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No OSHA extension: AFL-CIO

By JOHN REVETT
Washington Editor

WASHINGTON—An AFL-CIO awsuit seeking to block Nixon dministration extension of states' urisdiction under the Occupaional Safety & Health Act has ired up both sides in the ongain, off-again dispute over how vorker safety should be handled.

The suit, filed in federal district ourt here, demands a prelimiary injunction against a set of emporary orders issued by George Guenther, outgoing head f the Labor department's Occupational Safety & Health Administration. The orders permit states vhose OSHA plans have been ubmitted but not yet approved o continue implementing their tandards for six months beyond he OSHA act deadline of Dec. 8, 1972.

At last count, 40 states had subnitted plans to OSHA and would e eligible for the extension. Others, including Massachusetts and Connecticut, were expected to ile plans before the deadline, eaving only one of the industrial tates, Ohio, ineligible for extenion. Oregon, Montana and South Carolina plans have already reeived final approval.

LABOR and its Congressional llies on OSHA implementation re counting on quick action in ourt, with an injunction decision oming the first week of January r possibly sooner. "The court has o move because in our view the OSHA law clearly gives states nly until Dec. 28, 1972, to prepare plans to fit their needs in ine with federal standards set orth in the act," an AFL-CIO afety official said. He contended here is "no other way to read" he OSHA legislation's time limiation "or its requirement that the ederal standards be applied by he federal government in states vithout approved plans after the leadline passes."

The labor official said a primary oncern is that "much confusion" vould be caused by the extenions, possibly leading to challenges of state jurisdiction by emloyers and a slowdown in OSHA ctivity.

Part of the OSHA position as tated by Mr. Guenther is much he same. "Without the temporary rders, states still conducting their inspection and enforcement) activities after Dec. 28 vould be subject to legal chalenge on appeal by employers,"

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Damage to Managua, Nicaragua, might be as high as an estimated $2 billion, following an earthquake there Dec. 23. —Wide World photo

Quake insurance effect depends on central sites

MANAGUA, Nicaragua—American insurers and reinsurers are joining with the European market in splitting the responsibility for coverage on losses that followed a series of earthquakes that devastated this city last month. International sources, however, gave conflicting reports about their respective involvement.

All seem to agree that the localization of the damage (estimated as high as $2 billion), which centered in the heart of the city, was the key point in determining any insurer's involvement. The worst wreckage hit offices, small businesses and residential areas in downtown Managua. In contrast, most of the manufacturing plants on the outskirts of the city reportedly suffered relatively minimal damage.

But beyond agreement on this point, opinions separate. One major brokerage source told *Business Insurance* that U.S. insurers deal mainly with manufacturing facilities, and, consequently, American insurance and reinsurance involvement would be minimal.

A REINSURANCE source disagreed, indicating that American and European underwriters had sizable stakes in handling local insurance policies, and would therefore be hit hard by claims from downtown Managua businesses and homeowners.

He said that reinsurance "would be very big" because companies in Nicaragua kept small retentions but did buy catastrophe coverage.

Two U.S.-based insurers that write extensively abroad—AFIA and American International Underwriters—admitted that their firms would experience some losses, although neither could give estimates last week.

ALL SOURCES contacted were in concert about one thing—the disaster would drastically change the Nicaraguan market for earthquake insurance. Prior to the quake, sources agreed, earthquake insurance for Nicaragua "was the kind of peril that could be negotiated with underwriters" without undue difficulty.

Predicting a "tremendous change," one source noted that "underwriters will now look at Nicaragua's history before taking on any earthquake risks.

"This is the third earthquake they've had there in 100 years. The place has a history now."

Lack of communications from the smoldering central American city made figure-gathering nearly impossible for concerned insurers. One told *Business Insurance*: "All our records for the area were kept in the Managua office. Now we don't even know if we have a Managua office anymore."

Involved companies were putting their adjusters on emergency flights to Nicaragua to reassure clients of their protection, to assess damages and to sift out the insurers' respective involvement in the losses. ■

Risk men express need for caution on new CGL changes

By LESLIE MURRAY

CHICAGO—New changes in the comprehensive general liability form, which go into effect today, will affect insurance buyers of small- and medium-size companies much more than risk managers of large corporations.

This was the consensus of opinion gathered in a *Business Insurance* survey of a number of risk managers, most of whom said that their own liability policies were either manuscripted or extremely flexible due, understandably, to the large and persuasive premiums they pay.

Yet, while many think the changes will not particularly affect their own companies, a number of risk men questioned struck a note of cautiousness about the CGL revisions.

The American Society of Insurance Management is in the process of forming a committee to analyze and study the differences between the 1966 CGL form and the revised one, Robert D. McGowan, ASIM president, said. "We would like to have been consulted ahead of time on these revisions," he said, "and, if we do eventually develop objections, we will certainly make them known."

He commented that ASIM had published a criticism of the 1966 revisions and that this would be done again "if it's warranted." (*Business Insurance*, Nov. 6, 1972.)

Berry L. Griffin Jr., vp-legislation for ASIM, noted that "it's still a little premature for unqualified blessings or damnations, but we're definitely going to take a look into it."

"Most of the bigger buyers are dealing with manuscripts," Edward D. Hansen, risk manager and attorney, Trans Union Corp., said. "We've negotiated our own terms and conditions. The new form may make it tough on the man spending $1,000 a year in premiums, but for those of us spending, say, $500,000 or $1 million, we'd better get what we want."

William J. (Bud) Gibbons Jr., manager of Illinois' division of risk management, noted, "The changes in the 1966 policy were publicized as 'purely editorial' but that wasn't necessarily true. You can always be sure the carriers have something in the back of their grubby little minds." He agreed with Mr. Hansen that the changes would tend to be more important to the "little guy" who, he said, "sticks his policy in the back of a file drawer and doesn't know what coverage he has until there's a claim on his hands."

One irate risk manager commented, "More and more coverage requires manuscripting. They (insurance companies) continue to make it more restrictive and it's really unfortunate. What are you going to do when you need cover?

"And," he continued, "what about the medium-size guy with no real clout? He can't negotiate revised restrictions out, and he could get stuck without cover."

John F. Ross of Nalco Chemical Co., mentioned that "there are some problems in the new revisions, but most corporate buyers usually tailor their policies.

"There's less to be done with this revision than with the 1966 changes," he continued, "and, so

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Truman sought health bill

WASHINGTON—Of all the monumental problems Harry S. Truman dealt with as President, his failure to push payroll-deduction national health insurance through Congress affected him the most personally.

"I have had some bitter disappointments as President," said Mr. Truman in his memoirs, "but the one that has troubled me most, in a personal way, has been the failure to defeat the organized opposition to a national compulsory health insurance program." Blaming the American Medical Assn., he said those "loudest in protesting . . . are those who do not need help."

According to the Treasury department, Mr. Truman's widow, Bess, is entitled to $20,000-a-year pension as the widow of a U. S. President. Mamie Eisenhower is the only other widow of a President receiving the government pension, since Jacqueline Onassis waived rights to her pension when she remarried. ■

'Christmas Grumpies'—an insurance epidemic

BY TOM WALSH

CHICAGO—Poor Ebenezer Scrooge. Everyone badmouths him for bah humbugging his way through the traditionally festive year's end, but nobody has ever bothered to find out what was bothering the old geezer.

In an exclusive interview with Jacob Marley, a very dead former business partner who once visited Mr. Scrooge in spiritual form after a particularly nasty outbreak of Christmas criticism, *Business Insurance* has learned why Ebenezer was always mumbling curses instead of humming carols.

Scrooge was a risk manager.

"Insurance managers, brokers, agents and people who keep insurance companies going are all grumpy at Christmastime because they work more during the month of December than any other time of the year," explained Mr. Marley, himself a former risk manager. "I'd guess that about 75% of all insurance business transacted has an effective date of Jan. 1. Brokers are so rushed they don't have time to blow their rosy red noses, much less study a risk carefully, and it's almost impossible to get an underwriter's ear during the whole month.

"One thing is for certain," Mr. Marley said, plunking down his chains and stretching his tired arms, "you'll never find a broker who gets a December vacation. Come about the 15th of November, these people work every day, including Saturdays and Sundays. It's no wonder they're crabby."

Corporate insurance buyers, sellers and middlemen surveyed by *Business Insurance* were indeed busy, but curtailed their crabbiness long enough to expound on their year-end ordeals.

Although busy last month renewing nearly $6 million worth of insurance coverage, Robert Spencer, insurance manager for Fuqua Industries in Atlanta, has cultivated an attitude which helps him steer clear of the December grumpies.

"I don't let it affect my holiday spirit," he said. "I think spending money is part of the Christmas tradition, and I enjoy it," a view Ebenezer would no doubt find appalling.

"ALL BUT two very minor policies are up for renewal this Jan. 1, and December is a busy, busy month. I tell the companies that I need renewal figures on Nov. 1," he said, "and this allows me plenty of time to consider them. It also allows me to get near an underwriter. If you wait until December, you can't get the best rates because the underwriters just don't have the time to give the attention these things really need."

Like many other risk managers, Mr. Spencer faces a Christmas insurance rush because the terms of his company's policies are written to pace the corporation's fiscal year, which corresponds to the calendar year.

"The intent is to eliminate carry-overs of prepaid insurance accounts into the next year's budget," he said. "I think it would be easier if they all came up on July 1, but that's just the way it's done."

SOME BROKERS for years have made futile efforts to lighten their year-end load by trying to convince their customers to change policy renewal dates.

"Our efforts in this area have not been very successful," Cliff C. Jones, chairman of the board of the R. B. Jones Corp. in Kansas City, Mo., told *Business Insurance*. "They're the bosses, and most cor-

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No instant changes seen for UMW

WASHINGTON—There apparently will be no rush among United Mine Workers' officials to institute changes sought by newly-elected president Arnold Miller and the Miners for Democracy rank-and-file members.

Business Insurance called Dr. Loren Kerr, director of the union's occupational health division, to see what—if any—changes in the organization's health and safety programs will follow Mr. Miller's defeat of W. A. "Tony" Boyle.

"The election of Mr. Miller came about as the result of a court-ordered election," Dr. Kerr said. "The election was overseen by the Labor department and the results of that election are now being tabulated. It is my understanding that federal judge William Bryant will announce the official results of that election. When his action will take place, I do not know. Until that time Mr. (Leonard) Pnakovich is the president of this union. Any changes that Mr. Miller may have in mind will certainly not be acted upon until he takes office. He has not spoken with me."

Mr. Pnakovich became acting president of the union when Mr. Boyle resigned after the announcement by the Labor department of the unofficial election returns. Mr. Pnakovich had been Mr. Boyle's vp.

Sweeping changes are not likely, union observers say, as the UMW's executive board—the union's policymaking body—remains under control of persons loyal to Mr. Boyle. New board members will not be elected until June.

In his campaign, Mr. Miller, who unofficially received 55.5% of 126,707 votes cast, promised to cut the wages of union officials—including his own—20%; trim the size of Mr. Boyle's pension; explore the return of the international union to the AFL-CIO; move the union's office from Washington, D.C., to a location near Appalachian coal mines and increase miner pensions.

THE UMW executive board—loyal to their 11-year leader—voted immediately after Mr. Boyle's resignation to give him a $50,000 annual retirement pension. The board also voted a $40,000 pension for John Owens, who resigned as UMW secretary-treasurer after Miller's apparent victory. Mr. Boyle's pension is equal to his annual salary and comes from an agency account.

Mr. Boyle's hefty pension may not be spent at his leisure, though. The 70-year-old former president faces a prison term on charges that he made illegal political contributions from union funds in 1968. He is now free on appeal of the conviction. ■

CGL . . .

Continued from page 1

far, I've seen nothing in them to get overly excited about."

"Every risk manager must take a look at these changes even if he's manuscripted or his bargaining power can get favorable returns," warned James R. Mascarella, manager of the corporate insurance department, Quaker Oats Co.

Mr. Mascarella noted that "presumed clarifications can result in more drastic limitations than what appears at first or what was originally intended."

He related one recent instance when he and a colleague made a presentation to a Chicago ASIM roundtable. The presentation, which consisted of a careful going-over and literal interpretation of several clauses in the 1966 CGL form, "resulted in a number of surprised risk managers," Mr. Mascarella said. "What had been presumed was just not true in terms of clarification."

"I'm sure we're going to see some study on the new revisions," he stated, "even on the national level. I don't see any cause for concern—we do have time—but that time should be used to look at the new revisions carefully." ■

OSHA . . .

Continued from page 1

said Mr. Guenther in announcing the extensions.

The similarities end there. OSHA officials contend that beyond their legal position—that the extensions are permissible under the OSHA act—the AFL-CIO move in court is "part of an attempt to take OSHA jurisdiction away from the states altogether." One OSHA spokesman said it is "well known in our offices that labor is not really interested in getting the states into line with the law but wants federal control of the program all the way. They feel an injunction would discourage state action on plans and force OSHA to police the program."

AFL-CIO officials responsible for union OSHA participation are bristling at the charge that they seek to block effective progress toward job safety and health. "The states dawdled in setting up plans and with a few exceptions we don't have reason to believe they'll be strong administrators on their own," said one official. He added that "the main reason we have the federal law is that the states fell flat on their faces with their own safety laws."

The union officials say that what the AFL-CIO visualizes is a combined operation of federal and state OSHA authorities from Dec. 28 until state OSHA plans are finally approved. The union spokesman add that although there are only 500 federal inspectors, with "little hope that many more will be added by this administration," the OSHA act provides for federal contracts with state OSHA units that could in effect deputize state inspectors to enforce federal laws until state plans are approved. ■

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State workmen's comp fund to cover survivors of West Virginia accidents

By MARIE KRAKOWIECKI

WEIRTON, W.V.—Aetna Life & Casualty, the General Adjustment Bureau, 15 insurers with shared casualty risks and a monopolistic state workmen's compensation fund are sorting out their roles in the coverage of two industrial accidents that left 24 West Virginia workers dead, 17 injured and $2 million in property damage.

In the worse of the two pre-Christmas accidents, an explosion tore into a plant being built by Koppers Co., Pittsburgh, for National Steel Corp.'s Weirton Steel Division. The liability and compensation coverages are divided between Aetna and the West Virginia workmen's compensation fund. Compensation must be provided for 19 killed and 10 injured.

Property damage that followed the explosion was preliminarily set by an industry source at $2 million. The General Adjustment Bureau is adjusting the case for 15 separate insurers that each have a share in an installer-floater policy covering property damage.

THIRD PARTY liability suits and subrogation aspects are expected to complicate the role of workmen's compensation in the aftermath of the Weirton blast. Kopper's is a subscriber to the West Virginia catastrophe fund, and pays experience-rated premiums to the fund to cover work-related accidents in which three or more are killed.

The West Virginia fund will insure Kopper's against suits by its own employes, and will provide compensation for victims. However, a number of subcontractors to Koppers were also involved in work at the steel plant when the blast hit, and both state and industry sources indicated to *Business Insurance* that a rash of third party liability suits are expected. The West Virginia fund does not provide insurance for third party suits.

Benefits available from West Virginia's workmen's compensation fund run at $160 a month for widows and $50 a month for each dependent child under 18, or under 22 if the child is continuing education at the parent's expense.

These benefits will apparently be the only non-union benefits offered to the families of the victims in the second accident, a mine explosion near Mullens, W.V.

IN CONSOLIDATION Coal Co.'s Itmann mine number 3 near Mullens, five miners were killed and three injured when an explosion ripped into an electrical "man-trip" car in which they were riding.

A spokesman who handles compensation for the Consolidation Co. said, "Consolidation Coal is a member of the West Virginia state workmen's compensation fund, and as such, the fund will cover costs in this case.

"Consolidation pays a premium into the state fund, rated on an experience basis. Consolidation's premium rate range is in the neighborhood of $8.00 per $100 of payroll." (The minimum and maximum premium rates required by the state fund are respectively $4.73 and $18.90 per $100 of payroll, according to the spokesman.)

The United Mine Worker's welfare fund will supplement the payments to survivors of the men killed in the mine explosion. Financed by employers at the rate of 65¢ per ton of coal mined, the UMW welfare fund will provide a $5,000 widow's benefit, to be paid over a period of 60 months. Full hospitalization and medical benefits will also go to the widow and any dependent children.

In neither tragedy has the exact cause, or causes, of the explosions been pinpointed. At the Weirton steel plant, a six-man arson squad, as well as an OSHA team, is investigating the blast which apparently originated in the area of a "preheater" used to heat coke-oven gas before it is combusted.

State fire marshall John Landfried noted that the explosion caused a barrage of baseball-sized pieces of reinforced concrete to be thrown on everyone in the vicinity of the blast. He said all who were near the area of the flying concrete balls were killed.

At the coal mine, it is believed that there was an ignition caused by a spark or electrical arc from the car the miners were riding in. A similarly-caused explosion in another West Virginia Consolidation mine killed nine miners last summer.

Following this latest mine disaster, a large Illinois contingent of the UMW called a strike to protest hazardous conditions in the industry throughout the nation. (*See story on page 55.*) ■

West Virginia's workmen's compensation fund will provide benefits to survivors of five miners killed in an explosion in Consolidation's Itmann number 3 coal mine. —Wide World photo

Suggestion for compulsory licensing of risk men has slim hope of passage

CHICAGO—A proposition by Donald Dunham, deputy administrator, Texas board of insurance, to require licensing of risk managers in a similar fashion to proposed licensing of consultants has "very little chance" of taking effect, according to Berry L. Griffin Jr., vp-legislation for the American Society of Insurance Management.

Mr. Dunham's proposition was suggested as an addition to model legislation on licensing of agents and brokers now being formulated by a committee of the National Assn. of Insurance Commissioners headed by Colorado's J. Richard Barnes, commissioner of insurance.

"We've been informed—informally—that there is little chance of the Dunham suggestion being adopted," Mr. Griffin told *Business Insurance*. "We're most definitely opposed to any such idea. If we had to be licensed, it would be the same as accountants hired by a company being required to be CPAs.

"AN EMPLOYER should be able to hire whomever he wants," the Hughes Aircraft risk manager continued, "and, furthermore, we're not selling anything—we're regular salaried people."

The model bill was to have been presented for approval at NAIC's Atlanta meeting last month, he explained, and two or three weeks before copies had been sent to committee members for comment. It was then that Mr. Dunham made his suggestion that would require employed, salaried risk managers to be licensed.

Mr. Griffin added that no action had been taken on the model bill during the Atlanta conference, with the bill held over for action until NAIC's annual meeting in June in Washington, D.C. He noted that comments are again being solicited, and that from them the committee will "make appropriate changes."

AFTER consultation with Mr. Griffin, and in light of a Jan. 15 deadline for comments, James E. Bailey, counsel to ASIM, sent a telegram to Commissioner Barnes stating:

"We (ASIM) protest any attempt to require state licenses for our corporate buyers as suggested in the Dunham working paper on definitions for model legislation on brokers and agents licensing. This subject is not a proper one for regulation as our deputy members are corporate employes who perform their services for their employer and not for any member of the public."

The telegram continued: "Our corporate risk and insurance managers do not advertise or charge a fee for their services. There is no need nor any public purpose to be served by extending proposed licensing provisions to include our professional members."

ROBERT D. McGOWAN of Rand McNally & Co., and president of ASIM, commented that the ASIM executive committee has not met, as yet, to discuss the proposal although all members of the committee have received copies.

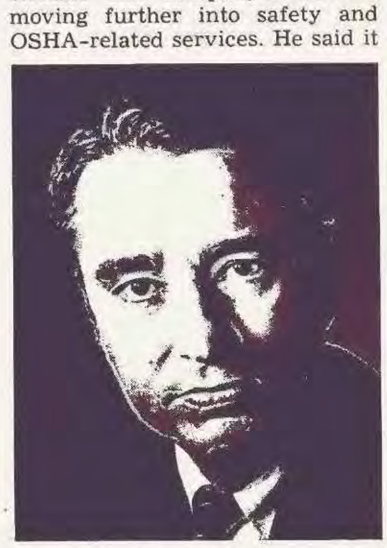
"I'm sure we'll come out with something officially besides the telegram," he said, adding, "I just don't understand the thinking or reasoning behind the Dunham proposal." ■

Guenther goes to INA from OSHA

WASHINGTON—George C. Guenther, assistant secretary of labor for occupational safety and health, has been named senior vp of Insurance Co. of North America, Philadelphia, with responsibility for all of INA's loss prevention activities.

Mr. Guenther, 41, has been head of the government's OSHA program since April 1971, shortly after it started. His resignation was accepted by the White House this month and he will leave the federal post in late January. A successor has not yet been named.

INA president Charles K. Cox said Mr. Guenther's appointment stresses the company's aim of moving further into safety and OSHA-related services. He said it was in line with the "increasingly important role" being played by the insurance business in "guiding industry and helping it respond to demands both in manufacturing safe products and providing safe working conditions."



George C. Guenther

PRIOR TO his appointment as OSHA head, Mr. Guenther spent one and a-half years as director of the Labor department's Bureau of Labor Standards. During this period he was also chairman of the Federal Safety Council, which is responsible for occupational safety programs covering some 3 million federal employes.

Before joining the Bureau of Labor Standards Mr. Guenther was deputy secretary of the Pennsylvania department of labor and industry. From 1955 to 1967 he was president of John H. Guenther Hosiery Co., Reading, Pa. ■

Flood insurance

The National Flood Insurers Assn. (NFIA) has announced that effective Dec. 15, flood insurance is available for residential and non-residential properties in 12 more areas of eight states. The areas now eligible include: Glastonbury, Ct.; Verno Beach, Fl.; Flossmoor and Wheeling, Il.; Weymouth, Ma.; Algonac and Farmington, Mi.; Bensalem, Port Clinton and Schickshinny, Pa.; and Prince William County, Va. The NFIA advises anyone interested in purchasing the new flood coverage to contact his regular agent or broker for assistance.

The businessman's juggling act keeps getting tougher.

The Wausau Story.

You may have noticed there's another ball in the air for you to keep an eye on. It's called the product liability claim. The trend in this segment of business insurance has caused the chartists to run out and buy larger sized graph paper.

Look at what's been happening.

As short a time ago as 1960, there were fewer than 50,000 product liability suits recorded annually. In 1970, there were 500,000. By 1975, it's estimated this figure will be well over a million.

No less startling is the increase in the size of the average award. Example: between 1964 and 1969, the average verdict in household chemicals cases soared by 500%. And the trend toward more and higher claims holds for practically every product category.

Obviously, it means a continuing worry for product makers and sellers. And whatever is a problem for the insured, is a problem for the insurer.

At Employers of Wausau, we've done something about it. Some years back, we started developing product liability *teams* all over the country. They include safety specialists, claims experts and underwriters—all with particular expertise in the product liability field. *Today, we have these coordinated and knowledgeable task forces in every one of our regional offices.* Which means there's one in your area.

No businessman can ignore the growing threat of product liability claims. But now there's a prepared insurance partner to turn to. And, at the very least, that should be a source of comfort to you.

come to the source

Employers Insurance of Wausau

Wausau, Wisconsin

Group legal plans are coming sooner than later

By TOM WALSH

CHICAGO—Group legal insurance is an idea whose time has come. In what form it will come or just when it will arrive remain areas of dispute, but labor unions, lawyers and insurance companies are teaming up to fight employer opposition to the concept of employer-paid legal services for workers.

With lawyers facing substantial financial losses through enactment of no-fault auto insurance, the American Bar Assn. and its state counterparts are quickly amending rules which formally opposed union-sponsored, closed-panel legal service programs. The closed panel plans, which have been around since 1913, allow union members to obtain legal services from a group of lawyers selected by the unions. The bar associations formerly favored only open-panel plans which allowed union members free choice in seeking counsel, but now, aided by three U.S. Supreme Court decisions which invalidated bar opposition on constitutional grounds, the lawyers are tacitly supporting closed-panel programs while stressing and studying the assets of open-panel plans.

THE UNIONS argue that legal services are available for the poor through federally-administered programs and to the rich, who can afford them, but are not available—or at least not affordable—to the middle-income worker.

A study by the Civil Rights Bureau of New York shows that a worker with three dependents who earns more than $125 a week is not eligible for free legal advice from the Legal Aid Society and that workers seeking aid from OEO-funded programs cannot make more than $4,000 a year with a $600 allowance for each dependant. Consequently, a worker with a family of four earning more than $6,000 annually is not eligible under present programs. The U.S. Department of Commerce estimates that 63% of the U.S. population in 1968 earned more than $6,000 but less than $15,000.

The unions use these statistics and many other studies to contend that the average worker, after paying bills for food, clothing, housing and other necessities, cannot afford a lawyer. Collective bargaining has relieved economic pressures on workers in the areas of life insurance, disability pay and, most importantly, medical costs and should absorb legal costs as well, the unions argue.

THE INSURANCE companies view the advance of group legal services with hungry anticipation of the kinds of profits realized in the 25 years since group health plans were created. The companies interested in writing legal insurance stress that they have the prestige, stability, administered know-how and educational means needed to make such plans run smoothly, effectively and, perhaps most important, cheaply by spreading the costs of such insurance over a large number of clients.

Although interested, the companies are not rushing into the legal field but are awaiting the results of various experimental programs being conducted throughout the country by pioneer insurers, unions and bar associations. Once the results are in, though, programs should develop rapidly. A recent ABA-sponsored National Conference on Prepaid Legal Services drew over 300 insurance industry representatives.

The big "if" in the establishment of group legal services is the law. Present laws—both state and federal—need amending if employer-paid legal insurance is to be a reality, and the battle over the new fringe has been taking place in Congressional hearings on amending present laws.

"SECTION 302(c) of the Labor-Management Relations Act, which concerns illegal payments to union officials, contains strict regulations about jointly-administered trust funds," Hugh Duffy, consel for the House special subcommittee on labor, told *Business Insurance*. "This plan won't get too far unless it's employer-paid, and, the way the current law stands, it can't be both employer-paid and jointly-administered.

"There are now seven exceptions to the law which permit employer-contribution to trust funds for medical and hospital care, pensions, workmen's compensation and life, health and accident insurance. The amendment this committee has been studying would include an okay for legal services," he said.

Section 501(c)(9) of the Internal Revenue Code will also need amending if legal service plans are to be considered tax-exempt. Health, accident and "other benefit" plans are now exempt from federal taxes, but "other benefits" have never been officially defined. The AFL-CIO has filed papers with the IRS asking that legal services be included in the vague category, but no action has been taken.

Income tax laws also need amending so that a worker who receives legal services is not taxed for them. Under present law, a worker who might receive $2,000 or $3,000 worth of collectively bargained legal services would be subject to $400 to $700 income tax based on the fair market value of those services. Section 105 now exempts medical benefits, and proponents of group legal services are pushing for a similar exemption for their programs.

STATE INSURANCE commissioners also must approve the plan, and some have already given smaller companies the go-ahead. Pennsylvania insurance commissioner Herbert Denenberg will soon be asked to approve an experimental program designed by the Philadelphia Bar Assn. and the Insurance Co. of North America, and he has told the groups that he will not approve the plan unless it contains some elements of quality control.

"I basically see this plan as a device to start shoveling money to lawyers," Mr. Denenberg told *Business Insurance*. "There are no guarantees of good services or low-priced services and no guarantees of good services or low-priced services and no guarantees that the prices for services won't keep going up and the quality going down. Before I approve anything, I want some tough

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Legal...

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procedures built into the programs to check their quality. It's obvious that the present methods lawyers use to regulate themselves don't work. The ambulance-chasing that goes on proves that.

"Insurance carriers—if they are going to get into this type of coverage—need a mechanism for policing quality, handling complaints and regulating pricing structures. I think there is also a need for guarantees from the bar associations involved that there will be some sort of disciplinary structure for members who abuse the programs."

UNLIKE MANY experimental programs, the INA-PBA program features an open panel of lawyers, allowing users to select any lawyer they wish or use the PBA for referral. The plan's premiums would run $75 to $150 annually for each member of the client group and coverage is extended to all dependent resident relatives of the member and all dependent children up to age 21 regardless of residence.

Services covered include defense of civil and criminal acts, plaintiff actions in some consumer actions and "preventative" services through consultation and specific document preparation. For regulation, the program relies on PBA discipline committees and a "policy guidance committee" comprised of bar members, client group members and INA representatives.

Employers don't like any version of the proposed new benefit. They see it as another union scheme to rob them of profits and have argued against the proposed amendment to the Taft-Hartley law on the grounds that the bill "would apparently open for collective bargaining a completely new subject that has litle or no connection with the employer-employe relationship or to the 'wages, hours and other terms and conditions of employment' on which the (Labor-Management Relations) Act requires employers to bargain collectively with their employes."

THE NATIONAL Assn. of Manufacturers, a voluntary nonprofit business organization which professes to represent 14,000 firms which employ 80% of U.S. workers, is spearheading the opposition. The U.S. Chamber of Commerce, the Associated General Contractors of America and other industrial associations have protested the proposed amendment.

The manufacturers are upset by the fact that the proposed exception for legal services does not include a clause which would make the collective bargaining of the proposed benefit only permissible and not mandatory. The last amendment to the act, which concerned trust funds for scholarships and day-care centers, contained such a provision, and the manufacturers want assurance that they won't be forced to bargain for legal services.

"This plan really couldn't be expected to go too far it it were to depend on the good will of employers for its success," Mr. Duffy said. "It's easy for them to see that an employe might need a doctor, but they can't see any urgent need for a lawyer. They're not that far-sighted. And I don't think the workers will want to go it alone. They don't really recognize the need, either, and the premiums involved are too big a chunk for them to shell out on their own."

Some union workers participating in experimental programs have been doing just that. One program being conducted by the Laborers International Union of North America has been going "exceptionally well," according to Jules Bernstein, the union's assistant director.

In March, Laborers' local 423 initiated a closed-panel legal services plan for its 2,600 members and some 4,400 dependents in Columbus, Oh. The program is funded through union dues and administered by the local union. It provides a full range of legal services through a legal center operated by the union. In the first eight months of operation, 750 contacts were made and 500 files opened. The plan will, in all likelihood, the union says, be expanded to encompass other union groups in Ohio.

"IF THE insurance industry gets into this in a big way; if the bar associations get into this in a big way; if the laws are amended, then legal services will come to be in a big way," Mr. Bernstein said. "If not, the unions may do it themselves. Hell, they have the administration, the organization and the lawyers needed. They don't need the insurance companies."

One piece of data revealed in the Taft-Hartley hearings refutes the manufacturers' claims that legal services have no legitimate place in the employer-employe relationship. During World War II, a defense plant in California instituted an in-house legal aid department for the purpose of saving man-hours and keeping employes on the job when they were needed most. In 1944, 3,461 employes received free legal services. The estimated man-hours of production time saved by the program was 15,364.

Most employe benefit managers surveyed by *Business Insurance* said they felt group legal services would some day be an important benefit issue, but that they appeared too far on the horizon to worry about. One benefits boss for American Motors said he expected UAW group legal demands to come in six to nine years.

TWO YEARS ago, four unions representing 650,000 rank-and-file postal workers proposed prepaid legal services during the course of their negotiation with the federal government. Although no agreement was reached, the parties have jointly been studying the matter since then. The committee is scheduled to report its findings this spring at the commencement of the next round of negotiations.

With the convening of the new Congress will come reopening of hearings to amend present laws. If unions, lawyers and insurance companies combine their influences in Washington, the laws may be amended sooner than later. The AFL-CIO and the United Auto Workers both face major contracts in 1973.

There are now some 2,000 legal service plans operating in this country under the sponsorship of trade unions, student groups, consumer unions, credit unions, churches, professional associations, etc. Whether the number will expand depends on the proponents' abilities to clear away legal roadblocks and the future of wage-price controls over fringe benefits. Continued controls could have an inhibiting effect on the availability of benefit funds, but the possibility that a national health insurance plan will come from the new Congress may free employer funds now consumed by health plans and open the way for new fringe benefits.

Group legal will no doubt lead the rush to fill the gap. ■

State joins PBW; might propose seat for towns

HARTFORD—The state of Connecticut has won final sanction for membership on the PBW stock exchange, and with it has won the distinction of becoming the first public institution ever to get a seat on a stock exchange.

The honor is economically as well as historically significant for the state. Robert I. Berdon, state treasurer, expects the seat will save at least $1 million a year in brokerage fees required in managing 12 state pension and retirement funds with assets of $750 million.

The final vote of the PBW (formerly the Philadelphia, Baltimore, Washington Exchange) board of governors that nudged the Connecticut entry into official status was passed last month by a count of 17 to 4.

It followed on the heels of a series of hearings held by the Securities and Exchange Commission, which may still jeopardize Connecticut's niche in the exchange (*Business Insurance*, Dec. 18). If, as a result of the hearings, the SEC moves to enact its proposal to limit the institutional membership on stock exchanges, Connecticut could be ousted from the PBW.

IN THE meantime, state officials are optimistic about their grip on the exchange seat. "We expect to already be trading on the exchange by the time the SEC announces its decision," a state treasurer's representative told *Business Insurance*.

"And if they try to block our membership, we'll fight it to the end," he noted. If necessary, he said, antitrust action would be considered, as well as a congressional investigation.

Perhaps the best indication of Connecticut's confidence in retaining its stock exchange seat was treasurer Berdon's suggestion to a group of municipal finance officers that legislation be requested for a second seat on a stock exchange for towns in Connecticut. The second seat would enable towns to trade in common stocks in managing their pension and retirement funds.

Commenting on the proposal, the treasurer's assistant, John Einhorn, said, "We won't do it all unless the reaction from the towns is favorable."

IF THE towns do express interest in a stock exchange seat, it would be handled as a joint venture with a private, state-owned corporation acting as their representative on the exchange. This is the method currently employed by the state of Connecticut, whose seat is actually held by Connecticut Nutmeg Securities Inc. (*Business Insurance*, Nov. 20).

Mr. Einhorn also noted that the state had established a fund called the Connecticut Mutual Equity Fund, from which each town in Connecticut would be eligible to buy shares to help in managing their pension funds. ■

Sixth annual risk seminar

TUCSON—The University of Arizona's college of business and public administration and division of continuing education will hold the sixth annual governmental risk management seminar and insurance short course here Jan. 29 to Feb. 1.

The seminar, presented in cooperation with the American Society of Insurance Management, will follow the insurance short course, being held Jan. 29, 30.

Both meetings will be held on the university's campus and are being coordinated by John Swenson, coordinator of business conferences at the school.

The seminar's purpose is "to create a better understanding of the difference between risk management and insurance management. . . ."

The short course is a day-and-a-half course on "basics of insurance, including, but not limited to, fire and liability insurance contracts and, for the first time, employe benefits." ■

'What Price Health?' examines medical care

By PATRICK THOMAS

The National Broadcasting Co.'s news department, which began its share of this season's television viewing with a blast at the private pension system, is showing no signs of backing down in its efforts to pursue the fight against inequities in this country.

On Tuesday, Dec. 19, NBC Reports, the network's weekly news special hour, presented a documentary entitled "What Price Health?" The answer, needless to say, was: Medical care is expensive, if you can get it, and, if you can get it, it is often shamefully lacking in quality.

This answer is not news to anyone who has been to a hospital lately or has taken the time to find out what his insurance policy actually covers. Unfortunately, it was this familiarity with the subject that took what could have been a dramatic edge off the presentation.

The statistics were all there, and all to proverbial: Americans spend $200 billion a year for health care; health insurance pays for less than $4 of every $10 spent for health care; thousands of malpractice suits are brought against physicians every year.

The horror stories were all there, too. It was these case histories, though treated in a rather heavy-handed manner (such as a background rock tune with the refrain, "If you can't afford to live, you die"), that

tv review

proved to make the program both meaningful and forceful. A series of statistics is one thing; a little girl with heart trouble is something else again.

The girl's father had lost his job and, therefore, his group health insurance. He is now deeply in debt to pay the $700 a year in premium exacted by his private insurance company. He does not go to the doctor when he is ill, nor does his wife. If their children get sick, one is taken to the doctor and the prescribed medicine is shared by all three. Their furniture is gone, their car hardly runs and they pay $700 a year for health insurance.

OTHER STORIES were told, ranging from what Edwin Newman, the program's commentator, called the "Middle Class Wipeout," to the frightening conditions among migrant workers in Texas. The "Middle Class Wipeout" was the term describing the situation where an insurance company does not cover an illness, the middle class victim's life savings dwindles away while paying for medical treatment and, in many cases, when the money is gone, the disease remains.

While it was apparent that George Lefferts, the program's writer, had an axe to grind (though this is an area with little grey; there's right and there's wrong), the script was almost strangely non-committal about national health insurance.

Yes, the government will have to do something and some form of national health bill is on the way but that's where it stopped. Sen. Edward Kennedy (D.-Ma.) was on hand saying that health care was a right "and should be available to all Americans at an affordable price." Sen. Clifford P. Hansen (R.-Wy.) proclaimed that health care was not a right but that the government should help out a bit more. And Edwin Newman said that Sen. Kennedy's bill, Sen. Hansen's AMA-backed bill or the Nixon Administration's bill (or an amalgam of the three) would become law. So much for national health insurance.

The program did ask some probing questions but failed to answer many of them: Do you really know what you're getting for your health insurance dollar? What good is health insurance if it doesn't cover your needs? Who is going to provide better health care for the millions who can't afford it? The doctors? The insurance companies? The government? Nobody?

Those are questions that deserve answers. Mr. Newman, obviously, could not begin to answer them in 60 minutes. But at least the questions were asked, this time to a mass audience. It can only be hoped that someone who has not heard them before was listening. ■

11 named to ASIM work comp group

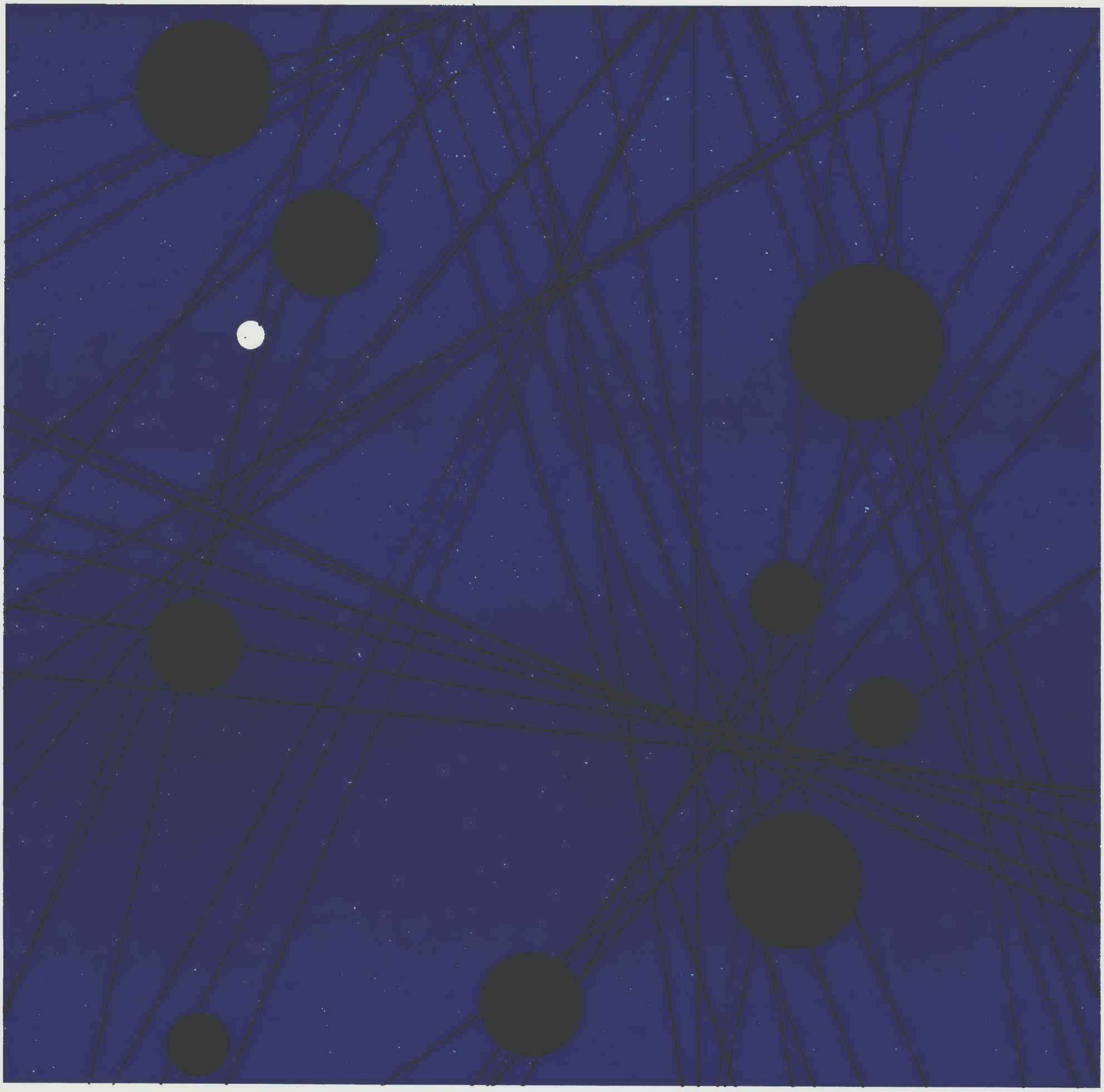
CHICAGO—The American Society of Insurance Management has released the names of 11 of 15 persons who have volunteered to plan and coordinate a national effort to reform state workmen's compensation laws.

Members named to date include: Michael J. Romig, U.S. Chamber of Commerce; John J. Bachalis, National Industry Council; William R. Brown, Council of State Chambers of Commerce; Waller B. Smith, ASIM; Andrew Kalmykow, American Insurance Assn.; William Hollingsworth, ASIM; James Stickles, American Mutual Insurance Alliance; Donald Perin, National Assn. of Insurance Agents; Edward P. Simon, National Assn. of Casualty Surety Agents; George DeWolf, National Assn. of Independent Insurers and George Nodicoff, presiding judge of the workmen's compensation court in Lincoln, Nb.

Four other persons have been chosen to serve on the committee, but have not yet agreed to be members.

THE COMMITTEE was formulated after an ASIM-sponsored workmen's compensation conference here last month indicated that a major effort was needed if federal takeover of the system is to be prevented. The group will start its push by compiling lists of persons in each state who could most easily influence needed legislative changes.

After reviewing inequities in work comp laws from state to state, the National Commission on State Workmen's Compensation Laws put forth more than 80 recommendations for changes, including 19 it termed "essential." The commission recommended that the states be given until July 1975, to amend present laws to meet its essential standards. If nothing is done by then, the commission suggested that Congressional action be taken to rectify varying laws. ■



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North Central Airlines carries $60 million in liability cover and $4.3 million coverage on the hull of the DC9 that flew into another jet at Chicago's O'Hare airport last month. —Wide World photo

O'Hare crash cover shared by Lloyd's

CHICAGO—Until federal investigators determine fault in the Dec. 20 collision of a North Central Airlines' DC9 and a Delta Air Lines' Convair 880 at Chicago's O'Hare International Airport, insurance liability remains unknown.

Ten persons were killed and 14 injured when the North Central jet sheared off the tail section of the Convair while taking off in dense fog and crashed and burned. All of the dead were North Central passengers.

If ground controllers are found at fault, the injured and the survivors of those killed must seek compensation from the Federal Aviation Administration.

NORTH CENTRAL carries $60 million in liability cover and $4.3 million on the DC9 hull, with no deductible for total loss of the aircraft. Both policies were secured by the airline's broker, Robert T. Moran of Marsh & McLennan Inc. of Minneapolis, and are underwritten by Lloyd's of London through Stewart, Smith Inc. of New York. Delta Air Lines' officials were not available for comment. ■

Holmes cites health, steps down at Hall

NEW YORK—Melvin A. Holmes, president and chief executive of Frank B. Hall & Co. has requested to be relieved of these responsibilities for health reasons as of Jan. 1.

The 55-year-old Mr. Holmes, who was recently elected chairman of the executive committee, will remain active in administration.

William C. Bartholemay, formerly executive vp at Hall, will act as president and chief operating officer of the company. Mr. Bartholemay joined the firm in 1969 when he was president of Olson & Barth Inc., an insurance brokerage concern acquired by Hall.

James Stewart, chairman, has been elected to the additional post of chief executive.

Frank B. Hall & Co. is the fourth largest insurance brokerage in the nation. In 1971 it had $44 million in gross revenue. ■

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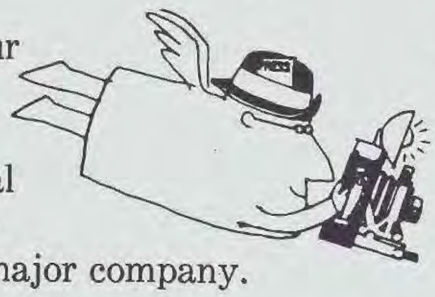

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editorial opinions

Something to think about

IN THE WAKE of a tragic airline crash in Chicago last month United Air Lines and its insurers used a technique that, while not completely unique to potential insurance claims handling, is too often overlooked and not made the subject of deliberate forethought. Perhaps there is a lesson here for companies that have catastrophic risks to handle—and, of course, for their insurers as well.

We're speaking of the immediate action taken by United and its liability insurers, Lloyd's of London and United States Aviation Insurance Group (USAIG), when a UAL 737 crashed into a row of homes while on approach to Chicago's Midway Airport, killing 45 persons.

Immediate aid to airline crash victims and their relatives is not new to air tragedies. As one aviation insurance underwriter put it, "It's SOP (standard operating procedure) to pay for funeral arrangements and transportation and housing for those relatives flown to the scene to identify bodies." (This is a grisly subject, yes, but a risk manager doing his job must think of the grisly.)

United and its insurers, however, carried standard operating procedure a step further in Chicago last month. For example, they opened charge accounts in area department stores for those families which were displaced and which lost personal articles when their homes were destroyed as a result of the aircraft's deadly fall to earth. In other cases, families of crash victims were quickly contacted and offered "any reasonable sum requested" to ease whatever immediate financial burdens they might have.

To be certain, the liability for the crash last month will ultimately fall on someone's shoulders, and victims and their relatives will eventually recover financial losses. However, that is a long, drawn-out process that usually puts the airline and its insurers in an adversary position. The move by United and its insurers will not change that, of course, and plaintiffs' attorneys are bound to suggest that the move is an attempt by potential defendants to influence this adversary position in some way.

We'd rather applaud the move by the airline and its insurers for taking first things first. It is something that goes a little beyond risk management, and something that the well-prepared corporation should give some forethought.

Does your company have a risk exposure that could cause catastrophic third-party losses? Do you have a plan worked up that considers the human element? Can it be put into effect practically at the push of a button?

It's something to think about and push with management.

Investing in the future

A PROGRAM ESTABLISHED by Dow Chemical Co. a few years ago touched the risk management field recently, and, interestingly and commendably, it is now touching the lives of some black students in a Virginia college.

We speak of the Outplacement and Retirement Planning program at Dow. The program, essentially informal in nature but one which has the commitment of Dow's top management, works to match-up employes leaving the company with other employers or interests.

Last fall, Nils Munson, Dow's director of insurance for 26 years and a man still in his 50's, took early retirement. Mr. Munson, however, did not want to go home and sit on the porch. Rather, he wanted to utilize the skills he had developed during the past half of his life, but at a more relaxed pace.

Perhaps it was a stroke of luck that Dow's placement supervisor heard that Hampton Institute, a predominantly black school, was looking for an insurance professor. The match was made and Mr. Munson is now enjoying a fulfilling early retirement in Virginia.

But that is only half the story.

In Nils Munson's case Dow also made an endowment to Hampton Institute. Under the two-year agreement, Mr. Munson's salary is paid by Dow. Technically, the former Dow risk man now occupies the Dow Chemical Visiting Professor of Insurance Chair at Hampton, where he is teaching black students the principles of insurance.

For him, he says, it is an exhilarating experience to continue his career this way. Indeed it should be, for there is perhaps no greater satisfaction than to touch the lives of others and impart some of the wisdom gained in one's own life.

Beyond this, though, Dow Chemical Co. is to be commended for making the investment in the future of those lives Mr. Munson may influence.

Reflections: 1972

THE DATE OF THIS issue of *Business Insurance* is Jan. 1, 1973.

It is a time of year for resolutions, reflections and, in some cases, renewals. Underwriters have finished trying to convince corporate insurance policyholders that 1972 was really worse than it was, while buyers have finished trying to convince underwriters that it was better than it actually was. Hopefully, some mutual understandings have been reached in the process.

The year 1972, by most accounts, was a good one, however. In our travels, we have noticed that some of the antagonisms that in the past have been natural to the buyer-broker-seller relationship of business have softened. Indeed, the three factions seem to be speaking *with* each other more and talking *at* each other less. It's good to observe.

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letters

This column is a readers' forum. Letters are welcome. Address Letters to the Editor, Business Insurance, *630 Third Ave., New York, N.Y. 10017.*

A leftward drift?

To the Editor: Yours is an excellent publication which I enjoy very much reading.

What I find totally puzzling in a publication designed for the leaders of business and industry is your indentification and support of every facet of liberalism when it comes to politics, and I make specific reference to the pension plan reform and to your bemoaning the fact that people like Sen. Fred Harris of Oklahoma will not be back in the United States Senate.

What you seem to fail to understand is that with people like that in office it will be most difficult for the free enterprise system to survive, and without this system there will be no business and no insurance industry as we know it.

Please explain why your publication has such a leftward drift, as I find it difficult to understand in a publication of your type. Thank you.

Wirt A. Yerger Jr.
Ross & Yerger, insurance agents, Jackson, Ms.

Editor's note: Business Insurance *has always been politically independent. If we do take "political" stands, they are stands with respect to issues. Yes, some of these may seem "liberal" to some of our readers. When we support so-called "liberal" causes, it is because we are among the first to admit that the world is changing, that certain inequites in the system are going to be corrected in the future, and that only by reasoned and intelligent reform of past habits and practices can we prepare for the 21st century.*

Incidentally, we don't recall having editorially bemoaned the fact that Sen. Harris retired. In a front page story Nov. 20, our Washington editor did point out that "One definite vote on the side of both measures ("liberal" bills dealing with no-fault and national health insurance) was lost when Sen. Fred Harris (D.-Ok.) retired and the seat was won by Republican Dewey F. Bartlett." That is not bemoaning; it is, rather, political observation.

First aid instruction

To the Editor: Your Nov. 20 issue has an article which deals with heart attack victims.

As a risk manager and first aid instructor, I think Mr. Levinson should concern his efforts with the total picture of first aid emergencies. It is true that heart disease is the prime killer of individuals over the age of 50, but the continued concern of the work force during their working career is industrial accidents. The best way to reduce the severity of accidents is to have some personnel in each department qualified to administer first aid care. This would include the care of heart attack victims.

By contacting the local Red Cross chapter, the corporation, etc., could obtain, free of charge, a first aid instructor who could instruct all supervisory personnel or one or two individuals in a section in the proper first aid technique.

I have taught a first aid course for the city of Yonkers

Continued on page 18

Claims over explosion mounting against Army

By PATRICK THOMAS

ATLANTA—The United States Department of the Army has been hit with claims totaling $625 million in connection with an explosion at a Thiokol Chemical Corp. plant nearly two years ago (*Business Insurance*, Feb. 15, 1971).

Joseph Jones Jr., an attorney here, filed the claims with the Army Claims Service in behalf of relatives of 15 of the 29 persons killed in the explosion and fire at the plant in Woodbine, Ga. He filed 25 other claims, all of them under the Federal Tort Claims Act, for persons who were injured in the accident. The explosion occurred in a building in which magnesium trip flares were being produced for the Army's use in Southeast Asia.

The amount of the claims represents $25 million each for the dead and an additional $10 million each for the 25 personal injury victims.

UNDER THE Federal Tort Claims Act, a person who feels he was injured due to the negligence of the government can file an administrative claim with the agency he feels is responsible, a spokesman at the Army claims service explained. The agency (in this case, the Army) then has six months to respond to the claim. The response can be rejection, acceptance of the claim or no action at all.

If the claimant is still not satisfied by this approach, he may then bring suit in federal district court to seek damages. The Army spokesman said the act was designed to take some of the load off federal judges. "If the problem can be handled administratively, there is no reason to burden a judge," he said.

Attorney Jones told *Business Insurance* that, under Georgia state law, Thiokol could not be sued over the incident in that the company provided workmen's compensation for the employes at the plant and was therefore liable only for the statutory amount of the workmen's comp.

The survivors of those killed in the Woodbine explosion were provided 85% of $50 a week for 400 weeks, or $17,000, Georgia's workmen's comp maximum death benefit. Thiokol's workmen's compensation insurer is Aetna Life & Casualty.

THE SURVIVORS also received group life insurance and accidental death benefits of at least $7,500 each, a total of $15,000 minimum, from the Equitable Life Assurance Society of the U.S. Some employes had taken out additional coverage on a voluntary basis which would take the totals received from the minimum of $15,000 to a maximum of $60,000. The minimum added to the workmen's comp gives the survivors a minimum of $32,000 in benefits.

"This workmen's comp business is an archaic law," Mr. Jones steamed, "and it should not apply to this type of catastrophe. When the law was written, I don't think the legislative intent was to protect negligent employers against this kind of thing. The intent was to cover the more typical, day-to-day accidents.

"No one wants to take the blame for this tragedy," he continued, "so we're going to place it where it belongs. The Army is supposed to supervise in plants where hazardous materials are being manufactured for its use. The Army was negligent in policing its contract. There were many violations, such as a vehicle parked near the building and the fact that many of the people who worked in the building did not know they were working with such dangerous material and were inadequately trained.

"Those people were exposed to an undue hazard for an undue amount of time," he emphasized, "and, in my opinion, the only reason for it was that most of them were low-income black people."

REGARDING responsibility, the spokesman for the Ft. Meade, Md.-headquartered Army Claims Service noted, "Surely the Army takes an active interest in what people are making for us but the Army's responsibility—and liability—in this case have not been clearly spelled out.

"If munitions are being manufactured for the Army's use by an outside contractor, a privately owned company, we are mainly interested in the end product," he continued. "Yes, we do check for quality but we do not oversee the manufacturing process. In our own plants, we do."

He listed three reasons why, in his opinion, Mr. Jones' claims (and a number of others arising from the same explosion) were being filed against the government. "In the first place, the claimants figure we have a deeper pocket than Thiokol," he said. "Secondly, they think they can connect us with the control and supervision aspects of the case and, finally, under Georgia law, Thiokol's off the hook."

He pointed out that any decision on the Army's part was quite a ways off. "We have been work-

Continued on following page

letters

Continued from page 16

personnel and plan to start a second one. The feedback from the individuals taking this course is that the knowledge of first aid has helped them at home as well as work, thus reducing the severity and increase thinking in accident prevention.

Robert M. Bieber
Insurance and safety administrator, Yonkers, N.Y.

CPCU study aide

To the Editor: We're enclosing a copy of "Candidate Notes," a special monthly publication which reaches over 250 CPCU candidates across the United States.

The publication is used as a supplement to classroom learning as well as to provide helpful tips on study and preparation for the CPCU exams.

In the current issue we have listed *Business Insurance* as a helpful tool for our CPCU candidates. The regular feature, *Business Insurance Perspective*, provides the candidates with topics for group discussions which helps them in their preparation for final exams.

Angela Gerace,
Editorial assistant, Chartered Property and Casualty Underwriters, Media, Pa.

Pool formed in Canada to cover oil, gas risks

TORONTO—Nineteen Canadian general insurers have teamed up in an insurance pooling arrangement which is now offering coverage for Canadian oil, gas and petrochemical companies up to $50 million.

The new setup is similar to one operating in the United States known as the Oil Insurance Assn. The U.S. group will provide assistance for the Canadian organization in the areas of reinsurance of risks and technical advice on risks being considered by the Canadian group.

THE NEW pool is known as the Canadian Oil Risks Insurers and its membership includes most of the big Canadian insurance companies. Serving as chairman of the group is Roy A. Elms, underwriting manager of the Royal Insurance Group in Canada.

DISCUSSING background that led to formation of the pool, Mr. Elms said the Canadian insurance industry was having trouble finding the capacity to provide large coverage for the oil, gas and petrochemical industries. Canadian firms decided the best solution to the problem was to pool their activities, he added.

Under the arrangement, each of the 19 pool members agrees to underwrite a certain percentage of any coverage sold. The biggest factor in the setup is St. Paul Fire and Marine Insurance Co. which will assume 13% of any risk accepted by the pool.

The second spot in risk assumption in the pool is held evenly by two members, Royal Insurance and United States Fire Insurance Co. Each of these is accepting 11.5% of all risks taken.

It was pointed out that the new pool offers participating members a decided marketing advantage. In order to place coverage, an agent has to go to only one pool member. The system has special appeal for companies being insured because a claimant is compensated for loss with a single payment instead of having to secure individual payments from the various pool members.

THE NEW Canadian Oil Risks Insurers will receive engineering studies and consultation from the existing oil risks division of the Canadian Underwriters Assn. Most of the pool participants also are members of the CUA. ▪

Army . . .

Continued from preceding page

ing closely with the insurer and Thiokol to find out exactly what happened. That has not been ascertained as yet. Also, all the medical data must be brought up to date. Many of those people received long term injuries like burns and amputations and are still undergoing treatment. All this data must be accumulated before we make a response."

MR. JONES, who feels that his chances of collecting for his clients are good, pointed out that he was ready to go to court if the government failed to pay, or even lowered the amount.

"This is a sad situation," he said. "These are poor people who live in a very remote area of the state. They really couldn't afford to get legal help and the insurance company representative was down there getting many lump sum settlements. This may take awhile, and I suspect it will, but they deserve this money and they'll get it.

"I guarantee you we'll be in court by February third if we haven't heard from the Army," he said. "That's when the Georgia statute of limitations expires."

The Army man explained that there was a "kicker" in the Federal Tort Claims Act which said that the claimant would not really have to sue at the end of six months. "The negotiations could go on for a very long period. The federal statute of limitations would apply here though it, too, is two years. But you don't have to sue within that time. All you have to do is file a claim," he pointed out.

He also said that the Army, which he described as "a self-insurer," received many claims for very high amounts. "There's a provision in the claims act which states that once a claim has been filed, the amount cannot be increased. For that reason, the wise attorney will enter a claim with a sometimes exorbitant amount."

The accident in question took 29 lives and sent some 30 persons to the hospital on Feb. 3, 1971. It was the worst industrial accident in terms of loss of life in recent memory. Many of the deceased employes were participants in a poverty program administered by the Office of Economic Opportunity. ▪

'Retro' plan saves small town's cover

VERNON, CT.—This eastern Connecticut town has received an 11th-hour reprieve in insurance coverage with the Travelers Insurance Cos., Hartford, backing down from an announced plan to drop Vernon's coverage.

Town officials, following a meeting at the state insurance department in Hartford, said that Travelers had agreed to continue carrying Vernon's liability and fire insurance while the town agreed to pay a $50,000 "retro" bill made public Dec. 11 and any other amounts incurred during the fiscal year before July 10, 1973. Travelers had previously notified Vernon it would cancel coverage effective Dec. 18.

The "retro" payment came due because of the number of claims settled against the town. This amount is in addition to a $70,000 liability premium and $30,000-plus for fire premium.

Another "retro" bill (of about $50,000) is projected sometime in the spring by Travelers.

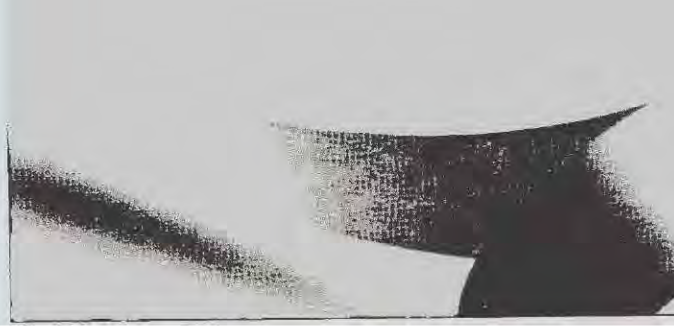
THE VERNON town mayor, Frank McCoy, said he believed that the two unanticipated large "retro" bills were the cause of Travelers' decision.

The town council's insurance advisory board is drawing up plans to prevent the situation from repeating itself.

Under the "retro" payment system, the town receives rebates during years when few claims are settled against the town and bills in a year when a number of claims are lost.

The town council has been informed that the answer might lie in some sort of revolving account; rebates from "good" years to be saved to pay "retro" payments.

The present bill came in the middle of the fiscal year and the money for it was not appropriated. A revolving account, the council was told, might serve to alleviate such woes. ▪



Private pension plans in Canada are criticized

QUEBEC—Private pension plans came in for some sharp criticisim at the Quebec regional meeting of the Canadian Pension Conference here.

One of the charges made against private pension plans is that they fail to provide workers with needed protection.

During a panel discussion, Yves Dulude, VP of the Industrial Relations Center at McGill University, charged that insurance firms don't even want to make adequate pension plans available.

But Mr. Dulude was challenged on his stand by Paul Langlois of the Metropolitan Life Insurance Co. who was in the audience. Mr. Langlois asserted that his firm has had a private pension plan available since 1939 and that similar plans are offered by many other insurance companies.

IT WAS the contention of Mr. Dulude that government plans provide better coverage than private pension plans because the insurance firms are more concerned with making money than taking care of the needs of workers. He charged that private plans offer "crumbs" and have provisos that can trip up union negotiators.

Mr. Dulude told the audience: "Take double indemnity for accidental death on the job. What good is that? And I hear some collective agreements have triple indemnity for a worker killed while riding a company elevator."

It was his contention that such provisios do not meet the basic needs of income security although on the surface they may look attractive.

He singled out another alleged weakness of the private pension plans: They require 10 years of paying in before benefits can be taken out by workers. He charged that private plans "lack cohesion and don't complement the Quebec Pension Plan," and maintained that improved government plans are a better solution to the pension problem, providing better protection to the worker.

The planning meeting was told by a pension plan consultant that various levels of government in Canada are headed towards selective income security plans and not the current universal plans.

Jean M. Sylvestre of the William M. Mercer Ltd., Toronto, declared, however, that such a trend is not necessarily favored by the general public. ■

$87 million drop seen for N.J. auto premiums

TRENTON—Thanks largely to new no-fault laws effective Jan. 1, when New Jersey drivers ring in the New Year they can also expect to ring in an $87 million reduction on their auto insurance premiums.

Announcing the multi-million dollar savings, Gov. William T. Cahill said, "we will be doing better than the 15% reduction in insurance premiums mandated by the legislature when it passed the no-fault bill."

In addition to New Jersey's new no-fault bill, the reductions, according to the governor, are also attributable to rate filings by the rating organizations and several major independent insurance companies.

Insurance Commissioner Richard C. McDonough had previously directed the rating organizations (which represent 200 of the 250 companies now writing automobile liability and physical damage insurance in New Jersey) and the independent filers to review their experience and submit new figures.

"THE EXPERIENCE was favorable and will provide additional reductions beyond these prescribed because of no-fault," Gov. Cahill reported.

The anticipated $87 million premium savings is broken down into three parts. They include $44 million in bodily injury liability auto insurance premiums on policies that became effective after Jan. 1 to reflect the 15% reduction in bodily injury premiums mandated by the no-fault act.

To reflect the same 15% reduction for unexpired terms of policies, $23 million will be refunded to all policyholders of existing automobile insurance policies that continue in effect beyond Jan. 1.

An additional $20 million savings will result from the revised filings submitted by rating organizations at commissioner McDonough's request.

INCLUDED in the estimated $44 million reduction in bodily injury liability is the saving that comes to policyholders by virtue of the fact that they no longer have to purchase separate medical payment coverage. No-fault protection will provide unlimited medical coverage for injuries resulting from private passenger car accidents.

Accompanying the governor's announcement of the estimated $87 million reduction in premiums were three exhibits prepared by the state department of insurance. They showed the resultant savings to policyholders under the no-fault insurance law, as well as the statewide percentage changes produced by the rate revisions for each of the rating organizations and the three major independent insurance companies which filed. ■

State bar's no-fault plan

MADISON, WI.—A special committee of the Wisconsin state bar has recommended a no-fault auto insurance plan which retains some concepts of the present system of fault finding.

Officers of the state bar will consider the proposals at their December meeting.

The plan calls for mandatory coverage for all vehicles registered in Wisconsin. The insurer would be required to pay losses, with specified limits, but could seek recovery of damages from another party to the accident if it believes the other party to be at fault.

To settle disputes between insurance companies, here would be a system of binding arbitration. The committee also called for retention of present court methods of collecting general damages.

Legal suits could be filed only for damages in excess of the benefits provided by no-fault. Attorneys' contingent fees, therefore, would be based only on damages exceeding the no-fault limits. ■

Increase in ship-bridge collisions studied, worried over by NTSB

WASHINGTON—An increasing number of ship-bridge collisions, together with stepped-up marine traffic and bigger ships, has the National Transportation Safety Board worried.

At present, the NTSB says it can't do much more than worry.

"Our marine section has only four people," said an NTSB spokesman. "We're not staffed to go into an analysis of the whole problem and make recommendations. But we might have to if another ship knocks a bridge down."

His comments followed issuance by NTSB of a safety recommendation stemming form the Nov. 7 collision in Georgia in which an ocean-going ship struck the Sidney Lanier Bridge on the Brunswick River. In that accident, 450 feet of the bridge collapsed, taking eight passenger cars and two tractor-trailers into the river with it. Ten people were killed and eight hospitalized.

THE EXPRESSED inability of NTSB to dig into the major causes of such collisions, aside from the fact that the ships have been off-course, also followed an announcement by the Maritime Administration that it is setting up an information system to help marine insurance decision-makers. At the same time it has started a number of safety projects aimed at cutting down on spiraling marine insurance costs linked with the advent of jumbo containerships and fuel carriers (*Business Insurance*, Dec. 4). The projects will include problems of navigating waterways with bridges.

In its statement on the Lanier Bridge collision, NTSB said that while the "destruction of bridges is a matter of significance, the saving of lives in such accidents is of immediate priority." It's recommendations: That the Federal Highway Administration, American Assn. of State Highway Officials and the International Bridge, Tunnel and Turnpike Assn. establish standards to insure that traffic on bridges with draw sections is stopped, when the draw is up, at a point that would be out of danger from the impact of a large vessel.

It noted that traffic on the Lanier Bridge had stopped 150 feet from the draw opening. This met current Highway Administration bridge safety policy, but left the vehicles, obviously, in an area "vulnerable to impact by an errant vessel."

NTSB CITED a "high frequency of bridge openings due to heavy marine traffic" and called the destruction of bridges by ships "a matter of growing concern." But it said that an "analysis of this problem and the development of possible countermeasures would entail a major study and require a considerable amount of time."

According to the NTSB spokesman quoted earlier, the board has looked into more than a half-dozen collisions similar to the Lanier Bridge accident in the past three years. None loss of life, but two of them, both involving the Chesapeake Bay Bridge-Tunnel at Hampton Roads, Va., resulted in multi-million dollar damages and shut down the facility for long periods this year and in 1970. "There are also a lot of smaller ones that we didn't conduct investigations on," said the board official. "But it's not enough of a problem yet to trigger a full safety board study. ■

Work force doubles, but not injuries

OLYMPIA, WA.—The Washington department of labor and industries has announced that, although the number of state workers participating in industrial insurance program has almost doubled within the past year, the number of job injury claims was up only 12% in the first 10 months of 1972.

William Jacobs, director, said 107 job fatalities occurred between June 1 and Nov. 10, compared with 112 such deaths in the comparable period a year earlier. In the first 10 months of this year, there were 116,000 reported injuries, up 12,000 from the comparable period of 1971.

However, there are more than 1,100,000 persons on jobs covered by the industrial insurance program while there were only 650,000 the year previous.

MR. JACOBS said 15,853 injured workmen qualified as new recipients of time-loss compensation in the first eight months of 1972. Of that number 2,862 worked in occupations that were not previously covered by mandatory workmen's compensation. Of 63,500 receiving paid-in-full medical treatment for on-the-job injuries in that same period, 11,500 were in jobs not previously covered.

Because the rate of injuries and compensation claims has not kept pace with the number of covered workers, some legislators reportedly expect labor will seek to increase benefits or reduce contributions workers now are assessed to pay.

Employer groups are expected to renew demands for a three-way option whereby they can continue with the state's industrial insurance plan, be self-insured or carry insurance on their employes with private insurance companies. Employers may also push for adjustments in contributions they are required to pay into the workmen's compensation fund, it was reported. ■

for the record

Guide shows term life is cheaper in Canada

HARRISBURG, PA.—"Americans buy radios and televisions from Japan, cameras from Germany and watches from Switzerland. Maybe they should start buying their life insurance from Canada."

Pennsylvania Insurance Commissioner Herbert S. Denenberg is the Ralph Nader of the insurance industry—a man who's more concerned that the insured gets a good deal than he is about the profits of the insurers. Consequently, on Dec. 11, he released his controversial "Shopper's Guide to Term Life Insurance," a booklet comparing costs for similar life coverage offered by the 50 largest companies hawking policies in his state.

The guide showed that Canadian companies offered the four lowest-priced policies sold by the 25 largest companies offering non-participating policies and that no Canadian companies are on the list of the 15 highest-priced policies.

"OUR EARLIER 'Shopper's Guide to Straight Life Insurance' showed that Canadian companies offered the lowest-cost policies," he said. "But the differences in term life are so significant that we think American companies should start copying the Canadians. Every one of the nine Canadian companies looks good on our lists. Some look excellent, and none looks even close to bad."

All the Canadian companies, Mr. Deneberg noted, received one of the two highest ratings from Best's Insurance Reports, considered an indicator of financial stability.

The low-priced Canadian companies together with their rank on the list of 10 lowest-cost non-participating policies follows:

- Dominion Life Insurance Co., 2.
- Canada Life Assurance Co., 3.
- Crown Life Insurance Co., 4.
- National Life Assurance Co., 5.
- Sun Life Assurance Co. of Canada, 6.
- The Manufacturer's Life Insurance Co., 7.

About 20% of the business of Canadian life insurance companies is conducted in the United States. Canadians buy approximately an equal amount from American companies.

James expands again; adds four general firms

CHICAGO—Fred. S. James & Co. has reached definitive acquisition agreements with four general insurance firms: Eubank Insurance & Bonds, Salt Lake City; Peacock Inc., Laguna Beach, Ca.; L. M. Addis & Co., Philadelphia; and Johnston-Paviour-Sibly Inc., Rochester, N.Y.

The four concerns have combined annual revenue of approximately $3.5 million and a total of about 116 employes.

James will exchange an estimated 176,000 shares of common stock for the firms, giving the proposed transactions a value of about $4.6 million based on the current market price of James stock.

Oregon National Life settles with subsidiary

PORTLAND, OR.—John R. Kelty, president of Oregon National Life Insurance Co. here has announced an $8,890,000 settlement reached by his company and its wholly-owned subsidiary, Trans-National Service Corp., also Portland-based.

General terms of the settlement terminate all litigation against the

Continued on page 57

Ætna's MULTIVESTOR is a capital (building) idea.

It lets every Tom, Dick and Harriet in your benefit program build capital their own way.

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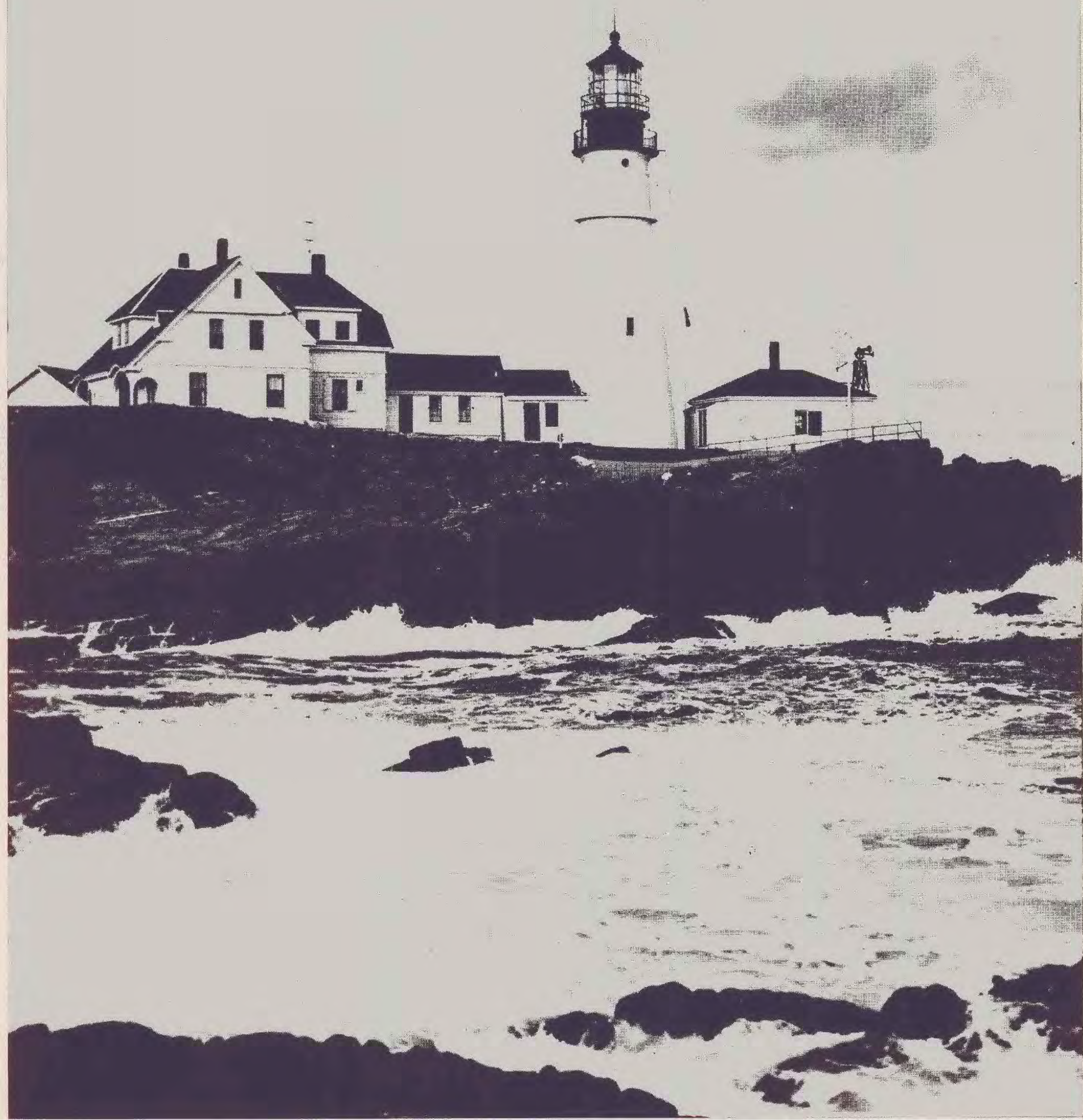


We'd like to shed some new light on the Group Pension business for you.

That's what we've been doing for an increasing number of enlightened people for the past two years. During that short time we came from virtually nowhere into the limelight. In '71, we brought in 6 million in new business, and our '72 production will be even more upsetting to the giants who mistakenly figured they owned the industry.

You're interested, of course, in why all this has happened. We're anxious to tell you. When we sit down with you, we'll start by explaining "Full Disclosure." This is how we get rid of the fog that has kept the true cost of pension plans hidden for years.

The device we use is the Unionmutual spreadsheet. It gives you every detail you could ask for. When you ask the competition for the same facts, be ready for some hemming and hawing. But if you persist, you'll wind up saying, "Very interesting."

If you are an agent, broker or consultant, let us shed some new light on your next case. Contact one of our field offices or write the Lighthouse Keeper, Bob Stevenson, Vice President (Group Marketing), Union Mutual Life Insurance Company, 2211 Congress Street, Portland, Maine 04112.

Unionmutual

Critical focus on benefits, risk management books

"EMPLOYEE BENEFITS FACT BOOK, 1972"; published by Martin Segal Co., consultants and actuaries, 730 Fifth Ave., New York, N.Y. 10019; $15; 530 pages.

Reviewed by
RUSSELL F. SCHUCK

The "Employee Benefits Fact Book, 1972," published by Martin Segal Co., consultants and actuaries on employe benefits, should provide helpful answers for many personnel and employe benefit plan administrators. The key to the value of this volume is that it provides, in 500-plus pages, a vast amount of information on a wide range of pertinent subjects.

For example, the book outlines 51 corporate pension plans for salaried employes, 58 corporate collectively bargained plans and 97 multi-employer pension plans.

It should be pointed out that with corporate benefit plans constantly changing, the plan provision section of a volume of this type cannot be expected to be completely up-to-date and accurate.

It would be of more use for research purposes if the comparative data (e.g. corporate pension and insurance plans) was summarized and compared with the prior edition for purposes of demonstrating trend data in such areas as eligibility requirements, levels of plan deductibles, etc.

In any event, it is a fairly safe presumption that most company employe benefit functions and other similar staff operations can utilize such information as current semi-private rates for specific hospitals, state workmen's compensation benefit limitations, life expectancy tables and past history data on percentage increases in the cost of medical care. With a volume like this at one's fingertips, a great deal of wear and tear can be saved in rounding up information that is usually housed in many separate documents throughout the employe benefits office.

The "Employee Benefits Facts Book, 1972," (it succeeds and updates information published in an earlier volume in 1970) also organizes many other vital data elements. Included are: Social Security benefits throughout the world, foreign currency exchange rates, base hourly rates for various trades by geographical area, estimated budgets for retired couples and other extremely useful facts.

The "Employee Benefits Facts Book, 1972," therefore, is one tool that planning and administrative personnel can use to save time in meeting their data requirements and thus improve efficiency of their function.

Reviewed by
EDWARD D. HANSEN

"RISK MANAGERS GUIDE"; published by the National Underwriter Co., 420 E. Fourth St., Cincinnati, Oh. 45202; $12.

The National Underwriter Co. has published what promises to be an annual compilation of reference material for the risk manager. It is not a "how-to," but more of a "where-to" guidebook.

The guide is divided into five sections. The first section is an 80-page annotated bibliography listing almost 600 books, pamphlets and periodicals issued by over 70 publishers. The second section is a 38 page listing of those persons who perform services or functions useful to the business risk manager. Section three lists the suppliers of loss prevention equipment and supplies, and section four is made up of several informative articles on various subjects of interest to the risk manager—a map of U.S. earthquake hazards, the text of the Occupational Safety and Health Act of 1970, the text of the 1972 Colorado Captive Insurance Act, and more. Section five lists the addresses of business firms and governmental agencies which the risk manager may need to contact frequently.

The material has been compiled by

Work comp ruling in favor of employe

MADISON, WI.—The Wisconsin supreme court ruled that the widow of a police chief who was killed when he was struck by two cars in Milwaukee is entitled to death benefits under the workmen's compensation act.

The state department of industry, labor and human relations had ordered the city of Phillips, Wi. and its insurer, General Casualty Co., to pay the widow, Mrs. Donald C. Marks, $20,858 in death benefits.

Dane County Circuit Judge William C. Sachtjen upheld the department's order but the city of Phillips and the insurance company appealed the court's decision, claiming there was no credible evidence to support the contention that Mr. Marks was acting in the performance of duty when he was killed.

Mr. Marks was in Milwaukee April 1968 to attend the Wisconsin Police Administrative School when he was killed while crossing a street at 2:50 a.m.

The appellants also claimed that Mr. Marks was intoxicated at the time of his death.

Justice Horace W. Wilkie, in a majority opinion, said, "an inference that Mr. Marks was taking a walk after a late dinner was not as 'tortured' as the appellants contended."

Chief Justice E. Harold Hallows, in a dissenting opinion, said it was "unrealistic and incredible that Mr. Marks was on the city's business as chief of police at that hour of the day and while intoxicated." ■

Bernard L. Webb, CPCU, and Claude C. Lilly, both of the department of insurance, Georgia State University, and R. C. Addicks Jr., insurance counselor, Atlanta, Ga.

The guide is an interesting new concept in risk management literature, and deserves a place on the desk of every busy practicing risk manager, or other corporate official with responsibility for risk and insurance management safety or loss prevention.

"LIABILITY OF ACCOUNTANTS"; published by the Defense Research Institute Inc., 1100 W. Wells St., Milwaukee, Wi. 53233; $1 to DRI members, $2 to nonmembers.

The first article in this monograph explores the various exposures to liability which confront an accountant in his dealings with his clients and third parties as a part of the general accounting practice and in relation to activities under federal securities laws. The second article is a general discussion of accountants' professional liability policies, and the appendix is a paragraph by paragraph comparison of the accountant's errors and omissions policies issued by six insurers who write a considerable amount of this coverage.

As stated in the foreword to this 52-page monograph, "Recent years have witnessed an expansion of the emphasis placed upon the exposure to liability of those members of society who hold themselves out as possessing the requisite training and skill to be members of a profession."

Those concerned with risk management in large industrial concerns have been well aware of the potential liability from the work of their architects and engineers, while those in the insurance selling business are equally aware of the potential liability attaching to their acts as agents and brokers. Few have been concerned with the liability of accountants for the simple reason that their companies do not offer such services to others. This monograph should be interesting reading for corporate risk managers because it provides them with the legal bases of what their corporations may expect from their public accountants.

"WHO'S WHO IN RISK MANAGEMENT"; published by the Weekly Underwriter, 116 John St., New York, N.Y. 10038; $15.

The second annual edition of "Who's Who in Risk Management" purports to be the short biography of about 700 practitioners of risk management in the United States and Canada.

I have some reservations about the validity of this listing. What is the method of selecting those whose biographies are included? How are the biographies updated each year? Only 700 prominent risk managers in the United States and Canada? Are sellers of insurance properly included in a compendium of who's who in risk management? The associate membership list (if available) of the American Society of Insurance Management would be much more worthwhile as an entry. In the absence of any such publication from ASIM, "Who's Who in Risk Management" may be of interest to some.

"THE COMMERCIAL INSURANCE BUYER"; by Francis D. Barrett Jr.; published by Bereson & Bereson, Daly City, Ca. 94014; $6.50

Mr. Barrett, president of a company bearing his name which acts as planning and research consultants to the insurance industry, recently completed a survey to find out how insurance-buying businessmen feel about their interaction with the property and casualty insurance industry when they are buying commercial insurance for their company. Some 1,889 commercial property and casualty insurance buyers of all-sized companies in the United States responded to Mr. Barrett's inquiries.

The summary and analysis of this survey are the contents of this 149-page paperback book. Of the six chapters of the book, five will be of primary interest to the insurance industry. Those dealing with such matters as attitudes toward insurance companies, toward services and toward relationships with agents and brokers should be required reading for insurance company officials. Only Chapter V, "The Buyer's Insurance Program and Department," will be of special interest to the practicing risk manager, only for purposes of comparing his program and department with those of his colleagues. ■

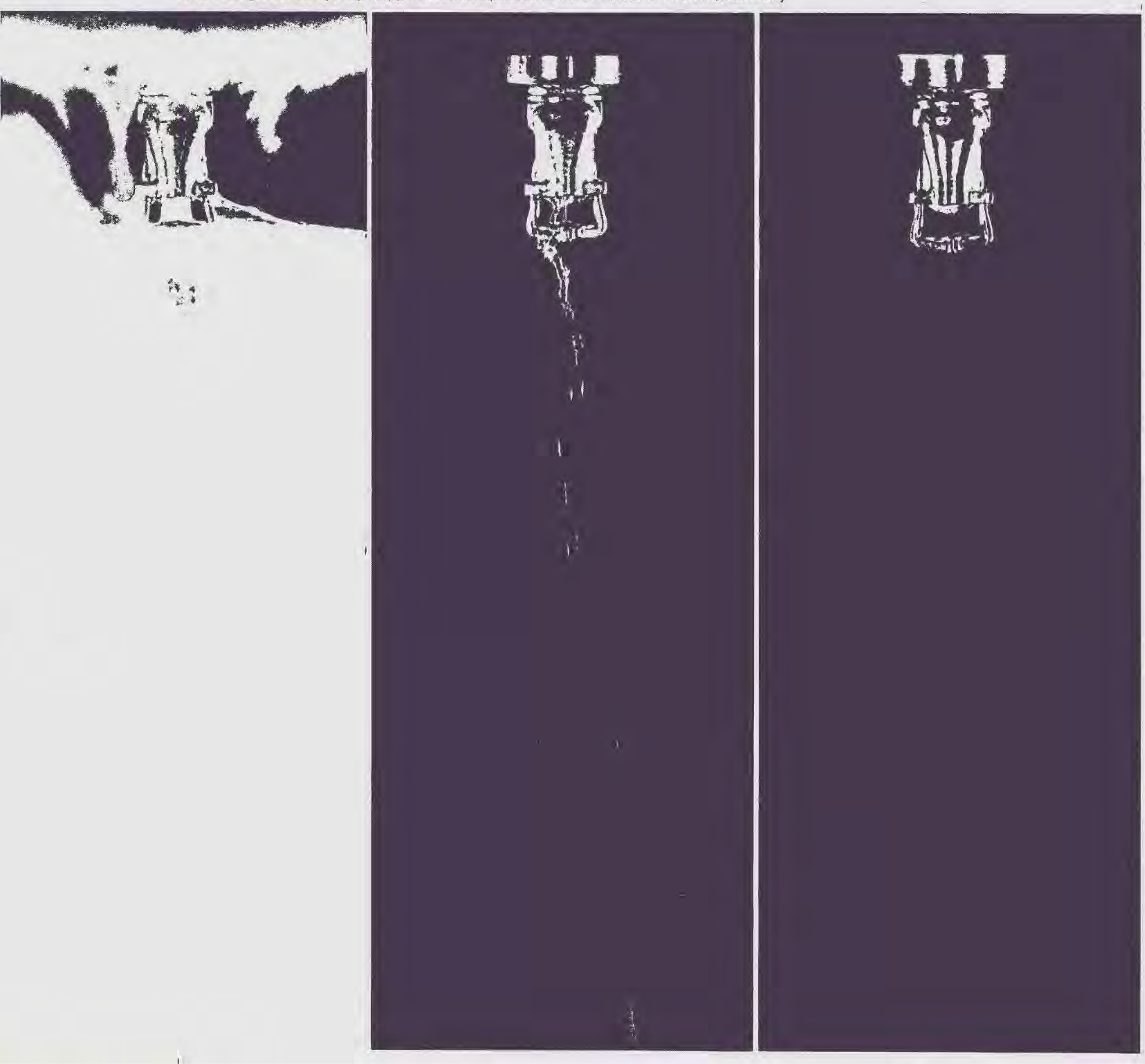
Edward D. Hansen has been risk manager and attorney for Trans Union Corp., Chicago, since 1963. He was counsel for Spencer Chemical Co. from 1948 to 1954 and for Memorial Gardens Service Co. from 1954 to 1957. In 1958 he was named field services administrator for Systems Development Corp. and became executive assistant of the development division in 1960. He joined Graver Tank and Mfg. Co. as administrator in 1962.

Mr. Hansen received his J.D. from the University of Missouri and is a graduate of their graduate school of business. He is past president of the Chicago chapter of the American Society of Insurance Management and a member of the American Risk and Insurance Assn. and the American Management Assn.

Russell F. Schuck is manager of employe benefits planning on the corporate staff of International Business Machines Corp. He has been with IBM for 15 years in various capacities in the field of employe benefits.

Insurance in Peru

Cornwall & Stevens Co. Inc. has been appointed by the Banco de la Nacion for the Peruvian government the sole and official U.S. brokers for placement of nonmarine insurance on Peruvian risks.



When a Confed Group Man tells you he probably knows as much about Group Survivor Benefits as anyone, he's wrong.

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IN CALGARY — Jack Reid. 610 Centennial Building, 816 7th Ave. S.W. (403) 269-1936.
IN CHICAGO — Dick Brown. Suite 2330, 230 West Monroe St. (312) 263-5941.
IN DETROIT — Dave Deacon. Suite M-170, 1200 Sixth Ave (313) 962-2580.
IN HALIFAX — Carl Costwell. Suite 914, 5161 George St. (902) 423-9106.
IN LOS ANGELES — Gord Grigor. Suite 507, 3345 Wilshire Blvd. (213) 380-5800.
IN MONTREAL — Fred O'Neill. Suite 1600, 800 Dorchester Blvd. West. (514) 878-3931.
IN PHILADELPHIA — Ed Foley. Suite 1923, Three Parkway. (215) 564-2667.
IN TORONTO — Andy Clark Suite 1100 11 King St. West. (416) 364-1281.
IN VANCOUVER — Roy St. John. 606 Burrard Building, 1030 West Georgia St. (604) 682-5891.
IN WINNIPEG — Jack Smith. Room 503 Britannia House 333 Broadway Ave. (204) 942-1373.

info for buyers

THIS YEARLY Info for Buyers issue offers the largest array to date of items of interests to *Business Insurance* readers. Nearly 300 items, most presented for the first time, appear within the special section.

Materials have been listed under these seven sections: Commercial property-liability insurance; employe benefits and financial services; pensions, profit-sharing plans and Social Security; safety, workmen's compensation and the Occupational Safety and Health Act (OSHA); security; foreign insurance and benefits; and general information.

Handy postage-free reader service cards are bound into this magazine to permit readers to list **by number** the Info for Buyers items they want. Any item offered without charge **must** be requested on the card.

Although the vast majority of literature offered is free, those items for which there is a charge **must** be requested directly from the organizations whose addresses are listed with the items.

For the convenience of those who get a pass-along copy of *Business Insurance*, and who might find the reader service card missing, coupons printed on pages 34, 40 and 45 may be used to order cost-free items.

Commercial property & liability insurance

• Information concerning a **Turnkey and/or Build & Design Error & Omission** policy has been made available by Illinois R. B. Jones Inc. The policy covers a contractor for hired architects or engineers error or omission, has been endorsed by Associated General Contractors and underwritten by Lloyd's. For your free copy write number 138 on the order blank.

• Samples of **CIRCA** (Commercial and Industrial Replacement Cost Analysis) are available to *Business Insurance* readers from Automated Appraisal Systems. Copies of the "insurance to value" program may be obtained by indicating number 137 on the order blank.

• **What You Should Know About Changes in the 1973 General Liability Policies** has been produced by General Adjustment Bureau. Each revision of the CGL is treated separately and sections compare and explain word changes from the 1966 policy to the 1973 edition. Copies are available without charge by indicating number 139 on the order blank.

• **Creative Property Loss Prevention Engineering** describes a new independent property loss prevention engineering consulting service from RM/i Consultants Inc. for the risk manager, insurance consultant and insurance broker. The service is used to pre-engineer new construction and newly acquired and existing properties to qualify them for highly protected risk or special risk insurance treatment, as well as for self-insurance programs. Copies are available free and may be requested by indicating number 140 on the order form.

• **Uni-Group . . . A Computerized Property Accounting System** is a brochure explaining American Appraisal's method for control and management for all levels of corporate management. It is available without charge to *Business Insurance* readers by writing number 134 on the order form.

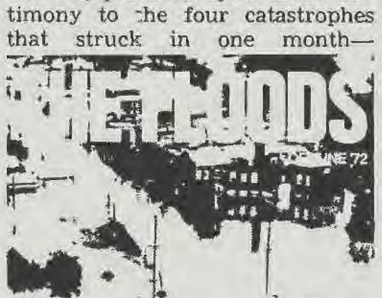
• **A Report to Ship Operators** is issued by U.S.P.&I. Agency and describes a new approach to the settlement of marine protection and indemnity claims which results in lower costs and more realistic payments. It is available free by writing number 704 on the order blank in this issue.

• **Chubb/Computer Services Actuarial Report** describes the state and countrywide reports generated which are available to companies using the C/CS automobile actuarial report system. To obtain your copy without charge write number 136 on the order form.

• Marine Office-Appleton & Cox Corp. has published a booklet titled, **"Let's Stop Exporting Our Marine Insurance Premiums."** It's an interview with John B. Ricker, chairman of MOAC, in which he urges American businessmen to help stop the flow of dollars to Europe by buying marine insurance through U.S. companies. For a free copy write number 701 on the order blank.

• Underwriters Adjusting Co. has released its annual up-dated **Directory of Service Locations.** The book is used by risk managers, insurance company claims executives, auto fleet drivers, agents, brokers and self-insured companies to find adjusters in case of fire, accident or other loss. For a free copy write number 707 on the order form.

• **The Floods of June '72,** released by General Adjustment Bureau, provides eyewitness testimony to the four catastrophes that struck in one month—



throughout the East Coast, in South Dakota, Arizona and California. To obtain the free 28-page pictorial report write number 712 on the order form.

• The American Appraisal Co. has released **Buying an Insurance Agency: What Am I Bid? What Are You Asking?** The booklet is a reprint of an article explaining the guidelines for an appraisal of captive insurance agencies in accordance with memorandum #R-28 of the Federal Home Loan Bank Board's office of examination and supervision. For a free copy write number 709 on the order form.

• **Property Insurance—Need for Appraisal Service,** a pamphlet from American Appraisal Co., describes the contractual relationship between insured and insurer and the obligations of the insured with regard to determining insurable value and providing back-up documents for proof of loss. For a free copy write number 114 on the order form.

• **What Is It, Anyway?,** a leaflet issued by American Title Insurance Co., describes the role of title insurance and a title insurance company in providing title protection to individuals and companies. For free copies write number 710 on the order form.

• Are you as confused about no-fault as you are about workmen's compensation laws from state to state? General Adjustment Bureau Inc. has expanded its popular **Comparative Analysis of Automobile No-Fault Statutes** to include laws in 10 states. Free copies may be obtained by writing item number 715.

• **The Insurance Agents' Action Guide to Catastrophes** provides guidelines for agents in catastrophic situations and outlines procedures for speeding client service and getting claims paid quickly and fairly. The free booklet also lists disaster facilities and procedures available through the insurance industry Write number 721 on the order card.

• Illinois R. B. Jones Inc. is offering literature on an **Apartments and Tenants Package Policy** available to apartment building owners that provides voluntary property loss coverage to tenants. The policy covers water damage. For your free copy write number 135 on the order form.

• **Airkem Emergency Smoke Odor Removal Service** is a brochure describing how Airkem's service removes residual smoke odors from buildings and contents after fires. It describes the network of service outlets who perform the service as well as the types of buildings that can be effectively deodorized. For your free copy write number 127 on the order form.

• **Agency Supplies for All Special Risks,** a folder from John R. McDonald Co., contains a supply of proposals for unconventional and hard-to-place risks in special categories, including: Aviation, E & O, fire and allied lines, livestock, oil, professional liability, reinsurance, workmen's compensation and miscellaneous lines. For free copies write number 128 on the order form.

• Sapperstein, Hochberg & Haberman Inc. has made available **The Need For a Public Insurance Adjuster,** an outline of what the function of a public insurance adjuster is, and also, a short history of the company. Included are commonly asked questions about public insurance adjusters and a typical operating procedure in the preparation of a claim. For a free copy write number 123 on the order form.

• **How to Insure Trust Departments Properly,** a reprint of an article by Bernard J. Daenzer, president of Wohlreich & Anderson Ltd., has been made available by the company. The article discusses errors and omissions coverage for trust departments and includes several examples of recent large losses along with the results of a bank trust department survey. For a free copy write number 125 on the order form.

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Commercial property & liability insurance

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• **Facts About the Consultation Services of W. G. Dodge & Associates,** is a brochure explaining the company's services in the field of commercial property and liability insurance. These services are available to businesses too small to maintain their own insurance management departments. For a free copy write number 124 on the order form.

• **Is Your Building Earthquake Safe?,** a booklet from Bob New Inc., gives the basic facts about earthquake risk analysis (ERA). ERA is a precise scientific technique that accurately predicts what will happen to every member and joint of a building during any probable earthquake. For a free copy write number 126 on the order form.

• Underwriters Salvage Co. has released **Salvor Operation Principles,** a booklet setting forth the purposes, the areas of service and the standards practiced by the professional salvor. The booklet includes a section on the salvor and the adjuster. For a free copy write number 130 on the order form.

• Chubb/Computer Services has made available **C/CS Automobile Insurance System,** a non-technical description of the system which provides the user with complete policy-writing service for automobile policies, including new lines, endorsements and renewals. For a free copy write number 129 on the order form.

• Valuation Counselors Inc. has made available **Services to Meet Key Property Insurance Policy Obligations,** a checklist of policy obligations for risk managers including a description of the company's services. For a free copy write number 122 on the order form in this issue.

• Illinois R. B. Jones Inc. has issued **Seedmen's Errors and Omissions,** an explanatory brochure as to the need for this coverage, citing examples of losses that would be covered as well as an explanation of the insuring agreements in layman's terms. To order, indicate number 131 on the order form.

• **No-Fault Auto Insurance,** a pamphlet issued by Royal-Globe Insurance Cos., is a concise description of what no-fault is and what it does. The pamphlet answers frequently asked questions about no-fault insurance and the present tort system. For free copies write number 118 on the order form.

• Alexander & Alexander has issued **A Commentary on the Industry Experience Guide for Nuclear Property Insurance.** The brochure is a technical analysis of the recently introduced experience guide, what the guide is designed to achieve and how it performs under various hypothetical premium and loss conditions. The brochure also includes A&A's recommendations for changes to make the guide even more effective. For a free copy write number 119 on the order form.

• **Continuous Service For Property Control and Current Values** is a brochure prepared by The American Appraisal Co. which discusses a systematic method of recording property changes as they occur. The service is an adjunct to insurance and property record appraisals. For a free copy write number 120 on the order form.

• Computer Claims Control has released **Cost Control—A Management System for Insurance and Safety Professionals.** The booklet describes a system of risk and cost control designed for large corporate insurance and self-insurance programs. It illustrates how the system works to create effective casualty risk management, property risk management, loss control and safety management and OSHA records management. Also explained is how the system is implemented, including samples of the forms used. For a free copy write number 121 on the order form.

• **Architects & Engineers Errors and Omissions,** from Illinois R. B. Jones Inc., is an explanation as to why such coverage is needed and presents 21 important questions answered by architects and engineers with a further analysis of the policy insurance agreements, conditions and exclusions. For copies write number 115 on the order form.

• **Signs of the Times,** a booklet from American Credit Indemnity Co., compares various trends over a period of years relating to business failures, fire losses, etc. and illustrates certain aspects of credit usage and credit problems. For a free copy write number 116 on the order form.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• A packet of risk management articles written by Felix Kloman, president of Risk Planning Group, have been made available to readers of *Business Insurance.* The articles discuss: Captive insurance companies, risk management consulting, risk management administration and a risk management score sheet. For copies write number 117 on the order form.

• **PADS Portfolio** is a package explaining the various segments of the Preferred Account Development System, a marketing program developed by Commercial Union Companies. The portfolio includes specific programs for groups such as plumbing and electrical contractors, sheet metal workers and residential builders. For a free copy write number 102 on your order blank.

• **Helping You Become A Preferred Risk,** a booklet published by the Commerce & Industry Insurance Co., is addressed primarily to retail store owners. The brochure discusses those safety systems that qualify a retail store owner for preferred risk status. For your copy write number 101 on the order blank.

• The American Home & National Union has published a booklet defining over 20 types of specialized property coverages. Some of these coverages are: Builders risk, contractor's equipment, depreciation insurance, utility insurance, hospital operating income insurance and data processing insurance. For a free copy write number 100 on the order blank.

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Why does Motorola insure with AFIA?
Because it's a company whose business it is to be tuned in. Whether it be the newest stereo equipment, electronic video recording equipment, color TV or the latest in fleet communications systems, Motorola has to travel on the same wave length as its customers. Be tuned in to their needs and anticipate their requirements. It's why Motorola's sales have almost tripled in 10 years and today it is almost a billion dollar company.
Being tuned in to the needs of the market is a philosophy that AFIA shares with Motorola. It's why AFIA has more than 200 branch offices in over 80 countries and 3,600 employees abroad. Facilities and services to match the needs of a billion dollar company. Plus the knowledge and experience of a highly trained staff who know every turn of the dial. Anywhere.
It's one reason why Motorola and their brokers chose AFIA. They like dealing with tuned in people. And it's another reason why 90 of the top 100 U.S. companies operating abroad insure with AFIA.
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WORLDWIDE INSURANCE World Headquarters: 1700 Valley Road • Wayne, N.J. 07470
U.S. branch offices: New York • Chicago • Dallas • Houston • Los Angeles • San Francisco • Wash., D.C.

TO OBTAIN INFO FOR BUYERS DATA—USE THIS COUPON

business insurance
P. O. Box 2600, Clinton, Iowa 52732

Please send me the following data (insert code number of each item wanted):

Name
Title
Company
Address
City/State/Zip
Nature of Company's Business

Essential you supply complete information.

NOTE: THIS COUPON WILL NOT BE SERVICED AFTER FEBRUARY 28, 1973

Commercial property & liability insurance

Continued from page 30

• **Protection For The Social Service Agency,** available from American Home Assurance Co. discusses an insurance program specifically designed to cover social service agencies and their professional staffs. The booklet contains a brief outline of the policy coverages, terms and conditions. For a copy write number 105 on the order blank.

• The Continental Insurance Cos. have made available **Credit Insurance—To Be Sure.** The booklet answers 20 commonly asked questions about credit insurance for wholesalers, manufacturers and service agencies. For your free copy indicate number 104 on the order blank.

• Royal-Globe Insurance Cos. have issued **Insure to Value,** a brochure describing the dangers of not insuring business property to current value. Included in the brochure are graphs showing percentage comparisons of increases in the cost of construction of ordinary masonry buildings, frame buildings, protected steel frame buildings, reinforced concrete buildings and increases in cost of equipment. For copies indicate number 108 on the order form.

• **Serving the Marine Industry Worldwide,** an illustrated brochure from Alexander & Alexander describes the company's service capabilities in the area of marine insurance. For a free copy indicate number 109 on the order form.

• **MOAC Today** a booklet published by Marine Office—Appleton & Cox Corp., describes the national and international marine insurance facilities available to

insurance buyers. The booklet also incorporates a review of the company's 1971 activities and results. For a copy write number 103 on the order blank.

• **SEC Liability Insurance,** a booklet prepared by Stewart, Smith Mid America Inc., discusses the possibility of inadvertent violations of SEC regulations and insurance coverage for resultant legal actions. The brochure may be obtained without charge by writing number 147 on the order form.

• **A Glossary of Reinsurance Terms,** compiled by the Reinsurance Assn. of America's committee on terminology after a two-year study, updates definitions in accordance with changing trade conditions. Copies are available by writing number 145 on the order form.

• Philadelphia Manufacturers Mutual Insurance Co. is offering a booklet, **DIC,** that presents guidelines for dealing with serious industrial property loss hazards covered under difference in conditions insurance. The booklet contains case histories of typical DIC losses, recommendations for preventing losses and a "cause and effect" table listing common risks and actual loss experience. For a free copy of the booklet write number 144 on the order form.

• Marsh & McLennan has made available sample copies of **Insurance Survey for Electronic Data Processing.** The survey, in the form of a questionnaire, has been designed to assist the company in identifying and isolating the loss exposures, if any, that may be present in your EDP operations. For your free copy write number 142 on the order form.

Commercial property & liability insurance

• **Retro-Trend,** a booklet published by Computer Claims Control, discusses the company's computerized system for the implementation of retrospective rating. The system, according to the company, allows you to calculate your own retros and eliminate the wide-open retro by providing retrospective rating and analysis for each internal operating division or subsidiary of a corporation. For free copies write number 113 on the order form.

• **The Risk Manager: New Man in Marine Insurance,** is the title of an article that has been reprinted by Marine Office-Appleton & Cox Corp. The article first appeared in a company publication and describes the growing importance (and the growing impact) risk managers are having on the marine insurance field. For a copy write number 702 on the order blank.

• **Six Questions You Always Wanted To Ask About Self Insurance,** available from Market Facilities Management Services Inc., contains information for risk managers who are interested in an explanation of the advantages of self-insurance programs. Included are a description of the lines of coverage available and the specific services offered to the buyer. For copies write number 111 on the order form.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• Marshall and Stevens Inc. has put a selection of existing literature and several new items pertaining to insurance together in a **4-Way Professional Insurance Appraisal Kit.** In addition to article reprints and a schedule of typical fees, the kit contains the following pamphlets, "Annual valuation service," "How to settle losses before they occur," "How to insure your insurance," and "How not to cook your corporate goose." Kits may be obtained by writing number 143 on the order form.

• **Captives: Bermuda, Colorado, Taxes and Beyond,** an article by Marianne Burge originally appearing in *Business Insurance*, discusses captive insurance companies as one alternative for risk managers. Reprints are available at $1 a copy by writing Reprint Manager, *Business Insurance*, 630 Third Ave., New York, N.Y. 10017.

• **Werbel's General Insurance Primer and 1972 Addendum** is now available. This 248-page training manual and orientation tool is for anyone involved in selling, buying, or managing property and casualty insurance. It is used in colleges and in insurance schools to prepare prospective licenses for state brokers and agents examinations, and its multiple choice self-quiz is comparable to state examinations. The book costs $8 but a one-third discount is offered to *Business Insurance* readers from Werbel Publishing Co. Inc., V. Merkel, Mgr., Circulation Dept. 595 Old Willets Path, Smithtown, N. Y., 11787.

info for buyers

• Jeffrey O' Connell has written a new book, **Payment for Pain & Suffering: Who Wants What, When & Why?,** now available from Insurors Press. The book, co-authored with Rita James Simon, discusses the question of what is to be done about payment for pain and suffering in automobile cases and medical malpractice, product liability and general liability. Copies are available for $10, prepaid, from Insurors Press Inc., Dept. PP-1, P.O. Box 1430, Santa Monica, Ca. 90406.

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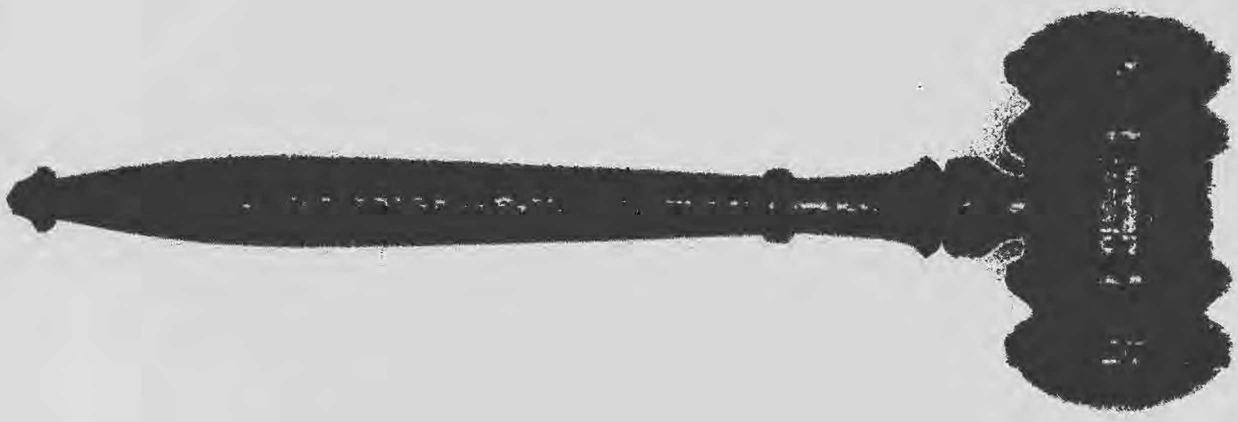

Commercial property & liability insurance

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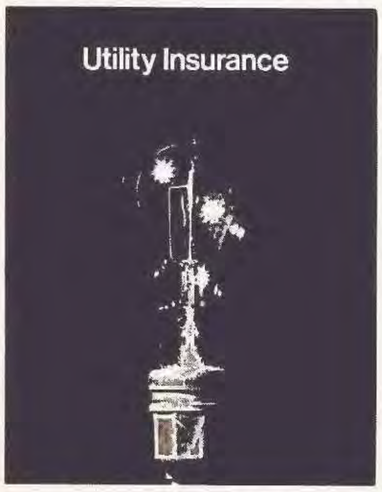
• **We Manufacture Light Premiums For . . . ,** a folder available from Commerce & Industry Insurance Co., is directed toward light manufacturers who have, over the years, installed various safety devices and are finding now that they do not meet current insurance company requirements. The material discusses improvements that are necessary and alternate improvements that might not be as expensive. For free copies write number 107 on the order form.

• **Property Records and Insurance Valuations for Schools, Institutions and Municipalities** describes specific requirements of cities, schools, hospitals and other institutions for property records and determination of insurable value of buildings and contents. Available from General Appraisal Co., the brochure also illustrates a computerized asset control and information program. For a free copy write number 112 on the order form.

• American Home Assurance Co. has released a series of informative brochures on property insurance. The brochures, reviewing specific industries and their particular insurance needs include: warehousemen's legal liability,



radio & television, difference in conditions, all kinds of fire insurance, data processing insurance and utility insurance. For free copies write number 110 on the order form.

• **General Liability Insurance,** a new audi-manual course from Insurors Press Inc., highlights changes in the general liability policy effective today. The workbook-cassette program may be obtained, for $25 prepaid, by writing Insurors Press Inc., Dept. 052, P. O. Box 1430, Santa Monica, Ca. 90406.

• A packet of risk management articles prepared by Risk Planning Group, includes information on risk management consulting, captive insurance companies, motivation for loss prevention and a risk management "score sheet". Copies are available without charge by writing number 146 on the order form.

• **Yes, You Can Buy Earthquake, Flood and Crime Insurance,** a leaflet designed to inform California property owners of the availability of these coverages, has been developed by the Insurance Information Institute. The leaflet has been endorsed by the California Insurance Dept. as "satisfying the intent" of its request to the insurance industry that they educate the public about the availability of these little-purchased coverages. The leaflets may be obtained at cost. For more information write the institute, 110 William St., New York, N.Y. 10038.

• The second edition of **Retrospective Rating,** a text by John R. Stafford which teaches the fundamentals of retro-rating and contains illustrations and comparisons of various plans, is available for $5.50 by writing J&M Publications, Dept. N, P.O. Box 338, Palatine, Il., 60067.

• **Auto Insurance Systems, a Comparison Chart,** has been published by the Insurance Information Institute. The chart summarizes the key features of the tort liability auto insurance system, various proposals for change and "first party" laws which have been adopted by several states. Included also are summaries of the no-fault laws scheduled to become effective in Connecticut and New Jersey and the proposed Hart/Magnuson National No-Fault Motor Vehicle Insurance Act. Single copies of the chart are available without charge when you indicate number 141 on the order form.

Employe benefits & financial services

• **Do You Have a Communication Gap With Employe Benefits?** is a booklet published by Communitronics Inc. The booklet shows how a total communications program can maximize employe understanding of benefits and eliminate misinterpretations. A sample computer-prepared individual employe benefit report is also included in the literature. For your copy write number 201 in the order blank.

• **It Doesn't Have to be Complicated** is a brochure which explains Prudential's approach to survivors' benefits. For a free copy, write number 227 on the order card.

• **Super Major Medical,** a brochure available from Northwestern National, describes the company's new group major medical plan. The plan is designed to be superimposed over ordinary group plans to provide true catastrophic coverage with 100% reimbursement of eligible expenses. For free copies write number 210 on the order form.

• An article on **Evaluating Existing Computerized Personnel Data Systems** is available from Benefacts Inc. It explains the importance of checking personnel data systems every two years for modularity, internal efficiency, retrievability, benefits applicability and readability. For a free copy write number 238 on the order form.

• Gulf Life Insurance Co. has released a series of six brochures describing the company's regular group coverage. Coverages included are: Long term disability income, major medical, term life, group dental, sales and service and basic health. For free copies write number 205 on the order blank.

• **Employee Benefit Communication** is a brochure produced by Towers, Perrin, Forster & Crosby describing a comprehensive survey of employe benefit communications procedures in over 200 major American companies and other organizations. For your free copy write number 249 on the order blank.

Employe benefits & financial services

• **True Group Insurance Benefits For Small Employers**, a brochure from Gulf Life Insurance Co., describes a plan for groups of at least five but not more than 20 employes. In addition to general information the brochure includes a schedule of life benefits, optional health plans and special major medical benefits. Copies may be obtained by checking number 206 on the order card.

• Benefacts Inc. has released a pamphlet called **Personnel Uses—The Computer**, a discussion of the functions a computer can handle, information retrieval, keeping data current, cost savings and employe involvement. It is available free by writing number 239 on the order form.

• **Some Thoughts on Benefit Communication** is a reprint of Howard L. Peck's columns for *Business Insurance* over the past few years. Mr. Peck's comments on benefit statements, getting through to the new breed of worker, recognizing different audience interest needs, obtaining employe feedback and other related topics may be obtained by writing number 231 on the order card.

• Homemakers Home and Health Care Services Inc. have released **How to Save Time and Money When Handling Medical Claims,** a packet of information describing the organization's services of providing comprehensive home health care in more than 100 American cities. Utilization of these services, according to the company, reduces the costs of claims by reducing the lengths of hospital stay, provides evaluation of the claimant and brings all home care services under one roof. For a free copy write number 212 on the order form.

info for buyers

• Bankers Security Life Insurance Society has released **Life Insurance Planning in Divorce and Separation** for executives concerned with the legal and tax aspects of their life insurance coverage with regard to divorce or separation. For a free copy write number 208 on the order form.

• The Humetrics Corp. has released a pamphlet, **A Proved Concept for the Mass Screening of Adults for Heart Disease.** The pamphlet includes a summary and description of an accurate and inexpensive technique for the early detection of heart disease via ECG screening. For copies indicate number 209 on the order form.

• The Bankers Life & Casualty Co. is offering a free brochure, **Wife Insurance,** explaining how life coverage for under-insured wives to provide income for paying outside help can be added to existing employe benefits plans at no extra cost. For copies indicate number 203 on the order form.

• **Automatic Detection of Intracranial Disease,** a booklet published by Humetrics Corp., is a detailed discussion of a new mass screening concept for the rapid detection of intracranial (brain wave) disease. Detectible diseases include, stroke, hypertension, drug abuse, epilepsies, multiple sclerosis, metabolic disorders, migraine, etc. Free copies can be obtained by writing number 211 on the order form.

• **What's Happening in Employee Benefit Communications?,** an article by Joyce A. Gildea reprinted from Pension and Welfare News, has been made available to *Business Insurance* readers by Towers, Perrin, Forster & Crosby. For your copy, without charge, write number 251 on the order blank.

• George B. Buck Consulting Actuaries Inc. has released **A Comparative Analysis of Employee Benefit Programs.** The booklet features analysis and comparison of employe benefit programs for salaried employes in the death, disability, basic and major medical, profit-sharing and thrift plan benefit areas among more than 100 small and medium-sized corporations. For a free copy write number 213 on the order form.

• **Life Insurance and Estate Planning for the Corporate Executive** is available from Bankers Security Life Insurance Society. The pamphlet emphasizes the importance of co-ordinating an executive's will and various fringe benefit plans, such as stock options, deferred compensation and qualified pension and profit sharing plans, in order to achieve maximum tax savings and family objectives. For a free copy write number 214 on the order form.

• **How an Information System Works For The Benefits Administrator** is a pamphlet available from Benefacts Inc. It explains to the Benefits Administrator how an information system can aid his function, how data is kept current, application in analyses, experimentation, data retrieval, multiplicity of uses and new developments. For a free copy write number 240 on the order form.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• Firms with less than 10 employes might be interested in three brochures published by American Businessmen's Group Insurance Trust. The pamphlets outline group life plans up to $50,000 of term coverage, plus accidental death and dismemberment benefits, group comprehensive major medical, $60,000 maximum lifetime benefits, group long-term disability income up to 1,000 per month and group hospital income plans with in-hospital idemnity benefits. Write number 229 on the order card.

• **How Much Are Your Benefits Worth?** is a reprint of an article by Howard Z. Herzig, president of Benefacts Inc. The article offers suggestions on how to most effectively communicate your benefits program to your employes. For a free copy write number 217 on the order form.

• The Humetrics Corp. has released a pamphlet, **Can Heart Attacks be Prevented?,** an article reprinted from Occupational Hazards. The article deals with the problems and costs to industry caused by heart diseases and "risk factor" screening programs. For copies of the pamphlet indicate number 204 on the order blank.

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Employe benefits & financial services

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• Benefacts Inc. is publishing **Benefits Brochure,** an information piece which traces the growing need for personal annual benefits reports as a employe communication tool. For a free copy, write number 228 on the order form.

• Mass Insurance Consultants and Administrators Inc. has published a booklet entitled **Fundamentals of Jointly-Managed Health and Welfare Fund Operation.** The booklet describes the basics of operating a welfare fund and may be obtained by writing number 230 on the order card.

• **Buying? Selling? Relocating?** is a booklet published by Showcase of Homes Inc. which outlines services it provides for transferred employes. For a free copy, write number 241 on the order card.

• Corroon & Black-Alexander & Co. has published an "exclusive letter" intended to summarize all the major facets of Automated Multiphasic Health Testing. The letter, called **Notes . . . for the Decision Maker,** may be obtained by writing number 244 on the order card.

• **System 7,** describing an approach to the design, organization, production, distribution and evaluation of total compensation em-

ploye statements, is being offered by Towers, Perrin, Forster & Crosby. For your free copy indicate number 252 on the order blank.

• A brochure pertaining to the taxonomy of total compensation, **Classification of Total Compensation,** has been made available by Hewitt Associates. The brochure contains information on all forms of direct and indirect pay, capital accumulation plans, and financial protection arrangements. For a free copy write number 221 on the order form.

• **What You Should Know About Health Care** is a comprehensive guide for people needing or anticipating a need for home health care services themselves, for a family member or a client. The free book is published by Homemakers Home and Health Care Service Inc. To get it write number 226 on the order card.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• Towers, Perrin, Forster & Crosby has made available **Executive Bonus Awards and Stock Options in the Top 100 U.S. Industrial Companies.** The brochure contains information on the compensation procedures of publicly-held U.S. companies through analysis of proxy statements and other publicly available sources. For your free copy write 253 on the order blank.

• Multi-Financial Services Inc. has published a newsletter called **Pension and Welfare News** which provides general, composite summaries of individualized studies of executive fringe benefit programs. For a copy, write number 242 on the order form.

• **Managing Human Resources With Coordinated Benefit Planning,** available from Alexander & Alexander, describes A & A's activities in the area of employe benefit consulting and actuarial services, including the design, administration, management and communication of employe benefit plans. For a free copy write number 216 on the order form.

• Humetrics Corp. has published **Medical Electronic Equipment for Multiphasic Health Testing by Paramedical Personnel.** The booklet is a discussion of costs and techniques for the mass analysis of electrocardiogram (ECG) for rapid detection of heart disease. For a free copy write number 215 on the order form.

• **Behavorial Systems Consulting Services,** offered by Towers, Perrin, Forster & Crosby, applies psychology to human resource problems within an organization. For your free copy of the brochure, write number 250 on the order form.

• Fireman's Fund American Life Insurance Co. explains its group insurance package for groups of two or more employes. Benefits available include group term life, basic plan major medical and income protection coverage. You can get a copy of **National Employers Group Insurance Trust** by writing number 243 on the order card.

• **Extended Medical Expense Plan for Firms with Two to 25 Employes** is a Metropolitan Life Insurance Co. booklet which describes the firm's employe benefit plans for small companies. The plan includes in-full base medical benefits plus a high maximum major medical benefit. For a copy, write number 245 on the order card.

• Portrait Clothes has published **Best Company Impressions,** a booklet which describes the benefits of career apparel programs in today's business world. For a copy write number 248 on the card.

• Benefacts Inc. is releasing **What's Lacking in Most Skills Inventories?,** a critique which also includes several approaches goalwise, development plan methodology, and possible results. It is available free for writing number 237 on the order form.

• National Health Care Corp. has issued material on the establishment and administration of its group health care self-funding service. For free samples of this material write number 219 on the order form.

• Benefacts Inc. has prepared a brochure on **Total Approach Communication** which describes the importance of intra-corporate communications, some problem areas in communications between management and employes, and some stimulating contemporary solutions to these problems. For a free copy write number 234 on the order form.

Employe benefits & financial services

• Mass Insurance Consultants and Administrators has a brochure called **Getting More Membership Mileage From Your Group Insurance Program.** It describes their professional consulting and administrative services for trade associations and professional societies in helping them plan their group insurance and retirement programs. For a free copy write number 232 on the order form.

• The Metropolitan Life Insurance Co. is offering a free booklet entitled **Deferred Compensation—An Electronically Prepared Personal Illustration.** The publication illustrates and explains the cash flow to employers through a deferred compensation program funded with life insurance. For a copy, write number 246 on the order card.

• **Employe Information Systems** is a Benefacts Inc. brochure describing the ever-increasing demands upon the corporate personnel department by management and government for "need to know" information about employes, the problems that are being encountered gathering this information from outdated filing systems, and some practical solutions to those problems. For a free copy write number 235 on the order form.

• Benefits to the life insurance industry available through General Adjustment Bureau's investigative facilities are explained in **Life, Accident & Health Investigation Service,** a free booklet available by writing number 719 on the order card.

• Market Facilities Management Services has made available **New Concept in Self-Funding Employe Benefits,** a description of new techniques and services offered to the buyer seeking self-funding accident and health programs. For a free copy write number 218 on the order form.

info for buyers

• **How To Insure A Group Smile —Without Losing Yours,** a booklet from Prudential Insurance Co., describes the company's approach to insuring dental expenses. The plans covered include a high degree of flexibility as well as claim and cost control. For a copy write number 223 on the order form.

• The Travelers Insurance Co. has made available to *Business Insurance* readers an illustrated brochure, **Survivors' Income.** The brochure describes the company's new group insurance plan available to groups of twenty-five or more eligible employes. Copies may be obtained by writing 259 on the order form.

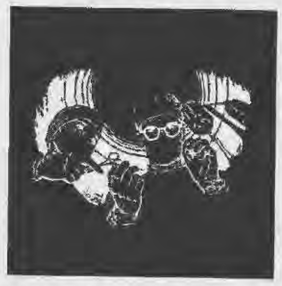
• **How to Provide a Better Health Program for Employees at Low Cost** has been published for management officials concerned with employee health, on-the-job-performance, health insurance plans, and pension and welfare fund administration. The booklet is a non-technical explanation of the automated multiphasic health testing procedure. For a free copy write number 258 on the order form.

• **Management of Employee Benefit Plans,** a brochure published by the Trust Co. of Georgia, explains the bank's investment philosophy, illustrates its investment decision process and relates some recent performance histories. Copies of the brochure may be obtained by writing number 260 on the order form.

• **Tax Credit Employers Can Win, Too,** a brochure prepared by the Department of Labor, explains a provision of the Revenue Act of 1971 which allows employers to claim a tax credit for hiring workers placed through the work incentive program. The credit amounts to 20% of the cash wages paid an eligible employe during his first 12 months on a company payroll. For free copies write number 256 on the order form.

• Alexander & Alexander has announced that a revised edition of its brochure, **Notes on Old Age Benefits Under Social Security,** is available. It incorporates the 20% increase in benefits which became effective last September and the increase in covered earnings to $10,800 for 1973 and $12,000 for subsequent years. Single copies are available by writing number 255 on the order form.

• Bankers Security Life Insurance Society has prepared **Major Decisions Management Must Face Sooner Or Later.** The booklet dis-



cusses whether a company should have a sick-pay plan, and if so, the type it might choose. For a free copy indicate number 202 on the order blank.

• The 3rd annual **Employee Benefit Fund Investment Performance** report is available from A. S. Hansen Inc. The report includes investment results for 246 equity and fixed income funds managed by 114 banks located in 27 states and the District of Columbia, and 36 equity funds under the investment management of 28 leading companies. Data in the report was compiled over a 7-year period, from 1965 to 1971. For a free copy write number 254 on the order form.

• **Dataquest,** a brochure from Hewitt Associates, describes the company's "hotline" information service for quick and accurate answers to employe benefit and compensation questions. For free copies write number 222 on the order form.

• **The Continental Individual Life Product Guide** is a free, 31-page book in a binder from Continental Assurance Co. The book describes everything from death and disability riders to business continuation. For a copy, write number 225 on the order card.

• **Micro-History of Compensation and Benefits,** a brochure available from Hewitt Associates, briefly lists the history of benefits, compensation, and related events in the United States from 1794 to 1972. For free copies write number 220 on the order form.

• Benefacts Inc. will release a pamphlet this March called **Questions and Answers About Employee Systems.** It discusses computer-based employe information systems and can be obtained by writing number 236 on the order form.

Continued on following page

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business insurance
P. O. Box 2600, Clinton, Iowa 52732

Please send me the following data (insert code number of each item wanted):

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Title ____________

Company ____________

Address ____________

City/State/Zip ____________

Nature of Company's Business ____________

Essential you supply complete information.

NOTE: THIS COUPON WILL NOT BE SERVICED AFTER FEBRUARY 28, 1973

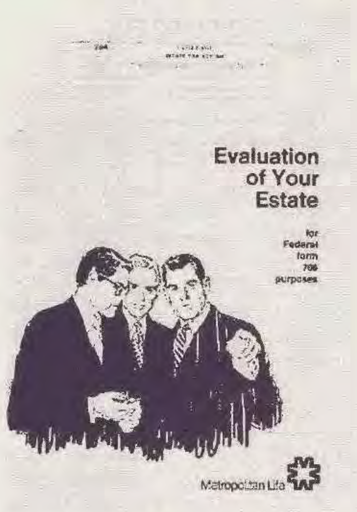
Employe benefits & financial services

Continued from preceding page

• **Paying For Your Pension,** an employe-directed booklet from Hewitt Associates, answers such questions such as how pension benefits are provided, what goes into a pension fund (how much, when, who decides), and what happens to it. For a free sample copy write number 224 on the order form.

• Universal Health Care Inc. has prepared a brochure of questions and answers about self-funding Group Health Care. For a free copy write number 233 on the order form.

• **Evaluation of Your Estate** is a publication available from Metropolitan Life Insurance Co. The booklet is designed for executive planning of estate distribution and



includes worksheets and example of calculation methods. For a copy, write number 247 on the order card.

Pensions, profit sharing & Social Security

• **Pension Funding: A Nontechnical Explanation** discusses the various actuarial methods of calculating pension costs. Offered by Frank B. Hall & Co. Inc., it is available free to *Business Insurance* readers by writing number 311 on the order blank.

• Johnson & Higgins has made available **Now—A Sound Way to Appraise Investment Results** free to *Business Insurance* readers. For your copy indicate number 314 on the order blank.

• **How to Establish a Flexible Keogh Retirement Plan** is available from Certified Portfolios Inc. and can be obtained by writing number 321 on the order form.

• **Profit Sharing Administrative Service,** a booklet designed to help employes understand the computerized workings of profit-sharing and money purchase plans, has been published by Small, Parker, Ackerman & Blossom Inc. For a free copy write number 303 on the order form.

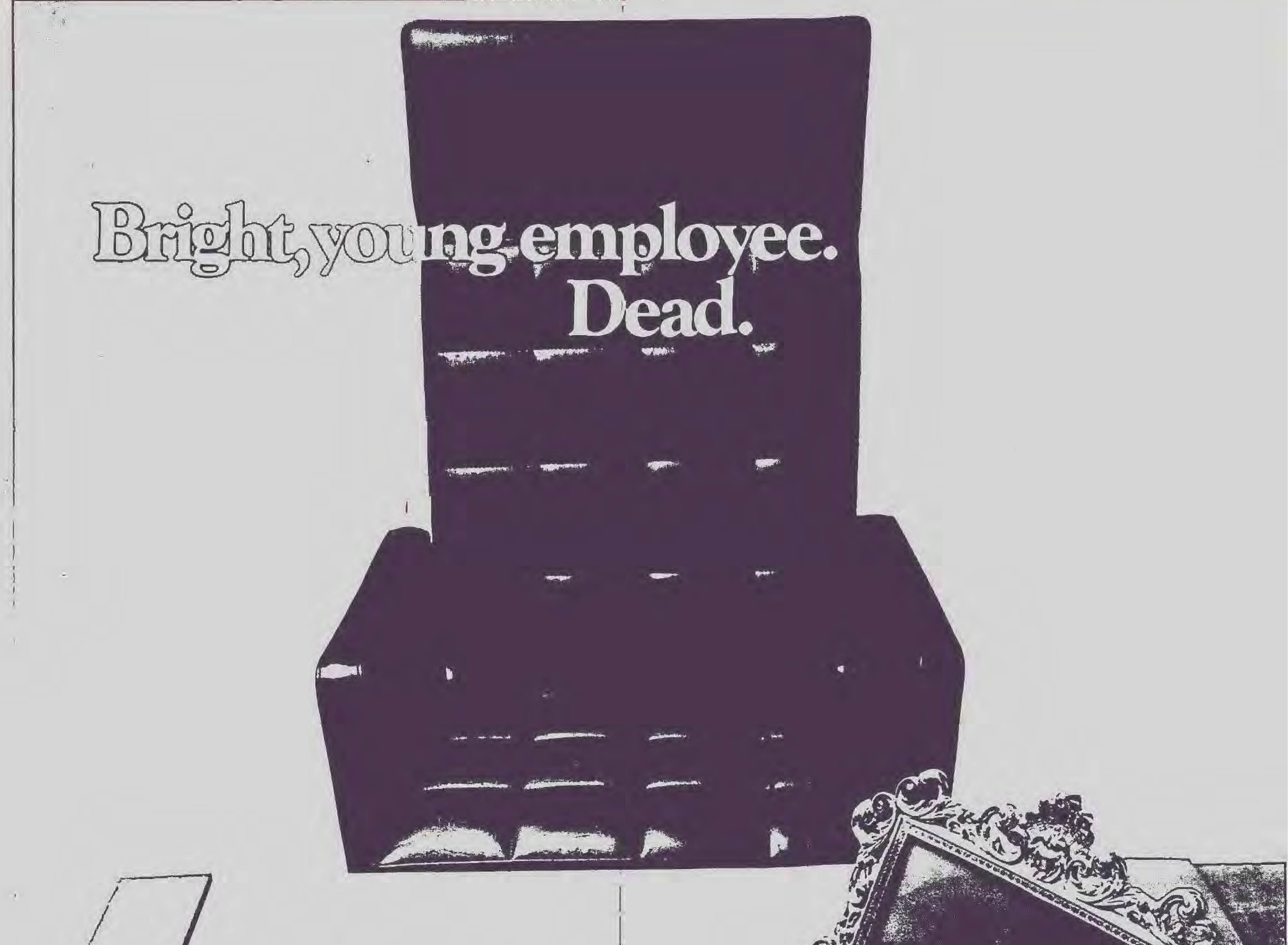
info for buyers

• **How Should Management Appraise Current Pension Legislative Issues?,** a bulletin from Johnson & Higgins, discusses mandatory vesting and funding standards, portability of pension benefits and pension fund reinsurance. For your copy, without charge, write number 315 on the order form.

• **The Pension Plan for a Business with Fewer than 100 Employes** outlines similarities and differences between small and large company pension plans. Produced by Johnson & Higgins, the booklet is available by writing number 316 on the order blank.

• **How to Establish a Flexible Corporate Pension or Profit Sharing Plan** is a free booklet which explains the coverage features of Certified Portfolios Inc. plans. For copies write number 306 on the order form.

Continued on page 42



This is what NWNL's new SIB (Survivors Income Benefit) group plan is all about. By providing a lump sum benefit with group life insurance plus a continuing monthly income with SIB, it relates benefits to needs.

Let's say John is 35. His wife 33. They have two children: 6 and 2. And John earned $20,000 a year. If John's wife didn't remarry and lived to age 62, the benefit would total over $200,000 under the SIB plan.

So you can readily see the importance of this plan to families of younger employees and to employers who must attract, keep and reward bright, young employees.

If you have at least 35 individuals eligible for group life insurance protection—either fully or partially company-paid—drop the coupon in the mail today for more information.

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY
BOX 20 · MINNEAPOLIS, MINNESOTA 55440

Yes, tell me more about your SIB plan.

Name

Address

City State Zip

Pensions, profit sharing & Social Security

Continued from page 40

• **New England Life Separate Bond Account,** a booklet offered by the company, explains the operation, investment, objectives and success of the separate bond account, which is utilized in conjunction with qualified group pension and profit-sharing cases as well as auxiliary funds of individual policy pension and profit-sharing plans. For a copy write number 308 on the order form.

• **National Trust "Profit" Plan** explains the benefits for executive groups and small businesses (Canadian) of initiating deferred profit-sharing plans. The brochure, available from National Trust Co. Ltd., discusses the plan as an alternative or supplement to a regular corporate pension plan. For free copies write number 302 on the order form.

• **The World of CPI** is a free booklet about the systems offered by Certified Portfolios Inc., including its Keogh and corporate retirement plans. For a copy write number 304 on the order form.

• Equity Funding Corporation of America has prepared a three brochure package describing a new series of **Pension and Profit-Sharing Programs, Tax-Sheltered Investment Annuity Programs and Keogh (HRIO) Programs.**

Equity Funding™

Each of these retirement plans incorporates the company's leverage concept, which enables businesses to purchase insurance or annuities and mutual funds in a coordinated program. For copies, write number 301 on the order blank.

• Blyth Eastman Dillon & Co. is offering a folder on **Fund Monitoring Services,** including fund audit, performance measurement, and portfolio evaluation. This has been prepared for the employe benefit fund administrator or money manager interested in maintaining greater management control over his investing activities. It is free when you write number 312 on the order form.

• **TPF/C Forecast . . . For Pension Plans** discusses the type of pension cost information made available by the TPC/C Forecast and shows how it can be applied to financial decision-making. Available from Towers, Perrin, Forster & Crosby, the brochure may be obtained by writing number 319 on the order blank.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• **A New Way to Stretch Dollars Under Profit Sharing and Thrift Plans** has been made available without charge to *B.I.* readers from Johnson & Higgins. The bulletin may be obtained by writing number 317 on the order form.

• **ImpleFacts Inc.** has released a brochure describing the company's computer service designed to handle the record keeping and communications of profit-sharing and savings plans. For a free copy write number 309 on the order form.

• **Small Talk,** a pamphlet prepared by State Mutual Life Assurance Co. of America describes the company's new group master pension plan. The plan is designed to meet the needs of the small employer group market and provides for three coverage options. For a free copy of the pamphlet write number 320 on the order form.

• **The 1972 Annual Report of Equitable's Separate Accounts for Group Pension Plans** describes the financial results of the company's many accounts and is available free by writing number 307 on the order form.

• **Certified Portfolios Inc.** has released a corporate questionnaire which provides the information required to draw up a proposal for a corporate pension or profit-sharing plan. For free copies write number 305 on the order form.

• **APB 8—Five Years Later,** offered by Frank B. Hall & Co. Inc., is a look at the Accounting Principles Board 8 and its impact during the five years since its introduction. Copies are available without charge by indicating number 310 on the order form.

• **Pension Funding Levels—The Role of Management Decision** has been made available by Johnson & Higgins. To obtain a free copy of the brochure, write number 313 on the order form.

• Werbel's **Variable Annuities** (second edition, first printing) is a concise explanation of variable annuities involving both definition and function. The operation of fixed annuity is used as a comparison to illustrate special features of variable annuities and the workings of separate accounts. The booklet is suitable for preparation for state examinations, and is available for $1 from Werbel Publishing Co. Inc., V. Merkel, Mgr., Circulation Dept., 595 Old Willets Path, Smithtown, N.Y. 11787.

• **Why a Separate Mortgage and Real Estate Account?** is a description of the operation and investment objectives of a new separate investment account. It highlights important features such as equity participation and includes two examples of the types of investments anticipated. Copies are available for 50 cents each by writing Arthur J. Brockelman Jr., Director, Pension Marketing & Coordination, New England Life, 501 Boylston St., Boston Ma. 02117.

• **So You Want to Act as Trustee of a Retirement Plan,** an in-depth discussion of the dangers and pitfalls of being a self trustee of a corporate retirement plan, has been made available by Certified Portfolios Inc. For your free copy write number 322 on the order form.

• **Progressive Approach to Pension Funding,** an article by Preston C. Bassett reprinted from Harvard Business Review, has been made available free by Towers, Perrin, Forster & Crosby. To obtain your copy, write number 318 on the order form.

Safety, work comp & OSHA

• **Unlock Your Capital With Self Insurance** describes the Hewitt, Coleman & Assoc. premium retention plan. The pamphlet discusses the advantages of self-insuring workmen's compensation using the service company approach which includes excess protection, provides complete loss control and OSHA assistance and education. To receive a free copy write number 419 on the order form.

•**OSHA Data Pack,** a concise information kit published by Commercial Union Cos., is designed to familiarize agents and insureds with the problems and policies of the Occupational Safety & Health Act of 1970. The kit includes fact sheets, safety information and other related materials. For a free copy indicate number 402 on the order blank.

• Nationwide Insurance has made available **Overview of OSHA**, a concise, pocket-size digest of what's needed for any size business to meet the requirements of the Occupational Safety and Health Act. The booklet includes typical citations being issued and a checklist to assure proper action is taken to meet requirements. OSHA regional and area office locations are also shown. For copies indicate number 406 on the order form.

• The Ansul Co. has released a brochure, **Sentry Fire Extinguishers,** describing how dry chemical fire extinguishers can be used to protect against light industrial and commercial fire hazards. The brochure features photographs of actual fires and shows the correct extinguishers used to control them. For a free copy indicate number 404 on the order form.

• **The Measure of Compliance,** a brochure from Du Pont Co., discusses a new measurement method for use in determining personal noise exposure as outlined in the Occupational Safety and Health Act. For free copies write number 411 on the order form.

info for buyers

• Employers Insurance of Wausau has released **The Era of OSHA**, a booklet summarizing the employer's basic OSHA requirements and methods for meeting these requirements. The booklet discusses ways to perpetuate compliance, the compliance officer's visit, citations and how to contest them and application for variances. For a free copy write number 410 on the order form.

• **16 Ways To Live Longer,** available from Royal-Globe Insurance Cos., is a concise, descriptive guide on safe driving. The booklet highlights the dangers of careless driving and contains artists' drawings for each of the 16 points which are examined. For free copies write number 207 on the order form.

• Eagle Manufacturing Co. has released a safety can catalog featuring type 1 and type 2 safety cans, safety storage cabinets, laboratory cans, faucet safety cans, disposal oily waste, safety bench, safety plunger, drip, drain and daub cans. Also featured is a discussion of preventive safety and terms of the federal OSHA law. For copies write number 416 on the order form.

• A 16-page **Buyers Guide** from Norris Industries covers the company's line of hand portable and wheeled fire extinguishers. Products included are various models of dry chemical extinguishers with full specifications. The fire extinguisher selection guide suits extinguishers to particular hazards. For a free copy write number 412 on the order form.

• **Du Pont Safety Management Services** is a booklet describing Du Pont's safety consulting service, a program being offered to

Du Pont Safety Management Services

firms desiring to improve their safety performances. For free copies write number 408 on the order form.

• **Fire Protection Capabilities,** published by the Ansul Co. is a comprehensive description of Ansul's total fire protection capabilities. The brochure features a summary of the company's activities in fire protection research, development and training. For free copies write number 403 on the order blank.

• Allstate Insurance has prepared a 13-minute color film called **A Pioneer Look At Air Bag Reliability** which is available on free loan. The film shows, in slow motion and stop-action photos, the deployment of an air bag with a live occupant riding into an SAE J850 barrier at 5 miles per hour and at 17.5 mph. For a loaned copy of the print, plus a new publication, **Air Bags—Questions and Answers,** write to the Safety Director, Allstate, Northbrook, Il. 60062. State three preferential dates for showing.

Continued on following page

Safety, work comp & OSHA

Continued from preceding page

• **Sound Level Meters**, a brochure from B & K Instruments, features applications and specifications of B & K's various sound level meters and their accessories. Also included is a brief description of sound and the various ways it is measured. For copies write number 415 on the order form.

• A 16-page booklet from Norris Industries, **Fire Protection Equipment**, is a catalog of fire protection equipment for industry, commerce and institutions. The catalog details valves, reels, racks, hose carts, nozzles, playpipes, deck pipe, hydrant houses, hose tools and miscellaneous items. For copies write number 414 on the order form.

• Assurers' Service Inc. has made available **Workmen's Compensation Self-Insurance Service**, a brochure covering the requirements for qualification, as well as details on the benefits accruing to a corporation with a competently administered self-insured program. For a free copy write number 417 on the order form.

• Transport Indemnity Co. has made available **What is OSHA?**, a descriptive folder explaining the basics of the law, mainly from the point of view of the employer. Free copies may be obtained by writing number 422 on the order blank.

• Du Pont Co. has released **Library of Programmed Instruction Courses**, a listing of vocational training and safety training self-instruction courses offered by the company. There is a total of 156 courses. To obtain a free copy write number 421 on the order blank.

• **Interior and Fire Protection Equipment**, a 12-page booklet from Norris Industries, shows various extinguisher cabinet styles, valves, reels, racks, Siamese connections and roof manifords. The booklet features a guide for building code and OSHA requirements and covers construction, type, door style and finish of cabinets. For free copies indicate number 413 on the order form.

• **You Need Sens-A-Flame**, a brochure prepared by Pyronics Inc., describes the company's all-electronic, multiple burner flame safety system for combustion equipment. Included are a point-by-point description of components and their operation, and brief application examples. For a copy write number 407 on the order form.

• A bulletin from Ross Operating Valve Co., about pneumatic safety controls, describes devices that help meet the Occupational Safety and Health Act of 1970. Devices included are: Double valves which sense their own malfunction and shut down when this occurs and handwaver valves for pneumatic two-hand and/or nonrepeat control. For a free copy indicate number 401 on the order blank.

• Computer Claims Control has issued **How to Create a System for Accident Cost Control out of OSHA Recordkeeping.** The bulletin features sections on OSHA recordkeeping requirements, samples of forms to be used, available recordkeeping alternatives, and the company's recordkeeping system designed to manage OSHA reports and records. To obtain a free copy write number 420 on the order form.

• Metropolitan Life Insurance Co. has released **Publications and Films on Health and Safety**, a descriptive catalog of Metropolitan's current publications and films on health and safety, the conditions under which they are available and a request blank. For a free copy write number 418 on the order blank.

• **The Best of Everything Fire Extinguisher**, a pamphlet prepared by The Ansul Co., explains the type of protection cartridge operated portable extinguishers can provide against high hazard/high risk industrial fire hazards. For a free copy indicate number 405 on the order form.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• Norris Industries has published **Automatic Fire Protection Systems**, a brochure highlighting C-O-Two, Halex 1301 and Range Guard fire suppression systems. Write number 424 on the order form for a free copy.

• A brochure describing **Sta-Put Wheel Chocks** has been released by Sta-Put Enterprises Inc. The booklet describes how ramp construction uses the weight of the vehicle as a lock brake. For a free copy, write number 425 on the order form.

• Employers Insurance of Wausau has published a booklet, **Navigating OHSA with the Vital Few**, which explains how OHSA's

unfamiliar waters can be sailed with the guidance of a reliable priority computerized system. For a free copy, write number 426 on the order form.

• **Maintenance & Safety Catalog**, available from W. H. Brady Co., is a 32-page illustrated catalog covering markers, signs and codings to comply to OSHA requirements. The catalog contains a cross-reference list of OSHA and NEC statutes for marking. For a free copy indicate number 443 on order form.

• If you need to protect an area from fire where business interruption or water and smoke damage is intolerable, CBF Systems Inc. has published a booklet describing applications of its **FE1301 Fire Protection Systems.** For a copy, write number 430 on the order card.

Safety, work comp & OSHA

• The Education and Applied Technology division of Du Pont Co. has published **Du Pont's Blasting & Explosives Safety Training**, a free booklet describing the company's three-day seminar on safety training. Indicate number 423 on the order form.

• **Ready . . . or not?** is a 14-minute color film from Employers Insurance of Wausau which aims at readying individuals to be prepared should they be the first to arrive on the scene of a serious accident. The film may be obtained free by checking number 431 on the order form.

• Fyrepel Products Inc. offers its **Industrial Catalog #772** and **Fire-fighter's Clothing Catalog #572**, which describe the firm's heat-protective clothing and fire-fighting equipment. Check number 432 on the order form for free copies of both catalogues.

• Got a noise problem? I said . . . Got a noise problem? The Du Pont Co. is offering a booklet called **Du Pont Noise Management Services**, which describes the company's service designed to engineer away industrial noise. For a free copy, check number 433 on the order form.

info for buyers

• The OHSA Safety Center has designed a computer-graded, five-phase, 41-test accident prevention course called **Operation Zero** which is orientated to requirements of the Occupational Safety and Health Act. The course is prepared for safety directors, personnel directors, middle-management and front-line supervisors. The course is offered at cost, $40, and may be obtained through the OHSA Information Center, Fred. S. James & Co. Inc., 230 W. Monroe St., Chicago, Il., 60606.

• Chemetron Corp. has published a folder, **Cardox Halon 1301 Fire Extinguisher Systems and Equipment**, which describes its new fire-fighting system. For a free copy, check item 434 on the order form.

• **Meeting Occupational Safety & Health Act Regulations** is available from the Atlantic Cos. Prepared in cooperation with the AIA and the National Safety Council, the 7-part manual suggests specific, realistic ideas for plant safety, security and protection. For your free copy indicate number 409 on the order form.

• A booklet published by the Royal-Globe Insurance Cos. entitled **What Does OHSA Mean to The Business Owner Or Employer** describes the standards, enforcement procedures, citations and penalties under OSHA. For a free copy, check number 427 on the order form.

• National Foam Systems has printed an **Engineering Manual** which describes methods and equipment used to fight fires with foam. For a free copy, check number 428 on the order card.

• Safety Talks Co. has designed a series of weekly presentations written for foreman presentation to his or her workers. A sample of a 10-minute **Safety Talk** is available free by checking number 429 on the order card.

• Pyrotronics has published a brochure called **Computer Fire Detection Systems** which describes how fires start in and affect computers and which includes a fire detection check list for computers. For a free copy, check item 438 on the order card.

• Need unbreakable windows? The sheet products business section of the General Electric Co. has a booklet called **MR-4000 Mar-resistant Sheet** which describes how the miracle sheet came to be. For a free copy, check item 439 on the order form.

• A complete catalogue of B&K Instrument's **Sound, Vibration and Data Analysis Instruments** is available free by checking item 436 on the order form.

Continued on page 50

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business insurance
P. O. Box 2600, Clinton, Iowa 52732

Please send me the following data (insert code number of each item wanted):

Name ____________

Title ____________

Company ____________

Address ____________

City/State/Zip ____________

Nature of Company's Business ____________

Essential you supply complete information.

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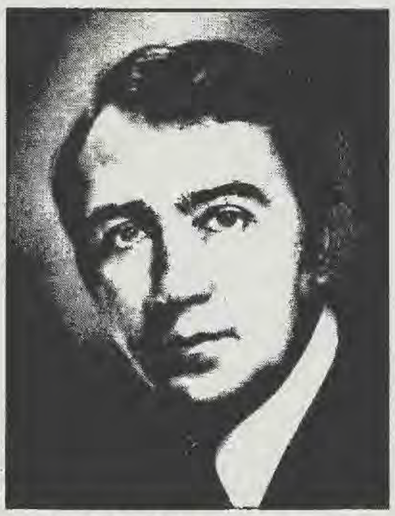
business insurance PERSPECTIVE

Monitoring product safety act is a natural for risk managers



BY MARSHALL W. REAVIS
Professor of business administration, Governors State University, Park Forest South, Il.

"Products covered by the act include, as is often the case, all products not specifically excluded. This approach is not unfamiliar to the risk manager who finds the same technique used in insurance policies."

OPPORTUNITY HAS knocked once more for the alert risk manager who wants to fully manage the static risks of his firm. On Oct. 27, 1972, President Nixon signed into law the Consumer Product Safety Act (Public Law 92-573) which is designed to assure the consumer that the products he finds in the market-place are safe for his use. Only time will tell if the risk manager grasps the corporate responsibility for the law or lets it slip away from him as happened to many with the 1970 Occupational Safety and Health Act.

Monitoring the provisions of the new act are a natural for the risk manager if he has set up his organization to be the watchdog of static risk for his firm. Because of his product liability background he is already aware of the many consumer product problems this act sets out to correct. If he plans to earn a strong management position for himself in his company it becomes a duty for the risk manager to become aware of and to monitor this and the other new or recently revised federal statutes which affect his company. No other single department head can match the experience of the risk manager when it comes to total knowledge of the firm's activities. It would be unfortunate to watch this new act become the sole responsibility of product design, law, manufacturing, quality control or some other department.

Because of the amount of press coverage given during the past few years to consumer-oriented legislation, a brief review of the history of this act is necessary. The recent Congress was actually pursuing two general areas. First, a consumer product safety act which would, in effect, regulate industry by establishing standards of quality and design. The second approach dealt with the establishment of a consumer advocacy agency which would serve as a "lobby for the people" in Congress. Of the two, it was only the first, the consumer product safety act, that passed.

THE ACT SETS out to protect the public from hazardous consumer products by helping consumers evaluate the safety of products and through the development of safety-oriented standards. It also sets out to promote research on the cause and prevention of injuries and to minimize conflicting local standards. Any covered consumer product touched by interstate commerce is included.

The geneology of the act can be traced back to the National Commission of Product Safety (1968-1970), whose final report of June 1970 recommended such legislation. In fact, the act is remarkably similar to the bill proposed in that report.

Products covered by the act include, as is often the case, all products not specifically excluded. This approach is not unfamiliar to the risk manager who finds the same technique used in insurance policies. Thus the act covers any consumer product *sold for use* in or around a household, or school, or in recreation or otherwise, *except:*

- Motor vehicles and related equipment.
- Aircraft and related equipment.
- Boats and vessels.
- Food, tobacco and tobacco products.
- Drugs, medical devices and cosmetics.
- Firearms and economic poisons.
- Any articles not customarily produced for sale to or used by a consumer.

A review of the act will reveal that these excluded products are not free from regulation, but are touched by other existing federal legislation which is referenced in the act.

This approach not only offers a broad base to work from but will introduce many situations where an interpretation is required. Thus, there are provisions in the act for rulings on products before they enter the stream of commerce if so requested by a manufacturer.

The act creates a new independent federal regulatory commission, known as the Consumer Product Safety Commission. There will be five commissioners with one designated as chairman, each appointed by the President with Senate approval. The original appointments will be staggered terms, but future terms will be for a full seven years. A commissioner must serve full time, have no outside business interests and can be removed only for neglect of duty or malfeasance in office. No more than three commissioners may be from the same political party.

The nucleus for the new commission appears to be the Bureau of Product Safety of the Food and Drug Administration. This bureau, which was established as the result of earlier legislation, has had responsibility for phases of the Flammable Fabrics Act and the Child Protection and Toy Safety Act.

ALSO SCHEDULED to become a part of the new commission is the Bureau of Product Safety's national data collection system, known as the National Electronic Injury Surveillance System (NEISS). This system collects data from 119 statistically selected hospital emergency rooms located throughout the country. Valid projections can be made for the total U.S. population from the information received. Data is reported daily to Washington where it is reviewed by the staff of the Injury

Continued on following page

Some aspects of investment are in domain of benefits men

BY BION H. FRANCIS
Insurance consultant, Milford, Ct.

"Growth stocks can be satisfactory to build the financial position of young employes who want to be where the action is. But the needs of older employes are different."

ONE OF THE MOST important factors in the success of a pension plan is the rate of earnings which can be obtained from investment of the pension fund. To appreciate this fully, it may be helpful to use a simplified illustration.

Let us assume an employe who starts with the company when he is 35 years old. He works for 30 years and then retires at 65 with a pension of $1,000 a year, which is paid for 15 years, his approximate expectation of life at that time. How much would the company have to contribute each year during the 30 working years in order to provide the pension? This is a simplified illustration intended to demonstrate the importance of interest rates.

The following table shows the annual contributions computed for several interest rates—5% (a typical rate used by actuaries); 9% (selected because a study some years ago indicated that this was the return which might be expected from stocks over a long period); and 8% and 10% (included because of an opinion I have seen that an investment manager may be doing well if, over a long period, he gets you 1% or 2% more than the usual return.

On the basis, the amount which would have to be contributed each year during the 30 years is as follows:

Interest Rate	Annual Payment Required During 30 Years
5%	$154
8	73
9	56
10	43

Granted, this is a simplified illustration. Earnings change over the years. People do not stay with the same employer for 30 years and many other factors influence the situation. However, experience with pension plans and employe savings plans leads me to believe strongly that one of the most important factors in the success of a pension plan or an employe savings plan is a successful investment program resulting in a favorable rate of return.

After all, if pension funds in the United States hold $150 billion, a difference of 2% or 3% in the rate of return can make a difference of $3 billion to $5 billion a year. With growth of the funds, this amount is increasing. Is your company getting its proper share of this?

"But I'm not an investment man," you may protest. "I can't select investments. It's not my job."

Perhaps so—but there are some aspects of this which may well be in your domain. There can be areas in which the investment people should work within limitations established by you or your company. Let us look at these limitations:

LIQUIDITY. In general the amounts held in pension funds are steadily rising. The flow of money into a fund is usually greater than withdrawals needed to pay pensions. As a result, it is generally con-

Continued on following page

business insurance PERSPECTIVE

Safety act...

Continued from preceding page

Data and Control Center. Products frequently involved in injuries or causing relatively severe injuries will become priority items of concern. Follow-up investigations of specific injuries and/or consumer products are then initiated by the bureau. Similar procedures and priorities are expected when NEISS comes under commission control.

The value of NEISS is in its potential to the commission, the consumer, industry and other interests as a data source which can be used to establish programs to reduce frequency and severity of injuries to consumers. Risk managers can make use of this information effectively by using the data as a basis for product modification and/or consumer information education programs. NEISS will provide a valuable feedback to health educators, civic leaders and safety councils with respect to the effectiveness of their programs.

UNDER THE ACT it shall be unlawful for a firm to produce for sale, sell, or distribute or import any consumer product which is not in conformity with commission standards or if it is listed as a banned product. Goods clearly marked for export are not covered by the act.

Standards may be issued for a covered product with regard to its:

Performance, composition, contents, design, construction, finish, packaging, markings of warning or instructions.

In addition to the procedure for establishing standards the act affords a variety of court remedies for both the firm and an individual with respect to these standards. Also, any person, after the act has been in effect three years, can petition for a rule or rule change.

A MANUFACTURER or private labeler must issue a certificate that their product conforms to a specific standard. Such certificate is to accompany the product or is to be furnished to the distributor or retailer. It shall show the date and place of manufacture and identify the manufacturer and indicate that the product meets a specific standard. (A code mark whose identity will be available to the public will be used in the event of a private label.)

In the event of imminent hazards the commission may file an action against the product or the manufacturer, distributor or retailer of such. This would occur if the product presents an unreasonable risk of death, serious illness, or severe personal injury. The court can then move to protect the public through notification, recall, repair, replacement or refund.

If a firm knows a product does not comply or has a defect which creates a hazard it must immediately notify the commission. The firm may, after a hearing, have to notify the public and all manufacturers, distributors or retailers of such products as well as mail notice to every known purchaser of the product.

Of major concern to the risk manager are the various offenses which can cause the firm to be penalized. A firm cannot refuse access to records, or refuse to make reports or provide information or refuse entry for inspection.

NEITHER CAN the firm fail to submit information on defectives as required, or fail to comply with consumer notification orders or fail to furnish compliance certificates. Penalties will also be involved if the firm issues a false compliance certificate or stockpiles a product in violation of the act.

However, the act does give relief to persons who have relied in good faith on the representation of a consignor that a product was not subject to the act or that hold in good faith compliance certificates issued by a manufacturer for private label goods.

Penalties are set at $2,000 per violation. There are seven prohibited acts which are considered as separate offenses with respect to each product involved. Thus a potential of $14,000 exists per individual product. If the offense is refusal of inspection each day refused is a separate offense up to $500,000.

Retailers who do not know a product is in violation and have not been notified by the commission are excluded from a fine on the offense of selling or importing a product that is hazardous or does not meet standards. The commission rules on the appropriateness of the fine based on the gravity of the violation.

> **"Retailers who do not know a product is in violation and have not been notified by the commission are excluded from a fine on the offense of selling or importing a product that is hazardous . . . ."**

A KNOWING violation after notice from the commission is subject to a $50,000 fine and a sentence of not more than one year or both. And an agent of a corporation is personally subject to this penalty.

The representatives of the commission may enter at reasonable times any establishment in which consumer products are manufactured or held for commerce or any conveyance being used to transport such products and can inspect them with reasonable promptness. Such records as reasonably required by the commission shall be maintained by manufacturers, private labelers and distributors and may be inspected during a compliance inspection.

The commission is charged with certain areas of product safety information and research. It shall maintain an injury information clearinghouse and conduct studies of injuries and economic losses resulting from accidents involving consumer products.

In addition the commission *may* conduct research on safety and on improving the safety of consumer products. Also, they *may* test consumer products and develop product safety tests and testing devices. And they may offer training in investigation and testing and assist private organizations in developing safety standards and test methods. Grants or contracts may be made for the above with all information gathered by such research available to the public.

THE COMMISSION is to establish a Product Safety Advisory Council of 15 members which it may consult before taking action under the act. The membership is to consist of five from government agencies, five from consumer product industries and five from consumer organizations, community organizations and recognized consumer leaders. The council shall meet not less than four times per year. It may propose rules and function through subcommittees.

The act took effect on Dec. 27, 1972, although the actual date of creation of the commission was the date the bill was signed into law. The transfer of functions from other departments shall take place 150 days after enactment or upon appointment of the third commissioner.

THIS TIMING leaves some room for speculating on how fast the commission will have standards published and placed into the stream of debate. Some feel that many voluntary industry standards will be used at first while others speculate that the Bureau of Product Safety will push some of its findings into standards through the new commission. Regardless of what or how fast these standards are established, companies face a new era of product responsibility along with new headaches from record keeping to requirements.

The risk manager faces a new challenge to his professional growth and the real concern now is how will he face this challenge. ■

Mr. Reavis is university professor of business administration at Governors State University, Park Forest South, Il., and has had extensive risk management and insurance experience. He holds a AB and MBA from Indiana University and is currently a candidate for a PhD. in business at the University of Georgia. A former corporate risk manager for Baxter Laboratories, he holds the CPCU designation and is currently working toward the CLU designation.

Investment...

Continued from preceding page

sidered that there is no great need for liquidity in selecting investments for a pension fund.

This is true for most funds, but there can be exceptions. Liquidation of a company or operating division may cause the release of hundreds of employes. If these are employes of long service with substantial accrued pension credits, there can be an immediate demand for liquid funds for pensions.

Even without a sudden change of this kind, a company's need for liquid pension funds can increase substantially if younger employes leave and the employe group matures. This can be easily checked at the time of any actuarial review.

If desired, the actuarial review can easily be expanded to include a yearly estimate of cash needs for, say, the next five years. This should be made available to the managers of the investment fund.

RATE OF RETURN. In recent years, "performance" stocks have held the attention of investment managers of all kinds. If for any reason it appears that the earnings of a particular stock will continue rising sharply, that stock has been bought in a volume which pushes up the price earnings ratio, sometimes to extraordinary levels. During the late 1960s, a high price earnings ratio was the badge by which you could recognize the growth stocks which then monopolized attention.

Some of the increases in price earnings ratios have been fantastic. However, this increase is dependent upon a continuing escalation of earnings. If the earnings of these growth stocks falter for any reason, the stock market experience of these stocks can become catastrophic.

Growth stocks can be satisfactory to build the financial position of young employes who want to be where the action is. But the needs of older employes are different. Older workers might find it more difficult to recoup a serious loss. There can be strong doubts concerning the suitability of "performance" stocks to guarantee the pensions of older or retired employes.

SAFETY. Let us look again at stocks with a high p/e ratio and an emphasis on growth to maintain their position in the stock market. At the time of writing, the market itself has come to feel that there had been excesses which carried the p/e ratio of many of these stocks to too high a level. As a result, there has been some shift back to cyclical stocks with much lower p/e ratios.

However, I would not want to say that growth stocks with high p/e ratios should be carried only for plans for younger employes, while cyclical stocks with low p/e ratios should be used for plans for older employes. The decision should be made stock by stock.

TURNOVER. At the risk of revealing my New England background, I will point out that one of the things you can always do is to check the turnover of the securities in your pension fund. Turnover costs money. Each time a security is sold, there are commissions and other expenses to be paid. A pension fund should be a long term program with low turnover of investments.

SELECTION OF INVESTMENTS. A large portion of the securities bought for pension plans are selected by the large trust companies. Their operations are on such a scale that you may have to go through layers of investment committees and portfolio managers to find the man who is handling your fund. He should be left free to do his job, but it may be worth your while to work through the layers to meet him.

He is, after all, far removed from your employes and may have no idea of what they are thinking and expecting. What they want may be quite different from what he is providing. I have seen at least one instance of serious dissatisfaction by employes toward the investment policy of a benefit plan. It took a number of meetings and considerable effort to straighten out the situation.

And I have also seen at least one misunderstanding resulting from executive action. From this experience, I feel that the benefit manager may have an important liaison function in investment policy as in many other areas of action. ■

Francis booklet available

A 13-part series of articles on buying corporate insurance, which was authored by *Business Insurance* contributing editor Bion Francis, is now available in booklet form.

The series, which appeared on the *Perspective* pages of this magazine in issues last year, looks into the problems to be expected when buying insurance, how to recognize them and offers practical advice on how to surmount them.

"How to Buy Insurance for a Corporation" may be obtained by writing Bookshelf, Crain Communications, 740 Rush St., Chicago, Il. 60611. Single copies are $3.50; ordered in lots of 11 or more the price is $3.25. A check or money order should accompany the request.

Safety, work comp & OSHA

Continued from page 45

• Want to check your noise level? B & K Instruments has printed a brochure describing its **Model 2209 Impulse Precision Sound Level Meter.** A free copy can be had by writing item 435 on the order form.

• The General Scientific Equipment Co. has published **Eye and Hearing Safety,** a booklet dealing with many methods of reducing eye and ear risks and injuries. The pamphlet deals extensively with noise standards under OSHA. Free copies are available by writing item 437 on the order form.

• The International Assn. of Industrial Accident Boards and Commissions has made available copies of its quarterly newsletter covering workmen's compensation and occupational safety and rehabilitation. For your free issue write number 441 on the order form.

• A new, low cost, multi-zone fire alarm system is detailed in a 10-page brochure from Gamewell, a Gulf & Western Systems Co. The booklet describes the company's system for institutional, commercial and industry fire detection. Specifications and ordering information are also included. For free copies write number 442 on the order form.

• The Wright Division of Acco has published a **Crane Inspection Report** form to be used as a guide in complying with OSHA inspection requirements. The two-page report form is a checklist designed to conform to OSHA requirements of section 1910.179—overhead and gantry cranes—double girder top running type. Copies of the form can be obtained by writing number 440 on the order form.

• A revised **Safety Engineering Standards** handbook has been published by Industrial Indemnity Co. The 108-page book is a compilation of fundamental safety practices in construction and manufacturing and contains illustrated safety recommendations on more than 60 subjects. The handbook was updated to include new procedures and laws, particularly the Occupational Safety and Health Act of 1970. Some subjects included are; noise control, rigging practices, protective equipment, explosives handling and scaffolds. For information contact Industrial Indemnity Co., 255 California St., San Francisco, Ca. 94120.

Security

• **Was It Arson,** a booklet prepared by the General Adjustment Bureau, discusses the detection of arson. It outlines the establishment of motive, the techniques of examining a fire scene, and methods of documenting and preserving evidence. It is available free by writing number 514 on the order form.

• **Something Worth Investigating** is a brochure briefly describing the investigative methods and services provided to clients of Advance Industrial Security Inc. For a free copy write number 507 on the order form.

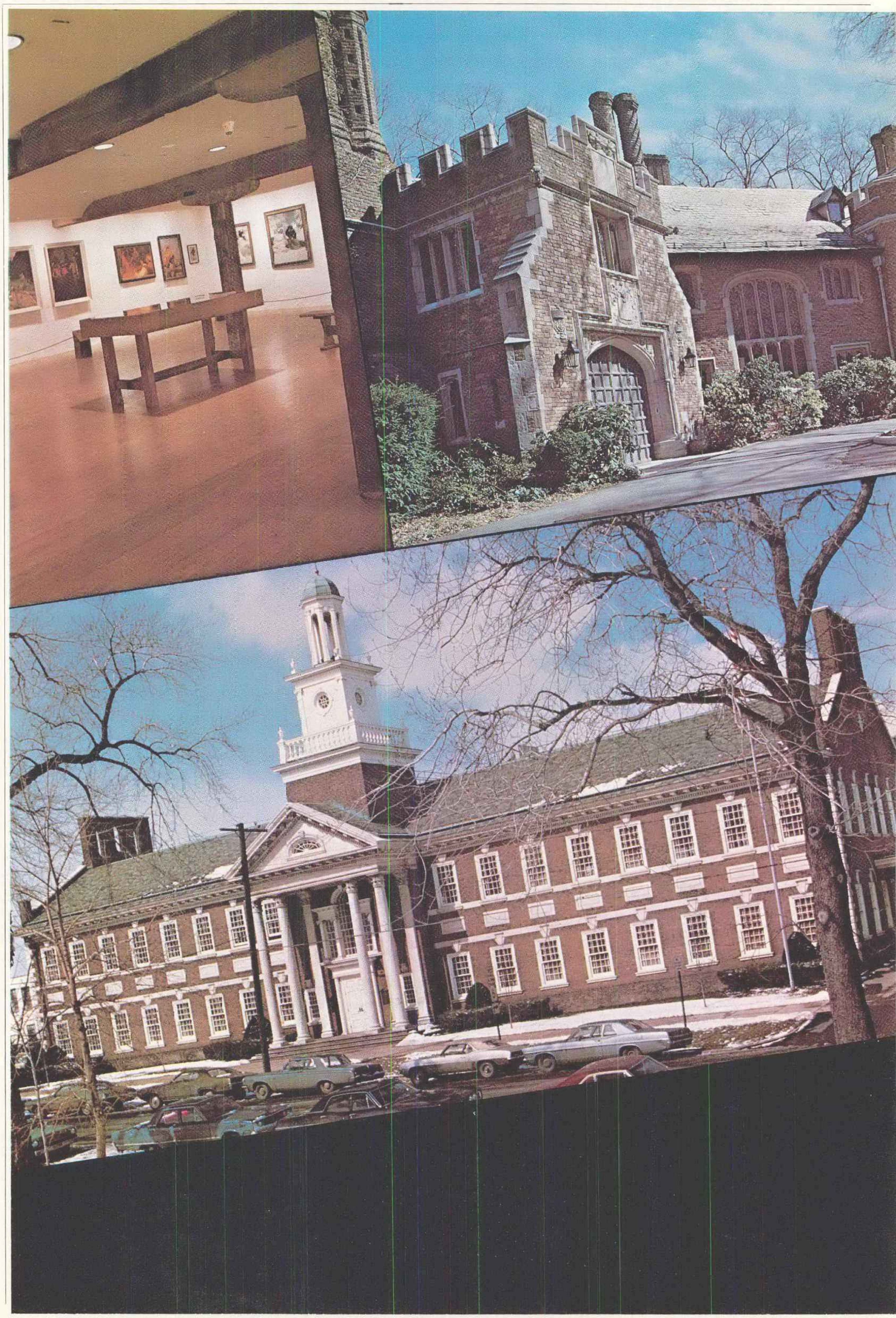
• **Bank Security Is More Than a Hold-up Button** is a booklet available from Honeywell's commercial division discussing an integrated electronic approach to bank security. It describes technological advancements in the light of bank requirements, as well as branch security, high rise fire management and environmental control. It is free by writing number 516 on the order form.

• Advanced Devices Laboratory, Inc. has released **Microwave Intruder Detector,** a short illustrated booklet explaining the operation and application of the intrusion detection systems and their commercial and industrial applications. For a free copy write number 538 on the order form.

• Two data sheets from ATA Control Systems Inc. give specifications and descriptions of a burglar or fire or combination alarm system. For free copies write number 508 on the order form.

• Multra-Guard has released a booklet called **Top Security** describing their solid-state miniaturized electronic detection and monitoring system. It is available free by writing number 519 on the order form.

• The Advanced Devices Laboratory has made a booklet on infrared intrusion detection available. **How It Works and How to Use It** describes how the system responds to the intruder's own body heat, and how it can be applied where environmental hazards have precluded the use of other types of equipment. The booklet is available by writing number 517 on the order form.



Security

• The Advanced Devices Laboratory has just released a **Window Shock Sensor Data Sheet,** a description of a new device which represents a scientific approach to the problem of protecting glass show windows, store fronts and other glass surfaces. The booklet is available free by writing number 518 on the order form.

• **How to Solve Your Waste Problems Two Ways,** a brochure from Michael Business Machines Corp., describes how a Michael Shred'n Baler destroys important documents, confidential files and saves storage space. For a free copy write number 509 on the order form.

• Burns International Security Services has released **Insurance Investigations,** a booklet describing the scope of their investigation services. It is available free by writing number 513 on the order form.

info for buyers

• **Detect Fires Fast,** a booklet available from Honeywell, discusses an ionizion smoke detection system that uses atomic particle radiation to detect fires as they start, or before. To order a free copy indicate number 512 on the order form.

• Electric Wastebasket Corp. has released **Records Retention Timetable,** a booklet describing the length of time specified by government authorities for the retention of over 165 office records (most of which are needed to substantiate corporate income tax deductions or as other required proof). Listed, too, are the kinds of material records may appear on and suggestions for disposal of records. For a free copy write number 511 on the order form.

• Advisor Security has released **Advisor III,** a brochure describing the Advisor III ultrasonic intrusion detector, a single zone unit with multi-zone capability. The brochure outlines the electrical and mechanical specifications, and discusses application and installation. For free copies write number 510 on the order form.

• Honeywell has released a booklet on reducing patient care cost. It discusses how the problems of crime, pilferage and fire losses in hospitals drive up the

cost of patient care, and describes the Alpha 3000 cost-effective protection system. It is free by writing number 515 on the order form.

• **Protection For Any Building,** a brochure released by Adams Rite Mfg. Co., explains how proper hardware can defeat the most common forced entry attempts. The emphasis is on modern narrow stile glass door entrances. A free copy can be obtained by writing number 502 on the order form.

• **Security Locking Systems & Controls** explains a locking/security system developed by Alarm Lock Corp., that establishes control of all doors in all locations from a single, central master source. The lock mode may be changed from locked to unlocked, alarmed to nonalarmed, universal access to limited access for individual doors, groups of doors, complete buildings or entire complexes. For a free copy write number 503 on the order form.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• Sargent & Greenleaf has released a catalogue, **Builders Security Hardware,** which includes security access control, the SM8480 electro-mechanical lock, manipulation proof and standard combination locks for hollow doors, the SM181 sliding lead bolt, chex-it II exit alarm and impregnable padlock. The catalogue is free for writing number 528 on the order form.

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Security

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• Honeywell's commercial division has released a booklet on Alpha 3000, **A Comprehensive Plan For Asset Protection.** It describes the latest techniques which integrate building security, fire management, life safety and automation systems. It is available free by writing number 520 on the order form.

• Channel Advertising has just released material on the **Destroyit** line of paper shredders put out by the Electric Wastebasket Corp. It is available free by writing number 521 on the order form.

• **Environmental Control Through Glass** is a booklet available from Globe-Amerada Glass Co. It describes a variety of insulated glass panes and their protective uses in blocking out noise, insulating room temperature, controlling glare and withstanding bullets. It is available free by writing number 522 on the order form.

• **Kodak Microfilm Products 1972** is available from Eastman Kodak Co. The booklet describes various microfilmers, microfilm readers, readers-printers, processing equipment and accessories available from Kodak. It is available free by writing number 523 on the order form.

• Security Services Inc. has issued a booklet called **Total Security—12 Tests.** It describes the security available from a private contractor and defines the terms used by Security Services. For a free copy write number 524 on the order form.

• Monaco Enterprises has a pamphlet on their **Low Voltage Automatic Fire Alarm Control Panel** which describes the system, its construction and optional equipment. Write number 525 on the order form for a free copy.

• **Positive Security With Advance** describes how Advance Industrial Security Inc. tailors systems to the specific security needs of individual clients and is available free by writing number 526 on the order form.

• Burns International Security Services Inc. has released **Complete Scope of Investigative Services,** a booklet summarizing the organization's full scope of investigative services, including laboratory capabilities. Insurance investigations are included. For a free copy write number 537 on the order form.

• **Motion Pictures "That Tell It Like It Is,"** a brochure available from the Highway Safety Foundation, gives brief resumes of 16mm sound color motion pictures on the subjects of highway safety and driver education, security in plants and retail stores. For a free copy write number 504 on the order form.

• **Brief Guide to Electronic Security Alarm Systems,** a booklet released by Mosler Safe Co., provides an overview of what is currently available in the security alarm industry, along with explanations and pros and cons of various types of systems. For free copies write number 501 on the order form.

• The Alarm Lock Corp. has a pamplet out on **Digilock Access Control,** the door or wall applied electronic combination access control for restricting access to sensitive or confidential areas. The system has thousands of combinations and can be instantly re-programmed by the user at any time. For a free copy write number 527 on the order form.

• **Cast Body Padlock** is a Sargent & Greenleaf brochure describing details of the padlock design, the reason for its strength and ordering information. For a free copy, write number 529 on the order form.

• Advanced Devices Laboratory has a bound reference catalog of its intruder detectors and other products. It is useful in reviewing product capabilities and the appropriateness for specific applications. It is free for writing number 532 on the order form.

• **Barricader** is the Sargent & Greenleaf brochure describing the uses and special features of the Barricader cross-bar lock. It is available free by writing number 530 on the order form.

• **The Reid Report** is a booklet describing the advantages of "a paper and pencil honesty test" designed to eliminate the dishonest job applicant. Polygraph tested and psychologically validated, the Reid Report does not discriminate on the basis of race or sex. The booklet is free by writing number 533 on the order form.

• **Babaco: The First Name In Motor Cargo Protection,** is a full description of burglar alarm and anti-hijacking warning systems

BABACO: THE FIRST NAME IN MOTOR CARGO PROTECTION

available from Babaco Alarm Systems Inc. For free copies write number 506 on the order form.

• **The TMC-1100 Television Camera** is a booklet describing the operating features and optional design advantages of this general purpose, low-cost television camera produced by TeleMation Inc. The booklet is free if you write number 534 on the order form.

• A description of the Ingersoll impregnable padlock is outlined in the Sargent & Greenleaf brochure, **Strength.** All models are included with drawings and measurements, options, accessories and ordering information. For a free copy write number 531 on the order form.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• Royal-Globe Insurance has prepared a 64-page booklet called **Burglary Protection Devices.** It is a completely illustrated and comprehensive description of how to protect against burglary. It is available for $1 from Mr. Joseph Venturelli, Corporate Communications Dept., 150 William St., New York, N.Y. 10038.

Security

• Advisor Security has a brochure explaining the ultrasonic principle and its function as a type of security system. It is free by indicating number 536 on the order form.

• **A Condensed Burglary Insurance Manual** put out by the Mosler Safe Company provides a brief "what the labels mean and how to identify" for fire resistive and burglary resistive rated safes and their relative insurance classifications. For a free copy, write number 535 on the order form.

• **Alarm Systems For Business,** an illustrated booklet released by Smith Alarm Systems, is a description of central station electrical protection service. It is available for $1.50 from Smith Alarm Systems, George A. Smith III, P.O. Box 299, 2627 Flora, Dallas, Tx. 75221.

Foreign insurance & benefits

• **Kota Kinabalu,** a booklet published by American International Underwriters, describes the insurance problems of Americans who have been transferred abroad, for instance, to Kota Kinabalu, Malaysia. The booklet goes on to describe an insurance program alternative for the company that has transferred such employes. For free copies write number 601 on the order blank.

• **Currency Crisis and Insured Values,** a bulletin free from Johnson & Higgins, discusses how the successive currency revaluations of the German mark, the unpegging of the dollar from gold and the floating dollar and official dollar evaluation have affected the adequacy of insurance values. For your copy, write number 607 on the order form.

• **Transit-Pak,** available from James W. Barrett Co., describes a full value all risk insurance program designed for individuals moving from one country to another. The material is useful to corporations, freight forwarders

and moving companies engaged or interested in the international moving of personal and household effects. The program is underwritten by the Insurance Co. of North America. For free copies write number 605 on the order form.

• **What Swiss Life Can Do For You** is a short description of the service Swiss Life offers to multinational corporations. The description concentrates on pension plans which are provided by the company. For a free copy indicate number 602 on the order blank.

• **Travel-Pak,** a brochure prepared by James W. Barrett Co. Inc., describes a personal effects and personal liability insurance plan conceived especially for Americans and third country nationals living outside their home country. Underwritten by Insurance Co. of North America, the plan also provides marine insurance coverage at no additional cost. For copies write number 603 on the order blank.

• **Canadian Exposures—Tax Implications** is a brief explanation of Canadian tax regulations as they apply to clients of non-Canadian brokers. The material, prepared by Dale & Co., also tells how to avoid penalties. For copies indicate number 604 on order blank.

info for buyers

• American International Life Assurance Co. of New York is offering **Third Country Nationals,** a brochure discussing the insurance situation for TCN employes. It is available free by writing number 606 on the order form.

General information

• General Adjustment Bureau has made available **Nature's Destructive Forces,** a 48-page, illustrated booklet which reviews past disasters, gives safety tips, explains forecasting, storm control and monitoring and provides a glossary of weather terminology. To order a free copy indicate number 711 on the order form.

• **General Information on Insurance and Bonds** is a booklet available through the Hartford Insurance Group. It provides a general description of all policies written by the insurance group and is free. To obtain a copy, write number 703 on the order blank.

• **Serving Business and Industry Worldwide,** available from Alexander & Alexander, is a profile of the company describing insurance brokerage and other services and expressing the company's philosophy of risk management and transfer. For a free copy write number 706 on the order form.

• The Mission Equities Insurance Group has made available **Mission for the Seventies,** a brochure describing the company's corporate set-up, coverages, offices and officers with an introduction by Mission's president. For a free copy write number 713 on the order form.

• Commercial Union has put out a **Profile Kit.** It's a compendium of brochures describing the products and facilities of the Commercial Union Cos. including a profile book that discusses company history, resources and philosophy. It is available free for writing 722 on the order form.

• The complexities of coinsurance are explained in a General Adjustment Bureau folder called **Eight Facts About Coinsurance of Importance to You.** The booklet is free and may be had by writing 720 on the order card.

• The 1972 edition of the **Business Insurance Directory of Commercial Insurance Agents & Brokers,** published by Crain Communications Inc., contains profiles —including financial information —on leading brokers and agents who serve commercial consumers of insurance and employe benefits plans. The directory also contains charts, tables and editorial features which analyze the agency and brokerage business. Copies are $4.95 or $3.95 on orders of 10 or more. They may be obtained by sending a check or money order to Business Insurance Directory, 740 N. Rush St., Chicago, Il. 60611.

Continued on following page

General information

Continued from preceding page

• Chubb/Computer Services has published a booklet entitled **Expense Control System** which describes the control of overhead expense accounting, measurement of branch office profitability, preparation of accounting and tax reports and control of travel expenses. For a free copy write 717 on the order card.

• Midland Insurance Co., has released **Midland Today**, an outline of the company's approach to the insurance market. The booklet includes descriptions of each of the specialized centers within the organization that are geared to specific industries. Free copies may be obtained by writing number 714 on the order form.

• **GAB's Little Red Book** provides a description of all General Adjustment Bureau Inc. services and lists GAB offices in the 50 states, the District of Columbia and Puerto Rico. A free copy is yours by writing item 716 on the order blank.

• **The Digest of Professional Services . . . . For Corporate Decision Makers** is a booklet published by American Appraisal Co. Inc., which illustrates and capsulizes its many services. For a copy, write number 718 on the order card.

NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• The Hartford Insurance Group has published a **Glossary of Insurance Terms.** It explains the specialized meanings many words and phrases have taken on in the insurance and bonding fields. For a copy of the glossary, write number 705 on the order blank.

• **Six Services for Self-Insurers** was prepared by Underwriters Adjusting Co. for agents, brokers and corporate risk managers who are interested in self-insured programs. UAC's capabilities in the following categories are described. Workmen's compensation, transportation, automobile, general liability/casualty/bonding, property and dial-a-claim. For free copies write number 708 on the order form. ■

Year-end

Continued from page 2

porations have their fiscal years corresponding to the calendar year. The risk managers, consequently, find it much easier to get their information at the year's end from their accounting department. This is understandable. If I had to insure a large number of units—cars or trucks—it would be easier to do it when all the figures come in at the end of the year. Otherwise, I'd wind up doing the same job twice.

"One of the biggest stumbling blocks in getting this year-end rush turned around are the internal and legal difficulties involved in changing your fiscal year," he said. "We've just been through it, and it's a tremendous shakeup. It also makes it very difficult to get meaningful comparisons for a few years."

The Christmas crush has been intensified, Mr. Jones said, by insurance companies than use computers rather than agents to write policies.

"THERE IS a certain amount of delay inherent with the computers, but I think risk managers and everybody involved is getting used to it," he said. "In the old days, you could go and pull out a handful of important accounts, give them to an agent and ask him to write them up. Not any more."

Mr. Jones says his employes are forced to work much harder and under greater pressure during the big surge of late-year business. His firm has not resorted to overtime because, he said, efficiency drops.

"If I were a risk manager," he said, "knowing what I do from a broker's point of view, I would prefer to have my renewal dates sometime other than the end of the year. All the big accounts receive all the time and the thought they need regardless of when we process them, but smaller renewals may not receive as much attention as they would some other time of year. Also, although there are no studies to back me up, I'd guess that the rate of broker error probably will increase during this year-end period."

Insurance companies sometimes find their Christmas cheer dampened when high volumes of business swamp them in December, forcing many to turn away potential customers.

"WE'VE been turning down business for the last two or three weeks," Ted Linham, manager of the Kemper Insurance Group's Chicago office said. "We've had brokers come in and ask us to take a look at a possible client, and we just have to say that we simply can't do it. It breaks our hearts because we'd love to be able to do it, but we just can't. We figure it's better to do a good job on a relatively few files than shotgun through a huge number."

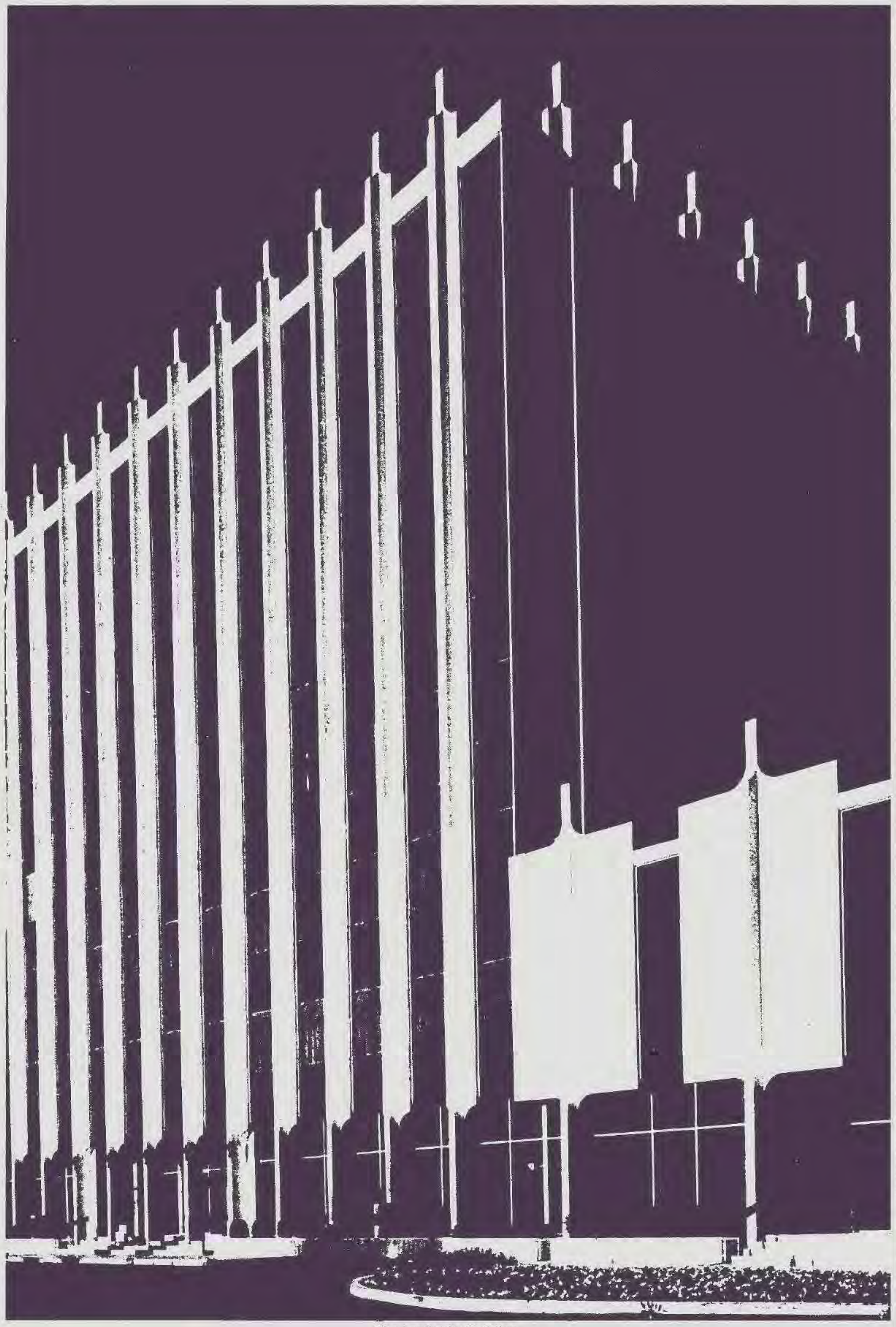
Mr. Linham says both his technical and clerical workers put in many hours of overtime to keep up with the December flow, which, he estimates, is double the normal monthly volume measured both in dollar volume and number of accounts handled.

"If I were a risk manager," Mr. Linham said, "I'd try real hard to amend my fiscal year so that policies were due in May, August or September . . . some month as far away from closing as possible. You'll get more attention then, and, with not as much business around, you'll be one of 10 accounts rather than one of 30. If you're a good risk, you'll get better attention and maybe lower rates."

Although insurance managers, brokers, agents and insurers who face the December rush all bemoan it, there are, Mr. Linham points out, some advantages to the up-for-grabs atmosphere.

"If you're a risk manager for a company whose risks aren't so attractive, then it's to your advantage to wait until things get really hectic before submitting your folders," he said. "That way, underwriters may overlook some things you didn't particularly want them to find.

"Much of the year-end rush can be attributed to procrastination," Mr. Linham said. "Many firms simply put off talking to their brokers until expiration is 45 to 60 days away. Likewise with the brokers," he said, "who often figure they have plenty of time, so why bother with it now. Also, the way this industry is set up, to some extent its really impossible to avoid this kind of situation. Loss ratio data would be invalid in August or September. In many cases, insurers need nine months loss experience to go on." ■



The Leatherby Building

Illinois mine workers in a protest strike

CHICAGO—Protesting the hazardous mining conditions throughout the nation, a number of United Mine Workers in Illinois went on strike late last month.

Their walkout followed closely on the industry's most recent tragedy—an explosion in a Consolidation Coal mine in West Virginia that killed five miners and injured three (*see story, page 3*).

Not counting the latest five fatalities, a union tabulation showed that since 1967, 1,422 United Mine Worker members have been killed in mining accidents.

Kenneth F. Wells, safety director of the UMW, said mine safety programs depend on the enforcement of federal and state laws. He lashed out at the U. S. Bureau of Mines and at state mine safety departments in coal mining regions, asserting, "We are, and have been, breathing down their necks to see what we can do to stop these disasters."

JOHN J. BURICH, an assistant to Mr. Wells, described the 1969 mine safety law as broad legislation that requires improved ventilation, roof and electrical control in mines. He said the law "is very good—providing it is carried out to its fullest extent."

However, Mr. Burich noted that it is frequently difficult to get industry cooperation in enforcing the law. "The coal companies are putting production ahead of safety and lives," he claimed.

"They are more concerned about coal production and making money than they are about the safety and welfare of miners who enable them to dig out the coal and make the money."

One of the safety measures Mr. Burich and the UMW members want is a requirement for a "panic bar" on machines that could cut off power quickly and reduce the possibility of explosions, fires and other accidents.

In Illinois, where the UMW strike originated, there are some 10,000 coal miners. ■

Industrial fires to be scrutinized

LONDON—Industrial fires and explosions in Great Britain will receive first priority for investigation by the newly created Insurance Technical Bureau.

Made up by eight insurance companies, the bureau is setting out to provide the British insurance industry with information on current developments in industrial processes and the risks involved.

Staff members will examine specific companies in depth, as well as talk to manufacturers of materials and equipment and with design engineers.

The venture is backed by Commercial Union, General Accident, Guardian Royal Exchange, Norwich Union, Phoenix Assurance, Prudential, Royal Insurance and Sun Alliance.

Mr. Charles Windebank, former chief executive of Esso Research, the European research and technical organization of Standard Oil of New Jersey, has been appointed technical director of the bureau. Mr. R. C. Chilver, a former civil servant, has been appointed administrative director. ■

Lawmakers' manuevers kill Pennsylvania no-fault

By WILLIAM ECENBARGER

HARRISBURG, PA.—The 1972 Pennsylvania general assembly closed out its session on Nov. 30 without passing the measure Gov. Milton J. Shapp wanted most—a no-fault automobile insurance program.

The proposal, which was written in its original form by Hebert Denenberg, state insurance commissioner, died from multiple causes—partisan politics, the power of the legal profession within the legislature and the sheer weight of its own complexity.

A drastically compromised version of the Denenberg plan came close to winning approval, but the legislature left even that to die one hour before the session closed.

The most amazing thing about the no-fault battle in Pennsylvania was this: The senate passed a no-fault bill by the overwhelming vote of 45-4; the house passed a no-fault bill by the overwhelming vote of 192-1. But they were different bills, and that is the reason there is no law on the books today.

MANY STATE legislatures considered no-fault this year, but only a handful adopted it. The long debate in Pennsylvania is fairly typical of the problems—past and future—faced by no-fault proponents in getting state laws enacted.

To understand what happened to no-fault here, you must begin by analyzing the legislature. There are 50 members of the state senate, and 18 of them are active attorneys. The house numbers 203, and 52 of them have law practices. Many of the legislative leaders are members of the Pennsylvania Trial Lawyers Assn., which mounted an intensive and successful drive to defeat the bill.

The original Shapp-Denenberg proposal was offered in May, 1971, but it languished in the senate insurance committee for more than a year. This studied neglect was chiefly the work of Sen. Freeman Hankins, a Philadelphia Democrat and committee chairman, who later accepted heavy campaign contributions from trial lawyers to help him win re-election.

The original proposal was considerably diluted by the Shapp administration in an effort to get it through the legislature. It called for first-party no-fault benefits of up to $70,000 and a $2,500 "threshold" on pain and suffering lawsuits. The final version of the bill provided first-party benefits of $10,000 and a $750 threshold.

CHIEFLY THROUGH the efforts of Mr. Denenberg, widespread popular support was generated for the no-fault concept in Pennsylvania. But this advantage was offset by no-fault's great weakness—its own complexity. In and out of the legislature, the people who best understood no-fault were its chief opponents, the lawyers.

The legislative foes of no-fault, sensing the appeal of the issue to their constituents, sought to avoid an unpopular vote on their records by sweetening the proposal until it was indigestible. They failed in the senate, but not by much. The lopsided vote in favor of no-fault on the final roll call merely reflects opponents jumping on the bandwagon after the race had been decided.

But the sweetening tactic succeeded in the house. The senate-passed measure was amended 11 times, and when the confectioners had completed their work all but one of the 193 legislators present could vote for it. (The proponents did so because it was still called no-fault, the opponents because they knew it was doomed.) Indeed, the next week the senate rejected the house version and threw it into a conference committee to iron out the differences between the two chambers.

The Shapp administration, which had staked a big chunk of its political future on the no-fault issue, entered the battle with sound strategy but indecisive tactics. The strategy was in the timing: Bring no-fault to a boil just as most legislators were launching their re-election campaigns.

BUT TACTICALLY the administration faltered. Characteristically, Mr. Denenberg wanted a direct frontal attack on any legislator who opposed no-fault. But Gov. Shapp's inner office favored the more traditional approach of guiding the measure through the legislative obstacle course by making deals whenever necessary.

The administration never quite decided on either path.

The offensive was launched in September with an attempt to attach the no-fault proposal to a house-passed bill that was then before the senate. The rider strategy, the administration reasoned, would avoid Sen. Hankins' insurance committee.

The move failed twice, chiefly because some Democrats were angry with Gov. Shapp for failing to advise them in advance of the maneuver. The third time it worked, with the help of some modifications of the program by the governor. After a long and bitter debate, the bill passed the senate and went to the house, where the administration quickly committed a serious blunder.

GOV. SHAPP began telling house Democrats, who controlled the chamber, that passage of a no-fault bill would give them something to crow about in their re-election campaigns. This ended any hope of substantial help for no-fault from minority Republicans in the house.

House Speaker Herbert Fineman, a trial lawyer, controlled the rostrum in the house—and he was fighting no-fault every step of the way. There were enough Democrats who went along with Mr. Fineman to mean that Republican assistance was needed on no-fault.

But, politically, house Republicans faced two perils. To oppose no-fault risked retribution at the polls while unqualified support meant giving Gov. Shapp and the Democrats a hammer to use on Republican legislative candidates in the election campaign, which already had begun.

Minority Leader Kenneth B. Lee chose a middle course: Support a no-fault bill—but not the governor's proposal.

Before the debate even began, Mr. Fineman dealt no-fault a crippling blow with a simple ruling from the rostrum. Tradition dictated that when the house gets an amended version of its own bill from the senate, the only

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Record . . .

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two companies which arose principally from the sale in 1969 of 93.3% of the stock of Federated Security Insurance Co. of Salt Lake City, Ut., by Trans-National.

The settlement disposes of all claims against the two Portland firms brought by the Utah insurance commissioner.

Federated had become insolvent while under the control of its new owner, Kaymac Industries Inc., Dallas, it was alleged.

Principal features of the settlement include:

- Oregon National's assumption of $400,000 of policy reservice liabilities underlying a block of Federated's insurance in force to be coinsured by Oregon National upon payment to Federated of its value as determined by independent actuaries.
- Payment of $200,000 to enable Federated to acquire investment securities.
- Transfer to Federated of preferred stocks and bonds having a book value to Oregon National of approximately $143,000.
- Release of disputed claims by Oregon National against Federated of some $24,675.
- Termination of the two percent minority interest in Federated's common stock acquired by Trans-National.

5.7% in Pentagon get pensions plus full pay

WASHINGTON—Rank carries its privileges, and, if you are a retired military employe of the Pentagon, you can even get a chance at collecting both a pension and regular pay—a practice off limits to retired civilians.

A recent Civil Service Commission study prepared for a House civil service subcommittee led by David Henderson (D.-N.C.) reported that 5.7% of the defense department's work force is composed of retired military personnel who receive pensions as well as regular pay.

Of approximately two million federal jobs considered in the study, 77,655 were held by military retirees. Of these, 81% were working as civilians in the defense department.

The subcommittee's chief lawyer, John H. Martiny, said the study was instigated by a number of complaints that former military men unfairly use their defense department connections to get jobs, and are then permitted to receive retirement pay while getting full pay on their new government job.

"There's no question that there's a double standard," Mr. Martiny said. "Some members of the committee object to this 'double dipping' since retired civilians are not allowed to do it."

Mr. Martiny explained that in every Congress in recent years, legislation aimed at eliminating the double standard has been introduced, but has not progressed out of committee.

Pensions determine unemployment status

OLYMPIA, WA.—The Washington state supreme court has ruled that government of private pensions may be counted in determining whether a person is eligible for unemployment compensation.

The high court, in a 8-1 ruling written by Justice Charles E. Stafford, reversed a decision of King County Superior Court Judge William J. Wilkins in Seattle which held that a state law governing the applicability of the pensions was unconstitutional.

The law had been challenged by Evers E. Caughey, Arthur C. Ford and Owen V. Durkin, who receive civil service pensions.

The department of employment security held they were ineligible for unemployment pay because their pensions exceeded the amount to which they would be entitled, it was reported.

They appealed, challenging the state law, which says payment from a pension plan to which the employer contributes counts as remuneration.

Judge Wilkins had struck down the law on grounds it violated the privileges and immunities clause of the state constitution and the equal protection clause of the U.S. constitution.

He said it unreasonably discriminates against persons receiving such pensions.

The high court said this is a reasonable distinction because federal pensions, unlike social security, are deferred compensation. ■

Who will run OSHA and who will do it the best?

This is the last of three articles, reprinted with permission from the Chicago Daily News. With the lessons of OSHA being learned daily by business and industry, this series, we felt, put into perspective many of the problems facing corporate risk and safety men.

By STEVE YAHN

CHICAGO—The future of the Occupational Safety and Health Administration program depended, to a great extent, on the outcome of last November's presidential election.

President Nixon is committed to rapidly turning over the current federal OSHA program to state governments, while his challenger, Sen. George McGovern, favored a much stronger federal force. Sen. McGovern called for 8,000 federal safety and health inspectors where the Republicans saw a need for only 700.

The OSHA situation in Illinois offers a good look at what is involved in the choice between a federal operation and a state approach.

In the past year, OSHA safety and health inspections in Illinois largely have been conducted by federal area director Bill Funcheon and his staff of 12 investigators. But during this time, Illinois department of labor officials have been drawing up a plan to take over control of the Illinois OSHA effort, a possibility provided for in the Williams-Steiger Act that created OSHA.

National OSHA director George C. Guenther says the Illinois department of labor has a good plan, and he expects state officials to be in charge by mid-February. The Illinois legislature facilitated this quick takeover by recently passing five packages of legislation that adopted essentially all of the 22,000 federal OSHA safety and health standards.

This state control by next spring will end the enforcement days of "the feds." Bill Funcheon and his inspectors will become monitors of the state program, but they will no longer go out into the field to make initial investigations.

TO SEE just exactly what state control will mean, the place to go is the 14th floor of the State of Illinois Building in Chicago. Go up to the gloomy 14th floor hallway—the hallway of dim, yellowed lights and marble walls and door frames varnished a hundred times—and then go around the corner to Room 1412, where young Jim Scanlon is putting the finishing touches on the Illinois department of labor's state plan.

The plan essentially is a mating of new federal OSHA standards with the state's current safety enforcement program.

And that state enforcement operation is something Mr. Scanlon isn't eager to talk about. In an embarrassed, apologetic way, he quietly explains that to run an enforcement program this fiscal year, the state received only $1.6 million.

It has no laboratory, uses old field equipment, manages only a skeleton training program and employs a statistical staff of two—Esther Espenshade and her assistant. There is a staff of 100 field inspectors, but only a handful of these have college degrees.

The biggest drawback to the state enforcement program is the pay scale for field inspectors—an average annual salary of $10,050 compared with a $14,000 average salary for federal OSHA investigators, according to Thomas Levenhagen, a Midwest OSHA administrator in charge of reviewing proposed state plans.

"We have no basis under the law to require states to compete with the federal salary structure," Mr. Levenhagen says. "The only requirement on state salaries is that they be competitive with other comparable state jobs. Getting qualified people is going to be the states' big problem. They're going to have to make the jobs attractive, or they simply aren't going to hold people."

JIM SCANLON hopes that next spring when the state begins receiving matching funds from Washington, salaries can be upgraded, a $50,000 laboratory set up and a more comprehensive training program initiated. Other labor department insiders, however, fear that the new federal funds will serve only as an excuse for state legislators to cut back their appropriations.

Contrast this state situation to

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Illinois OSHA director William E. Funcheon has 12 federal inspectors working to bring industry in compliance with OSHA regulations.
—Chicago Daily News photo

Acupuncture payments okayed by CNA; only to qualified physicians

CHICAGO—Around the year 3000 B.C., a Chinese medicine man stumbled across acupuncture—a method whereby he could relieve pain by sticking his patients with needles. Five centuries later, an American doctor can puncture his patient and the patient can jab his health insurer for the costs.

The CNA Financial Corp. has approved acupuncture payments under health plans written by its subsidiaries, Continental Assurance Co. and Continental Casualty Co., and the companies predict that other health insurers will soon follow suit.

"Our hospital, surgical and medical coverage and our major medical coverage both authorize payment for treatment by a qualified physician," Marvin Brantman, assistant director of accident and health claims for Continental Casualty, told *Business Insurance*. "Covering acupuncture is simply reflecting the benefits of our policies. They are worded broadly enough so that no amendment will be necessary in any major policies."

The Chinese needle treatment is used primarily as a substitute for conventional anesthesia and for relief of chronic pain, such as in cases of arthritis.

"WE'RE TREATING it now as just another anesthesia allowance," Mr. Brantman said. "Our major medical policy covers 80% of all expenses. Our group plan allows for an anesthesia charge of no more than 25% of the surgical fee, and our individual policy has a maximum allowance of $35."

Continental Casualty has had only one inquiry about acupuncture, a case where a New Yorker received the treatment for relief of arthritis pain. The inquiry prompted the decision to honor all claims and was actually the sole impetus to CNA's announcement that acupuncture was an insured method of care.

"If acupuncture treatment becomes widespread," Mr. Brantman said, "we may have a problem with fees. But right now there's just no precedent. There just aren't any claims we can use to determine if the fees being charged are reasonable. I would imagine that if the practice becomes widely accepted, the charges will be higher than what's charged for an office visit. Doctors charge extra now for injections, so why not more for sticking long sterilized needles into patients?"

Studies have shown that acupuncture is superior to conventional anesthesia in many ways, including safety to patients. In a small percentage of cases, conventional methods of anesthesia cause death, but Mr. Brantman said CNA never considered the merit or risk of acupuncture in deciding to cover it. The corporation's medical department was never even consulted, he said.

IN FORMALLY announcing the decision to cover acupuncture, the CNA Corp. made it clear that only treatments performed by licensed medical personnel would be covered.

"We have no intention of paying claims for back-alley treatments," Herbert C. Parsons, vp for Continental Casualty's accident and health claims department, said. "What we are talking about are those procedures done by a licensed practicioner as a specific medical procedure. As a bare minimum at this time, acupuncture as an anesthetic or treatment would have to be done under the supervision of a physician or a surgeon. Eventually, we believe, acupuncturists will be classed along the lines of physiotherapists—persons who have medical skills but who have to work under medical supervision."

"What it amounts to," Irvin K. Silchuck, vp of Continental Assurance claims, said, "is that we will pay claims within the limits of policy provisions and according to the medical laws of each individual state. We will act within the limits of whatever laws may be passed to regulate the procedure."

Legal regulation of acupuncture has begun to emerge in various forms. In September, the New York state department of education closed a Manhattan acupuncture clinic, ruling that acupuncture is the practice of medicine and may therefore be performed only by physicians. The California Medical Assn. now allows unlicensed practicioners freedom to perform acupuncture treatments for purposes of scientific investigation under the supervision of a licensed physician.

REACTIONS to acupuncture among medical personnel have been mixed, the American Society of Anesthesiologists releasing a statement expressing "grave concern" over the "premature" use of the treatment, while the National Institute of Health is beginning to pass out grants for further study and organize research committees.

In a letter to its salesmen, CNA outlined three reasons why it believes acknowledgement of acupuncture claims will not cost it any more in claim dollars:

- There are few M.D.s who are also acupuncturists, and it is doubtful that there will be an increase in the number of acupuncturists who are not also M.D.s because of medical society pressures.
- Base plan policies contain sufficient internal limits to produce no more liability for acupuncture anesthesia than exists in conventional anesthesia. Claims probably will be lower, because only the most basic technology is used.
- Under major medical plans, the charges will also be less than present methods of anesthesia. ■

Pension fund in question

FORT LAUDERDALE, FL.—The pension committee of Fort Lauderdale has demanded an accounting from Provident Life Insurance Co. for all pension money it is holding for city employes.

Jack Lewis, a pension committee member, said if there are any discrepancies, the pension committee will recommend a suit against the firm. At the same time, Provident was relieved by the committee as trustee of the funds. A local bank was picked as the new trustee.

Provident, according to Mr. Lewis, has never really given the city a full account of the money it is holding.

Both Mr. Lewis and William Warrell said that in certain years, when claim experience was low, the firm should have given a discount but the company may not have done that. ■

OSHA...

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the federal enforcement operation Bill Funcheon built in Illinois. Ten of Mr. Funcheon's inspectors have college degrees, including Morley Brickman's degree from Thayer School of Engineering, Dartmouth College, and Dan Janetka's graduate work in chemical engineering at Illinois Institute of Technology.

In selecting his staff, Mr. Funcheon had his pick from more than 3,000 applicants. His latest choice, Steve Antonow, graduated last year magna cum laude in philosophy from John Carroll University in Cleveland.

Applications now on Mr. Funcheon's desk include a letter from a young Decatur, Il., woman who received an MA in occupational safety from Illinois State University, and a resume from a 53-year-old engineer who listed more than 30 patents he has been granted.

Joining Mr. Funcheon's federal inspection staff had several attractions. He had competitive pay—a starting level of $7,139, with five more grades up to top scale of $18,737. He also could offer applicants a chance to become part of a new, innovative program that promised to make a significant attempt at helping to reduce the thousands of industrial deaths that occur each year.

His investigators talk about the glamor and the sense of challenge that drew them to the federal program. Steve Antonow says flatly that he never would have considered joining a state safety inspection agency, and most of Mr. Funcheon's staff agrees.

But it is the state agency that soon will be running most of the OSHA enforcement programs. George Guenther says that within a year, he expects to review at least 30 state programs. Federal inspectors will be kept in states that don't set up their own program, but, with President Nixon's reelection, federal OSHA administrators may move towards what Mr. Guenther calls a "low profile" in most states.

AND IN THE next congressional session, there will be at least 80 amendment proposals to further lower the profile of OSHA.

Also, Rep. William Steiger (R.-Wi.) co-author of the original act, has a proposal that would allow some OSHA officials to go into plants and offices to give free safety advice without triggering any enforcement procedures.

These and other diluting amendments are a long way from the day a year and a half ago when Sen. Harrison A. Williams Jr. (D.-N.J.) called the Williams-Steiger Act the American worker's "safety bill of rights," declaring that OSHA would vigorously enforce the new law "so that the national neglect which has brought so much pain and suffering to generations of American workers will be a thing of the past." ■

OSHA inspector Bill Kafka takes a reading from his noise meter in front of the Sears Tower construction project in Chicago. Random checks comprise about one-half of Illinois' OSHA inspections.
—Chicago Daily News photo

No-fault...

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question is whether or not to agree to that amendment. No other amendments are permitted to be offered from the floor.

In the case of the administration's bill, the senate "amendment" was in fact the no-fault program attached as a rider. But Mr. Fineman ruled that the house could further amend the measure, basing his decision on a 1971 rules precedent that he himself had written.

Had the election-conscious house members been forced to vote on the senate-passed bill as it came to them, there is little doubt that it would have passed and no-fault would be on the books in Pennsylvania today.

But Mr. Fineman's ruling opened the door to a flood of amendments, and about eight hours of debate began. By default the task of defending the administration bill fell to a legislator whose private vocation is teaching school. The administration's advocate is an able legislator—but he did not have the expertise in law and insurance to counterattack the slick forensics of the opposition, most of whom were experienced courtroom lawyers.

WHEN THE barrage had lifted, the administration proposal was riddled with 11 amendments. And when the revised measure came up for a final roll call, no-fault's most vociferous opponents, including Mr. Fineman, could vote in favor of it.

Some of the amendments were relatively harmless, but the opponents scored a direct hit when they amended the bill to provide that if the threshold section were declared unconstitutional, the rest of the proposal would remain on the lawbooks.

This amendment made the bill totally unacceptable to Gov. Shapp, who feared that if the program were allowed to stand without the threshold, auto insurance premiums in Pennsylvania would go up rather than down.

The dispute over the crucial amendment underscored a flaw in the governor's position. Gov. Shapp and Mr. Denenberg continually rejected the argument of no-fault opponents that the bill was an unconstitutional violation of the guarantee to sue for damages. The administration's insistence that the no-fault bill rise and fall as a unit showed it really wasn't so sure the program could pass constitutional muster.

THE FOLLOWING day the house version was rejected by the senate, and no-fault limped into an inter-chamber conference committee for compromise.

The six-member committee met on Oct. 11. Nearby sat Mr. Denenberg and his top aides, pads and pencils poised, to offer assistance. By Oct. 12 the conferees had a tentative agreement, but Gov. Shapp wanted one provision removed that would allow suits for mechanical defects in automobiles. They were never able to work that out of the bill. Oct. 13 the committee submitted its final version to Mr. Denenberg, who promptly telephoned Gov. Shapp at a political rally. The commissioner told the governor the bill was unacceptable and he reckoned that it would increase premiums for bodily injury and personal liability by 20%.

Four of the six members of the conference committee agreed to the compromise, and they held a press conference Oct. 13 to announce it. Mr. Denenberg took over the press conference after about one hour and denounced the committee compromise as a "sell-out to the trial lawyers." He said Gov. Shapp would veto the proposal if it came to his desk.

Whether or not the aborted compromise would have resulted in a 20% rate increase will never be known. Mr. Denenberg has actuarial figures to back him up, the legislators have none to refute him. But, if his projections are accepted, the decision to veto the compromise comes into sharp focus.

THE PROPOSAL provided that when no-fault took effect next July 1, rates would automatically drop by 15%. The insurance department was empowered to waive the rate cut for struggling insurance companies, but only after they had realized the underwriting losses to justify such action.

That meant that in 1974, Mr. Denenberg reasoned, he might have to raise premiums by as much as 35%—15% to bring them back to 1972 levels, 20% to pay for the no-fault compromise. That was too close to political suicide, in that Gov. Shapp is up for re-election in 1974.

The last point important to understanding the veto threat is that there hasn't been a major auto insurance rate increase approved in Pennsylvania for more than three years. Most insurers have requested rate hikes, and Mr. Denenberg concedes that "the lid is about to blow off."

Industry statistics place Pennsylvania nineteenth in the nation in average auto premiums, lower than any other industrial state.

There was one final act to the no-fault drama. It occurred at 8 p.m. on Nov. 30, just four hours before the 1972 legislative session expired. The conference committee, which had met the day before in one last effort to come up with an acceptable compromise, succeeded.

But a last-minute attempt to ram the proposal through the legislature failed when no-fault opponents succeeded in preventing it from ever coming to a final vote in the house.

The compromise, which was quickly endorsed by Gov. Shapp and Mr. Denenberg, diluted the provision permitting lawsuits for mechanical defects. It was signed and delivered to the house about 9 p.m. The opponents went to work.

One lawyer-legislator refused to allow the house to waive the rule requiring bills to be in print before they can be voted on (such a waiver is almost routine on other issues).

THE PRINTED version of the compromise mysteriously disappeared, and was later located in an obscure niche of the speaker's rostrum. After it was distributed to member's desks, house Republicans threatened to go to caucus if it were brought to a vote. At this point there were less than two hours left in the session—and such a caucus doubtless would have lasted until midnight.

Then there began extensive questions from the floor on a relatively minor bill requiring actuarial studies of municipal pension systems. All of the interrogators were trial lawyers. One legislator, who favored no-fault, interrupted long enough to denounce the spectacle as a "well-orchestrated filibuster."

Finally, Gov. Shapp threw in the towel at 11 p.m.—fearing that the delaying tactics would doom other important bills which had to be passed in the final hours of the session. ■

Lloyd's fees raised

Lloyd's has raised the figure at which foreign entrants can join the market from $180,000 to $240,000.

American marine cover syndicate formed to boost high-risk capacity

NEW YORK—A new high-risk ocean marine underwriting syndicate—the All American Marine Slip—has been formed, according to its managers, to help "establish the identity of the American marine market in world-wide insurance capacity."

The syndicate, which will be managed by Marine Office-Appleton & Cox Corp., will provide coverage for high-risk exposures not usually written in the U.S. marine market on a direct basis. The slip's 22 member insurance companies will provide a net retention of $5,275,000 per risk and surplus to policyholders in excess of $2.4 billion.

Included in the slip's scope will be drilling rigs, drilling barges, drilling platforms, submarines and other underwater exploration risks. The syndicate will also write builders' risks, cargo, containers, marine liabilities, ocean hulls, inland hulls, harbor hulls and any other risk which could be considered marine in nature where capacity has been a problem.

John B. Ricker, MOAC's president and chairman, told *Business Insurance* that the syndicate would not directly save insurance buyers a great deal of money but, instead, offered "unsurpassed security." This, he said, was due to the fact that all the member companies are American and, therefore, subject to American regulatory authority.

Another factor in the buyer's favor was that "the brokers won't have to run around trying to get the coverage anymore," Mr. Ricker noted. "They now have one place, in this country, they can go for $5 million in net retention and having just one stop saves them both time and expense."

HE POINTED out that All American Marine Slip was not in a position to take the lead in high-risk underwriting but "we certainly intend to participate. The lead will undoubtedly remain at Lloyd's and I want to add that we are doing no violence to Lloyd's. We don't have the money or the expertise to lead as yet but we are lending capacity to the field.

"The slip will not move right in and dominate, but $5 million is still pretty good for one stop."

The syndicate, whose American members (offers to join were received from foreign-based insurers and rejected) will cover risks throughout the world, has already written its first risk—the construction of a liquified natural gas (LNG) vessel in a shipyard in France.

"That's the beginning," Mr. Ricker said, predicting that the syndicate would take in $7.5 million in premium in its first 18 months of operation. Asked what $7.5 million in premium would mean in coverage, he replied, "The risks will be high so the rates will be high."

MR. RICKER felt that the syndicate was "close to the Lloyd's concept" and would be a helpful force in the balance of payments problem. "All the money is kept in this country," he said. "We won't reinsure anywhere."

The 22 member companies, including Consolidated Mutual Insurance Co., The Continental Insurance Co., Safeco Insurance Co. of America, Sentry Insurance and Unigard Mutual Insurance Co., are not companies which normally write marine insurance so, in Mr. Ricker's view, "this is truly new capacity.

"WE ARE now seeking support from American producers so that by expanding the premium base we also will be able to expand the capacity of the slip, and more of our own business can be retained in the American market," Mr. Ricker said.

He pointed out that the All American Marine Slip was put together to pump up high-risk capacity in this country. Last year, 50% of American marine premiums went to foreign markets while little foreign premium found its way here. It was noted that American marine insurers write only one-sixth of $3 billion world market. ■

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At Kemper Insurance we work hard to help our policyholders prevent accidents. That's why we have an expert staff of loss control engineers.

With their training and experience, they can spot potential loss situations and offer corrective measures.

And they can help your business set up a control program that is designed to reduce accidents and injuries.

But should an accident occur, Kemper stands ready to enter the case quickly.

With Workmen's Compensation coverage from one of the Kemper Companies, an injured employee can receive the best possible care right from the start, when the most good can be done.

Whether your business operates from a single location, or nationwide, our network of claims offices is staffed to provide fast and fair claims handling.

The same service and expertise we bring to Workmen's Compensation we also bring to General Liability, Fire, Burglary, Boiler and Machinery, Travel Accident insurance and more.

If you'd like additional information about business insurance from Kemper, call your nearest

Kemper Insurance agent. Or write Walter R. White, Kemper Insurance, Long Grove, Illinois 60049.

Kemper
INSURANCE
small enough... big enough
for every size insurance need

Lumbermens Mutual Casualty Company, American Motorists Insurance Company, American Manufacturers Mutual Insurance Company.

"Let's say one of my trucks just had an accident in Dexter, Iowa.

How would Allstate handle it?"

In a case like that our adjuster was immediately sent to the scene.

The entire cargo transfer was completed and a relief truck was on its way to its destination in about 12 hours.

You see, Allstate has the largest full-time staff of claims specialists in the business. They're located coast to coast and trained in Allstate's cut-the-red-tape way of doing things.

Insurance is as competitive as your business, so we have to capitalize on our advantages.

Extra hustle. An aggressive, just-let-us-quote attitude. And a management that thinks an insurance company's service should bend to suit the customer instead of the other way around.

The price? That's right—very competitive.

We wouldn't expect you to just take our word for all this. So put us to the test.

Ask us to quote.

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