.s

Clients: 10 corporate and institutional safety consulting clients; 15% with gross revenues less than $200 million, 15% with $200 million-$500 million, 30% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 20% with more than $3.5 billion.

1988 gross revenues: $700,000 total, 100% from unbundled safety consulting services.

Principal officers: John H. Wiggins, president; Richard H. Soper, executive vp; Jack Wiggins, senior consultant; Stephen Jackubowski and Donna DePrima, consultants.

D

Thomas F. Dalton Consulting Services

40 Joni Ave., Hamilton Square, N.J. 08690; 609-581-0331

Year founded: 1980.

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

Off-site services: Training classes or seminars.

Other services: Publication of safety materials, OSHA compliance, fire protection engineering, compliance audits, site and spill supervision. Industrial hygiene testing done

Continued on next page

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through contract with independent contractors.

Staff: Two staff members, one assigned to safety consulting; professional designations held by staff include one AIHA, one CHCM, one CPSM, one OHST, one Ph.D.; one ASSE member.

Clients: 25 corporate and institutional safety consulting clients; 60% with gross revenues less than $200 million, 20% with $200 million-$500 million, 10% with $500 million-$1 billion, 10% with $1 billion-$3.5 billion.

1988 gross revenues: $150,000 total, 75% from unbundled safety consulting services.

Principal officers: Thomas F. Dalton and Sally M. Dalton.

Bob DeBenedictis Inc.

4660 S. Hampton Drive, Orlando, Fla. 32812; 407-275-7327

Year founded: 1981.

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

Other services: Publication of safety materials or videos.

Staff: Six staff members, four assigned to safety consulting; two ASSE members.

Clients: 350 corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 25% with $200 million-$500 million, 25% with $500 million-$1 billion.

Specialties: Cranes and riggings.

Branch offices: Boston, Houston.

1988 gross revenues: $450,000 total, 100% from unbundled safety consulting services.

Principal officers: Bob DeBenedictis, president; Curt Lund, vp; Floyd Dixon, manager; Richard Nemerosky, director-training.

Delaney Consulting Inc.

8001 Nicklaus Drive, Suite 2, Orlando, Fla. 32825; 407-273-7901

Year founded: 1981.

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

Other services: Frequent OSHA compliance; occasional publication of safety materials or videos, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

Staff: One staff member who holds a CSP designation and is an ASSE member.

Clients: 25 total clients.

Specialties: Manufacturing, construction.

Principal officers: Edward L. Delaney, president.

Delta Environmental Consultants Inc.

1801 Highway 8, Suite 114, St. Paul, Minn. 55112; 612-636-2427

Year founded: 1986.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent health risk assessments; occasional development of training materials, OSHA compliance, industrial hygiene research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: 240 staff members, including 30 PEs, one Ph.D.; one ASSE member.

Branch offices: Tampa, Fla.; Fort Collins, Colo.; Sacramento, Calif.; Dallas; Phoenix; Charlotte, N.C.

Principal officers: Jerry Rick, president; Jim Prieux, vp-technical operations; Allen Rechnagel, vp-Rocky Mountain region; Robert Karls, vp-Midwest region; John Jungwirth, vp-field services.

Dynamic Scientific Control

P.O. Box 445, Wilmington, Del. 19899; 302-762-4304

Year founded: 1984.

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

Off-site services: Frequent training classes or seminars.

Other services: Development of training materials, OSHA compliance, product liability research.

Staff: One staff member assigned to safety consulting who holds Ph.D. and CSP designations and is an ASSE member.

Clients: 50% with gross revenues $1 billion-$3.5 billion, 50% with more than $3.5 billion.

Specialties: Construction.

Principal officers: J. Nigel Ellis, president.

E

ESIS Inc.

1600 Arch St., Philadelphia, Pa. 19103; 215-523-2100

Year founded: 1955.

Parent company: CIGNA Corp.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic

Continued on next page

Attention: Employee Benefits Managers

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

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

Staff: 580 staff members; 430 assigned to safety consulting, including 12 AIHAs, 10 ARMs, 12 CIHs, 100 CSPs, 30 PEs; 351 ASSE members.

Clients: 86 corporate and institutional safety consulting clients.

Branch offices: Atlanta, Boston, Chicago, Dallas, Detroit, Houston, Los Angeles, New York and San Francisco.

Principal officers: Edward P. Holleran, president; George W. Putnam, vp; Andrew J. Proda, director-product management; Robert F. Bruce, loss control manager.

Ennis, Lumsden, Boylston Associates Inc.

605 Eastowne Drive, Chapel Hill, N.C. 27514; 800-334-5478

Year founded: 1978.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, asbestos audits and monitoring, OSHA recordkeeping audits and training.

Off-site services: Frequent training classes or seminars.

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

Staff: 70 staff members; five assigned to safety consulting, including four AIHAs, one ASP, one CHCM, four CIHs, one COHN, four CSPs, one MD, one NSMS, one OHST, one Ph.D., one RN, one NSC; seven ASSE members.

Clients: 200 corporate and institutional safety consulting clients; 70% with gross revenues less than $200 million, 16% with $200 million-$500 million, 10% with $500 million-$1 billion, 1% with $1 billion-$3.5 billion, 3% with more than $3.5 billion.

Specialties: Manufacturing, municipalities, institutions.

1988 gross revenues: $4 million total, 25% from unbundled safety consulting services.

Principal officers: Richard Ennis, president; John Lumsden, senior vp-industrial hygiene; Ray Boylston, senior vp-safety; Lindsay Cook, vp-technical services; William Creech, vp-clinical sales.

Ergonomic Services Inc.

5520 LBJ Freeway, Suite 200, Dallas, Texas 75246; 214-960-9515

Year founded: 1983.

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

Other services: OSHA compliance, ergonomic research.

Staff: 10 staff members, including two Ph.D.s.

Clients: 30 total clients; 10% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 30% with more than $3.5 billion.

Specialties: Distributors.

Principal officers: Terry Broxson, president; Charles Anderson, executive vp; Kirby Dalton, vp-marketing.

Stephen A. Estrin & Co. Inc.

Rural Route 9, P.O. Box 127, Mahopac, N.Y. 10541; 914-628-3336

Year founded: 1975.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance.

Other services: Occasional publication of safety materials or videos, rehabilitation, OSHA compliance, product liability research, noise and vibration research, fire protection engineering.

Staff: Seven staff members; five assigned to safety consulting, including one PE, one Ph.D., one RN; three ASSE members.

Clients: Four corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with more than $3.5 billion.

Specialties: Construction, manufacturing, legal profession, insurance.

Branch offices: Cleveland.

1988 gross revenues: Approximately $501,000 total, 100% from unbundled safety consulting services.

Principal officers: Stephen A. Estrin, president/chief executive officer; Hyman M. Estrin, contruction engineer; Dr. Alan Riga, forensic scientist; Karen Stadtler-Estrin, occupational safety consultant; George V. Wolstenholme, photogrammetric engineer.

F

The FPE Group

3687 Mount Diablo Blvd., Lafayette, Calif. 94549; 415-283-8860

Year founded: 1974.

Parent company: Fred S. James & Co. Inc.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research, fire protection engineering, chemical hazards control, construction safety, driver and fleet safety; occasional industrial hygiene research, occupational health research, ergonomic research, product liability research. Industrial hygiene testing done by contract with independent labs.

Staff: 57 staff members; 10 assigned to safety consulting, including six AIHAs, one CHCM, two COHNs, three CSPs, three NSMSs, 13 PEs, three RNs, two NCSs; seven ASSE members.

Clients: 70 corporate and institutional safety consulting clients.

Branch offices: Naperville, Ill.; Los Angeles.

1988 gross revenues: $4.5 million total, 20% from unbundled safety consulting services.

Principal officers: Kenneth E. Berg, president; Robert A. Lapidus, Thomas J. Walker, Jospeh H. Talbert and Edward K. Vining, senior vps.

FallSAFE Inc.

P.O. Box 165, Portland, Ore. 97207-0165; 503-245-4296; 503-243-3549

Year founded: 1985.

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

Off-site services: Frequent training classes or seminars, safety video production.

Other services: Frequent publication of safety materials or videos, development of training materials; occasional ergonomic research.

Staff: Five staff members; all assigned to safety consulting, including one MD; two ASSE members.

Clients: 55 corporate and institutional safety consulting clients; 10% with gross revenues $200 million-$500 million, 20% with $500 million-$1 billion, 10% with $1 billion-$3.5 billion, 60% with more than $3.5 billion.

Gross revenues: 100% from unbundled safety consulting services.

Principal officers: Robert Pater, director-training; Robert Button, director-program development.

Field Consulting

431 Lenox Court, Pleasant Hill, Calif. 94523; 415-947-6817

Year founded: 1983.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training

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classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance; public seminars on state and federal hazardous materials regulations and OSHA.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, fire protection engineering, hazardous materials handling and compliance consulting.

Staff: One staff member who holds CHCM, CSP and PE designations and is an ASSE member.

Clients: Six corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Gross revenues: 100% from unbundled safety consulting services.

Principal officers: T.W.D. Field, owner.

Fireman's Fund Insurance Cos.-Loss Control

P.O. Box 777, Novato, Calif. 94988-9002; 415-899-2353

Year founded: 1863.

Parent company: Fireman's Fund Corp.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Occasional publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: 350 staff members; all assigned to safety consulting, including 20 AIHAs, 40 ACLMs, 50 ASPs, six CIHs, three COHNs, seven CPCUs, 130 CSPs, 10 PEs, three RNs; 175 ASSE members.

Clients: 50 corporate and institutional safety consulting clients; 75% with gross revenues less than $200 million, 10% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-more than $3.5 billion.

Branch offices: 46 locations in the United States.

Principal officers: Dennis Cockerham, vp-loss control.

Fire Protection Associates Inc.

1101 Kermit Drive, Suite 304, Nashville, Tenn. 37217; 615-361-4700

Year founded: 1981.

On-site services: Occasional safety audits/reviews of current programs, training classes or seminars; fire safety consulting.

Other services: Frequent fire safety consulting, including surveys of buildings for compliance with fire codes, and design review of proposed structures.

Staff: Three staff members; two assigned to safety consulting, including one ASSE member.

Clients: 30 total clients.

1988 gross revenues: $186,000 total, 100% from unbundled safety consulting services.

Principal officers: Tom D. Copeland, president; William M. Steffenhagen, secretary/treasurer.

Flex Fire Protection Design

201 Naperville Road, Wheaton, Ill. 60187; 312-668-8998

Year founded: 1986.

On-site services: Occasional safety audits/reviews of current programs.

Other services: Frequent fire protection engineering, property inspections, building code consulting; occasional noise and vibration research.

Staff: Four staff members, all assigned to safety consulting.

Clients: 25 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Principal officers: Mark Bromann, president; Tim Ringness, vp.

Forensic Engineering

3490 Whitney Ave., Hamden, Conn. 06518; 203-281-6551

Year founded: 1973.

On-site services: Training classes or seminars.

Other services: Ergonomic research, product liability research, noise and vibration research.

Staff: Four staff members; two assigned to safety consulting, including two PEs; three ASSE members.

Clients: 250 corporate and institutional safety consulting clients.

Specialties: Insurance, legal profession, manufacturing, educational institutions.

Principal officers: Michael E. Shanok, president; Gilbert E. Nicholls, senior engineer; Lisa B. Williams, administrative assistant.

Friedman, Eisenstein, Raemer & Schwartz

401 N. Michigan Ave., Chicago, Ill. 60611; 312-644-6000

Year founded: 1972.

On-site services: Frequent safety

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program assistance; occasional safety audits/reviews of current programs, development of plant safety and employee safety manuals.

Other services: Occasional publication of safety materials or videos, development of training materials, product liability research. Industrial hygiene testing done by contract with outside labs.

Staff: Three staff members; two assigned to safety consulting, including one ARM.

Clients: Not reported; 100% with gross revenues less that $200 million.

Specialties: Manufacturing, construction.

Principal officers: James F. Goodman, director-risk management consulting; Irwin Steinberg and Eric Lundstrom, partners.

Fyrsafe Engineering Inc.

240 Howard Ave., Des Plaines, Ill. 60018; 312-397-7233

Year founded: 1986.

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

Off-site services: Occasional training classes or seminars, product analysis, fire protection design.

Other services: Frequent product liability research, fire protection engineering; occasional publication of safety materials or videos, development of training materials, OSHA compliance.

Staff: Five staff members; three assigned to safety consulting, including two CSPs, one PE, one NSC; three ASSE members.

Clients: 50 total clients.

1988 gross revenues: $300,000 total, 100% from unbundled safety consulting services.

Principal officers: John M. Mertens, president.

G

GAB Business Services Inc.-Safety & Loss Control Division

Linden Plaza, 9 Campus Drive, Parsippany, N.J. 07054; 201-993-3423

Year founded: 1986.

Parent company: SGS North America.

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

Off-site services: Occasional training classes or seminars.

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

Staff: 16 staff members; 15 assigned to safety consulting, including three ARMs, one CPCU, one CPSM, one CSD, six CSPs, four NSMSs, one PE, five NSCs; 16 ASSE members.

Clients: 35 corporate and institutional safety consulting clients.

Specialties: Transportation and trucking, manufacturing, commercial and government construction.

Branch offices: Chicago, Atlanta, Los Angeles, Dallas.

Principal officers: Richard A. Simon, chairman; Joseph L. Rizzo and William F. Bergs, executive vps; Raymond A. Auckerman, senior vp; Harvey S. Staple, national director-safety/loss.

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230 Wewaka Brook Road, Bridgewater, Conn. 06752; 203-354-7347

Year founded: 1974.

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

Other services: Occasional product liability research.

Staff: One staff member who holds a PE designation and is an ASSE member.

Clients: 40 corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 10% with $200 million-$500 million, 25% with $500 million-$1 billion, 10% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Specialties: Manufacturing.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: James E. Gaffney, owner.

Gallagher Bassett Services Inc.

60 Gould Center, Rolling Meadows, Ill. 60008; 312-640-8555

Year founded: 1962.

Parent company: Arthur J. Gallagher & Co.

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

Off-site services: Training classes or seminars.

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

Staff: 48 staff members; 47 assigned to safety consulting, including two AIHAs, three ARMs, one ASP, two CHCMs, one CIH, nine CSPs, six NSMSs, three PEs; 40 ASSE members.

Clients: 372 corporate and institutional safety consulting clients.

Specialties: Manufacturing, food industry, printing, institutions, municipalities, commercial and religious organizations.

Branch offices: Miami; Spring Valley, N.Y.; St. Louis; Los Angeles.

1988 gross revenues: $5.3 million total, 40% from unbundled safety consulting services.

Principal officers: Jack Campbell, chairman; Peter Durkalski, president; Rich McKenna and Don Klein, executive vps; Fred Potenza, vp.

General Safety Engineering

1355 Hilda Ave., Suite A, Glendale, Calif. 91205; 818-241-0214

Year founded: 1986.

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

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: Three staff members; all assigned to safety consulting, including those holding ARM, CHP, CHCM, CSE, CSM, CSP, PE and NSC designations; three ASSE members.

Clients: 45 corporate and institutional safety consulting clients.

Principal officers: John A. O'Toole, director-safety/health.

Gosh Inc.

11614 Dumas, Houston, Texas 77034; 713-946-6223

Year founded: 1977.

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

Off-site services: Frequent training classes or seminars.

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

Staff: Two staff members; both assigned to safety consulting, including one CHCM, one CSP, two OHSTs; two ASSE members.

Clients: Eight corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Specialties: Petroleum, transportation, construction, mining.

Principal officers: Chet Hale, vp; Evelyn Hale, president.

Gow Management Services Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-1100

Year founded: 1982.

Parent company: S.H. Gow & Co. Inc.

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

Off-site services: Frequent training classes or seminars.

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

Staff: Four staff members; one assigned to safety consulting, who is an AIHA.

Clients: 100 corporate and institutional safety consulting clients; 93% with gross revenues less than $200 million, 5% with $200 million-$500 million, 2% with $500 million-$1 billion.

Specialties: Construction.

Branch offices: Albany, Rochester and Syracuse, N.Y.

1988 gross revenues: $400,000 total, 60% from unbundled safety consulting services.

Principal officers: Jeffrey Gow, president; Michael Gow, senior vp.

Fred W. Graham, C.S.P., C.P.P.

3628 Tall Timber Drive, Birmingham, Ala. 35242; 205-991-5889

Year founded: 1988.

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

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

Staff: One staff member who holds CSP and CPP designations and is an ASSE member.

Clients: Four clients; 25% with gross revenues less than $200 million, 25% with $500 million-$1 billion, 50% with $1 billion-$3.5 billion.

Specialties: Construction.

1988 gross revenues: $117,000 total, 100% from unbundled safety consulting services.

Principal officers: Fred W. Graham, construction wrap-up insurance and safety consultant.

H

C.R. Haines & Associates

825 Wheelwright Drive, Manchester, Mo. 63021; 314-227-3959

Year founded: 1984.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research; occasional rehabilitation, ergonomic research.

Staff: One staff member who holds CSP and PE designations and is an ASSE member.

Clients: 35 corporate and institutional safety consulting clients; 60% with gross revenues less than $200 million, 30% with $200 million-$500 million, 10% with $500 million-$1 billion.

Specialties: Theme parks, construction.

1988 gross revenues: More than $100,000 total, 100% from unbundled safety consulting services.

Principal officers: C.R. Haines, president.

Robert E. Harner, C.S.P., P.E. Inc.

101 W. River Road, Suite 6, Tucson, Ariz. 85704; 602-888-7705; 800-544-8843

Year founded: 1983.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, friction testing of walking surfaces.

Other services: Frequent OSHA compliance, ergonomic research; occasional publication of safety materials or videos, development of training materials, product liability research, fire protection engineering.

Staff: One staff member who holds CSP, PE and NSC designations and is an ASSE member.

Clients: 14 corporate and institutional safety consulting clients.

Specialties: Construction.

1988 gross revenues: $150,000 total, 100% from unbundled safety consulting services.

Principal officers: Robert E. Harner, president.

Hewitt, Coleman & Associates Inc.

P.O. Box 3665, Greenville, S.C. 29608; 803-242-4350

Year founded: 1923.

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

Off-site services: Occasional training classes or seminars.

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

Staff: 13 staff members; 11 assigned to safety consulting, including one ASP, two CSSs; 11 ASSE members.

Clients: 1,055 total clients.

Branch offices: Raleigh, N.C.; Atlanta; Orlando, Fla.; Birmingham, Ala.; Denver; Jackson, Miss.

1988 gross revenues: 20% from unbundled safety consulting services.

Principal officers: Charles R. Warne, chairman/chief executive officer; Willard L. Quinn Jr., senior vp-operations; E.J. Kaminski, senior vp-marketing; J. Wesley Sexton, assistant vp-loss control.

Charles M. Hunt Loss Control Consultant

5043 Grape, Houston, Texas 77096; 713-665-8249

Year founded: 1985.

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

Other services: Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance, industrial hygiene research, occupational health research, ergonomic research.

Staff: One staff member who holds a CSP designation and is an ASSE member.

Clients: Two corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Specialties: Construction, manufacturing, service.

Continued on next page

Continued from previous page

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Charles M. Hunt, consultant.

I

I.P.C. Chicago Inc.

787 Beverly Place, Lake Forest, Ill. 60045; 312-718-7395

Year founded: 1978.

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

Off-site services: Frequent training classes or seminars; industrial hygiene testing.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, noise and vibration research, fire protection engineering.

Staff: 15 staff members; nine assigned to safety consulting, including one AIHA, one ARM, one ASP, one CHCM, two CIHs, one CSE, two CSPs, one RN, one NSC; two ASSE members.

Clients: 40 corporate and institutional safety consulting clients; 32% with gross revenues less than $200 million, 50% with $200 million-$500 million, 8% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Specialties: Asbestos.

Branch offices: Chicago and Northbrook, Ill.

1988 gross revenues: $2 million total, 100% from unbundled safety consulting services.

Principal officers: Robert G. Cooley, president.

Industrial Health & Safety Division of Xordium Inc.

P.O. Box 8422, Newport Beach, Calif. 92658-8422; 714-759-1707

Year founded: 1975.

Parent company: Xordium Inc.

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

Other services: Publication of safety materials or videos, OSHA compliance. Industrial hygiene testing done by contract with outside labs.

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

Clients: 14 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Specialties: Manufacturing, municipalities.

1988 gross revenues: $100,000 total, 100% from unbundled safety consulting services.

Principal officers: Fred C. Gillett, president.

Industrial Safety Consultants

4 Pamona Ave., Birmingham, Ala. 35209; 205-879-5159

Year founded: 1973.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, expert witness testimony.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, OSHA compliance, product liability research, accident investigations; occasional development of training materials, noise and vibration research, fire protection engineering.

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

Clients: 60 total clients.

Specialties: Legal profession.

Principal officers: Fred Melof, owner.

Industrial Technical Associates

Three Stanley Road, P.O. Box 332, West Orange, N.J. 07052; 201-674-2625

Year founded: 1967.

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

Other services: Publication of safety manuals, OSHA compliance.

Staff: One staff member who holds AIHA, CIH, CSP and NSC designations and is an ASSE member.

Clients: 10 corporate and institutional safety consulting clients.

1988 gross revenues: $120,000 total, 90% from unbundled safety consulting services.

Principal officers: Abraham Wallach, director.

Insurance Management Services Inc.

32255 Northwestern Highway, Suite 290, Farmington Hills, Mich. 48018; 313-855-8814

Year founded: 1985.

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

Off-site services: Frequent training classes or seminars.

Continued on next page

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Continued from previous page

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

Staff: Five staff members; three assigned to safety consulting, including one ASP, two CSPs; three ASSE members.

Clients: 600 corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 35% with $200 million-$500 million, 13% with $500 million-$1 billion, 2% with $1 billion-$3.5 billion.

Specialties: Manufacturing.

1988 gross revenues: $1.5 million total, 12% from unbundled safety consulting services.

Principal officers: Dennis K. Jacobs, president; Stephen Horvath, vp.

Insurance & Risk Management

3811 Illinois Road, P.O. Box 1705, Fort Wayne, Ind. 46801; 219-436-1616

Year founded: 1961.

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

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

Staff: Four staff members; three assigned to safety consulting, including one ACLM, one ARM, one CHCM, one CPCU, two CSPs, one OHST; two ASSE members.

Clients: 300 corporate and institutional safety consulting clients; 98% with gross revenues less than $200 million, 2% with $200 million-$500 million.

Specialties: Manufacturing, municipalities, retail.

Branch offices: Muncie and Indianapolis, Ind

1988 gross revenues: $175,000 total.

Principal officers: Paul Porter, chairman; Harry Crawford, president; Bart Bircheff, chief operating officer; James E. Krouse, director-risk control services; Tom Jones, loss control manager.

International Technology Corp.

312 Directors Drive, Knoxville, Tenn. 37923; 615-690-3211

Year founded: 1926.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance, noise and vibration research; occasional industrial hygiene research, occupational health research, fire protection engineering.

Staff: 20 staff members, two assigned to safety consulting; professional designations held by staff include 14 AIHAs, five CIHs 10 ASSE members.

Clients: 150 clients; 30% with gross revenues less than $200 million, 50% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Branch offices: Martinez and Cerritos, Calif.; Pittsburgh.

Principal officers: Murray H. Hutchison William D. King and E. Brian Smith.

J

C.E. Jackson Jr., Construction Consultant

P.O. Box 1226, McComb, Miss. 39648; 601-684-1107

Year founded: 1983.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Occasional publication of safety materials or videos, development of training materials, OSHA compliance.

Staff: Two staff members; one assigned to safety consulting; professional designations held by staff include one PE; one ASSE member.

Clients: 30 corporate and institutional safety consulting clients; 80% with gross revenues less than $200 million, 20% with $1 billion-$3.5 billion.

Specialties: Construction industry.

Principal officers: C.E. Jackson Jr., owner/consultant.

William L. Jacobs Enterprises Inc.

1628 N.E. 6th Court, Fort Lauderdale, Fla. 33304; 305-766-9910

Year founded: 1987.

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

Off-site services: Occasional training classes or seminars.

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

Staff: Two staff members, including one CHCM, one CSP, one NSC.

Clients: 10 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Specialties: Municipalities, retail, construction, legal profession.

Principal officers: William L. Jacobs, president.

Fred S. James & Co. Inc.-Risk Control Services

830 Morris Turnpike, Short Hills, N.J. 07078; 201-564-7200

Year founded: 1858.

Parent company: Fred S. James & Co. Inc./Sedgwick Group P.L.C.

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

Off-site services: Occasional training classes or seminars.

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

Staff: 105 staff members; 46 assigned to safety consulting, including 12 ARMs, one CHCM, one CPCU, 24 CSPs, one NBBM-IC, one NSMS, seven PEs, one Ph.D., two RNs, 29 NSCs; seven ASSE members.

Clients: 220 corporate and institutional safety consulting clients.

Branch offices: Atlanta; Boston; Chicago; Columbia, S.C.; Dallas; Darien, Conn.; Detroit; Fort Lauderdale and Orlando, Fla.; Harrisburg, Pa.; Irvine and Los Angeles, Calif.; Kansas City and St. Louis, Mo.; Little Rock, Ark.; Memphis and Nashville, Tenn.; Minneapolis; Omaha, Neb.; Philadelphia; Pittsburgh; Phoenix, Ariz.; Portland, Maine; Portland, Ore.; Rochester and New York, N.Y.; Seattle.

1988 gross revenues: 30% from unbundled safety consulting services.

Principal officers: William G Lauffer Jr., vp; Steven Galeotti, director.

Jarry Associates

108 Commonwealth Drive, Basking Ridge, N.J. 07920-9035; 201-647-9031

Year founded: 1980.

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

Off-site services: Frequent training classes or seminars.

Other services: OSHA compliance, product liability research.

Staff: Three staff members; two assigned to safety consulting, including two CSPs, two PEs; two ASSE members.

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

Specialties: Industrial manufacturing.

Principal officers: Harry J. Eiermann, principal consultant.

K

K&T Safety Service Inc.

9888 Bissonnet, Suite 285, Houston, Texas 77036; 713-988-9021

Year founded: 1981.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, asbestos management and removal specifications; occasional industrial hygiene research,

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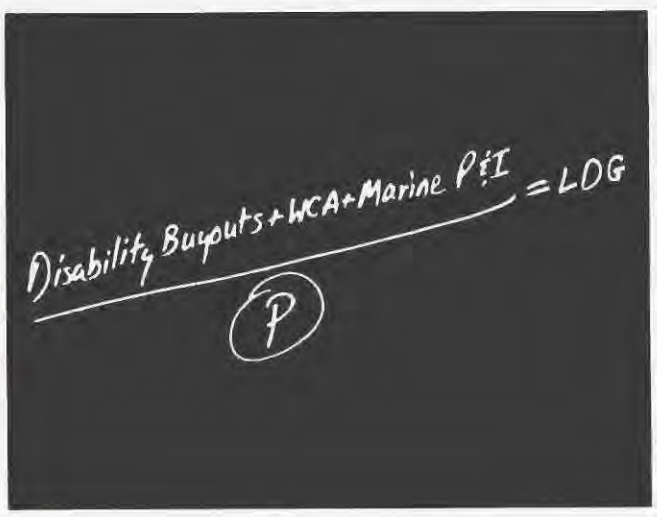
Challenge #2

On asking Steve Lockwood, LDG's president, to pinpoint the common denominator running throughout all his firm's products and capabilities, he jotted down this unusual formula. "What does it mean, Steve?"



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Continued from previous page
occupational health research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Eight staff members; three assigned to safety consulting, including two AIHAs, one CSP; two ASSE members.

Clients: 20 clients; 50% with gross revenues $200 million-$500 million, 50% with $500 million-$1 billion.

Specialties: Construction, petrochemical industry, schools, institutions.

1988 gross revenues: $1.5 million total, 100% from unbundled safety consulting services.

Principal officers: Henry G. Kana, president; S.H. Kana, vp.

M. Kimbrell Associates Inc.

4024 Dunsmore St., Huntsville, Ala. 35802; 205-883-5473

Year founded: 1985.

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

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

Staff: Two staff members; one assigned to safety consulting who holds a CSE designation and is an ASSE member.

Clients: One corporate and institutional safety consulting client with gross revenues less than $200 million.

Specialties: Manufacturing, legal profession.

Principal officers: Marvin J. Kimbrell, president; Julia M. Kimbrell, vp.

Kleckner Enterprises Inc.

P.O. Box 357, Hibernia, N.J. 07842; 201-586-2620

Year founded: 1961.

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

Off-site services: Frequent training classes or seminars.

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

Staff: One staff member who holds ASP, CSE and Ph.D. designations and is an ASSE member.

Clients: 13 corporate and institutional safety consulting clients.

Specialties: Mining, electronic and communications industries.

1988 gross revenues: More than $100,000 total, 100% from unbundled safety consulting services.

Principal officers: Willard R. Kleckner, president/chief executive officer.

Raymond L. Kuhlman

4640 Sharon Valley Court, Atlanta, Ga. 30360; 404-457-0687

Year founded: 1981.

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

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

Staff: One staff member who holds CHCM, CSP and PE designations and is an ASSE member.

Clients: 30 corporate and institutional safety consulting clients.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Raymond L. Kuhlman, principal.

Leonard H. Kushner, P.E.

1635 Camino De Villas, Burbank, Calif. 91501; 818-846-1700

Year founded: 1976.

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

Other services: Frequent OSHA compliance, occupational health research; occasional industrial hygiene research, ergonomic research, product liability research, fire protection engineering.

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

Clients: 15 total clients.

Specialties: Building and construction electrical safety.

Principal officers: Leonard H. Kushner, consulting engineer.

L

LKM Consultants

P.O. Box 3954, Champaign, Ill. 61826; 217-352-1673

Year founded: 1979.

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

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

Staff: One staff member, additional services provided by independent contractors.

Principal officers: Linda K. May, owner.

Larks Engineering/ Consulting

4762 Kingfisher Drive, Houston, Texas 77035; 713-721-6644

Year founded: 1966.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, product liability research, noise and vibration research.

Staff: Two staff members, one assigned to safety consulting; professional designations held by staff include one CSE, one CSP, one PE, one NSC; one ASSE member.

Clients: 18 corporate and institutional safety consulting clients; 18% with gross revenues less than $200 million, 2% with $200 million-$500 million.

Principal officers: Jack Larks, senior consultant.

Loss Control Services Inc.

3459 Tipperary Road, P.O. Box 217, Poynette, Wis. 53955; 608-635-7766

Year founded: 1988.

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

Off-site services: Training classes for claims managers, computer searches for safety and loss control data.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, loss reviews and audits, workers compensation program reviews and audits.

Staff: Two staff members, one assigned to safety consulting.

Clients: 11 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.

Specialties: Construction.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Patricia E.

Continued on next page

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Continued from previous page
Ash, president; Joseph D. Ash Jr., vp.

Loss Prevention Consultants Inc.

P.O. Box 54012, Jackson, Miss. 39288-4012; 601-878-2138

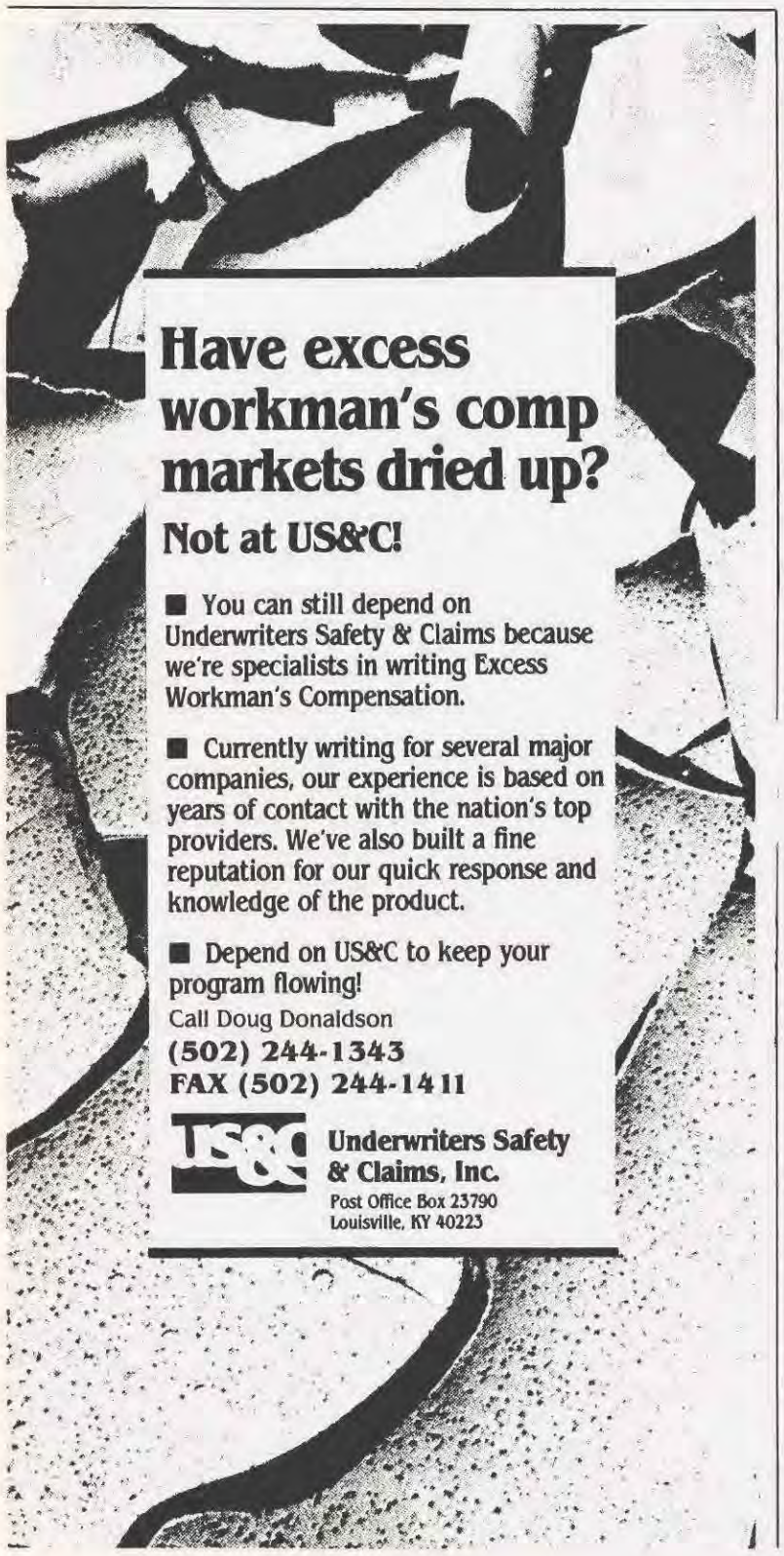
Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars; occasional industrial hygiene program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research; occasional industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: Two staff members, one assigned to safety consulting; one ASSE member.
Clients: 20 corporate and institutional safety consulting clients; 98% with gross revenues less than $200 million, 2% with $200 million-$500 million.
Specialties: Hazardous material transportation, chemical plants, refineries, oil fields.
1988 gross revenues: 95% from unbundled safety consulting services.
Principal officers: John R. Eubanks Jr., president; JoAnn P. Eubanks, vp.

M

Management Services Inc.

2 E. Main, Towne Centre, Suite 208, Danville, Ill. 61832; 217-446-1089

Year founded: 1976.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos development of training materials, OSHA compliance; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research.
Staff: 10 staff members; seven assigned to safety consulting, including four ARMs, two ASPs, two CHCMs, three CPCUs, two CSPs; five ASSE members.
Clients: 400 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 9% with $200 million-$500 million, 1% with $500 million-$1 billion.
Specialties: Construction, manufacturing, government entities, nursing homes, ambulance companies.
Branch offices: Champaign and Oak Brook, Ill.; St. Louis; Indianapolis.
Principal officers: Sam P. Cannon, chief executive officer; Gary J. Schirmer, president; Robert Cowgill, Jerry Kats and Stanley Murray, vps.



A. Mims Associates Inc.

31 Apache Court, Appleton, Wis. 54911; 414-731-7548

Year founded: 1972.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent development of training materials, OSHA compliance; occasional publication of safety materials or videos, ergonomic research, product liability research, noise and vibration research, fire protection engineering.
Staff: Five staff members; all assigned to safety consulting, including those holding AIHA, CHCM, CSE, CSM, CSP, CSS, NSMS, PE, Ph.D. and NSC designations; three ASSE members.
Clients: 14 clients, 100% with gross revenues less than $200 million.
Branch offices: Madison and Nashotoh, Wis.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Albert Mims, president; Margie L. Kolbe-Mims, vp/secretary/treasurer.

N

NATLSCO

Long Grove, Ill. 60049-0075; 312-540-2400

Year founded: 1968.
Parent company: Kemper Corp.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; ergonomic evaluations, fire protection engineering, property conservation programs.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, industrial hygiene research. ergonomic research, fire protection engineering. Industrial hygiene testing done in company's facilities.
Staff: 85 staff members; 43 assigned to safety consulting, including 31 AIHAs, four ARMs, one CHCM, 16 CIHs, three COHNs, 23 CSPs, one OHST, five PEs, three RNs; 32 ASSE members.
Clients: 570 corporate and institutional safety consulting clients.
Branch offices: Summit, N.J.; Fairfax, Va.
1988 gross revenues: $54 million total.
Principal officers: R.W. Satterfield, president; A.D. Odom, vp-safety; G.J. Krafcisin, vp-health services; F.G. Minchk, vp-risk management; D.F. Benevich, vp-management services.

National Safety Council-Loss Control Consulting

444 N. Michigan Ave., Chicago, Ill. 60611; 312-527-4800, ext. 8108

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research; occasional rehabilitation, fire protection engineering. Industrial hygiene testing done by contract with outside contractors. Safety library with research staff offered.
Staff: More than 275 staff members; 12 assigned to safety consulting, including one ARM, one ASP, one CIH, five CSPs, one MD, two Ph.D.s; 15 ASSE members.
Clients: 45 clients; 20% with gross revenues less than $200 million, 50% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 10% with more than $3.5 billion.
Specialties: Manufacturing, government entities, commercial auto fleets.
Branch offices: Foster City, Calif.
Principal officers: Melinda Thomas, executive vp; Irvin Etter, senior vp; B.R. Lunsford, director-training/consulting; James P. Kaletta, manager-loss control consulting.

Newman Associates

P.O. Drawer 251, Middletown, Va. 22645; 703-869-2037

Year founded: 1974.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.
Other services: Publication of safety materials or videos, OSHA compliance, product liability research.
Staff: Two staff members, one assigned to safety consulting; professional designations held by staff include one AIHA, one CIH, two CSPs, one PE; one ASSE member.
Clients: Two corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with $200 million-$500 million.
Specialties: Construction, product safety.
1988 gross revenues: 20% from unbundled safety consulting services.
Principal officers: Eugene L. Newman, principal.

Ernest A. Niles & Associates

4 Brookwood Road, Towaco, N.J. 07082; 201-335-1347

Year founded: 1974.
On-site services: Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.
Other services: Occasional publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.
Staff: One staff member who holds CSE, CSP, PE and NSC designations and is an ASSE member.
Clients: Two corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with $200 million-$500 million.
1988 gross revenues: $50,000 total, 10% from unbundled safety consulting services.
Principal officers: Ernest A. Niles, director.

O

OccuHealth Consultants

P.O. Box 904, Van Nuys, Calif. 91408; 818-980-9090

Year founded: 1983.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, noise and vibration research.
Staff: Five staff members; two assigned to safety consulting, including one AIHA, one CIH, one CSP, two PEs, one Ph.D.; one ASSE member.
Clients: 25 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.
1988 gross revenues: $500,000 total.
Principal officers: Eugene A. Port, principal; Ike Yen, project manager.

Occupational & Environmental Health Consulting Services Inc.

635 Harding Road, Hinsdale, Ill. 60521-4814; 312-325-2083

Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars, infectious disease control, consulting on right-to-know laws, multilingual training; occasional occupational health program assistance.
Off-site services: Frequent computer safety training; occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, epidemiology cluster reviews; occasional occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: Eight staff members; three assigned to safety consulting, including one AIHA, two CIHs, three CSPs, one PE, two Ph.D.s; three ASSE members.
Clients: 45 corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 20% with more than $3.5 billion.
Specialties: Manufacturers for the healthcare industry, hospitals, multilingual employers.
Principal officers: Robert C. Brandys, president; Gail Brandys, secretary/treasurer/director-training.

Occupational Safety & Health Consultants

131 Isle of Cuba Road, Schriever, La. 70395; 504-446-1868

Year founded: 1984.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research, fire protection engineering, expert witness testimony, accident investigation. Industrial hygiene testing done by contract with outside labs.
Staff: Two staff members, one assigned to safety consulting; professional designations held by staff include one CSE, one CSM, one NSC; one ASSE member.
Clients: Two corporate and institutional safety consulting clients.
Specialties: Petroleum, construction and maritime industries.
1988 gross revenues: More than $40,000 total, 20% from unbundled safety consulting services.
Principal officers: Donald G. Broussard, president; Renee Parsey, treasurer.

Occusafe Inc.

1040 S. Milwaukee Ave., Wheeling, Ill. 60090; 312-459-4800

Year founded: 1972.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Frequent training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with outside labs.
Staff: 59 staff members; 14 assigned to safety consulting, including 21 AIHAs, 11 CIHs, two CSPs, one OHST, two PEs, four Ph.D.s; four ASSE members.
Clients: Not reported; 10% with gross revenues less than $200 million, 40% with $200 million-$500 million, 40% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.
Branch offices: Denver.
1988 gross revenues: $5 million total.

Continued on next page

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Principal officers: Peter F. Koch, president; Donald R. McFee, executive vp; Gary N. Crawford, Theodore J. Thomas and William L. Young, group vps.

Organizational Safety Services Inc.

11831 Rothbury Drive, Richmond, Va. 23236; 804-794-0691

Year founded: 1987.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent development of training materials, ergonomic research, product liability research; occasional publication of safety materials or videos, OSHA compliance, industrial hygiene research, occupational health research, fire protection engineering, forensic safety services.
Staff: Five staff members; four assigned to safety consulting, including one ARM, one CHCM, two CSPs, two PEs, one Ph.D.; two ASSE members.
Clients: 90 corporate and institutional safety consulting clients; 5% with gross revenues less than $200 million, 10% with $200 million-$500 million, 60% with $500 million-$1 billion, 15% with $1 billion-$3.5 billion, 10% with more than $3.5 billion.
Specialties: Manufacturing.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Keith E. Barenklau, president; LeRoy V. Abbott, treasurer; Eric E. Barenklau, secretary; Linda C. Abbott, vp.

Donald E. Ostrum, Consultant

12109 Cottonwood St. N.W., Coon Rapids, Minn. 55433; 612-757-0102

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research; occasional product liability research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: One staff member who holds AIHA and CHCM designations and is an ASSE member.
Clients: 20 corporate and institutional safety consulting clients.
Specialties: Railroads.
1988 gross revenues: $60,000 total, 100% from unbundled safety consulting services.
Principal officers: Donald E. Ostrum, owner.

P

PICC Pacific Industrial Chiropractic Consultants

4683 Mercury St., Suite E, San Diego, Calif. 92111; 800-342-7733

Year founded: 1985.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance; employee safety awareness training.
Other services: Frequent publication of safety materials or videos, development of training materials.
Staff: Eight staff members, two assigned to safety consulting; one ASSE member.
Clients: Four corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 20% with $500 million-$1 billion, 60% with $1 billion-$3.5 billion.
1988 gross revenues: 25% from unbundled safety consulting services.
Principal officers: Mark Hubka, president; Rick Sparhawk, chief executive officer; W. Joseph Roach, secretary; John Krage and William Remsen, directors-safety/loss prevention.

Marshall Petersen & Co.

P.O. Box 108, Mount Prospect, Ill. 60056; 312-253-3963

Year founded: 1987.
Services: Fire protection engineering, fire loss investigations, reconstruction analysis, expert witness testimony.
Staff: One staff member who holds CSP and PE designations and is an ASSE member.
1988 gross revenues: Approximately $100,000 total.
Principal officers: Marshall Petersen.

Professional Safety Associates

P.O. Box 1148, Denham Springs, La. 70727-1148; 504-924-3580

Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, hazardous waste training; occasional ergonomic program assistance, industrial hygiene program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials and programs, OSHA compliance; occasional industrial hygiene research, ergonomic research, product liability research, noise research.
Staff: Two staff members who hold CSP designations and are ASSE members.
Clients: 25 corporate and institutional safety consulting clients; 92% with gross revenues less than $200 million, 8% with $200 million-$500 million.
Specialties: Construction, petrochemical industries.
Branch offices: Baton Rouge, La.
1988 gross revenues: Approximately $90,000 total, 100% from unbundled safety consulting services.
Principal officers: Steven P. Pereira, owner; Robert L. Hawkins, consultant.

Professional Safety Consultants Co. Inc.

P.O. Box 891, Seabrook, Md. 20706-0891; 301-459-6055

Year founded: 1976.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering.
Staff: Six staff members; four assigned to safety consulting, including two CSPs, one PE, one Ph.D.; five ASSE members.
Clients: 20 clients.
Specialties: Construction, laboratories, government entities.
Branch offices: Washington, D.C.
1988 gross revenues: $300,000 total, 100% from unbundled safety consulting services.
Principal officers: Ernest Jorgensen, president.

Professional Safety Consultant Service Inc.

424 S.E. 30th Ave., Ocala, Fla. 32671; 904-694-4601; 800-329-7233 in Florida

Year founded: 1975.
On-site services: Frequent expert witness testimony; occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent OSHA compliance, product liability research, physical property security and personnel and customer liability consulting; occasional publication of safety materials or videos, development of training materials, occupational health research, noise and vibration research, fire protection engineering.
Staff: One staff member who holds CHCM, CPSM, CSE, CSM, CSP, CSS, NSMS, PE and NSC designations and is an ASSE member.
Clients: Approximately 35 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.
Principal officers: Herbert T. Bogert, president/consulting safety engineer.

Professional Safety Consulting Services Inc.

872 Kallin Ave., Long Beach, Calif. 90815; 213-431-9922

Year founded: 1976.
On-site services: Safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Development of training materials, OSHA compliance. industrial hygiene research, occupational health research, product liability research, noise and vibration research, fire protection engineering, expert witness testimony, liability and risk evaluation, hazardous waste disposal training. Industrial hygiene testing done by contract with outside labs.
Staff: Two staff members, including one AIHA, one CSP, one PE; one ASSE member.
Clients: 10 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.
Specialties: Construction and petroleum industries.
1988 gross revenues: $80,000 total, 100% from unbundled safety consulting services.
Principal officers: Raymond N. Chace, president; Mary K. Chace, treasurer; Michelle Chace-Bass, vp.

R

R.E.C. Inc.

12900 Silvercrest Road, Chester, Va. 23831-4328; 804-748-8003

Year founded: 1976.
On-site services: Frequent safety audits/reviews of current programs, industrial hygiene program assistance; occasional safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research. Industrial hygiene testing performed by outside labs.
Staff: Four staff members; one assigned to safety consulting; professional designations held by staff include two AIHAs, one CIH, one CSP, one RN; one ASSE member.
Clients: 50 clients, 100% with gross revenues less than $200 million.
Specialties: Chemical and asbestos related industries.
1988 gross revenues: $200,000 total, 100% from unbundled safety consulting services.
Principal officers: Henry M. Taylor Jr., president; Genevieve Wills Taylor, vp.

R.P.F. Associates

300 Motor Parkway, Suite 100, Hauppauge, N.Y. 11788; 516-321-1285

Year founded: 1985.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, employee right-to-know programs, SARA Title III training; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Off-site services: Occasional training classes or seminars, audio/visual training programs in construction and fleet safety.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, accident investigation; occasional product liability research, noise and vibration research. Industrial hygiene testing performed by outside labs.
Staff: Three staff members; two assigned to safety consulting, including one ARM, one CSP; two ASSE members.
Clients: 31 corporate and institutional safety consulting clients; 60% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion.
Branch offices: Dix Hills, N.Y.
1988 gross revenues: $150,000 total, 60% from unbundled safety consulting services.
Principal officers: Robert P. Firmbach, president.

Continued on next page

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Continued from previous page

Recreation Underwriting Management Corp.

P.O. Box 184, Norwood, Mass. 02062; 617-769-4666; 617-239-0001

Year founded: 1986.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars; occasional industrial hygiene program assistance; operational audits and incident simulation, life guard training for staff members, equipment operations training.
Other services: Frequent publication of safety materials or videos, development of training materials, occupational health research, ergonomic research, product liability research; occasional OSHA compliance, industrial hygiene research, noise and vibration research, fire protection engineering; forensic services, risk analysis, defense and crisis management.
Specialties: Recreation industry.
Principal officers: Robert J. Hanson, president.

Foster C. Rinefort & Associates

1023 Colony, Charleston, Ill. 61920; 217-348-7743

Year founded: 1970.
On-site services: Frequent safety program assistance, training classes or seminars; occasional safety audits/reviews of current programs.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance.
Clients: 10 clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.
Principal officers: Foster C. Rinefort, Scott C. Rinefort and Edward C. Sawyelle.

Risk Analysis & Management Corp.

700 St. Louis Union Station, St. Louis, Mo. 63103; 314-436-0800

Year founded: 1975.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, product liability research, fire protection engineering; occasional rehabilitation, industrial hygiene research, ergonomic research, noise and vibration research. Industrial hygiene testing done by contract with outside labs.
Staff: Nine staff members; two assigned to safety consulting, including one ARM, one CHCM, one CPCU, one CSP, one PE, one RN; one ASSE member.
Clients: 30 corporate and institutional safety consulting clients; 70% with gross revenues less than $200 million, 10% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.
Specialties: Real estate development, construction, hospitals, public and government entities, manufacturing, mining.
Principal officers: J. William Rush, president; Ralph E. Deater, Walter E. Sir and Edward W. Stroth, vps.

Risk Management Inc.

6851 Oak Hall Lane, Suite 300, Columbia, Md. 21045; 301-381-5400

Year founded: Affiliated company founded in 1915.
Affiliated company: Stegman & Co.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering; occasional product liability research; environmental monitoring and analysis, indoor air quality studies, industrial air ventilation studies, health physics, hearing conservation programs, asbestos surveys, environmental audits and assessments. Industrial hygiene testing done by affiliated lab.
Staff: 10 staff members; two assigned to safety consulting, including one AIHA, one ASP, one CHCM, one CIH, one CSP, one PE, one Ph.D.
Clients: 46 corporate and institutional safety consulting clients; 85% with gross revenues less than $200 million, 5% with $200 million-$500 million, 5% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion.
Specialties: Healthcare, manufacturing.
Principal officers: T. Jesse Buhite, president; Alfred D. Johnson Jr., vp; David C. Condron, secretary; James S. Peacock, treasurer; Robert B. Olcerst, director-loss control/environmental health management services.

Risk Management Services Inc.

7919 Folsom Blvd., Suite 240, Sacramento, Calif. 95826; 916-381-5858

Year founded: 1987.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, first aid training, accountability studies.
Staff: Two staff members.
Clients: Seven corporate and institutional safety consulting clients.
Specialties: Acute care hospitals and public entities.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: J. Daniel Henke, president; Robert Levering and Robert Sanford, vps: Ronold Wood, chairman.

Risk Services Inc.

26384 Ford Road, Suite 200, Dearborn Heights, Mich. 48127; 313-565-5225

Year founded: 1987.
On-site services: Safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering, marketing and underwriting support; asbestos management, planning inspection, consulting and training.
Staff: Three staff members; two assigned to safety consulting, including two CHCMs; two ASSE members.
Clients: Eight corporate and institutional safety consulting clients; 80% with gross revenues less than $200 million, 20% with $200 million-$500 million.
Specialties: Heavy construction.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Michael J. Borsuck, president.

J.C. Roumas & Associates

895 Linden Ave., Ridgefield, N.J. 07657; 201-945-7970

Year founded: 1988.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional rehabilitation.
Staff: One staff member who holds AIHA, CSP and PE designations and is an ASSE member.
Specialties: Manufacturing, chemical processing, construction.
Principal officers: Jack C. Roumas.

Royal Insurance Service Corp.

11111 Carmel Commons Blvd., Charlotte, N.C. 28226; 704-542-2523

Year founded: 1979.
Parent company: The Royal Insurance Group.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance; occasional occupational health program assistance, training classes or seminars.
Other services: Frequent noise and vibration research, fire protection engineering; occasional publication of safety materials or videos, development of training materials, OSHA compliance. Industrial hygiene testing done by contract with outside labs.
Staff: 246 staff members; 60 assigned to safety consulting, including three ACLMs, four ARMs, three CHCMs, four CHIs, 28 CSPs, nine PEs.
Specialties: Retail, manufacturing, communications.
Branch offices: New York, Chicago.
Principal officers: Arthur F.S. Evans, president; John E. Amico, vp; Arthur D. Perschetz, secretary/treasurer; Joseph C. Notaro, assistant vp; Richard W. Liersaph, director.

S

SAF-CON

2940 Noble Road, Cleveland, Ohio 44121; 216-381-8949

Year founded: 1972.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent OSHA compliance, SARA Title III compliance; occasional publication of safety materials or videos, product liability research.
Staff: One staff member who holds CPSM and PE designations and is an ASSE member.
Clients: 12 corporate and institutional safety consulting clients.
Specialties: Manufacturing, institutions, retail trade.
Principal officers: G.S. Burko, president.

Safepoint

3859 Sherwood Place, Sherman Oaks, Calif. 91423-4607; 818-995-6006

Year founded: 1974.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional occupational health program assistance.
Off-site services: Frequent safety programs for clients.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, safety attitude analysis and modification for employees and management.
Staff: Two staff members, both assigned to safety consulting, including one NSMS; two ASSE members.
Clients: Three clients; 30% with gross revenues less than $200 million, 50% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Robert B. Sautter, principal.

Safe & Sound Inc.

44 Codfish Lane, Weston, Conn. 06883; 203-226-6970

Year founded: 1971.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance; asbestos training.
Off-site services: Frequent training classes or seminars.
Other services: Frequent OSHA compliance; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done in company's facilities.
Staff: Eight staff members; including three CSPs, one MD, three Ph.D.s, three ASSE members.
Clients: 50 clients.
Specialties: Manufacturing and municipalities.
1988 gross revenues: $1.2 million total, 85% from unbundled safety consulting services.
Principal officers: Margaret Y. Brooks, Mark F. Granville, George Elliott, George Hale and Pramod Patel.

Safety Administrators Inc.

3211 Wingtail Way, Pearland, Texas 77584; 713-489-8808

Year founded: 1972.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional training classes or seminars.
Other services: Frequent development of training materials, product liability research; occasional publication of safety materials or videos, OSHA compliance.
Staff: Two staff members, one assigned to safety consulting; professional designations held by staff include one CPCU, one CSP, one PE; one ASSE member.
Clients: 10 corporate and institutional safety consulting clients, 100% with gross revenues less than $200 million.
Specialties: Construction, stevedores, oil fields.
1988 gross revenues: $92,000 total, 100% from unbundled safety consulting services.
Principal officers: Fred L. Maxwell, president; Martha Sue Maxwell, secretary.

Safety Associates Inc.

1351 E. Morehead St., Charlotte, N.C. 28204; 704-334-8690

Year founded: 1978.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, hazard communication programs, SARA Title III compliance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering. Industrial hygiene testing done by outside labs.
Staff: Six staff members; five assigned to safety consulting, including one ARM, one PE.
Clients: 80 clients, 100% with gross revenues less than $200 million.
Specialties: Local governments, manufacturing, construction.
Branch offices: Greensboro and Raleigh, N.C.
1988 gross revenues: $300,000 total, 100% from unbundled safety consulting services.
Principal officers: James W. Stephens, president; Bart O. Banner, Ronald F. Sullivan and Andrew A. Small, vps.

Continued on next page

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Continued from previous page

Safety Consulting Inc.

P.O. Box 2789, Topeka, Kan. 66601; 1271 S.W. Harrison St., Topeka, Kan. 66612; 913-232-3887

Year founded: 1971.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional occupational health research, product liability research. Industrial hygiene testing done by contract with outside labs.
Staff: Five staff members; two assigned to safety consulting, including one AIHA, one CHCM, two NSMSs, two NSCs; two ASSE members.
Clients: 50 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 7% with $200 million-$500 million, 2% with $500 million-$1 billion, 1% with $1 billion-$3.5 billion.
Specialties: Construction, manufacturing, government entities, attorneys.
Branch offices: Wichita, Kan.
1988 gross revenues: $250,000 total, 100% from unbundled safety consulting services.
Principal officers: Denzell B. Ekey, president; Philip W. Blake, vp; Salley J. Ekey, secretary/treasurer.

Safety & Health Associates Ltd.

5701 Hanssen Road, Gurnee, Ill. 60031; 312-360-8848

Year founded: 1988.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional industrial hygiene program assistance.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional industrial hygiene research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: One staff member who holds CHCM and CSP designations and is an ASSE member.
Specialties: Manufacturing, municipalities, school districts.
Principal officers: Sharyl Dobson, president; Jack H. Dobson Jr., treasurer/secretary.

Safety & Health Management Consultants

161 Williams St., New York, N.Y. 10038; 212-349-1221

Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: 10 staff members; six assigned to safety consulting, including three AIHAs, three CSPs, one NSMS, one PE, one Ph.D., one RN, one NSC; six ASSE members.
Clients: 250 corporate and institutional safety consulting clients.
Specialties: Construction, manufacturing, health care, public entities.
Branch offices: Rochester, Albany, New York and Greentown, N.Y.
1988 gross revenues: $2 million total, 100% from unbundled safety consulting services.
Principal officers: Steven J. Lovell, president/chief executive officer; Richard F. Andree, executive vp/chief operating officer; Susan K. Solomon, director-marketing/training; Gerard L. Baril, manager-industrial hygiene; William T. Helmstadt, manager-special projects.

Safety Management Associates

P.O. Box 693, Springfield, Va. 22150-0693; 703-455-0511

Year founded: 1981.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.
Off-site services: Frequent development of software and databases for accident, injury and safety data; occasional training classes or seminars.
Other services: Frequent development of training materials, OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering, system safety analysis, forensic safety investigations; occasional publication of safety materials or videos, industrial hygiene research, occupational health research. Industrial hygiene testing done by contract with outside labs.
Staff: Two staff members, one assigned to safety consulting; designations held by staff include one CHP, one CHCM, one CPSM, one CSP; two ASSE members.
Clients: 10 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.
Specialties: Defense industry, legal profession.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Neil R. Temple, president/principal consultant.

Safety Management Consultants Inc.

636 S. Washington St., Elmhurst, Ill. 60126; 312-279-9498

Year founded: 1982.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research.
Staff: Two staff members, both assigned to safety consulting, including one AIHA, one CPSM, one CSP, one NSMS, one NSC; one ASSE member.
1988 gross revenues: 100% from unbundled safety consulting services.
Principal officers: J. Terrence Grisim, president; Mary Ellen Grisim, vp.

Safety Management Services Inc.

Oil Center Building II, 126 Heymann Blvd., Suite 123, Lafayette, La. 70503; 318-235-6524

Year founded: 1981.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos; occasional development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering.
Staff: One staff member who holds ASP, CSE, CSP and NSC designations and is an ASSE member.
Specialties: Petroleum industry.
Principal officers: Jack R. Barnidge, owner/president.

Safety Management Systems

250 Honey Jane Drive, Beavercreek, Ohio 45385; 513-429-2943

Year founded: 1985.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, product liability research, noise and vibration research, fire protection engineering.
Staff: One staff member who holds CHCM and CSP designations and is an ASSE member.
Clients: 35 corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 20% with more than $3.5 billion.
Principal officers: Jack Truitt, owner.

Safety Management Systems Inc.

4664 Jamestown Ave., Suite 103, Baton Rouge, La. 70808; 504-928-4661

Year founded: 1988.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, product liability research; occasional industrial hygiene research, noise and vibration research, fire protection engineering.
Staff: Eight staff members; four assigned to safety consulting, including one AIHA, two ASPs, two CSPs; four ASSE members.
Clients: 300 clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.
Principal officers: Dennis R. Howard, president.

Safety Synergistics International

7600 Red Road, Suite 103, Miami, Fla. 33143; 305-667-8955

Year founded: 1971.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance.
Staff: 45 staff members; 26 assigned to safety consulting, including two ARMs, one CHCM, one CPCU,

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Continued from previous page
five CSPs, one MD, one PE, six Ph.D.s; approximately 22 ASSE members.

Clients: 500 corporate and institutional safety consulting clients; 15% with gross revenues less than $200 million, 15% with $200 million-$500 million, 10% with $500 million-$1 billion, 30% with $1 billion-$3.5 billion, 30% with more than $3.5 billion.

Branch offices: Lake Orion and Plymouth, Mich.; Northbrook, Ill.; Indianapolis; Monroe, La.; Tulsa, Okla.; Far Hill, N.J.; Columbus, Ohio; Memphis, Tenn.; Lakewood, Colo.; Ingersoll, Ontario; Hampshire, England; Chatwood, Australia; Wellington, New Zealand.

Principal officers: H.D. Sarkis, president; Gary Richetto, vp-research/development; Jerry Buss, vp-finance.

Sandler Occupational Medicine Associates Inc.

200 Broadhollow Road, Suite 207, Melville, N.Y. 11747; 516-385-1910

Year founded: 1973.

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

Off-site services: Training classes or seminars, also conducted with videos.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, product liability research, noise and vibration research, medical case management, occupational health care delivery, litigation assistance. Industrial hygiene testing done by contract with outside labs.

Staff: 20 staff members, four assigned to safety consulting; professional designations held by staff include four AIHAs, three CIHs, two COHNs, 13 MDs, four Ph.D.s, two RNs, three NSCs; two ASSE members.

Clients: 25 corporate and institutional safety consulting clients; 15% with gross revenues $200 million-$500 million, 30% with $500 million-$1 billion, 40% with $1 billion-$3.5 billion, 15% with more than $3.5 billion.

Specialties: Food and beverage, chemical and semiconductor industries; insurance companies, attorneys.

Branch offices: Philadelphia; Washington, D.C.; Golden, Colo.

Principal officers: Dr. Howard M. Sandler, president; Dr. Ernest M. Dixon and Dr. Gordon Siegel, senior associates; Sheldon Rabinovitz, vp; Amalia Provatas, project director.

James R. Sannita, P.E., C.S.P.

29641 S. Western Ave., Suite 211, San Pedro, Calif. 90732; 213-519-0872

Year founded: 1972.

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

Off-site services: Frequent training classes or seminars.

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

Staff: One staff member who holds CSP and PE designations and is an ASSE member.

Clients: Seven corporate and institutional safety consulting clients; 40% with gross revenues less than $200 million, 60% with $200 million-$500 million.

Principal officers: James R. Sannita, owner.

Schaible Associates

900 Center St., Mount Joy, Pa. 17552-9371; 717-684-6045

Year founded: 1981.

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

Other services: Frequent development of training materials, OSHA compliance; occasional noise and vibration research. Industrial hygiene testing done by contract with outside labs.

Staff: Two staff members, one assigned to safety consulting; professional designations held by staff include one AIHA, one CHCM, one CIH, one CPSM, one CSE, one CSP; one ASSE member.

Clients: 80 clients.

Principal officers: Ronald D. Schaible, principal/president.

Schirmer Engineering Corp.

707 Lake Cook Road, Deerfield, Ill. 60015; 312-272-8340

Year founded: 1939.

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

Off-site services: Training classes or seminars.

Other services: Fire protection engineering.

Staff: 102 staff members; 62 assigned to safety consulting, including three ARMs, nine CSPs, 28 PEs, one Ph.D.; 25 ASSE members.

Branch offices: Falls Church, Va.; San Francisco; Dallas.

1988 gross revenues: $7 million total, 50% from unbundled safety consulting services.

Principal officers: Chester W. Schirmer, president; Raymond G. Weigand and Richard R. Osman, vps; Gary L. Jordan, administrative manager; Paul W. Harar, director-marketing.

John C. Schmitt

34-15 Fair Lawn Ave., Fairlawn, N.J. 07410-4324; 201-797-3050

Year founded: 1986.

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

Other services: Product liability research, product liability loss prevention, incident investigation, defense strategies, expert witness testimony, legal review, product design, labels, warnings, product hazard review.

Staff: One staff member who holds ARM, CPSM and NSMS designations and is an ASSE member.

Specialties: Building material manufacturers, quarries, coatings and adhesive tape manufacturers.

Principal officers: John C. Schmitt, owner.

The Seiden Group Inc.

P.O. Box 99, Livingston, N.J. 07039; 201-992-4788

Year founded: 1972.

On-site services: Training classes or seminars, product safety assurance seminars.

Off-site services: Training seminars.

Other services: Development of training materials, ergonomic research, product liability research.

Staff: Three staff members; all assigned to safety consulting, including one CHCM, two CPSMs, two CSEs, three PEs; one ASSE member. Additional services provided by independent contractors.

Clients: More than 25 corporate and institutional safety consulting clients; 100% with gross revenues $200 million or more.

1988 gross revenues: More than $100,000 total, 100% from unbundled safety consulting services.

Principal officers: R.M. Seiden, president/treasurer.

Sigma Associates Ltd.

105 Royal Oak Blvd., Pass Christian, Miss. 39571; 601-452-4866

Year founded: 1978.

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

Off-site services: Occasional training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering, industrial accident reconstruction, investigation and reconstruction of the cause and origin of fires and explosions.

Staff: Four staff members; two assigned to safety consulting, including one CFEI, one CHCM, one PE, one Ph.D., two NSCs; one ASSE member.

Clients: Eight corporate and institutional safety consulting clients; 35% with gross revenues less than $200 million, 15% with $200 million-$500 million, 25% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Specialties: Construction, petroleum, marine, asbestos.

1988 gross revenues: More than $650,000 total, 65% from unbundled safety consulting services.

Principal officers: A.J. Scardino Jr., president.

Waddell Smith & Associates

2340 Canterbury Road, Columbus, Ohio 43221; 614-488-6291

Year founded: 1986.

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

Other services: Frequent ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional development of training materials, OSHA compliance.

Staff: One staff member who holds a PE designation and is a member of ASSE.

Clients: 10 corporate and institutional safety consulting clients; 10% with gross revenues less than $200 million, 30% with $500 million-$1 billion, 60% with $1 billion-$3.5 billion.

Specialties: Mining and construction.

1988 gross revenues: Approximately $200,000 total.

Principal officers: J.W. Smith, owner.

Eric W. Spencer, Safety Consulting Services

1288 Newman Ave., Seekonk, Mass. 02771; 508-761-5625

Year founded: 1966.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research.

Staff: One staff member who holds CHCM, CSP and NSC designations and is an ASSE member.

Clients: 25 clients.

Specialties: Research and laboratory facilities, educational institutions, manufacturing.

Principal officers: Eric W. Spencer, consultant.

R.B. Stanzione

262 W. 1600 N., Harrisville, Utah 84404; 801-782-2211

Year founded: 1984.

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

Off-site services: Occasional training classes or seminars.

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

Staff: Three staff members, one assigned to safety consulting; three ASSE members.

Clients: 16 clients.

Specialties: Legal profession, manufacturing, construction, aerospace and explosives industries.

Principal officers: Rick B. Stanzione, principal; Robin S. Stanzione, secretary/treasurer.

Sullivan Associates-Engineering Consultants

15 Dale St., Andover, Mass. 01810; 508-475-0448

Year founded: 1955.

On-site services: Frequent safety audits/reviews of current programs, product safety evaluations; occasional safety program assistance.

Other services: Frequent OSHA compliance, product liability research, fire protection engineering.

Staff: One staff member who holds a PE designation and is an SFPE and ASSE member.

Clients: 75 clients, 100% with gross revenues less than $200 million.

1988 gross revenues: $100,000 total.

Principal officers: James F. Sullivan, chief engineer/owner.

System Engineering & Laboratories

Route 7, Box 917, Tyler, Texas 75707; 214-566-1980; 800-624-0905

Year founded: 1980.

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

Off-site services: Occasional training classes or seminars.

Continued on next page

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Telephone: 1-800-873-0055

MR./MS. _____ TITLE _____
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Continued from previous page

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering, forensic safety engineering, accident reconstruction.

Staff: 15 staff members; nine assigned to safety consulting, including one CPSM, one CSE, one CSM, two CSPs, seven PEs; three ASSE members.

Clients: 300 clients.

Branch offices: Houston and Amarillo, Texas; Kenner, La.

1988 gross revenues: $1 million total.

Principal officers: Frank Johnson, president; Dixie Johnson, vp; Kim A. Smith, marketing; Ed Jenson, manager-Houston office; Mike Burleson.

F.J. Szymanski Safety Services

5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

Year founded: 1984.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

Staff: One staff member who is an ASSE member.

Clients: Two corporate and institutional safety consulting clients.

Principal officers: Frank Szymanski, consultant.

T

Tillinghast, a Towers Perrin Co.

245 Park Ave., New York, N.Y. 10167; 212-490-3460

Year founded: 1977.

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

Off-site services: Occasional training classes or seminars.

Other services: Occasional publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: 380 staff members, six assigned to safety consulting; designations held by staff include 22 ARMs, 14 CPCUs, two CMCs, two CSPs, two PEs; four ASSE members.

Clients: 50 corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 20% with $200 million-$500 million, 40% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion.

Branch offices: Atlanta; Boston; Chicago; Dallas; Hartford and Stamford, Conn.; Denver; Los Angeles; San Francisco; Philadelphia; St. Louis; Seattle; Washington, D.C.

1988 gross revenues: $55 million total, 5% from unbundled safety consulting services.

Principal officers: Norman A. Crowder, vp/managing director; Robert W. Sturgis, vp/director; Mitchell J. Cole, vp/manager-risk management; Gerard C. Coletta, principal/manager-risk control.

Louis B. Trucks

875 Cherokee Road, Auburn, Ala. 36830; 205-887-7305

Year founded: 1980.

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

Other services: OSHA compliance, ergonomic research, product liability research, noise and vibration research, expert witness testimony.

Staff: One staff member who holds CSP, PE and Ph.D. designations and is an ASSE member.

Clients: 10 clients.

Specialties: Manufacturing.

Principal officers: Louis B. Trucks.

U

United States Associates Inc.

4035 Tulane Ave., New Orleans, La. 70119; 504-488-6662

Year founded: 1960.

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

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: 11 staff members; five assigned to safety consulting, including five CSPs and five PEs; five ASSE members.

Clients: 40 corporate and institutional safety consulting clients; 55% with gross revenues less than $200 million, 40% with $200 million-$500 million, 5% with $500 million-$1 billion.

Specialties: Passenger car and motor freight fleets, oil, manufacturing.

1988 gross revenues: 90% from unbundled safety consulting services.

Principal officers: Jake J. DiMaggio, president; Patrick Villemarette, J.C. Frantz, Denishwa Prasad and David Munson, vps.

V

Wesley R. VanPelt Associates Inc.

773 Paramus Road, Paramus, N.J. 07652; 201-445-5124

Year founded: 1985.

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

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

Staff: Two staff members, including one AIHA, one CHP, one CIH, one Ph.D.; one ASSE member.

Clients: 27 clients; 30% with gross revenues less than $200 million, 20% with $200 million-$500 million, 10% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 20% with more than $3.5 billion.

Specialties: Pharmaceutical industry.

1988 gross revenues: $200,000 total, 100% from unbundled safety consulting services.

Principal officers: Wesley R. VanPelt, president.

Isabel Voice

786 Windermere Way, Palm Beach Gardens, Fla. 33418; 407-627-5075

Year founded: 1987.

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

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance. Industrial hygiene testing done in company's facilities.

Staff: One staff member who holds a doctorate of educational psychology and training and is an ASSE member.

Principal officers: Isabel Voice.

W

Waite Hill Services

1063 Technology Park Drive, Glen Allen, Va. 23060; 804-261-7026

Parent company: Figgie Interna-

Continued on next page

SAVING JOBS: IRI

When a Plant in Your Community is Productive, do you have any idea of the disruption it avoids? People continue earning wages, paying bills, buying goods and services, doing the 101 things that people do to relax, entertain or educate themselves. Life goes on and, in many cases, is probably taken for granted. But, what happens when a local plant, employing several hundred people, burns to the ground overnight?

The Townspeople of a Small New England Community can tell you what happens. In early December 1987, a fire engulfed an interconnected mill complex, which was destroyed. "It was scary," said one resident. "All I could think of was the whole thing going up in flames." Another resident saw a "... ball of flame. It shot up seven or eight stories." Billowing, black smoke was seen 30 miles away, while down on the streets the intense heat melted two tractor trailers, peeling their sides away and exposing steel ribs. Fire companies from 15 communities responded. Water from a nearby river was used to fight the fire. Runoff of the water and various unknown chemicals, some burning, spilled into storm drains which belched balls of fire. The town's water supply was contaminated and residents were warned not to drink or wash with municipal water, even if boiled, until it was declared safe. The local hospital cancelled elective surgery and sterilization of equipment. Schools, factories and restaurants closed. More than two dozen businesses downwind of the fire were evacuated. The next day, one of the firefighters commented that the charred mills resembled "... Europe during World War II."

The disaster occurred at a time when the small town was experiencing new growth. Population was increasing. New businesses were moving in. A town-sponsored industrial park was half full. Now, 190 people are out of work, perhaps permanently, and the consequential economic loss – greater than the actual destruction of the building and its contents – may approach $50 million.

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Continued from previous page
tional Inc.

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

Off-site services: Frequent training classes or seminars.

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

Staff: Seven staff members; five assigned to safety consulting, including two AIHAs and five NSCs; five ASSE members.

Clients: Two corporate and institutional safety consulting clients.

Specialties: Construction and manufacturing.

Branch offices: Anaheim, Calif.; Cleveland; Richmond, Va.

1988 gross revenues: $500,000 total.

Principal officers: Dave Klaitz, president; Joseph S. Black Jr., manager-industrial health/environmental safety; Don Garlock, executive vp; Bill Frazier, vp-sales; Gene Tetrault, vp-claims.

William S. Watkins, Consulting Engineer

Route 2, Box 350B, McArthur, Ohio 45651; 614-596-4913

Year founded: 1962.

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

Other services: Frequent development of training materials, OSHA compliance; occasional fire protection engineering.

Staff: One staff member who holds a PE designation and is an ASSE member.

Clients: 10 clients.

Specialties: Government agencies, manufacturing, construction.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: William S. Watkins, consulting engineer.

Paul C. Witbeck

27 E. Glenwood Drive, Latham, N.Y. 12110; 518-785-8354

Year founded: 1983.

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

Staff: One staff member who holds AIHA, CIH and CSP designations and is an ASSE member.

Clients: 17 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.

1988 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Paul C. Witbeck, consultant.

Worksafe Services Group Inc.

25251 Paseo de Alicia, Suite 101, Laguna Hills, Calif. 92653-4694; 714-583-1760

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

Off-site services: Frequent training classes or seminars.

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

Staff: Five staff members; three assigned to safety consulting, including one ARM, two Ph.D.s; three ASSE members.

Clients: 25 corporate and institutional safety consulting clients; 70% with gross revenues less than $200 million, 25% with $200 million-$500 million, 5% with $500 million-$1 billion.

Specialties: Construction, manufacturing, municipalities.

1988 gross revenues: $400,000 total, 100% from unbundled safety consulting services.

Principal officers: Robert S. Anderson and Thomas V. Jolicoeur, principals; Joyce E. Anderson, president. ■

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In 1988 you may have been thinking, 'I'll do it *next year*!" The holidays are over, we're bleary-eyed from watching (or sleeping through) 26 bowl games and the NFL playoffs and, believe it or not, "next year" is here! *Now* is the time to explore career opportunities, some of which are listed below. COLORADO based P&C brokerage is ready for 1st quarter expansion of commercial sales department. Requires minimum of 5 years commercial P&C sales to include WC, G., D&O, and some package property lines. Direct writers will draw solid considerations. Other geographical areas "on target" for expansion moves are as follows:

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Circulation Breakdown*

Commercial Consumers

Administrative:
CEO's Presidents and Owners 2,621
Vice-Presidents, General Managers and Other Administrative Personnel 3,657
Financial:
Chief Financial Officers and Vice-presidents of Finance . . . 2,993
Secretaries, Treasurers, controllers and other Financial Personnel . 4,454
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 10,994
Sub-total 24,719
Associations 477
Government, Unions and Educational Institutions 979
Commercial Consumers
Sub-total 26,175
Insurance Agents and Brokers 10,557
Insurance Companies 7,380
Actuaries, Consultants, Attorneys, Adjusters, Appraisers and Third Party Administrators 3,843
Others Allied to the Field 2,991
TOTAL 50,946

* Source Business/Occupational breakdown of qualified circulation, May 30, 1988 issue, as submitted to BPA for June 1988 BPA Publisher's Statement.

Benefit issues

Continued from page 1

tion to:

- Scale back the tax advantages of flexible benefit programs.
- Impose new taxes on employer-provided group health care programs.
- Restrict employers' right to recover assets from terminated overfunded pension plans.
- Delay the enforcement of penalties for violations of Section 89 non-discrimination rules for welfare plans.

The halls of Congress will not be the only place in Washington where battles over benefit proposals will be waged: Regulatory agencies also are expected to enter the fray.

For example, the Internal Revenue Service currently is working on regulations to place additional restrictions on flexible spending accounts, benefit lobbyists say. It is not entirely clear yet how far reaching those regulations will be.

At the same time, the IRS is in the final stages of drafting regulations to help employers comply with Section 89. By some accounts, those complex regulations now are between 175 and 200 pages long.

With so many benefit proposals up for consideration in Congress and in regulatory agencies, the next two years "will be an action-packed drama" for benefit managers, predicted Frank McArdle, a consultant in the Washington, D.C., office of Hewitt Associates.

For the next few months, much of the benefits-related debate in Washington is likely to center on the recent Medicare expansion, which was approved by Congress just last year (*BI*, June 6, 1988; May 30, 1988).

Under that expansion, which will be phased in over the next several years, retirees' out-of-pocket expenses for basic hospital and physician services will be capped at about $2,000 a year. Previously Medicare recipients could face tens of thousands of dollars in health care bills.

But thousands of retirees have written to their congressmen complaining that the cost of the expanded program is too high. For example, this year a middle- or upper-income retiree could pay as much as $800 in new federal taxes for catastrophic coverage.

The outcome of the Medicare debate has enormous consequences for thousands of employers with retiree health care programs that supplement Medicare.

With the expansion of Medicare, these employers now can cut back those supplementary programs to eliminate benefits that duplicate the expanded Medicare program. Such cutbacks will reduce employer costs and liabilities.

But, if Congress rescinds the Medicare expansion, employers will not receive any relief from soaring retiree health care costs.

Experts expect that the debate over the Medicare expansion law will be intense but that Congress likely will not repeal the program.

"Legislators don't like to go back to an area that they have already addressed," observed Howard Weizmann, executive director of the Assn. of Private Pension & Welfare Plans in Washington.

And, last week, Senate Finance Committee Chairman Lloyd Bentsen, D-Texas, said he would oppose efforts to repeal the expanded Medicare program.

At a press conference, Sen. Bentsen predicted that retiree complaints about the higher costs of the program will die down once retirees better understand the improved benefits they will receive.

But others are concerned that Congress, in taking another look at the Medicare expansion, could make other changes that would hurt employers with retiree health care plans.

Employers' biggest worry is that Congress will tinker with the "maintenance of effort" provision congressional conferees added to the Medicare legislation last year.

Under that provision, employers that eliminate portions of their retiree health care plans that duplicate Medicare are required to pass those cost savings on to retirees in two phases.

This year, employers will have to pass on the savings they achieve when they eliminate hospital benefits that duplicate the expanded Medicare Part A.

Next year, employers will have to pass on to retirees cost savings attained by cutting back benefits that duplicate Medicare Part B, which covers physician expenses.

Benefit experts have estimated that the cost savings passed on to retirees, which could be in cash or in improved benefits, would range between $100 and $200 per retiree.

Experts are concerned that Congress could extend this maintenance of effort requirement in an attempt to mollify retirees' concerns about the higher taxes they will pay for Medicare.

The next two years 'will be an action-packed drama' for benefit managers, says Frank McArdle.

"Employers' fears about extension of those maintenance requirements beyond two years are well-founded," said Helen Darling, a principal in the Stamford, Conn., office of William M. Mercer Meidinger Hansen Inc.

"If Congress believes that employers have continuing gains from the catastrophic coverage, Congress—pushed by labor—will be tempted to extend the requirements," Ms. Darling noted in an analysis of upcoming benefit issues.

There could be other fallout from the retiree backlash against the new taxes they will pay for the expanded Medicare program.

That backlash raises questions whether Congress will soon pass legislation establishing a federal long-term health care program financed through higher taxes on employees and employers.

"If a catastrophic acute care program for the elderly is not affordable, it certainly raises questions about the affordability of a long-term health care program," said Mark Ugoretz, executive director of the ERISA Industry Committee, a Washington-based benefits lobbying organization representing large employers.

Still, benefit experts say it is likely that a plethora of long-term health care bills will be introduced because of strong congressional interest in the area.

One of the most controversial benefit proposals of the last congressional session—legislation crafted by Sen. Kennedy to require all employers to offer group health care coverage meeting minimum federal standards—should be introduced sometime in March, according to Kennedy aides.

Kennedy staffers now are revising last year's bill, which died after clearing the Senate Labor and Human Resources Committee, to give tax breaks to small employers to reduce the burden of the benefit mandate.

The basic structure of the Kennedy bill, though, is not expected to be changed substantially.

The bill cleared by the Labor and Human Resources Committee generally would have required employers to offer a health care plan with individual and family deductibles of $250 and $500. In addition, employers generally would have had to pay 80% of the premium for most workers and 100% of the premium for low-wage employees.

Kennedy aides say they do not plan to redraft the legislation along the lines of Massachusetts' new health care statute, but they did not reject the idea out-of-hand.

Unlike the Kennedy bill, the Massachusetts law, which goes into effect in 1992, does not mandate the type or level of health care benefits that an employer must offer. Instead, if an employer spends at least $1,680 per employee on health care benefits, it is exempt from special taxes or benefit mandates (*BI*, May 2, 1988).

But Kennedy aides say the Massachusetts law is unfair. They note that, among other things, an employer under the Massachusetts law would be taxed if it kept its health care expenses below $1,680 per year per employee through strict cost management.

While fierce business opposition, especially from the small-employer community, likely will prevent enactment of the Kennedy legislation this session, the issue will not disappear, benefit experts say.

"As long as there are 37 million people without health insurance, a Kennedy-type bill will not go away and will receive congressional consideration," said Hewitt's Mr. McArdle.

Benefit experts also expect a new congressional assault on the tax-favored status of flexible benefit plans to reap billions in dollars in new federal revenues, though no proposal has yet surfaced.

"Once a proposal is on a revenue list, it never gets off," observed Kevin O'Brien, an attorney with the Washington, D.C., law firm of Ivins, Phillips & Barker and counsel to the Employers Council on Flexible Compensation.

For example, many benefits experts expect that a 1987 proposal to cap at $500 the maximum pretax salary employees in flexible benefit plans could contribute toward uncovered benefit expenses will resurface (*BI*, Nov. 9, 1987).

That cap, which originally appeared on a list of potential revenue sources compiled by the congressional Joint Committee on Taxation, was defeated, but only after a vigorous employer-led lobbying effort.

"The tax advantages of flexible benefit plans are on the endangered list," predicted Stuart Brahs, vp-federal government relations in the Washington, D.C., office of The Principal Financial Group, a Des Moines-based financial services company.

And, in the congressional drive to find new revenue sources to reduce the huge federal budget deficit, the tax-favored status of group health care benefits could come under attack, some benefit lobbyists warn.

"The same people who brought us Treasury I are still with us," said Mr. Ugoretz of the ERISA Industry Committee, referring to a 1984 Treasury Department proposal in which employer health care contributions exceeding $70 a month for individual coverage and $175 a month for family coverage would have been included as taxable income to employees.

"Given the amount of revenue that has to be raised to reduce the deficit, there will be a congressional scramble for revenue from any source," Mr. Ugoretz said.

On the pension side, a slowdown in major proposals is likely as Congress gives employers a chance to implement changes in their retirement programs, including more rapid vesting schedules and new integration rules laid down by the Tax Reform Act of 1986 and which take effect this year.

But the relative quiet on the pension front will be broken by renewed efforts to restrict employers' current right to recover excess assets from terminated overfunded pension plans, a battle likely to be led by Sen. Howard Metzenbaum, D-Ohio.

"The battle over reversions is never over. The advocates of restrictions on asset reversions will come back again and again," said Edward J. Davey, a principal with A. Foster Higgins & Co. Inc. in New York.

However, Mr. Ugoretz of the ERISA Industry Committee noted that Congress has rejected several of Sen. Metzenbaum's proposals.

"Congress does not want to do what Sen. Metzenbaum wants: give participants something that was not promised in the employment contract," Mr. Ugoretz said.

But others are not so sure about the outcome of the reversion debate.

One compromise would be to lower the 15% federal excise tax that now applies to most reversions in exchange for allowing participants to garner a share of the excess assets, some experts say.

On Section 89, employers and benefit organizations plan to give Congress new evidence showing that the costs of compliance are excessive.

For example, Principal Financial Group is gathering information from employers on the problems those companies have faced trying to comply with the complex law.

With those examples, it will be possible to discuss with congressional staff specific remedies to Section 89 compliance problems, Mr. Brahs said.

Even before the congressional session officially began, several senators began sounding the call for a delay in the controversial law.

Without delay, "employers throughout the United States. . .will be confronted with the impossible task of applying enormously complex tests to employee benefit plans without any guidance from the Internal Revenue Service," said Sens. David Durenberger, R-Minn., and David Pryor, D-Ark., in a recent letter to Treasury Secretary Nicholas Brady.

In the Senate, legislation likely will be introduced soon, probably by Sen. Steve Symms, R-Idaho, calling for a one-year delay in enforcement of penalties for companies whose welfare plans do not pass Section 89's non-discrimination tests.

While congressional tinkering with Section 89 is likely, experts virtually rule out repeal and even delay of the law.

"The congressional commitment to a non-discrimination statute, such as Section 89, is strong. As a result, a lobbying effort to repeal Section 89 would be unlikely to succeed," Mr. McArdle said.

"It would be a wasted lobbying effort to try to repeal Section 89," said Mr. Brahs.

Dallas Salisbury, president of the Employee Benefit Research Institute in Washington, noted that it would have been much easier to modify Section 89 as it moved through Congress than it will be now that it is law. ■

Reagan budget seeks new payroll taxes

WASHINGTON—Public employers and many employees would be hit with higher payroll taxes if Congress accepts a recommendation included in the Reagan administration's new budget.

In its proposed budget for fiscal 1990 submitted to Congress last week, the administration proposes requiring all state and local government entities and their employees to pay that portion of the Social Security payroll tax that covers Medicare hospital expenses.

Currently, only state and local government employees who were hired after March 31, 1986, must pay the Medicare tax.

While Congress has rejected previous administration proposals to extend the Medicare tax to all public employers and employees, the issue keeps reappearing because the extension would significantly increase federal revenues.

The administration estimates the extension would raise about $2 billion in revenues in 1990.

The Medicare portion of the FICA tax is now 1.45% of an employee's first $48,000 of wages.

Many other budget proposals would affect only federal and military employees and retirees.

For example, the administration is proposing a one-year freeze in the annual cost-of-living adjustments of pension benefits received by retired civil servants and military personnel.

In addition, the administration wants to change the method in which cost-of-living adjustments are calculated for federal employees and retirees covered under the Civil Service Retirement System.

CSRS retirees' pension benefits now automatically reflect changes in the Consumer Price Index. But the administration wants to limit the annual COLA beginning in 1991 to CPI increases minus 1%. This lower adjustment feature already applies to participants—generally federal employees hired after 1983—in the Federal Employees' Retirement System.

Among other budget items of interest to employers:

- The administration is asking Congress to appropriate $253.2 million in funds for the Occupational Safety and Health Administration, up 8% from 1988 outlays of $234.4 million. OSHA expects to issue 21 health and safety standards in fiscal 1990, up from nine in 1988, and conduct 64,600 workplace inspections in fiscal 1990, up 10.75% from 58,354 last year.
- The Pension Benefit Guaranty Corp. expects to collect $690 million in revenue in fiscal 1990 from termination insurance premiums it charges employers with defined benefit pension plans, up 3.1% from an estimated $669 million in fiscal 1989 and $482 million in fiscal 1988.

The Bush administration is expected to make modifications to the Reagan budget proposals.

—By Jerry Geisel

ISO/ABA reports

Continued from page 2
of the panel's recommendations.

"The insurance industry has been criticized so strongly for not producing data," he said. "I hope the study is not maligned as propaganda."

Mr. Beck predicted the ISO study would play an important role in the tort reform movement.

Debra Ballen, vp-policy development and research at the American Insurance Assn., agreed. "The ISO study certainly validates a lot of things being said about tort reform."

Franklin Nutter, president of the Alliance of American Insurers in Schaumburg, Ill., praised the ISO study as "a weighty contribution to the tort reform debate."

The ISO study is a "very empirical piece of work with a system of checks and balances," he said.

Both Mr. Nutter and Ms. Ballen also praised the ISO study for showing that tort reforms cannot be effective if they contain what Mr. Nutter termed "Christmas tree exceptions and caveats."

"You need relatively clean tort reform to effect these claims," Ms. Ballen said.

The ISO study said that while tort reforms have been enacted in 24 states, their effect was severely limited by various exceptions.

A tort reform advocate also supported the ISO study.

While the study does not break any significant new ground, "it does confirm, once again, that meaningful tort reform can not only act as a deterrent to frivolous lawsuits, but, in the words of the report, 'would produce significant cost reductions in virtually all of the claims situations tested,' " said Blair Childs, executive director of the American Tort Reform Assn., a coalition of more than 400 businesses and organizations working for tort reform.

The ISO study "can and should be used by policymakers looking at the tort system," he said.

Mr. Childs praised the section of the ISO study that "confirmed that defendants often pay in excess of their actual degree of fault, confirming the 'deep-pocket' tendencies of our legal systems, which encourage multiple defendants, frivolous claims and unfair judgments."

But the ISO study did not mention how many of these defendants seek indemnification from other responsible parties

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Aviation insurance market

Continued from page 2
market, concurred another aviation underwriter who did not wish to be named. "A series of these may affect the market. But the Pan Am loss is not going to be a big loss and the British Midland loss is a medium-sized event."

Hull and liability rates will continue to slide because aviation underwriters were able to renew their excess-of-loss reinsurance treaties prior to the two disasters. Hull and liability reinsurance rates dropped 30% to 40% and ceding insurers' retentions were cut, noted one aviation insurance broker.

For example, aviation insurers now are more willing to write coverage excess of a $10 million retention, instead of a $25 million to $50 million retention, he said.

"Only the next loss may affect the market," he said.

The big test will be April 1 renewals, underwriters and brokers agree. Negotiations already are under way for April 1 renewals for major carriers like Federal Express Corp. and United Air Lines Inc.

French airline UTA, whose coverage renews March 17, already has placed its renewal, obtaining a 50% hull rate reduction and a 35% liability rate reduction, an aviation underwriter noted.

"Brokers are taking the opportunity of negotiating (April 1 renewals) under soft market conditions" in case the market tightens later in the year because of other disasters, Mr. Westcott noted.

Meanwhile, investigators last week were trying to determine what caused two engines to fail on the 12-week-old Boeing 737-400 owned by British Midland.

Identification of the cause of the crash could determine whether British Midland's insurers or the aircraft manufacturers' aviation product liability insurers are responsible for the loss.

At least 44 passengers died and 74 passengers were injured, many severely. The eight crew members also were injured.

Investigators are questioning whether the pilot, who reported a fire in one engine, may have shut down the wrong engine, leaving the plane with no power.

The engines, part of the CFM-56 series, were built by CFM International of Cincinnati, a joint venture between General Electric Co. of Fairfield, Conn., and French manufacturer Societe Nationale d'Etude et de Construction de Moteurs d'Aviation (SNECMA).

If the accident is determined to be caused only by pilot error, British Midland's insurers would most likely be responsible for the loss, noted an aviation legal consultant.

British Midland is fully insured for the $35 million hull and has up to 400 million pounds ($704 million) of liability coverage brokered by Lloyd's brokerage group C.T. Bowring & Co. Ltd.

The bulk of British Midland's coverage is placed in London, led by Lloyd's largest aviation syndicate managed by R.W. Sturge & Co. and underwritten by Brian Beagley. About 15% of the coverage is underwritten by French insurer La Reunion Aerienne.

British Midland, which has not had a loss since the early 1960s, renewed the coverage July 1.

A British Midland spokeswoman referred all calls to the London law firm of Beaumont & Son.

A spokesman at Beaumont & Son said British Midland will offer immediate payment of 5,000 pounds ($8,800) to help victims' families with such expenses as funeral costs, without admitting any liability. Additional compensation will be decided once the cause of the crash is determined, he said.

However, product liability insurers for the plane's manufacturers

'Only the next loss may affect the market,' said one aviation insurance broker.

could be liable if investigators conclude a manufacturing defect caused the crash.

Boeing, which manufactured the new 737-400 series, carries $1.3 billion of aviation product liability insurance in three layers. The coverage is brokered by Johnson & Higgins in the United States and by Willis Faber P.L.C. in London.

The coverage—consisting of a $350 million primary layer, a $650 million layer excess of $350 million, and a $300 million layer excess of $1 billion—is led by United States Aircraft Insurance Group in the U.S. market and by Lloyd's underwriter David Dann. The coverage was last renewed on Nov. 1.

Johnson & Higgins officials did not return phone calls.

General Electric and SNECMA carry separate aviation product liability insurance.

General Electric purchases $1 billion in aviation product liability insurance in three layers: a $200 million primary layer, a $300 million layer excess of $200 million, and a $500 million layer excess of $500 million. The coverage is led in the U.S. market by Associated Aviation Underwriters of Short Hills, N.J., and in London by The Orion Insurance Co. P.L.C.

Marsh & McLennan Cos. Inc. and London affiliate C.T. Bowring placed the coverage, which renews Sept. 16.

Bowring officials would not comment on the coverage.

SNECMA purchases about $600 million in aviation product liability insurance, led by La Reunion Aerienne in Paris and reinsured throughout the world.

The amount paid to the survivors of those who died in the British Midland crash and to the injured passengers will depend on who is found to be at fault, said the aviation legal consultant.

If British Midland is found to be at fault, then liability would be limited by a British law known as the Carriage by Air Acts (Application of Provisions) Order 1967, he said. The law says that an air carrier's liability for a domestic flight is limited to 100,000 special drawing rights (an international unit of currency) or about $132,352 per passenger. Thus, British Midland's liability would be limited to about $15.6 million.

However, the limit can be waived if plaintiffs establish that the airline acted with intentional recklessness or that it knew that damage could probably result from its actions.

The liability limit does not apply to aircraft manufacturers.

If an engine defect is found to have caused the crash, Boeing, General Electric and SNECMA could be held strictly liable for the loss under the U.K. Consumer Protection Act, which was passed last March to implement the European Community's product liability directive, according to the aviation legal consultant. The directive imposes strict liability on all manufacturers and importers of defective products into the EC.

Meanwhile, questions about the CFM-56 engines arose last week when it was discovered that an employee of the company had filed a lawsuit against General Electric alleging that the company falsified engine test certifications filed with the U.S. government.

Anthony L. DiVincenzo, who brought the action against General Electric on behalf of himself and the U.S. government, filed suit in September in U.S. District Court for the Southern District of Ohio.

The suit says that "based upon the false test certifications and false claims described. . .defendant General Electric Co. obtained payment from the United States government for products produced to the United States government by defendant General Electric Co. which were not tested as required by contract specifications."

However, a General Electric spokesman said the CFM-56 engine component described in Mr. DiVincenzo's writ—a timer valve—was tested properly. "All testing showed no characteristics of malfunction," he said.

The spokesman said the CFM-56 engines have flown 10 million flight hours without an accident before last week's disaster. ■

Pan Am disaster

Continued from page 2
flights set by the Warsaw Convention as amended by the Montreal Agreement.

Robert Alpert, USAIG's senior vp-claims director, would not comment on the reserve.

But London aviation underwriters believe that USAIG's liability reserve is too low since the Warsaw Convention's liability limitations do not apply if plaintiffs can show that Pan Am's willful misconduct or negligence led to the explosion.

If willful misconduct or negligence is proved, liability awards and settlements will balloon to between $250 million to $275 million, based on $1 million per passenger commonly awarded in the past by U.S. courts, London underwriters contend.

"Everybody in the London market thinks (USAIG's reserve) is a complete farce," summed up a London broker not affiliated with the loss.

The reserve "is more likely to be an initial shot across the bows," added an aviation underwriter. "If the ticket conditions are upheld, the (Warsaw Convention) amount is the total that Pan Am would be liable. But if wilful misconduct is proven, it could open the (liability) limit."

"To be honest, I think the reserve is too low," added another underwriter. "The reserve is based on the convention liability limits. It is a preliminary reserve, however."

"Our feeling is that the convention will be broken," said another aviation underwriter. "If there is a good case for negligence, then the loss could be between $250 million and $275 million."

Detroit-bound Pan Am Flight 103 exploded en route to New York about one hour after taking off from London's Heathrow airport, killing 244 passengers and 15 crew. The flight originated in Frankfurt, West Germany, and passenger and cargo were switched from a Boeing 727 to the 747 in London.

Once it had been determined that a bomb in the front cargo hold caused the loss, hull war risk underwriters led by Lloyd's of London underwriter Frank Elliot at Janson Green Ltd. agreed to pay the $32 million hull loss (*BI*, Jan. 2).

Pan Am's liability insurance, including war risks, is led by USAIG, which wrote 30% of the coverage. Other liability insurers include Lloyd's Ariel syndicate; La Reunion Aerienne in France; Associated Aviation Underwriters of Short Hills, N.H.; and CAMAT of France.

The liability war risk portion of the USAIG coverage is reinsured in London, led by syndicate 418 underwritten by Stephen Merrett, confirmed Ken Randall, managing director of Merrett Underwriting Agency Management Ltd., which manages the syndicate. The Pan Am loss will not significantly impact the syndicate, however, he said.

So far, at least four lawsuits have been filed against Pan Am in U.S. courts by representatives of the estates of four passengers. All of the suits seek to overturn the Warsaw Convention's liability limits by alleging willful misconduct on behalf of Pan Am.

Three of the suits, filed by plaintiff's attorney Stanley M. Chesley of Waite, Schneider, Bayless & Chesley Co. in Cincinnati, seek a total of $90 million in punitive and compensatory damages.

One of the suits, filed in U.S. District Court in Detroit, seeks $15 million in compensatory damages and $35 million in punitive damages. Each of the two other suits, filed in U.S. District Court in Cincinnati, seek $15 million in compensatory and $15 million in punitive damages from Pan Am.

The disaster occurred "because of the carelessness and negligence of the defendant," all three suits state. As a result, passengers were made "to suffer physical injury, pain, suffering, physical discomfort, emotional distress and fear, all resulting in death."

The suits also allege that Pan Am was notified on Dec. 5 by the U.S. Federal Aviation Administration—via a security bulletin—that a bomb threat had been made against planes flying the same route as Flight 103 followed.

However, Pan Am did not warn passengers of the bomb threat, though the U.S. government issued bulletins to its embassy staffs warning them of the threat, the suits say.

As a result, Pan Am "negligently" failed to "ticket, monitor, board, maintain and otherwise secure said aircraft so as to prevent the destruction of the aircraft which the defendant knew or should have known was likely to occur," said the suits.

Also, Pan Am "negligently" failed to warn passengers "of the threat made against defendant's Frankfort-United States routes."

The suits also say that Pan Am was negligent for failing to properly train its staff in security and operations for the Boeing 747 "as is consistent with industry standards," thereby exposing its passengers to the dangers of crash, fire and destruction.

As a result of Pan Am's failure to warn passengers of the bomb threat, Pan Am "was guilty of wilful misconduct," which voids the Warsaw Convention's $75,000 liability limitation, the suits contend.

Also, Pan Am should also pay punitive damages because the airline had a "total and conscious disregard for the safety of its (passengers). . .caused the injuries resulting in the death of the plaintiff's decedent."

A Pan Am spokeswoman referred all calls to Mr. Alpert at USAIG, who would only say that Pan Am would respond to the lawsuits within 20 days of their filing.

Other lawyers are also considering legal action against the U.S. government for failing to warn passengers of the bomb threat, said leading British plaintiff's attorney Roger Pannone of the law firm Pannone Napier, who is representing relatives of some passengers.

In addition, "the U.S. government is not protected by the Montreal Agreement," added Stuart Speiser, senior partner for the New York law firm of Speiser & Krause, who represents about a half-dozen plaintiffs. As a result, the government could be sued under the Federal Torts Act for an unlimited amount.

However, plaintiffs will encounter two obstacles if they try to sue the U.S. government, Mr. Speiser noted.

First, the act bars compensation if negligence was caused by the U.S. government in a foreign country. But, Mr. Speiser says, courts have ruled that if the negligence can be proven to have occurred in the U.S.—for example, by the FAA in Washington—compensation could be awarded even though the accident occurred overseas.

Second, the act contains a "discretionary function rule," which bars compensation for injuries caused by a government official's decision.

"The government could prevail on the discretionary function rule," said Mr. Speiser. "We may have to finally fight this rule in the appellate court." ■

ISO/ABA reports

Continued from previous page

in subrogation lawsuits, suggested Bill Wagner, president of the Assn. of Trial Lawyers of America.

Mike Fusco, ISO's executive vp-claims, responded by noting that the right of contribution laws vary from state to state.

Overall, plaintiffs' attorneys and consumer activists said they found the ISO study a self-serving tool for the insurance industry.

"An objective review of the recent (ISO study) must conclude that the insurance industry believes in a twist on the old adage: You can fool some of the people some of the time, and sometimes that's enough," said Mr. Wagner.

Overall, "this latest report seems to bolster the argument made by 19 state attorneys general. . .in their recently filed lawsuits that ISO should be restructured so that it is not a major protagonist for the insurance industry but rather sticks to its original purpose," he said, referring to the massive antitrust litigation pending against property/casualty insurance industry defendants.

"The latest report is based on a mixture of fact and fiction," because the ISO study included data on both closed claims and open claims, he said.

The ISO study used two distinct claims samples:

- Bodily injury claims of all sizes that were closed during the first week of August 1987.
- Bodily injury claims of $25,000 or more—whether open or closed—arising from primary liability insurance policies written in 1983.

Mr. Wagner said the ISO study should have been limited to strictly closed claims.

"No one can say whether this report is accurate or has value, because it simply compares apples and oranges," he said. "By including claims still open, the supposed study only 'estimates' what a payout will be; it erroneously labels many figures as facts, when they are merely guesses."

But, ISO's Mr. Fusco responded that those who wish to look at information relating solely to closed claims could review the study's findings for the sample that was restricted to closed claims.

If ISO had limited its study to closed claims, then other critics would have said the data is stale, Mr. Fusco added.

The defense bar agrees with ISO. "You have to make certain estimates in order to have a complete analysis," said James W. Morris, president of the Chicago-based Defense Research Institute & Trial Lawyers Assn. and a member of the Richmond, Va., law firm of Browder, Russell, Morris & Butcher.

In another criticism of the study, Mr. Wagner said that while ISO mentions that "claimants received, on average, 2½ times their economic loss," the report does not attempt to explain or quantify awards for non-economic damages such as pain and suffering.

Philip Miller, a vp and actuary at ISO, said it is up to society to analyze awards for non-economic damages.

Mr. Wagner summed up: "The ISO study does not prove tort reform has any ability to lower claims costs."

The ISO study's failure to draw this conclusion also drew criticism from one of the study's supporters.

Even ATRA's Mr. Childs criticized the ISO study for failing to "say there would necessarily be a concomitant reduction in pricing" as a result of tort reform. He explained that the reader of the ISO study has to extrapolate the effect of tort reform on claims costs.

"The ISO study doesn't directly address the critical issue of the effects of tort reform on costs," he said.

Mr. Fusco responded that ISO does not take a position on tort reform and that its most recent study was designed merely to add information to that debate.

"We (at ISO) are trying to be objective researchers; ATLA has a one-dimensional opinion," he added.

The ISO study also was dismissed as being one-sided both by J. Robert Hunter, president of the Alexandria, Va.-based National Insurance Consumer Organization, and Michael Johnson, organizer on insurance issues for the Washington, D.C.-based consumer group Public Citizen, which was founded by Ralph Nader in 1971.

The ISO study "has about as much credibility as if the trial lawyers did a study" on the tort system, Mr. Hunter said.

However, the ABA report drew unqualified praise from Messrs. Johnson and Hunter.

"We're wholly in agreement with it," Mr. Johnson said.

The ABA panel report is "intelligent," said Mr. Hunter, who praised the report for containing a balance of opinions and counter-opinions. He predicted it would serve as an impetus to repeal state and federal statutes granting insurers limited antitrust exemptions.

Mr. Johnson stressed that Public Citizen considers the report's call for repealing McCarran-Ferguson its most significant recommendation.

The basis for McCarran-Ferguson was that states should have a "free hand in regulating insurance," Mr. Johnson said. "That has proved largely a failure. If the insurance industry isn't going to be subject to effective rate regulation at the state level, it should be subject to the discipline of the marketplace."

Repeal of McCarran-Ferguson will work to consumers' benefit by forcing insurers to be more competitive, Mr. Johnson said. He branded the insurance industry "probably one of the largest, most bumbling bureaucracies our society has ever created."

NICO's Mr. Hunter pointed out that several previous independent studies have recommended repealing the McCarran-Ferguson Act. "Every independent study says you've got to get rid of this thing," he said.

But Mr. Nutter of the Alliance predicted that, if adopted, the ABA panel's recommendations to repeal McCarran-Ferguson and instead allow only certain cooperative acts by insurers would have a "chilling impact on the pro-competitive activities the insurance industry currently engages in," he said.

George Klotzbaugh, general counsel for the American Insurance Assn., agreed. If McCarran-Ferguson were repealed, "insurance availability and affordability would be determined by government agencies instead of market competition."

Mr. Klotzbaugh said the ABA report was "misguided" and that the panel showed no evidence for its recommendations.

Furthermore, any attempt to list permissible activities would invite years of litigation and confusion, Mr. Nutter said.

The ABA's recommendation, in effect, "would substitute regulation by litigation for regulation by review," he said.

The defense bar also questions the ABA report's call for repeal of McCarran-Ferguson.

"I disagree with the suggestion that the McCarran-Ferguson exemptions be abolished," said Mr. Morris.

Although the ABA report was "well-intentioned," repealing the law would be "a step toward federal control of the insurance industry," he said.

The call for repeal "fails to recognize that the exemptions are based on a need to share information," particularly among small insurers, Mr. Morris said.

Mr. Nutter also criticized ABA panel recommendations to establish an agency with subpoena powers to investigate whether improper insurance industry collusion manipulates insurance availability and cost.

"Setting aside the pejorative nature of the words, the commission's recommendation implies the commissioners had pre-determined there was illegal activity in the insurance industry," Mr. Nutter said.

He also said pending antitrust litigation will answer this question. "Further investigation is not needed," he said (*BI*, Sept. 26, 1988; Sept. 12, 1988; March 28, 1988).

However, Mr. Nutter, who is a member of the ABA, said the ABA panel's recommendations to repeal McCarran-Ferguson and to establish an agency to investigate insurance industry collusion likely would be altered when the report is submitted to the ABA's House of Delegates.

Mr. Nutter and others also criticized the ABA panel report because its findings are not supported by concrete data.

"The ABA commission had no witnesses and no investigatory powers. It is simply a report reflecting the views of the commissioners," Mr. Nutter said. "The ISO report was an arm's length empirical review of actual claims files."

The ABA panel lacks "a factual basis by which they reached their conclusions," said ATRA's Mr. Childs.

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Associate Editor Mark A. Hofmann contributed to this story.

Malibu settlement

Continued from page 1

filed against the public entities.

"I think all of the principal parties have agreed in concept on the settlement. We're just going through formalities now," said plaintiffs' attorney Kenneth Chiate of the Los Angeles law firm Lillick & McHose.

Mr. Chiate—whose firm normally represents insurers, including Lloyd's of London syndicates—represents 187 of the plaintiffs in the case, including himself.

However, 16 other residents refuse to agree to the settlement and are trying to reach separate agreements with the defendants, said Karl M. Samuelian, a partner with the Los Angeles law firm of Parker, Milliken, Clark, O'Hara & Samuelian and attorney for Los Angeles County.

Under the proposed settlement, the state Department of Transportation—better known as CalTrans—would pay $40 million. The state is completely self-insured for the loss, said Tony Ruffolo, deputy chief counsel for CalTrans.

No special reserve has been established by the state to pay the settlement, so funds will have to be appropriated by the Legislature and Gov. George Deukmejian.

Los Angeles County would pay $35 million under the agreement, said Rudy Alvarez, acting chief of risk management and insurance for the county. The county is self-insured except for a $1 million per occurrence commercial general liability policy that covered only its Water Works at the time the landslide occurred in 1983, he said.

The Water Works was a named defendant in suits

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Update

Dupont Plaza trial date set

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Determining "who is the innkeeper" is "extremely important," because it would establish who bears primary liability for the loss, said Wendell H. Gauthier, senior partner of the Metairie, La., law firm of Gauthier, Murphy, Sherman, Chehardy & Ellis and chairman of the Plaintiffs Steering Committee.

Only $1 million in liability insurance is known to be available to cover any damage awards: Units of American International Group Inc. wrote the coverage for the San Juan Dupont Hotel Corp. (*BI*, Jan. 12, 1987; Jan. 5, 1987).

The fire killed 96 people and injured 125. More than 2,300 plaintiffs are seeking about $1.8 billion in damages, Mr. Gauthier said.

As a result of the obviously low limits of coverage available to pay claimants, plaintiffs are seeking recovery by suing more than 250 companies and people that had any connection with the hotel.

The liability of other categories of defendants, such as hotel service vendors, will be determined in subsequent trial phases.

National health care advocated

CAMBRIDGE, Mass.—A physicians group is calling for enactment of a national health insurance program.

"Our health care system is failing. It is time to change fundamentally the trajectory of American medicine—to develop a comprehensive health program for the United States," Physicians for a National Health Program, a Cambridge, Mass.-based organization, said last week.

In the Jan. 12 issue of the New England Journal of Medicine, the physicians group advocated the elimination of all privately funded health care coverage and the establishment of a universal program, similar to Canada's national health insurance program.

The group envisions a public plan that would provide all health care services, including long-term care, dental services and prescription drugs. There would be no deductibles or coinsurance.

Over the long term, funding might be based on an income tax, the group suggested. In the interim, funding sources could include a special tax levied on employers.

Over the long term, companies' health expenditures would increase less sharply because of improved health planning and greater efficiency, the group contends.

La Petite settles for $1.9 million

KANSAS CITY; Mo.—La Petite Academy has not set aside reserves under its self-insurance program to pay a proposed $1.9 million settlement of two class-action lawsuits by shareholders.

"We plan on expensing it; we'll charge it against earnings," explained Paul Vadovicky, La Petite's controller. Payment of the settlement would result in an aftertax charge of 7 cents per share against La Petite's fourth-quarter 1988 earnings, he said.

La Petite, which operates 650 day-care centers nationwide, was sued last year by shareholders who charged that the company waited from late July until Sept. 19 to announce that its general liability insurance had been canceled to present a favorable financial picture of the company (*BI*, Oct. 24, 1988).

American International Group Inc. canceled La Petite's $1 million in liability coverage because of what it termed excessive claims, but La Petite said the insurer gave no reason.

The suits sought unspecified compensatory damages for losses suffered when La Petite's stock tumbled $3.875 per share to $13.25 on the news that its coverage had been canceled.

After the announcement of the tentative settlement, which must be approved by a U.S. District Court judge, the stock was selling at around $8.50 a share on the over-the-counter market.

Briefly noted

Andrew A. Alberti will resign as special deputy superintendent in charge of the New York Insurance Department's Liquidation Bureau effective Jan. 31 for "personal reasons," said a department spokesman. No replacement has been named. . . .**Tornadoes whipped across the Midwest** on the first weekend of 1989 and caused about $22 million of insured damages, according to the Property Claim Services division of the American Insurance Services Group Inc. The twisters, assigned Catastrophe No. 80, caused insured damages of about $15 million in Illinois, $4 million in Indiana and $3 million in Kentucky. . . .Teledyne Movable Offshore Inc. of Lafayette, La., is self-insured for the $6 million **loss of a 16-year-old sulfur exploration rig** that burned in the Gulf of Mexico last week, a company official said. . . .**Chubb Corp.** agreed to pay a civil penalty and reimbursement costs totaling $100,000 to the state of Ohio to resolve charges the Insurance Department brought against the insurer over the drought insurance sold in the state last summer (*BI*, Nov. 7, 1988). . . .U.S. Rep. Don Edwards, D-Calif. plans to introduce a measure in the 101st Congress this spring that would repeal or significantly alter the **McCarran-Ferguson Act**. Rep. Edwards sponsored similar legislation in the 100th Congress (*BI*, June 22, 1987). . . .More than 60,000—or 30%—of the 196,000 claimants who said they were injured by the Dalkon Shield intrauterine device manufactured by **A.H. Robins Co.** have agreed to accept settlements of $725 or less. To date, the Dalkon Shield Trust Fund has paid more than 40,000 claimants about $30 million, said a fund official. . . .**Re Capital Corp.** Chairman Charles E. Harris resigned last week, citing other business commitments. Maurice W. Slayton, president and chief operating officer of Conning & Co., was named interim chairman of Re Capital. In addition, four new management board members were named to replace outside directors who resigned in accordance with the company's strategy to appoint more inside directors. . . .The U.S. Supreme Court on Jan. 9 let stand a federal court ruling dismissing hundreds of bodily injury claims against Merrell Dow Pharmaceuticals Inc., the manufacturer of **Bendectin**, an anti-nausea drug once used by pregnant women (*BI*, Sept. 5, 1988). . . .Judge Nirmal Kumar Jain has been appointed to preside over the Indian government's litigation against Union Carbide Corp. in connection with the **Bhopal disaster**. The previous judge asked to be excused (*BI*, Oct. 24, 1988).

Claims-made

Continued from page 1

ance policy requiring a claim made against the insurer to be reported during the policy period is against public policy.

"A claims-made policy which requires the insurer to be notified during the policy period severely limits the scope of coverage so that the objectively reasonable expectations of the purchaser of professional liability coverage are not met. . .the reporting requirement effectively precludes coverage for claims made toward the end of the policy period which cannot reasonably be reported until after expiration," the judge ruled.

The decision stems from a dispute between ISLIC and Brown-Spaulding & Associates Inc., a small insurance broker in Carmel, Calif. ISLIC wrote errors and omissions coverage for the broker from Jan. 1, 1984, to Dec. 31, 1984.

The policy stipulated that it would "pay on behalf of the insured all sums which the insured shall become legally obligated to pay as compensatory money damages as a result of claims first made against the insured and reported to the company during the policy period by reason of any act, error or omission in professional services rendered or which should have been rendered by the insured."

In early 1984, Brown-Spaulding failed to secure a pollution liability policy for one of its clients. However, the broker failed to notify its insurer of the client's claim until Jan. 21, 1985, after the policy had expired.

ISLIC denied coverage because the claim was not reported during the policy period.

Employers Reinsurance Corp., which succeeded ISLIC as the broker's E&O insurer on Jan. 1, 1985, also denied coverage of the claim because the broker failed to disclose information about the claim in its application for coverage. Furthermore, Employers Re rescinded its policy.

A California trial court has since upheld Employers Re's decision to deny coverage.

But, on Dec. 30 Judge Merrill said ISLIC must indemnify Brown-Spaulding for the claim even though it was reported after the policy expired.

"The result of the notice provisions in the policy issued by ISLIC is to deprive Brown-Spaulding of retroactive coverage for claims made against it near the end of the policy period. Such narrow coverage provisions are so oppressive and unfair as to be violative of public policy," ruled Judge Merrill.

Attorneys agree this is the first time any court has dismantled a claims-made policy in the name of public policy.

"The claims-made policy has been upheld by virtually every other jurisdiction that has considered it," said ISLIC attorney Jeffrey R. Kurtock of Lewis, D'Amato, Brisbois & Bisgaard in San Francisco.

Even Judge Merrill conceded: "In general, courts have upheld the validity of the claims-made policies, recognizing the significant social utility therefrom."

Mr. Kurtock criticized the unanimous decision by the three-judge appellate panel as overly broad.

"The logic used by the court is so broad that they threw out the wash water, the baby and the whole bathroom," he said. "It is probably the most over-broad opinion I have ever read."

Mr. Kurtock added that by basing its decision on public policy, the court is "using an extremely big cannon to swat a fly. But, they almost had to because the opinion has no support in the law or the facts."

Mr. Kurtock said ISLIC "most likely will take some steps to overturn the decision."

ISLIC can either ask the appellate court to rehear its decision or it can seek California Supreme Court review of the decision.

"This court has gone further than any other court in the country in finding that the notice provision of a claims-made policy is unenforceable," agreed R. Gaylord Smith of Lewis, D'Amato in San Diego.

"It reminds me of the Army officer in Vietnam who said, 'We have to destroy the village in order to protect it,' " quipped Mr. Gaylord, who represented National Union Fire Insurance Co. of Pittsburgh, Pa., in a very similar case last year.

On June 22, 1988, another California appellate court judge forced National Union, a unit of American International Group Inc., to pay a claim that was reported after a claims-made policy had expired. However, the judge in this case based his ruling on the fact that National Union was not prejudiced by the late notice of the claim (*BI*, July 25, 1988).

The state Supreme Court later decertified the National Union decision, meaning it cannot be used as precedent in the state (*BI*, Nov. 28, 1988).

Both Mr. Kurtock and Mr. Smith said the Brown-Spaulding decision, like the National Union decision, comes close to rewriting a claims-made policy.

The decision "gives the claims-made policy many of the attributes of an occurrence policy," said Mr. Smith.

The attorneys say the Brown-Spaulding decision, if upheld, could cause even more apprehension among insurers about operating in California and could cause an increase in litigation over the claims-made form.

"In the wake of Proposition 103, the decision may well make out-of-state insurance companies even more leery of the California market," said Mr. Smith.

Mr. Kurtock agreed: "The additional underwriting certainty afforded by the claims-made and reported form is lost" in California.

He added that if the decision is upheld, insurers may begin litigating many claims made under claims-made policies, asking the courts to determine when the claims were actually made, since it no longer would matter when the claim was reported to the insurer.

Brown-Spaulding attorney Robert P. Kahn of Millard, Tourangeau, Morris & Staples in San Francisco said the court's decision reflects policyholders' expectations for coverage under claims-made policies.

Policyholder attorney Terence C. McGaughey of Tremaine, Shank, Stroud & Robbins in Los Angeles agreed, saying the decision "afforded coverage the insured expected when it bought the policy."

Both Mr. Kahn and Mr. McGaughey said the decision could be very beneficial to claims-made policyholders in California.

"If it stands, the decision is going to give policyholders much more insurance protection than they would have been afforded before," said Mr. McGaughey, who represented the policyholder in the National Union case.

Insurer attorneys also said the decision could be a boon to policyholders. "It's bonus coverage for the policyholder," quipped Mr. Smith.

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Brown-Spaulding & Associates Inc. vs. International Surplus Lines Insurance Co. et al.; California Court of Appeal First Appellate District, Division Three, No. A037042.

Malibu settlement

Continued from previous page

plaintiffs originally filed.

The coverage was underwritten by Omaha, Neb.-based Central National Insurance Co. and subsidiary Protective National Insurance Co.

There is some debate, however, between the county and Central National over what constituted an occurrence and when it took place, Mr. Alvarez said.

"The policy provided for $1 million per occurrence in coverage. But, that does not mean that amount was or will be entirely collected," he explained.

The Los Angeles office of broker Bayly, Martin & Fay International Inc. placed the coverage.

Central National officials would not return phone calls.

The county will not comment about whether it has reserved for the loss, Mr. Alvarez said.

Numerous insurers that wrote homeowners policies for the plaintiffs will pay the remaining $21.8 million of the settlement, according to Mr. Chiate of Lillick & McHose.

"These insurers have been defending the homeowners against cross-complaints (from the county and other homeowners) at a cost of $4 million per month. The insurers decided to settle this as a nuisance suit, although $22 million is a big nuisance," Mr. Chiate said.

Also as part of the settlement, none of the parties admit responsibility, and the homeowners agree to drop all future claims against the county, the state and the homeowners' insurers, he said.

In addition, a pending Superior Court jury trial that involves eight of the homeowners and the county would be canceled, according to Mr. Chiate.

And, one plaintiff, August Hansch, will withdraw a petition to the U.S. Supreme Court that seeks to reinstate a $2 million judgment against the county. Mr. Hansch's 1985 award was reversed by an appellate court.

In the underlying litigation, the homeowners each sued the county, the county Water Works District 29, the county Flood Control District and CalTrans in 1984 in Los Angeles County Superior Court, alleging:

- Los Angeles County negligently approved the development of housing subdivisions in the Big Rock Mesa area without requiring the construction of a common, interrelated water drainage system.

The suits allege the county—which is the only governmental entity empowered to act with regard to the safety and health of the residents of Big Rock Mesa—was aware of the geological conditions of the area, including that there had been past landslides.

Despite this knowledge, the county permitted use of private sewage disposal systems, such as septic tanks, instead of forcing construction of the drainage system. As a result, "Big Rock became increasingly saturated with water, the groundwater levels increased, and underlying clays, strata and slip planes became lubricated," leading to the landslide, the complaints allege.

- Los Angeles County Water Works District 29 inadequately maintained pipelines that ruptured in 1983 and discharged additional water into the ground.
- The Los Angeles County Flood Control District did nothing to protect the plaintiffs from the "ravages of uncontrolled surface and subsurface waters."
- CalTrans impaired the lateral support of the Big Rock Mesa area through the negligent construction and maintenance of Pacific Coast Highway, which runs along the ocean and the base of the bluffs. The highway was constructed between 1922 and 1933.

The complaints allege these activities further damaged the drainage system and lubricated the slip planes of land, permitting "continuing strong destabilizing vibrations."

Los Angeles County later countersued the homeowners, charging that they were responsible for the landslide because they did not adequately drain water, they used septic tanks and refused to allow the county to build sewers in the area, according to court papers.

"But, what happened then was that the homeowners turned around and sued each other," charging each other with contributing to the conditions that caused the landslide, explained Mr. Samuelian, the county's attorney.

"This countersuing was an expensive tactic employed by the county. But, it worked. They wanted to push the insurers and everyone else to settle," Mr. Chiate noted.

The tentative agreement with the 241 homeowners would eliminate the need for what one plaintiffs' attorney called a "mega-trial." If the consolidated cases were to go to trial, which had been scheduled for Feb. 15, Los Angeles County would have to construct a special courtroom in a leased ballroom and modify the facility to accommodate the plaintiffs and more than 250 lawyers representing all parties in the case.

The trial was expected to last four to five years and courtroom construction would have cost the county more than $3 million, according to some attorneys.

"Undoubtedly, the cost of constructing the courtroom was a reason the county decided to settle," said Richard Norton, a partner with Fadem, Berger & Norton in Los Angeles who represents 54 of the plaintiffs. ■

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Mission inquiry

Continued from page 1

Mission collapse for roughly a year, and already have "well over 50%" of the material they need to conclude their investigation, said Postal Inspector Robert Mignona.

The material includes documents supplied by the New York law firm of Kroll & Tract, which represents several Mission reinsurers in a civil dispute with Pacific Reinsurance Management Corp., a defunct Mission reinsurance pooling subsidiary, Mr. Mignona said.

An arbitration panel last year ordered the reinsurers to pay PRMC $92.5 million, rejecting by a 2-1 vote the reinsurers' claims that fraudulent management practices by PRMC should allow them to rescind their participations in the PRMC pools (*BI*, Oct. 17, 1988).

Mr. DeRosa

PRMC has asked a federal judge in Los Angeles to affirm the arbitration award, while the reinsurers seek to have the award vacated. The judge has not yet issued a ruling on the matter.

The House subcommittee's letters to the Justice Department and SEC grew out of hearings held last fall into the Mission and Integrity failures (*BI*, Sept. 19, 1988).

The Dec. 23 letter to the SEC—signed by subcommittee chairman John D. Dingell, D-Mich., and Rep. Thomas J. Bliley Jr., R-Va., the panel's ranking minority member—notes that the hearings on Mission and Integrity "found there were common business dealings, practices and persons linking the failure" of the two insurers.

Following the language of its earlier Dec. 12 letter to the Justice Department, the subcommittee's letter to the SEC goes on to note that its hearings "revealed substantial evidence of reckless and incompetent management, intentional underreserving for losses, unwarranted price-cutting, and excessive reliance on reinsurance, as well as intentional deception, conflicts of interest, and unfair personal gains by persons closely involved with the operations and ultimate failures of these companies.

"None of this was disclosed to the public in reports required under the federal securities laws," the letter says.

"In addition, Mission's president and two key officers sold all of their stock at a hefty profit, and left the company just before Mission's first substantial losses were reported to the public. These officers operated the reinsurance subsidiary that heavily contributed to Mission's losses," the letter says.

The 'president and two key officers sold all of their stock at a hefty profit and left' Mission before losses were reported, the letter says.

The actions revealed in the hearings "may involve violations of the anti-fraud, insider-trading, and other provisions of the federal securities laws," the letter states.

The subcommittee's letter does not name the Mission officers involved in the stock sales. However, John B. Chesson, counsel to the subcommittee, said they are:

- Mr. DeRosa, who retired as Mission's longtime president and chief executive officer in November 1983 at the age of 59.
- Ronald C. Bengtson, former president of PRMC.
- Robert L. Marsh, a former PRMC executive.

All three men were questioned about their sales of Mission stock in subcommittee hearings last August and September.

According to documents filed with the SEC, Mr. DeRosa's Mission shareholdings hit a peak of 245,508 shares in 1981. He sold 100,000 shares at $23 a share in May 1982, totaling $2.3 million, and 115,000 shares at $38 per share in January 1984, totaling $4.37 million.

However, Mission 10-K forms filed with the SEC indicated that the market price for Mission stock never exceeded $27 per share during the quarter Mr. DeRosa sold the second block of stock for $38 per share.

Asked about this at a Sept. 15 subcommittee hearing, Mr. DeRosa testified that he sold the shares to Cincinnati-based American Financial Corp.—a large Mission shareholder whose president, Carl H. Lindner Jr., was also a Mission director—under a "put and call arrangement" executed in mid-1983.

Mr. DeRosa explained that he had announced plans to retire in March 1983, but that Mission was in the middle of merger negotiations and Mr. Lindner asked him to stay on, according to a transcript of the testimony.

Mr. DeRosa said he told Mr. Lindner that he "did not want to be subject to any kind of market risk" on his Mission holdings by postponing his retirement.

To resolve this problem, Mr. DeRosa and Mr. Lindner executed the put and call agreement on July 6, 1983. Under the agreement, Mr. DeRosa had the option to require AFC to buy his shares for $38 per share, which Mr. DeRosa testified was the market price at the time of the agreement.

Mr. DeRosa sold his shares to AFC on Jan. 9, 1984.

Mission, which had reported profits during the first nine months of 1983, posted a $37.3 million net loss for that year's fourth quarter.

Mission's first full-year net loss in 19 years—$15.4 million—was reported in its 1983 10-K form, filed with the SEC on March 29, 1984.

Mr. DeRosa was asked if he felt his sale of the stock prior to the announcement of the fourth-quarter losses was "an extremely fortunate business decision."

"Well, in hindsight I guess you can always do that," Mr. DeRosa replied.

"Were you profiting from any insider information?" he was asked.

"Absolutely not, sir," Mr. DeRosa answered.

Reached at his home in California, Mr. DeRosa declined to comment for this story.

At another subcommittee hearing held last Aug. 10, Mr. Bengtson testified that he sold blocks of Mission stock in 1979 and 1982, terminating his holdings before he left PRMC, according to transcripts. Mr. Bengtson testified that he made a profit of about 25% to 30% on the stock sales and that he sold about 6,000 shares in 1982.

Mr. Marsh testified that he also sold Mission stock before he left PRMC in December 1982. He said he sold a total of 400 to 500 shares and made profits of $8,000 to $9,000.

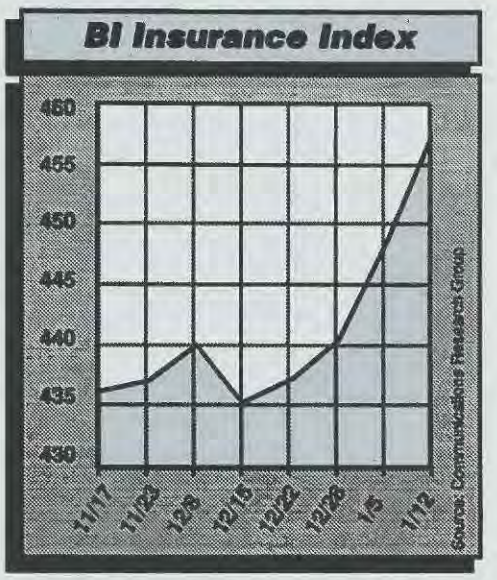
Mr. Bengtson could not be reached for comment.

Reached at the offices of the defunct Transit Casualty Co. in Los Angeles, Mr. Marsh also declined to comment. Mr. Marsh is assisting Transit's liquidator, the Missouri Insurance Division, in managing Transit's reinsurance programs.

Separately, the Oversight and Investigations Subcommittee is expected to convene hearings this spring on the 1985 collapse of Transit, estimated to be insolvent by $1.5 billion. Among other things, the subcommittee will examine the role played in the collapse by Miro & Associates Risk Management Inc., a Transit managing general agent, according to Mr. Chesson.

Subcommittee investigators will soon meet with insurance regulators in Texas to discuss the Dallas-based Miro operation and several failed Texas insurers, including National County Mutual Fire Insurance Co., Mr. Chesson said.

The investigators will also visit Transit's offices in Los Angeles, he said. ■



Insurance industry stocks continued to climb last week, as the *Business Insurance Index* rose 8.5 points to 457.7 on Jan. 12, from 449 on Jan. 5. Advancing issues were led by Sierra Health Services, up 16.7%; Belevedere Corp., up 13.4%; Chandler Insurance Co., up 12.8%; and Statesman Group Inc., up 12.4%. The largest losses were posted by: Frank B. Hall & Co. Inc., down 12.3%; Hilb, Rogal & Hamilton Co., down 6.6%; HMO America Inc., down 5.7%; and AVEMCO Corp., down 2.9%. The most active issue was: Sears, Roebuck & Co., with 3.6 million shares traded. The *BI Index* gained a 1.9% for the period; the Dow Jones 30 Industrials climbed 1%; the Standard & Poor's 500 grew 1.3%; and the New York Stock Exchange Composite was up 1.1%.

British Issues

Jan. 12 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence pence
Commi Union	352	11.3	25.3	7.2	352—342
Gent Accident	883	8.7	58.0	6.6	883—864
Gdn Royal Exch	185	9.9	13.1	7.1	185—183
Royal	395	12.8	30.0	7.6	395—390
Sun Alliance	1006	7.6	54.7	5.4	1006-995
Brokers					
Bradstock	219	12.4	9.0	4.1	219—215
CE Heath	419	13.3	34.5	8.2	420—419
Hogg Robinson	148	13.7	8.0	5.4	148—147
Lloyd Thompson	190	15.0	8.0	4.2	190—190
PWS Holdings	133	18.9	6.0	4.5	133—133
Sedgwick Grp	241	20.0	16.0	6.6	242—239
Steel Birt Jones	211	18.8	13.3	6.3	211—209
Willis Faber	240	14.3	16.0	6.7	240—232

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

BI Industry Stock Report

JANUARY 13, 1989 **1/6/89 THRU 1/13/89**

BROKERS		Price	Weekly % change	Year to Date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
Alexander & Alexander Svcs	NYSE	23.13	-2.1	-1.6	28.13	17.75	138	1.00	4.3	15.8	3.71	6.23
Corroon & Black Corp.	NYSE	31.00	-0.4	-0.4	34.75	28.00	245	1.08	3.5	4.7	12.40	2.50
Gallagher Arthur J. & Co.	NYSE	16.25	-2.3	-3.0	19.13	13.88	17	0.48	3.0	11.2	5.16	3.15
Hall Frank B. & Co.	NYSE	2.63	-12.3	-8.7	5.50	2.50	95	0.00	0.0	-1.4	0.00	N/A
Hilb, Rogal & Hamilton	OTC	14.25	-6.6	-6.6	15.50	9.75	5	0.00	0.0	12.0	4.60	3.10
Marsh & McLennan Cos. Inc.	NYSE	56.25	0.9	0.0	59.63	45.25	453	2.50	4.4	13.8	6.74	8.35
Poe & Assoc. Inc.	OTC	8.25	0.0	0.0	9.25	6.75	4	0.40	4.8	9.3	0.27	30.56
BROKERS	AVERAGE		-3.3	-2.9					2.9	9.3		
CONGLOMERATES & HOLDING COMPANIES												
Berkley W.R. Corp.	OTC	31.00	4.2	5.1	31.00	23.50	111	0.36	1.2	6.7	17.63	1.76
Berkshire Hathaway Inc. DEL	NYSE	4725.00	1.1	35.3	5050.00	2755.00	67	0.00	0.0	19.0	2492.68	1.90
ITT (Hartford Group)	NYSE	52.38	0.7	4.5	54.88	43.25	991	1.48	2.8	6.9	52.23	1.00
Sears Roebuck & Co. (Allstate)	NYSE	41.88	1.2	2.4	46.13	32.25	3587	2.00	4.8	10.9	34.74	1.21
CONGLOMERATES	AVERAGE		1.8	11.8					2.2	10.8		
INSURERS/REINSURERS												
Aetna Life & Cas Co.	NYSE	48.75	1.6	3.2	52.50	39.50	1695	2.76	5.7	8.0	53.56	0.91
American General Corp.	NYSE	30.50	-1.6	2.1	36.38	27.50	773	1.40	4.6	7.7	28.04	1.09
Amer Heritage Life Invt	NYSE	25.00	-1.0	-2.9	27.00	24.00	2	1.08	4.3	10.6	20.98	1.19
Amer Indty Fin'l Corp.	OTC	11.00	7.3	4.8	12.00	8.25	5	0.56	5.1	19.3	15.26	0.72
American Int'l Group	NYSE	68.50	1.5	2.6	69.75	49.00	1020	0.40	0.6	10.3	33.56	2.07
Aon Corp.	NYSE	28.50	2.2	1.8	29.00	21.88	237	1.28	4.5	9.3	15.13	1.88
Argonaut Group	OTC	47.50	5.0	8.6	49.00	29.50	220	0.00	0.0	7.1	29.19	1.63
AVEMCO Corp.	NYSE	25.25	-2.9	-2.4	26.75	17.88	7	0.34	1.3	11.7	7.74	3.26
Baldwin & Lyons Inc.	OTC	14.75	0.0	-0.9	16.38	12.13	7	0.20	1.4	6.1	17.57	0.84
Belvedere Corp.	AMEX	5.25	13.4	16.7	6.00	4.00	10	0.04	0.8	7.7	7.87	0.67
Chandler Insurance	OTC	11.00	12.8	18.9	10.75	4.25	292	0.00	0.0	5.3	7.18	1.53
Chubb Corp.	NYSE	59.00	0.2	1.7	63.38	51.25	253	2.16	3.7	6.8	46.13	1.28
CIGNA Corp.	NYSE	50.25	5.8	6.6	55.38	42.75	1113	2.96	5.9	9.3	49.19	1.02
CNA Fin'l Corp.	NYSE	58.75	-1.5	-2.9	66.13	51.00	153	0.00	0.0	9.3	46.40	1.27
Continental Corp.	NYSE	32.88	1.5	1.5	41.63	31.50	1468	2.60	7.9	10.5	42.10	0.78
Durham Corp.	OTC	33.25	3.1	0.8	36.75	21.50	11	0.92	2.8	38.7	26.00	1.28
Farmers Group Inc.	OTC	74.75	0.0	0.0	74.88	40.50	0	1.44	1.9	17.5	22.02	3.39
Fireman's Fund Corp.	NYSE	30.00	3.4	2.6	33.50	25.75	280	0.50	1.7	130.4	26.17	1.15
Forum Re (Bermuda)	OTC	1.75	7.4	7.4	4.00	1.13	2	0.00	0.0	4.9	2.58	0.68
Fremont Gen Corp.	OTC	13.00	-1.0	-2.8	13.50	8.75	306	0.60	4.6	8.8	16.24	0.80
Frontier Insurance Group	OTC	13.00	2.0	4.0	13.25	6.50	32	0.00	0.0	6.5	5.97	2.18
General Re Corp.	NYSE	56.75	0.4	2.3	59.38	45.50	814	1.20	2.1	11.5	26.21	2.17
Home Group Inc.	NYSE	12.50	6.4	13.6	14.38	10.50	230	0.20	1.6	1.5	17.76	0.70
Hanover Ins Co.	OTC	26.25	-0.9	-1.9	27.75	20.50	101	0.36	1.4	5.0	25.10	1.05
Harleysville Group Inc.	OTC	18.50	2.8	2.8	18.63	13.38	32	0.48	2.6	7.3	16.65	1.11
Hartford Steam Boiler	OTC	36.75	5.8	0.0	37.75	22.50	161	1.40	3.8	12.6	10.85	3.45
Kans City Life Ins	OTC	33.75	0.7	-2.2	39.50	25.25	10	0.00	0.0	9.8	39.22	0.86
Kemper Corp.	OTC	24.00	-0.5	0.0	27.50	20.75	291	0.72	3.0	7.6	26.50	0.91
Lawrence Ins. Group	AMEX	8.25	3.1	4.7	11.63	4.50	3	0.24	2.9	18.3	2.90	2.84
Liberty Corp. S.C.	NYSE	37.50	1.4	4.2	47.25	33.88	20	0.80	2.1	13.0	17.40	2.16
Lincoln Nat'l Corp.	NYSE	44.13	1.1	0.3	53.50	40.25	378	2.48	5.6	11.4	36.62	1.21
NAC Re Corp.	OTC	33.25	4.7	4.7	32.75	18.50	125	0.00	0.0	14.8	19.92	1.67
Navigators Group	OTC	20.50	-2.4	2.5	21.25	14.50	11	0.00	0.0	10.0	12.88	1.59
Nobel Ins Ltd.	OTC	5.00	8.0	5.3	9.50	3.75	20	0.42	8.4	-35.7	7.76	0.64
Northwestern Nat'l Life	OTC	30.88	-2.7	-0.8	34.50	22.63	75	1.12	3.6	7.4	35.05	0.88
Ohio Cas Corp.	OTC	38.00	2.7	6.3	38.25	32.25	162	1.88	4.9	7.1	27.86	1.36
Old Rep Int'l Corp.	OTC	24.50	-0.5	2.1	25.88	19.13	175	0.74	3.0	5.8	27.82	0.88
Orion Cap Corp.	NYSE	16.25	0.7	5.7	17.63	13.13	106	0.76	4.7	5.5	9.34	1.74
Phoenix Re Corp.	OTC	9.75	2.6	2.6	11.00	6.75	48	0.00	0.0	5.3	11.08	0.88
Protective Life Corp.	OTC	13.38	2.9	1.0	15.13	12.25	95	0.70	5.2	16.3	17.25	0.78
Re Capital Corp.	AMEX	9.88	5.3	8.2	11.75	7.88	10	0.00	0.0	22.0	11.49	0.86
Provident Life & Acc Ins Co.	OTC	20.25	2.5	5.2	25.00	15.63	240	0.68	3.4	17.0	21.96	0.92
St. Paul Cos. Inc.	OTC	44.75	3.5	2.9	51.00	38.25	1552	2.00	4.5	6.3	35.83	1.25
SAFECO Corp.	OTC	24.75	4.7	4.7	30.00	22.75	1055	1.08	4.4	7.8	21.39	1.16
SCOR U.S. Corp.	NYSE	8.88	-1.3	-2.7	9.50	6.63	99	0.20	2.3	6.4	9.39	0.95
Seibels Bruce Group Inc.	OTC	12.00	0.0	5.4	14.25	11.00	184	0.80	6.7	8.1	12.51	0.96
Selective Ins Group Inc.	OTC	23.00	1.1	0.0	26.50	19.25	132	1.24	5.4	5.1	19.52	1.18
Statesman Group Inc.	OTC	3.44	12.4	9.9	5.56	2.75	140	0.05	1.5	-344.0	3.48	0.99
Tokio Marine & Fire Ins	OTC	91.00	2.2	-0.4	98.00	63.25	17	0.22	0.2	55.2	0.00	N/A
Torchmark Corp.	NYSE	31.00	2.0	1.6	33.50	24.50	194	1.20	3.9	10.1	12.24	2.53
Transamerica Corp.	NYSE	33.75	0.4	-0.4	36.75	29.75	412	1.88	5.6	7.8	24.94	1.35
Travelers Corp.	NYSE	35.63	1.8	2.5	40.00	33.00	1263	2.40	6.7	13.1	45.28	0.79
Trenwick Group Inc.	OTC	14.25	1.8	-1.7	14.75	9.75	4	0.24	1.7	14.0	15.41	0.92
United Fire & Cas Co.	OTC	30.38	-0.4	-0.4	30.50	24.00	3	1.08	3.6	5.0	22.56	1.35
United States Fid & Gty	NYSE	29.50	1.3	3.5	34.38	26.50	456	2.64	8.9	7.9	19.53	1.51
UNUM Corp.	NYSE	26.88	0.0	-0.4	28.13	17.88	375	0.48	1.8	11.2	28.53	0.94
USLIFE Corp.	NYSE	37.50	4.5	7.5	40.13	28.00	258	1.36	3.6	9.9	46.77	0.80
Washington Nat'l Corp.	NYSE	27.00	-0.5	0.0	28.75	24.00	23	1.08	4.0	-7.8	32.33	0.84
Zenith Nat'l Ins Corp.	NYSE	17.50	0.0	0.0	23.88	15.00	60	0.80	4.6	8.2	12.53	1.40
INSURERS/REINSURERS	AVERAGE		2.3	2.9					3.1	5.8		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International Corp.	OTC	12.00	0.0	-1.1	13.13	6.00	58	0.00	0.0	7.3	2.77	4.33
HMO America Inc.	OTC	1.00	-5.7	6.4	2.75	0.81	17	0.00	0.0	-1.6	1.12	0.89
Maxicare Health Plans	OTC	0.63	0.0	-16.0	4.25	0.50	309	0.00	0.0	0.0	0.00	N/A
Pacificare Health Systems	OTC	12.50	0.0	2.0	13.00	5.75	14	0.00	0.0	11.0	5.51	2.27
Safeguard Health Ent.	OTC	5.63	0.0	2.4	8.25	4.00	21	0.00	0.0	11.3	2.50	2.25
Sierra Health Services	AMEX	1.75	16.7	7.4	3.00	1.25	15	0.00	0.0	13.5	1.59	1.10
United Health Services	OTC	4.38	3.1	-2.7	2.69	1.75	190	0.00	0.0	-1.7	2.59	1.69
United Medical Corp.	AMEX	5.63	7.2	7.2	5.75	2.50	51	0.00	0.0	-281.5	3.91	1.44
U.S. Healthcare	OTC	5.63	4.6	-3.1	4.44	2.13	821	0.16	2.8	31.3	2.89	1.95
Western Health Plans Inc.	AMEX	0.81	8.0	17.4	3.38	0.63	6	0.00	0.0	-0.4	0.82	0.99
HMOs	AVERAGE		3.4	2.0					0.3	-21.0		
ALL COMPANIES	AVERAGE		1.9	2.7					2.7	3.0		

System design: Communications Research Group

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