JANUARY 26, 1987

business insurance®

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

© Entire contents copyright 1987 by Crain Communications Inc. All rights reserved

update

N.Y. to revise regulations for claims-made forms

NEW YORK—The New York Insurance Department will issue proposed amendments this week that would "significantly refine" its regulations governing claims-made liability policy forms.

The proposals will also outline when defense costs may be included within policy limits.

Deputy Superintendent Richard Hsia said last week the proposals

Continued on next page

USX contract includes benefit cost controls

By DONNA DiBLASE

PITTSBURGH—USX Corp. will switch union employees' dental coverage to a preferred provider organization and implement a health care cost-containment program under a tentative contract with the United Steelworkers of America.

Also included in the agreement, which was approved 38-4 by union local presidents last week after a six-month strike, are increased pension benefits, a profit-sharing plan and an early retirement offer, said union spokesmen in Pittsburgh and in Gary and East Chicago, Ind.

USX spokesmen would not comment on the details of the contract—or union workers' employee benefits under the previous contract—until voting by the union's 30,000 rank and file is completed during the next two to three weeks.

The previous contract expired July 31.

If ratified. the contract will be effective on Feb. 1.

Benefit concessions in the tentative contract are the loss of one week of vacation—which will be restored in the second year of the contract—and the loss of three paid holidays, the union spokesman in Pittsburgh said.

Wages will be cut an average of 8% an hour.

The union estimates that the new contract could save USX about $300 million in wage and benefit costs.

If the contract is ratified, employee benefits will change as follows:

- Workers will receive dental benefits through Dental Network U.S.A.—a Blue Shield of Pennsylvania PPO—begininng May 1, said a spokesman for the union's District 31 office in East Chicago, Ind.

Under the new plan, the maximum annual coverage will increase to $1,400 from $1,000. Other dental benefit details were not available.

Under the company's previous dental plan, insured by

Continued on page 72

Outsiders to gain control of regulation at Lloyd's

By STACY SHAPIRO

LONDON—The working members of Lloyd's of London will give up their historic control over the 299-year old marketplace as recommended last week by a government committee that investigated Lloyd's self-regulation.

The 28-member Council of Lloyd's will be restructured to eliminate the working member's majority on the counsel and provide more independent supervision of the market as the report recommends, Lloyd's Chairman Peter Miller confirmed last week.

Four of the 16 working members who are elected by Lloyd's members in the market will be replaced by four nominated non-members of Lloyd's who must be approved by the governor of the Bank of England.

The council will then consist of 12 working members, eight nominated non-members of Lloyd's and eight non-working members of Lloyd's, who are elected by Lloyd's members who do not work in the market.

And, in five to 10 years, the Lloyd's chairman could be a non-member of Lloyd's, suggests Sir Patrick Neill, who headed the special government committee inquiry into the quality of Lloyd's self-regulation. The committee's report was made public last week.

Until January 1983, Lloyd's was governed solely by working members. The first non-members and external members took places on a newly created council that year.

Now, more outside supervision of Lloyd's is needed to correct shortcomings in Lloyd's self-regulatory procedures, the report concludes.

"We have detected a number of shortcomings in particular areas of regulation at Lloyd's," said the report. "Here, Lloyd's arrangements fall below the standard that will be acceptable elsewhere in the financial services field."

Lloyd's does not allow enough independent supervision of the market, the Neill report said. "The checks and balances at Lloyd's are not, in our view, so firmly in place. The balance of initiative rests too much with the working members," said the report.

Continued on page 73



Lloyd's of London, housed in a modern building, now confronts proposals to update its self-regulation.

Restrictions prevail for satellite insurance

By CAROLYN ALDRED and STACY SHAPIRO

LONDON—Underwriters in London are excluding post-launch space risks from aviation manufacturers' product liability insurance policies in the aftermath of the explosion of the space shuttle Challenger a year ago.

In addition, while satellite launch insurance capacity has increased to $80 million to $100 million per launch, compared with $65 million to $80 million last year, brokers admit there will not be sufficient capacity to fully insure two probes to be launched on an Ariane rocket in April.

Furthermore, some insurers will not write insurance for these two satellites until Arianespace, the European agency launching the Ariane rocket, explains why a similar rocket malfunctioned last year.

There probably is, however, sufficient capacity to fully insure a third satellite to be launched in March aboard a rocket owned by the National Aeronautics and Space Administration.

Launch insurance rates for all three probes will remain at the high rate of about 25% to 30% of a probe's insured value, the same as last year, brokers say.

Meanwhile, the Chinese and Soviet governments say they will offer launch insurance to satellite owners that use their proposed commercial launch facilities.

The three satellites to be launched by NASA and Arianespace in March and April will be the first to be launched since the loss in May of an Ariane rocket carrying an $82 million satellite (*BI*, June 9, 1986). That mishap halted satellite launches worldwide and put the satellite insurance industry on hold.

That Ariane loss followed by four months the Jan. 28, 1986, Challenger explosion, which sent a shudder around the world and shut down the U.S. satellite launch program (*BI*, Feb. 3, 1986).

A subsequent investigation into the Challenger disaster pinned the cause of the explosion on a rubber O-ring in one of the booster rockets manufactured by Morton Thiokol Inc. Families of four of the seven astronauts killed in the explosion each received a settlement from Morton Thiokol and the federal government estimated at a minimum of $750,000 (*BI*, Jan. 5).

There were no insured satellites aboard Challenger.

As a result of the Challenger loss and various satellite malfunctions, London underwriters now are excluding from the London aviation product liability line slip any coverage for accidents that occur after a launch, London sources say.

The line slip, known as the Aircraft Builders Council, was renewed Dec. 1, providing aviation manufacturers with up to $500 million in liability limits, with the new exclusion.

The lead underwriters on the ABC program currently are considering offering a separate $50 million liability limit for after-launch liability risks, said a London aviation broker who did not wish to be named.

The underwriters—Lloyd's of London's Ariel syndicate, Orion Insurance P.L.C. and British Aviation Insurance Co. Ltd.—are currently writing the policy wording and deciding on rates for this coverage, he said.

"Following the Challenger loss, it became apparent to the underwriters that manufacturers could be made responsible for the physical damage and loss of use (of space-

Continued on page 72

Spotlight: Self-insurance . . . Page 3

Directory of claims administrators. . . . Page 27

update

Claims-made changes planned

Continued from previous page
will not alter New York's basic approach to claims-made forms.

New York regulations currently limit the use of claims-made forms to certain specialty lines, like directors and officers liability, and to ultra-hazardous risks, such as environmental impairment liability. However, Regulation 121 currently allows insurers to use claims-made forms that are more restrictive than the form developed by the Insurance Services Office (*BI*, July 28, 1986).

Mr. Hsia said the department also plans to propose "significant" amendments to Regulation 107, which specifies when defense costs may be included within liability policy limits.

The department will hold hearings on the proposed amendments on Feb. 20.

DOT announces drug testing

WASHINGTON—Findings stemming from the investigation of the crash between an Amtrak train and a Conrail train earlier this month may lead to random drug testing of airline pilots and more than 26,000 Department of Transportation employees involved in security or safety-related jobs.

The proposed drug-testing plan, which includes pre-employment testing, was announced last week by Transportation Secretary Elizabeth Dole.

Her announcement, and Congressional action seeking drug testing of transportation workers, follows a Jan. 4 collision between Amtrak and Conrail trains that killed 16 and injured about 175 persons (*BI*, Jan. 12). The two Conrail crewmen involved in the crash tested positive for marijuana use.

The railroad that ultimately will be responsible for paying liability claims from the collision depends upon the interpretation of hold-harmless clauses between the two railroads.

Amtrak's operating agreements with most railroads generally provide that Amtrak is responsible for all passenger claims, even if another railroad causes the collision, an Amtrak spokesman said. However, "this is subject to further interpretation based on details of the accident," he added. Most Amtrak agreements also call for railroads to pay their own property damages, the spokesman said.

Constellation ruling impending

NEW YORK—The New York Insurance Department expects State Supreme Court Justice Walter M. Shackman to rule in about two weeks whether Constellation Reinsurance Co. should be liquidated.

The department wants the company liquidated, while Constellation Re has proposed a rehabilitation plan.

Constellation's plan proposes payment of all outstanding reported losses as of Dec. 31, 1986, said Allan Rein of the New York law firm Killarney, Rein, Brody and Fabiani, who represents Constellation Re. In addition, more than $2 million will be set aside to maintain Constellation's charter. Remaining funds, plus any reinsurance recoverables, will be used to pay in full or in part any claims reported after Dec. 31, 1986.

The current plan does not call for any involvement by Constellation's parent, Santa Fe Southern Pacific Corp., Mr. Rein noted.

Constellation reported a policyholder surplus deficit of $28.7 million as of Dec. 31, 1985. (*BI*, July 7, 1986). The reinsurer has written no new or renewal business since 1985.

Dupont Plaza hotel to reopen

SAN JUAN, Puerto Rico—The San Juan Dupont Plaza Corp. plans to reopen its hotel following the Dec. 31 fire that killed 96 people and injured more than 100 others, its attorney says.

James Fetterly said management is proceeding toward an eventual reopening of the Dupont Plaza Hotel, but he could not give a date. "It is a very valuable piece of property," he noted.

Mr. Fetterly, with the Minneapolis firm of Fetterly & Gordon, also said attorneys for the hotel and plaintiffs had gained access to the property for investigation purposes as of last Monday.

Mr. Fetterly declined to confirm or deny that the hotel had only $1 million in liability insurance at the time of the fire (*BI*, Jan. 12).

He also denied Hotel Systems International in Santa Monica, Calif., owns the hotel, as plaintiffs' attorneys have speculated.

M&M settles SEC charges

NEW YORK—Marsh & McLennan Cos. Inc. last week settled Securities and Exchange Commission charges stemming from the 1984 bond trading debacle that produced $165 million in pretax losses for the brokerage.

The SEC charged in an administrative proceeding that M&M filed misleading 1983 financial reports, failed to keep books and records properly and failed to maintain adequate internal controls.

The SEC concluded that former M&M Chairman John M. Regan Jr. contributed to M&M's violation of securities laws by "insufficiently seeking to explain and control" the activities of the company's investment management group. The SEC also concluded that L. Patton Kline, vice chairman of M&M Inc., failed to resolve questions that had arisen about the group's activities by late 1983.

Without admitting or denying the SEC charges, M&M agreed not to violate federal securities laws and to follow audit and internal review guidelines spelled out in a consent order.

Continued on page 73

errors & omissions

• Corporate America's Risk Exchange plans to provide excess liability coverage to a broad range of manufacturers, service providers and public entities, and is not targeted exclusively at chemical companies, as incorrectly stated in the Dec. 29, 1986, issue.

Jewel's parent not liable for punitive damages: Jury

By MEG FLETCHER

CHICAGO—American Stores Co. is not liable for punitive damages stemming from the 1985 salmonella epidemic triggered by tainted milk sold by its Jewel Food Stores subsidiary, a Cook County Circuit Court jury decided late last week.

The jury found Salt Lake City-based American Stores innocent of willful and wanton misconduct connected with the salmonella outbreak and refused to assess the $34 million to $100 million in punitive damages sought by 13,000 class-action plaintiffs (*BI*, Nov. 24, 1986; April 7, 1986).

In a separate case, American Stores won a pretrial decision in complex litigation with its liability insurers over which insurers must pay defense and indemnity costs resulting from the salmonella outbreak, which affected consumers in six Midwestern states (*BI*, Oct. 27, 1986; May 5, 1986).

American Stores and its insurers so far have paid more than $16 million in defense and indemnity costs, according to attorneys in the case. American Stores says it had $70.9 million in liability insurance at the time of the salmonella poisonings.

American Stores has agreed to pay compensatory and non-economic damages to plaintiffs in a separate class, although a mechanism for determining the amount of individual settlements has not been established.

In addition, the company faces more than 1,000 individual lawsuits and possibly other class-action lawsuits from some of the more than 16,000 persons who were documented as having contracted salmonella after drinking milk produced by Jewel's Hillfarm dairy, attorneys say.

While American Stores' insurers already are paying settlements and defense costs, most of its liability insurers' policies clearly exclude punitive damages.

However, last week, the Chicago jury said American Stores is not liable for punitive damages.

"We are just delighted at the result," said Gary Crawford, an attorney with Skadden, Arps, Slate, Meagher & Flom, which represents American Stores and Jewel.

"Our best argument was that Jewel did not have an evil state of mind," Mr. Crawford said.

"We believe, all of us 28,000 people who work for Jewel, that Jewel acted responsibly. They acted efficiently. They acted quickly," lead defense attorney Richard J. Phelan, with the Chicago firm of Phelan, Pope & John, said last week in arguments closing the 10-week trial.

The plaintiffs had contended that American Stores and Jewel were liable for punitive damages for not thoroughly testing the milk before it was sold, not alerting the public sooner that the milk might be contaminated and not recalling the milk and closing the dairy sooner.

The plaintiffs have not decided whether to appeal the verdict, said plaintiffs' attorney William Harte.

In the insurance coverage dispute, Cook County Circuit Court Judge Sophia H. Hall granted American Stores' motion for partial summary judgment against American Insurance Co., a Fireman's Fund Insurance Cos. unit that wrote $30 million in liability insurance excess of $41 million on behalf of American Stores.

The judge ruled that American Insurance's policy

Continued on page 74

Illinois police study snafus at comp unit

By CAROL CAIN

CHICAGO—The Illinois Department of State Police is conducting an inquiry at the Illinois Industrial Commission to determine whether wrongdoing or administrative error is the reason workers compensation cases are not randomly assigned to arbitrators.

Regardless of the probe's conclusions, some attorneys contend administrative problems at the IIC prompted Gov. James Thompson not to reappoint Mervin N. Bachman as commission chairman.

Mr. Bachman's term officially expired early last week, but a spokesman for the governor said Mr. Bachman is expected to stay on until a replacement is named. The spokesman said the governor would name a permanent replacement shortly.

Mr. Bachman would not comment on the governor's decision, the state police probe or criticisms of the IIC.

The commission is composed of a

Continued on page 74

U.S. attorney probes worker's 1985 death

By CAROL CAIN

CHICAGO—A Chicago-area construction company may face criminal charges in connection with the 1985 death of a worker who was asphyxiated after being lowered into an unventilated shaft.

The U.S. attorney's office in Chicago is conducting an investigation into the worker's death to determine whether to bring criminal charges against the firm, Wheeling, Ill.-based Kenny Construction Co.

The Occupational Safety and Health Administration, which already has cited the firm for safety violations of the civil section of the code in connection with the death, referred the case to the U.S. Justice Department last week. The department handed the matter over to the U.S. attorney for investigation.

Under the criminal section of the OSHA code, an employer may be prosecuted if it can be determined that a death occurred because of a known violation or hazard that the employer disregarded.

The penalty upon conviction is a fine of not more than $10,000, imprisonment of not more than six months or both.

Such an investigation under the criminal section of the OSHA code is unusual, said Patricia Clark, assistant regional administrator of OSHA in Chicago.

"We have not done this frequently; this is an unusual situation," she said.

The case involves an April 1985 accident in which J.T. Smith, a 48-year-old foreman, and another worker were lowered into a 20-foot deep unventilated shaft at an excavation site for a "deep tunnel" pollution control project. Mr. Smith died of asphyxiation while in the shaft; the other worker survived.

Under the civil provisions of the OSHA code, the agency cited Kenny, which was and still is the contractor on the project, for two

Continued on page 74

inside

✓ This week's editorial explores the recent growth in self-insurance and expresses the hope that risk managers with self-insurance programs prove to be better "insurance company" managers than the managements of insurers that are now insolvent. **PAGE 8**

✓ In Speaking Out, Andrew J. Cmiel, president of Self Insurance Exchange Inc. and chief financial officer of the Self-Insurance Institute of America, stresses that companies that self-fund their property/casualty risks and group health care plans should be aware of the various types of services available to self-insurers. **PAGE 41**

✓ Myron M. Picoult, senior vp and senior insurance analyst with Oppenheimer & Co., muses whether the adage "no news is good news" applies to property/casualty insurers' fourth-quarter earnings reports, the effect of the new tax law on the industry and the impact of last year's amendments to the Risk Retention Act. **PAGE 75**

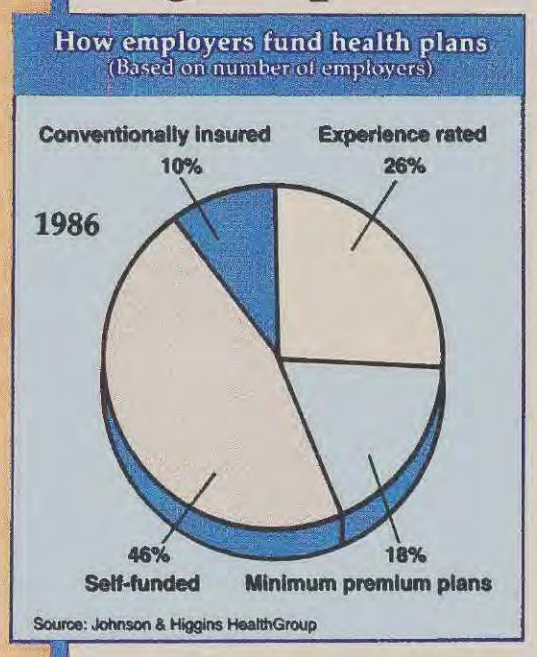
departments

Around the states 64
Classifieds 70
Comings & goings: industry 66
Datebook 71
Insurance services guide 74
Letters 8
Opinions 8
Perspectives 41
Speaking out 41
Spotlight report 3
Ticker 75
Washington 68

Vol.21, No.4—*Business Insurance* (ISSN 0007-6864) is published weekly at 740 N. Rush St., Chicago, Ill. 60611. Second-class postage is paid at Chicago, Ill. and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, Circulation department, 965 E. Jefferson Ave., Detroit, Mich. 48207; 313-446-1611. Copyright 1987 by Crain Communications Inc.

Self-insurance

Most employers self-fund group health care plans



By JERRY GEISEL

Self-funding is the most popular method of financing group health care benefits at all but the smallest U.S. employers.

Some 46% of the 1,329 employers representing a broad cross-section of American business and industry surveyed by Johnson & Higgins HealthGroup in Princeton, N.J., self-fund their group health care plans.

By contrast, just 10% of employers said they purchase traditional, non-experience-rated insurance plans, while 26% reported buying experience-rated insured plans to finance their group health care programs.

Another 18% of employers said they purchased minimum premium plans—a hybrid financing method that combines elements of conventional insurance and self-insurance.

At large companies, conventional, non-experienced-rated group health insurance is extinct. None of the 137 surveyed companies with more than 10,000 employees said they buy non-experience-rated group health insurance.

And, self-funding is by far more popular with large employers than experience-rated insured plans and minimum premium plans, according to the J&H survey.

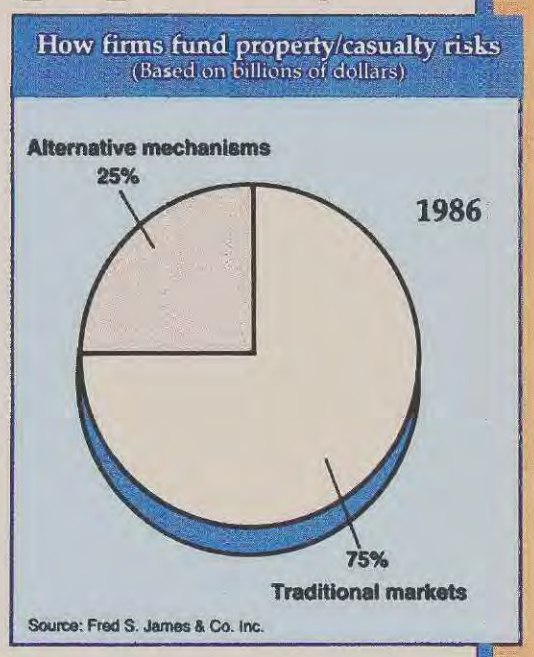
For example, among employers with between 10,000 and 19,999 employees, some 70% self-fund their group health care benefits, compared with the 7% that buy experience-rated plans and 23% that use minimum premium plans.

Self-funding is even more prevalent at companies with more than

Continued on next page

Alternative risk financing growing in popularity

By STEVE TARAVELLA



More and more businesses and municipalities are being forced to retain larger portions of their property/casualty risks, while others voluntarily are seeking alternatives to commercial insurance to keep costs down.

For many companies, commercial insurance—especially liability coverage—is unavailable or unaffordable, forcing risk managers to seek risk financing alternatives like higher self-insured retentions or participation in industry captives and pools.

For many businesses pondering self-insurance, "the question isn't 'Should we take $250,000 instead of $100,000?,' but 'How many millions can we take?' " quips James D. Blinn, a consultant with the Tillinghast division of Towers, Perrin, Forster & Crosby Inc. in New York.

Other consultants agree: Many businesses and municipalities have no choice but to self-insure.

"Unavailability creates more self-insurance than (does) availability and price increases," sums up Joseph H. Albert, president of J.H. Albert International Insurance Advisors Inc., a risk management consultant in Needham, Mass.

"It seems that the self-insurance market is growing as things tighten up and companies are forced to take higher deductibles," said Gary Ransom, consulting actuary at Conning & Co. in Hartford, Conn.

On the other hand, some companies that can find affordable—albeit expensive—coverage from commercial insurers are choosing to increase their self-insured retentions, drop excess layers of coverage or pool their

Continued on page 14

Largest claims administrators

The growing ranks of self-insurers are increasing business for claims administrators.

Coming off a year of big growth in self-insurance of property/casualty risks, administrators specializing in property/casualty claims predict somewhat less growth in 1987.

Meanwhile, consolidation continues among claims administrators serving employers that self-fund employee benefit plans.

The largest claims administrators are ranked by *Business Insurance* based on claims paid on behalf of self-insurers (see chart).

A report on the largest claims administrators specializing in benefit plans begins on page 20 and a report on the largest claims administrators handling liability claims begins on page 24.

A directory of claims administrators serving self-insurers, organized by claim specialty, begins on page 27.

12 largest claims administrators serving self-insurers

Company (Ownership)	Claims paid for self-insurers (in millions of dollars)	Number of self-insured clients	Types of claims for self-insurers					Staff serving self-insurers	1986 gross revenues (in millions of dollars)	
			Health[1]	Non-health benefits[2]	Workers comp	General liability	All other		Total	From claims administration
ALTA Health Strategies Inc. (Senior management)	$1,000	720	100%	0	0	0	0	600	$36	$31
U.S. Administrators Inc. (Crownx Inc.)	$864	62	100%	0	0	0	0	950	N/A	N/A
Crawford & Co. (Publicly held)	$790	585	0	0	60%	0	40%	N/A	$240	$76
Alexsis Inc. (Alexander & Alexander Inc.)	$600	2,100	0	0	70%	15%	15%	800	$48	$38.4
GAB Business Service Inc. (SGS North America Inc.)	$556	1,289	4%	0	51%	38%	7%	N/A	$205	N/A
American Benefit Plan Administrators Inc. (TPA of America Inc.)	$542	257	57%	31%	0	0	12%	350	$21	$12
ESIS Inc. (CIGNA Corp.)	$520	1,000	0	0	39%	26%	35%	N/A	N/A	N/A
Gallagher Bassett Services Inc. (Arthur J. Gallagher & Co.)	$401.5	624	34%	2%	35%	15%	14%	629	$30.7	$30.7
Adjustco Inc. (Frank B. Hall & Co. Inc.)	$371	294	15%	5%	60%	10%	10%	788	$52	$45
Scott Wetzel Services Inc. (The Home Group Inc.)	$321.7	471	0	0	74%	17%	9%	411	N/A	N/A
Employee Benefit Plans Inc. (Privately held)	$304	2,759	100%	0	0	0	0	550	$25	$25
McDonough Caperton Insurance Group (Privately held)	$275	230	91.6%	3.5%	4%	0.2%	0.7%	250	$22	$8.5

Source: *BI* survey [1] Includes medical, dental, vision and prescription drug plans. [2] Includes pensions, flexible compensation, disability and life. N/A-Not available Chart: Amy Palmer

Benefits funding

Continued from previous page
40,000 employees. Some 85% of those employers self-fund their group health care benefits, while 9% utilize experience-rated plans and 6% buy minimum premium plans.

Some experts say self-funding may be even more widespread among large companies.

"I'd say that 95% of our client base is, in one form or another, self-funded," said Robert J. O'Meara, a partner with Lincolnshire, Ill.-based Hewitt Associates, whose clients include Fortune 500 companies.

"Almost no one of any significant size is in a fully insured arrangement," adds Jay Catlin, a benefit consultant in the Harmon Meadow, N.J., office of Buck Consultants Inc.

But, smaller companies also comprise a significant portion of the self-funded market.

For example, 31% of the 535 companies with fewer than 500 employees surveyed by J&H said they self-funded their health care benefits. Most of these companies, though, purchased specific stop-loss coverage to protect themselves from individual catastrophic claims or aggregate stop-loss coverage for protection from a heavy volume of claims.

In fact, some observers say employers with as few as 50 workers can self-fund their health plans if they purchase stop-loss insurance.

"It is simply a matter of writing a stop-loss policy that fits in with the needs of the employer," said Robert Swanke, president of Swanke Inc., a TPA in Bloomington, Minn.

Increased competition in the group health insurance market, including the discounted rates offered by preferred provider organizations, has not triggered a shift away from self-funding and a return to the conventional market, experts say.

"I have never seen a single employer who went to a self-insured or minimum premium arrangement go back to a fully-insured plan," said Buck Consultants' Mr. Catlin.

"Once you self-fund, an employer has no incentive to go back to traditional funding methods," adds John Hickey, a partner with benefit consultant Kwasha Lipton in Fort Lee, N.J.

Indeed, some employers say it is inconceivable to finance group health care benefits through any other means than self-funding.

"A large employer has no alternative but to self-fund," said Patsy Cornwell, director of employee benefits for the Fairfax Hospital Assn., a Springfield, Va., health care system that has self-funded its group health care benefits for nine years. "Self-funding is the smart thing to do. It rewards both the employer and the employees."

An employer can easily cut health plan costs by 2% to 5% a year through self-funding, says Alan Breitman, a principal in the Boston office of benefit consultant William M. Mercer-Meidinger Inc.

Those savings are possible because self-funded employers are exempt from state premium taxes and the growing number of minimum benefit requirements states impose on group health insurers.

Also, by self-funding, an employer improves its cash flow by holding onto dollars until claims are paid rather than paying premiums in advance to an insurer.

"Improving cash-flow is the true driving force for self-funding," said Jack Helitzer, a vp with Metropolitan Life Insurance Co. in New York.

"There are many dollars to be saved. You have your own dollars in your own bank," said Bill Alcott, president of Northern Group Services, a TPA in St. Clair Shores, Mich.

Self-funded employers that set up special tax-favored trusts, called Voluntary Employee Beneficiary Assns. or 501(c)(9) trusts, also have the advantage of earning tax-free interest on reserves—up to certain congressionally set limits—held to pay group health claims.

These cash-flow advantages will continue to keep employers in the self-funded market, experts say.

"You never go back (to conventional insurance) because you want the cash retention," said Joseph Crowley, general manager of National Capital Administrative Services Inc., a rapidly growing TPA in Fairfax, Va.

While the advantages of self-funding haven't changed, the potentially high cost of even one health care claim has increased interest in the purchase of specific stop-loss coverage, consultants and TPAs say (see story, page 12).

"Specific stop-loss makes sense. You have to guard against the chance that a few claims" could seriously hurt a company, said Mr. Crowley.

"Stop-loss guarantees your cash-flow," adds Mr. Swanke.

That advice to protect corporate cash-flow is being heeded by employers, especially small and medium-sized firms.

For example, according to the J&H survey, while 46% of employers self-fund health care benefits, 29% purchase stop-loss coverage, while just 17% go completely bare.

Not surprisingly, the likelihood of an employer buying stop-loss coverage is directly based on company size.

Among employers with fewer than 500 employees, some 25% said they self-insure but buy stop-loss coverage, while 6% assume all risk. In addition, 35% of companies with between 500 and 999 employees buy stop-loss, while only 7% go completely bare.

Medium-sized companies also make heavy use of stop-loss coverage. According to the J&H survey, 41% of employers with between 1,000 and 2,499 employees buy stop-loss coverage, while 15% go bare. Some 37% with between 2,500 and 4,999 employees purchase stop-loss, while 20% assume all of their group health care risks.

These smaller employers say stop-loss coverage gives them the backup protection they need to self-fund their group health plans.

"We wanted to sleep at night. We are not large enough to absorb the cost of a catastrophic illness," said Joanne Jarvis, manager of personnel administration at American Management Systems Inc., an Arlington, Va.-based management consultant and computer systems design specialist.

American Management Systems, which has more than 1,700 employees, purchases specific stop-loss insurance to cover any individual claim that exceeds $50,000 and aggregate stop-loss coverage with a trigger point of 125% of estimated total claims. Both coverages are purchased from Blue Cross & Blue Shield of the National Capital Area in Washington, D.C.

Among larger firms, though, the purchase of stop-loss coverage is the exception rather than the rule.

Some 73% of employers with more than 40,000 workers self-funded without stop-loss protection, according to the J&H survey, while 12% buy stop-loss coverage. In addition, some 44% of employers with between 10,000 and 19,999 employees totally self-insure their health plans, while 26% bought stop-loss coverages.

"We have the size to adequately spread the risk," said Kathryn Cillick, group insurance manager at Masco Corp., a diversified manufacturer in Taylor, Mich., whose self-funded health care plan covers

Continued on page 6

OUR CLIENTS PROCESS OVER 7000 BENEFIT PLANS.

The Benetics solution can help *you* simplify the administration of your benefit programs, too.

FLEXIBLE

The Benetics on-line plan design allows the creation of custom benefit programs while controlling special programs such as:

- PPO Arrangements
- Pre-Certification
- Second Surgical Opinion
- COBRA

COMPREHENSIVE

You customize the system to meet your company's changing needs, whether you are a self-administering organization with a single insurance plan, or a large Third-Party Administrator processing hundreds of self-funded plans for different employers.

EASY-TO-USE

Claims can be adjudicated quickly and accurately on a single screen. Billing and enrollment adjustments are handled automatically.

POWERFUL

No other system provides you with as many advanced features or with the same wealth of analytical reports. UNIX*, the industry operating standard, coupled with state-of-the-art technology, allows Benetics to provide you the speed and power of a large system at a fraction of the cost.



Benetics

- We Make Business Work Better -

BENETICS CORPORATION
325 E. Middlefield Road
Mountain View, CA 94043

(415) 940-6300

* UNIX is a trademark of AT&T Bell Laboratories.



How a growing family business keeps on growing with Wausau.

What began as a family-farm enterprise three generations ago, is today one of the largest fresh-pack canning companies on the East Coast.

Kermit Kohl, personnel manager of Furman Foods, Inc., tells how Wausau helps his firm manage risks of doing business.

"We deal with our people in a family-oriented way. We want our workers to understand our insurance costs — and why we must all help each other regarding safety. Wausau works with us to get these points across.

"The Wausau people are very professional. They've helped us with avoiding back injuries, with air-quality testing, and with hearing-loss programs.

"We feel Wausau has our interests at heart. They try to keep abreast of changes in our growing company. Our experience with them in workers compensation has led us to place other coverages with them. We think Wausau has the expertise we need."

WAUSAU WORKS.℠

WAUSAU INSURANCE COMPANIES
Wausau, Wisconsin 54401

A Member of the Nationwide® Group.

Benefits funding

Continued from page 4
about 15,000 employees.

"We are large enough to absorb the loss if there are catastrophic claims" or if aggregate loss experience is poor, adds Ms. Cornwell, the benefit manager at Fairfax Hospital Assn.

On the other hand, some very large employers value the protection that stop-loss coverage offers.

Stop-loss coverage "has proven to be in our best interest," said C. Ron Cheeley, employee benefits manager at Atlanta-based Southern Company Services Inc., which, along with several affiliated utilities, has about 18,500 employees in its self-funded health care plan.

Southern buys stop-loss coverage from Provident Life & Accident Insurance Co. of Chattanooga, Tenn., to pay for any individual claim exceeding $100,000.

The level at which a company wants a stop-loss policy to kick in depends on such factors as corporate size, its financial condition and willingness to assume risk, said Kwasha Lipton's Mr. Hickey.

But, as a general rule for smaller firms, a specific stop-loss policy should be designed so that it covers claims that exceed a range of 5% to 15% of a company's annual health care budget, experts say.

For example, if a company expected annual health care claims to total about $100,000, it might buy specific stop-loss coverage that would pay portions of claims exceeding $10,000.

Above all, experts say, small firms—those with fewer than 500 employees—must be protected by stop-loss coverage.

"The small company cannot take the unknown," said Mr. Swanke.

Fortunately, stop-loss insurers, because of competitive pressures and greater experience, are more willing to provide coverage to the smallest of self-funding employers.

"Five years ago, it was virtually unheard of a stop-loss insurer to provide coverage to a group with less than 75 lives," said Mr. Swanke. "Now, there are several insurers actively seeking that (small group) business," he says.

For most companies, stop-loss coverage is readily available, the survey shows. And, typically, rates have been stable or less on renewal, said W.B. Davenport, president of Independent Benefit Plans Inc., a TPA in Beech Grove, Ind.

But purchasing stop-loss coverage isn't the only way a company can assume more health care risk and still have the backup protection of insurance.

Minimum premium plans—another financing technique—also are widely used by employers to fund group health care programs.

J&H, for example, found that 18% of employers it surveyed used minimum premium plans. These plans are most often purchased by midsized employers. Some 27% of employers with between 2,500 and 4,999 employees told J&H that they used minimum premium plans to fund health care benefits.

Minimum premium plans, sold by many commercial insurers, contain elements of self-insurance and insurance.

For example, if the insurance company calculates the premium for insured benefits at $1 million, it might charge the employer a $100,000 minimum premium to cover the insurer's expenses and profits, which would be paid over 12 months.

When claims are incurred, the employer, as a rule, deposits the funds needed to cover the claims in an account that the insurer draws upon. If claims are less than the premium the insurer calculated, the employer pockets the difference.

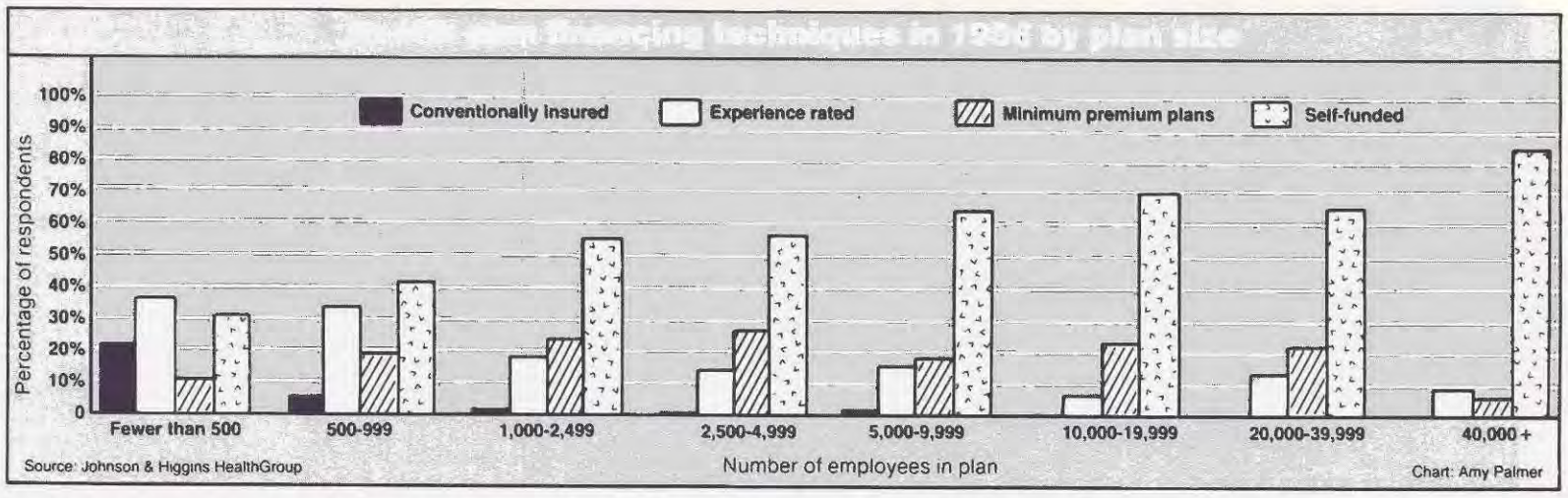
However, no matter what level of claims are submitted, the employer will not owe the insurer more than the additional $900,000—that is the insurance aspect of a minimum premium plan.

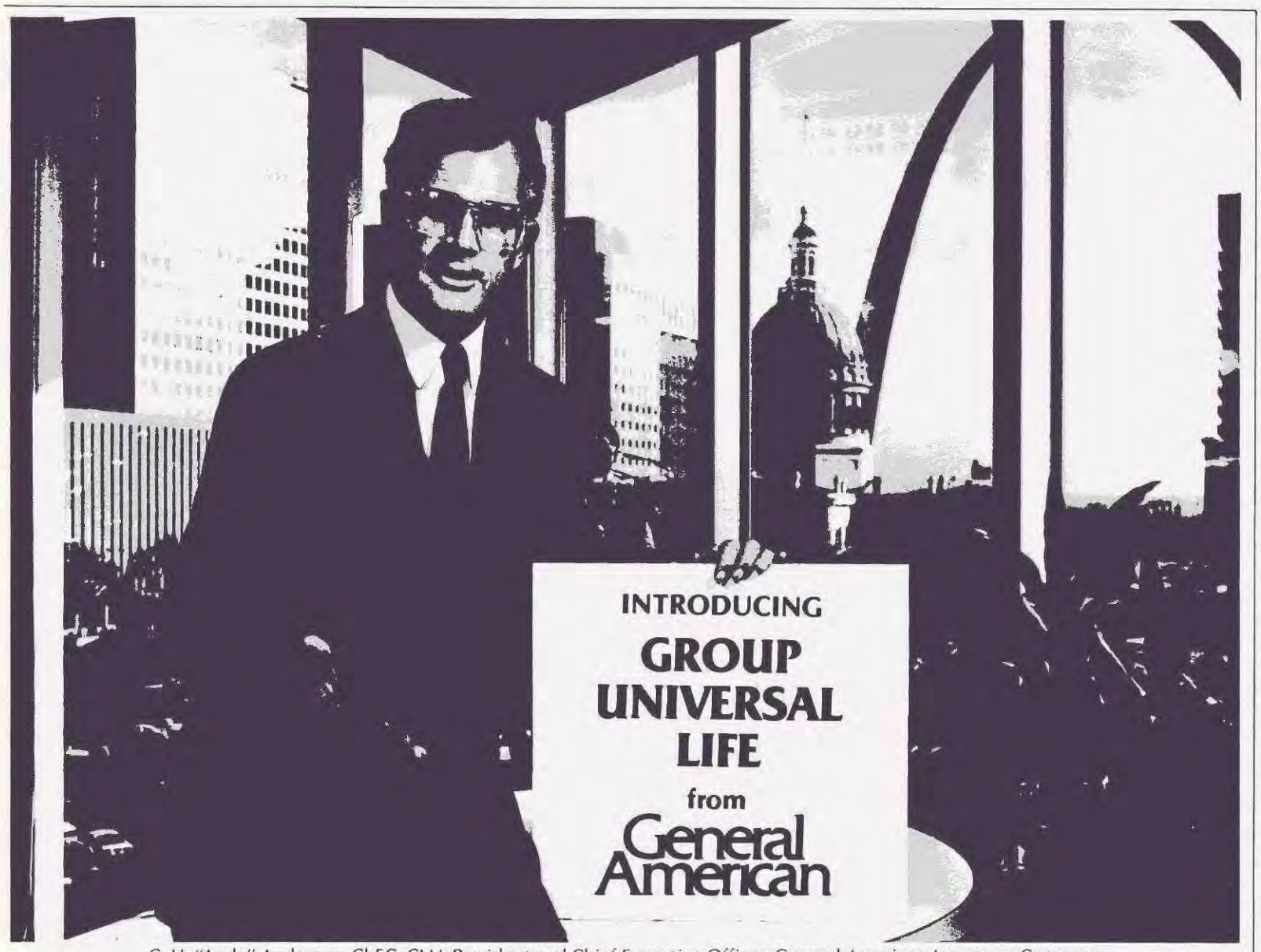
But in some minimum premium plans any deficit created by claims in excess of the premium might carry forward to the next year, assuming the employer continues purchasing coverage with the same insurer.

Supporters of minimum premium plans say they offer employers protection for catastrophic claims, while offering improved cash flow when compared with a traditional, fully insured plan.

"Minimum premium plans give employers the best of all worlds. . .they offer the protection of insurance with cash-flow advantages," said Mr. Catlin of Buck Consultants.

Continued on page 10





C. H. "Andy" Anderson, ChFC, CLU, President and Chief Executive Officer, General American Insurance Company

"Provide your clients an employee benefit unmatched by others and you've made the sale."

Group universal life is the hottest new product on the market. And no wonder.

It's good for employers because it helps them reduce group benefit costs. Good for employees because they own their benefits. And good for producers because it opens doors to volume sales.

Why General American?

Among the first companies to offer group universal life, we provide extremely competitive products with guaranteed issue. You can offer your clients a program which features:

- a flexible program for groups of 100 or more, with the option of individual or group contracts
- a product that works with a flexible benefits plan or as a supplemental program
- tailor-made plans for groups of 1,000 or more
- an administrative system that's thorough, cost-effective, and user-friendly (with toll-free phone service staffed by trained client service representatives).

Big company resources, small company attitude

As a wholly-owned subsidiary of General American Life, we enjoy the backing and resources of our parent company—$75 billion insurance in force, $3.5 billion in assets, an A+ (Superior) Best's rating—and we never forget that personal service is key to our success.

Our portfolio is managed by experts who have achieved superior investment results which produce higher current interest crediting rates for our insureds. Join us at the top of the market.

Call Sharon Baysinger, Vice President Mass Marketing, at 1-800-231-4545 (at tone dial 2211) or mail the coupon below.

General American

General American Insurance Company BI
101 South Hanley—Suite 1740
St. Louis, MO 63105-3411

Please send without obligation your free brochure on General American's Group Universal Life plan.

Name_____ Title_____

Company_____ Phone_____

Address_____

City_____ State_____ Zip_____

You can count on us to rise to the occasion.



How do you separate the pepper from the salt?

Actually it's as easy as choosing First State, New England Insurance and New England Re for your Special Purpose Insurance and Reinsurance needs. We've emerged from the industry shakeout by sticking to the basics of underwriting – being responsive yet responsible.

Now that you know what separates us, you can separate the pepper from the salt with a comb, run it through your hair, then hold it over the pile. Static electricity draws up the pepper.



Cameron and Colby, 60 Batterymarch Street, Boston, Massachusetts 02110.

Striking a balance in today's market.

FIRST STATE and NEW ENGLAND RE

Boston, New York, Atlanta, Chicago, San Francisco, Los Angeles

opinions

Self-funding's new plateau

NECESSITY IS THE mother of invention—and the tremendous growth in self-funding by corporations and government entities.

Whether driven by the need to control costs or shut out of the commercial insurance market, corporations and government entities are increasingly discovering how to fund property/casualty losses and group health care plans on their own, in whole or in part (see spotlight report, page 3).

Of course, self-funding is not new. But, it has reached a new plateau: Now, corporations, utilities and government agencies can fund for their entire liability program without tapping a commercial insurer.

They can assume whatever level of risk they are prepared to lose and then pool their excess liability risks through alternative facilities such as self-insurance pools, offshore policyholder-owned insurance companies and risk retention groups.

And, fully insured health care plans are the least favored way of financing group health care, with only 10% of a survey of 1,329 employers selecting this funding method.

All this is not to say the commercial insurance marketplace will wither away to nothing. However, we do often speculate whether the composition of exhibitors at the annual Risk & Insurance Management Society conference will change dramatically in the coming years. Instead of the big booths sponsored by giant commercial insurers dominating the exhibit area, we expect to see these alternative markets becoming conventional with their own booths taking up a larger share of the exhibit area.

This speculation presupposes, however, that



these alternative facilities are soundly designed and properly financed. Only time will tell. We suspect just as commercial insurers go broke, so will some of these alternative risk financing facilities. We hope, however, that risk managers involved in the management of these facilities prove to be better insurance company managers than some of the conventional insurance company managers who drove their companies into insolvency.

letters

'Tort tinkering' is all consumers are really getting

To the editor: Norman Chanzis' letter (*BI*, Dec. 22, 1986) is getting closer to the heart of the matter by pointing out that tort reform is pro-consumer, not pro-business.

Unfortunately, consumers are not getting tort reform or anything else close to it. We are getting a small dose of tort tinkering because two of the most powerful political forces in the United States—lawyers *and* insurance companies—are dead set against meaningful change.

Not the insurance companies, you say! Yes, the insurance companies. As Franklin W. Nutter, president of the Alliance of American Insurers, wrote in *Business Insurance* two years ago, "The liability system is the fuel that runs the insurance engine." Not the defense lawyers, you say! Yes, the defense lawyers, too. The recent report to the American Bar Assn. from a committee headed by former U.S. Attorney General Griffin Bell is a paean to the tort system.

One of the things that does not come across in any of the material I have seen is the extraordinary high cost of the tort system. According to the best information I have been able to obtain, with respect to personal injury claims, 75 cents of every insurance premium dollar goes to the insurance companies and lawyers. Only 25 cents goes to compensate persons injured. The "transaction costs" thus amount to at least 75% of the total costs. My hunch is that the legal profession gets 50% of the premium dollar, the insurance companies get 25 cents and the injured parties get 25 cents.

The real issue, it seems to me, is whether American consumers will much longer tolerate a $68 billion system that returns only 25 cents on the dollar to injured persons and 75 cents to lawyers and insurance companies.

Eugene R. Anderson
Anderson Russell Kill & Olick, P.C.
New York

U.R. directory slated for Feb. 16

The Feb. 16 issue of *Business Insurance* will contain a directory of utilization review service providers. There is no charge to be included; however, companies must return a completed *BI* questionnaire by Jan. 30 to be listed.

Companies providing utilization review services directly to members of employer-sponsored group health plans are eligible to be included (this excludes firms contracting only with insurers, HMOs, PPOs or claims administrators).

Utilization review includes reviewing inpatient and/or outpatient hospital care and services through preadmission and concurrent review, length of stay determination, discharge planning, retrospective review and second surgical opinion. Also, companies that review psychiatric, substance abuse and dental services will be listed.

To receive a form, please call Marilou Jones at 312-649-5279.

Example wasn't meant to be taken literally

To the editor: It would be fruitless to engage in a continuous dialogue with John Churilla over tort reform, but his comments to my letter demand at least a brief reply (*BI*, Jan. 12; Dec. 22, 1986).

Nowhere did I attempt to argue the pros of tort reform. I simply wished to support my opinion that such reform would benefit the consumer, and for that reason I quoted Victor Schwartz's statement to the Senate Judiciary Committee. I defy Mr. Churilla to find one person in 10 who took the Good-N-Plenty comment to refer to an actual case. If this were Mr. Schwartz's intent, he would have substituted "mouse" for Good-N-Plenty.

Mr. Churilla also implies that I have taken a humorous approach to this subject. I am keenly aware of the seriousness of the issue. But he is dead wrong in his statement that there are strong arguments against reform. Our present tort system is a monstrous game played primarily for the benefit of lawyers.

Norman B. Chanzis
Chairman
Governmental Affairs Committee
Risk & Insurance Management Society

The theory behind workers compensation

To the editor: Your Dec. 8 articles on workers compensation reform reminded me of when I was teaching the New York Agent's and Broker's Licensing Preparatory course many years ago. I distributed a "student notes outline" on each topic and captioned the workers comp notes with this extract from Prosser's Handbook on Torts: "The theory underlying the workers compensation acts never has been stated better than in Lloyd George's campaign slogan, 'The cost of the product should bear the blood of the workman.' "

Richard H. Morse
Vp
Alexander & Alexander of New York Inc.
Buffalo, N.Y.

■ *David Lloyd George, a British Liberal Party leader and prime minister during the last half of World War I, was one of the champions of a liability-without-fault system in Great Britain. Mr. Lloyd George used caustic slogans like "the cost of the product should bear the blood of the workman" in his campaign for a workers compensation system.*

business insurance®
Reporting weekly for corporate risk, employee benefit and financial executives

Publisher: Alfred Malecki *(New York)*

Editor: Kathryn J. McIntyre, *A.R.M. (Chicago)*
Managing Editor: James M. Burcke *(Chicago)*
Assistant Managing Editor: Dave Lenckus *(Chicago)*
CHICAGO: Carol Cain *(Associate Editor)*
Linda J. Collins *(Agent/Broker Topics Associate Editor)*
Donna DiBlase *(Associate Editor)*
Meg Fletcher, *A.R.M. (Associate Editor)*
Marilou Jones *(Directory Editor)*
Amy Palmer *(Graphic Artist)*
Cali Sangalis *(Assistant to the Editor)*
Roger Schillerstrom *(Editorial Cartoonist)*
Holly E. Seguine *(Graphics Editor)*
Stephen Tamoff *(Associate Editor)*
Paul Winston *(Assistant Copy Editor)*
Joanne Wojcik *(Copy Editor)*
DALLAS: Michael Bradford *(Associate Editor)*
LONDON: Stacy Shapiro *(International Editor)*
Carolyn Aldred *(Associate Editor)*
LOS ANGELES: Robert A. Finlayson *(Bureau Chief)*
Steve Taravella *(Associate Editor)*
NEW YORK: Douglas McLeod *(Bureau Chief)*
Judy Greenwald *(Associate Editor)*
Avra Wing *(Insurer Topics Associate Editor)*
WASHINGTON: Jerry Geisel *(Washington Editor)*
Corporate: H.L. Stevenson *(Corporate Editor)*

Advertising Director: Donald A. Walsh *(New York)*
Midwest Sales Manager: Robert L. Niesse *(Chicago)*
CHICAGO: Deborah D. Neale *(District Manager)*
Margaret Hikido *(District Manager/ Classified Sales)*
Elmer Kerstowske *(Production Manager)*
LOS ANGELES: Michael J. Sharpe *(District Manager)*
NEW YORK: Charles A. Horvath *(District Manager)*
Jack Forrest *(District Manager)*
Martin J. Ross *(District Manager)*
Courtney Bauer *(District Manager)*

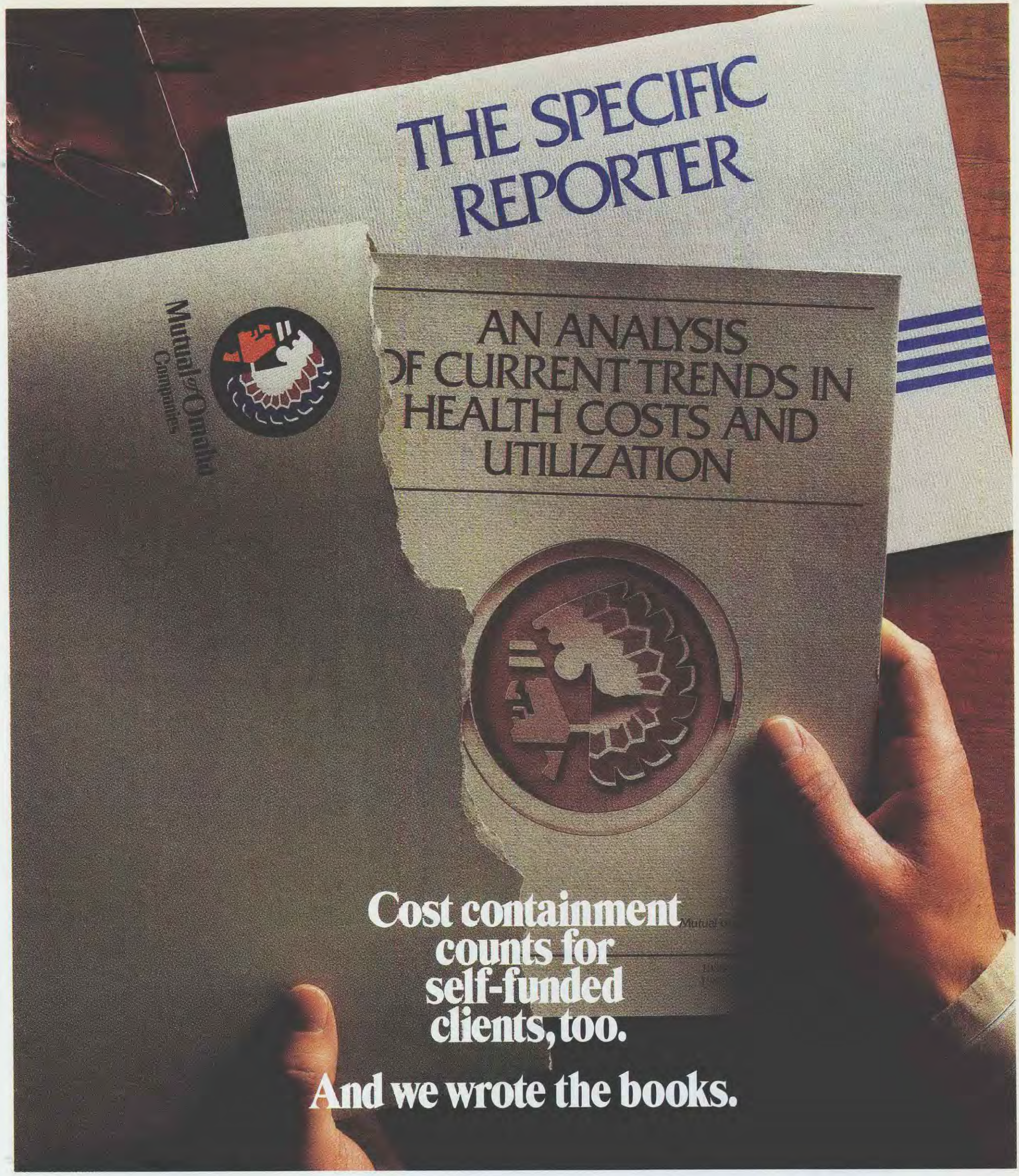
Director of Communications: Ronnie I. Drachman *(New York)*
Corporate Marketing Manager: Alice Sieloff *(Detroit)*

EDITORIAL: Chicago: 312-649-5398
Dallas: 214-363-1066
London: 01-404-4228
Los Angeles: 213-651-3710
New York: 212-210-0100
Washington: 202-662-7200
ADVERTISING: New York: 212-210-0133
Chicago: 312-649-5276
Los Angeles: 213-651-3710
COMMUNICATIONS: New York: 212-210-0132
CIRCULATION: Detroit: 313-446-1611

Published by Crain Communications Inc., Chicago
G.D. CRAIN JR.
Founder (1885-1973)
MRS. G.D. CRAIN
Chairman
KEITH E. CRAIN
Vice chairman
S.R. BERNSTEIN
Chairman-executive committee
RANCE CRAIN
President
MARY KAY CRAIN
Treasurer
MERRILEE P. CRAIN
Secretary
WILLIAM A. MORROW
Senior Vp-operations

Published weekly at 740 Rush St., Chicago, Ill. 60611, Telex 6871241, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017, Telex 640207 CRAIN COM NYK; 1 Northpark, East Suite 114, 8950 N. Central Expressway, Dallas, Texas, 75231; Suite 814, National Press Building, Washington, D.C. 20045; 6404 Wilshire Blvd., Los Angeles, Calif. 90048; 20-22 Bedford Row, London WC1R 4EB, England. $1.50 a copy. $60 a year in U.S. Canada and all other foreign add $16 for surface mail. Europe and Middle East only add $45 for air delivery. First-class mail to U. S. and Canada only, add $48. Bermuda only, $105 per year expedited delivery. WILLIAM STRONG, vp-circulation. BARBARA KISCH, circulation manager. JOHN HUFFMAN, fulfillment director. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, *Business Insurance*, 965 E. Jefferson Ave., Detroit, Mich., 48207, or phone 313-446-1611. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: ART MERTZ, The Crain Syndicate, 740 Rush St., Chicago, Ill. 60611, 312-649-5303. For reprints or reprint permission contact: Reprint Department, *Business Insurance*, 220 E. 42nd St., New York, N.Y. 10017, 212-210-0229.

Member of Business Publications Audit of Circulation
ABP



Cost containment assistance and other effective management services are as vital to self-funded clients as to any others we serve. That's why our self-funded clients receive the same full range of information and services available to all Mutual of Omaha clients.

These include automated claims processing, thorough coordination of benefits investigation, access to case management and loss control services and a statistical base for health care cost reporting. We also offer actuarial and underwriting services which frequently are not offered to self-funded clients. Further, we match our services to specific client needs.

For complimentary copies of the management reporting and analysis aids which have helped build Mutual of Omaha Group Operation's national reputation for outstanding service to self-funded clients, send your business card to *Terry Van Noy, Vice President, Mutual of Omaha Companies, Mutual of Omaha Plaza, Omaha, NE 68175.*

Mutual of Omaha®
Mutual of Omaha Companies
Group Operation
One of America's largest group insurers

Mutual of Omaha Insurance Company • United of Omaha Life Insurance Company • Home Office: Omaha, Nebraska

Benefits funding

Continued from page 6

Despite congressionally imposed restrictions, employer use of VEBAs to self-fund health care benefits continues to increase.

For example, of 263 employers surveyed by The Wyatt Co. over a four-year period, some 30% in 1986 said they used a VEBA to self-fund health care benefits, up from 22% in 1984 and 10% in 1982.

In a VEBA arrangement, an employer contributes tax-deductible funds to a trust to finance employee benefits. Reserves earn tax-free investment income.

However, under the 1984 tax law, VEBA reserves held to pay employee health care claims generally cannot exceed 35% of the claims paid the previous year. However, experts say this limit hasn't put a crimp in VEBA use.

"The 35% limit is adequate. No one that I'm aware of has folded a VEBA because of that limit," said Mr. Davenport of Independent Benefit Plans.

Indeed, Mr. Swanke said that he helped some 24 employers establish VEBAs last year and hopes to set up another 50 trusts this year.

But a federal law enacted last year—the Consolidated Omnibus Budget Reconciliation Act—which requires employers with more than 20 full-time workers to extend group health care coverage to employees who quit and to employees' widowed, divorced or separated spouses, creates a new headache for self-funded employers.

COBRA requires employers to extend health care coverage to spouses for up to 36 months after a divorce, death or separation, while former employees can obtain coverage for up to 18 months after they leave a company.

For this continuation coverage, COBRA allows an employer to charge beneficiaries a premium equal to 102% of the company's health care costs.

Self-funded employers must decide whether to keep track of COBRA continuation premiums themselves, hire an outside firm or use their TPA for billing and premium collection purposes.

Since COBRA's health care continuation provisions only went into effect this month for many employers, comprehensive statistics do not exist on what percentage of self-funded companies are collecting COBRA premiums without outside help.

However, Mr. Davenport says 70% of his Independent Benefit Plans' clients that now have to comply have asked the TPA to collect COBRA premiums.

Those clients say: " 'We don't have the staff to collect and track premiums,' " Mr. Davenport notes.

But some very large self-funded companies say they are collecting COBRA premiums without any outside assistance.

"We wanted to maintain control" over premium collection, said Robert Dankmyer, director of employee benefits at Marriott Corp., the huge Washington-based hotel and food services company. "We checked around and we thought we could do it less expensively ourselves."

Keeping track of COBRA premiums for the small number of beneficiaries so far at Chicago-based Sara Lee Corp. has not been a problem. Only 125 people out of a 60,000-person workforce have opted for continuation coverage since the company's July 1 COBRA compliance date.

But James Clousing, Sara Lee's director of employee benefits, worries that the administrative impact of COBRA has yet to be felt. "It is not a nightmare, but it has the potential to be one," he says.

While the number of self-funding employers that also self-administer their group health care programs is thought to be small, more employers are considering self-administration due to rapid changes in software and hardware packages, experts say.

"The technology has come down in price. Employers now can afford the resources once available only to insurers and TPAs. There is something in the market for everyone," says Allen DeGraw, president of DeGraw & Associates, a health care and benefit systems consultant in West Hartford, Conn.

While the corporate motivation to self-fund is to cut health care costs, employers that self-administer cite better and faster claims processing as their interest in self-administration.

"We have better claims control and better report turnaround," said Mr. Cheeley of Southern Company Services Inc., which self-administers its group health program.

And, self-administration no longer is an option limited to only large companies as a result of the development of relatively inexpensive personal computer systems and the proliferation of software packages, reports Mr. DeGraw.

For example, American Management Systems, which has fewer than 1,800 employees, has been self-administering health care claims for years.

"Advances in computerization have enabled us to do much more in-house," says Ms. Jarvis, the company's manager of personnel administration.

But most employers still shy away from the daunting task of self-administering their group health benefits.

"Self-administration is not our business. We know we could not do it as well as a specialist," said Ms. Cillick of Masco Corp.

Some self-funded employers, especially very large companies with a heavy concentration of employees in one geographic area, are using their corporate clout to negotiate preferred provider arrangements with hospitals.

For example, Hewlett-Packard Co. in Palo Alto, Calif., was able in 1984 to negotiate a preferred provider arrangement with El Camino Hospital in Mountain View, Calif., because of the computer manufacturer's size and the competition the hospital faced from health maintenance organizations.

Since that arrangement, which requires El Camino to employ such utilization controls as pre-admission certification and reviews of length of stay, costs per claim have consistently been at the low end compared with other hospitals, said Art Young, Hewlett-Packard's benefit manager.

And, for self-funding employers lacking the size and clout to directly negotiate preferred rates and cost-containment options with hospitals and physicians, TPAs and insurers will negotiate such arrangements on their behalf.

For example, while the PPO Alliance, a hospital-sponsored preferred provider organization in Cypress, Calif., will negotiate directly with self-funded employers, the bulk of its arrangements are established through TPAs and insurers, said Wally McCall, vp for marketing and sales.

Because of their greater size and claims volume, a TPA or insurer often can negotiate more favorable terms with a PPO, Mr. McCall notes.

And, employers that participate in insurer-sponsored or negotiated PPOs are not locked in to buying coverage from the insurer.

For example, between 60% and 70% of the 110 employers that participate in Met-Elect, Metropolitan Life Insurance Co.'s PPO, are self-funded and use Metropolitan on an administrative services-only basis, a Met spokesman said. ■

THE OUTCOVERAGE℠ PLAN

FOR SELF-INSURED EMPLOYERS WHO WANT TO MANAGE THE *RISK* OF COBRA COMPLIANCE.

Self-insured employers face more than big paperwork problems with COBRA compliance. They also face what could become a costly nightmare—the risk of high claims from adverse selection.

The OutCoverage Plan offers self-insured employers a *total* solution to COBRA compliance. It combines top-notch administration with protection against excessive claims.

Nobody knows what claims costs will be under COBRA-required continuation coverage. But most believe only those anticipating big medical expenses are likely to pay the high premiums necessary to continue their employer's coverage.

That means the 102% premiums that employers can charge won't nearly cover the cost of administration and claims for these former employees and dependents.

That's why the OutCoverage Plan is the perfect solution for self-insured employers. First of all, the entire plan is *administered by an employer's own TPA.* Then the excess claim risk is underwritten by Celtic Life, a carrier known for its innovative coverages.

This total package of outplacement benefits complies with both the letter and spirit of COBRA. In addition to **Continuation Coverage** which covers your COBRA risk, there is also **Transition Coverage** available which allows beneficiaries *to opt out* of COBRA with inexpensive major medical coverage on a temporary basis, as well as **Conversion Coverage** which is available when COBRA-required coverage ends.

This comprehensive response to COBRA is available only through qualified Third Party Administrators. To find out how the OutCoverage Plan can solve *all* your COBRA problems, call your TPA today.*

*Not available in all states. If you need more information, contact Celtic Life.

Underwritten by celtic

Celtic Life Insurance Co., 208 S. LaSalle St.,
Chicago, IL 60604 (312) 332-5401
Celtic is A rated by A.M. Best Company



Pizza Hut and the Pizza Hut building design and logo are registered trademarks of Pizza Hut, Inc.

Why does Ken Albrecht of Pizza Hut specify Crawford Risk Management Services?

CLAIMS SERVICES
HEALTH AND REHABILITATION
INFORMATION SYSTEMS
RISK CONTROL
EDUCATION
RISK SCIENCES GROUP

Crawford
RISK MANAGEMENT SERVICES

Crawford & Company
5620 Glenridge Drive, N.E.
Atlanta, GA 30342
(404) 256-0830

"After 15 years in risk management, I know that even the smallest claim can become a nightmare when mishandled. I sleep better knowing Crawford is handling the case."

Ken Albrecht
Director, Risk Management
Pizza Hut, Inc.

Surge in stop-loss coverage rates expected

By JUDY GREENWALD

NEW YORK—Many employers that purchase stop-loss insurance for their self-funded group health care programs probably will be hit with rate hikes this year, observers warn.

Following a year during which some stop-loss insurers cut rates 10% to 20%, most insurers this year are expected to boost rates in response to rising health care costs.

Stop-loss insurers may hike rates about 10% this year, according to Scott Taylor, vp-group department at SAFECO Life Insurance Co., which wrote about $56 million in medical stop-loss premiums in 1986.

Despite the expected rate increases, observers believe self-funded plans with stop-loss insurance still may be more appealing than fully insured plans, for which rate hikes also are expected.

Rates for fully insured health plans are expected to jump 20% this year because of increasing health care costs (*BI*, Dec. 22, 1986). But, Mr. Taylor said those rates may climb as much as 30%.

In the past year, rates for specific stop-loss insurance fell 10% to 20% due to increased competition among stop-loss insurers and more competition from fully insured plans. But, not all stop-loss underwriters cut their rates.

Rates are more competitive for specific stop-loss coverage, which caps the liability of an employer for an individual claim at a dollar amount chosen by the employer.

"It's a lot more cutthroat now than it was a year ago," said John Belcher, president of underwriting manager Excess Health in Wethersfield, Conn., which wrote more than $10 million in premiums in 1986, primarily on behalf of Security Insurance Co. of Hartford.

Meanwhile, the cost of aggregate stop-loss insurance—which caps an employer's total annual payout for health claims, usually at 120% to 125% of estimated claims—generally remained stable last year.

The aggregate market is in "pretty decent shape," said Tom Brown, senior vp and director at New York-based Duncanson & Holt Inc., a reinsurance market for stop-loss insurers.

But, observers believe escalating health care inflation likely will change the current scenario.

The medical care component of the Consumer Price Index rose at an average annual rate of 7.5% for 1986, according to the Bureau of Labor Statistics.

The health care cost "plateau, or honeymoon, is over," noted Ray Cox, owner of the Cox Insurance Group, an Indianapolis-based underwriting agency, which wrote between $8 million and $9 million in stop-loss premiums last year, primarily for Lloyd's of London underwriters.

Observers say increasing health care costs will mean higher rates for stop-loss coverages as well as for fully insured plans. But because self-funding and buying stop-loss insurance typically is less expensive than an insured plan, observers expect the appeal of self-funded plans to increase.

"Employers feel they need to save money," Mr. Taylor of SAFECO said. So, as premiums on fully insured plans rise, self-funded plans begin to look attractive, he said.

When fully insured plans hit employers with 20% rate increases "is when our market improves," observed Mary Ann Ritter, senior vp at The Brougher Agency of Greenwood, Ind., which writes about $55 million to $60 million in stop-loss business on behalf of Lloyd's syndicates, syndicates on the New York Insurance Exchange and its own two insurance companies.

The expected higher rates for insured plans should prompt employers to take a closer look at self-funded plans, agreed Rick Kischuk, vp of group reinsurance for Lincoln National Life Insurance Co., based in Fort Wayne, Ind. The insurer wrote about $25 million in stop-loss business, including reinsurance, last year.

The rate increases come at a time when competition from fully insured plans had been heating up, observers note. Small businesses with fewer than 50 employees are particular targets of the fully insured plans, they say.

"There seems to be some tendency back to minimum premium plans" in particular, noted Sigurd Moen, second vp and director of sales at Washington National Insurance Co. in Evanston, Ill., which writes about $12 million to $14 million in stop-loss annually.

A minimum premium plan combines elements of insurance and self-insurance (see story, page 3).

Fully insured plans looked more attractive in the last year to employers concerned about the impact of the extended benefits provisions of the Consolidated Omnibus Budget Reconciliation Act (*BI*, Dec. 29, 1986).

Some employers believe "maybe the answer (to COBRA) is to go back to fully insured" plans, said Sharon Burdick, marketing manager at Stop Loss International Corp., based in Indianapolis, which wrote about $15 million in stop-loss premiums last year on behalf of five insurers.

But Ray Drury, vp-group life and health sales for the Hartford Insurance Group, noted employers' main concern should be the administrative headaches caused by COBRA, which must be addressed regardless of whether an employer is self-insured or fully insured. Hartford writes about $40 million in stop-loss business annually.

Insured plans are more appealing to employers during periods of low-interest rates because businesses prefer to use funds for other purposes than establishing loss reserves that yield low interest.

However, during periods of high interest rates, employers would rather self-fund than allow insurers to earn high interest on the employers' premiums, Mr. Drury explained.

Most observers agree the amount of risk retained by employers has remained roughly the same. According to a recent survey by Johnson & Higgins HealthGroup in Princeton, N.J., of 1,329 survey respondents, 58% had specific stop-loss coverage. Of these, the greatest percentage, 26%, had specific stop-loss coverage attaching at more than $80,000. Another 22% had specific coverage attaching in the $50,000 to $59,999 range.

Of the 51% of respondents with aggregate stop-loss coverage, 55% have trigger points in the 120%-129% range of estimated claims. Only 10% had higher attachment points. ■

WE THANK YOU 5117%!

Sales growth of 5117% since 1981 has earned Resource Information Management Systems, Inc. (RIMS) the 28th position on the Inc. Magazine list of America's 500 fastest growing private companies.

All of us at RIMS believe leadership is not a position, but a commitment. In this spirit, we look forward to the opportunities which lie ahead and we thank all who have contributed to our growth.

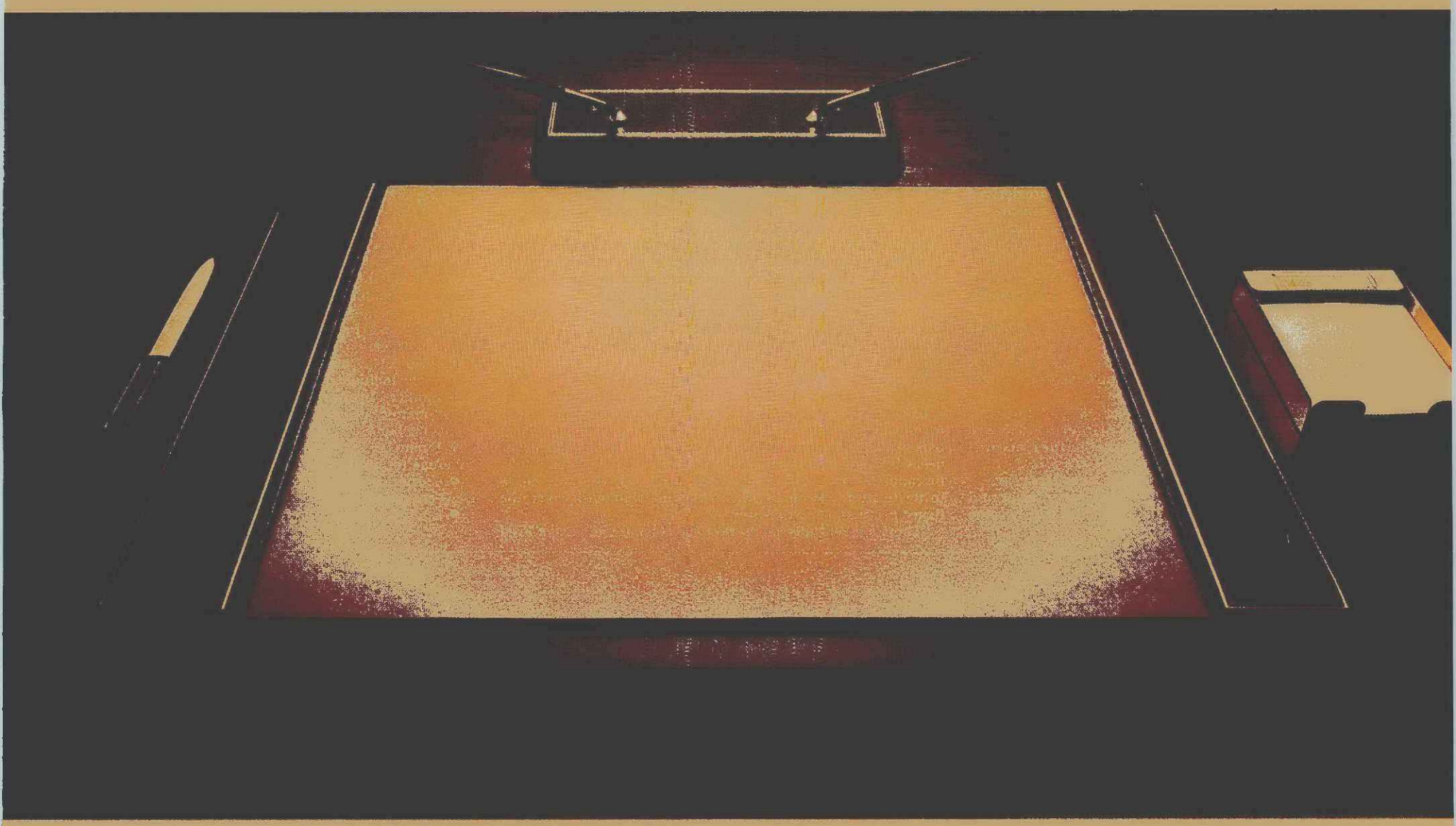
RIMS RESOURCE INFORMATION MANAGEMENT SYSTEMS, INC.

SOFTWARE AND SYSTEMS FOR THE EMPLOYEE BENEFITS AND MANAGED HEALTH CARE MARKETPLACE.

2015 Spring Road, Suite 220 • Oak Brook, IL 60521-1811 • 312/572-0230

© 1987 Resource Information Management Systems, Inc.

IS THIS THE MOST YOU CAN EXPECT FROM A RISK MANAGEMENT SERVICE?



At ESIS, we think risk management services should offer you more than a squeaky clean desk.

After all, no one self-insures simply to save on paperwork. Or to get in extra rounds of golf.

Self insurance is nothing less than an integral part of a risk manager's program to protect a company's assets.

And at ESIS, we see our job as nothing less than offering risk managers the means to accomplish that. As cost-efficiently as possible.

For example, our computerized risk information system: CRIS.

It doesn't just give you faster and more complete access to your information. It gives you the facility to update and perform extensive analysis of the information in your files as well.

And CRIS lets risk managers enter their own exposure and allocation data, and administrative costs to determine their risk management program's effectiveness.

How has it worked?

ESIS's expert claims administration, information systems and loss control services have allowed many of our clients to increase their risk retention levels substantially.

Even up to ten times.

And of course bottom line savings have been significant.

So with ESIS, you don't just get a cleaner desk, information where and when you want it, and a workday that ends on time.

You get the satisfaction of doing your job well.

ESIS, Inc.
a CIGNA company

CIGNA

Alternative risk financing

Continued from page 3

risks with others in alternative risk financing facilities because they do not think the coverage available is worth the cost.

"To keep up-front costs down, they're much more willing to take larger retentions than they were two years ago," says Dan Kurz, assistant vp in the national accounts department at Fireman's Fund Insurance Cos. in Novato, Calif.

"It's not like it used to be: 'Insure everything and then have a quiet night's sleep.' You've got to take some risks," says Jeanne W. Warner, manager of risk and insurance administration at Collins Foods International Inc., a Los Angeles restaurant management company.

While experts agree that the use of alternative risk financing mechanisms is increasing, it's difficult to quantify that increase.

One consultant noted that estimates of how much of the property/casualty risk financing market is self-funded could range from 5% to 50%.

Broker Fred S. James & Co. Inc. estimates that alternative risk financing mechanisms—including self-insurance, captives, pools and surplus lines insurance—comprised $34 billion, or 25%, of the $136 billion property/casualty risk financing market in 1986, while so-called traditional markets comprised 75% or $102 billion.

In 1985, alternative mechanisms comprised 22.5% of the property/casualty risk financing market, while traditional markets made up 77.5%, James says.

James' estimates, based on a computer analysis, are derived from data supplied by the U.S. property/casualty insurance industry, reports from Bermuda insurers, previous studies by Conning & Co. and other information James has collected, explains Charles Ruoff, a James senior vp.

However, James' estimate of the risk financing alternatives' market share is significantly smaller than estimates released last year by Tillinghast (*BI*, Jan 27, 1986).

Alternative risk financing—which Tillinghast defined as self-insurance, premiums paid to captives and state workers compensation funds, was estimated by Tillinghast to total about $56 billion, or 47%, of the $118 billion property/casualty risk financing market in 1986.

That's an increase from $44 billion, or 43%, of the $102 billion property/casualty risk financing market in 1985 and $35 billion, or 39%, of the $90 billion market in 1984, according to Tillinghast.

Tillinghast has not updated its estimates since last year.

While estimates of the alternative market vary, James and other observers agree alternative risk financing will become even more popular in the future.

For instance, James predicts alternative risk financing will represent a 28% share of the market in 1987, compared with 25% last year, and will grow to 33% in 1988 and 36% in 1989.

Others note that the establishment of dozens of offshore alternative liability insurance facilities, like A.C.E. Insurance Co. Ltd. and X.L. Insurance Co. Ltd., will lure more buyers away from commercial insurers, at least for their excess liability coverage. While these facilities operate like commercial insurers, their capital is provided by their policyholders.

And, others suggest that the expanded Risk Retention Act, which allows businesses to pool most of their liability risks through special captive insurers, will prompt more companies to self-insure on a pooled basis.

Risks most frequently self-insured include workers compensation, general liability, directors and officers liability, pharmaceutical products liability, wrongful termination, liquor liability and contractors liability.

"Most of the activity has been where the problems have been the greatest," observes Richard H. Soper, an independent risk management consultant in La Jolla, Calif., and formerly director of risk and insurance management at Levi Strauss & Co. in San Francisco.

For instance, the number of self-insured municipalities has zoomed in the past several years and will continue to increase, says Jeffrey W. Pettegrew, president of the Public Agency Risk Management Assn., a group of California public entities (see story, page 16).

Consultants also note that while large self-insured retentions and participation in captive insurers has been common for some time at large, Fortune 500-type companies, small companies have been forced by the hard commercial market to turn to risk financing alternatives.

Smaller, less-sophisticated commercial insurance buyers "are being maneuvered" into retaining more risk by market conditions, while larger companies are retaining more risk to "better control their own destiny," says Mr. Albert.

Mr. Soper notes that even small companies—like garages that must dispose of acid-filled car batteries—are being forced to self-insure pollution exposures because of shrinking commercial insurance capacity.

Members of white-collar, non-industrial professions are banding together to finance their professional liability exposures because coverage is not available from the commercial market, especially if pollution risks are involved. Members of the Washington-based American Consulting Engineers Council, who design Superfund cleanup sites and public landfills, are forming an association captive in Bermuda to write professional liability coverage that will cover the firms' professional exposures.

"There's essentially no market for our policies," says Fred C. Hart, president of environmental engineering firm Fred C. Hart Associates Inc. in New York and one of 13 founding members of an ACEC insurance committee that studied the problem along with Tillinghast.

Many environmental engineers could no longer find commercial insurance coverage for their exposures as of early 1986, he notes.

The captive, to be called Demeter Insurance Co., would offer environmental engineers errors and omissions coverage of $1 million per claim and $1 million aggregate, he says. The insurer, which will be managed by Kemper Management Co. Ltd. in Bermuda, will be operational by March.

Participation in the captive is limited to 35 firms the first year, and commitments are needed from about 20 firms to launch the captive, says Mr. Hart.

The National Council of Farmer Cooperatives, a Washington-based coalition of cooperative businesses owned or controlled by farmers, is considering the formation of two separate captives for its members, reports Ted Jones, director of administration at Sherman Oaks, Calif.-based Sunkist Growers Inc., an NCFC member.

One captive, whose formation has been studied for the NCFC by D.A Betterley Risk Consultants Inc. in Worcester, Mass., would provide members with at least $5 million in general liability coverage. The other captive, whose feasibility is being explored by Johnson & Higgins in New York and Los Angeles, would write directors and officers liability insurance.

The NCFC is expected hear the findings of both studies and decide whether to establish the insurers at the group's annual meeting this week in Anaheim, Calif., Mr. Jones says.

If established, Demeter and the two NCFC captives will join the rapidly growing number of captive insurers formed by trade associations and groups of diversified companies to write hard-to-find liability coverages.

"There has been a continued and extensive use of captive insurance companies over the past 12 months," says P. Bruce Wright, a partner at LeBoeuf, Lamb, Leiby & MacRae in New York who has participated in the formation of several of these captives.

Besides A.C.E. and X.L., other facilities formed in the past 18 months include:

- Bankers Insurance Co. Ltd. in Bermuda, which writes directors and officers liability coverage and bankers blanket bonds for banks.
- Financial Institutions Reserve Ltd., which writes D&O coverage for banks.
- Corporate Officers & Directors Assurance, which writes D&O coverage for large companies.
- Energy Insurance Mutual, which provides several types

Continued on page 16



We Have A New Name!

U.S. RISK

INSURANCE AGENCY, INC.

Specialists In Quality Insurance Programs For:

- LAW ENFORCEMENT
- PUBLIC OFFICIALS
- DIRECTORS AND OFFICERS LIABILITY (PROFIT & NON-PROFIT)
- BANKERS BLANKET BOND AND "D & O" FOR BANKS
- PRODUCTS LIABILITY
- MISCELLANEOUS "E & O"

For More Information:

U.S. RISK
INSURANCE AGENCY, INC.

(214) 490-8500
National WATS: 800-232-5830
Telex: 75-8692

12750 Merit Dr. • Suite 1408 • Lock Box 98 • Dallas, Texas 75251

Formerly: UNIMARK SPECIAL RISKS, INC.

Risk Retention

Nothing New to Gallagher. We're The Acknowledged Experts.

The Risk Retention Act of 1986 Brings New Opportunities to Pooling.

So come to Gallagher, where group pooling is nothing new. After all, we pioneered

Commercial Multistate Pools
Intergovernmental Pools
Institutional and Charitable Trust Pools

Today, we are the leaders. We provide services to over 70 cooperative self-insurance pools . . . helping over 2500 individual members manage their risk.

Gallagher has . . .

the Experience
the Expertise
and the Service Organization

. . . that you will need to take advantage of these new group pooling opportunities.

If your group is interested, call or write John D. Stancik, Vice President, at (312) 640-8500, because **Nobody Does It Better.**

International Corporate Headquarters
ARTHUR J. GALLAGHER & CO.
10 Gould Center, Golf Rd.
Rolling Meadows, Illinois 60008
(312) 640-8500

© 1987 Arthur J. Gallagher & Co.

Risk financing

Continued from page 14
of excess liability coverages to electric and gas utilities.

- Railroad Assn. Insurance Ltd., which writes excess liability coverage for railroads.
- PRIMEX, which writes excess liability coverage for chemical companies.
- Directors & Officers Liability Insurance Ltd., which writes D&O coverage for utilities.

Some companies are buying all of their liability coverage from industry captives without tapping commercial insurers, consultants note.

Salt River Project, a Phoenix, Ariz.-based water and power utility, now retains the first $1 million of liability risk and purchases $25 million in liability coverage from Associated Electric Gas & Insurance Services Ltd., a Bermuda mutual insurer owned by U.S. utilities, says Mike Culshaw, Salt River's supervisor of insurance. The utility then buys another $50 million in excess coverage from Energy Insurance Mutual.

While most of the group captives formed in the past 18 months are domiciled offshore, consultants say that they expect a surge of group captives to be formed onshore to take advantage of the expanded Risk Retention Act (*BI*, Dec. 8, 1986).

Tillinghast's Mr. Blinn, for example, said that while offshore captive growth may have peaked last year, the Risk Retention Act will spur formation of domestic captives that will seek charters as risk retention groups.

The new law allows businesses and professionals to form special multiowner captives —called risk retention groups—to fund all liability risks except workers compensation for member-owners.

A risk retention group chartered in one state can operate nationwide without having to obtain prior rate and policy form approval from every state in which it does business.

"The trucking industry is going to jump on that like nothing we've ever seen," predicts Jay Deragon, risk manager for the American Trucking Assn. Risk retention groups would be a boon to truckers, which operate in many states.

Even without risk retention groups, however, trucking companies are now retaining more of their risk.

Many truckers that retained $250,000 or $500,000 per occurrence two years ago are today retaining up to $1 million and $2 million, says Mr. Deragon, who is also president of National Risk Management, a risk management advisory firm in Portland, Maine.

The Interstate Commerce Commission, which requires truckers to have between $750,000 and $5 million in liability coverage depending upon the goods hauled, is now more readily granting truckers the approval to self-insure.

Since April, 45 trucking companies have requested the ICC's permission to self-insure. Of the 18 companies whose applications had been reviewed as of last month, 13 were granted and five were denied, says an ICC staff official.

However, nine state public utility commissions prohibit trucks operating in those states from self-insuring their liability exposures, says Mr. Deragon.

"It's not really the answer for everybody, and not even for a large percentage of the trucking industry," says Mr. Deragon.

One major U.S. trucking company says it is increasing its current $2 million per-occurrence self-insured retention to $3 million this month. A year ago, the company increased its retention to $2 million from $1 million, said the risk manager from the company, who asked not to be identified.

Other transportation concerns also are solving their risk financing problems with self-insurance.

Just last week, five New York area transportation authorities agreed to form an Excess Loss Financing Plan, MTA-ELF, retroactive to Jan. 1. This multi-agency self-insurance fund initially will provide $50 million in excess liability coverage for each of the authorities with first year premiums totaling $9.8 million and initial capitalization $13 million.

Participants include the New York City Transit Authority, Long Island Rail Road Co., Metro-North Commuter Railroad Co., Metropolitan Suburban Bus Authority, the Triborough Bridge & Tunnel Authority and the Metropolitan Transportation Authority. NYCTA, LIRR, and MNCR each retain $5 million self-insured retention; MSBA retains

Continued on page 18

J&H INFOLINE

INFORMATION AND IDEAS ON RISK MANAGEMENT AND BENEFITS FROM JOHNSON & HIGGINS NO. 22

New Pollution Liability Facility To Be Offered.

Major corporations, frustrated by the virtual disappearance of pollution liability insurance, are applauding the upcoming formation of the NACC Risk Retention Group. The facility will provide coverage for both gradual and sudden-and-accidental environmental impairment, and for cleanup, as well. The facility will cover only investor-insureds.

Johnson & Higgins is applying to the state of Vermont for permission to form NACC under the Risk Retention Act of 1986. The act clears the way for risk retention groups to operate in any state after being chartered by the domicile state.

Limits of coverage will vary according to the capital contribution of individual investors and the total capitalization of the facility. The minimum capital contribution per investor is $1 million and the expected maximum is $10 million per investor.

In order to qualify for membership, a participant must have its proposed site(s) pass an environmental inspection. The site(s) also will be subject to subsequent inspection. NACC coverage is site-specific.

If a corporation has a high-risk profile—such as a waste disposal company has—it would not ordinarily be eligible for participation, although NACC contemplates including a broad range of businesses.

International Technology Corporation will coordinate site inspections and, in most instances, conduct them as well. Clement Associates of Washington, D.C. will act as facility underwriter. Chase Investment Bank and Brown Brothers Harriman & Co. will be investment managers. A three-firm legal defense group will be coordinated by the firm of LaRoe, Winn & Moerman. Johnson & Higgins will be the NACC manager.

A preliminary information memorandum was sent to interested corporations in mid-December and initial investor closing is expected in mid-February. The NACC facility is now open to all corporations that qualify, and to their brokers.

All interested participants should read the preliminary information memorandum before investing. For more information, call your J&H office.

© 1987 Johnson & Higgins

79% of cities in California pool risks

Buying primary liability insurance from commercial insurers is now the exception rather than the rule in California.

About 350 of the state's 444 cities now self-fund their general liability exposures through more than 21 municipal pools, estimates Jeffrey W. Pettegrew, president of the Public Agency Risk Management Assn., an organization of California public entities.

Eleven of those pools have been formed in the last 18 months, reflecting a significant shift in the risk management approach of municipalities, he observes.

"There are very few stragglers," says Mr. Pettegrew, who notes that many of the 94 California cities that do not belong to one of the pools have self-insured their liability risks for many years.

"These pools are going to be around for a long, long time and may supplant commercial insurance permanently," he speculates.

Mr. Pettegrew points out that many California cities now assume up to $5 million—and in some cases $10 million—of their liability exposures. "Nobody was taking more than a million a year ago," he says.

Cities either purchase excess coverage above their retentions or the limits provided by their pool or participate in a "superpool," which is a group of municipal pools that together provide additional capacity (*BI*, Sept. 15, 1985).

Some municipalities—both in California and elsewhere—also are using a new risk financing method: offering bonds and certificates of participation to the public to raise capital for self-insurance reserves.

For instance, some municipal self-insurance pool members are financing their contribution to the pool through a bond issue, explains Donna Shibata, an associate at Shearson Lehman Brothers Inc. in New York. By using this financing method, self-insurers can raise large amounts of money up-front to finance loss reserves (*BI*, Jan. 12; Aug. 18, 1986).

Although most of these public offerings have been launched by California municipalities, the technique is "a national phenomenon," Ms. Shibata says.

Public entities in Louisiana and Montana have also made offerings to finance self-insurance reserves, and Shearson Lehman, working with broker Alexander & Alexander Services Inc., is currently exploring the feasibility of such an offering on behalf of the Iowa Municipalities Workers Compensation Assn., she says. ■

Intracorp's choice of medical review services makes everyone else's plain vanilla.



In the complex world of healthcare cost containment, "plain vanilla" solutions frequently won't work.

Because your company's medical review service requirements are not simple. Or identical to everyone else's.

That's why Intracorp offers a full range of service options to enable you to custom-design the review program your company needs.

Pre-admission certification/ continued stay review from Intracorp generates an average 17% reduction in hospital days without compromising quality of care. In complex cases, our nurses can go on site to evaluate the need for continued hospital stay. We also offer the only psychiatric and substance abuse utilization review program in conjunction with the American Psychiatric Association. This organization establishes appropriate treatment practices for its 32,000 member psychiatrists.

Second surgical opinion eliminates the expense and risk of unnecessary surgery—combining board-certified surgeons with Intracorp's knowledge of the medical community.

Medical case management services offer maximum coordination and control of high-cost, serious illness cases. This on site service is coordinated by registered nurses with critical care experience in various medical specialties.

Discharge planning allows your employees to recover at home rather than in the hospital.

Utilization analysis, a comprehensive review of all your medical costs, can help you structure your company's benefit program more effectively.

Whether you're a big business, a small business, or an insurer serving both, let our nationwide network help provide the range of quality healthcare services today's employees deserve. From pre-hospitalization review to post-recovery analysis, and every step in between. The choice is up to you. Call for more information, toll free, 1-800-345-1075 (In PA, HI and AK, call collect, 1-215-648-9407). Or return the coupon.

Why settle for plain vanilla when you can have your choice of the menu?

BI-IC

Mr. Daniel H. Davis
Director of Marketing
701 Lee Road
Wayne, PA 19087

Intracorp

Name/Title _____

Company _____

Street _____

City _____ *State* _____ *Zip* _____

Phone _____ *Ext.* _____

MANY PROBLEMS . . . ONE SOLUTION.

No matter how many Workers' Compensation problems you have, Cost Care's Workers' Compensation Case Management System is the only solution you need.

At last there is a single comprehensive system designed to:

✔ Mitigate disability and reduce litigation.
✔ Assist in early return to work.
✔ Reduce both medical and indemnity costs.

Cost Care -- the single solution for Workers' Comp Case Management.

COST CARE™

Call:
Burt Feldman, Director
1-800-762-3029 Nationwide

WORKERS' COMPENSATION
CASE MANAGEMENT

Risk financing

Continued from page 16

$2 million and TBTA and the MTA retain $1 million.

"The London market has been too fickle to stand behind the transportation industry," said Peter F. Lopez, director of risk management for the MTA and architect of the pool.

The Transit Authority, for example, has not been able to buy excess liability insurance since late 1985. However, MTA-ELF will not disband when the market softens but may seek commercial reinsurance support, Mr. Lopez said.

While many businesses are turning to risk financing alternatives because they cannot find or afford coverage, others are increasing the amount of risk they can retain to merely reduce costs.

For instance, Collins' Ms. Warner explains the company, which owns Sizzler Restaurants International Inc. and Gino's East of Chicago, currently operates under the risk management philosophy that huge lawsuits will be few and far between.

Collins' risk management philosophy is that huge lawsuits will be few and far between.

Thus, while several years ago Collins purchased liability coverage limits of $15 million per occurrence, the company has since lowered those limits to $5 million per occurrence, she said.

"There's no point in today's market paying that kind of premium"

However, Ms. Warner admits that Collins is now facing a liability claim from a man who suffered permanent injuries after he was shot while chasing a mugger across property owned by Sizzler.

Baskin Robbins Ice Cream Inc. is seriously considering retaining a substantially greater proportion of its liability risk to reduce its insurance costs, reports Reg Clark, risk management director.

The ice cream company's three-member insurance committee is considering whether to retain several million dollars—possibly as much as $5 million—of its liability risk, he notes. The company currently has approximately a $100,000 self-insured retention, he says.

While most of the companies adopting risk financing alternatives are focusing on their liability risks, some risk managers are also increasing their property risk retentions.

Sunkist now self-insures many property and earthquake-related exposures for which it purchased coverage from commercial insurers two years ago, Mr. Jones says, explaining that it cannot find adequate limits for some exposures.

Collins began self-insuring its property damage exposure on its vacant properties last May, when its insurer increased the company's rate to 82 cents per $100 in value, compared with 27 cents per $100 in value on occupied property, says Ms. Warner.

Since Collins often has numerous properties under development at the same time, the cost of the coverage added up. Ms. Warner says Collins paid $88,000 in premiums in a three-month period on property being converted to new restaurants.

"In a tight market, (insurers) will use their property capacity on normal types of risk. Nobody wants that particular kind of risk," she says.

Despite the continuing growth of self-insurance and other alternative risk funding mechanisms, some say the alternatives will become less popular when the commercial insurance market softens.

Mr. Pettegrew, for example, suspects that municipalities will self-insure less of their property exposures after the market turns.

"It simply doesn't make sense if insurance is available at reasonable prices," he says.

However, risk managers will still shun commercial insurers as coverage become more available, especially those risk managers participating in alternative facilities that penalize members for withdrawing, says Alan Schreibman, a former risk manager who is now an independent risk management consultant in Culver City, Calif.

He explains that some facilities require a member to participate for a certain number of years, some assess a financial penalty when a member withdraws and some will not pay dividends to owner-members for several years. ■

CLAIMS PROCESSING HEADACHES?

Synergy Health Systems Has the Prescription.

SYNERGY

SYNERGY'S ON-LINE, INTERACTIVE claims processing systems allow you to take charge of your health care claims processing and paying costs.

Do You Want a System that:

- Processes claims in one sitting?
- Is on-line so that files are accessible and current at the touch of a button?
- Provides multi-tiered automatic pricing?
- Can automatically generate letters to providers, employees or members?
- Grows with your organization?
- Captures important data about where your health care dollars are going?
- Verifies physician referrals and preadmission requirements?
- Offers 1099 reporting?

You can see immediate productivity gains with Synergy's family of products: Advanced Claims Processing System (ACPS) and Basic Claims Processing System (BCPS).

If you need these capabilities for your self-insured corporation, HMO, PPO or TPA, call Synergy today. We've applied today's technology to changing health care strategies.

Call our Marketing Director at (214) 248-6241.

SYNERGY

SYNERGY HEALTH SYSTEMS, INC.
16775 Addison Road, Suite 201
Dallas, Texas 75248



Isn't it time you called General Star?

GENERAL STAR
SM
The Stable Market

General Star Management Company, Stamford, CT • Specialty underwriting for primary and excess risks through appointed surplus lines brokers
New York (212) 770-0150 • Chicago (312) 207-5400 • Los Angeles (213) 383-7734 • Stamford (203) 328-5700

A member of General Re Group

Consolidation shrinks benefit TPA market

By DONNA DiBLASE

Consolidation is continuing among third-party claims administrators specializing in employee benefits.

As predicted by officials of benefits TPAs last year, a shakeout is reducing the number of TPAs serving companies that self-insure employee benefits (*BI*, Jan. 27, 1986).

In addition, TPAs are acquiring other companies dealing with health benefits—like utilization review companies and even small insurers—so that they can provide one-stop shopping for employers.

To further expand their services, many TPAs are developing computer software and administrative services to help employers comply with extended benefits requirements of the Consolidated Omnibus Budget Reconciliation Act.

And, benefit TPAs are continuing to help employers cope with rising health care costs through managed health care plans and utilization review.

"The merger and acquisition trend is going to continue quite heavily in the next year. We are going to look at acquisitions ourselves," predicts Robert B. Shomer, senior vp-marketing for ALTA Health Strategies Inc. in Salt Lake City, formerly James Benefits.

James Benefits—the former third-party benefits claims administration operation of Fred S. James & Co. Inc. of New York—was sold to its senior management and an outside investment firm last year for $33.5 million in cash and receivables, Mr. Shomer explained.

ALTA, which paid about $1 billion in claims for self-insured clients in 1986, is the largest TPA in the United States based on amount of claims paid for self-insurers (see chart, page 3). James Benefits paid $700 million in claims for self-insurers in 1985

Along with providing claims administration services, "the direction of the company is to become a total health care company. Managed care will be a large part of what we will do," Mr. Shomer said. The company has taken its first step in this process by forming its own utilization review division, ALTA Review.

Meanehile, Crown Life Insurance Co., a subsidiary of Toronto-based financial services concern Crownx Inc., recently acquired a controlling interest in U.S. Administrators Inc., the second-largest TPA.

The Canadian health insurer made an initial investment of $20 million in the TPA, said Samuel X. Kaplan, chairman of Los Angeles-based U.S. Administrators.

Additional investments, the size of which will depend on whether the TPA meets certain financial goals, will be made by Crownx over a period of five years. Mr. Kaplan will remain chairman and still holds an equity interest.

"With this strengthening of our capital base and our association with the Crownx group, we'll be able to continue developing and introducing innovative products," Mr. Kaplan explained.

In addition to underwriting health insurance products, Crown Life provides data processing and communication services to clients in the United States, Canada and the United Kingdom, he said.

U.S. Administrators "expects 20% growth compounded annually over the next five years. Our new partnership with Crownx will enable us to do just that," Mr. Kaplan said. The TPA paid $864 million in claims for self-insurers in 1986, up 10.6% from $781 million in 1985.

TPA of America Inc., which acquired sixth-ranked American Benefit Plan Administrators Inc. in 1984, recently acquired another TPA, a life/health insurer and a utilization review firm.

The company recently acquired Mass Insurance Consultants and Administrators Inc., a benefits TPA in Chicago that paid $60 million in health claims for 58 clients in 1986, said Robert J. Cardinal, president of American Benefit Plan and senior vp of TPA of America.

MICA had 1986 gross revenues of $6.6 million, of which $2 million was from claims services on behalf of self-insured clients.

TPA of America also acquired First Transcontinental Life Insurance Corp., a subsidiary of Milwaukee-based Northwestern Mutual Life Insurance Co., for $4 million in cash and about $2.3 million in securities.

The health insurer was purchased so that "we will be able to be in control of cost containment, PPOs and managed care underwritten plans. This is part of our total package to provide good quality services to both insured and self-insured clients," Mr. Cardinal said.

TPA of America also acquired a Columbia, Md.-based utilization review firm, HealthCare Strategies Inc.

"We have realized that we have had to put together PPOs and utilization review programs to provide the most services for our clients," Mr. Cardinal said.

Minneapolis-based Employee Benefit Plans Inc.—formerly Employee Benefit Claims Inc. and Employee Benefit Administration Co.—acquired several new companies and sold two of its own subsidiaries in 1986.

Both Employee Benefit Claims and Employee Benefit Administration had "operated independently in the marketplace" under a marketing arm called Employee Benefit Plans, explained Michael Bedessem, chief financial officer. Both companies were sold during the latter part of 1986.

Employee Benefit Claims was sold to Boston-based Summit Ventures and to employees of Employee Benefit Claims, with Summit holding the majority interest, Mr. Bedessem said.

Employee Benefit Administration Co.—which specialized in workers compensation claims administration—was sold to W.R. Berkley Corp., a Greenwich, Conn.-based insurance holding company, Mr. Bedessem said. The sale prices were not disclosed.

After the sale of the two subsidiaries, "Employee Benefit Plans is the company that emerged. All of the management of EBC continued with Employee Benefit Plans," he explained. And in the past year, Employee Benefit Plans acquired a Philadelphia-based benefit TPA, Comprehensive Benefit Services Inc., he said. The company also acquired Insurance Management Administrators Inc., a Houston-based benefits TPA.

Employee Benefit Plans, the 11th-largest TPA ranked by *Business Insurance,* paid $304 million in health claims for self-insurers in

Continued on page 22



If you knew us then,

you wouldn't recognize us today.



Staying ahead changed us. From one client in 1968 to over 4,000 clients today, Corporate Systems is the world's largest and most experienced provider of risk information systems. We have the products you need . . . from the industry's most advanced online system to the most comprehensive stand-alone software. Don't just paddle along with a system that's less than the best. Spread your wings with Corporate Systems.

corporate systems

Leadership in Risk Information Technology

Today's Corporate Systems . . . still the leader for many more reasons.

Call toll free (800) 858-4351 or (806) 376-4223 in Texas. Corporate Systems, P.O. Box 31780, Amarillo, Tx. 79120 © Corporate Systems 1986



CSSC keeps your claims deposits where they belong...

IN YOUR POCKET.

Money saved is money earned. It's getting harder and harder for companies like yours to follow this adage. Especially when claim service companies demand months of advance claim fund deposits.

CSSC eliminates the need for these high deposits. Our speedy reimbursements enable you to keep more money until it's actually needed. A minimal claim deposit has always been a standard feature of our claim service program.

Depending on the transfer medium, 3 or 4 days estimated payments are the most we'll ever need to establish a cashed basis funding arrangement for your company. And under certain conditions, CSSC will waive all claim funds deposits. This means that we don't call for your money until payments have cleared our bank. What's more, all our programs are supported by the Cashed Reporting System which not only documents your disbursements but displays them to meet your particular needs.

Along with our cash flow benefits, CSSC offers a diversified selection of claims handling services. A sophisticated network of 3600 claim professionals in over 200 locations and a full staff of claim professionals in Hartford are behind us every working day. Our people, facilities, special units, and knowledge work together to meet most every claim requirement.

Keep your claim deposits working as working capital. Call Bob Greenberg at 203-277-3429 for information that can save you thousands.

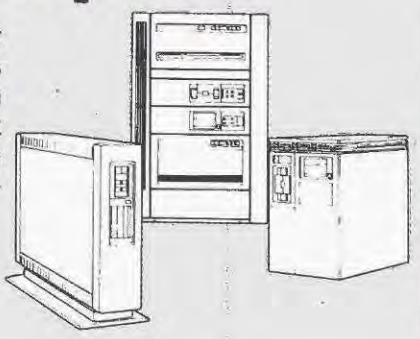
Constitution State Service Company

One of The Travelers Companies
100 Constitution Plaza
Hartford, CT 06103

Benefit Administration Systems

at down-to-earth prices

Automating your benefit plans does not need to carry a price tag that is sky-high. SPARTIN SYSTEMS offers a completely integrated **Group Benefit Administration and Claim Processing System** with prices starting at under $50,000. Call SPARTIN today and we will outline a hardware/software solution for your firm with an *affordable* down to earth price.



Spartin Systems
AUTHORIZED digital COMPUTER DISTRIBUTOR
14925-A Memorial Drive • Houston, Texas 77079
(713) 496-0800

BI-486

Benefit TPAs

Continued from previous page

1986. The combined Employee Benefits Claims and Employee Benefits Administration paid $350 million claims for self-insurers in 1985 (*BI*, Jan. 27, 1986).

Many TPAs have responded to COBRA's provisions forcing employers to extend health benefits to former employees and to employees' divorced and widowed spouses by developing software and administrative services to help employers comply.

For example, Adjustco Inc., the No. 9 TPA, has developed a fully automated COBRA software package compatible with IBM and IBM-compatible PCs. This system is available to clients that administer their own programs, said Thomas V. Hallett, chairman and chief executive officer of the Tarrytown, N.Y.-based TPA., a unit of broker Frank B. Hall & Co. Inc.

However, Adjustco also offers complete COBRA administration services to employers that do not want to perform their own COBRA administration, he added.

"We just sold our first major national account, to an employer with 15,000 lives," Mr. Hallett said.

About 15% of Adjustco's claims administration business for self-insured clients is in health insurance, and the remainder is in property/casualty claims.

Charleston, W.Va.-based McDonough Caperton Insurance Group, the 12th-largest TPA, also developed a software product to perform COBRA administration services for its clients, said Senior Vp Jennings L. Hart.

"We've always kept all of the necessary information on our computer system. The client won't have to be involved in COBRA reporting or administration at all," he said.

Nearly 92% of McDonough Caperton's administration business is composed of health insurance claims.

ALTA Health Strategies also introduced COBRA administration software, which "has been tremendously well-received," Mr. Shomer said.

Along with assisting in COBRA compliance, TPAs also are attempting to help employers cope with the new surge in health costs. Most have added or expanded cost-containment services and managed health care plans, such as preferred provider organizations.

ALTA Health Strategies plans to develop PPOs both on its own or through joint ventures, said Mr. Shomer. The TPA also offers cost-containment consulting services.

And, U.S. Administrators, which has operated a PPO in California for two years, has "a couple in the East just getting ready to take off," said Mr. Kaplan.

However, he added, "I'm not sure that PPOs are really an answer to rising costs. You need stringent standards and criteria on what care is necessary and what the costs should be. Just because someone negotiates a lower rate doesn't mean that it's the best solution."

Data is important ingredient in managing health care costs and assuring quality care, Mr. Kaplan noted. "You can't manage without information. I think it's about time everyone had enough data to do a complete analysis."

Employee Benefit Plans offers a complete utilization review program, called EBCares, Mr. Bedessem said. And, the TPA currently operates PPOs in 12 markets in nine states, he said. These programs include more than 150 hospitals and 15,000 physicians.

"Managed care is definitely the way our company is moving—and with a great deal of success," he added.

American Benefit Plan Administrators will launch a nationwide PPO through TPA of America, Mr. Cardinal said. The plan probably will include 160 hospitals and about 6,000 physicians.

American Benefit Plan also offers clients in Arizona a PPO that includes 60 hospitals and 2,000 physicians, he said.

"This has been a big push with us. We are developing total PPO and utilization review programs," following the acquisition of HealthCare Strategies, he said.

McDonough Caperton has offered utilization review services to its clients for more than two years, Mr. Hart said. "Our cost-containment unit offers services such as pre-certification and concurrent review. We also offer general auditing of hospital bills through third parties."

Following are profiles of TPAs that have the greatest concentration of their claims administration business in employee benefits.

Continued on next page

CLAIMS CLOUT!

When it comes to claims, we have the expertise to manage them more effectively and with greater objectivity than anyone in the business. We save clients time and money by measurably increasing the productivity of their claims programs. We get results and that's the bottom line!

We are a full-service claims management facility. Some of our strong points include:

1 CLAIMS RUN-OFF

We judiciously manage the claims function of discontinued property/casualty programs and bring them to a successful conclusion. Consider us a cost-effective alternative to in-house staffing and related overhead expenses.

2 CLAIMS MANAGEMENT REVIEW

Our in-depth evaluation of claims performance and procedures ensures optimum results. We perform comprehensive surveys and reinsurance audits as well as offer personalized services to meet the needs of captives, SIR's and carriers.

3 PROGRAM DESIGN & DEVELOPMENT

We assist agents, brokers, MGA's and risk managers in every phase of the program development process. We enhance their control of the claims function—from initial survey to ultimate disposition.

If you're looking for an organization with the clout to strengthen and improve your current program, then you need Associated Claims Enterprises. For additional information, write for a complimentary copy of our informative brochure, *"A Helpful Guide to Claims Management."*

ASSOCIATED
CLAIMS ENTERPRISES, INC.
A Subsidiary of Cameron General Corporation
10 South LaSalle Street • Chicago, IL 60603 • 312/263-1620

Continued from previous page

ALTA Health Strategies

ALTA Health Strategies, the largest TPA, had gross revenues of $36 million in 1986, $31 million of which was from claims services on behalf of self-insured clients.

Health insurance claims accounted for 93% of the claims paid for self-insurers by ALTA in 1986, up two percentage points from 1985 when James owned the firm.

Flexible compensation accounted for 4% of claims paid for self-insurers, the same as in 1985. The remaining 3% of ALTA's claims administration business for self-insurers was composed of disability claims, as in 1985.

The TPA did not pay any claims related to pension benefits in 1986, which accounted for 2% of its revenues in 1985.

The TPA administered claims for 720 self-insured clients in 1986. Last year, James Benefits reported that it administered claims for 2,100 clients.

Explaining the decrease, Mr. Shomer said: "One (self-insured) company we administer claims for is an insurance company. This year, that client is counted as one client, where last year, the individual groups in that insurer were counted as separate clients."

ALTA has 650 employees, 600 of which specifically serve self-insured clients. The TPA serves clients from 13 administrative offices and 15 sales offices, he said.

No significant personnel changes were made when the senior management of James Benefits purchased the company from Fred S. James, he said. "We just did a little shifting of responsibilities."

Fred S. James continues to provide benefit consulting services and brokerage services.

"As part of our total health care services, we will be brokering," noted Mr. Shomer. "We will do everything we need to for our clients."

Claims administration generated 85% percent of ALTA's revenues. The remaining 15% was generated by other services such as consulting and brokerage, he explained.

U.S. Administrators Inc.

U.S. Administrators, the nation's second-largest TPA, specializes in health care claims administration services.

All of its revenues from self-insured clients are generated by health claims administration, up from 98.5% in 1985. Mr. Kaplan declined to give the company's gross revenues.

The TPA no longer administers disability claims, which accounted for 1% of its revenues from self-insurers in 1985. It also no longer provides claims administration services for prepaid legal plans, which accounted for 0.5% of its 1985 revenues.

All of the TPA's 950 employees service self-insured clients, Mr. Kaplan said. The number of employees declined by 110 compared with a year ago because the company is "becoming more efficient," he said.

However, two new employees were added to the senior management staff: Millard H. Styles Jr., president and chief executive officer, and Ronald A. Bruce, executive vp and chief operating officer.

U.S. Administrators provides services to 62 self-insured clients from five administrative offices.

American Benefit Plan

American Benefit Plan Administrators reported 1986 gross revenues of $21 million, $12 million of which was from services for self-insured clients.

Health insurance accounted for 57% of the sixth-ranked TPA's claims administration business for self-insurers in 1986, down 38 percentage points from last year. Pensions accounted for 31% of this business, up from 4% last year.

Explaining these significant changes, Mr. Cardinal said, "the biggest change we have effected within TPA of America is to concentrate more on Taft-Hartley plans through American Benefit Plan and more on self-insured corporations and associations through MICA," the TPA's new acquisition.

"American Benefit Plan's specialty is Taft-Hartley plans. MICA used to handle these plans. But, we've changed our direction," he added. Two-hundred fifty of American Benefit Plan's 257 self-insured clients are Taft-Hartley or multiemployer plans.

Some 350 of the firm's 450 employees serve self-insured clients from 18 administrative offices.

About 57% of the company's gross revenues was generated by claims administration in 1986. The

Continued on next page

TIRED OF THE SAME OLD AUDITS?

Then get excited about the new Bill Review and Medical Audit program from Cost Care that combines experienced medical professionals and prompt turnaround to deliver:

- ✔ Guaranteed savings
- ✔ Physician evaluation for medical necessity
- ✔ RN review of all audits
- ✔ Integration with all Cost Care programs

Cost Care guarantees performance.

COST CARE™

Call:
Phillip Havener, VP
1-800-762-3029 Nationwide

BILL REVIEW AND MEDICAL AUDIT PROGRAM

Strength and security in a changing world.



Strength in our capital and surplus. Strength in our service to both treaty and facultative clients. And security in knowing that Skandia, serving clients since 1900, is the oldest operating reinsurance company in the U.S.

Headquarters: 280 Park Avenue, New York
Atlanta, Chicago, New York, San Francisco

SKANDIA AMERICA GROUP

Benefit TPAs

Continued from previous page
remaining 43% was related to various services—such as filing government reports and maintaining employee service records for pension plans.

Mr. Cardinal became president of American Benefit Plan in 1986, taking over for H.L. Auston, who is president of TPA of America.

"We also reassigned some people into three major divisions. The divisions basically represent different geographical regions of the country," Mr. Cardinal said.

Employee Benefit Plans

Employee Benefit Plans, which provides only claims administration services, reported 1986 gross revenues "in excess of $25 million," Mr. Bedessem said.

Health insurance claims accounted for 100% of the TPA's administration business for self-insurers last year. In 1985, Employee Benefit Claim and Employee Benefit Administration attributed 91% of this business to health insurance and 9% to workers compensation.

All of the company's approximately 550 employees serve 2,700 self-insured clients from 23 administrative and sales offices.

The company recently appointed a new president and chief executive officer, William E. Sagan. Mr. Sagan assumes the duties of former president Richard J. Dunlap, who died late last year, Mr. Bedessem said.

Employee Benefit Plans also added a specialist in PPO development to its senior management staff. Rob Brook, vp of PPO development and marketing, will work on expanding the company's managed health care services.

McDonough Caperton

McDonough Caperton reported 1986 gross revenues of $22 million from claim services, $8.5 million of which is related to services for self-insured clients.

While 61% of its revenues is generated by insurance brokering, 32% is related to claims administration services. Another 5% is related to claims auditing and 2% to claims adjusting.

A total of 91.6% of McDonough Caperton's claims administration business for self-insured clients is in health insurance and 4% is in workers compensation. Disability claims account for 2% of claims administration business for self-insurers; flexible compensation, 1.2%; professional liability, 0.7%; pensions, 0.3%; and general liability, 0.2%.

"Our business was about the same in 1985," Mr. Hart said. "The largest growth in our claims administration business in the last four years has been in the benefits area."

The broker paid about $275 million in claims for self-insurers in 1986, up 14.6% from about $240 million in 1985. "That increase is certainly due to rising health care costs," he said.

McDonough Caperton administered claims for 230 self-insured clients last year, while it provided adjusting services only for 26 self-insured clients and claims auditing services only for 150 self-insured clients.

About 250 of the company's 450 employees serve self-insured clients from three administrative offices. The company has nine sales offices. ■

Property/casualty self-insurance to grow at slower pace: TPAs

By DONNA DiBLASE

The property/casualty self-insurance market will continue to grow, but at a slower pace than in recent years, officials of large property/casualty third-party claims administrators predict.

Self-funding property/casualty risks grew dramatically in the last two years as commercial insurance became very expensive or not available and risk managers elected to assume higher retentions. In addition, some companies self-funded risks for the first time.

But now, with commercial insurance market conditions easing, TPAs expect to see slower self-insurance growth.

TPA officials note, however, that the expanded Risk Retention Act could be a major contributor to continued growth of their claims administration business.

"The lack of coverage and capacity by insurance carriers and the London reinsurance market has impacted the self-insurance market by increasing its growth. Commercial corporations are now retaining more risk," said Edward P. Holleran, president of ESIS Inc., a CIGNA Corp. subsidiary in Philadelphia.

"The market has definitely grown this past year and will grow next year—but not at the fast pace of the past year," he said.

While seventh-ranked ESIS reported serving 1,000 clients in 1986 as it did in 1985, claims paid on behalf of self-insurers grew 13% to $520 million from $460 million in 1985.

"We're seeing both larger deductibles and higher self-insured retentions. It's a function of the market. Last year, capacity and availability were issues. So, retentions and deductibles were certainly increasing," Mr. Holleran added.

"We've seen many clients taking larger retentions, but the whole climate of the industry is such that that will happen," said John G. Campbell, president of Rolling Meadows, Ill.-based Gallagher Bassett Services Inc., a subsidiary of Arthur J. Gallagher & Co.

"The era has come about that those that have self-insured have gained experience. They have become more comfortable and mature with handling risks properly and they're willing to extend those retentions more," he added.

Gallagher Bassett, the eighth-largest TPA, provided claims administration services for 624 self-insured clients in 1986, up 13.2% from 551 in 1985. Claims paid on behalf of self-insurers rose 8.5% to $401.5 million in 1986.

"Some of our medium-sized clients with between $500,000 and $1 million in premium are stepping up to higher self-insured retentions," said said Mike Soltau, chief executive officer of 10th-ranked TPA Scott Wetzel Services Inc., a Bremerton, Wash.-based subsidiary of The Home Group Inc.

Scott Wetzel served 471 self-insured clients in 1986, up 12.9% from 417 in 1985. Claims paid on behalf of self-insurers, however, fell 13.8% to $321.7 million.

"Some of our clients had cutbacks in employees in 1986. Also, there was a decline in frequency and some decrease in severity. There was also some indication of loss control being responsible for the decrease in severity and frequency," Mr. Soltau explained.

"We see many risk managers coming out of the broker arena and they are less frightened of the big numbers. They feel more comfortable with higher SIRs," said Raymond A. Auckerman, senior vp-marketing for GAB Business Services Inc. in Parsippany, N.J., the fifth-largest TPA.

GAB served 1,289 self-insured clients in 1986, up 14.4% from 1,127 in 1985. The TPA paid $556 million in claims, up 6.1% from $524 million in 1985.

"There are some new self-insureds. But, as far as the clients we're currently serving, we're seeing larger self-insured retentions and we can attribute some real growth to this," said C.C. Lefler, executive vp-marketing for Atlanta-based Crawford & Co., the third-largest TPA.

He added that "the level of sophistication of the risk manager continues to grow at a rapid pace by virtue of a number of influences everyday. And, the research being done on captives and the various legislation that has come up has deepened the sophistication of our whole industry."

Crawford paid $790 million in claims in 1986 on behalf of self-insurers, up 27.8% from $618 million in 1985. Its self-insured clients for which it administers claims grew to 585, 50 more than in 1985.

There is "an increased awareness of self-insurance as a legitimate vehicle to solve problems," said John A. Malasky, senior director of fourth-ranked Alexsis Inc., a unit of Alexander & Alexander Services Inc. in Northville, Mich.

"We're certainly more aggressive from a sales point," he added.

Alexsis administered claims for 2,100 self-insured clients in 1986, 600 more than in 1985. Claims paid on behalf of self-insurers rose 27.1% to $600 million in 1986.

Some TPA officials expect to see their claims administration business grow as a result of the recently passed amendments to the 1981 Risk Retention Act.

The amendments allow businesses and professionals to form special multiowner captives—called risk retention groups—to fund all liability risks except workers compensation for member-owners.

Also, a risk retention group that is chartered in one state can operate nationwide without having to obtain prior rate and policy form approval from every state in which it does business. The new law, passed in October, also pre-empts state statutes that made it difficult for employers to purchase liability insurance as a group.

"Corporations and public entities now have some options. And, it makes pooling possible in some states where laws were restrictive," notes GAB's Mr. Auckerman.

"I think the Risk Retention Act will affect our business positively," said Mr. Campbell of Gallagher Bassett. "I hope the expansion of the Risk Retention Act will have a greater effect than the original act did in 1981."

The original act, which permitted risk retention groups to fund product liability and completed operations risks, was passed when commercial insurers were competing for business again and risk funding alternatives were not in demand. As a result, few risk retention groups were formed under the 1981 law.

"The Risk Retention Act could improve business," agreed Mr. Soltau of Scott Wetzel.

However, while other TPAs agree that the new law could increase business, they say it may be a while before any growth occurs.

"The Risk Retention Act should increase self-insured business, but I haven't seen it happen yet," said Mr. Holleran of ESIS. "I wonder how much of that I will see in my market—the Fortune 500 market. Most of those companies already have formed captives or pools.

"I think it will have more impact on the small-to-medium sized corporation market," he continued.

"The Risk Retention Act might have some impact, but the school is still out on that," said Mr. Malasky of Alexsis.

Following are profiles of TPAs with the greatest concentration of business in handling property/casualty claims.

Crawford & Co.

Crawford, ranked third based on $790 million in claims paid on behalf of self-insurers in 1986, generated about $76 million in revenues from serving self-insured clients.

Crawford's gross revenues in 1986 totaled $240 million, of which about 55% was from claims adjusting; 29% from claims administration; and 16% from other services, such as health and rehabilitation services for workers compensation and risk management information systems.

About 60% of claims paid on behalf of self-insurers were in workers compensation. The remaining 40% of claims dollars were related to general liability; automobile liability; professional liability; property damage; bonds; ocean and inland marine.

"There seems to be an enlarging market in the claims administration area. We saw this area grow because clients are taking much higher retentions and they want more complete claims administration services," Mr. Lefler said.

Of Crawford's 585 self-insured claims administration clients, 512 are corporations, 28 are government entities and 45 are association plans.

Crawford also adjusted claims for—but did not pay claims

Continued on next page

Schirmer
SCHIRMER ENGINEERING CORPORATION
OFFERING FULL LOSS CONTROL ENGINEERING SERVICES
✓ Underwriting & Loss Control Surveys
✓ Fire Protection Engineering
✓ Safety & Health Engineering
✓ Litigation Support Services
✓ Building & Fire Code Consultation
✓ Sprinkler System Design
✓ Alarm System Design
SCHIRMER ENGINEERING CORPORATION
707 LAKE COOK ROAD • DEERFIELD, IL 60015 • 312/272-8340

A Stronghold Against Catastrophe



At a time when all the king's horses and all the king's men cannot put the marketplace back together again . . . You as the ***buyer*** and you as the ***agent*** need armor and a sturdy defense to shield both you and your company from the unavoidable risk which exists in the petroleum industry.

For the buyer, insurance expense yields a mighty sword. The cost of insurance is so high that it is becoming difficult to justify the trade-off between the known premium and the unknown loss of a claim.

For the agent, the stability of the company you're doing business with is an ever present concern. You must be aware of the insurance demands of the petroleum industry, the coverages that are available and what coverages you're willing to entertain.

PIC '87 will give both you the ***buyer*** and you the ***agent*** the opportunity to learn preventive strategies and how to surround yourself with a stronghold against catastrophe.

Call or write for more information:
Professional Development Institute,
P.O. Box 13288, NTSU, Denton, TX
76203-3288
Outside Texas 800-433-5676
D/FW Metro 267-5671 (817) 565-2483

8th Annual Petroleum Insurance Conference, March 5-6, 1987, New Orleans

Continued from previous page
for—2,000 self-insured clients in 1986. Adjusting services were in the areas of auto liability, general liability, workers compensation and property damage. Of its adjusting clients, 1,800 were corporations, 150 were government entities and 50 were association plans.

Crawford, which also serves insurance companies, has more than 700 administrative offices in the United States, Canada and Puerto Rico and 10 regional sales offices. Crawford employs 4,780 people, which are available to serve self-insurers as well as Crawford's insurance company clients. And, it has eight regional administrative service center offices dedicated solely to management of self-insured claims.

Crawford expanded its risk management information system to enable risk managers to perform a "macro-analysis designed to review and assess, on an internal and comparative basis, a company's performance as it applies to the cost of a risk," said Mr. Lefler.

Alexsis Inc.

Fourth-ranked Alexsis, based on $600 million in claims paid on behalf of self-insurers, generated gross revenues of $48 million, about 80% of which was from claims administration. The remaining 20% was from consulting, marketing and sales.

About 70% of claims paid on behalf of self-insurers was related to workers compensation; 15%, general liability; 5%, automobile; 5%, property damage; and 5%, professional liability.

Alexis's 2,100 self-insured clients include 1,800 corporations, 253 government entities and 47 association plans.

Alexsis' 800 employees serviced self-insured clients from 44 administrative and sales offices, including three new ones in Des Moines, Iowa; Phoenix, Ariz.; and Spokane, Wash.

Changes in the management staff of Alexsis include Ronald F. Proffer, who became executive vp of Corporate Service Inc.—a claims administration subsidiary—and William B. Bull, who became president of subsidiary Summit Consulting.

Mr. Malasky predicts "a little bit larger growth in 1987. We've been compounding at about 20% annually for the past five years."

GAB Business Services Inc.

Fifth-ranked GAB paid $556 million in claims on behalf of self-insurers in 1986, up 6.1% from $524 million last year. The largest portion—51%—was related to workers compensation claims, 38% was related to general liability and 7% was related to automobile, property damage professional liability and marine. Only 4% of GAB's paid claims was related to health insurance.

GAB administered claims for 1,289 self-insured clients, 162 more than last year. The largest number of clients, 958, were corporations, but GAB also served 69 government entities and 112 association plans.

GAB provided claims adjusting only for 165 self-insured clients in 1986, mainly in the areas of workers compensation and general liability. The TPA also conducted 22 claims auditing projects.

GAB had total 1986 gross revenues of about $205 million, including work for insurance companies, 91.5% of which was from claims administration. Another 7.5% was from claims adjusting and the remainder was from claims auditing.

The TPA's management changes include Mr. Auckerman, who was named senior vp of marketing, and John F. Darden, who became vp of finance, Mr. Auckerman said.

GAB and its parent, SGS S.A.-Geneva, acquired a 51% interest in Robins Davies International, a London-based claims administrator serving self-insurers, he said.

Robins Davies handles claims for companies in Europe, the Middle East, the Far East, Africa, Australia and the West Indies, Mr. Auckerman said.

The new partnership will enable GAB to handle claims for European multinationals with operations or subsidiaries in the United States, he added.

"We don't handle claims in England, but Robins Davies does handle claims in the U.S. and in Europe," he said.

GAB operates 650 administrative and 17 sales offices nationwide and employs 4,372, serving both insurance companies and self-insurers.

ESIS Inc.

Seventh-ranked ESIS with $520 million in claims paid on behalf of self-insurers declined to disclose its gross revenues, but said that 80% of its revenues are generated by claims administration; 10% by claims adjusting; and 10% by claims auditing.

About 39% of its paid claims were related to workers compensation; 26%, general liability; 34%, automobile; and the remaining 1%, property damage, professional liability and bonds.

Self-insured clients are served from the TPA's headquarters in Philadelphia and nine sales offices. A total of 3,100 claim personnel from CIGNA's property and casualty claim department are available to handle claims.

ESIS expanded its CRIS—or CIGNA Risk Information System—management information system. The system now enables risk managers to perform more sophisticated forecasting, profiling and risk analysis, he said. The new system is called CAF—or CRIS Advanced Function.

Gallagher Bassett Services

About 81% of eighth-ranked Gallagher Bassett's $30.7 million in gross revenues was generated by claims administration.

Other services, such as loss control, management information systems and property appraisals, accounted for 18% of gross revenues at the Arthur J. Gallagher & Co. unit.

Only 1% was related to claims auditing.

Workers compensation accounted for 35% of claims paid. About 34% was related to health insurance; 15%, general liability; 8% property damage; 5%, automobile; 2%, disability; and 1%, professional liability.

Gallagher Bassett provided

Continued on next page



The Mass Mutual Challenge.

When other companies talk about flexibility, we let them know it's our sweet spot.

At Mass Mutual, flexibility isn't just a concept, it's the cornerstone of our philosophy. Just ask our clients.

Yes. We've got a complete product line from full insurance to Minimum Premium to Administrative Services, and a full range of dental, life and disability products as well.

Yes. Our SelectGroup PLUS product for smaller employers has a total of 2,025 combinations of options. But to us, flexibility is much more. It's what comes from people who deliver.

It's banking options that offer not only the usual "on issue" or "when cleared" arrangements, but also any customized arrangement in between.

It's our cost containment options that offer personalized analysis and customized programs suited to your needs. And, specifically for smaller companies, a choice of five custom-designed, multi-option cost control strategies.

It's our MAGNET system which produces the most advanced set of reports in the industry and the people willing and able to tailor these reports to meet any special needs.

Flexible? You bet we are. Our flexibility is crowned by an unbeatable promise: Our people are trained and eager to do whatever it takes—even rewrite the "rules"—to bring you the programs, service and cost control you need.

So take the challenge. Have your agent, broker or consultant call their Mass Mutual Group Representative. You'll be the winner.

MassMutual
GROUP LIFE AND HEALTH
Massachusetts Mutual Life Insurance Co., Springfield, MA 01111

IS IT REALLY A DRUG PROBLEM?

Mental Health and Substance Abuse problems are delicate and require a special kind of case management.

But the first step is knowing *exactly* what to treat. Only Cost Care utilizes:

- ✔ Over 270 clinical indicators to **unmask** hidden personal problems.
- ✔ Staff physicians and psychiatrists reviewing **every** case.
- ✔ Review of both physical and mental health related admissions.

We treat your employees the way their doctors do--case by case.

COST CARE™

Call:
Stephen Duvall PhD, Director
1-800-762-3029 Nationwide

MENTAL HEALTH/SUBSTANCE ABUSE
CASE MANAGEMENT

P/C administrators

Continued from previous page

claims administration services for 624 clients in 1986, up from 551 in 1985. Gallagher Bassett has 250 government entity clients, 314 corporations and 50 association plans. Claims paid for these clients in 1986 totaled $401.5 million.

Clients are served from 69 administrative offices nationwide and 18 sales offices.

Parent company Arthur J. Gallagher acquired a San Francisco-based benefits TPA, Pacific-Atlantic Administrators Inc., Mr. Campbell said. The TPA will operate under its own name.

Gallagher Bassett did not make any significant personnel changes in 1986, but "because of our size, we will do some restructuring in 1987," he said.

Adjustco Inc.

Ninth-ranked Adjustco Inc. paid $371 million in claims on behalf of self-insurers in 1986, up 22.7% from $302.4 million last year, when it was ranked 10th.

The largest portion—60%—was related to workers compensation. About 15% was related to health insurance; 10%, general liability; 5%, disability; 5%, automobile; and 5%, property damage.

"The amount of health insurance claims seems to be growing. Along with disability, this seems to be our biggest growth area," said Thomas V. Hallett, chairman and chief executive officer.

Last year, health insurance accounted for 10% of claims paid on behalf of self-insurers.

Adjustco's health care Cost Containment Management division assists clients in operating rehabilitation programs for workers compensation. It also provides case management services for catastrophic illnesses and utilization review services.

Some 788 of Adjustco's 997 employees serve self-insured clients from 107 offices that combine administration and sales operations.

Adjustco expects total 1986 gross revenues to be about $53 million. About 60% of its gross revenues were generated by claims administration. Claims adjusting accounted for 25% of revenues and claims auditing generated about 5%.

The remaining 10% was related to services such as health care cost containment, rehabilitation and information management.

Significant personnel changes include the addition of a president and chief operating officer, Walter E. Danielewski.

Adjustco has developed a new risk management information system called, "The Pyramid Series," which "gives clients a souped-up administration system," Mr. Hallett said.

The software—which is compatible with IBM personal computers—enables risk managers to perform loss forecasting, process and track individual claims payment transactions and calculate loss levels, among other things, he said.

Scott Wetzel Services Inc.

Scott Wetzel, ranked 10th among TPAs with $321.7 million in claims paid on behalf of self-insurers, primarily handled workers compensation claims in 1986. About 74% of claims paid was workers compensation; 17%, general liability; 8%, automobile; and 1%, professional liability.

Scott Wetzel conducted claims auditing projects for four clients in 1986.

The TPA reduced its staff by 28 in 1986. "We reduced personnel, to some extent, because of the greater efficiency obtained trough automation," Mr. Soltau said.

All of its current 411 employees serve self-insured clients from 25 administrative and sales offices.

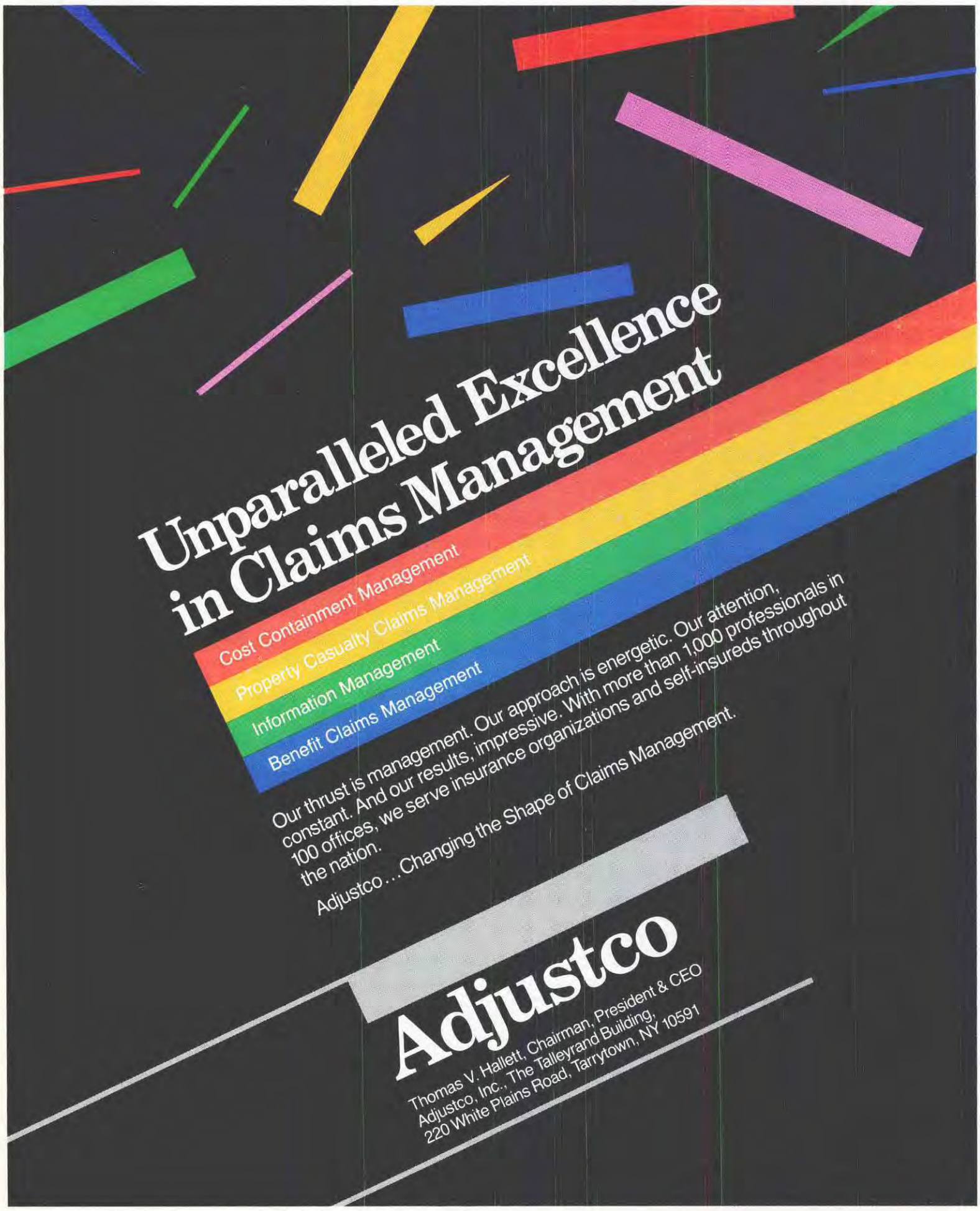
About 79% of 10th-ranked Scott Wetzel's gross revenues was generated by claims administration, and 15% was generated by services such as loss control, Mr. Soltau said, declining to provide gross revenues.

Another 1% was related to claims auditing and 5% was related to claims adjusting.

Scott Wetzel hopes to develop a data program "that will help establish trends so that better loss control can be performed," he said.

The TPA continued to work with its clients to find workers compensation rehabilitation programs that, "not only provide high-level services for injured employees, but also that help employees to prevent injuries," he explained.

"We help to develop programs for the client where they can identify employees with special injuries and to help get employees back to work either on a partial or total basis," he added. ■



Directory of benefit claims specialists

a

Admar Corp.

850 Town & Country Road, Orange, Calif. 92668; 714-953-9600

Year founded: 1973.
Services provided: 20% claims administration; 80% other services, including PPO administration, hospital and surgical utilization review.
Specialty: 100% health insurance.
Self-insured clients/claims: Not reported.
Client mix: Administration: all clients are corporations.
Staff: 180 total staff members, 18 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $3.50-$8.
1986 gross revenues: $8 million total, $1.6 million from claims services.
Branch offices: Sales offices in San Rafael, Calif.; Kansas City, Mo.; Boston.
Subsidiaries: Med Network (PPO), HealthWatch (hospital and surgical utilization review).
Principal officers: Richard Toral, president; Virginia Pascual, executive vp; Alan Jeffery, vp-marketing/development; Roger Lightholder, vp/general counsel; Bob Peters, vp-finance/administration; Steve Rosen, vp-medical center.
Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Administrative Service Consultants

3301 E. Royalton Road, Cleveland, Ohio 44147; 216-526-2730

Year founded: 1969.
Services provided: 95% claims administration; 5% other services, including on-line claims service.
Region served: Nationwide.
Specialty: 98% health insurance, 2% flex compensation.
Self-insured clients/claims: Administration: 112 clients, $25 million claims paid.
Client mix: Administration: 96 corporations, 12 public/government entities, four Taft-Hartley plans. Health plans: 28,000 employees covered, 62,000 dependents covered.
Staff: 32 total staff members, 30 of whom serve self-insurance clients only.
Charges: Administration: flat fee, $3-$7.
1986 gross revenues: $1 million total.
Subsidiaries: Seibert-Keck Agency (claim services), Omniserv Corp. (flexible benefit and computer services).
Principal officers: Albin Tercek, president; William Morris, executive vp.
Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Administrators & Benefit Consultants Inc.

731 Main St., P.O. Box 5119, Lafayette, Ind. 47903; 317-423-1577

Year founded: 1980.
Services provided: 75% claims administration, 25% other services.
Region served: Midwest.
Specialty: 75% health insurance, 20% disability, 5% life.
Self-insured clients/claims: Administration: three clients, $13.9 million claims paid.
Client mix: Administration: three Taft-Hartley plans. Health plans: 8,000 employees covered.
Staff: 25 total staff members, all of whom serve self-insured clients only.
Charges: Administration: percent of premium, percent of contributions, percent of insureds.
1986 gross revenues: $1 million total.
Branch offices: Administrative office in Milwaukee.
Subsidiaries: Healthcare Review Inc. (cost-containment services).
Principal officers: L. Dow Orrell, chairman; Stewart C. Miller, president; Thomas F. Cutter, controller.
Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

Allied Benefit Systems Inc.

222 S. Riverside Plaza, Chicago, Ill. 60606-6001; 312-906-8080

Year founded: 1980.
Services provided: 80% claims administration; 20% other services, including brokering insurance.
Region served: Nationwide.
Specialty: 95% health insurance, 5% disability.
Self-insured clients/claims: Administration: 30 clients, $25 million claims paid.
Client mix: Administration: 28 corporations, two public/government entities. Health plans: 8,500 employees covered, 10,000 dependents covered.
Staff: 14 total staff members, eight of whom serve self-insurance clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $650,000 total, $520,000 from claims services.
Principal officers: Laurence Wilneff, president; Ben Schenker, executive vp; Gloria Siegel, director-services; Deborah Sala, director-marketing.
Membership: SPBA.

ALTA Health Strategies Inc.

2614 S., 1935 W., Salt Lake City, Utah 84119; 801-973-7300

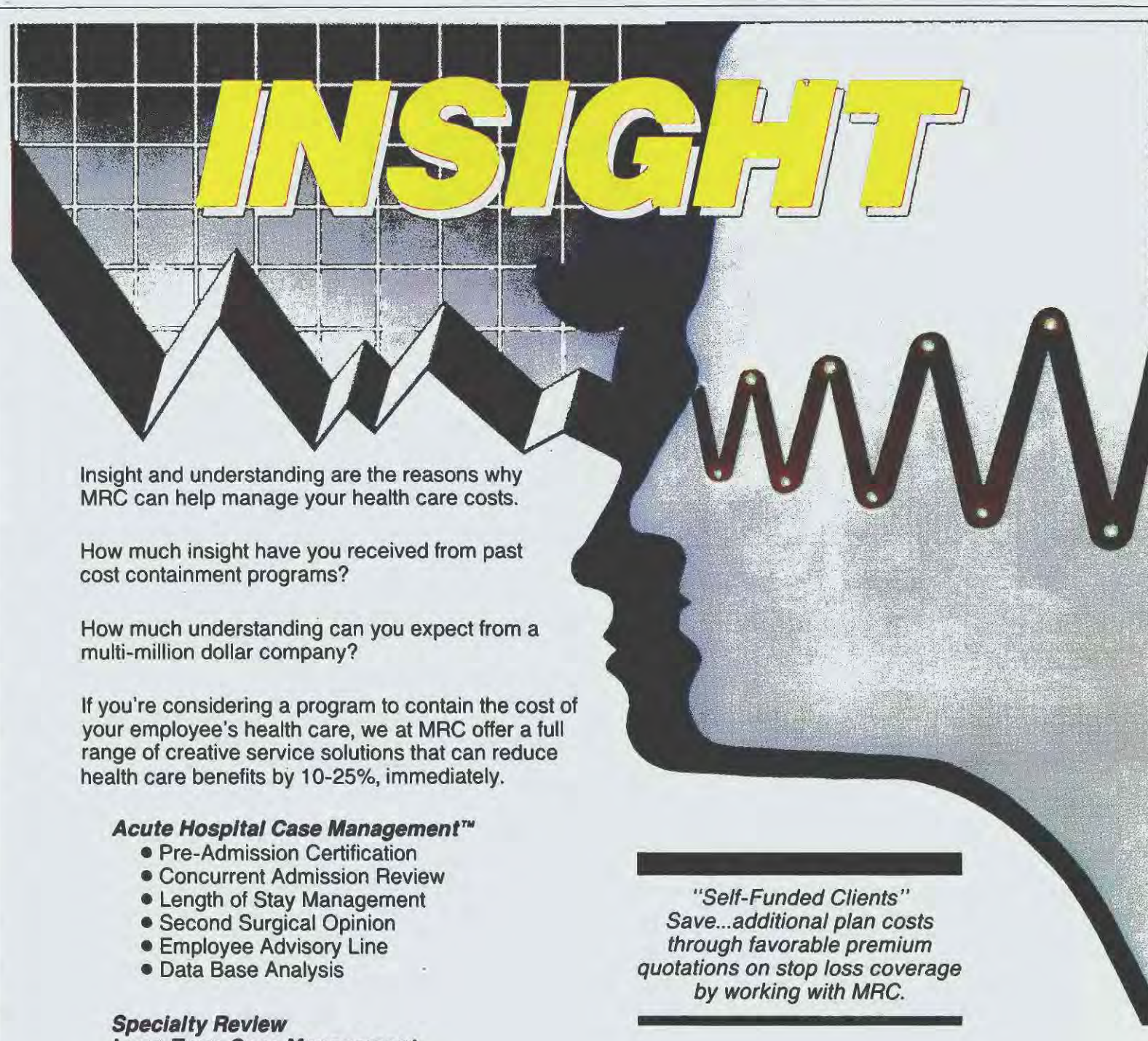
Year founded: 1960.
Services provided: 85% claims administration, 15% other services.
Region served: Nationwide.
Specialty: 93% health insurance, 4% flex compensation, 3% disability.
Self-insured clients/claims: Administration: 720 clients, $1 billion claims paid.
Client mix: Administration: 555 corporations, 160 public/government entities, five association plans. Health plans: 1.6 million employees covered, 2.9 million dependents covered.
Staff: 650 total staff members, 600 of whom serve self-insured clients only.
Charges: Administration: percent of paid claims, per covered employee, per claim.
1986 gross revenues: $36 million total, $31 million from claim services.
Branch offices: Administrative offices in Atlanta; Boise, Idaho; Wheat Ridge, Colo.; Tucson and Tempe, Ariz.; Tustin and San Francisco, Calif.; Houston; Minneapolis. Sales offices in Albuquerque, N.M.; Atlanta; Boise, Idaho; Denver; Hopkinton, Mass.; Houston and Irving, Texas; Milwaukee; San Francisco and Santa Ana, Calif.; St. Louis, Mo.; Tempe and Tucson, Ariz.; Wayne, Pa.
Principal officers: W. Terry Nofsinger, president/chief executive officer; David H. Olson and Keith F. Kinghorn, executive vps/regional directors; Lane A. Summerhays, senior vp-finance; Robert B. Shomer, senior vp-marketing/national accounts; Dennis Burge, senior vp-administration; Carvel Whiting, senior vp.
Membership: SPBA, SIIA.

American Benefit Plan Administrators Inc.

2999 W. Sixth St., Los Angeles, Calif. 90020; 213-386-2703

Year founded: 1952.
Parent company: TPA of America Inc.
Services provided: 57% claims administration; 43% other services, including collection of contributions, maintenance of employee services

Continued on next page



Insight and understanding are the reasons why MRC can help manage your health care costs.

How much insight have you received from past cost containment programs?

How much understanding can you expect from a multi-million dollar company?

If you're considering a program to contain the cost of your employee's health care, we at MRC offer a full range of creative service solutions that can reduce health care benefits by 10-25%, immediately.

Acute Hospital Case Management™
- Pre-Admission Certification
- Concurrent Admission Review
- Length of Stay Management
- Second Surgical Opinion
- Employee Advisory Line
- Data Base Analysis

Specialty Review
Long Term Case Management
Hospital Bill Audit

"Self-Funded Clients" Save...additional plan costs through favorable premium quotations on stop loss coverage by working with MRC.

So, if you're looking for the insight and understanding you deserve, call for more information. TOLL FREE, 1-800-527-1305 (in NJ) or 1-800-524-0079 (Outside NJ).

Medical Review Corp.

40 Maple Avenue
Morristown, NJ 07960
(201) 267-2233

Guide to directory

The annual directory of claims specialists serving self-insurers lists companies that responded to a *Business Insurance* questionnaire. The directory is printed as a editorial service; there is no charge for companies to be listed. However, companies must generate at least 50% or $500,000 of their gross revenues from handling claims for self-insured clients to be included.

Companies are organized according to the type of business in which they specialize. Those that handle only employee benefits/group insurance are listed beginning on page 27, those that handle only property/casualty claims (including workers compensation) are listed beginning on page 49 and those that handle both employee benefits/group insurance and property/casualty claims are listed beginning on page 57.

Following the company name, address, year founded and parent company, the listings include the percentage of the company's gross revenues generated by:

- Claims administration, which includes overseeing control of claims files, directing adjusters and paying claims.
- Claims adjusting, which includes investigating claims and making recommendations to the claims administrator but does not include paying claims.
- Claims auditing, which includes reviewing the overall integrity of the claims file operation, verifying the accuracy and direction of claims payment and recommending solutions to claims administration problems.
- Other services, not related to claims services for self-insured clients, that the company may provide.

Types of claims the company specializes in servicing are included. These are given as a percentage of gross revenues derived from handling claims for self-insured clients. Within this heading, "health insurance" encompasses medical, dental, vision and prescription drug claims.

Also included are the geographic region served by the company, number of self-insured claims administration clients and amount of claims paid for them, number of claims adjusting clients and number of auditing projects conducted for self-insured companies in 1986.

Types of self-insured clients serviced, information on staffing and ways in which the company bills for it's services follow.

Total 1986 gross revenues are included when reported by the company. Because *BI* gathered much of the information on companies before year-end 1986, revenue figures may be estimated.

Following are locations of administrative and sales offices, as well as names of subsidiaries and the types of services they provide.

The names and titles of principal officers and membership in claims organizations complete the listings.

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

The names of two professional organizations are abbreviated in the listings: SIIA is Self-Insurance Institute of America, SPBA is Society of Professional Benefit Administrators.

Jardines

Riskwise

The roots of Jardine Emett & Chandler go back 155 years. Jardine Matheson entered the insurance business in Canton in 1837. Our U.S. forebearers established a commercial brokerage firm in California in 1881, and began serving businesses and associations in New York in 1906. During the 60's and 70's, we pioneered in the development of risk-management services for large corporations. It's an appropriate history for the U.S. brokerage arm of Jardine Matheson, the company that opened up the China trade and made commercial history from the Pacific Rim to Europe. It reflects a tradition of "extra effort" that continues to make Jardines unique.

Jardine Emett & Chandler Inc.
The extra effort you're looking for.

Continued from previous page

records for pension and vacation plans, filing government reports.

Region served: Nationwide.

Specialty: 57% health insurance; 31% pensions; 12% multiemployer, vacation and apprenticeship plans.

Self-insured clients/claims: Administration: 257 clients, $542 million claims paid.

Client mix: Administration: five corporations, one public/government entity, 250 multiemployer and Taft-Hartley plans, one association plan. Health plans: 380,000 employees covered, 700,000 dependents covered.

Staff: 450 total staff members, 350 of whom serve self-insured clients only.

Charges: Administration: per eligible employee, $3-$8 per month.

1986 gross revenues: $21 million total, $12 million from claim services.

Branch offices: Offices in El Monte, Calif.; Phoenix and Tucson, Ariz.; Golden, Colo.; Jacksonville, Fla.; Honolulu; Chicago; Shreveport, La.; St. Paul, Minn.; Kansas City, Mo.; Las Vegas, Nev.; Albuquerque, N.M.; Oklahoma City; Dallas, Houston and Nederland, Texas; Salt Lake City, Utah.

Principal officers: Robert J. Cardinal, president; C.J. Monson, executive vp; Sam Sanbar, senior vp; Richard Linn, senior vp-division III; Leonard Aspergren, senior vp-division II, Irving Baldinger, senior vp-corporate compliance.

Membership: SPBA.

American Claims Evaluation Inc.

375 N. Broadway, Jericho, N.Y. 11753; 516-938-0400

Year founded: 1981.

Services provided: 100% claims auditing.

Region served: Nationwide.

Specialty: 100% health insurance.

Staff: More than 300 total staff members.

Charges: Auditing: contingency fees.

1986 gross revenues: Not reported.

Branch offices: Administrative and sales offices in New York, Chicago, Los Angeles; additional sales office in Atlanta.

Principal officers: Gary Gelman, president; Robert Lindberg, vp-marketing; June Narus Novak, vp-operations.

American Insurance Administrators Inc.

6420 Wilshire Blvd., Suite 200, Los Angeles, Calif. 90048; 213-658-5125

Year founded: 1977.

Services provided: 95% claims administration, 2% adjusting, 3% auditing.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 16 clients, $3.5 million claims paid. Adjusting: one client; types of claims include health insurance, disability, dental. Auditing: three projects conducted.

Client mix: Administration: 16 corporations. Health plans: 15,000 employees covered, 37,500 dependents covered.

Staff: 36 total staff members, 10 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $5-$8.50; Adjusting: per hour, $35-$75; Auditing: per hour, $35-$75.

1986 gross revenues: $1.8 million total.

Branch offices: Administrative office in Orange, Calif.

Principal officers: F.N. Dastur, president; H. Schaffer, executive vp; P.H. Dalal, chief financial officer; R. Bassin and B. Rabinowitz, vps.

Membership: SPBA.

American Medical Insurance Co.

35 Broadway, CS 546, Hicksville, N.Y. 11802; 516-822-8700

Year founded: 1964.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 22 clients, $6 million claims paid.

Client mix: Administration: three corporations, 19 union-sponsored

Continued on facing page

Continued from facing page
plans. Health plans: 10,000 employees covered, 30,000 dependents covered.

Staff: 56 total employees, 25 of whom serve self-insured clients only.

Charges: Administration: percent of claims, 5%-15%.

1986 gross revenues: $13 million total.

Subsidiaries: American Dental Centers (multichair dental offices).

Principal officers: Jules V. Lane, chairman; Lee C. Jarmolowsky, executive vp/treasurer; Peter J. Norton, senior vp; Elaine Metalsky, vp/secretary; Beverly Munter, administrative vp; Linda Lane, vp.

American SelfCare Corp.

690 E. North Ave., Carol Stream, Ill. 60188; 312-665-0797

Year founded: 1953.

Parent company: American Family Corp.

Services provided: 98% claims administration; 2% other services, including actuarial and consulting services.

Region served: Nationwide.

Specialty: 90% health insurance, 10% disability.

Self-insured clients/claims: Administration: 58 clients, $7 million claims paid.

Client mix: Administration: 49 corporations, nine public/government entities. Health plans: 55,000 employees covered, 80,000 dependents covered.

Staff: 70 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month.

1986 gross revenues: $2.1 million total.

Branch offices: Administrative and sales office in Columbus, Ga.

Principal officers: Salvador DiazVerson, president; Leonard Jagoda, treasurer; Louis Hazouri, secretary; Daniel Amos, director; David Hudson, manager.

Membership: SPBA, SIIA, Self-Insurance Assn. of Illinois.

AmeriTrust Benefits Management

707 Brookpark Road, Brooklyn Heights, Ohio 44109; 216-749-8212

Year founded: 1984.

Parent company: AmeriTrust National Co.

Services provided: 95% claims administration, 5% auditing.

Region served: Ohio and adjoining states.

Specialty: 95% health insurance, 5% disability.

Self-insured clients/claims: Administration: 12 clients.

Client mix: Administration: 11 corporations, one public/government entity.

Staff: 50 total staff members, 49 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3.50-$9. Auditing: 30% of errors found.

1986 gross revenues: $900,000 total, all from claim services.

Principal officers: Marie Grossman, general manager; Paul Matchinga, operation manager; Richard Phillips, systems manager; Sherrie Dula, sales manager; Jim Franklin, new product development manager.

Associated Health Plans Inc. of Louisiana

2821 Richland Ave., New Orleans, La. 70002; 504-885-9365

Year founded: 1978.

Services provided: 80% claims administration, 20% other services.

Region served: Southeast.

Specialty: 90% health insurance, 10% flex compensation.

Self-insured clients/claims: Administration: 101 clients, approximately $14 million claims paid.

Client mix: Administration: 98 corporations, three public/government entities. Health plans: 18,000 employees covered, 24,000 dependents covered.

Staff: 34 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee, $3-$6.

1986 gross revenues: $1.4 million total.

Subsidiaries: Associated Medical Review Service (pre-admission authorization, continued stay review, claims audits).

Principal officers: Pamela Chauff, president; Vince Varisco, vp; Art Blanchat, secretary; Dolores Blanchat, treasurer.

Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

b

Babb Inc.

850 Ridge Ave., Pittsburgh, Pa. 15212; 412-237-2115

Year founded: 1929.

Services provided: 30% claims administration, 70% other services.

Region served: Nationwide.

Specialty: 90% health insurance, 10% disability.

Self-insured clients/claims: Administration: 88 clients, $5 million claims paid.

Client mix: Administration: 88 corporations. Health plans: 22,000 employees covered, 87,000 dependents covered.

Staff: 80 total staff members, 40 of whom serve self-insured clients only.

Charges: Administration: flat charge per employee.

1986 gross revenues: $40 million total.

Branch offices: Sales office in Wayne, Pa.

Subsidiaries: Babb Health Care Administration Services Inc. (claim services), Higham Whitridge Inc. (student insurance), Higham Whitridge Securities Inc. (401(k) annuities).

Principal officers: Ronald B. Livingston, chairman/chief executive officer; William M. Steele, vice chairman; Chester Sanderson, treasurer; Arnold Ruttenberg, vp; James Mitchell, executive vp.

Membership: SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Benefit Administration Services Ltd.

401 E. Capitol St., Suite 413, Jackson, Miss. 39201; 601-969-1286

Year founded: 1984.

Continued on next page

RISK RETENTION GROUPS
Formation & Management

Formation ■ Operation ■ Regulatory Reporting
Reinsurance ■ Computerized Accounting ■ Investment
INDEPENDENT
Creators of Vermont Domicile ■ Prime Movers of Law

Contact: John J. Middleton, Chief Operating Officer or H. Lincoln Miller, CEO.

CALL TOLL FREE 800-342-RISK
Vermont Insurance Management
P.O. Box 306, Montpelier, Vt. 05602

Announcing a comprehensive Insurance Program for the

Fire & Burglary Safety Equipment Industry



With great pride we continue to provide a superior underwriting facility and insurance product for those involved in the MANUFACTURE, DISTRIBUTION, SERVICE AND INSTALLATION OF

- Dry and Wet Fire Extinguishing Equipment
- Burglar Alarms and Equipment
- Fire Alarms and Equipment

For further information or applications call or write . . .

COVERX CORPORATION

P. O. Box 5096, Southfield, Michigan 48086
Telephone: (313) 358-4010 — Telex: 23-5635

Who provides fast and complete answers to your questions on structured settlements?

Who can help you settle cases on appeal?

Who is a client-oriented problem solver who acts as a member of your negotiating team?

Who offers innovative solutions that best meet the needs of defendants?

Who offers same day quotes and same-day answers to your current cases?

Who wants you to call Myles McDonald at **1-800-344-4041** or **1-215-565-8580** in PA for additional information about our comprehensive structured settlement services?

Huver & Associates that's who!

Huver & Associates, Inc.

STRUCTURED SETTLEMENT SPECIALISTS

610 East Baltimore Pike, Suite 200, P.O. Box 1850, Media, PA 19063

Peace of mind in *any* language, *anywhere* in the world . . .

MEDHELP WORLDWIDE

"The International Health Plan"

International Underwriters Group, providers of innovative health insurance plans such as HealthCare Plus, HealthCare Abroad, and HealthCare Advantage, introduces **MedHelp Worldwide**, a medical insurance plan for those traveling or living away from their home country.

MedHelp Worldwide provides comprehensive coverage for

- Expatriates
- Workers on overseas assignments
- Multinational employees
- Frequent international travelers

and the plan also eliminates the problems of getting medical treatment and then paying for it in a foreign country.

The MedHelp Worldwide plan includes:

- Choice of three plans to meet different requirements.
- Comprehensive medical expense coverage of up to one-half million dollars (per covered injury or sickness) anywhere in the world including when the insured person returns to his home country.
- Local ambulance service or medical evacuation, even back to the insured person's home country if necessary.
- Both hospital and outpatient services, including prescription medicines.
- Repatriation of remains.
- An international network of 24-hour multi-lingual assistance centers to help the insured person in case of minor and major emergencies.
- Guaranteed renewable semi-annual or annual coverage available (including coverage for dependents.)

Also available:

—Accidental Death and Dismemberment benefits of $100,000 or $250,000.

—Life insurance benefits of $250,000 or $500,000.

MedHelp Worldwide is underwritten by International Insurance Company of Hannover, Ltd.

Brokerage contracts are available.

MedHelp Worldwide . . . the logical health care choice for people away from their home country.

International Underwriters Group
243 Church Street West
Vienna, VA 22180
703-255-9800

Continued from previous page

Services provided: 90% claims administration, 10% other services.
Region served: South.
Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 15 clients, more than $1 million claims paid.

Client mix: Administration: 14 corporations, one public/government entity. Health plans: more than 1,000 employees covered, more than 2,500 dependents covered.

Staff: Six total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee.
1986 gross revenues: Not reported.

Principal officers: John W. Nicholson, chairman; Tom Brown, president; Karen R. Watson, secretary/treasurer.
Membership: SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Benefit Consultant Services, a Division of Donald F. Smith & Associates

5353 E. Princess Anne Road, P.O. Drawer 12569, Norfolk, Va. 23502; 804-855-8061

Year founded: 1972.
Services provided: 51% claims administration; 49% other services, including insurance brokerage, consulting.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 12 clients, $5.6 million claims paid.
Client mix: Administration: eight corporations, two union-sponsored plans, two association plans. Health plans: 3,210 employees covered.
Staff: 12 total staff members, seven of whom serve self-insured clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $575,000 total, $290,000 from claim services.
Branch offices: Administrative and sales offices in Princeton and Pennington, N.J.; Newport News, Va. Additional sales offices in Augusta, Maine; Concord, N.H.; Richmond, Va.; Wallingford, Conn.
Principal officers: Donald F. Smith, president; Terrence J. McDonough, executive vp; Robert M. Neumann, senior vp; Charles Lascola, vp.
Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Benefit Plan Administrators Inc.

P.O. Box 781320, Wichita, Kan. 67278-1320; 316-681-2325

Year founded: 1971.
Parent company: Equicor.
Services provided: 90% claims administration, 10% other services.
Region served: Arkansas, Missouri, Oklahoma, Kansas, Nebraska, Colorado, Wyoming, Idaho and Montana.
Specialty: 95% health insurance, 4% disability, 1% life.
Self-insured clients/claims: Administration: seven clients, $12 million claims paid.
Client mix: Administration: four corporations, one public/government entity, two Taft-Hartley plans. Health plans: 11,000 employees covered, 16,500 dependents covered.
Staff: 19 total staff members, five of whom serve self-insured clients only.
Charges: Administration: per employee per month, $3.40-$12.50.
1986 gross revenues: $5 million total.
Branch offices: Sales offices in Oklahoma City, Okla.; Kansas City, Mo.; Denver; Topeka, Kan.
Principal officers: Jerry W. Cole, president; Larry J. Armfield, vp.
Membership: SPBA, SIIA.

Benefit Plan Administrators Inc.

P.O. Box 5, Danbury, Conn. 06813; 203-775-4006

Year founded: 1980.
Services provided: 100% claims administration.
Region served: New England and mid-Atlantic states.
Specialty: 95% health insurance, 5% disability.
Self-insured clients/claims: Administration: more than 200 clients.
Client mix: Administration: more than 200 corporations.
Staff: 18 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee.
1986 gross revenues: Not reported.
Principal officers: Charles J. Wilson, president.
Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Benefit Plan Administrators Inc.

1900 Folsom, Suite 100, Boulder, Colo. 80302; 303-442-1000

Year founded: 1984.
Services provided: 75% claims administration; 25% other services, including employee benefit consulting.

Continued on facing page

Continued from facing page

Region served: Rocky Mountain states.
Specialty: 50% health insurance, 50% flexible compensation.
Staff: Five total staff members, all of whom serve self-insured clients only.
Charges: Administration: per participating employee, percent of savings.
Principal officers: William G. Hofgard, president; Mark William Hofgard, Linda Anderson and Susan Gercken, vps.
Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

Benefit Plan Services Inc.

P.O. Box 2793, High Point, N.C. 27261; 919-889-2003

Year founded: 1977.
Services provided: 100% claims administration.
Region served: Southeast.
Specialty: 98% health insurance, 2% disability.
Self-insured clients/claims: Administration: 13 clients, $3.2 million claims paid.
Client mix: Administration: 11 corporations, two public/government entities. Health plans: 3,200 employees covered, 2,600 dependents covered.
Staff: Four total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee, $2-$5.
1986 gross revenues: $180,000 total, all from claim services.
Principal officers: J. Larry Peters, president; Alan O. Peters, vp.
Membership: SPBA.

Benefit Plans Risk Management Inc.

215 Stanford Parkway, Findlay, Ohio 45840; 419-423-3823

Year founded: 1976.
Services provided: 70% claims administration, 30% other services.
Region served: Nationwide.
Specialty: 85% health insurance, 12% disability, 3% life.
Self-insured clients/claims: Administration: 98 clients, $36 million claims paid.
Client mix: Administration: 94 corporations, four public/government entities. Health plans: 15,500 employees covered, 27,000 dependents covered.
Staff: 43 total staff members, all of whom serve self-insured clients only.
Charges: Administration: flat fee, $4.80-$8.
1986 gross revenues: $1.9 million total.
Branch offices: Sales office in Marion, Ohio.
Principal officers: J. Roland Hahn, president; Stanley H. Phillips, vp-finance.
Membership: SPBA, Self-Funded Institute of Ohio.

Benefit Services

2185 Lemoine Ave., Fort Lee, N.J. 07024; 201-592-6800

Year founded: 1966.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 90% health insurance, 10% disability.
Self-insured clients/claims: Administration: 20 clients, $40 million claims paid.
Client mix: Administration: eight corporations, 12 Taft-Hartley plans. Health plans: 40,000 employees covered, 90,000 dependents covered.
Staff: 30 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per covered employee per month, $3-$6.
1986 gross revenues: Not reported.
Branch offices: Administrative office in Philadelphia.
Principal officers: Robert A. Leef, president.
Membership: SPBA.

Benefit Settlements

321 E. Fourth, P.O. Box 1058, Joplin, Mo. 64802; 417-623-3860

Year founded: 1980.
Parent company: Insurance Center Associates Inc.
Services provided: 100% claims administration.
Region served: Midwest.
Specialty: 85% health insurance, 15% disability.
Self-insured clients/claims: Administration: 15 clients, $4.1 million claims paid.
Client mix: Administration: 15 corporations. Health plans: 4,000 employees covered, approximately 3,200 dependents covered.
Staff: Seven total staff members, all of whom serve self-insured clients only.
Charges: Administration: per covered employee.
1986 gross revenues: Not reported.
Principal officers: Steven D. Hall, president; Jack Flournoy, vp; J. Scott Brothers, secretary/treasurer.
Membership: SPBA.

BenePlan Strategies Inc.

405 W. First St., Dayton, Ohio 45402; 513-226-4626

Year founded: 1983.
Parent company: Day International Inc.
Services provided: 80% claims administration; 20% other services,

Continued on next page

COST CARE DELIVERS...

PrescriptCare. A home delivery maintenance prescription service utilizing a computerized Medical Alert System, physician safety net, employee hotline, and integrated data base to effectively deliver:

- ✔ Rx costs at 50% savings.
- ✔ Fewer hospital admissions.
- ✔ Reduced drug-related complications.

Cost Care delivers.

COST CARE™

Call:
Stuart Millheiser, VP
1-800-762-3029 Nationwide

PRESCRIPTCARE
Home Delivery Maintenance Prescription Plan

GET THE FACTS

The benefits administration system that will put you in control.

The fact is, no other system on the market can match FACTS from C/G Data in terms of flexibility, sophistication, and excellence in benefits administration.

FACT: Over 70 systems in operation today.
FACT: Full-range medical, dental, vision, disability, and prescription drugs processing.
FACT: Flexible Benefits.
FACT: Workers' Compensation.
FACT: Cost containment reporting.
FACT: Pre-certification and utilization review.
FACT: Partial self-funding.
FACT: PPO and HMO processing.
FACT: Multi-system capability includes IBM-PC and Mainframe, DEC, Prime, Honeywell and more.

Get the FACTS—the one software system that does it all!
See why we've become today's fastest growing company providing benefit administration systems nationwide.

Call today for a brochure: (305) 593-1881

FACTS® C/G DATA CORPORATION

8685 N.W. 53rd Terrace
Miami, Florida 33166

Continued from previous page
including employee benefit planning and communication.

Region served: Nationwide.

Specialty: 80% health insurance, 10% flex compensation, 10% disability.

Self-insured clients/claims: Administration: 22 clients, $36.2 million claims paid.

Client mix: Administration: 17 corporations, five public/government entities. Health plans: 29,089 employees covered, 32,567 dependents covered.

Staff: 32 total staff members, 27 of whom serve self-insured clients only.

Charges: Administration: per employee per month.

1986 gross revenues: $1.5 million total.

Branch offices: Sales office in Cincinnati.

Principal officers: David Gutridge, chairman; Ralph Zimmerman, president; Thomas Sliemers, vp-marketing; George Givens, director-finance/operations; Phyllis Ashburn, director-claims administration.

Membership: SPBA.

Business Planning Associates Inc.

2260 Erin Court, P.O. Box 4517, Lancaster, Pa. 17604; 717-299-1201

Year founded: 1976.

Parent company: Erin Benefit Group Ltd.

Services provided: 56.2% claims administration; 43.8% other services, including pension administration, hospital stay case management.

Region served: South-central Pennsylvania.

Specialty: 90% health insurance, 10% disability.

Self-insured clients/claims: Administration: 95 clients, $2.9 million claims paid.

Client mix: Administration: 90 corporations, five public/government entities. Health plans: 5,214 employees covered, 5,351 dependents covered.

Staff: 11 total staff members, four of whom serve self-insured clients only.

Charges: Administration: per client per month.

1986 gross revenues: $565,300 total, $324,900 from claim services.

Principal officers: Carl K. Reigle Jr., president; James E. Rothenberger, treasurer; Agnes Watson, vp; Mary Caci, secretary.

Membership: SPBA, SIIA.

C

CC Systems Corp.

1200 Yankee Doodle Road, St. Paul, Minn. 55164; 612-456-5940

Year founded: 1982.

Parent company: Blue Cross/Blue Shield of Minnesota.

Services provided: 75% claims administration; 25% other services, including computer time sharing.

Region served: Nationwide.

Specialty: 90% health insurance, 10% disability.

Self-insured clients/claims: Administration: 125 clients, $82 million claims paid.

Client mix: Administration: 116 corporations, five public/government entities, two union-sponsored plans, two association plans. Health plans: 86,000 employees covered, 111,800 dependents covered.

Staff: 35 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $2-$9.

1986 gross revenues: $2.5 million total, $1.9 million from claim services.

Branch offices: Administrative offices in Lansing, Mich.; Cleveland; Houston; Kansas City, Kan.; Denver.

Principal officers: David C. Wilson, president.

Membership: SPBA, SIIA.

CCI Administrators Inc.

2751 Tuller Parkway, Dublin, Ohio 43017; 614-764-7600

Year founded: 1981.

Services provided: 100% claims administration.

Region served: Midwest.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 34 clients.

Client mix: Administration: 34 corporations. Health plans: 6,400 employees covered, 11,200 dependents covered.

Staff: Nine total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee.

1986 gross revenues: Not reported.

Principal officers: R.T. Miller, president; R.T. Alkire, vp.

Central Benefit Systems Inc.

1005 Grand, Suite 800, Kansas City, Mo. 64106; 816-842-1885

Year founded: 1978.

Services provided: 60% claims administration; 40% other services, including premium administration.

Region served: Nationwide.

Specialty: 95% health insurance, 5% disability.

Self-insured clients/claims: Administration: 13 clients, $6 million claims paid.

Client mix: Administration: nine corporations, four public/government entities. Health plans: 7,000 employees covered.

Staff: 13 total staff members, eight of whom serve self-insured clients only.

Charges: Administration: per employee per month.

1986 gross revenues: $420,000 total.

Branch offices: Sales office in East Orange, N.J.

Principal officers: William E. Vogel, president; Antonio Lim, executive vp; David A. Deuter, senior vp; Diana Bain, assistant treasurer.

Membership: SPBA.

Chandler & Associates Inc.

35 River St., Chagrin Falls, Ohio 44022; 216-247-4315

Year founded: 1961.

Services provided: 91% claims administration; 9% other services, including consulting.

Region served: Ohio, Michigan, Iowa, western Pennsylvania.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 410 clients, $13.9 million claims paid.

Client mix: Administration: 406 corporations, one multiemployer plan, two Taft-Hartley plans, one association plan. Health plans: 18,400 employees covered, 27,000 dependents covered.

Staff: 23 total staff members, 21 of whom serve self-insured clients only.

Charges: Administration: per employee per month.

1986 gross revenues: $1.2 million total, $1.1 million from claim services.

Branch offices: Sales offices in Sioux City, Iowa; Farmington Hills, Mich.

Principal officers: Arthur W. Chandler, president; Mary C. Chandler, senior vp; Rita P. Lehman, vp-TPA division; Beverly G. Denison, vp-property & casualty division; Joyce Johnson, secretary/treasurer.

Membership: SPBA, SIIA.

Claims Administration Services Inc.

1250 W. Northwest Highway, Suite 600, Palatine, Ill. 60067; 312-934-7772

Year founded: 1982.

Parent company: Travelers Insurance Co.

Services provided: 80% claims administration; 20% other services, including brokering insurance, consulting.

Region served: Nationwide.

Specialty: 90% health insurance, 8% flex compensation, 2% disability.

Self-insured clients/claims: Administration: 260 clients, $85 million claims paid.

Client mix: Administration: 249 corporations, 10 public/government entities, one union-sponsored plan. Health plans: 30,000 employees covered, 83,000 dependents covered.

Staff: 53 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $2.

1986 gross revenues: $2.8 million total.

Branch offices: Administrative and sales offices in Philadelphia; Minneapolis; Phoenix, Ariz.; San Francisco; Sarasota, Fla.; Dallas; Cleveland.

Continued on facing page

ANNOUNCING

The Answer .....

SIEX™

A National Clearinghouse of Self Insurance Experts and Services

SELF INSURANCE EXCHANGE INC. ®

4141 MacArthur
Suite 200
Newport Beach, Ca. 92660

The answer to all your Self-Insurance Needs

Call: (714) 476-8812

FOR MORE INFORMATION

Name/Title _____

Organization: _____

_____

Address: _____

_____

Phone: _____

Type of Business: _____

No. of Employees: _____

Self Insurance Status:

☐ Existing Program

☐ New Program

RETURN TO: SIEX
4141 MacArthur
Suite 200
Newport Beach, Ca. 92660

Continued from facing page

Principal officers: William Horne, chairman; Stephen F. Rasnick, president/chief operating officer.

Membership: SIIA.

Claims Administrators & Plan Supervisors Corp. (CAPSCO)

8140 Mopac Expressway, Westpark 4, Suite 250, Austin, Texas 78759; 512-346-8070

Year founded: 1979.

Services provided: 65% claims administration; 35% other services, including premium collection, policy issuing.

Region served: Texas.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: eight clients, $1.2 million claims paid.

Client mix: Administration: three corporations, three multiemployer plans, two association plans. Health plans: 1,396 employees covered, 900 dependents covered.

Staff: 11 total staff members, four of whom serve self-insured clients only.

Charges: Administration: per employee, $4-$6.

1986 gross revenues: $473,579 total.

Principal officers: Clyde Fortenberry, president; Betty Jacobs, vp-claims; Robbie Nelson, treasurer; Sandra Browning, secretary.

Membership: SPBA.

Computer Claims Administration Inc.

1131 N. 27th, Billings, Mont. 59101; 406-245-3575

Year founded: 1980.

Services provided: 80% claims administration (including auditing); 20% other services, including flex compensation administration.

Region served: Northwest.

Specialty: 75% health insurance, 20% flex compensation, 5% disability.

Self-insured clients/claims: Administration: 30 clients, $3.6 million claims paid. Auditing: six projects conducted.

Client mix: Administration: 20 corporations, 10 public/government entities. Health plans: 4,500 employees covered, 11,250 dependents covered.

Staff: Eight total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3.25-$12. Auditing: $60 per hour plus expenses.

1986 gross revenues: $260,000 total.

Branch offices: Sales office in Miles City, Mont.

Principal officers: Frederick A. Larson, president; Nicki Larson, secretary/treasurer.

Membership: SPBA.

Concept Administrators Inc.

9342 Tech Center Drive, Suite 600, Sacramento, Calif. 95826; 916-364-7026

Year founded: 1979.

Parent company: Lincoln National Administrative Services Corp.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 95% health insurance, 5% flex compensation.

Self-insured clients/claims: Administration: 125 clients, $25 million claims paid.

Client mix: Administration: 115 corporations, 10 public/government entities. Health plans: 30,000 employees covered, 36,000 dependents covered.

Staff: 55 total staff members, 42 of whom serve self-insured clients only.

Charges: Administration: composite fee per employee per month, $4-$8.

1986 gross revenues: $2.2 million total.

Branch offices: Administrative offices in Redding, Calif.; Reno, Nev.

Principal officers: G. Roland Perry and Gary W. Goldberg.

Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Connecticut Health Plans Ltd.

P.O. Box 629, Avon, Conn. 06001; 203-678-0700

Year founded: 1974.

Services provided: 100% claims administration.

Region served: Northeast.

Specialty: 95% health insurance, 4% disability, 1% life.

Self-insured clients/claims: Administration: 25 clients, $5 million claims paid.

Client mix: Administration: 25 corporations. Health plans: 5,000 employees covered, 8,000 dependents covered.

Staff: 12 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $7-$10.

1986 gross revenues: $750,000 total.

Subsidiaries: Professional Life Planning Ltd. (sales and marketing services).

Principal officers: Leonard Cutler, president/treasurer; Arlene Cutler, vp/secretary.

Membership: SPBA.

Corporate Diversified Services Inc.

Suite 100, II Guarantee Centre, 8805 Indian Hills Drive, Omaha, Neb. 68114; 402-393-3133

Year founded: 1974.

Parent company: Blue Cross/Blue Shield of Nebraska.

Services provided: 60% claims administration; 40% other services, including brokering insurance.

Region served: Nationwide.

Specialty: 90% health insurance, 10% disability.

Self-insured clients/claims: Administration: 150 clients, $6 million claims paid.

Client mix: Administration: 144 corporations, two public/government entities, one multiemployer plan, two Taft-Hartley plans, one association plan. Health plans: 7,500 employees covered, 8,000 dependents covered.

Staff: 50 total staff members, 24 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $2.25-$7.50.

1986 gross revenues: $10.5 million total.

Principal officers: Richard L. Guffey, president; Jerry Herbel, vp-finance; Robert Henrichson, vp-marketing; Cheri Kowal, vp-operations.

Membership: SIIA, International Foundation of Employee Benefit Plans.

Corporate Systems Administration Inc.

3201 Bristol Highway, P.O. Box 1036, Johnson City, Tenn. 37601; 615-282-3420

Year founded: 1980.

Services provided: 80% claims administration, 20% other services.

Region served: Eastern states.

Specialty: 96% health insurance, 3% disability, 1% life.

Self-insured clients/claims: Administration: 15 clients, $9 million claims paid.

Client mix: Administration: clients include corporations, public/government entities, multiemployer plans. Health plans: 10,900 employees covered, 20,000 dependents covered.

Staff: 11 total staff members, seven of whom serve self-insured clients only.

Charges: Administration: per covered employee, $3.50-$6.

1986 gross revenues: Not reported.

Principal officers: Thomas H. Repass, president; Cecil Byers, vp; Douglas M. Sizemore, secretary/treasurer.

Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Corroon & Black Benefits Inc. Major Accounts—Self Funded Division

301 Plus Park Blvd., Nashville, Tenn. 37217; 615-367-9707

Year founded: 1957.

Parent company: Corroon & Black Corp.

Services provided: 50% claims administration; 5% adjusting; 5% auditing; 40% other services.

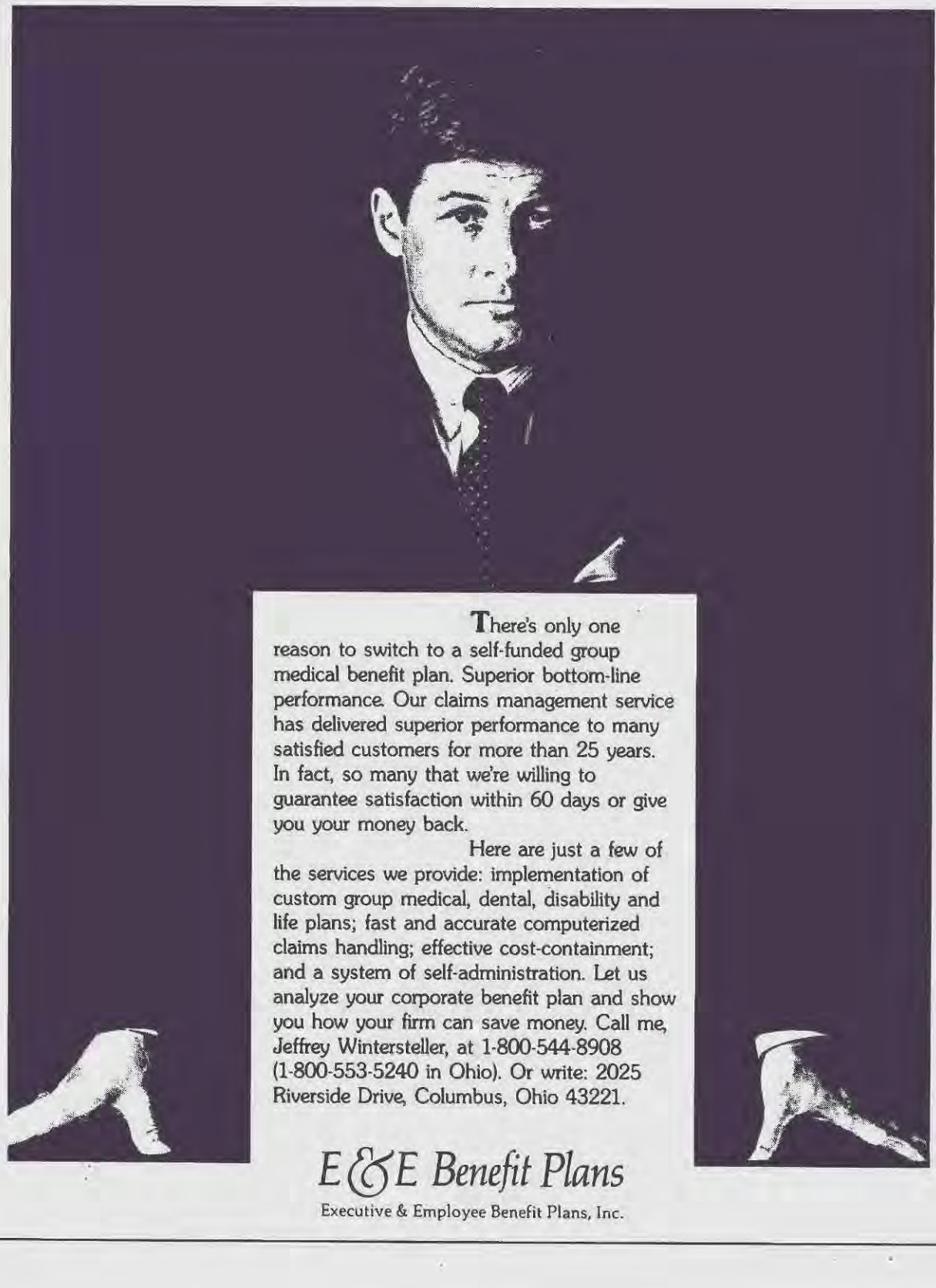
Region served: Nationwide.

Specialty: 95% health insurance, 5% disability.

Self-insured clients/claims: Administration: 95 clients.

Continued on next page

IMPROVED CASH FLOW AND BOTTOM-LINE PERFORMANCE. GUARANTEED.



There's only one reason to switch to a self-funded group medical benefit plan. Superior bottom-line performance. Our claims management service has delivered superior performance to many satisfied customers for more than 25 years. In fact, so many that we're willing to guarantee satisfaction within 60 days or give you your money back.

Here are just a few of the services we provide: implementation of custom group medical, dental, disability and life plans; fast and accurate computerized claims handling; effective cost-containment; and a system of self-administration. Let us analyze your corporate benefit plan and show you how your firm can save money. Call me, Jeffrey Wintersteller, at 1-800-544-8908 (1-800-553-5240 in Ohio). Or write: 2025 Riverside Drive, Columbus, Ohio 43221.

E&E Benefit Plans

Executive & Employee Benefit Plans, Inc.

Turn to Page 70...

the professional marketplace

For maximum coverage at minimum cost—for positions and help wanted in ... risk management ... employee benefits ... saftey engineering ... insurance underwriting ... claims administration ... Insurance brokerages/agencies ... financial management ... and more.

Business Insurance serves the corporate Insurance job market as no other publication can.

Contact Margaret Hikido, Classified Advertising, 740 Rush Street, Chicago, IL 60611 or call 312/649-5340.

Seven symptoms. One specialist.

Over the years, Claim Management Specialists has identified the seven features most common to mismanaged, high-cost claim settlement: 1. Unnecessary discovery. 2. Failure to evaluate early. 3. Failure of defense attorneys to follow instructions. 4. Inexperienced adjusters and attorneys. 5. Untrained or overloaded personnel. 6. Failure to distinguish cases by size. 7. Lack of timely reports.

Our response: a commitment to reducing losses through the central control of all litigation and adjustment.

And that's no mean task. But by operating as a fully staffed, "home office" claims department, CMS provides access to a nationwide network of investigators, adjusters and attorneys, all of whom share our goal of timely, cost-sensitive claims management.

CMS puts this administrative machinery at your disposal. We provide computer reporting services to apprise you of all claims and project status. And although our reporting system has been developed to accommodate all the usual claim management and accounting functions, we can customize reports to suit your particular needs.

Discover the difference a centralized effort can make. Write to CMS today for your free informational package.

CMS. Putting control at your fingertips.

CLAIM MANAGEMENT SPECIALISTS, INC.
525 W. MONROE STREET
CHICAGO, IL 60606
312/207-1239

Please send me information on the CMS alternative.

The innovative alternative to traditional claim management services.

Name _____ Title _____ Company _____ Address _____ City _____ State/Zip _____

Mail to: Claim Management Specialists, Suite 525, 525 W. Monroe , Chicago IL 60606

Continued from previous page

Client mix: Administration: 84 corporations, 11 public/government entities. Health plans: 28,000 employees covered, 62,129 dependents covered.

Staff: 600 total staff members, 50 of whom serve self-insured clients only.

Charges: Administration: per employee, $2-$5.

1986 gross revenues: $2 million total, $1.2 million from claim services.

Branch offices: Administrative offices in Chicago, Los Angeles. Sales offices in Knoxville, Memphis and Chattanooga, Tenn.; Lexington, Ky.

Subsidiaries: Biles & Cook, Corroon & Black of Illinois (claim services).

Principal officers: William M. Wood Jr, vp/director-Major Accounts; Walter Hasken, senior vp; Richard B. Carpenter, president-Self Funded Division; Jerry Leeds, senior vp-administration.

Membership: SIIA, International Foundation of Employee Benefit Plans.

d

Daniel & Henry Co.- Claims Division

100 N. Jefferson, St., Louis, Mo. 63103; 314-421-1525

Year founded: 1921.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 35 clients, $9 million claims paid.

Client mix: Administration: 29 corporations, six union-sponsored plans. Health plans: 10,086 employees covered, 6,184 dependents covered.

Staff: 150 total staff members, 17 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3.75-$6.

1986 gross revenues: $450,000 total, all from claim services.

Principal officers: C. Peyton Daniel, president; Ronald Mueller, treasurer; Charles S. Drew Jr., chairman of the board; John S. Childress, executive vp; John A. Harrison, vp.

Diversified Group Brokerage Corp.

369 N. Main St., P.O. Box 180, Marlborough, Conn. 06447; 203-295-9583

Year founded: 1968.

Services provided: 35% claims administration; 65% other services, including administration, billing, benefit consulting.

Region served: Connecticut, Massachusetts, Maine, New Hampshire, Vermont, Pennsylvania, Ohio, West Virginia, New York.

Specialty: 95% health insurance, 5% disability.

Self-insured clients/claims: Administration: 400 clients, $16 million claims paid.

Client mix: Administration: 326 corporations, three public/government entities, 70 multiemployer plans, one union-sponsored plan. Health plans: 28,000 employees covered, 67,000 dependents covered.

Staff: 70 total staff members, 55 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3-$5.

1986 gross revenues: $13.5 million total.

Branch offices: Sales offices in Hamden and Norwich, Conn.; Braintree and Newberryport, Mass.; Pittsburgh.

Principal officers: Robert H. Soleau, president; Edward J. O'Brien, executive vp; Katherine Shea, vp-underwriting; Mary Armstrong, vp-administration; Dean Briskey, secretary/treasurer.

Membership: SPBA, Connecticut Assn. of Third Party Administrators.

e

Eagles' Administrators Ltd.

Suite 200, Central Trust Building, 309 Vine St. Cincinnati, Ohio 45202; 513-977-4800

Year founded: 1972.

Parent company: Professional Administrators Ltd./Bradford National Life Insurance Co.

Services provided: 90% claims administration; 10% other services, including benefit consulting, plan design, actuarial consulting.

Region served: Nationwide.

Specialty: 90% health insurance, 10% disability.

Self-insured clients/claims: Administration: 100 clients, $20 million claims paid.

Client mix: Administration: 96 corporations, four public/government entities. Health plans: 15,000 employees covered, 40,000 dependents covered.

Staff: 32 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3.50-$12.

1986 gross revenues: $1.3 million total.

Branch offices: Administrative and sales offices in Dayton, Ohio; Lexington, Ky.; Jacksonville, Fla.

Principal officers: R. Richard Cooley, president; Thomas Colvin, executive vp; David Gubbay, vp/secretary; Richard E. Stump, vp/treasurer; Robert W. Herbster, vp; Jean George, assistant vp.

Membership: SIIA, Health Insurance Assn. of American, International Foundation of Employee Benefit Plans.

Eastern Benefit Systems Inc.

200 Freeway Drive E., East Orange, N.J. 07018; 201-676-3333

Year founded: 1978.

Parent company: W.S. Vogel Agency Inc.

Services provided: 90% claims administration; 10% other services, including computer software sales and licensing.

Region served: Nationwide.

Specialty: 85% health insurance, 10% disability, 5% flex compensation.

Self-insured clients/claims: Administration: 26 clients; $52 million claims paid.

Client mix: Administration: 23 corporations, two public/government entities, one association plan.

Staff: 45 total staff members, 38 of whom serve self-insured clients only.

Charges: Administration: per employee.

1986 gross revenues: Not reported.

Branch offices: Administrative and sales office in Kansas City, Mo.

Subsidiaries: Eastern Benefit Software Corp. (benefit administration software).

Principal officers: William E. Vogel, chief executive officer; Antonio Lim, president; Dominick Fan-

Continued on facing page

WORLD-CLASS

The Rising Star in Insurance Marketing



The Exchange is strategically headquartered in Chicago—the crossroads of the financial world.

The Illinois Insurance Exchange has attained an enviable position in the industry marketplace. International in scope, it is a unique facility offering tremendous opportunities for professional brokers and serious investors. Consider these important qualities:

★ **Professionalism**—distinguishes the Exchange at all levels including its skilled personnel, knowledgeable syndicate underwriters and prominent members of its Board of Trustees. They are an elite group.

★ **Long-Term Financial Stability**—a conservative underwriting approach coupled with the security inherent in the Exchange's Guaranty Fund characterize its responsible commitment to the future.

★ **Unprecedented Growth and Capacity**—the Exchange continues to experience record increases in its capitalization level, number of contracts issued and premium volume.

★ **Profitability**—an American success story, the Exchange is an attractive money-making opportunity for individual investors, corporations and partnerships.

"Hitch your wagon to a star" by contacting James M. Skelton, President and CEO, today.

Illinois Insurance Exchange
175 W. JACKSON BLVD. • CHICAGO, IL 60604 • 312/939-2400

Continued from facing page
uele, director-marketing.
Membership: SPBA.

Employee Benefit Claims of Wisconsin

312 E. Wisconsin Ave., Milwaukee, Wis. 53202; 414-273-3540

Year founded: 1974.
Parent company: SAFECO Life Insurance Co.
Services provided: 80% claims administration, 10% adjusting, 10% auditing.
Region served: Nationwide.
Specialty: 95% health insurance, 5% disability.
Self-insured clients/claims: Administration: 300 clients, $40 million claims paid.
Client mix: Administration: 280 corporations, eight public/government entities, 10 multiemployer plans, two association plans. Health plans: 40,000 employees covered, 80,000 dependents covered.
Staff: 100 total staff members, 80 of whom serve self-insured clients only.
Charges: Administration: percent of claims. Adjusting: percent of claims.
1986 gross revenues: $2.5 million total.
Branch offices: Administrative offices in Lexington, Ky.; Finley, Ohio; Appleton, Wis. Sales offices in Louisville, Ky.; Finley, Ohio.
Principal officers: John Feith, president; John A. Feith, executive vp.
Membership: SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Employee Benefit Management Corp. (EBMC)

4789 Rings Road, Dublin, Ohio 43017; 614-766-5800

Year founded: 1959.
Services provided: 87% claims administration; 3% auditing; 10% other services, including pension and actuarial services.
Region served: Nationwide.
Specialty: 80% health insurance, 10% pensions, 10% disability.
Self-insured clients/claims: Administration: 150 clients, $55 million claims paid. Auditing: continuous for administration clients.
Client mix: Administration: 145 corporations, two multiemployer plans, one Taft-Hartley plan, two association plans. Health plans: 51,000 employees covered, 76,000 dependents covered.
Staff: 102 total staff members, 99 of whom serve self-insured clients only.
Charges: Administration: per participating employee per month, $4-$8. Auditing: included in administration charges.
1986 gross revenues: $3.5 million total, $3.2 million from claim services.
Branch offices: Administrative offices in Indianapolis; Columbus, Ohio; Sales office in Columbus, Ohio.
Principal officers: Russel G. Means, chairman/treasurer; Thomas C. Jack, president/secretary; John O. Micha and Robert C. Cummins, vps; Kay French, controller.
Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Employee Benefit Plans Inc.

6950 Wayzata Blvd., Minneapolis, Minn. 55426; 612-546-4353

Year founded: 1974.
Parent company: Summit Ventures.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 2,759 clients, $304 million claims paid.
Client mix: Administration: 1100 corporations, 1,600 public/government entities, 28 multiemployer plans, four Taft-Hartley plans, 10 union-sponsored plans, 17 association plans. Health plans: 260,000 employees covered, 390,000 dependents covered.
Staff: 550 total staff members, all of whom serve self-insured clients only.
Charges: Administration: percent of paid claims, 3.25%-6%.
1986 gross revenues: Not reported.
Branch offices: Administrative and sales offices in Chicago; Miami; Oklahoma City and Tulsa, Okla.; Dallas, El Paso, Houston, Austin and Edinburg, Texas; Phoenix, Ariz.; San Francisco, Costa Mesa, Los Angeles and Fresno, Calif.; Seattle and Spokane, Wash.; Sioux Falls, S.D.; New York; Philadelphia; Orlando, Fla.; Billings, Mont.; Bethesda, Md.; Minneapolis.
Subsidiaries: Comprehensive Benefit Services Co. Inc., Employee Benefit Plans of Oklahoma, Equitable Benefit Plans of Florida, Equitable Benefit Insurance Services Inc. (claim services).
Principal officers: William E. Sagan, chief executive officer; Michael Bedessem, chief financial officer; Tom Toussaint, vp-underwriting; Henry Helgen, vp-legal; Rob Brook, vp-PPO development/marketing.
Membership: SPBA.

Employee Benefit Services Inc.

P.O. Box 97, 14 N. Adgers Wharf, Charleston, S.C. 29402; 803-577-2600

Year founded: 1972.
Services provided: 80% claims administration; 20% other services, including consulting, product placement.
Region served: Nationwide.
Specialty: 95% health insurance, 5% disability.
Self-insured clients/claims: Administration: 42 clients; $22 million claims paid.
Client mix: Administration: 39 corporations, three public/government entities. Health plans: 20,000 employees covered.
Staff: 13 total staff members, 11 of whom serve self-insured clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $1 million total.
Principal officers: Thomas H. Cooper and Marguerite A. Rock.
Membership: SPBA.

Employee Group Services Ltd.

888 10th St., Marion, Iowa 52302; 319-373-1401

Year founded: 1979.
Services provided: 100% claims
Continued on next page

Now, more than ever, top
Professional Claim Service
(at a reasonable cost) makes
sense for a proper loss ratio
ONLY A PROVEN EXPERIENCED ADJUSTING SERVICE
CAN PROVIDE THAT RESULT!
GET AHEAD OF THE COMPETITION
AND GET OUR EXPERIENCE TO WORK
FOR YOU.
CALL MIKE LINDSTROM FOR OUR PROFESSIONAL ASSISTANCE
ON YOUR PROPERTY CLAIMS AT:
(312) 922-1842

R.S. Rozak & Company
175 W. Jackson Blvd.
Room 1003
Chicago, IL 60604

GENERAL PROPERTY ADJUSTERS FOR INSURANCE COMPANIES & SELF INSURORS

AG

ALLIANCE INSURANCE GROUP
Underwriting

Property and General Liability
(including Products)

on behalf of:

Alliance Syndicate, Inc.
(Illinois Insurance Exchange)

Alliance General Insurance Company

For information call:
Vince Puccio, Senior Vice President
1-800-572-4147 312-269-0099
150 South Wacker Drive • Chicago, IL 60606

FOR GROUP VISION CARE...

VSP HELPS MARTIN MARIETTA LOOK BETTER!

When a company like Martin Marietta looks at employee benefits ... they look hard! They need cost control! They need effective and easy administration! And they need benefits that are attractive to their employees.

So, when Martin Marietta decided to include vision care as part of their employee benefit program ... they chose us!

We're Vision Service Plan ... the nation's oldest and largest provider of group vision care. Our plans provide free choice of doctor, periodic vision exams, and lenses and frames when prescribed. Out-of-pocket expenses are controlled, administration is easy ... and the cost is very affordable!

Take a closer look at Vision Service Plan! For more information and the location of the office nearest you... call our toll-free number today.

VSP
VISION SERVICE PLAN
National Association
1795 Clarkson Road, Suite 350
St. Louis, Missouri 63017

1-800-325-8499

Continued from previous page
administration (including auditing).
Region served: Midwest.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: $10 million claims paid. Auditing: 10 projects conducted.
Charges: Administration: per employee per month, $4-$7. Auditing: per hour.
1986 gross revenues: Not reported.
Principal officers: John R. Ver Hulst, president; Jerald Ver Hulst, vp.
Membership: SPBA.

Employee Services Inc.
120 S. Indiana Ave., P.O. Box 1610, Sioux Falls, S.D. 57101; 605-336-2457

Year founded: 1966.
Parent company: Lincoln National Administrative Services Corp.
Services provided: 100% claims administration.
Region served: Upper Midwest.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 40 clients, $9 million claims paid.
Client mix: Administration: 38 corporations, two public/government entities. Health plans: 8,000 employees covered.
Staff: 19 total staff members, all of whom serve self-insured clients only.
Charges: Per employee per month.
1986 gross revenues: $500,000 total.
Principal officers: John Timmer, president; Marvin E. Jensen, comptroller; Deborah K. Hinde, claims manager.
Membership: SPBA.

Employer Services Corp.
4020 McEwen Drive, Suite 280, Dallas, Texas 75244; 214-788-2555

Year founded: 1982.
Parent company: The Travelers Corp.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 98.8% health insurance, 1.2% flex compensation.
Self-insured clients/claims: Administration: 16 clients.
Client mix: Administration: 14 corporations, one public/government entity, one union-sponsored plan. Health plans: 24,232 employees covered, 34,402 dependents covered.
Staff: 21 total staff members, all of whom serve self-insured client only.
Charges: Administration: per employee.
1986 gross revenues: $870,000 total, all from claim services.
Branch offices: Sales office in Houston.
Principal officers: Dawn E. Charbonneau, president; Patricia Davidson, vp; Karen Vlach, director-data processing; Mark Hasson, director-marketing; Elizabeth Lowe, claims manager.
Membership: SIIA, National Qic-Claim Assn. of Independent Health Care Plan Administrators.

Executive & Employee Benefit Plans
8995 Roswell Road, Atlanta, Ga. 30338; 404-998-7001

Year founded: 1959.
Parent company: Consolidated Benefit Services Inc.
Services provided: 85% claims administration; 1% auditing; 14% other services, including computer services.
Region served: Southeast.
Specialty: 82% health insurance, 15% pensions, 1% flex compensation, 1% disability, 1% life.
Self-insured clients/claims: Administration: 56 clients, $94 million claims paid. Auditing: 36 projects conducted.
Client mix: Administration: 33 corporations, five public/government entities, 15 Taft-Hartley plans, three association plans. Health plans: 35,000 employees covered.
Staff: 90 total staff members, 20 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $3-$10. Auditing: per hour, $25-$50.
1986 gross revenues: $3.5 million total.
Branch offices: Administrative and sales offices in Birmingham, Ala.; St. Petersburg, Fla. Additional administrative offices in Charlotte, N.C., Savannah, Ga.
Principal officers: W. Richard Perkins, chairman; Troy E. Hardin Jr., president/chief executive officer; Judy L. Heilman, executive vp; Edward A. Hightower Jr., senior vp; Marie S. Bricker, vp.
Membership: SPBA.

f

FCS-Health Benefit Administration
Box 308. Grand Island, N.Y. 14072; 716-773-1143

Year founded: 1983.
Parent company: Hollis Boss Agency Inc.
Services provided: 95% claims administration, 5% auditing.
Region served: Northeast.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 23 clients, $9.4 million claims paid.
Client mix: Administration: 19 corporations, two public/government entities, one multiemployer plan, one association plan. Health plans: 14,271 employees covered, 34,598 dependents covered.
Staff: 15 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $403,500 total, all from claim services.
Branch offices: Administrative office in Springfield, Pa.
Principal officers: Hollis E. Boss, president; Larry Thompson, vp.
Membership: SPBA, SIIA.

The J.P. Farley Corp.
24600 Center Ridge Road, Suite 225, Westlake, Ohio 44145; 216-871-6800

Year founded: 1979.
Services provided: 78% claims administration; 22% other services, including sale of insured group plans.
Region served: Midwest.
Specialty: 80% health insurance, 10% pensions, 10% disability.
Self-insured clients/claims: Administration: nine clients, $8 million claims paid.
Client mix: Administration: six corporations, one public/government entity, one Taft-Hartley plan, one association plan. Health plans: 5,000 employees covered, 7,000 dependents covered.
Staff: 16 total staff members, 10 of whom serve self-insured clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $482,500 total, $376,350 from claim services.
Principal officers: James P. Farley, president; Coral E. Farley, vp/secretary.
Membership: SPBA, SIIA.

Financial Insurance Service Consultants Inc.
2603 W. 22nd St., Suite 22, Oak Brook, Ill. 60521; 312-571-7500

Year founded: 1970.
Parent company: Financial Insurance Service Inc.
Services provided: 100% claims administration.
Region served: Illinois, Michigan.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 710 clients, $30 million claims paid.
Client mix: Administration: 10 corporations, 700 multiemployer plans. Health plans: 25,000 employees covered, 40,000 dependents covered.
Staff: 30 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $1.6 million total.
Principal officers: Joseph T. Ambrose, chairman; Michael LeVault, president; Ronald Anfenson, secretary/treasurer; Douglas Rothery and Roger Ulseth, vps.
Membership: SPBA.

First American Administrative Services
P.O. Box 8210, 627 Mount Rushmore Road, Rapid City, S.D. 57709; 605-343-2509

Year founded: 1983.
Parent company: First American Systems Inc.
Services provided: 73% claims administration; 27% other services, including consulting, brokering insurance.
Region served: Nebraska, North Dakota, South Dakota, Wyoming.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 19 clients, $3.2 million claims paid.
Client mix: Administration: four corporations, nine public/government entities, six multiemployer plans. Health plans: 3,000 employees covered, approximately 6,000 dependents covered.
Staff: Five total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month, $4.25-$7.25.
1986 gross revenues: Approximately $135,000 total.
Principal officers: Joe Dobbs, president; Cheryl Trulson, administrative manager.
Membership: SPBA.

First Benefit Services Inc.
300 Ellinwood Way, Pleasant Hill, Calif. 94523; 415-827-5870; 800-642-0220 within Calif.; 800-227-2530 outside Calif.

Year founded: 1974.
Parent company: Continental Insurance Cos.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 90% health insurance, 5% life, 3% disability, 2% flex compensation.
Self-insured clients/claims: Administration: 1,200 clients, $17 million claims paid.
Client mix: Administration: 550 corporations, 600 multiemployer plans, 50 association plans. Health plans: 28,000 employees covered, 18,000 dependents covered.
Staff: 84 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month, $6-$9.
1986 gross revenues: $31 million total, all from claim services.
Branch offices: Sales offices in Anaheim, Calif; Chicago; Atlanta; Dallas.
Principal officers: Pat Vitucci, president.
Membership: SIIA.

First Benefits Inc.
3636 Copley Road, P.O. Box 4138, Akron, Ohio 44321; 216-666-0337

Year founded: 1980.
Services provided: 80% claims administration; 20% other services, including pension consulting, services for Taft-Hartley plans.
Region served: Nationwide.
Specialty: 60% health insurance, 20% pensions, 15% life, 5% disability.
Self-insured clients/claims: Administration: 243 clients, $50 million claims paid.
Client mix: Administration: 77 corporations, 48 public/government entities, five multiemployer plans, 112 Taft-Hartley plans, 11 union-sponsored plans. Health plans: 90,000 employees covered, 70,000 dependents covered.
Staff: 87 total staff members, 76 of whom serve self-insured clients only.
Charges: Administration: per employee.
1986 gross revenues: $3.5 million total.
Branch offices: Administrative and sales offices in Columbus, Copley and Youngstown, Ohio; Southfield, Mich.; Tallahassee, Fla. Additional administrative offices in Canton and Mansfield, Ohio; Miami and Cape Coral, Fla.
Subsidiaries: Benefit Services Inc., Employer Benefit Plans Inc., First Benefits Inc. of Florida, Competitive Insurance Agency.
Principal officers: Robert C. Frazier, president; Richard B. Linn, vp/treasurer; Charles Mozingo, Albert Goetz and Edward J. Dunlevy, vps.
Membership: SPBA, International Foundation of Employee Benefit Plans.

First Fund Insurance Marketing Corp.
17811 Fitch St., Irvine, Calif. 92713; 800-854-8354

Year founded: 1972.
Services provided: Services include claims administration, marketing.
Region served: Southwest.
Specialty: 95% health insurance, 5% miscellaneous.
Self-insured clients/claims: Administration: 178 clients, $78 million claims paid.
Client mix: Administration: 172 corporations, four public/government entities, two multiemployer plans.
Staff: 96 total staff members, all of whom serve self-insured clients only.
Continued on facing page

STOP LOSS IN 5 DAYS

RELIABILITY — **RMTS'** Contracts are backed by the financial stability of a major insurance carrier who carries an A.M. Best rating of "A" (Excellent).

FLEXIBILITY — **RMTS,** as underwriters, can customize policies for groups of all sizes and types. These include municipalities, school districts and hospitals.

5-DAY TURNAROUND — **RMTS'** 5-DAY TURNAROUND on a policy quote is rare in STOP LOSS, but RMTS is a rare firm.

RMTS DELIVERS — **RMTS** DELIVERS, with the RELIABILITY of one of the nation's leading insurers and the FLEXIBILITY to customize a policy to fit your needs.

RMTS DELIVERS IN 5 DAYS!

CALL now to find out how we can deliver in 5-DAYS for your firm.

JIM MURPHY
RMTS ASSOCIATES, INC.
(212) 925-8711
185 FRANKLIN STREET
NEW YORK, NEW YORK 10013

THE REINSURANCE CORPORATION OF NEW YORK 50 years 1930-1980

Expertise · Stability · Service

—all good reasons why our clients depend on us for their reinsurance needs

RECO

THE REINSURANCE CORPORATION OF NEW YORK

80 MAIDEN LANE, NEW YORK, N.Y. 10038 · (212) 363-4440

Chicago · Los Angeles · London

Continued from facing page

Charges: Administration: per employee per month, $5-$9.
1986 gross revenues: Not reported.
Principal officers: Virgil Gentzler, John Snyder and Tom Christian, managing partners.
Membership: SPBA, SIIA, Mass Marketing Insurance Institute.

Fringe Benefit Review Inc.

3700 Latrobe Drive, Charlotte, N.C. 28211; 704-366-7453

Year founded: 1978.
Services provided: 50% claims administration; 2.5% adjusting; 2.5% auditing; 45% other services, including consulting.
Region served: Southeast and Midwest.
Specialty: 75% health insurance, 10% disability, 10% life, 5% flex compensation.
Self-insured clients/claims: Administration: 75 clients, $35 million claims paid.
Client mix: Administration: 73 corporations, one public/government entity, one association plan. Health plans: 45,000 employees covered.
Staff: 75 total staff members, 65 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $3-$6.
1986 gross revenues: $2.3 million total.
Branch offices: Administrative and sales offices in High Point and Raleigh, N.C.
Principal officers: F. Richard Atkinson and W. James Michelsen, partners.
Membership: SPBA, SIIA.

g

Genelco Inc.

1600 S. Brentwood Blvd., St. Louis, Mo. 63144; 314-962-2040

Year founded: 1973.
Parent company: General American Life Insurance Co.
Services provided: 70% claims administration; 5% adjusting; 5% auditing; 20% other services, including software.
Region served: Nationwide.
Specialty: 90% health insurance, 4% flexible compensation, 4% disability, 2% pensions.
Self-insured clients/claims: Administration: 62 clients, $168 million claims paid. Adjusting: three clients. Auditing: three projects conducted.
Client mix: Administration: 26 corporations, 17 public/government entities, six multiemployer plans, 11 Taft-Hartley plans, two association plans. Health plans: 110,000 employees covered.
Staff: 130 total staff members, 80 of whom serve self-insured clients only.
Charges: Administration: fee based on number of employees. Adjusting: time and expense. Auditing: time and expense.
1986 gross revenues: $8 million total, $6 million from claim services.
Branch offices: Administrative and sales offices in Denver, Philadelphia.
Principal officers: David Johnson, president/chief executive officer; Russell Korte, executive vp; Ben Allen, senior vp.
Membership: SIIA.

Group Administration Services

100 S. Charles St., 10th Floor, Baltimore, Md. 21201; 301-539-0411

Year founded: 1962.
Services provided: 100% claims administration.
Region served: Mid-Atlantic states.
Specialty: 85% health insurance, 10% disability, 5% flex compensation.
Self-insured clients/claims: Administration: 300 clients, $40 million claims paid.
Client mix: Administration: 300 corporations. Health plans: 70,000 employees covered, 180,000 dependents covered.
Staff: 65 total staff members, 55 of whom serve self-insured clients only.
Charges: Administration: per employee per month, per claim paid, cost plus.
1986 gross revenues: $25 million total.
Subsidiaries: Group Administration Support Products (reinsurance for COBRA beneficiaries).
Principal officers: Louis J. Nicholas, president; Richard L. Nicholas, senior vp; Sanford Walters, executive vp.
Membership: SPBA, SIIA, Professional Insurance Mass-Marketers Assn.

Group Insurance Service Center Inc.

1020 Plain St., P.O. Box 9120, Marshfield, Mass. 02050; 617-837-6171; 800-242-GISC

Year founded: 1972.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 125 clients, $24 million claims paid.
Client mix: Administration: 125 corporations. Health plans: 15,000 employees covered, 15,000 dependents covered.
Staff: 45 total staff members.
Charges: Administration: per case per month.
1986 gross revenues: $2 million total, all from claim services.
Branch offices: Administrative and sales office in Atlanta.
Principal officers: Herbert H. Hokanson, president; Gerald W. Anderson, executive vp; John A. Keith, vp/corporate counsel.
Membership: SPBA, SIIA.

Group Services Administrators Inc.

30 Montgomery St., Jersey City, N.J. 07302; 201-433-7360; 212-349-2699

Year founded: 1955.
Services provided: 90% claims administration; 5% auditing; 5% other services, including consulting, group life insurance sales.
Region served: New York, New Jersey.
Specialty: 95% health insurance, 4% life, 1% disability.
Self-insured clients/claims: Administration: 32 clients, $25 million claims paid.
Client mix: Administration: three corporations, one public/government entity, one multiemployer plan, 26 Taft-Hartley plans, one association plan. Health plans: 60,000 employees covered, 135,000 dependents covered.
Staff: 23 total staff members, 12 of whom serve self-insured clients only.
Charges: Administration: per employee. Auditing: included in administration charges.
1986 gross revenues: $950,000 total, $900,000 from claim services.
Principal officers: Edward F. Comerford, president; Robert C. Gerald, vp.
Membership: SPBA.

Group Services & Administration Inc.

3113 Classen, Suite 4, Oklahoma City, Okla. 73118; 405-528-4400

Year founded: 1980.
Services provided: 90% claims administration (including auditing), 10% other services.
Region served: Nationwide.
Specialty: 90% health insurance, 5% disability, 5% life.
Self-insured clients/claims: Administration: 29 clients, $1.7 million claims paid. Auditing: two projects conducted.
Client mix: Administration: 27 corporations, two public/government entities. Health plans: 2,300 employees covered, 4,500 dependents covered.
Staff: Seven total staff members, five of whom serve self-insured clients only.
Charges: Administration: per covered employee. Auditing: flat fee.
1986 gross revenues: Not reported.
Principal officers: Ronald R. Stephenson, president; Gary Stephenson, vp; Denning Crowe, secretary/treasurer.
Membership: SIIA.

h

Harden & Co. Insurance Services Inc.

2552 Stanwell Drive, Suite 105, Concord, Calif. 94520; 415-682-7707

Year founded: 1974.
Parent company: Anchor Pacific Underwriters.
Services provided: 100% claims administration.
Region served: California.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 57 clients, $15 million claims paid.
Client mix: Administration: 57 corporations. Health plans: 12,000 employees covered, 18,000 dependents covered.
Staff: 39 total staff members, 10 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $5-$23.
1986 gross revenues: $1.6 million total.
Principal officers: James R. Dunathan, president executive officer; Earl Wiklund, senior vp/chief financial officer; J.L. Knott, senior vp-sales; Bette Brent, senior vp/director-underwriting.
Membership: SPBA, Independent Administrators Assn.

Health Care Administrators Inc.

1905 Teal Road, Lafayette, Ind. 47903; 317-474-5455

Year founded: 1985.
Services provided: 95% claims administration, 1% auditing, 4% other services.
Region served: Nationwide.
Specialty: 95% health insurance, 4% life, 1% miscellaneous.
Self-insured clients/claims: Administration: six clients, $2 million claims paid.
Client mix: Administration: six corporations. Health plans: 1,840 employees covered, 4,600 dependents covered.
Staff: 11 total staff members, 10 of whom serve self-insured clients only.
Charges: Administration: per employee, $3.50-$10.45. Auditing: fixed charge per amount.
1986 gross revenues: Not reported.
Branch offices: Administrative office in Indianapolis.
Principal officers: Robert M. Whitsel, president; Tommy Anderson, executive vp; Charles D. Calvi Jr., vp.
Membership: SPBA, SIIA, Indiana Claims Assn., National QicClaim Assn. of Independent Health Care Plan Administrators.

Health & Pension Plan Administrators Inc.

2200 Wantagh Ave., Wantagh, N.Y. 11793; 516-783-2922

Year founded: 1977.
Services provided: 90% claims administration; 10% other services, including plan design.
Region served: New York, New Jersey.
Specialty: 80% health insurance, 5% life, 2.5% flexible compensation, 2.5% disability.
Self-insured clients/claims: Administration: 15 clients, $6 million claims paid.
Client mix: Administration: four corporations, one multiemployer plan, 10 Taft-Hartley plans. Health plans: 10,000 employees covered, 30,000 dependents covered.
Staff: 12 total staff members, 10 of whom serve self-insured clients only.
Charges: Administration: per employee.
1986 gross revenues: Not reported.
Principal officers: Frank H. Andrew, chief executive officer.
Membership: SPBA.

Health Plan Administrators Inc.

36 Padanaram Road, Danbury, Conn. 06811; 203-794-1703

Year founded: 1984.

Continued on next page

For employers considering self-administration:

consider the one employee health claims administration system that gives you more value than any other

Genelco's field-proven Health Benefit Management System . . .

- provides on-line, real-time processing of medical, disability, dental, vision and prescription drug claims; in 1986, this system processed over 3 million medical claims.
- accommodates alternate delivery arrangements such as PPOs and HMOs.
- delivers an extraordinary depth of useful information to assist you in measuring the effectiveness of your cost containment procedures; gives you a consistent, reliable data base regardless of the funding methods being used.
- answers such questions as: Where are my benefit dollars being spent? To which providers? And for what services? Have I incurred any large or unusual claims that require specialized handling? Are cost-saving alternatives being under-utilized?
- requires no specialized staffing or extensive training; the system is simple to install and operate, with Genelco providing all the technical support you need.
- gives you better, faster service—because you're in control.

. . . all this at a price less than you'd pay for systems offering less capability. If you prefer, you can pay claims on a time-sharing basis using Genelco's remote computing services . . . or have us pay claims for you with no obligation to purchase our system.

For additional details and free literature, call Tim Kiely, toll-free at

1-800-325-3018

(in Missouri 1-800-392-3488 or call collect: 314-962-2040)

Genelco

1600 S. Brentwood Blvd., Suite 500
St. Louis, MO 63144

©1987, Genelco, Inc.

Continued from previous page

Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 95% health insurance, 5% flex compensation.
Self-insured clients/claims: Administration: 56 clients, $3.7 million claims paid.
Client mix: Administration: seven corporations, 20 public/government entities, one Taft-Hartley plan, 27 union-sponsored plans. Health plans: 13,000 employees covered, 29,900 dependents covered.
Staff: Eight total staff members, six of whom serve self-insured clients only.
1986 gross revenues: Not reported.
Subsidiaries: Self-Insured Administrators (claim services).
Principal officers: Roy Mordhorst, president; Judith Heebner, secretary/treasurer.
Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Hospital Benefits Inc.

1771-A LeLia Drive, Jackson, Miss. 39216; 601-981-5741

Year founded: 1978.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 90% health insurance, 5% flex compensation, 5% disability.
Self-insured clients/claims: Administration: 40 clients, $3.8 million claims paid.
Client mix: Administration: 25 corporations, 15 public/government entities. Health plans: 3,500 employees covered, 4,200 dependents covered.
Staff: Nine total employees, seven of whom serve self-insured clients only.
Charges: Administration: per employee per month, $2.50-$6.
1986 gross revenues: $500,000 total, all from claim services.
Principal officers: Ralph W. Brewster, president; Barbara Williams, vp; Vern Boothe, treasurer; Betty Brewster, secretary.
Membership: SPBA.

Humanomics Inc.

2539 Vestal Parkway E., Vestal, New York 13850-2020; 607-770-0120

Year founded: 1983.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: nine clients, $1.5 million claims paid.
Client mix: Administration: six corporations, two public/government entities, one Taft-Hartley plan. Health plans: 2,700 employees covered, 4,000 dependents covered.
Staff: Six total staff members, five of whom serve self-insured clients only.
Charges: Administration: per employee per month, $4-$4.50.
1986 gross revenues: Not reported.
Principal officers: C.F. Hotchkiss Jr., chairman; Richard DoBell, president/chief executive officer; C. Gordon Coughlin, secretary.
Membership: SIIA.

i

Independent Benefit Plans Inc.

P.O. Box 1976, Beech Grove, Ind. 46107; 317-786-5373

Year founded: 1968.
Services provided: 84% claims administration; 5% adjusting; 1% auditing; 10% other services, including utilization review, employee communications.
Region served: Nationwide.
Specialty: 95% health insurance, 4% disability, 1% flex compensation.
Self-insured clients/claims: Administration: 133 clients, $48 million claims paid. Adjusting: eight clients. Auditing: 46 projects conducted.
Client mix: Administration: 129 corporations, three public/government entities, one multiemployer plan. Adjusting: eight corporations. Auditing: eight corporations. Health plans: 40,000 employees covered, 121,000 dependents covered.
Staff: 65 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee. Adjusting: per employee. Auditing: fee for service.
1986 gross revenues: $2.5 million total.
Subsidiaries: Benefits Plus Inc. (preparation of plan documentation, employee communication material, software, COBRA administration).
Principal officers: W.B. Davenport, president; Dick Skinner, vp-marketing; Terry O'Hair, vp-operations; Nicolette DeCoursey, secretary.
Membership: SIIA, Indiana Claim Assn.

Independent Employee Consultation Services Inc.

160 Chubb Ave., Lyndhurst, N.J. 07071; 201-460-6161

Year founded: 1982.
Parent company: EBASCO Risk Management Consultants Inc.
Services provided: 90% claims administration; 10% other services, including pension actuarial consulting, COBRA administration.
Region served: Nationwide.
Specialty: 95% health insurance, 5% disability.
Self-insured clients/claims: Administration: 12 clients, $8.5 million claims paid.
Client mix: Administration: eight corporations, one public/government entity, one multiemployer plan, two Taft-Hartley plans. Health plans: 13,253 employees covered, 33,132 dependents covered.
Staff: 15 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee, $4.50-$12.
1986 gross revenues: $485,000 total.
Branch offices: Administrative office in New York.
Principal officers: Bruce E. Buchanan, president; Lee H. Cohen, vp; Robert M. Bieber, director; Robert Blum, secretary; James W. Diamond, treasurer.
Membership: SPBA, International Foundation of Employee Benefit Plans.

Independent Health Plan Administrators Inc.

4116 N. Seventh Ave., Phoenix, Ariz. 85013; 602-264-6626

Year founded: 1971.
Parent company: Lincoln National Administrative Services Corp.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 80% health insurance, 10% flex compensation, 5% disability, 5% life.
Self-insured clients/claims: Administration: 26 clients.
Client mix: Administration: 24 corporations, two public/government entities. Health plans: 18,000 employees covered.
Staff: 50 total staff members, 15 of whom serve self-insured clients only.
Charges: Administration: percent of claims, per employee.
1986 gross revenues: $2.5 million total.
Branch offices: Administrative and sales office in Tucson, Ariz.
Subsidiaries: Group Benefits Inc. (consulting), Benecenter Inc. (insurance brokerage).
Principal officers: K. Paul Boucek, president; V. Ron Clegg, president-Group Benefits Inc.; Robert King, president-Benecenter Inc.; Joanna Rudge, vp; Doris Keen, vp-Benecenter Inc.
Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Insurance Benefit Administrators Inc.

5600 S. Wolf Road, Western Springs, Ill. 60558; 312-246-4900

Year founded: 1970.
Services provided: 75% claims administration, 10% adjusting, 15% other services.
Region served: Nationwide.
Specialty: 90% health insurance, 5% disability, 5% life.
Self-insured clients/claims: Administration: 98 clients, $10.4 million claims paid.
Client mix: Administration: 93

Continued on facing page

CertiFacts—The comprehensive Preadmission Review System

The only system to integrate preadmission review with health claims administration...

CertiFacts from Erisco can maximize the cost-containment potential of preadmission certification and utilization review. This fully automated, online system draws upon Erisco's 15 years of experience developing advanced computer systems software for employee benefits. CertiFacts integrates with ClaimFacts, the health claims management system from Erisco, to provide the vital link for claims adjudication, utilization reporting and cost analyses.

Here's a typical situation—an employee's wife is expecting a baby. You'll see the benefits of CertiFacts before, during and after hospitalization.

before

Thanks to CertiFacts' online, single-screen processing, everything moves smoothly, starting with the employee's first call to his preadmission review service. The system verifies employee eligibility by checking plan provisions in the ClaimFacts database. CertiFacts records the physician's plan for the anticipated normal delivery. Should the physician indicate an alternate treatment plan, it would be reviewed online using objective criteria developed for CertiFacts by board-certified specialists.

At every point CertiFacts promotes personal communication among the reviewer, the employee and the physician's office. This includes agreement on the level of care, the treatment plan, when admission should occur and length of stay.

during

When a minor problem results in a Caesarean section, instead of the planned delivery, CertiFacts takes the changes in stride. The physician contacts the review service to extend the wife's length of stay, and to revise the treatment plan.

CertiFacts automatically keeps an online diary that tracks the case from its onset. It flags and confirms significant dates for the reviewer, including admis-





Continued from facing page
corporations, five public/government entities. Health plans: 13,450 employees covered, 7,400 dependents covered.

Staff: 65 total staff members, 18 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $2.65-$5. Adjusting: per employee per month.

1986 gross revenues: $5.3 million total.

Principal officers: Casey Gaik, chairman; Frances Gaik, president; Mark E. Becker, vp.

Membership: SPBA, SIIA.

Insurance Design Administrators

3 Post Road, Oakland, N.J. 07436; 201-337-0555

Year founded: 1983.

Services provided: 90% claims administration, 10% other services.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 52 clients, $6 million claims paid.

Client mix: Administration: 45 corporations, seven public/government entities. Health plans: 6,000 employees covered, 12,000 dependents covered.

Staff: 15 total staff members, 12 of whom serve self-insured clients only.

Charges: Administration: flat fee per employee, $3-$7.

1986 gross revenues: $600,000 total.

Principal officers: Russell P. Minetti, president; Joseph Healy, vp-marketing; Stewart English, vp-finance.

Membership: SPBA, SIIA, New Jersey Assn. of Third Party Administrators.

Insurance Services Inc.

3015 E. Central, Wichita, Kan. 67214; 316-686-3373

Year founded: 1977.

Services provided: 100% claims administration (including adjusting and auditing).

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 18 clients, $3.5 million claims paid.

Client mix: Administration: 18 corporations. Health plans: 3,500 employees covered, 8,000 dependents covered.

Staff: Eight total staff members, seven of whom serve self-insured clients only.

Charges: Administration: per employee, $5.50-$10. Adjusting: including in administration charges. Auditing: included in administration charges.

1986 gross revenues: $225,000 total, all from claim services.

Principal officers: Tillie D. Salle, president; Alvin F. Salle, vp; Marc A. Salle, secretary/treasurer.

Membership: SPBA.

j

Jackson, Long & Associates Inc.

19900 Governors Drive, Olympia Fields, Ill. 60461; 312-747-7400

Year founded: 1979.

Parent company: Lincoln National Group.

Services provided: 98% claims administration, 2% auditing.

Region served: Midwest.

Specialty: 90% health insurance, 10% disability.

Self-insured clients/claims: Administration: $52 million claims paid.

Client mix: Administration: 107 corporations, seven public/government entities, one association plan. Health plans: 62,000 employees covered.

Staff: 53 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $2.80-$5. Auditing: per person per hour, $50.

1986 gross revenues: $1.8 million total, all from claim services.

Branch offices: Sales office in Glen Ellyn, Ill.

Principal officers: Richard L. Jackson, president; Jane R. Bergman, executive vp.

Membership: SPBA, SIIA.

Johnson Administrators

1 Summit Square, Langhorne, Pa. 19047; 215-860-1300

Year founded: 1980.

Parent company: The Johnson Cos.

Services provided: 75% claims administration; 25% other services, including consulting, reinsurance brokerage.

Region served: Nationwide.

Specialty: 75% health insurance, 20% flex compensation, 5% disability.

Self-insured clients/claims: Administration: 125 clients, $30 million claims paid.

Client mix: Administration: 115 corporations, nine public/government entities, one multiemployer plan. Health plans: 40,000 employees covered, 65,000 dependents covered.

Staff: 52 total staff members.

Charges: Administration: per employee per month, $4-$10.

1986 gross revenues: Not reported.

Principal officers: Edwin T. Johnson, chairman; Donald L. Gallie, chief operating officer; David O. Oberkircher and Janice M. Haban, vps.

Membership: SPBA, SIIA.

k

Kelly & Associates Inc.

303 E. Ohio St., Chicago, Ill. 60611; 312-649-1200

Year founded: 1955.

Parent company: MONYCO.

Services provided: 50% claims administration; 50% other services, including pension administration.

Region served: Nationwide.

Specialty: 50% health insurance, 50% pensions.

Self-insured clients/claims: Administration: more than 100 clients.

Client mix: Health plans: 300,000 employees covered.

Staff: 400 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee.

1986 gross revenues: Not reported.

Branch offices: Administrative and sales offices in Albuquerque, N.M.; Denver; Dallas; Houston; Metairie, La.; Little Rock, Ark.; Indianapolis; Decatur, Ill.; Milwaukee; Oklahoma City; Phoenix, Ariz.; Lansing, Mich.; Braintree, Mass.; Washington, D.C.

Principal officers: Robert E. Kelly Jr., president; William Dunlap, senior vp; James McArdle, Gregory Best and Karin Swanson, vps.

Membership: SPBA.

Kepple & Co. Inc.

405 W. Northmoor Road, Peoria, Ill. 61614; 309-692-7330

Year founded: 1982.

Services provided: 95% claims administration; 5% other services, including utilization review, COBRA administration.

Region served: Nationwide.

Specialty: 98% health insurance, 1% disability, 1% life.

Self-insured clients/claims: Administration: 24 clients, $13 million claims paid.

Client mix: Administration: 15 corporations, six public/government entities, two Taft-Hartley plans, one union-sponsored plan. Health plans: 7,200 employees covered, 18,000 dependents covered.

Staff: 25 total staff members.

Charges: Administration: percent of contributions, per employee per month.

1986 gross revenues: $980,000 total, $931,000 from claim services.

Principal officers: Michael D. Kepple, president; Linda P. Kepple, vp.

Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Key Benefit Administrators Inc.

2021 E. 52nd St., P.O. Box 55210, Indianapolis, Ind. 46205; 317-255-3822

Year founded: 1979.

Parent company: Regional Mar-

Continued on page 43

Erisco
a company of The Dun & Bradstreet Corporation

& after

sion, continued stay review and discharge. It monitors the treatment plan and the appropriateness of any revisions. And, by alerting the physician and reviewer to agreed-upon dates and treatments, it contributes to cost management.

Because of CertiFacts, the review service was able to offer efficient, personalized attention and fast response to the employee and everyone concerned. The physician obtained quick approvals and rapid agreement to changes when needed. All charges were paid promptly and accurately by ClaimFacts based on its own data as well as information provided by CertiFacts. And at all times, confidentiality and security were completely protected.

This linking of preadmission certification to claims data makes true healthcare management possible by providing meaningful reports for measurement, analysis and review.

If you're a large self-insured company, we'd like to demonstrate how CertiFacts offers substantial savings over the external administration of a preadmission certification program. If you're an insurance carrier or TPA, we'd like to show you how CertiFacts can help you compete more effectively by offering a unique service to your customers.

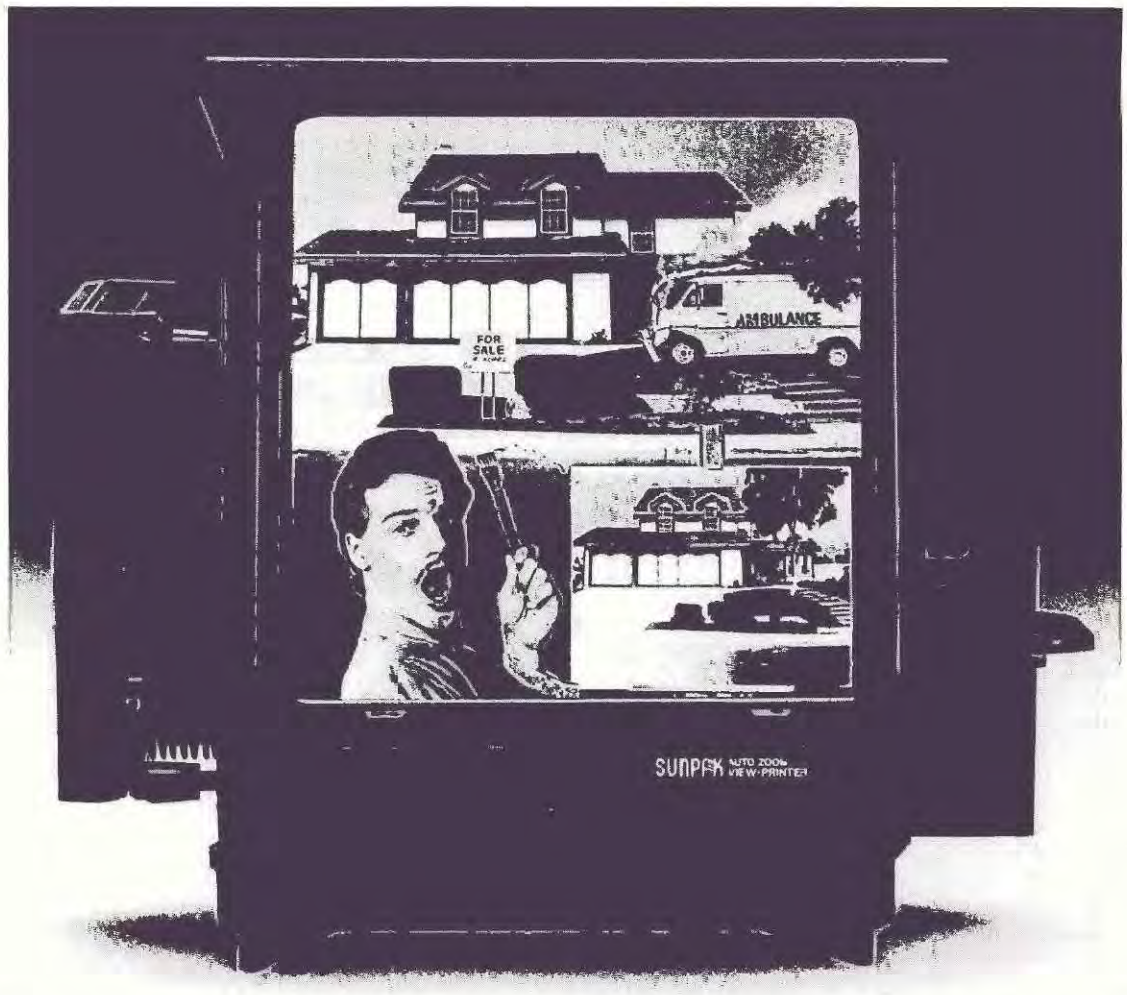
To learn more, call Nick Cannistra at (212) 765-8500.
Or write him at Erisco, 1700 Broadway, New York, NY 10019.

CERTIFACTS
CLAIMFACTS
Erisco. The benefits of information.





The Sunpak® Auto Zoom View Printer.
What you see is great. What you get is even better.



The only slide printer that views, crops and prints instantly.



Whether you work in a real estate office, hospital, insurance company, graphic arts or art gallery, you'll find the Sunpak Auto Zoom View Printer is one of the more useful tools of your trade.

First, you can use the Sunpak Auto Zoom View Printer to view 35mm slides on the brightest portable screen available.

Second and third, you crop the slide as you so desire right on the screen and then make Polaroid® instant prints, all in one simple operation. (It uses Polaroid color or black and white pack film.)

And the Sunpak is equipped with all the automatic controls you need to give you complete control over the exposure and overall brightness of prints.

So if you're in a business that calls for viewing slides and you'd like the luxury of cropping and printing them as well, go to your photo specialty dealer and get the Sunpak Auto Zoom View Printer. It's the only piece of equipment around capable of doing all three.

SUNPAK®

Image on screen made from 35mm Super Slide.

BMC Sunpak Division, Berkey Marketing Companies, 75 Holly Hill Lane, Greenwich, CT 06830
© 1987 BMC. Div. of Berkey Inc.
Polaroid is a registered trademark of the Polaroid Corporation.

SELF-INSURANCE

Be aware of the options available to self-funded businesses

By Andrew J. Cmiel

speaking out

THE RECENT INSURANCE crisis has created a massive movement in the commercial insurance buyers' marketplace to various forms of self-insurance for both property/casualty risks and group benefit plans.

The establishment of a self-insurance program means the buyer must now purchase a variety of services that once were provided by an insurance company.

It is very important that risk managers, financial managers and persons responsible for property/casualty and group benefit programs be aware of all the various types of expert services available to them.

A self-insurer can break a large group of expert services into six categories:

- Risk management consulting.
- Claims administration.
- Medical cost containment.
- Risk management information systems.
- Actuarial services.
- Specialty services.

With an awareness of all the various tools available, a risk manager or benefit manager is better equipped to construct a self-insurance program that will be efficient, cost-effective and manageable.

Risk management consulting is one such tool. Risk management consultants come in every size and specialty imaginable to suit the varied needs of organizations requiring help with their self-insurance program. Most consultants are generalists, but many specialize in specific industries, i.e.: trucking, chemicals, health care facilities, association captives, etc.

With the many recent changes in the tax laws, it is important to examine the tax implications of a self-insurance program.

Key consulting services include:

✔ Risk retention analysis/self-insured feasibility study—a key first step in establishing an organization's financial, claims and insurance program.

✔ Captive feasibility study—a review of an organization's financial, claims and insurance program for the purpose of pooling organizations or creating a stand-alone domestic or offshore captive insurance program.

✔ Contract analysis—a review of insurance policies, programs and contracts as they apply to an organization's insurance and self-insurance service contracts.

✔ Preparation of bids—useful when an organization is taking bids from unbundled service vendors and needs to locate and communicate technical specifications to the bidders.

✔ Claims auditing—review of an organization's claims history to determine validity for financial and underwriting purposes.

✔ Market preparation—preparing financials, claim history and past underwriting data in a presentable format to be marketed to excess, stop loss and reinsurance markets.

✔ Other analytical studies—including actuarial, loss forecasting, quantitative analysis, loss prevention reviews, accounting system analysis, crisis management, risk management organizational studies and expert witness services.

✔ Crisis management—a comprehensive study of an organization's systems, business strategy, adequacy of insurance, safety programs, procedure materials and employee training and awareness.

Another service available to self-insurers is claims administration, which is probably the most familiar unbundled service. Claims administration, however, is an all-encompassing term and is not just limited to the processing of claims files. A strong claims administration program should provide control, cost-containment features, financial mechanisms and flexibility.

Self-insured claims administration programs can be self-administered or contracted out to a third-party administrator. In either case, if a quality claims program is in place, it can make the difference in the success of a self-insurance program.

The elements that should be considered when establishing a self-insured claims administration program include:

✔ Third-party administration. TPAs can be local, regional or national in scope and should be able to fit the geographic needs of a self-insured program.

TPAs will be responsible for the daily processing, investigation, record keeping, data entry and payment of property and casualty or group benefits claims that arise from a self-insurance program.

Property/casualty TPAs usually dedicate their effort primarily to the processing of claims.

Group benefit TPAs tend to offer a wider range of services, including program design and the placement of stop loss coverage.

✔ Loss control/safety. A key factor in pre-loss planning is a comprehensive loss control and safety program that can evaluate and identify potential hazardous conditions that may cause claims. A good loss control program should contain loss prevention surveys, awareness of changing laws and technology, employee awareness and training, various engineering discipline specialists, motor fleet management, industrial hygiene programs, chemical and environmental lab services.

✔ Recovery/subrogation. After a loss occurs, the potential to recover damages through subrogation (recovery from a third party), sale of salvage or other recovery techniques is great in many cases.

For a self-insurance program, it is essential that a claims organization or separate recovery specialists be involved from the beginning on all losses that have a potential of recovering dollars. Recovery is usually most effective in automobile, liability and property claims.

Medical management programs are yet another tool for the smooth operation of a self-insurance program for workers comp or group benefits.

✔ Audit services, which come in many forms but all provide monitoring.

Claims audits determine reserve adequacy, proper handling and technical control. Financial audits determine adequacy of self-funded plans, reconciliation of payment records with fund transfers and payment fee structures.

Actuarial audits involve a comprehensive look at insurance adequacy, retention levels and loss expectancy of self-insured programs. Medical and legal audits entail a review of medical or legal bills for properness of fee schedules.

✔ Financial services.

Accounting and tax services are one facet of financial services. With the many changes in the tax laws, it is important to examine the tax implications of a self-insurance program. In most cases, the tax factors are not a pivotal reason.

Banking vehicles are another financial consideration. Most self-insurance programs maintain a trust or payment fund from which claims dollars are paid. Banking institutions and many claims administrators will assist in establishing a trust fund account with low balance requirements and electronic fund transfers from interest bearing vehicles to maximize the use of your money.

✔ Litigation control programs. Certain firms specialize in the area of controlling litigation expenses through legal bill auditing, selection of attorneys, pre-negotiating fees, elimination of unnecessary procedures and expensive discovery techniques in favor of more cost-effective methods. Legal bills can be a major expense and strong control by trained experts can prove most effective.

✔ Structured settlements. This mechanism is probably one of the most useful but overlooked areas in a self-insurance program. Structured settlements are most useful in cases that involve payments of $25,000 and more. An annuity is purchased for the payee that will have a very attractive pay-out pattern but will cost the self-insurance program substantially less than if a lump sum were paid out. All self-insurance programs should have a structured settlement firm in their program ready for use.

Medical management programs are yet another tool for the smooth operation of a self-insurance program for workers compensation or group benefits. Medical management organizations are divided into two major groups with certain overlap of services: medical utilization and medical audit programs.

Medical utilization companies look at the entire broad picture of medical cost-containment and concern themselves with pre-injury programs for employees, in-depth review and case management of existing medical claims and post review and rehabilitation procedures to insure the most efficient use of medical treatment dollars spent.

Medical audit programs tend to focus on the audit of medical bills and adequacy of services and charges.

A self-insured workers compensation and group benefit program must include a combination of medical utilization and audit services.

Various programs are available, including:

✔ Pre-admission review—evaluating a patient's condition and medical needs prior to entering a hospital, thereby eliminating unnecessary hospitalization and expenses.

✔ Pre-outpatient surgery review—similar to the proceedure noted above, but a review of outpatient surgery that may be undertaken in a hospital, clinic or free-standing surgery center.

✔ Second surgical opinion—using a panel of physicians with expertise in various disciplines. Certain medical procedures are forwarded to the panel for review of the adequacy and necessity of the procedure, as well as additional consultation. This service can avoid many unnecessary and costly medical procedures.

✔ Surgical fee review—at the time a patient is admitted to a hospital. A detailed review is done of the applicable fee schedules of the admitting hospital to let this institution be aware there is a "watch dog" looking over procedure. This usually eliminates many procedural and billing problems.

✔ Continued stay review—monitoring an employee/patient's progress,

Continued on next page

perspective

Be aware of services offered to self-insurers

Continued from previous page
treatment, length of stay and identification of when hospitalization is no longer required. Discharges are arranged as soon as medically acceptable.

- Medical management—coordinating medical and rehabilitation services, conducting follow-up inquiries and making arrangements for home health care, medical equipment, patient transportation and other treatment of long-term or catastrophic illness.
- Medical/dental bill audit program—auditing medical bills for the appropriateness of charges and services.
- Home health care—provided to injured employees who require medical attention and services but do not require hospitalization.
- Pharmaceutical group services—to reduce the cost of prescription drugs by offering large volume sales through the use of an enrollment card system for large discounts, general drug use and mail order prescription drug orders.
- Physician post review—placing a physician's treatment record in front of other board-certified specialists to review various treatments, suggestions and charges.
- Rehabilitation services to get the patient back into the mainstream of society.

Physical rehabilitation gets the patient back to an optimum physical condition as quickly as possible. Vocational rehabilitation retrains employees for a new work environment.

- Catastrophic case management—to move patients from an acute-care setting—such as hospitals—to a more cost-effective environment—often the patient's own home.
- Health promotion services—dealing directly with employees to promote health-related attributes such as physical hygiene and nutrition.

Some programs incorporate mental health clinics, drug and alcohol abuse treatment and safety programs. Health promotion services are designed to prevent illnesses, lost time and accidents among employees.

- Preferred provider organizations—a network of health care facilities and/or professionals who have agreed to a negotiated or standard fee arrangement in the treatment of patients.
- Employee assistance programs—to identify employees whose problems are impairing their job performance and to motivate these employees to receive assistance in resolving their problems.

With a strong EAP, a company can reduce work-related accidents, absenteeism and turnover. As a result, productivity, morale and efficiency are all increased.

Risk management information systems are another useful tool for the effective management of a self-insurance program. Risk management information systems are automated systems that can be designed to do many different functions, from basic claim processing to quantitative risk forecasting.

Correct information is the lifeblood of any self-insured program. It is essential that a risk manager have RMIS capabilities that give him or her the tools to control the risk management program and identify potential problems.

Depending on your need, size of program and sophistication of software and hardware products, there is an RMIS that is right for your information needs.

An RMIS consultant is a very good place to start when examining needs. You may have a good idea of what you need, but a professional computer specialist can give you needed direction in the areas of cost, system capabilities, service arrangements, technological advances, confidentiality and integration of additional system components in the future.

It is essential that a risk manager have RMIS capabilities that give him or her the tools to control the program and identify potential problems.

The consultant can save you much time and money by helping you choose or design the best system for your applications.

Information systems are designed to provide five basic applications that can help a self-insurance program. Following is a listing of information systems by basic functional types. Many variations of each function system are available, but the intent here is to give the buyer a basic breakdown of systems and services currently available in the marketplace.

The claims administration RMIS allows you to track your claims and obtain claims information. Since it is necessary to compile complete and accessible claims information before other applications can be carried out, this is an important part of any system.

It is crucial that you remain aware of changes in legislation as well as new services and techniques that can help control your program.

This application can be applied to both property/casualty and group benefit self-insurance programs and can be obtained from a third-party administrator as a part of its service program or can be designed or purchased by a self-insured entity for use through software products or time-share arrangements with an RMIS vendor.

A quality claims administration RMIS should contain:

- Claims tracking.
- Reserve analysis.
- Closed claims analysis.
- Open claims analysis.
- Litigation reports.
- Check writing.
- OSHA reporting.
- On-line data entry.
- Data entry error identification.

A safety and loss control risk management information system provides the identification and tracking of vital loss information, which can alert a self-insurance administrator of existing hazards and pinpoint areas of chronic recurring problems.

By acting on the information received from a loss control RMIS, a risk manager can identify problems and reduce the cost of risk.

By acting on the information received from a loss control RMIS, a risk manager can identify problems and reduce the cost of risk.

A safety and loss control RMIS should contain the following features:

- Incident analysis.
- Frequency and severity analysis.
- OSHA reporting.
- Injury analysis.
- Cause of loss analysis.
- Time of loss analysis.
- Location of loss analysis.
- On-line data entry.
- Data entry error identification.

Another RMIS application is cost of risk allocation.

The cost of risk allocation system is usually a a part of the claims RMIS, but the specific application is important enough to stand alone. This application breaks out all losses by company division, employer type or other organizational category for the purpose of allocating cost to the various divisions or locations. Allocations generally use historical loss experience and/or exposure to distribute costs.

The forecasting application of an RMIS provides information about expected losses. This is normally accomplished by examining past losses, adjusted for development and inflation, and relating them to a measure of exposure. Future losses are projected through mathematical techniques.

A forecasting RMIS should be able to perform:

- Frequency of loss trending.
- Severity of loss trending.
- Incurred loss trending.
- Numeric or graphic results.
- On-line data entry.

The fifth basic RMIS application is financial analysis. The financial analysis RMIS, like the forecasting package, is a more sophisticated application that evaluates various retention levels for a self-insurance program and determines the most effective way the company can fund for future losses.

A financial analysis RMIS provides a spreadsheet breakdown of such programs as guaranteed cost, self-insurance, retrospectively rated plans and captive program alternatives.

In addition to assistance with an RMIS, many risk management consultants provide actuarial services for self-insurance programs. The importance of correct actuarial work as the basis for forming any type of self-insurance program is so crucial that obtaining professional actuarial services in conjunction with a consulting group is strongly recommended.

Actuaries will evaluate an individual program and determine key factors that are the foundation to building a proper self-insurance program.

Basic actuarial services that can be provided for self-insured programs include:

- Actuarial analysis of current claims liabilities and projections of liabilities expected to arise in the future from the current workforce.
- Statistical analysis of historical claims experience.
- Valuations of current claims on a detailed claim-by-claim basis using either discounted or undiscounted methods.
- Projections of actuarial funding plans for current and future claims.
- Projections of changes in liabilities arising from amendments to workers compensation statutes and other laws.
- Analysis of the financial effect of pending and proposed legislation.
- Consulting activities with regard to self-insurance programs.
- Analysis of insurance programs and occupational disease coverages.
- Consulting activities with regard to computer software for recording occupational disease data.

If you are considering or are already in a self-insurance program, it is crucial that you remain aware of changes in local and national legislation as well as new services and techniques that can help control your program.

To keep abreast of changes in the world of self-insurance, I suggest membership in organizations such as the Self-Insurance Institute of America, the Risk & Insurance Management Society and local or state self-insurance associations, and subscriptions to various trade publications that are geared to informing self-insured organizations of current news.

In conclusion, it is very important that a risk manager be in control of his company's self-insurance program. Awareness of all the tools available to help manage an efficient self-insurance program is essential to its success.



Andrew J. Cmiel is the president of Self Insurance Exchange Inc., an Irving, Texas-based clearinghouse of experts and services specializing in self-insurance programs. Mr. Cmiel also is chief financial officer of the Self-Insurance Institute of America.

Continued from page 39

keting Inc.

Services provided: 85% claims administration, 5% adjusting, 9% auditing, 1% other services.

Region served: Midwest.

Specialty: 90% health insurance, 5% disability, 4% flex compensation, 1% life.

Self-insured clients/claims: Administration: 125 clients.

Client mix: Administration: 104 corporations, 16 public/government entities, two Taft-Hartley plans, three association plans. Health plans: 19,686 employees covered.

Staff: 68 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month.

1986 gross revenues: Not reported.

Principal officers: Larry R. Dust, president; Bradley P. Ray, vp/controller; Jerry D. Brown, vp/general manager; Anita Quigley, vp-administration; Joyce E. Cleverly, vp-research/development.

Membership: SPBA.

Klais & Co. Inc.

1867 W. Market St., Akron, Ohio 44313; 216-867-8443

Year founded: 1980.

Services provided: 100% claims administration.

Region served: Midwest, East and Southeast.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 54 clients, $12 million claims paid.

Client mix: Administration: 27 corporations, 27 public/government entities. Health plans: 10,000 employees covered, 18,000 dependents covered.

Staff: 24 total staff members all of whom serve self-insured clients only.

Charges: Administration: per employee, $4-$6.30.

1986 gross revenues: $1 million total, all from claim services.

Branch offices: Sales offices in Atlanta; Baltimore; Dayton, Ohio.

Principal officers: Daniel V. Klais, president; Nancy K. Hinebaugh, vp.

Membership: SIIA.

L

LaHood & Associates Inc.

6900 W. 80th St., Overland Park, Kan. 66212; 913-341-0001

Year founded: 1974.

Parent company: Blue Cross/Blue Shield of Kansas City.

Services provided: 88% claims administration, 12% other services.

Region served: Nationwide.

Specialty: 94% health insurance, 5% disability, 1% flex compensation.

Self-insured clients/claims: Administration: 255 clients, $120 million claims paid.

Client mix: Administration: 234 corporations, five public/government entities, 12 Taft-Hartley plans, four association plans. Health plans: 90,000 employees covered, 175,000 dependents covered.

Staff: 98 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee, $1.75-$9.

1986 gross revenues: $4.5 million total, $4 million from claim services.

Branch offices: Sales offices in St. Louis; Waterloo, Iowa.

Principal officers: Richard Krecken, chairman; George LaHood, president; Zona Bauer and Joel Frisch, vps.

Membership: SPBA, SIIA.

Lytle Associates Inc.

101 Lang Blvd., Grand Island, N.Y. 14072; 716-773-6626

Year founded: 1956.

Services provided: 40% claims administration; 60% other services, including pension administration, brokering benefit plans.

Region served: Nationwide.

Specialty: 98% health insurance, 2% flex compensation.

Self-insured clients/claims: Administration: 25 clients, $10 million claims paid.

Client mix: Administration: 21 corporations, three public/government entities, one Taft-Hartley plan. Health plans: 10,000 employees covered.

Staff: 28 total staff members, 10 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3-$7.

1986 gross revenues: $1.2 million total.

Principal officers: Robert L. Dotton, president; Thomas Lytle and Paul D. Lytle, senior vps.

Membership: SIIA.

M

Mass Insurance Consultants & Administrators Inc. (MICA)

55 E. Jackson Blvd., Chicago, Ill. 60604; 312-346-2626

Year founded: 1952.

Parent company: TPA of America Inc.

Services provided: 95% claims administration; 5% other services, including consulting.

Region served: Nationwide.

Specialty: 90% health insurance, 5% disability, 5% life.

Self-insured clients/claims: Administration: 54 clients, $52 million claims paid.

Client mix: Administration: 49 corporations, five public/government entities. Health plans: 47,000 employees covered, 19,000 dependents covered.

Staff: 180 total staff members, 45 of whom serve self-insured clients only.

Charges: Administration: per covered employee per month, $2.25-$7.

1986 gross revenues: $6.7 million total.

Principal officers: Thomas J. O'Neill, executive vp/chief operating officer; Kenneth T. Krispin, executive vp/chief financial officer; Richard N. Swanson, Joseph M. Rovetto and John P. Schalk, vps.

Membership: SPBA, SIIA, Self Insurance Institute of Illinois.

The Maxon Co.

76 N. Broadway, Irvington, N.Y. 10533; 914-591-7111

Year founded: 1955.

Services provided: 60% claims administration; 40% other services, including employee benefits consulting.

Region served: Nationwide.

Specialty: 80% health insurance, 10% disability, 10% life.

Self-insured clients/claims: Administration: 11 clients, $15 million claims paid.

Client mix: Administration: three corporations, four Taft-Hartley plans, four association plans. Health plans: 12,000 employees covered, 36,000 dependents covered.

Staff: 75 total staff members, 40 of whom serve self-insured clients only.

Charges: Administration: per hour, per capita.

1986 gross revenues: Not reported.

Branch offices: Sales offices in Washington, D.C.; St. Louis.

Subsidiaries: Maxon Administrators (direct response marketing, advertising, publishing), Dental Health Maintenance Organization (prepaid dental programs), Pres White Agency (insurance marketing), Maxon Bulk Mail Division (mailing services).

Principal officers: Stanley Rubenzahl, owner.

Membership: SPBA.

McQueen Inc.

7400 Metro Blvd., Suite 250, Edina, Minn. 55435; 612-831-5574

Year founded: 1980.

Services provided: 30% claims administration, 10% adjusting, 60% auditing.

Region served: Minnesota.

Specialty: 53% health insurance, 45% flex compensation, 2% short-term disability.

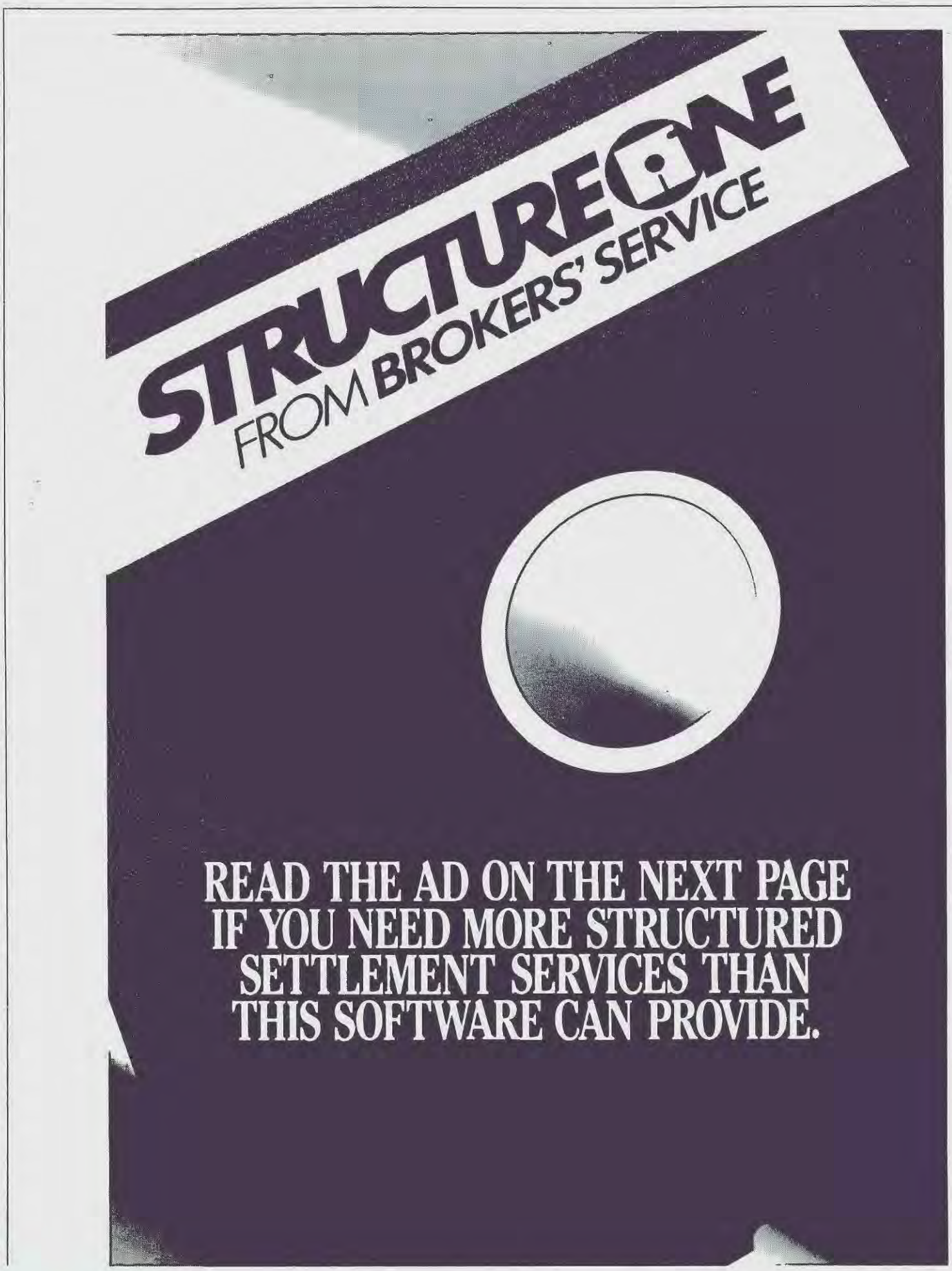
Self-insured clients/claims: Administration: 84 clients, $729,866 claims paid.

Client mix: Administration: 42 multiemployer plans, five Taft-Hartley plans, 37 union-sponsored plans. Health plans: 8,000 employees covered, 4,800 dependents covered.

Staff: Nine total staff members.

Charges: Administration: per em-

Continued on next page



Continued from previous page
ployee per month, $2.50-$4.50.
1986 gross revenues: $4.3 million total, all from claim services.
Branch offices: Administrative and sales offices in Minneapolis.
Principal officers: Cynthia A. Johnson, president; Kim Olson, vp.

Med-Pay Inc.

1650 E. Battlefield, Springfield, Mo. 65804; 417-887-0333

Year founded: 1982.
Parent company: K.M.&M. Associates Inc.
Services provided: 100% claims administration.
Region served: Missouri and adjoining states.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 20 clients, $3.5 million claims paid.
Client mix: Administration: 18 corporations, two public/government entities. Health plans: 5,000 employees covered, 12,500 dependents covered.
Staff: Nine total staff members, three of whom serve self-insured clients only.
Charges: Administration: per employee per month, $2.50-$10.
1986 gross revenues: $400,000 total.
Principal officers: Gordon L. Kinne, president; James F. Morris, vp; Frank B. Manzardo, secretary.
Membership: SPBA.

Medical Claims Service Inc.

119 Beach St., Boston, Mass. 02111; 617-426-8660

Year founded: 1975.
Services provided: 98% claims administration; 2% other services, including brokering insurance.
Region served: New England.
Specialty: 85% health insurance, 10% disability, 5% flex compensation.
Self-insured clients/claims: Administration: 175 clients, $16.5 million claims paid.
Client mix: Administration: 175 corporations. Health plans: 10,500 employees covered, 17,300 dependents covered.
Staff: 55 total staff members, 50 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $7-$15.
1986 gross revenues: $2.4 million total, $2.3 million from claim services.
Principal officers: William G. McKelvey, president; Angela Markert, vp; Cathleen Lindamood, underwriting manager; Kathleen Cooney, claims manager.
Membership: SPBA, SIIA.

MICA Benefits Corp.

444 Ronglyn Ave., Idaho Falls, Idaho 83401; 208-529-4060

Year founded: 1985.
Services provided: 80% claims administration, 20% other services.
Region served: Utah, Idaho.
Specialty: 80% health insurance, 10% flex compensation, 10% disability.
Self-insured clients/claims: Administration: six clients, $1.6 million claims paid.
Client mix: Administration: six corporations. Health plans: 875 employees covered, 1,046 dependents covered.
Staff: Five total staff members, four of whom serve self-insured clients only.
Charges: Administration: per employee per month, $4.90-$7.50.
1986 gross revenues: $234,000 total.
Branch offices: Sales office in Salt Lake City.
Principal officers: Jerry Mitchell, president; Stan Call, vp.
Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

Midwest Benefits Corp.

22255 Greenfield Road, Southfield, Mich. 48075; 313-569-9700

Year founded: 1972.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 96% health insurance, 2% flex compensation, 2% disability.
Self-insured clients/claims: Administration: 250 clients, $60 million claims paid.
Client mix: Administration: 243 corporations, five public/government entities, two Taft-Hartley plans. Health plans: 37,000 employees covered, 83,000 dependents covered.
Staff: 90 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $4 million total, all from claim services.
Branch offices: Sales office in Grand Rapids, Mich.
Principal officers: Ronald Klein, Frank Spadafore, Mike Zuzenak and Larry Ostling.
Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Mountain States Administration Co.

2530 S. Parker Road, Suite 606, Aurora, Colo. 80014; 303-368-4500

Year founded: 1980.
Services provided: 95% claims administration, 5% auditing.
Region served: Nationwide.
Specialty: 90% health insurance, 5% flex compensation, 5% disability.
Self-insured clients/claims: Administration: 20 clients, $10 million claims paid. Auditing: three projects conducted.
Client mix: Administration: 20 corporations. Health plans: 10,000 employees covered, 30,000 dependents covered.
Staff: 18 total staff members, 10 of whom serve self-insured clients only.
Charges: Administration: per employee per month. Auditing: per hour, $30-$60.
1986 gross revenues: More than $1 million total, all from claims services.
Branch offices: Administrative office in Denver.
Principal officers: Clarence Gray, president.
Membership: SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Mutual Health Services Co.

1240 Huron, Cleveland, Ohio 44115; 216-522-8500

Year founded: 1972.
Parent company: Blue Cross/Blue Shield of Ohio.
Services provided: 80% claims administration; 10% adjusting; 10% other services, including membership and billing services.
Region served: Nationwide.
Specialty: 94% health insurance, 5% flex compensation, 1% disability.
Self-insured clients/claims: Administration: 24 clients, $21.9 million claims paid. Adjusting: two clients; types of claims include health insurance.
Client mix: Administration: 13 corporations, 10 public/government entities, one multiemployer plan. Adjusting: one corporations, one Taft-Hartley plan. Health plans: 18,200 employees covered, 38,220 dependents covered.
Staff: 220 total staff members, 50 of whom serve self-insured clients only.
Charges: Administration: monthly contract. Adjusting: monthly contract.
1986 gross revenues: $10 million total.
Branch offices: Sales offices in larger Ohio cities.
Principal officers: John Burry Jr., chairman; James W. Harless, president; Jerome Rogers, secretary; Robert Bauer, treasurer; George Dufour, vp-management information systems.

Mutual Medical Plans Inc.

First National Bank Building, Peoria, Ill. 61602; 309-674-0888

Year founded: 1976.
Services provided: 99% claims administration, 1% auditing.
Region served: Illinois.
Specialty: 96% health insurance, 4% disability.
Self-insured clients/claims: Administration: 33 clients, approximately $15.6 million claims paid.
Client mix: Administration: 11 hospitals, nine school districts, seven public/government entities, six additional single-employer entities.
Staff: 19 total staff members.
Charges: Administration: flat fee per month.

Continued on facing page

BECAUSE STRUCTURE ONE IS SUPPORTED BY A WHOLE LIST OF STRUCTURED SETTLEMENT SERVICES.

We're not just the software experts people think we are. Actually, we're experts with a full range of structured settlement services. At Brokers' Service, we've been designing structured settlements for more than 8 years. And we've always provided the timely service and creative thinking you've needed to make settlement negotiations more effective. But now we do even more.

SERVICE PLUS. TIPPING THE NEGOTIATION IN YOUR FAVOR.

Our settlement consultants are highly skilled in creative plan design



and negotiation techniques. They can advise you on how to prepare for an upcoming settlement conference, or even take an active part in the negotiation. Either way, any time you find you need advice, we're there to help.

VIDEO TRAINING THAT WORKS FOR ANYONE.

With periodic payments as a tort reform measure, structured settlements take on even greater significance within the claim department.



Training workshops are available for entry-level, intermediate, and experienced claims specialists. Our in-depth video training enhances negotiation skills with institutional examples and case studies.

WE NOT ONLY CREATED STRUCTURE ONE. WE MADE IT BETTER.

Now it's more than a fast way to design a structured settlement proposal. It's specialized. Because now you can create options for specific kinds of claims situations. And you can still do it in minutes.

DamageCalc is a new enhancement that assesses earnings loss and matches it with the right structured benefit program. It's the only way to make immediate projections without spending a lot of time researching data.

Another addition, InvestCom, lets you favorably compare structured settlements against lump sum investment options, such as U.S. Government obligations and AAA Municipal Bonds.

LifeCare Plus is yet another program still under development, but will soon be available to project the future medical and rehabilitative needs and costs for the catastrophically disabled.



The Brokers' Service approach can do more to help you reach the right settlement agreement than any other structured settlement broker because we improve your ability to offer quick and decisive alternatives to the plaintiff attorney. Call Jo Greenwald at 1-800-343-7772 to learn how we can help you implement the most complete structured settlement program available in the industry today.

BROKERS' SERVICE CORPORATION
500 South Main Street, Providence, Rhode Island 02903 (401) 751-9400
Other offices: Boston, New York, New Orleans, Dallas, Los Angeles

Continued from facing page

Principal officers: Ron Jones, president; Carol R. Jones, senior vp.

N

NGS

27575 Harper, P.O. Box 7676, St. Clair Shores, Mich. 48080; 313-779-7676

Year founded: 1979.
Services provided: 90% claims administration; 10% other services, including pre-certification review.
Region served: Nationwide.
Specialty: 90% health insurance, 10% disability.
Self-insured clients/claims: Administration: 75 clients, approximately $100 million claims paid.
Client mix: Administration: 73 corporations, two public/government entities. Health plans: approximately 75,000 employees covered, approximately 200,000 dependents covered.
Staff: 110 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month.
1986 gross revenues: $8 million total.
Principal officers: William Alcott, president; Finley Doyle and Jim Blashill, senior vps; Mike Verlinden, vp.
Membership: SPBA, SIIA.

National Benefits Corp.

120 Gibralter Road, Suite 218, Horsham, Pa. 19044; 215-443-0404

Year founded: 1981.
Services provided: 60% claims administration; 10% adjusting; 10% auditing; 20% other services, including billing, underwriting, sales.
Region served: Nationwide.
Specialty: 70% health insurance, 10% flex compensation, 10% disability, 10% life.
Self-insured clients/claims: Administration: 21 clients, $12.9 million claims paid. Adjusting: types of claims include health insurance, disability, life.
Client mix: Administration: 10 corporations, five multiemployer plans, six association plans. Health plans: 22,000 employees covered, 11,800 dependents covered.
Staff: 67 total staff members, 51 of whom serve self-insured clients only.
1986 gross revenues: $3.5 million total, $2.8 million from claim services.
Branch offices: Administrative offices in Kansas City, Mo.; Alexandria Va. Sales office in Alexandria, Va.
Principal officers: David Partridge, president; Michael Sweeney, executive vp; Dennis Mulligan, sales vp; Robert Patterson, comptroller; Douglas W. McFarland, director-claims administration.
Membership: Health Insurance Assn. of America, Greater Philadelphia Claims Assn.

National Capital Administrative Services Inc.

3702 Pender Drive, Fairfax, Va. 22030; 703-691-0260

Year founded: 1983.
Parent company: GHMSI Inc.
Services provided: 75% claims administration, 25% other services.
Region served: Nationwide.
Specialty: 90% health insurance, 10% flex compensation.
Self-insured clients/claims: Administration: 24 clients, $33 million claims paid.
Client mix: Administration: 16 corporations, three public/government entities, two multiemployer plans, two Taft-Hartley plans, one union-sponsored plan. Health plans: 31,000 employees covered, 43,000 dependents covered.
Staff: 51 total staff members, 40 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $2-$8.
1986 gross revenues: $2 million total, $1.5 million from claim services.
Branch offices: Sales offices in Washington, D.C.; Fairfax, Va.; Seattle; Detroit; Wheeling, W.V.
Principal officers: Joseph P. Gamble, chairman; Victor M. Brian, vice chairman; Benjamin W. Giuliani, secretary; William G. Hendren, president; Joseph A. Crowley, general manager.
Membership: SIIA.

National Health Plan Corp.

500 Eighth Ave., New York, N.Y. 10018; 212-279-3232

Year founded: 1953.
Services provided: 100% claims administration, adjusting and auditing.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: approximately 100 clients, approximately $15 million claims paid.
Client mix: Administration: 10 corporations, 25 public/government entities, 64 Taft-Hartley plans, one union sponsored plan. Health plans: 150,000 employees covered, 400,000 dependents covered.
Staff: 130 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee, percent of claims submitted. Adjusting: included in administration charges. Auditing: included in administration charges.
1986 gross revenues: $1.5 million total, all from claim services.
Branch offices: Administrative offices in Lauderhill, Fla.; Old Bridge, N.J.
Subsidiaries: Universal Prescription Administrators, MailMed, Universal Data Services, Prescription Plan Service, Prescription Plan Corp.
Principal officers: Alvin S. Konigsberg, chairman; David H. Konigsberg, president; D.H. Zaback and Teresita M. Miranda, vps.
Membership: International Foundation of Employee Benefit Plans, National Conference of Unions and Employee Benefit Funds.

New World Claims Services Ltd.

423 Sycamore St., Box 1030, Niles, Mich. 49120; 616-684-6700

Year founded: 1982.
Parent company: Assn. of Independent Corrugated Convertors.
Services provided: 50% claims administration, 50% adjusting.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 75 clients, $7 million claims paid.
Client mix: Administration: 75 corporations. Health plans: 4,000 employees covered, 13,000 dependents covered.
Staff: Nine total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee.
1986 gross revenues: $300,000 total, all from claims services.
Branch offices: Administrative office in Alexandria, Va. Sales office in Chicago.
Principal officers: Robert D. Cravens, president.
Membership: SIIA.

Nobel Group Benefits

Box 330, Canonsburg, Pa. 15317; 412-746-8700

Year founded: 1982.
Parent company: Nobel Managing Agents Inc.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 90% health insurance, 10% disability.
Self-insured clients/claims: Administration: 125 clients, $12 million claims paid.
Client mix: Administration: 125 corporations. Health plans: 12,000 employees covered, 19,000 dependents covered.

Continued on next page

ADJUSTERS & CLAIMS MANAGERS

GIVE YOUR FILES A CLEAN BILL OF HEALTH...



SAVE TIME AND MONEY TOO!

At VPS our motto is "Case Closed".

We know in some cases that's easier said than done. For every claim that goes strictly by the book, another comes along that defies any simple, speedy resolution. Catastrophic injuries, long term disabilities, severe illnesses, automobile accidents . . . any of these cases may require extensive rehabilitation programs, vocational placement, or ongoing medical treatment. The demands of problem files can cost you time and money which may be spent unnecessarily.

That's why you need VPS.

We provide comprehensive case management services for all lines of insurance. It's our business to assist you in managing those hard to resolve cases. Whether it's Workers Compensation, Auto/General Liability, Long Term Disability or Group Health, a specially trained VPS case manager can coordinate the appropriate health care services and vocational programs.

If you're unsure which cases to refer, VPS offers a free file assessment to identify those cases which require special handling.

And we'll come to you. We have 8 district offices serving 13 states from Pennsylvania to Florida.

Before your caseload gets out of hand, remember, help is just a phone call away. Because all cases aren't open and shut.

VPS

VPS CASE MANAGEMENT SERVICES, INC.
— SERVICING ALL LINES —
Formerly Vocational Placement Services, Inc.

Corporate Office: 1606 Santa Rosa Road, Suite 235, Richmond, VA 23229 (804) 288-1168
District Office Locations: Philadelphia, Washington D.C., Richmond, Charlotte, Atlanta, Orlando, Tampa, Fort Lauderdale, Charleston

January 8, 1987

800,000 Shares

Lawrence Insurance Group, Inc.

Common Stock

Price $12.00 Per Share

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus, copies of which may be obtained from Lawrence Insurance Group, Inc. This advertisement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitations or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Lawrence Insurance Group, Inc.
Stock Department
33 Elk Street, P.O. Box 7189
Albany, New York 12224
518/465-0457

Continued from previous page

Staff: 40 total staff members, 37 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $4-$8.
1986 gross revenues: $1.2 million total.
Branch offices: Administrative and sales offices in Dallas and Knoxville, Tenn.
Principal officers: Jack L. Zogg, chairman; Fred McMurray, executive vp; David C. Bramer and Jean Johnson, vps; Richard Sprague, controller.
Membership: SPBA, SIIA.

North American Administrators Inc.

455 Commerce Drive, Amherst, N.Y. 14150; 716-691-8556

Year founded: 1983.
Services provided: 95% claims administration, 5% adjusting.
Region served: Nationwide.
Specialty: 85% health insurance, 15% disability.
Self-insured clients/claims: Administration: 24 clients, $20 million claims paid. Adjusting: two clients, types of claims include medical.
Client mix: Administration: 16 corporations, six public/government entities, one multiemployer plan, one Taft-Hartley plan. Adjusting: two public/government entities. Health plans: 25,000 employees covered, 45,000 dependents covered.
Staff: 25 total staff members, 22 of whom serve self-insured clients only.
Charges: Administration: per employee per month, $4-$5.
1986 gross revenues: Not reported.
Branch offices: Administrative and sales office in Buffalo, N.Y.
Principal officers: Ronald K. Zoeller, president; David Miller and E. Timothy Danahy, vps; Edward T. Danahy, secretary.

Northwest Administrators

800 9th St. S., P.O. Box 3105, Great Falls, Mont. 59403; 406-761-5000

Year founded: 1981.
Services provided: 80% claims administration; 10% auditing; 10% other services, including flexible spending account administration.
Region served: Montana, Wyoming, Idaho.
Specialty: 65% health insurance, 15% flex compensation, 10% disability, 10% life.
Self-insured clients/claims: Administration: 59 clients, $370,500 claims paid.
Client mix: Administration: 50 corporations, two association plans. Health plans: 2,434 employees covered, 9,400 dependents covered.
Staff: Eight total staff members, four of whom serve self-insured clients only.
Charges: Administration: per employee. Auditing: included in administration charges.
Branch offices: Sales office in Billings, Mont.
Principal officers: William Bourrett, president; Hap Johnson, vp; Lorrin Darby, treasurer; Marge Hardebeck, secretary.
Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

O

Oliver & Larkin Inc.

3350 Scott Blvd., Building 57, Santa Clara, Calif. 95054; 408-970-9975

Year founded: 1986.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 100% disability.
Self-insured clients/claims: Administration: four clients, $105,000 claims paid.
Client mix: Administration: three corporations, one university.
Staff: Three total staff members, all of whom serve self-insured clients only.
Charges: Administration: percent of covered employees' payroll.
1986 gross revenues: Not reported.
Principal officers: Michael L. Oliver, president; Thomas H. Larkin Jr., executive vp; Nancy W. Cantley, claims manager.

P

PAS Inc.

2728 Coho St., Madison, Wis. 53713; 608-273-1776

Year founded: 1981.
Services provided: 100% claims administration.
Region served: Wisconsin, Illinois, Iowa, Missouri.
Specialty: 95% health insurance, 5% flex compensation.
Self-insured clients/claims: Administration: 164 clients, $7.2 million claims paid.
Client mix: Administration: 146 corporations, 17 public/government entities, one association plan. Health plans: 13,212 employees covered, 42,278 dependents covered.
Staff: 10 total staff members, eight of whom serve self-insured clients only.
Charges: Administration: per contract, per month, $2.75-$7.
1986 gross revenues: $417,296 total, all from claim services.
Principal officers: Gene F. Jenson, president; Barbara M. Jenson, vp; Heidy Jenson, vp-operations.

Parker, Pleas, Brown & Davis Inc.

210 O'Keefe Ave., Suite 300, New Orleans, La. 70112; 504-593-3155

Year founded: 1985.
Services provided: 90% claims administration; 10% other services, including consulting, property/casualty insurance brokerage.
Region served: Southeast.
Specialty: 85% health insurance, 5% pensions, 5% flex compensation, 5% life.
Self-insured clients/claims: Administration: six clients, $25 million claims paid.
Client mix: Administration: three corporations, three public/government entities. Health plans: 22,000 employees covered, 66,000 dependents covered.
Staff: 28 total staff members, 23 of whom serve self-insured clients only.
Charges: Administration: percent of paid claims.
1986 gross revenues: $860,000 total.
Principal officers: Jack A. Parker, chairman; Michael A. Pleas, president; Glenn M. Davis, executive vp; Earl S. Brown, vp-sales.
Membership: SPBA.

Pension & Group Services Inc.

161 E. Michigan Ave., The Haymarket, Kalamazoo, Mich. 49007; 616-382-0300

Year founded: 1965.
Services provided: 60% claims administration; 40% other services, including employee benefit consulting.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 9,800 clients, $66 million claims paid.
Client mix: Administration: 85 corporations, two public/government entities, six multiemployer plans, eight Taft-Hartley plans, 12 association plans. Health plans: 130,000 employees covered, 300,000 dependents covered.
Staff: 220 total staff members, 160 of whom serve self-insured clients only.
Charges: Administration: varies.
1986 gross revenues: $10.2 million total, $6 million from claim services.
Branch offices: Sales office in Tampa, Fla.
Principal officers: John M. Connors, Lawrence M. Farrell, Dan D. Sperry, Linda M. Constantino and Lynn A. Arnhold.
Membership: SPBA, SIIA, Chicago Claims Assn.

Pittman & Associates Inc.

1 Prescott, Memphis, Tenn. 38111; 901-323-2140

Year founded: 1971.
Services provided: 85% claims administration; 5% auditing; 10% other services, including consulting on employee benefit design and PPO design.
Region served: Southeast and Southwest.
Specialty: 86% health insurance, 5% flex compensation, 5% life, 4% disability.
Self-insured clients/claims: Administration: 21 clients, $3.5 million claims paid.
Client mix: Administration: 21 corporations. Health plans: 3,000 employees covered, 1,400 dependents covered.
Staff: 50 total staff members, three of whom serve self-insured clients only.
Charges: Administration: per employee, per month. Auditing: per bill, per hour.
1986 gross revenues: Not reported.
Branch offices: Administrative and sales office in Nashville, Tenn.
Principal officers: A.H. Pittman, president; Jane Hogan, vp/agency manager.

Power Group Designs

7007 College Blvd., Suite 100, Overland Park, Kan. 66211; 913-491-3280

Year founded: 1983.
Services provided: 70% claims administration; 30% other services, including marketing of prescription card services, other marketing and billing services.
Region served: Missouri, Kansas.
Specialty: 97% health insurance, 3% disability.
1986 gross revenues: Not reported.
Principal officers: Paul T. Power, president.
Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

Professional Benefit Administrators Ltd.

14555 N. Scottsdale Road, Suite 300, Scottsdale, Ariz. 85254; 602-951-3050

Year founded: 1976.
Parent company: Grand Canyon Financial Services Corp.
Services provided: 60% claims administration, 30% adjusting, 10% auditing.
Region served: Nationwide.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: six clients, $540,000 claims paid.
Client mix: Administration: six corporations, three multiemployer plans, one association plan. Health plans: 4,500 employees covered, 9,900 dependents covered.
Staff: 34 total staff members, eight of whom serve self-insured clients only.
Charges: Administration: per employee per month, $4.50.
1986 gross revenues: $880,000 total.
Subsidiaries: BenePlans of America Inc. (marketing and services).
Principal officers: James R. Cone, president; Ronald J. Rostas, senior vp; Pam Spong, vp-marketing; Walter Melton, director-self-funded plans, Gene Fiore, vp-data systems.
Membership: SPBA, SIIA.

Pyramid Benefit Services

1 Michiana Square, P.O. Box 1017, South Bend, Ind. 46624; 219-232-2993

Year founded: 1984.
Parent company: Midwest Commerce Banking Co.
Services provided: 100% claims administration.
Region served: Midwest.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: 20 clients, $2.3 million claims paid.
Client mix: Administration: 18 corporations, two public/government entities. Health plans: 3,000 employees covered, 11,500 dependents covered.
Staff: Six total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month, $4-$9.
Principal officers: Cori Dullinger, sales representative; H.R. Russell, marketing representative.
Membership: SIIA.

R

Rearick & Lenihan-Administrative Services Division

5339 Alpha Road, Suite 100, P.O. Box 400073, Dallas, Texas 75240; 214-233-0506

Year founded: 1976.
Services provided: 60% claims administration; 10% adjusting; 5% auditing; 25% other services, including serving as an underwriting manager.
Region served: Nationwide.
Specialty: 85% health insurance, 10% flex compensation, 5% disability.
Self-insured clients/claims: Administration: 16 clients, $11 million claims paid. Auditing: three projects conducted.

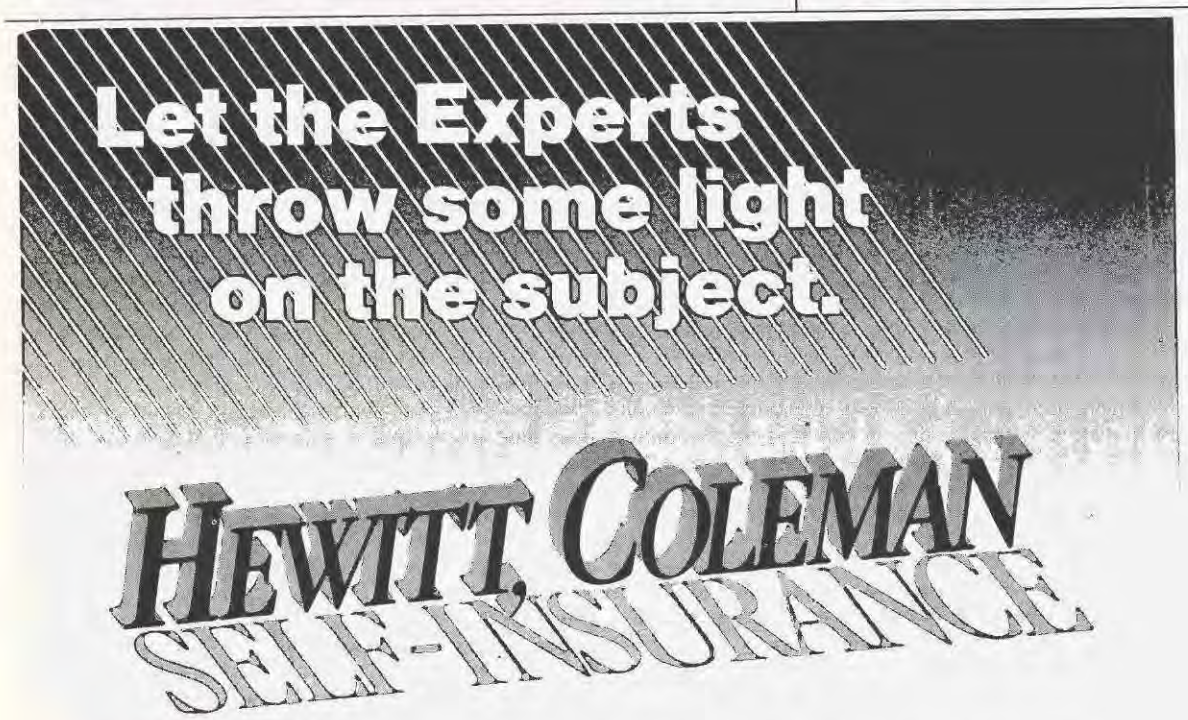
Continued on facing page

ARE YOU PAYING FOR MORE THAN THE DOCTOR ORDERED?

OUR AUDIT FINDINGS HAVE SHOWN THAT 95% OF BILLS AUDITED CONTAIN ERRORS 66% OF THOSE ERRORS ARE OVERCHARGES.
MED CHECK, INC. HAS PLUSSES OTHER AUDITING FIRMS JUST DON'T HAVE...
WE QUESTION WHETHER SERVICES PROVIDED WERE:
★ CONSISTENT WITH THE DIAGNOSIS
★ MEDICALLY USUAL IN THE CIRCUMSTANCES
★ PERFORMED CORRECTLY
★ BILLED PROPERLY
★★ PLUS WE HAVE A FLAT FEE PER AUDIT, NOT PER HOUR.
LET US PROTECT YOU THE TPA AND BENEFIT CLAIM SPECIALIST FROM HOSPITAL OVERCHARGES

FOR FURTHER INFORMATION CALL:
1-800-428-5105 in Ohio
1-800-428-5110

MED CHECK, INC.
425 JEFFERSON AVE.
Toledo, Ohio 43604
419-243-4423



Since 1923, Hewitt, Coleman and Associates has been synonymous with self-insurance. We can offer you expert third-party administration of claims, loss control and information systems—and provide the excess coverage—for the individual corporation, groups, pools and captives. It's worth your while to contact us for:
Employee Benefit Coverage • General Liability • Workers' Compensation

Call 1-800-421-9139 In S.C., call 1-242-4350

P.O. Box 3665, 2717 Poinsett Highway, Greenville, SC 29608
with Branches and affiliated offices in major cities.

Continued from facing page

Client mix: Administration: 16 corporations. Auditing: three corporations. Health plans: 6,500 employees covered, 2,000 dependents covered.

Staff: 51 total staff members, 16 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $1.50-$9. Auditing: per hour, $30-$75.

1986 gross revenues: $900,000 total, $675,000 from claim services.

Branch offices: Sales offices in Houston; Los Angeles; New York; Atlanta; Jacksonville, Fla.

Subsidiaries: Rearick & Lenihan Inc.-Accident Division (underwriting manager), Rearick & Lenihan of Georgia Inc. (insurance brokerage), Source Publications Inc. (publishing).

Principal officers: Philip A. Rearick, president; Thomas J. Lenihan III, Philip K. Munson and D. Timothy Williams, vps; Eileen J. Rearick, secretary/treasurer.

S

S.M. Administrators

P.O. Box 695, Eugene, Ore. 97440; 503-683-4279

Year founded: 1976.

Services provided: 100% claims administration.

Region served: Western states.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: three clients, $720,000 claims paid.

Client mix: Administration: three association plans.

Staff: Three total staff members, all of whom serve self-insured clients only.

Charges: Administration: flat fee per covered employee, $5-$17.

1986 gross revenues: $141,000 total, all from claim services.

Principal officers: Marla Prentice, secretary/treasurer.

Membership: SPBA.

Self Assurance Co. Inc.

100 Yordy Road, Morton, Ill. 61550; 309-263-7722

Year founded: 1980.

Services provided: 90% claims administration, 3% adjusting, 7% auditing.

Region served: Central states.

Specialty: 90% health insurance, 10% flex compensation.

Self-insured clients/claims: Administration: 62 clients.

Client mix: Administration: 56 corporations, five public/government entities, one Taft-Hartley plan.

Staff: 12 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3-$5.

1986 gross revenues: Not reported.

Principal officers: Matthew A. Schafer, president; Jyl Krause, administrator.

Membership: SPBA.

Self Funded Plans Inc.

1432 Hamilton Ave., Cleveland, Ohio 44114; 216-566-1455

Year founded: 1980.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 91% health insurance, 5% life, 2% flex compensation, 2% disability.

Self-insured clients/claims: Administration: 150 clients, $30 million claims paid.

Client mix: Administration: 142 corporations, six public/government entities, two union-sponsored plans. Health plans: 25,000 employees covered.

Staff: 42 total staff members, all of whom serve self-insured clients only.

Charges: Administration: Per employee, $1 and up.

1986 gross revenues: $2.8 million total, all from claim services.

Branch offices: Administrative and sales office in Birmingham, Ala. Additional sales office in Pittsburgh.

Subsidiaries: Self Funded Plans of the South Inc. (claim services), Thomas P. Luby & Co. (insurance placement).

Principal officers: Thomas P. Luby, president; Richard Sheldon, Bonnie Bletcher Krauss and Marsha Phillips, vps; W. Hal Shepherd, president-Self-Funded Plans of the South Inc.

Membership: SPBA, SIIA.

Self Funding Administrators Inc.

498 Palm Springs Drive, Suite 101, Altamonte Springs, Fla. 32701; 305-831-2511

Year founded: 1981.

Parent company: Lincoln National Administrative Services Corp.

Services provided: 100% claims administration.

Region served: Florida.

Specialty: 93% health insurance, 5% life, 1% flex compensation, 1% disability.

Self-insured clients/claims: Administration: 50 clients.

Client mix: Administration: 50 corporations. Health plans: 10,000 employees covered, 20,000 dependents covered.

Staff: 23 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee.

1986 gross revenues: Not reported.

Branch offices: Sales office in Miami.

Principal officers: Lynn H. Jennings, president; Jessica L. Harkness, vp.

Membership: SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Self-Insurers Benefit Services

222 S. Prospect, Park Ridge, Ill. 60068; 312-692-7020

Year founded: 1971.

Parent company: Combined International Corp.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 60 clients, $75 million claims paid.

Client mix: Administration: 60 corporations. Health plans: 75,000 employees covered, 125,000 dependents covered.

Staff: 85 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee.

1986 gross revenues: Not reported.

Principal officers: C. Kenneth Frantz, president; C. Lohenry, vp-marketing/sales; K. Peters, vp-claims; P. Reger, director-client services.

Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Spectrum Benefits Inc.

744 Office Parkway, Suite 148, St. Louis, Mo. 63141; 314-991-0878

Year founded: 1985.

Services provided: 85% claims administration; 2% adjusting; 3% auditing; 10% other services, including sale of insured plans.

Region served: Midwest and upper South.

Specialty: 85% health insurance, 10% disability; 2% flex compensation, 1% life, 2% miscellaneous.

Self-insured clients/claims: Administration: six clients, $18.1 million claims paid.

Client mix: Administration: four corporations, one Taft-Hartley plan, one union-sponsored plan. Health plans: approximately 6,000 employees covered, approximately 14,500 dependents covered.

Staff: Nine total staff members, seven of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3-$10. Adjusting: 3% of total charges. Auditing: 5% of total charges.

1986 gross revenues: Not reported.

Subsidiaries: Update Inc. (COBRA services).

Principal officers: Mary Lewis, president/treasurer; Pat Everman, vp/secretary.

Membership: SPBA, SIIA, St. Louis Life, Health & Accident Claims Assn.

Susquehanna Administrators Inc.

26-28 W. King St., P.O. Box L523, Lancaster, Pa. 17603; 717-295-9201

Year founded: 1975.

Parent company: Lincoln National Life Insurance Co.

Services provided: 100% claims administration.

Region served: Mid-Atlantic states.

Specialty: 90% health insurance, 10% flex compensation.

Self-insured clients/claims: Administration: 200 clients, $70 million claims paid.

Client mix: Administration: 140 corporations, 20 public/government entities, two multiemployer plans, one Taft-Hartley plan, one union-sponsored plan, two association plans. Health plans: 55,000 employees covered, 137,500 dependents covered.

Staff: 90 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $4-$7.

1986 gross revenues: $4 million total, all from claim services.

Subsidiaries: Susquehanna Administrators Inc. (claim services).

Principal officers: Kenneth G. Stoudt, chief executive officer; John B. Penrose, president; Michael Thompson, president-Susquehanna Administrators Inc. (Maryland).

Membership: SPBA, SIIA.

Syncor Administrative Services Inc.

3000 Dundee Road, P.O. Box 1327, Northbrook, Ill. 60065-1327; 312-291-1230

Year founded: 1971.

Services provided: 80% claims administration; 5% adjusting; 15% other services, including marketing.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: $24 million claims paid.

Client mix: Administration: 72 corporations, 12 public/government entities, five multiemployer plans. Health plans: employees covered, dependents covered.

Staff: 26 total staff members, 20 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $2-$7.

1986 gross revenues: $1.5 million total.

Branch offices: Administrative offices in Arlington Heights, Waukegan and Olympia Fields, Ill. Sales office in Arlington Heights, Ill.

Subsidiaries: Datamed Inc. (precertification, second surgical opinion, cost-containment services).

Principal officers: Anthony J. Corso, president; Judith A. Corso, secretary/treasurer; Catherine Ward, vp.

Membership: SPBA, SIIA, Commissions on Physician & Hospital Activity, Health Insurance Assn. of America.

t

Total Group Services Inc.

2600 Horizon Drive S.E., P.O. Box 1687, Grand Rapids, Mich. 49501; 616-942-9780

Year founded: 1972.

Parent company: Lincoln National Administrative Services Corp.

Services provided: 90% claims administration (including auditing); 10% other services, including management services for affiliated companies.

Region served: Midwest.

Specialty: 95% health insurance, 3% flex compensation, 2% disability.

Self-insured clients/claims: Administration: 89 clients, $49 million claims paid. Auditing: one project conducted.

Client mix: Administration: 82

Continued on next page

The largest single annuity settlement ever.

Merrill Lynch Settlement Services, Inc., recently acted as consultant to the law firm of Peterson, Ross, Schloerb & Seidel in the settlement of longstanding coverage litigation for 20 Lloyds syndicates and 34 foreign insurers of Manville Corporation.

Months of negotiations culminated in the purchase of an annuity, which was issued by Metropolitan Life Insurance Company and placed by Merrill Lynch Settlement Services, Inc. The annuity will pay $62.2 million over three years.

Call on Merrill Lynch Settlement Services, Inc. to handle your settlement business effectively, regardless of the size of the case. We have the experience, name and technical resources to make the difference.



Merrill Lynch

© Copyright 1986 Merrill Lynch Settlement Services, Inc.

Pasadena, CA 818 793-1800/**Denver, CO** 303 799-5410
Dallas, TX 214 969-2670/**Washington, DC** 202 822-3630
Tampa, FL 813 273-8593 /**Philadelphia, PA** 215 864-7450
London, England 01 382-8880

Continued from previous page
corporations, three public/government entities. Health plans: 31,500 employees covered, 71,000 dependents covered.

Staff: 58 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee per month, $5-$10.

1986 gross revenues: $2.5 million total, $2.3 million from claim services.

Branch offices: Sales office in Lansing, Mich.

Principal officers: R. Harvey Nolen, president; Richard Langeland, vp; Thomas Dugan, vp-benefits; Kenneth Seddon, vp-marketing; Craig Groendyk, controller.

Membership: SPBA, SIIA.

The Travelers Plan Administrators of Arizona Inc.

11024 N. 28th Drive, Suite 265, Phoenix, Ariz. 85029; 602-866-1066

Year founded: 1986.

Parent company: Travelers Corp.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: one client.

Client mix: Administration: one corporation. Health plans: 16,000 employees covered, 35,000 dependents covered.

Staff: 20 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per employee.

1986 gross revenues: $24,500 total, all from claim services.

Branch offices: Sales offices in Salt Lake City; Las Vegas, Nev.

Principal officers: William R. Horne, chairman; Thomas A. McCaw, president; William Keister, vp; John Britt, secretary.

Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

The Travelers Plan Administrators of Florida Inc.

2017 Fiesta Drive, Sarasota, Fla. 33581; 813-924-3095

Year founded: 1979.

Parent company: Travelers Corp.

Services provided: 90% claims administration, 10% other services.

Region served: Southeast.

Specialty: 90% health insurance, 5% flex compensation, 5% disability.

Self-insured clients/claims: Administration: 38 clients, $10 million claims paid.

Client mix: Administration: 34 corporations, four public/government entities. Health plans: 10,000 employees covered, 23,000 dependents covered.

Staff: 16 total staff members, 15 of whom serve self-insured clients only.

Charges: Administration: per employee.

1986 gross revenues: $750,000 total.

Branch offices: Chicago; Philadelphia; Minneapolis; Dallas; Phoenix, Ariz.; Nashville, Tenn.

Principal officers: Bill Horne, Barbara Corbett, Steven Rasnick, Dawn Charbonneau, Fred Allen, Doris Miller, Bruce Thompson.

Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

The Travelers Plan Administrators of Ohio Inc.

4141 Rockside Road, Suite 210, Seven Hills, Ohio 44131; 216-447-4040

Year founded: 1986.

Parent company: Travelers Corp.

Services provided: 100% claims administration.

Region served: Ohio, Indiana, Michigan.

Specialty: 90% health insurance, 5% flex compensation, 5% disability.

Staff: Two staff members, both of whom serve self-insured clients only.

1986 gross revenues: Not reported.

Branch offices: Administrative office in Cleveland. Sales offices in Cleveland, Columbus, Toledo, Akron, Cincinnati and Dayton, Ohio; Southfield, Mich.; Fort Wayne, Indianapolis and South Bend, Ind.

Principal officers: John T. Bertosa, manager.

Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

U

Underwriters & Administrators Inc.

P.O. Box 6250, Harrisburg, Pa. 17112; 717-564-2673

Year founded: 1977.

Services provided: 50% claims administration, 50% other services.

Region served: Mid-Atlantic states.

Specialty: 70% health insurance, 15% pensions, 13% disability, 2% life.

Self-insured clients/claims: Administration: more than 60 clients, more than $10 million claims paid.

Client mix: Administration: clients include corporations, public/government entities, multiemployer plans, Taft-Hartley plans.

Staff: 30 total staff members.

Charges: Administration: per employee.

1986 gross revenues: More than $1 million total.

Principal officers: Stanford F. Golin, president; Donald Evans, Steven Golin and Greg Golin, vps; David Shatto, comptroller.

Membership: SPBA, SIIA.

United Medical Resources Inc.

2343 Auburn Ave., Cincinnati, Ohio 45219; 513-651-3737

Year founded: 1983.

Services provided: 55% claims administration; 10% adjusting; 10% auditing; 25% other services, including pre-admission review, second surgical opinion.

Region served: Nationwide.

Specialty: 90% health insurance, 5% disability, 5% life.

Self-insured clients/claims: Administration: 17 clients, $25 million claims paid.

Client mix: Administration: 15 corporations, two public/government entities. Health plans: 18,000 employees covered, 27,000 dependents covered.

Staff: 17 total staff members, all of whom serve self-insured clients only.

Charges: Administration: start-up fee and per covered employee per month.

1986 gross revenues: $1.4 million total.

Principal officers: Victoria E. Buyniski, president, James L. Armitage, medical director; Julie D. Mueller, executive assistant; Rebecca G. Terretti, claims supervisor; Tom A. Steele, controller.

Membership: SIIA.

U.S. Administrators Inc.

3540 Wilshire Blvd., Los Angeles, Calif. 90010; 213-383-1100

Year founded: 1962.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 100% health insurance.

Self-insured clients/claims: Administration: 62 clients, $864 million claims paid.

Client mix: Administration: 59 corporations, two multiemployer plans, one Taft-Hartley plan. Health plans: 604,000 employees covered, 1,182,000 dependents covered.

Staff: 950 total staff members.

Charges: Administration: per employee.

1986 gross revenues: Not reported.

Branch offices: Administrative offices in Calabasas and North Hollywood, Calif.; Shrewsbury, N.J.; Pittsburgh.

Principal officers: Samuel X. Ka-

Continued on facing page



Amid the many reference tools available, there is one unique source book that identifies the major buyers in the commercial insurance industry.

The 1986 Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services, which features listings on more than 2,000 U.S. corporations, is just off the press.

The BI Directory provides an expanded list of the major buyers by name and title ... plus corporate address and phone, information on company sales volume and employee population. Access to data is easy with complete alphabetical listings and condensed indexes by size of company and geographic region.

Buyers and sellers alike use the BI Directory. As a buyer, the directory helps you identify your corporate counterparts; and as a seller, you can pinpoint these influential buyers and reach them easily.

Avoid commercial insurance gridlock—order your 1986 BI Directory today. After all ...

the BI Directory is the route to take.

Business Insurance Directory
Single Copy Sales, 965 East Jefferson, Detroit, MI 48207

Please send me _____ copies of the *Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services* **$50 each; $40 each for 5 or more**

Bill me _____ plus $5 additional charge for handling; | | Payment Enclosed; | | Visa; | Mastercard

Account # _____ Exp. Date _____ Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____ Telephone ( ) _____

business insurance

Property/casualty claims specialists

Continued from facing page
plan, chairman; Millard H. Stiles Jr., president/chief executive officer; Ronald A. Bruce, executive vp/chief operating officer; Matthew W. Kaplan, executive vp-sales/marketing; James J. Larocca, executive vp/chief financial officer.

V

Variable Protection Administrators Inc.

7123 Pearl Road, Suite 300, Cleveland, Ohio 44130; 216-888-8585

Year founded: 1968.
Services provided: 40% claims administration, 40% adjusting, 20% auditing.
Region served: Nationwide.
Specialty: 80% health insurance, 10% disability, 10% life.
Self-insured clients/claims: Administration: five clients, $1.3 million claims paid. Adjusting: one client; types of claims include health insurance.
Client mix: Administration: four corporations, one association plan.
Staff: 72 total staff members, six of whom serve self-insured clients only.
Charges: Administration: flat rate per employee. Adjusting: flat rate per employee. Auditing: per hour.
1986 gross revenues: $555,000 total, all from claim services.
Principal officers: David Manley, president; Anthony Manley, vp-claims; Susan Maddock, vp-underwriting; Davie Campbell, vp-marketing; Timothy Eisenmann, vp-operations.
Membership: SPBA, North Eastern Claims Assn.

Vista Administrators Inc.

444 W. Galena Blvd., P.O. Box 648, Aurora, Ill. 60507; 312-844-2151

Year founded: 1981.
Services provided: 77% claims administration, 23% other services.
Region served: Metropolitan Chicago and surrounding counties.
Specialty: 100% health insurance.
Self-insured clients/claims: Administration: eight clients.
Client mix: Administration: four corporations, three public/government entities, one union-sponsored plan. Health plans: 1,726 employees covered, 828 dependents covered.
Staff: Four total staff members, three of whom serve self-insured clients only.
Charges: Administration: per employee per month, $1-$2.
1986 gross revenues: Not reported.
Principal officers: Nicholas P. Viola, president/chief executive officer; Marilee Viola, secretary/treasurer.
Membership: Self Insurance Institute of Illinois, Chicago Claims Assn., International Foundation of Employee Benefit Plans.

Voluntary Plan Administrators Inc.

23586 Calabasas Road, Suite 101, P.O. Box 9830, Calabasas, Calif. 91302; 818-888-8721

Year founded: 1979.
Services provided: 90% claims administration, 5% adjusting, 5% auditing.
Region served: California.
Specialty: 80% disability, 20% sick-pay plans.
Self-insured clients/claims: Administration: 212 clients, $12 million claims paid. Adjusting: four clients; types of claims include short-term and long-term disability, sick-pay plans. Auditing: three projects conducted.
Client mix: Administration: 212 corporations, three public/government entities.
Staff: 32 total staff members, all of whom serve self-insured clients only.
Charges: Administration: percent of premiums/contributions. Adjusting: per hour, $75-$150. Auditing: per hour, $75-$150.
1986 gross revenues: Not reported.
Branch offices: Administrative office in Santa Clara, Calif.
Principal officers: Jack H. Bredehorn, president; Ralph D. Hurley, vp.
Membership: SPBA. ■

A

Actuarial Risk Services Inc.

111 Barclay Blvd., Lincolnshire, Ill. 60069; 312-634-0098

Year founded: 1983.
Services provided: 10% claims auditing; 90% other services, including actuarial claim reserving.
Region served: Nationwide.
Specialty: 90% workers compensation, 10% general liability.
Self-insured clients/claims: Auditing: 10 projects conducted.
Staff: 15 total staff members, all of whom serve self-insured clients only.
Charges: Auditing: per hour.
1986 gross revenues: Not reported.
Principal officers: R.K. Briscoe, president.

Alexsis Inc.

41000 W. Seven Mile Road, Suite 200, Northville, Mich. 48167; 313-348-2202

Year founded: 1932.
Parent company: Alexander & Alexander Services Inc.
Services provided: 80% claims administration; 20% other services, including consulting, marketing and sales.
Region served: Nationwide.
Specialty: 70% workers compensation, 15% general liability, 5% automobile, 5% property damage, 5% professional liability.
Self-insured clients/claims: Administration: 2,100 clients, $600 million claims paid.
Client mix: Administration: 1,800 corporations, 253 public/government entities, 47 association plans.
Staff: 800 total staff members, all of whom serve self-insurance clients only.
Charges: Administration: percent of premium, per claim.
1986 gross revenues: $48 million total.
Branch offices: 44 offices throughout the U.S.
Subsidiaries: Corporate Service Inc. (claim services), Summit Consulting Inc. (claim services).
Principal officers: John A. Malasky, national director; Ernest C. Fackler III, executive vp-western division; Joseph A. Giampetro, executive vp-eastern division; Ronald F. Proffer, executive vp-Corporate Service Inc.; William B. Bull, president-Summit Consulting Inc.
Membership: SIIA.

Aetna Technical Services Inc.

151 Farmington Ave., Hartford, Conn. 06156; 203-273-6241

Year founded: 1972.
Parent company: Aetna Life & Casualty Co.
Services provided: 95% claims administration, 4% adjusting, 1% auditing.
Region served: Nationwide.
Specialty: 83% workers compensation, 10% general liability, 5% automobile, 2% bonds.
Self-insured clients/claims: Administration: more than 80 clients, $100.6 million claims paid. Adjusting: four clients; types of claims include general liability, bonds. Auditing: two projects conducted.
Client mix: Administration: 77 corporations, three public/government entities. Auditing: one corporation.
Staff: 60 total staff members, all of whom serve self-insurance clients only.
Charges: Administration: per claim, guaranteed cost. Adjusting: per claim. Auditing: time and expense.

Continued on next page

WE KNOW A REAL COMMITMENT TO PERSONAL SERVICE... MEANS PUTTING OUR NAME ON THE LINE.



Know your resources. Negotiate from a position of strength. Your settlement situation is as individual as you are. Deserving of special treatment. Let our design team create *innovative* plans to meet your specific needs.
Demand the best. Reduce paperwork and save time by utilizing the services of our in-house legal staff to assist in the drafting of settlement documents and the preparation of third party assignments.
Call for same day telephone quotes followed up in writing. Invite us to your next settlement conference. And, of course, all of our services are at no cost to you.
Rely on creativity and innovation backed by more than a decade of experience. Put the Mangelsdorf name on the line for you. Expect results.

The Exceptional Name in Structured Settlements

THE MANGELSDORF COMPANIES
DALLAS • NEW YORK • CHICAGO

For more information contact our National Marketing Department: 800/527-2388

Continued from previous page

1986 gross revenues: Not reported.

Branch offices: 52 administrative offices throughout the U.S.

Principal officers: Robertson Mackay, president; Robert McDaniel and Robert Warner, vps; Lewis Compson, systems administrator.

Allied Claim Services Inc.

372 Ellen Drive, P.O. Box 488, Buffalo, N.Y. 14225-0488; 716-631-9505

Year founded: 1959.

Services provided: 51% claims administration, 47% adjusting, 2% auditing.

Region served: New York.

Specialty: 53% workers compensation, 17% general liability, 15% automobile, 11% property damage, 2% professional liability, 2% inland marine.

Self-insured clients/claims: Administration: 23 clients, $1.4 million claims paid. Adjusting: 26 clients; types of claims include workers compensation, general liability, automobile, property damage, professional liability, inland marine. Auditing: five projects conducted.

Client mix: Administration: 20 corporations, three public/government entities.

Staff: 30 total staff members, eight of whom serve self-insured clients only.

Charges: Administration: per claim, flat rate, on contract. Adjusting: time and expense, per hour. Auditing: on contract plus expenses.

1986 gross revenues: Not reported.

Principal officers: Henry E.B. Dendler, chairman; Gregory J. Dendler, president; Gail G. Prange, second vp; Paul J. Nowak and Edward E. Gress, assistant vps.

Membership: National Council of Self-Insureds, New York State Self-Insurers Assn., International Assn. of Industrial Accident Boards and Commissions.

b

B.P.C. Risk Management Services Inc.

2255 Ygnacio Valley Road, Suite 6, Walnut Creek, Calif. 94598; 415-934-1355

Year founded: 1981.

Parent company: Beaver Pacific Corp.

Services provided: 20% claims administration; 60% adjusting; 10% auditing; 10% other services, including loss control.

Region served: California, Nevada, Arizona, Oregon, Washington and Montana.

Specialty: 75% workers compensation, 10% general liability, 10% automobile, 5% property damage.

Self-insured clients/claims: Administration: 25 clients, $12 million claims paid. Adjusting: 16 clients; types of claims include workers compensation, general liability, automobile, property damage. Auditing: 10 projects conducted.

Client mix: Administration: 18 corporations, six public/government entities, one multiemployer plan. Auditing: 10 corporations.

Staff: 98 total staff members, 35 of whom serve self-insured clients only.

Charges: Administration: per claim, $200-$300. Adjusting: time and expense, $33-$40 per hour plus expenses. Auditing: per hour, $50.

1986 gross revenues: $6.2 million total.

Branch offices: Administrative offices in Orange and Fresno, Calif.; Seattle; Helena, Mont.; Phoenix, Ariz.; Albany, Ore.; Las Vegas and Reno, Nev.

Principal officers: William T. Waste, president; Richard A. Ensbury, senior vp; Stephen F. Anderson, vp; Dan Boozer and Benson Lee, regional vps.

Membership: SIIA.

Bierly & Associates

1631 Huntington Drive, South Pasadena, Calif. 91030; 818-441-3151

Year founded: 1976.

Parent company: Bronco Ltd.

Services provided: 90% claims administration (including auditing), 9% adjusting, 1% other services.

Region served: California.

Specialty: 100% workers compensation.

Self-insured clients/claims: Administration: 230 clients, $56.5 million claims paid. Adjusting: 60 clients, types of claims include workers compensation. Auditing: six projects conducted.

Client mix: Administration: 73 corporations, 149 public/government entities, six multiemployer plans.

Staff: 225 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per claim, flat annual fee, percent of incurred losses, percent of paid claims.

1986 gross revenues: $6.6 million total.

Branch offices: Administrative offices in Santa Ana, San Diego, Fresno and Burlingame, Calif.

Subsidiaries: Paige One Adjusters (AOE/COE Investigations).

Principal officers: R. Michael Bierly, president; Bruce S. Vanner, executive vp; James Jamerson, Harry C. Heinen and Bruce L. Miller, vps.

Membership: California Administrative Service Organization.

COST CARE PHYSICIANS HAVE REVIEWED OVER 200,000 HOSPITAL ADMISSIONS... ONE PATIENT AT A TIME.

Should that matter to you?

It should, if you are concerned about the quality of medical care and effective cost management.

It should, because only doctors can:

- ✔ Influence other doctors prospectively.
- ✔ Evaluate medical necessity.
- ✔ Establish an appropriate setting.
- ✔ Determine appropriate length of stay.
- ✔ Develop an effective treatment plan.
- ✔ Ensure cost effective and quality care.

Only doctors can do all that, and only Cost Care has them. On staff. Full-time. Reviewing **100%** of our cases.

It should matter...

At Cost Care, it does.

We treat your employees the way their doctors do -- case by case.

COST CARE
Offices Nationwide

Call:
Phillip W. Havener, VP
800-762-3029 Inside California–800-922-8403

PSYCH/SUBSTANCE ABUSE CASE MANAGEMENT
PRE-HOSPITAL/SURGICAL REVIEW
MEDICAL CASE MANAGEMENT
ALTERNATE MEDICAL CARE
BILL REVIEW AND AUDIT

c

Campos & Stratis

55 John St., New York, N.Y. 10038; 212-285-2497

Year founded: 1969.

Services provided: 100% claims auditing.

Region served: Nationwide.

Specialty: 80% property damage, 10% professional liability, 5% bonds, 5% miscellaneous.

Self-insured clients/claims: Auditing: more than 100 projects conducted.

Client mix: Auditing: 12 corporations.

Staff: 130 total staff members.

Charges: Auditing: per diem.

1986 gross revenues: Not reported.

Branch offices: Administrative office in Teaneck, N.J. Sales offices in Boston; Chicago; Philadelphia; Atlanta; Pittsburgh; Dallas; Los Angeles; San Francisco; Seattle; Orange County, Calif.; Cleveland; Montreal; Toronto; London; Melbourne, Australia.

Principal officers: Chris Campos, Elia Stratis, Steven Rosenthal, Mark Gallagher and Richard Emerson.

Caronia Corp.

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

Year founded: 1969.

Services provided: 30% claims administration; 30% adjusting; 15% auditing; 25% other services, including quality assurance and risk management assessments.

Region served: U.S. and Europe.

Specialty: 63.2% professional liability, 26.2 general liability, 3% automobile, 2.1% workers compensation, 5.5% miscellaneous.

Self-insured clients/claims: Administration: 64 clients. Adjusting: 15 clients; types of claims include professional liability, general liability, automobile, workers compensation. Auditing: 32 projects conducted.

Staff: 115 total staff members.

Charges: Administration: flat fee, time and expense. Adjusting: time and expense. Auditing: flat fee, time and expense.

1986 gross revenues: Not reported.

Branch offices: Administrative offices in Lewisville, Texas; Falls Church, Va.; Miami; Atlanta; Palos Heights, Ill.; Metairie, La.; St. Louis, Mo.; Bedford, N.H.; London. Sales offices in New York, Houston.

Principal officers: Charles Caronia, president; Carl Ferdenzi and Earl Silverstein, executive vps; Randall Brent and Joseph Costantino, vps.

Membership: National Assn. of Independent Adjusters.

Claim Administrators Inc.

P.O. Box 36054, Richmond, Va. 23235; 804-379-2857

Year founded: 1985.

Continued on facing page

Continued from facing page

Services provided: 100% claims auditing.
Region served: Nationwide.
Specialty: 60% workers compensation, 20% general liability, 20% automobile.
Client mix: Auditing: 12 corporations, 10 public/government entities, eight associations.
Charges: Auditing: by the project, per day plus expenses.
1986 gross revenues: Not reported.
Principal officers: Dexter E. Oliver, president; Charlotte F. Oliver, treasurer.

Claim & Risk Control Inc.

5136 Express Drive S., Holbrook, N.Y. 11741; 516-467-4700

Year founded: 1977.
Services provided: 60% claims administration, 30% adjusting, 10% auditing.
Region served: Nationwide.
Specialty: 65% general liability, 20% automobile, 10% workers compensation, 5% property damage.
Self-insured clients/claims: Administration: 20 clients. Adjusting: three clients. Auditing: four projects conducted.
Client mix: Administration: 20 corporations.
Staff: 35 total staff members.
Charges: Administration: percent of incurred claims, time and expense. Adjusting: flat rate, time and expense. Auditing: flat fee, time and expense.
1986 gross revenues: Not reported.
Principal officers: Eugene Fleischer, president; Kathleen Arnone, vp.

Claimco Inc.

P.O. Box 729, Long Valley, N.J. 07853; 201-832-7752

Year founded: 1982.
Services provided: 15% claims administration; 20% adjusting; 45% auditing; 20% other services, including consulting.
Region served: Nationwide; adjusting services available in New Jersey, New York, Pennsylvania.
Specialty: 30% general liability, 25% automobile, 20% workers compensation, 15% professional liability, 10% miscellaneous.
Self-insured clients/claims: Administration: eight clients. Adjusting: 10 clients; types of claims include commercial auto, general liability, professional liability. Auditing: 28 projects conducted.
Client mix: Adjusting: 10 corporations, three public/government entities, five association plans. Auditing: 12 corporations.
Staff: Eight total staff members, six of whom serve self-insured clients only.
Charges: Administration: time and expense, per diem. Adjusting: time and expense. Auditing: time and expense, per diem, contract.
1986 gross revenues: Not reported.
Branch offices: Administrative offices in Philadelphia, New York.
Principal officers: John M. Monahan, president; Dick Bogia and Bill Holt, vps; P.A. Monahan, secretary/treasurer.

Claims Administration Services Inc.

12235 Beach Blvd., Caller Box 2005, Stanton, Calif. 90680; 714-895-1223 or 213-493-3691

Year founded: 1977.
Services provided: 80% claims administration, 15% adjusting, 5% auditing.
Region served: Nationwide.
Specialty: 70% workers compensation, 10% general liability, 5% property damage, 5% professional liability.
Self-insured clients/claims: Administration: 600 clients. Adjusting: 25 clients; types of claims include automobile, general liability, property.
Client mix: Administration: clients include corporations and public/government entities. Adjusting: 15 corporations, 10 public/government entities.
Staff: 200 total staff members, 85 of whom serve self-insured clients only.
Charges: Administration: per claim. Adjusting: time and expense.
1986 gross revenues: $5.1 million total, all from claim services.
Branch offices: Administrative and sales offices in Pomona and Walnut Creek, Calif.; Reno and Las Vegas, Nev. Additional administrative offices in San Diego and Sacramento, Calif.
Subsidiaries: National Panel of Select Adjusting Cos., NBA Group Inc., CDS of California and Nevada (claim services).
Principal officers: Douglas E. Hanson, president; Judith Hanson, secretary; William Lindsay, treasurer; Hil Lurie, executive vp.

Claims Management Services

1221 Ave. of the Americas, New York, N.Y. 10020; 212-997-5713

Year founded: 1977.
Parent company: Marsh & McLennan Cos. Inc.
Services provided: 70% claims auditing; 30% other services, including advisory work for self-insureds, claims feasibility studies, qualifying employers as workers compensation and auto financial security self-insurers.
Region served: Nationwide.
Specialty: 40% workers compensation, 30% professional liability, 20% general liability, 10% automobile.
Self-insured clients/claims: Auditing: 100 projects conducted.
Client mix: Auditing: 95 corporations.
Staff: 25 total staff members, six of whom serve self-insured clients only.
Charges: Auditing: on retainer; by the hour, $75-$175; multiple-year contract.
1986 gross revenues: Not reported.
Branch offices: Administrative and sales offices in Atlanta; Pittsburgh; Seattle; Portland, Ore.; Stamford, Conn.
Principal officers: Robert P.J. Booher, senior vp/national manager; Paul Valdens, Edward L. Gallagher Jr. and Gene L. Jones, vps; James E. Carroll, assistant vp.

Claims Management Services Inc.

360 Market Place, P.O. Box 1447, Roswell, Ga. 30077; 404-998-7411

Year founded: 1984.
Services provided: 80% claims administration, 20% adjusting.
Region served: Southeast.
Specialty: 75% workers compensation, 15% general liability, 5% automobile, 5% professional liability.
Self-insured clients/claims: Administration: 47 clients. Adjusting: 11 clients; types of claims include workers compensation, medical malpractice, product liability, general liability, automobile liability.
Client mix: Administration: 41 corporations, four public/government entities, one multiemployer plan, one union-sponsored plan.
Staff: 11 total employees, all of whom serve self-insured clients only.
Charges: Administration: per hour plus expenses, $50-$65 plus expenses. Adjusting: flat rate, $50-$600, per hour plus expenses, $50 plus expenses.
1986 gross revenues: Not reported.
Principal officers: Gene L. Jones, president; Thomas H. O'Steen, vp; Neill G. Stevens, secretary/treasurer.

Consolidated Insurance Adjusters Inc.

333 N. Seventh St., Las Vegas, Nev. 89101; 702-384-2434

Year founded: 1972.
Services provided: 25% claims administration (including auditing); 70% adjusting; 5% other services, including risk management surveys, loss control.
Region served: Nevada, Arizona, Montana, southern California.
Specialty: 60% general liability, 15% automobile, 10% workers compensation, 10% professional liability, 5% property damage.
Self-insured clients/claims: Administration: five clients. Adjusting: 75 clients, types of claims include general liability. Auditing: three projects conducted.
Client mix: Administration: three corporations, two multiemployer plans. Adjusting: 72 corporations, seven public/government entities.
Staff: 65 total staff members, 12 of whom serve self-insured clients only.
Charges: Administration: flat rate.

Continued on next page

If you don't read between the lines, you may miss the point.



Because sometimes what's between the lines is just as important as what's on them.

The right reinsurance decision means looking at total value. That means technical expertise and commitment to the market. It means industry knowledge and the willingness to share it.

At Lincoln National, our success depends on being a reinsurance resource you can count on — for capacity and much, much more. Almost 80 years of experience make us a powerful resource. And when you're a client, our strengths are yours to draw upon.

The lowest price doesn't always reflect the highest value. That's as true in reinsurance as it is everywhere else. So when you're considering reinsurance, read between the lines. You'll get the point.

LINCOLN NATIONAL REINSURANCE

The Reinsurance Resource.

1300 S. Clinton Street
P.O. Box 1110
Fort Wayne, IN 46801

Continued from previous page
Adjusting: time and expense, $25-$48 per hour plus expenses. Auditing: time and expense, flat rate.

1986 gross revenues: $2 million total.

Subsidiaries: Curtis Adjustment Services (claim services).

Principal officers: John A. Christie, president; Marvin Rogge, vp/treasurer; Jerry Stauffer, vp/secretary.

Membership: Nevada Self-Insurer Assn.

Constitution State Service Co.

100 Constitution Plaza, Hartford, Conn. 06103; 203-277-5489

Year founded: 1980.

Parent company: The Travelers Corp.

Services provided: 70% claims administration; 5% adjusting; 5% auditing; 20% engineering, safety and actuarial services.

Region served: Nationwide.

Specialty: 55% workers compensation, 20% automobile, 10% general liability, 5% ocean marine, 3% property damage, 3% professional liability, 4% miscellaneous.

Self-insured clients/claims: Administration: 175 clients, $240 million claims paid. Adjusting: 25 clients. Auditing: three projects conducted.

Client mix: Administration: 125 corporations, 40 public/government entities, 10 association plans.

Staff: 3,250 total staff members.

Charges: Administration: per file, per claim, time and expense. Adjusting: time and expense. Auditing: time and expense.

1986 gross revenues: Not reported.

Branch offices: Sales offices in Atlanta; Los Angeles; New York; Parsippany, N.J. Administrative offices throughout the U.S.

Subsidiaries: Constitution Appraisal Resources (computerized automobile appraisal review), LITFAX (computerized litigation services).

Principal officers: Sheldon L. Rothbart, president/chief operating officer; Robert D. Greenberg, executive vp; Dennis A. Petruzzi, treasurer; Stephen H. Reynolds, vp; Andrew J. Apicella, national director.

Crawford & Co.

5620 Glenridge Drive N.E., P.O. Box 5047, Atlanta, Ga. 30302; 404-256-0830

Year founded: 1941.

Services provided: 29% claims administration; 55% adjusting; 16% other services, including health and rehabilitation, risk control, risk management information systems, educational programs for appraisers and adjusters, risk management consulting.

Region served: U.S., Canada, Puerto Rico.

Specialty: 60% workers compensation; 40% general liability, automobile, property damage, professional liability, bonds, ocean marine and inland marine.

Self-insured clients/claims: Administration: 585 clients, $790 million claims paid. Adjusting: 2,000 clients; types of claims include automobile liability, general liability, workers compensation, property damage.

Client mix: Administration: 512 corporations, 28 public/government entities, 45 association plans. Administration: 1,800 corporations, 150 public/government entities, 50 association plans.

Staff: Approximately 4,780 total staff members.

Charges: Administration: per claim, flat rate. Adjusting: time and expense.

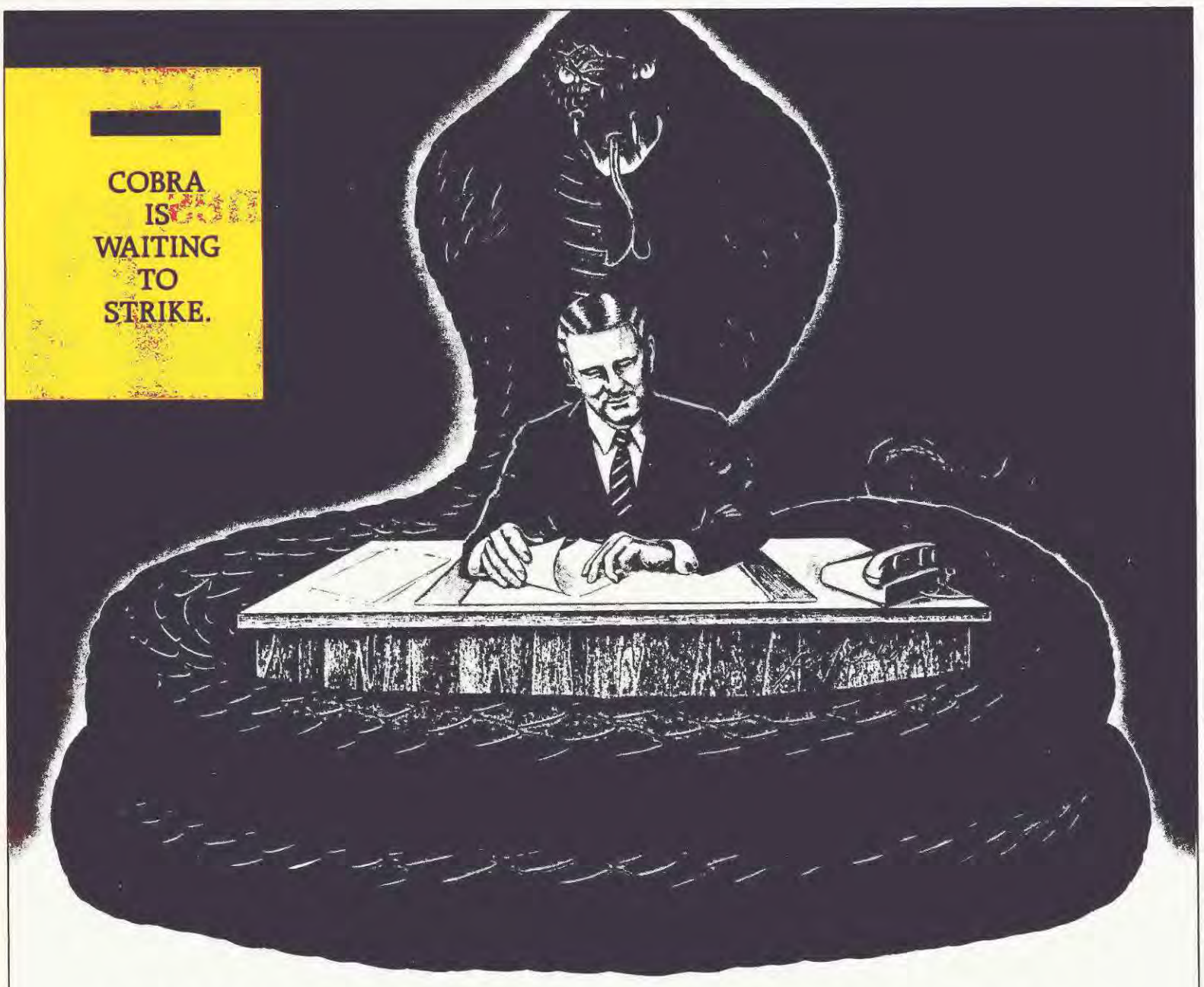
1986 gross revenues: Approximately $240 million total.

Branch offices: Field offices throughout the U.S., Canada, Puerto Rico. Regional sales offices in Chicago; Dallas; Los Angeles; New York; Orlando, Fla.; San Francisco; Toronto; Washington, D.C.

Subsidiaries: Crawford & Co. Insurance Adjusters (claim services), Risk Sciences Group (risk management information systems and risk management consulting).

Principal officers: T.G. Germany, chief executive officer; F.L. Minix, president; P.A. Bollinger, executive vp-services; D.R. Chapman, executive vp-finance; C.C. Lefler, executive vp-marketing.

Membership: SIIA.



UNLESS YOU STRIKE FIRST.

Pull COBRA's fangs before it's too late–with Corporate COBRA Manager ("CCM"). CCM helps make COBRA compliance automatic. Just give CCM basic information such as beneficiary name and eligibility date. CCM handles notification, enrollment, billing–every aspect of compliance. It generates 23 types of letters, forms and reports. And notifies for primary and secondary events. CCM prints out premium statements and all other documents on the correct date; premium payments are posted and tied to an audit trail–all automatically. Beneficiaries won't be lost and are constantly monitored by the system's "tickler" file. CCM provides for multiple insurance carriers, benefit plans, HMOs, PPOs and varying eligibility criteria* As new regulations are issued, you get software updates free. No charge for phone support, either. CCM's cost: only $1,295. So take the bite out of COBRA–with CCM.

*TPAs: ask about our multi-employer version. CCM runs with a hard disk on any 256K IBM PC† or full compatible; no other software required. Dealer/reseller inquiries welcome.

Travis Software Corp.
11221 Richmond, Suite C-111,
Houston, Texas 77082.



CORPORATE COBRA MANAGER
$1295
(713) 496-3737

†Trademark of International Business Machines Corp.

e

ESIS Inc.

1600 Arch St., Philadelphia, Pa. 19103; 215-241-2100

Year founded: 1955.

Parent company: CIGNA Corp.

Services provided: 80% claims administration, 10% adjusting, 10% auditing.

Region served: Nationwide.

Specialty: 39% workers compensation, 34% automobile, 26% general liability, 0.6% professional liability, 0.3% bonds, 0.1% property damage.

Self-insured clients/claims: Administration: 1,000 clients, $520 million claims paid.

Staff: 40 marketing and staff personnel; 3,100 claims personnel, provided by parent company.

Charges: Administration: per claim. Adjusting: per claim. Auditing: flat fee.

1986 gross revenues: Not reported.

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

Subsidiaries: SIMCO (claim services).

Principal officers: Edward P. Holleran, president; George W. Putnam, vp; Susan Hipp-Ludwick, secretary; Norma Kopp, treasurer; Lee R. Hoffman, assistant secretary; John M. Dilorio, assistant treasurer/assistant secretary.

Membership: SIIA, National Council of Self-Insureds.

Ernst & Whinney-Risk Management Consulting

787 Seventh Ave., New York, N.Y. 10019; 212-830-6000; 800-U-CALL-EW

Year founded: 1903.

Services provided: 10% claims auditing; 90% other services, including risk management auditing.

Region served: Nationwide.

Self-insured clients/claims: Auditing: 12 projects conducted.

Client mix: Auditing: 10 corporations, two public/government entities.

Staff: 25 total staff members, two of whom serve self-insured clients only.

Charges: Auditing: per hour, $125-$175; per project.

1986 gross revenues: Not reported.

Branch offices: Administrative offices nationwide.

Principal officers: Richard S. Van Cleave III, principal/national director; John F. Riley, senior manager-audit services.

Membership: Society of Risk Management Consultants.

f

The Fisher Associates

3465 Torrance Blvd., Suite N, Torrance, Calif. 90503; 213-540-8803

Year founded: 1981.

Services provided: 15% claims administration; 65% adjusting; 10% auditing; 10% other services, including loss control.

Region served: Nationwide.

Specialty: 80% professional liability, 20% general liability.

Self-insured clients/claims: Administration: Five clients, more than $2 million claims paid. Adjusting: 11 clients; types of claims include professional liability, general liability. Auditing: three projects conducted.

Staff: 10 total staff members, four of whom serve self-insured clients only.

Charges: Administration: per hour, $75-$95. Adjusting: per hour, $55. Auditing: per hour, $75.

1986 gross revenues: More than $1.5 million total.

Principal officers: Frederick Fisher, president; Lawrence Walter, vp.

Membership: SIIA.

Fleming & Associates

1150 Foothill Blvd., Suite E, La Canada, Calif. 91011; 818-790-8714

Year founded: 1976.

Continued on facing page

Continued from facing page

Services provided: 80% claims administration, 10% auditing, 10% other services.

Region served: Western states.

Specialty: 90% workers compensation, 5% general liability, 5% automobile.

Self-insured clients/claims: Administration: 38 clients, $7 million claims paid. Auditing: eight projects conducted.

Client mix: Administration: six corporations, 31 public/government entities, one multiemployer plan. Auditing: three corporations, five public/government entities.

Staff: 26 total staff members, 23 of whom serve self-insured clients only.

Charges: Administration: per claim. Auditing: per hour, $60-$100.

1986 gross revenues: $950,000 total.

Branch offices: Administrative office in Salinas, Calif.

Principal officers: William Edward Fleming, William A. Lange, Jeff S. Seabrook and Robert N. Hoyle.

Membership: California Administrative Service Organization, Southern California Self-Insurers Assn.

Greenfield-Thompson Associates Inc.

1645 McCandless Drive, Milpitas, Calif. 95035; 408-262-4333

Year founded: 1985.

Services provided: 90% claims administration; 10% other services, including loss control.

Region served: California.

Specialty: 100% workers compen-

Continued on next page



BI's Directory Assistance

Have you been calling everywhere trying to get information on the major buyers in the commercial insurance industry?

WELL HOLD THE PHONE!

The Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services is just off the press!

More complete than ever before, the *BI Directory* can assist you in finding pertinent information on more than 2,000 U.S. corporations. It provides an expanded list of major corporate purchasers by name and title, plus updated information on company sales volume and employee population.

In addition, this unique source book alphabetically identifies the major buyers in the commercial insurance industry; and contains both a geographical index and an index ranking companies by employee population as well.

Rely on BI's Directory Assistance to identify your corporate counterparts and pinpoint influential buyers in your industry faster and more effectively than ever before.

The Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services — we're only a phone call away at (313)446-0477.

Business Insurance Directory
Circulation Dept., Single Copy Sales
965 East Jefferson, Detroit, MI 48207

Please send me_____ copies of the *1986 Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services*
$50 per copy; five or more copies, $40 each
Bill me_____ plus $5 for handling
☐ Payment Enclosed
☐ Visa; ☐ Mastercard; ☐ AmEx

Account #_____
Expiration Date _____
Signature _____
Name _____
Title _____
Company _____
Address _____
City _____ State _____ Zip ___

Frank Consultants

P.O. Box 116, Madison, N.J. 07940-0116; 201-822-2992

Year founded: 1985.

Services provided: 30% claims administration; 50% auditing; 20% other services, including claim and underwriting consulting for reinsurers, consulting for captives, expert witness testimony.

Region served: Nationwide.

Specialty: 40% general liability, 30% professional liability 15% automobile, 5% workers compensation, 5% property damage, 5% bonds.

Self-insured clients/claims: Administration: six clients, $2.2 million claims paid. Auditing: 13 projects conducted.

Client mix: Administration: six corporations.

Staff: Five full-time staff members, eight part-time staff members.

Charges: Administration: monthly, quarterly, per diem, per hour, on contract. Auditing: monthly, per diem, per hour, on contract.

1986 gross revenues: Approximately $230,000 as of Sept. 30.

Branch offices: Administrative and sales office in New York.

Subsidiaries: J.H. Frank & Associates (insurance and reinsurance arbitration, technical claim consulting).

Principal officers: J.H. Frank, principal; Robert F. Ray and M.E. Avroch, associates.

Frontier Adjusters Inc.

P.O. Box 7610, Phoenix, Ariz. 85011; 45 E. Monterey Way, Phoenix, Ariz. 85012; 602-264-1061 or 800-528-1187

Year founded: 1957; services for self-insured clients, 1987.

Services provided: 100% claims adjusting.

Region served: Nationwide.

Specialty: 25% automobile, 25% property damage, 15% general liability, 10% professional liability, 10% inland marine, 5% workers compensation, 5% bonds, 5% ocean marine.

Charges: Adjusting: time and expense.

1986 gross revenues: $16.3 million total.

Branch offices: 315 offices in the U.S.

Principal officers: William J. Rocke, president; Jean E. Ryberg, secretary/treasurer; George Hill, vp/legal counsel; Pat Greer, controller; Howard J. Galyean, vp.

The Gibbens Co. Inc.

P.O. Box 71210, Reno, Nev. 89570; 702-826-6600

Year founded: 1966.

Services provided: 100% claims administration.

Region served: Nevada, Colorado.

Specialty: 100% workers compensation.

Self-insured clients/claims: Ad-



THE BEAST OF MANAGING THREE HEALTH PLANS IS NOW IN ONE TAME PACKAGE.

Health care cost management doesn't have to be wild. Because Met Life now offers a traditional fee-for-service option, a PPO option, and an HMO option in one package—The Met Life Multi-Option Health Plan.

Under this new plan, the entire health care package is experience rated. So, young healthy members are in the same plan as those who require more health care.

We even keep extra paperwork down. You pay only one bill, since all employees are under a single contract. And data on the entire plan is always ready for you to review.

Find out if The Met Life Multi-Option Health Plan is now available in your city. Call your broker/consultant, Met Life Group Representative or write to Neil Waldron, Metropolitan Life Insurance Company, One Madison Avenue, Area 24W, New York, NY 10010.

GET MET. IT PAYS.

Metropolitan Life
AND AFFILIATED COMPANIES

© 1987 Metropolitan Life Insurance Company, NY, NY

SNOOPY © 1958 United Feature Syndicate, Inc.

Continued from previous page
sation.

Self-insured clients/claims: Administration: 106 clients.

Client mix: Administration: 39 corporations, 67 public/government entities.

Staff: 54 total staff members, all of whom serve self-insured clients only.

Charges: Administration: annual fee, time and expense.

1986 gross revenues: Not reported.

Branch offices: Administrative and sales office in Tustin, Calif.

Principal officers: James L. Thompson, chairman; Deborah S. Greenfield, president.

h

Heyenrath & Associates

1142 Manhattan Ave., Suite 240, Manhattan Beach, Calif. 90266; 213-546-1108

Year founded: 1980.
Services provided: 80% claims auditing; 20% other services, including general insurance audits.
Region served: Nationwide.
Specialty: 60% workers compensation, 15% general liability, 10% automobile, 10% property damage, 5% miscellaneous.
Self-insured clients/claims: Auditing: 327 projects conducted.
Client mix: Auditing: 284 corporations, 30 public/government entities, five multiemployer plans, eight association plans.
Staff: Four total staff members, two of whom serve self-insured clients only.
Charges: Auditing: per hour plus expenses, $100-$125 plus expenses.
1986 gross revenues: Not reported.
Branch offices: Administrative office in Spokane, Wash.
Principal officers: Leo Heyenrath, senior partner; Katherine Corrick, partner.

Homeland Industrial Corp.

100 Homeland Court, P.O. Box 5969, San Jose, Calif. 95150; 408-293-9000

Year founded: 1980.
Parent company: Homeland International Corp.
Services provided: 100% claims administration.
Region served: California, western states.
Specialty: 75% workers compensation, 15% automobile, 5% general liability, 5% property damage.
Self-insured clients/claims: Administration: 15 clients.
Client mix: Administration: nine corporations, six public/government entities.
Staff: 98 total staff members, 17 of whom serve self-insured clients only.
Charges: Administration: flat fee.
1986 gross revenues: Not reported.
Branch offices: Administrative office in Sacramento, Calif.
Principal officers: David S. Williams, chairman; Clarence Johnson, president; Michael Herberger, executive vp.
Membership: SIIA, California Self-Insurers Assn., California Administrative Service Organization.

i

Industrial Advisors Bureau Inc.

714 Superior Building, Cleveland, Ohio 44114; 216-861-3333

Year founded: 1931.
Services provided: 40% claims administration; 5% auditing; 55% other services, including state fund insured client services, unemployment account services, safety inspections.
Region served: Ohio.
Specialty: 100% workers compensation.
Self-insured clients/claims: Administration: 110 clients, $22 million claims paid. Auditing: 10 projects conducted.
Client mix: Administration: 100 corporations. Auditing: 10 corporations.
Staff: 75 total staff members, 45 of whom serve self-insured clients only.
Charges: Administration: percent of base premium, negotiated fee. Auditing: negotiated fee.
1986 gross revenues: Not reported.
Branch offices: Administrative offices in Columbus and Cincinnati, Ohio; sales office in Columbus, Ohio.
Principal officers: Frank E. Gafney, president; James B. Hughes Jr., executive vp; Robert P. Kenny, vp; John E. Reagan, treasurer.
Membership:

The best place to start cutting your health claims costs is right here.

Of all the coupons in this magazine, this is the one that can mean the biggest savings for your company.

Because it brings you information on the ASA/CAS II℠ Claims Administration System from ASA.

Using CAS II to self-administer your own health benefits can typically save you 30% or more compared to outside services.

That's because CAS II automates virtually the entire claim adjudication process. Claims are paid accurately and consistently. Operators can turn them around quicker thanks to productivity features like single-screen entry. And CAS II gives you the computer power to set up cost containment programs like PPOs, precertification, and second surgical opinion.

CAS II is a no-compromise mainframe system, priced like a mini. And it's available either as a software package or through our remote processing service.

Best of all, it's a product of ASA, the largest software organization devoted exclusively to health insurance systems.

So if you're serious about cutting your health claims costs, all you need are a pair of scissors—and CAS II!

For all the details, send in the coupon. Or call ASA's Director of Marketing at 312/893-9055.

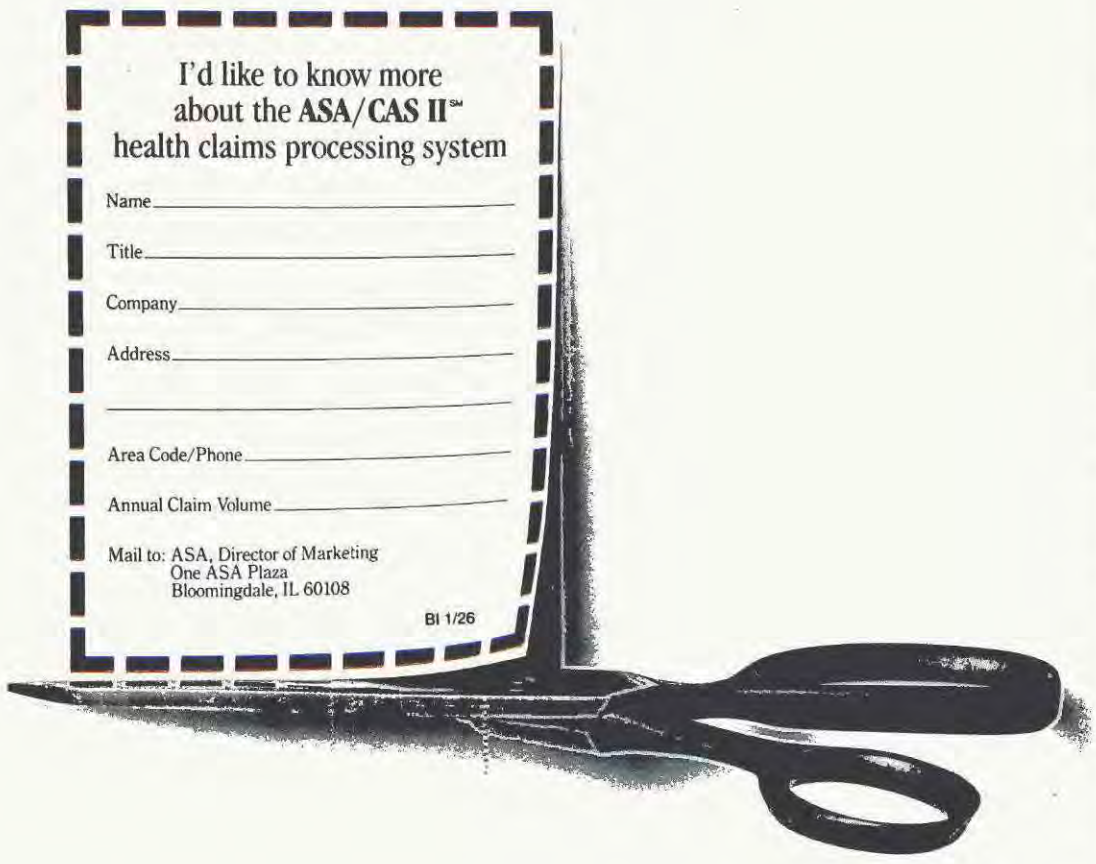
ASA℠
ADVANCED SYSTEM APPLICATIONS, INC.

I'd like to know more about the **ASA/CAS II℠** health claims processing system

Name_____
Title_____
Company_____
Address_____
_____
Area Code/Phone_____
Annual Claim Volume_____

Mail to: ASA, Director of Marketing
One ASA Plaza
Bloomingdale, IL 60108

BI 1/26



j

Fred S. James & Co. Inc.-Claims Management Services

1285 Ave. of the Americas, New York, N.Y. 10019; 212-333-8900

Year founded: 1858.
Parent company: Sedgwick Group P.L.C.
Services provided: 80% claims administration; 10% adjusting; 5% auditing; 5% other services, including claims consulting.
Region served: Nationwide.
Specialty: 90% workers compensation, 4% general liability, 3% automobile, 2% professional liability, 1% property damage.
Self-insured clients/claims: Administration: 1,000 clients, $120 million claims paid. Adjusting: 20 clients; types of claims include workers compensation, automobile liability, general liability, professional liability. Auditing: 40 projects conducted.
Client mix: Administration: 780 corporations, 200 public/government entities, 20 association plans. Adjusting: 10 corporations, 10 public/government entities. Auditing: 35 corporations, five public/government entities.
Staff: 6,000 total staff members in the U.S., 360 of whom serve self-insured clients only.
Charges: Administration: per claim, time and expense, flat fee. Adjusting: per claim, time and expense, flat fee. Auditing: per claim, time and expense, flat fee.
1986 gross revenues: Not reported.
Branch offices: more than 40 administrative offices and 80 sales offices in the U.S.
Subsidiaries: Applied Risk Management, Crump Special Services (claim services).
Principal officers: Richard M. Page, chairman/president/chief executive officer; L.W. Burkhardt, R.C. Peterson, Quill O. Healey and Donald K. Morford, executive vps.
Membership: SIIA, National Council of Self-Insurers, All State Self-Insurance Assn., International Assn. of Industrial Accident Boards and Commissions.

Continued on facing page

Continued from facing page

Johns Eastern Co. Inc.

330 S. Pineapple Ave., Suite 201, P.O. Box 4175, Sarasota, Fla. 33578; 813-957-3041

Year founded: 1946.
Services provided: 20% claims administration; 74% adjusting; 1% auditing; 5% other services, including excess insurance, safety services.
Region served: Florida; Virginia; Washington, D.C.; Maryland; Delaware; Pennsylvania; New Jersey.
Specialty: 70% workers compensation, 10% general liability, 10% automobile, 5% property damage, 5% professional liability.
Self-insured clients/claims: Administration: 22 clients, $2.8 million claims paid. Adjusting: five clients; types of claims include workers compensation, professional liability, automobile liability, general liability. Auditing: two projects conducted.
Client mix: Administration: eight corporations, 14 public/government entities. Adjusting: five corporations. Auditing: two corporations.
Staff: 118 total staff members.
Charges: Administration: percent of premium, 3%-5%. Adjusting: percent of premium, 3%-10%. Auditing: per hour, $100.
1986 gross revenues: $5.2 million total.
Branch offices: Administrative and sales offices in Miami, Fort Lauderdale, West Palm Beach, Orlando, Lakeland, Tampa, St. Petersburg and Jacksonville, Fla.; Washington, D.C.; Baltimore; Philadelphia; Norfolk, Va.
Subsidiaries: Beltway Auto Appraisal (automobile appraisal service), West Coast Auto Appraisal (automobile appraisal service), JECO Excess Agency Inc. (brokering excess workers compensation insurance).
Principal officers: D.L. Johns, president; K.M. Johns III, executive vp; N.A. Sensinger and A.L. Ladd, vps/regional managers; K.V. Keller, comptroller.
Membership: SIIA, National Assn. of Independent Insurance Adjusters, Claims Interest Section of Society of Chartered Property & Casualty Underwriters.

k

Keenan & Associates

2355 Crenshaw Blvd., Suite 200, P.O. Box 4328, Torrance, Calif. 90510; 213-202-3344

Year founded: 1972.
Services provided: 31% claims administration; 69% other services, including brokering insurance, employee benefit consulting, health care services, risk management, financial planning.
Region served: California.
Specialty: 90% workers compensation, 5% automobile, 3% property damage, 2% general liability.
Self-insured clients/claims: Administration: 566 clients, $26.9 million claims paid.
Client mix: Administration: five corporations, 561 public/government entities.
Staff: 170 total staff members, 70 of whom serve self-insured clients only.
Charges: Administration: flat rate.
1986 gross revenues: $11.5 million total.
Branch offices: Administrative and sales offices in Santa Ana, Riverside, Fresno, Campbell, Sacramento and Chico, Calif. Additional sales offices in San Diego, San Rafael and Thousand Oaks, Calif.
Principal officers: John R. Keenan, president; Murton L. Munson, senior vp; David J. DeWenter and D. Mark Schulte, vps.
Membership: California Administrative Service Organization.

l

Lindsey & Newsom Insurance Adjusters Inc.

3910 Brookside Drive, L & N Centre, P.O. Box 6810, Tyler, Texas 75711; 214-561-6700

Year founded: 1946.
Services provided: 10% claims administration, 88% adjusting, 2% auditing.
Region served: Nationwide service for claims administration and auditing; service provided in Texas, New Mexico, Oklahoma, Arkansas and Louisiana for claims adjusting.
Specialty: 60% workers compensation, 35% automobile, 5% general liability.
Self-insured clients/claims: Administration: 50 clients. Adjusting: 200 clients. Auditing: five project conducted.
Client mix: Administration: 30 corporations, 5 public/government entities. Adjusting: 200 corporations. Auditing: four corporations, one association plan.
Staff: 300 total staff members.
Charges: Administration: percent of premium, percent of incurred claims, annual fee, fee per file. Adjusting: time and expense. Auditing: time and expense.
Branch offices: Administrative and sales office in Dallas.
Subsidiaries: Risk Management Service Co. (claim services), The Remedy Co. (rehabilitation and medical cost control services), Vale National Training Center Inc.
Principal officers: Robert B. Irwin, president; Terry A. Grant, executive vp; Don L. Guin, senior vp; Pat O'Neal, administrative senior vp; Bill Hilliard, vp-property/casualty; Ed Sebastian, vp-customer relations.
Membership: SIIA, National Assn. of Independent Insurance Adjusters, Texas Assn. of Independent Insurance Adjusters.

Loss Control Management Corp. (LCM)

451 Hungerford Drive, Suite 208, Rockville, Md. 20850; 301-424-0800

Year founded: 1963.
Parent company: National ConServ Inc.
Services provided: 80% claims administration; 10% auditing; 10% other services, including loss control, claims monitoring for insurance companies, independent adjusting.
Region served: Primarily Maryland; Virginia; Washington, D.C.
Specialty: 60% workers compensation, 20% automobile, 15% general liability, 5% property damage.
Self-insured clients/claims: Administration: 13 clients, $1.8 million claims paid. Auditing: one project conducted.
Client mix: Administration: six corporations, seven public/government entities.
Staff: 13 total staff members, 10 of whom serve self-insured clients only.
Charges: Administration: fixed fee. Auditing: fixed fee, per hour.
Principal officers: Ronald L. Kart, president; Larry Bradley, vp-operations; Peter G. Baldwin, vp; Rene Ewing, treasurer.
Membership: SIIA, Maryland Self-Insurance Assn., Washington Claims Assn.

n

NATLSCO (National Loss Control Service Corp.)

Kemper Center, Route 22, Long Grove, Ill. 60049-0075; 312-540-2400

Year founded: 1968.
Parent company: Kemper Group.
Services provided: 87% claims administration; 13% other services, including loss control services.
Region served: Nationwide.
Specialty: 63% workers compensation, 16% general liability, 12% automobile, 9% property damage.
Self-insured clients/claims: Administration: 144 clients.
Client mix: Administration: 142 corporations, one public/government entity, one association plan.
Staff: 200 total staff members.
Charges: Administration: percent of incurred claims, percent of payroll, percent of annual premium/deposits, per claim.
1986 gross revenues: Not reported.
Branch offices: Administrative offices in Akron, Ohio; Fairfax, Va.; 94 branch offices of parent company. Sales offices in North Quincy, Mass.; New Haven, Conn.; Summit, N.J.; New York and Syracuse, N.Y.; Philadelphia, Pa.; Richmond, Va.; Charlotte, N.C.; Atlanta; Orlando, Fla.; Jackson, Miss.; Mansfield, Ohio; Chicago; St. Louis; Houston; Denver; Phoenix; Los Angeles; San Francisco; Seattle; Edina, Minn.
Principal officers: R.W. Satterfield, president; F.G. Minchk, G.J. Krafcisin, A.D. Odom and D.F. Benevich, vps.

National Claims Service Inc.

P.O. Box 6614, Richmond, Va. 23230; 804-289-0686

Year founded: 1959.
Parent company: Markel Corp.
Services provided: 18% claims administration, 80% adjusting, 2% auditing.
Region served: Nationwide.
Specialty: 37% general liability, 35% automobile, 10% property damage, 10% inland marine, 3% workers compensation, 3% professional liability, 1% bonds, 1% ocean marine.
Self-insured clients/claims: Administration: 750 clients. Adjusting: 75 clients. Auditing: 15 projects conducted.
Client mix: Administration: 700 corporations, 50 public/government entities. Adjusting: 65 corporations, 10 public/government entities. Auditing: 15 corporations.
Staff: 290 total staff members, 25 of whom serve self-insured clients only.
Charges: Administration: per hour, $35-$40 plus clerical services and reimbursable expenses. Adjusting: per hour, $35 plus clerical services and reimbursable expenses. Auditing: per day, $750 plus expenses.
1986 gross revenues: $10.5 million total.
Branch offices: Administrative office in Boston. Sales offices in Birmingham, Ala.; Washington, D.C.; Jacksonville and Pensacola, Fla.; Atlanta, Gainesville, Savannah and Valdosta, Ga.; Chicago and Granite City, Ill.; Indianapolis; College Park, Md.; Jackson, Miss.; Columbia, Jefferson City, Kansas City and St. Louis, Mo.; Charlotte, Fayetteville, Greensboro, Jacksonville, Morganton, Raleigh and Washington, N.C.; Columbia, S.C.; Bristol, Knoxville and Memphis, Tenn.; Houston; Bristol, Charlottesville, Fairfax, Norfolk and Roanoke, Va.; LaCrosse and Milwaukee, Wis.
Subsidiaries: Gordon Boyd & Co. Inc., North American Claims Man-

Continued on next page

CONTROL YOUR DESTINY

If your clients' primary renewal is an unacceptable high percentage of aggregate insurance provided, or insurance is unavailable, self-insurance should be considered.

Some advantages are:

a) Client controlled claims management.
b) Certificate holders needs fulfilled.
c) The premium savings accrued from this primary assumption can be applied towards purchasing higher excess (catastrophe) limits.
d) Investment income earned on monies held.

Once the benefits derived form this structuring are realized, traditional insurance may never again be sought.

PROGRAM SPECIALISTS
Reinsurance Intermediaries — Underwriting Managers
Insurance Agency

74 Atlantic Avenue
Marblehead, Mass. 01945

TX 940755 Harborlaw
(617) 639-1660

Erase the paperwork, erase the errors, erase the waste in workers' compensation.



CompTrack™ Workers' Compensation Software System can save your business hundreds of thousands of dollars. How? By automating the repetitive and mundane tasks your adjudicators, examiners, risk management technicians, and human resource specialists do day in and day out. By eliminating the time-consuming paperwork involved in workers' compensation, CompTrack gets rid of payment errors and gives claims specialists more time. Time they can use to follow up on injured worker's recovery, make sure they're getting the proper care and help them move back into productive jobs sooner.

CompTrack enables companies to completely automate claims adjudication, reserving, payments, letter writing, review and follow-up, and OSHA reporting. For more information or a demonstration of how CompTrack can help your firm improve worker's care, reduce lost work time, and lower the cost for workers' compensation, contact Vicky Mast at Weyerhaeuser Information Systems, Tacoma, Washington 98477, 206-924-4200. Toll free 800-654-9347.

Workers' Compensation Software System

© 1986 Weyerhaeuser Information Systems. CompTrack is a registered trademark of Weyerhaeuser Information Systems.

Continued from previous page
agement Co., North American Livestock Adjusters (claim services).

Principal officers: Edmund G. Langhorne, president/chief executive officer; Richard M. Calvert, president-Gordon Boyd & Co. Inc.; Steven A. Markel and William E. Brand Jr., vp; Jean Childress, assistant secretary.

Membership: SIIA.

p

Parker Services Inc.

1800 North Point Drive, Stevens Point, Wis. 54481; 715-346-7357

Year founded: 1981.

Parent company: Sentry Insurance Co.

Services provided: 60% claims administration; 10% adjusting; 5% auditing; 25% other services, including loss control services.

Region served: Nationwide.

Specialty: 40% workers compensation, 40% professional liability, 10% general liability, 10% automobile.

Self-insured clients/claims: Administration: 22 clients, $6 million claims paid. Adjusting: six clients; types of claims include product liability. Auditing: two projects conducted.

Client mix: Administration: 24 corporations, two public/government entities, two association plans.

Staff: Six total staff members, all of whom serve self-insured clients only; additional staff available from parent company.

Charges: Administration: per claim, percent on incurred losses. Adjusting: per hour, $45-$50. Auditing: per hour, $40-$50.

1986 gross revenues: $1.2 million total.

Branch offices: 30 administrative offices in the U.S.

Principal officers: William R. Schwantes, president; David A. Entwistle, vp-marketing; Chris Hubert, vp-administration; Kent Foster, vp.

s

Self-Insurers Service Inc.

55 E. Monroe St., Chicago, Ill. 60603; 312-701-2341

Year founded: 1956.

Parent company: Combined International Corp.

Services provided: 90% claims administration; 5% auditing; 5% other services, including loss control services.

Region served: Nationwide.

Specialty: 78% workers compensation, 15% general liability, 3% professional liability, 2% automobile, 1% bonds, 1% miscellaneous.

Self-insured clients/claims: Administration: 120 clients, $57.8 million claims paid. Auditing: 10 projects conducted.

Client mix: Administration: 106 corporations, six public/government entities, four association plans. Auditing: four corporations.

Staff: 120 total staff members, 85 of whom serve self-insured clients only.

Charges: Administration: per claim, time and expense, annual fee, percent of losses. Auditing: time and expense, per hour, $65.

1986 gross revenues: $4 million total.

Branch offices: Administrative and sales offices in New York; Atlanta; Las Vegas, Nev.; Santa Clara and Pasadena, Calif. Additional administrative offices in Toledo, Ohio; Kansas City, Kan.; Phoenix, Ariz.; Reno, Nev.

Subsidiaries: S.I.S. Administrators Inc. (claim services).

Principal officers: Ralph Wilson, president/chief executive officer; Steven Pahl, vp-sales/marketing; William Vit, vp-claim management; Larry Teeper, vp-loss control services; Robert Loos, vp-financial services.

Southern Risk Services Inc.

P.O. Box 10265, Birmingham, Ala. 35202; 205-252-9870

Year founded: 1966.

Parent company: McGriff, Seibels & Williams Inc.

Services provided: 99% claims administration, 0.5% adjusting, 0.5% auditing.

Region served: Southeast.

Specialty: 80% workers compensation, 10% general liability, 10% automobile.

Self-insured clients/claims: Administration: 32 clients, $12 million claims paid.

Client mix: Administration: 20 corporations, nine public/government entities, three association plans.

Staff: 36 total staff members, 30 of whom serve self-insured clients only.

Charges: Administration: percent of premium, per claim, flat fee.

1986 gross revenues: $1.4 million total.

Principal officers: Lional B. Feemster, president.

Membership: Alabama Workers Compensation Claims Assn., Alabama Claims Assn.

Sutherland Page & Co. Inc.

3166 Des Plaines Ave., Des Plaines, Ill. 60018; 312-296-0410

Year founded: 1985.

Services provided: 60% claims administration, 15% adjusting, 25% auditing.

Region served: Nationwide.

Specialty: 60% general liability, 20% professional liability, 15% property damage, 5% automobile.

Self-insured clients/claims: Administration: 10 clients, $2 million claims paid. Adjusting: types of claims include product liability, medical malpractice, general liability, automobile liability. Auditing: 11 projects conducted.

Client mix: Administration: 10 corporations. Auditing: 11 corporations.

Staff: Eight total staff members, three of whom serve self-insured clients only.

Charges: Administration: per hour, $35-$85. Adjusting: per hour, $35-$50. Auditing: per hour, $50-$100.

1986 gross revenues: $600,000 total.

Principal officers: Kurt Meyer, president; Sam Terzich, executive vp.

t

Total Compensation Services Ltd.

2600 Horizon Drive S.E., P.O. Box 2364, Grand Rapids, Mich. 49501; 616-942-8321

Year founded: 1978.

Parent company: Lincoln National Administrative Services Corp.

Services provided: 90% claims administration; 10% other services, including reinsurance placement.

Region served: Michigan.

Specialty: 95% workers compensation, 3% general liability, 2% property damage.

Self-insured clients/claims: Administration: 60 clients, $10 million claims paid.

Client mix: Administration: 51 corporations, six public/government entities, one multiemployer plan, two association plans.

Staff: 17 total staff members, all of whom serve self-insured clients only.

Charges: Administration: flat annual fee, $7,500-$160,000.

1986 gross revenues: $1.4 million total.

Branch offices: Sales office in Lansing, Mich.

Subsidiaries: Total Group Services Inc. (claim services for employee benefit programs).

Principal officers: W. Harvey Nolen, president; Rob Cole, vp-marketing; To Dugan, vp-claims; Craig Groendyk, controller, Rich Langeland, vp.

Membership: SPBA, SIIA.

u

Underwriters Adjusting Co.

2 Corporate Place South, Piscataway, N.Y. 08854; 201-981-8200

Year founded: 1918.

Parent company: The Continental Corp.

Services provided: 50% claims administration, 45% adjusting, 5% auditing.

Region served: Nationwide.

Specialty: 25% workers compensation, 20% general liability, 20% automobile, 12% property damage, 8% professional liability, 5% bonds, 4% inland marine, 1% ocean marine, 5% miscellaneous.

Self-insured clients/claims: Administration: 550 clients, $190 million claims paid. Adjusting: 500 clients; types of claims include workers compensation, general liability, automobile liability.

Staff: 3,500 total staff members.

Charges: Administration: flat rate, time and expense, percent of paid claims, percent of incurred claims, percent of payroll. Adjusting: time and expense, flat rate. Auditing: time and expense, flat rate.

1986 gross revenues: $180 million total, all from claim services.

Branch offices: 145 administrative and sales offices in the U.S.

Subsidiaries: United States Protection & Indemnity Agency Inc., UAC Rehab International Inc. (claims services).

Principal officers: Richard Simon, chairman; Adrian Tocklin and Joseph P. Roth, executive vps; C. Lee Gabbert and Robert F. Mastroberti, senior vps.

United Self Insured Services

5728 Major Blvd., Suite 212, Orlando, Fla. 32819; 305-352-0374

Year founded: 1982.

Parent company: Brown & Brown Inc.

Services provided: 100% claims administration (including auditing).

Region served: Southeast.

Specialty: 95% workers compensation, 5% general liability.

Self-insured clients/claims: Administration: 10 clients, $20 million claims paid. Auditing: five projects conducted.

Client mix: Administration: eight corporations, one public/government entity, one multiemployer plan.

Staff: 45 total staff members, all of whom serve self-insured clients only.

Charges: Administration: percent of premium. Auditing: per hour, $35.

1986 gross revenues: $2 million total, all from claim services.

Principal officers: J. Hyatt Brown, president; Ken Hill, senior vp; Richard D. Valdez, vp; Jim Henderson, secretary/treasurer.

Membership: Florida Assn. of Self Insurers.

w

Carl Warren & Co.

320 Arden Ave., Glendale, Calif. 91203; 213-245-0800

Year founded: 1944.

Services provided: 60% claims administration, 40% adjusting.

Region served: Nationwide.

Specialty: 65% general liability, 35% automobile.

Self-insured clients/claims: Administration: approximately 300 clients.

Client mix: Administration: 100 corporations, 200 public/government entities.

Staff: 150 total staff members, 75 of whom serve self-insured clients only.

Charges: Administration: time and expense, $29-$32 per hour plus expenses. Adjusting: time and expense, $30 per hour plus expenses.

1986 gross revenues: $10 million total.

Principal officers: Howard Hitchcock, chairman; Eric R. Forsberg, treasurer; John H. Walker, secretary; Bill Blair, president; Roy S. George, vp.

Scott Wetzel Services Inc.

500 Pacific Ave., P.O. Box 418, Bremerton, Wash. 98310; 206-479-0200

Year founded: 1941.

Parent company: The Home Group Inc.

Services provided: 79% claims administration, 5% adjusting, 1% auditing, 15% other services.

Region served: Nationwide.

Specialty: 74% workers compensation, 17% general liability, 8% automobile, 1% professional liability.

Self-insured clients/claims: Administration: 471 clients, $321.7 million claims paid. Auditing: four projects conducted.

Client mix: Administration: 438 corporations, 27 public/government entities, six association plans. Auditing: four corporations.

Staff: 411 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per claim per month, $45-$600, percent of paid claims, 6%-12%. Adjusting: time and expense, $35-$50 per hour plus expenses. Auditing: time and expense, $50-$100 per hour plus expenses.

1986 gross revenues: Not reported.

Branch offices: Sales offices in Seattle; Chicago; Los Angeles; New York; Tampa, Fla.; Houston, Texas. 25 administrative offices in the U.S.

Subsidiaries: Safety & Claims (claim services).

Principal officers: Mike Soltau, chief executive officer; Robert B. Spratt, executive vp-operations; Terry Neal, executive vp-finance; Ken Rosser, senior vp; Vic Teti, vp-data services; Warren Zimmerman, assistant vp.

Membership: SIIA. ■

TAKE CONTROL!

SW MD SYSTEMS INCORPORATED

S.W. Medical Data Systems, Inc. provides the most complete Health Care Administration System in a stand-alone or time sharing environment.

Managing Health Care Cost Through Information

Systems For:

- PPOs
- IPAs
- HMOs
- Multiple Employer Trusts
- Third Party Administrators
- Self-Insured Organizations
- Hospital and Medical Clinics
- Insurance Companies
- Medical Review Companies
- Taft Hartley Groups
- ReInsurers

System Highlights:

- Medical, Dental, Vision Claims
- PPO/HMO Patient Billing
- Triple Option Capabilities
- Underwriting
- Actuarial Reporting
- Custom Reporting
- DBMS Ad-Hoc Reporting
- Marketing Support System
- Premium Billing
- Pre-Certification
- Second Opinion
- Utilization Review
- Cost Containment Reporting

FOR MORE INFORMATION, CONTACT:

SW MEDICAL DATA SYSTEMS, INC.
302 W. Carrillo Street
Santa Barbara, CA 93101
(805) 963-5959

Name:_____
Organization:_____
Address:_____
City:_____
State/Zip:_____
Phone:_____
Mail to: SWMD, 302 W. Carrillo St., Santa Barbara, CA 93101 BI 1/87

Property/casualty, benefit claims firms

a

Adjustco Inc.

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

Year founded: 1981.
Parent company: Frank B. Hall & Co. Inc.
Services provided: 60% claims administration; 25% adjusting; 5% auditing; 10% other services, including cost containment, rehabilitation, pre-certification information management.
Region served: Nationwide.
Specialty: 60% workers compensation, 15% health insurance, 10% general liability, 5% automobile, 5% property damage, 5% disability.
Self-insured clients/claims: Administration: 294 clients, $371 million claims paid. Adjusting: types of claims include workers compensation, health insurance, general liability, automobile, property damage, disability. Auditing: 115 projects conducted.
Client mix: Administration: clients include corporations, public/government entities, multiemployer plans, Taft-Hartley plans, union-sponsored plans, association plans.
Staff: 997 total staff members, 788 of whom serve self-insured clients only.
Charges: Administration: per claim. Adjusting: time and expense. Auditing: time and expense.
1986 gross revenues: Not reported.
Branch offices: Sales and administrative offices nationwide.
Subsidiaries: Cost Containment Management (claims services).
Principal officers: Thomas V. Hallett, chairman/chief executive officer; Walter E. Danielewski, president/chief operating officer; Robert E. Heaney, Joan M. Cannon and William E. Kuebler, senior vps.
Membership: SIIA.

Allied Administrators

777 Davis St., San Francisco, Calif. 94111; 415-986-6270

Year founded: 1953.
Services provided: 60% claims administration; 40% other services, including employee benefit administration.
Region served: California and adjoining states.
Specialty: 75% health insurance, 15% pensions, 5% flex compensation, 3% disability, 1% life, 1% workers compensation.
Self-insured clients/claims: Administration: 15 clients, approximately $10 million claims paid.
Client mix: Administration: 14 corporations, 1 Taft-Hartley plan. Health plans: 5,000 employees covered, 10,000 dependents covered.
Staff: 30 total employees, all of whom serve self-insured clients only.
Charges: Administration: per employee.
1986 gross revenues: Not reported.
Branch offices: Administrative and sales office in San Diego, Calif.
Principal officers: David S. Walker, president/chief executive officer; Arthur C. Mathews, executive vp; Robert W. Morrill, vp; Al Mathews and Bill Jeffery.
Membership: SPBA, National QicClaim Assn. of Independent Health Care Plan Administrators.

Associated Agencies Inc./RMSCO Management Services

230 W. Monroe St., 223 W. Jackson Blvd., Chicago, Ill. 60606; 312-372-7000/312-322-4800

Year founded: 1880.
Parent company: Associated Agencies Inc.
Services provided: 20% claims administration, 10% adjusting, 10% auditing, 60% other services.
Region served: Nationwide.
Specialty: 50% health insurance, 30% workers compensation, 5% general liability, 5% automobile, 5% property damage, 5% disability.
Self-insured clients/claims: Administration: 56 clients.
Client mix: Administration: 56 corporations. Health plans: 7,500 employees covered, 15,000 dependents covered.
Staff: 140 total staff members, 20 of whom serve self-insured clients only.
Charges: Administration: per employee per month. Adjusting: per hour. Auditing: per hour.
1986 gross revenues: Not reported.
Principal officers: Robert M. Schrayer, Mickey Freeman, Irving Shainberg, Karen Vacko, Patti Vile and Jim Brooks.

b

BeneChek Inc.

Suite 301, Deer Park Center, 9475 Deereco Road, Timonium, Md. 21093; 301-561-4999

Year founded: 1984.
Services provided: 90% claims administration, 10% adjusting.
Region served: Maryland; Washington, D.C.; southern Pennsylvania; Virginia.
Specialty: 55% health insurance, 35% workers compensation, 5% disability, 5% life.
Self-insured clients/claims: Administration: seven clients, $1.8 million claims paid.
Client mix: Administration: six corporations, one public/government entity. Health plans: 949 employees covered, 1,476 dependents covered.
Staff: Seven total staff members, six of whom serve self-insured clients only.
Charges: Administration: per employee, $4.50-$7; percent of premium, 3%-5%. Adjusting: percent of yearly claim experience.
1986 gross revenues: $170,000 total.
Principal officers: David Westervelt, director; Richard Asher, president; Calvin Kreigh, secretary/treasurer; Richard C. Goff, chairman; John Margres, vp.
Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

Brown & Brown Inc.

126 Volusia Ave., P.O. Drawer 1712, Daytona Beach, Fla. 32015; 905-252-9601

Year founded: 1939.
Services provided: 24% claims administration, 76% other services.
Region served: Nationwide.
Specialty: 54% workers compensation, 44% health insurance, 2% disability.
Self-insured clients/claims: Administration: 17 clients, $34.3 million claims paid.
Client mix: Administration: 12 corporations, one public/government entity, three multiemployer plans, one Taft-Hartley plan.
Staff: 383 total staff members, 56 of whom serve self-insured clients only.
Charges: Administration: per employee, per claim.
1986 gross revenues: $21 million total.
Branch offices: Administrative and sales office in Orlando, Fla.; additional sales offices in Tampa, Miami, West Palm Beach, Fort Myers, Jacksonville, Deland and Eustis, Fla.
Principal officers: J. Hyatt Brown, president; Kenneth Hill, executive vp; E.G. Brewer and Robert Thomas III, senior vps; Jim Henderson, vp.
Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

c

Computer Sciences Corp.-Health & Administrative Services Division

2000 Evergreen St., Sacramento, Calif. 95815; 916-920-5124

Year founded: 1959.
Services provided: 80% claims administration, 20% auditing.
Region served: Nationwide.
Specialty: 80% health; 20% administration of national flood insurance and black lung programs for U.S. government.
Self-insured clients/claims: Administration: 21 clients; $11.4 billion total claims paid, approximately $1.5 million claims paid for corporate self-insured clients.
Client mix: Administration: 13 corporations, eight public/government entities. Health plans: 11.6 million recipients.
Staff: 15,000 total staff members, 2,000 of whom serve self-insured clients only.
Charges: Administration: per employee.
1986 gross revenues: $100 million total.
Branch offices: Administrative offices in Albany, N.Y.; Lanham, Md.; Anchorage, Alaska; Denver.
Subsidiaries: CSC Comtec (claim services).
Principal officers: Karl Hagenau, president-Health & Administrative division; Garth Treude, vp; David C. Wynstra, director-business development; Reynolds Wagnon, director-commercial insurance services.
Membership: SIIA, American Medical Care Review Assn.

Control Data Benefit Services

2100 N. Greenville Ave., Suite 100, Richardson, Texas 75081; 214-437-7200

Year founded: 1980.
Parent company: Control Data Corp.
Services provided: 100% claims administration.
Region served: Nationwide.
Specialty: 97% health insurance, 1% workers compensation, 2% miscellaneous.
Self-insured clients/claims: Administration: 14 clients, $95 million claims paid.
Client mix: Administration: 11 corporations, one multiemployer plan, one Taft-Hartley plan, one union-sponsored plan. Health plans: 83,000 employees covered, 167,000 dependents covered.
Staff: 165 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month, per claim processed, percent of benefits paid.
1986 gross revenues: $6 million total, all from claim services.
Branch offices: Minneapolis.
Principal officers: Alan S. Jones, director-operations; Russell Clark Jr., manager-operations/finance; Carl J. Dvorak, manager-data processing.

Creative Risk Management Corp.

34820 Harper Road, Mount Clemens, Mich. 48043-4890; 313-792-6355

Year founded: 1971.
Parent company: The Lincoln National Insurance Group.
Services provided: 65% claims administration (including auditing); 35% other services, including safety engineering, insurance placement.
Region served: Nationwide.
Specialty: 45% workers compensation, 20% general liability, 20% health insurance, 10% automobile, 3% inland marine, 2% disability.
Self-insured clients/claims: Administration: more than 1,600 clients, $34.2 million claims paid. Auditing: 12 projects conducted.
Client mix: Administration: 100 corporations, four public/government entities, 13 association plans. Auditing: nine corporations, three public/government entities.
Staff: 75 total staff members, 70 of whom serve self-insured clients only.
Charges: Administration: percent of premium, flat fee. Auditing: per project, time and expense, flat fee.
1986 gross revenues: Not reported.
Branch offices: Grand Rapids and Midland, Mich.
Principal officers: J.W. Duff, president; T.D. Mather and W.T. Platt Jr., senior vps; Lizabeth Vernier, vp; D.J. Clark, controller.
Membership: SIIA.

f

First Southeast Risk Management Inc.

1215 Hightower Trail, Atlanta, Ga. 30338; 404-642-1150

Year founded: 1972.
Services provided: 80% claims administration; 20% other services, including COBRA and flexible spending account services.
Region served: Southeast, Southwest and Midwest.
Specialty: 80% health insurance, 10% flex compensation, 5% disability, 5% miscellaneous.
Self-insured clients/claims: Administration: 200 clients, $18 million claims paid.
Client mix: Administration: 170 corporations, 15 public/government entities, one union-sponsored plan, one association plan.
Staff: 60 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee, $3.50-$10.50.
1986 gross revenues: $2 million total.
Branch offices: Administrative offices in Tifton, Ga.; Tampa, Fla.; New Orleans. Sales office in Little Rock, Ark.
Subsidiaries: BenefitElect of Alabama (claim services), Med-Flex Data Group Inc.
Principal officers: William Bennett, chairman; Lem Bargeron, president; Starling Grisham and Earl Poe, executive vps; Debbie Pembleton, secretary/treasurer.
Membership: SPBA, SIIA, Employers' Council on Flexible Compensation, International Foundation of Employee Benefit Plans.

Florida Employers Insurance Service Corp.

1751 Mound St., Sarasota, Fla. 33577; 813-855-2811

Year founded: 1980.
Parent company: Florida Employers Insurance Co.
Services provided: 70% claims administration; 30% other services, including loss control, rehabilitation.
Region served: Southeast.
Specialty: 95% workers compensation, 5% health insurance.
Self-insured clients/claims: Administration: 5,500 clients, $36.7 million claims paid.
Client mix: Administration: seven corporations, 5,493 association plans.
Staff: 235 total staff members, all of whom serve self-insured clients only.
Charges: Administration: annual fee, per claim, percent of premium.
1986 gross revenues: $11.6 million total.
Branch offices: Administrative office in Fort Lauderdale, Fla.
Subsidiaries: Claims Management Systems Inc. (claim services), Employers Reinsurance Agency (excess insurance and reinsurance).
Principal officers: William D. Griffin, president; Raymond Neff, chief operating officer; John Dubreuil, senior vp-claims/rehabilitation; Robert McManus, senior vp-loss control/underwriting; James Bos, senior vp-marketing.
Membership: SIIA.

g

GAB Business Services Inc.

Linden Plaza, 9 Campus Drive, Parsippany, N.J. 07054-4476; 201-993-3400

Year founded: 1885.

Continued on next page

JOHNSON & HIGGINS WILLIS FABER (USA) INC.

Underwriting Manager on the NY INSURANCE EXCHANGE for:

INSURANCE EXCHANGE

Johnson & Higgins Willis Faber Syndicate A, Inc.
J&H, WF Syndicate B, Inc.
MML Syndicate, Inc.
IAT Syndicate, Inc.
Spear Leeds & Kellogg Re Corporation

Roy G. Nelson, Jr.
President

Robert J.D. Kersbergen
Vice President
Treaty

John P. Tobin
Vice President
Treaty

John M. Daly, Jr.
Vice President
Property Facultative

111 Fulton Street, New York, New York, 10038
Telephone: (212) 587-1600
Telex 420178 Facsimile 212 732-1657

National Claims Service
INC.

P.O. Box 6614, Richmond, Virginia 23230
(804) 273-1444, 1-800-368-3013

LOCATIONS

Alabama — Florida — Georgia — Illinois — Indiana — Louisiana
Maryland — Mississippi — Missouri — North Carolina — Ohio
South Carolina — Tennessee — Texas — Virginia — Wisconsin

IN NEW ENGLAND

Contact Gordon Boyd & Company, Inc., 148 State St., Boston, Massachusetts 02109 (617) 742-2222 A subsidiary of National Claims Service, Inc.

CLAIMS MANAGEMENT

North American Claims Management Co.
P.O. Box 6614, Richmond, Virginia 23230
(804) 273-1444, 1-800-368-3013
Telex: 827484, FACS: (804) 282-9723

AAMGA

Continued from previous page

Parent company: SGS North America Inc.

Services provided: 91.5% claims administration, 7.5% adjusting, 1% auditing.

Region served: Nationwide.

Specialty: 51% workers compensation; 38% general liability; 4% health insurance; 7% miscellaneous, including automobile, property damage, professional liability, marine.

Self-insured clients/claims: Administration: 1,289 clients, $556 million claims paid. Adjusting: 165 clients; types of claims include workers compensation, general liability, automobile, property damage, professional liability, marine. Auditing: 22 projects conducted.

Client mix: Administration: 958 corporations, 69 public/government entities, 112 association plans. Adjusting: 135 corporations, four public/government entities. Auditing: six corporations, five public/government entities.

Staff: 4,372 total staff members.

Charges: Administration: percent of incurred claims, per claim, percent of premium, time and expense, flat fee. Adjusting: percent of incurred claims, per claim, percent of premium, time and expense, flat fee. Auditing: per project, time and expense.

1986 gross revenues: $205 million total.

Branch offices: 650 administrative offices nationwide. Sales offices in New York; Philadelphia; Dallas; Little Rock, Ark.; Wichita, Kan.; Los Angeles; Boston; Orlando, Fla.; Seattle; Houston; Richmond, Va.; Atlanta; San Francisco; St. Louis; Washington, D.C.; London.

Subsidiaries: ITS Inc., INS Investigations Bureau Inc., Intermodal Marine Surveys Ltd. of Canada (claim services).

Principal officers: G. Cantley, chairman; J.P. Holloway, president; R.F. Roland and R.A. Auckerman, senior vps; Al Peters and J.F. Darden, vps.

Gallagher Bassett Services Inc.

60 Gould Center, Rolling Meadows, Ill. 60008; 312-640-8555

Year founded: 1962.

Parent company: Arthur J. Gallagher & Co.

Services provided: 81% claims administration; 1% auditing; 18% other services, including loss control, management information, property appraisals.

Region served: Nationwide.

Specialty: 35% workers compensation, 34% health insurance, 15% general liability, 8% property damage, 5% automobile, 2% disability, 1% professional liability.

Self-insured clients/claims: Administration: 624 clients, $401.5 million claims made. Auditing: 10 projects conducted.

Client mix: Administration: 314 corporations, 250 public/government entities, 50 association plans. Auditing: five corporations, five public/government entities.

Staff: 629 total staff members, all of whom serve self-insured clients.

Charges: Administration: per claim, per employee, time and expense, annual fee. Auditing: time and expense, per project.

1986 gross revenues: $30.7 million total.

Branch offices: 69 administrative offices and 18 sales offices in the U.S.

Subsidiaries: Pacific-Atlantic Administrators Inc. (claim services).

Principal officers: Robert E. Gallagher, chief executive officer; John P. Gallagher, executive vp; J. Patrick Gallagher, vp; John G. Campbell, president-Gallagher Bassett Services Inc.; James W. Durkin, vp-employee benefits.

Membership: SPBA, SIIA, National Counsel of Self-Insureds.

Gates, McDonald & Co.

P.O. Box 1944, 1 Nationwide Plaza, Columbus, Ohio 43216; 614-249-7211; 800-848-0317

Year founded: 1929.

Parent company: Nationwide Insurance Co.

Services provided: 100% claims administration, adjusting and auditing.

Region served: Nationwide.

Specialty: 51% unemployment claims/tax management, 46% workers compensation, 3% health insurance.

Self-insured clients/claims: Administration: more than 850 clients.

Client mix: Administration: more than 724 corporations, 110 public/government entities, 16 association plans.

Staff: 750 total staff members.

Charges: Administration: per claim. Adjusting: included in administration charges. Auditing: time and expense.

1986 gross revenues: Not reported.

Branch offices: 45 offices nationwide.

Principal officers: J.A. Gulick, president; R.H. Hoyt, vp-marketing; D.M. Parker, vp-sales; D.J. Sternisha, vp-operations; W.B. Shelton, vp-finance/treasurer; Homer Beard, vp-administrative services.

Membership: SIIA, state claims organizations.

h

Handel Group Inc.

P.O. Box 709, 53 Academy St., Poughkeepsie, N.Y. 12602; 914-454-4041

Year founded: 1957.

Services provided: 43% claims administration, 5% adjusting, 2% auditing, 50% other services.

Region served: New York, New Jersey, New England.

Specialty: 82% health insurance, 12% pensions, 5% life, 1% professional liability.

Self-insured clients/claims: Administration: 40 clients. Adjusting: 10 clients, types of claims include health insurance. Auditing: five projects conducted.

Client mix: Health plans: 25,000 employees covered, 50,000 dependents covered.

Staff: 27 total staff members, 20 of whom serve self-insured clients only.

Charges: Administration: per employee. Adjusting: per employee. Auditing: on retainer for project.

1986 gross revenues: $1.2 million total, $600,000 from claim services.

Branch offices: Administrative

Continued on facing page

LONG TERM DISABILITY

Over 60% of the 3 to 50 employee firms report one or more types of group insurance owned . . . UNDER 30% had GROUP DISABILITY INCOME PROTECTION.

Since disabling accidents and illnesses DO happen, lessen the financial and emotional burden on employers and employees with a flexible LTD plan through STERLING.

- Provides clients a more complete benefits package
- Case persistency is improved
- Other product offerings are enhanced
- Provides additional compensation
- Easy to administer

We're ready with the answers you need, CALL NOW:

(317) 535-8212

STERLING™

STERLING INVESTORS Life Insurance Company
P.O. Box BAI
2528 U.S. 31 South
Greenwood, IN 46142

A Member Of The BROUGHER Insurance Group

Continued from facing page
office in Newburgh, N.Y.

Subsidiaries: Health Controls Inc., Eastern Administration Co. Inc.. (claim services), Hudson Valley Retired Plans Inc.. (actuarial services and consulting).

Principal officers: Bernard Handel, president; Shirley M. Handel, secretary; Gilbert Krom, director.

Membership: SPBA.

Hewitt, Coleman & Associates Inc.

P.O. Box 3665, Greenville, S.C. 29608; 803-242-4350

Year founded: 1923.

Parent company: Warner, Ramsay Group Inc..

Services provided: 65% claims administration; 35% other services, including loss control, excess placement, accounting services.

Region served: Nationwide.

Specialty: 80% workers compensation, 11% health insurance, 6% general liability, 2% flex compensation, 1% automobile.

Self-insured clients/claims: Administration: 97 clients, $48 million claims paid.

Client mix: Administration: 55 corporations, 22 public/government entities, 20 association plans.

Staff: 143 total staff members, all of whom serve self-insured clients only.

Charges: Administration: percent of modified premium, 4.5%-7%.

1986 gross revenues: $6 million total, $4 million from claims services.

Branch offices: Administrative offices in Atlanta; Raleigh, N.C.; Albuquerque, N.M.; Orlando and Pensacola, Fla.; Oklahoma City; Jackson, Miss.; Birmingham, Ala. Sales office in New York.

Principal officers: Charles R. Warne, chairman/chief executive officer; Willard L. Quinn Jr., senior vp-operations; Stephen D. Milner, senior vp-finance/administration; E.J. Kaminski, senior vp-marketing.

Membership: SIIA, National Assn. of Safety & Claims Organizations.

i

Imperial Industries

101 S. First St., Burbank, Calif. 91502-1975; 818-954-0900

Year founded: 1947.

Parent company: PM Acquiring Co.

Services provided: 61% claims administration; 39% other services, including eligibility, accounting, consulting, sales.

Region served: Nationwide.

Specialty: 97% health insurance, 2% disability, 1% workers compensation.

Self-insured clients/claims: Administration: 11 clients, $27 million claims paid.

Client mix: Administration: 12 corporations, two union-sponsored plans

Staff: 65 total staff members.

Charges: Based on number of employees, $4.95-$6.37 per employee.

1986 gross revenues: $3 million total.

Branch offices: Sales office in Burlingame, Calif.

Principal officers: Robert L. Jenkins, president; Jack O. Moore, vp-administration; Wayne Fong, vp-finance; Chuck Thompson, marketing director; Kathy Judd, vp-personnel.

Membership: SPBA, International Foundation of Employee Benefit Plans.

International Surplus Adjusting Services

3700 Wilshire Blvd., Suite 520, Los Angeles, Calif. 90010; 213-480-4630

Year founded: 1979.

Parent company: CIGNA Corp.

Services provided: 40% claims administration; 25% claims adjusting; 30% auditing; 5% other services, including litigation services.

Region served: Nationwide.

Specialty: 50% general liability, 20% property damage, 10% professional liability, 10% ocean marine, 10% life.

Self-insured clients/claims: Administration: 26 clients, $50 million claims paid. Adjusting: 10 clients; types of claims include general liability, product liability, property, railroad losses, directors and officers liability. Auditing: 35 projects conducted.

Client mix: Administration: 26 corporations. Adjusting: 10 corporations. Auditing: 35 corporations.

Staff: 32 total staff members, six of whom serve self-insured clients only.

Charges: Administration: per hour, $60. Adjusting: per hour, $60. Auditing: per day, $600.

1986 gross revenues: $2.2 million total.

Branch offices: Administrative and sales offices in San Francisco; Phoenix, Ariz.; Seattle; Atlanta.

Principal officers: Richard Piccinini, president; James Lee, vp.

i

Jardine Claims Management Inc.

17870 Sky Park Circle, Irvine, Calif. 92714; 714-261-1900

Year founded: 1933.

Continued on next page

When ⏳ = $ you need *BI's Editorial Index*

- Catalogues all *Business Insurance* news and feature articles.
- Subjects, persons quoted and companies mentioned are conveniently listed for finger-tip access.
- 1986 full Editorial Index Service includes three quarterly reports and cummulative softcover annual edition @ $100. 1981 thru 1985 Indexes are available in hardbound annual editions @ $150 each.
- You'll never again spend valuable time wading through a pile of back issues to find what you're after!

When time is money, order the BI Editorial Index! **business insurance**

Business Insurance Editorial Index
220 East 42nd Street, New York, NY 10017

Please send me the following Index(es):
Annual Index (hardcover) ONLY $150* each:
☐ 1981 ☐ 1982 ☐ 1983 ☐ 1984 ☐ 1985
Full Index Service including new soft-cover Annual Index $100*: ☐ 1986
**Foreign Postage Additional*

**PAYMENT MUST ACCOMPANY ORDER*

☐ Visa ☐ Mastercard ☐ Check Enclosed

Account # _____ Exp. Date _____
Signature _____
Name _____
Title _____ Phone _____
Company _____
Address _____
City _____ State _____ Zip _____



Propellers rotate. Wheels revolve. Turbines spin. Day after day, commerce rolls on.

And as it does, those that insure the transportation and shipping industries have with them a very capable partner: The Sullivan Payne Co.

That's because we're specialists in providing reinsurance to companies that are literally on the move.

The value of the services these companies perform is great. But so are the risks. So we respond to these risks in ways that most reinsurance intermediaries would never consider.

That shouldn't be surprising. We've built our reputation on coming up with novel solutions to all kinds of unforeseen challenges.

No matter where in the world they turn up.

SULLIVAN PAYNE CO.
REINSURANCE

Seattle New York Philadelphia Los Angeles Dallas Des Moines

Continued from previous page

Parent company: Jardine Emett & Chandler Inc.

Services provided: 76% claims administration; 1% adjusting; 23% other services, including computer services, safety services.

Region served: Nationwide.

Specialty: 65% workers compensation, 24% health insurance, 6% general liability, 4% automobile, 1% property damage.

Self-insured clients/claims: Administration: 588 clients, $95.5 million claims paid. Adjusting: 200 clients; types of claims include workers compensation, liability.

Client mix: Administration: 500 corporations, 82 public/government entities, six multiemployer plans.

Staff: 185 total staff members, 170 of whom serve self-insured clients only.

Charges: Administration: flat fee. Adjusting: per hour, $36.

1986 gross revenues: Not reported.

Branch offices: Administrative offices in San Diego and Union City, Calif.; Buffalo and Syracuse, N.Y.; Des Plaines, Ill.; Pittsburgh; Milwaukee; Troy, Mich. Sales office in New York.

Subsidiaries: Laverack & Haines Inc. (claim services), Diversified Adjustment Services (claims adjusting), Kautz Illinois Brokers Inc.

Principal officers: William F. Poland, president; Dan W. Huggins, president-Midwest region; Ronnie J. Kessler and Paul Kaump, senior vps; Donald D. Rae, vp.

Membership: SIIA, California Administrative Service Organization, National Assn. of Safety & Claims Organizations, New York Self-Insurance Assn.

Jones, Hill & Mercer Inc.

12 E. Bay St., P.O. Box 9966, Savannah, Ga. 31412; 912-236-1551

Year founded: 1885.

Services provided: 60% claims administration; 40% other services, including brokering property/casualty, excess and group insurance, pension services.

Region served: Nationwide.

Specialty: 85% health insurance, 10% workers compensation, 4% disability, 1% flex compensation.

Self-insured clients/claims: Administration: 49 clients, $62.5 million claims paid.

Client mix: Administration: 33 corporations, 16 public/government entities. Health plans: 47,000 employees covered, approximately 117,500 dependents covered.

Staff: 89 total staff members, 40 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3-$7.

Branch offices: Administrative office in Atlanta.

Subsidiaries: Compass Health Management (hospital pre-certification, concurrent review, discharge planning, rehabilitation).

Principal officers: Dennis Lofton, president; Cliff M. Curry and Roger Holden, executive vps.

Membership: SPBA, SIIA, National Assn. of Employers on Health Care Alternation, National QicClaim Assn. of Independent Health Care Plan Administrators.

m

MRM/Multi-Risk Management Inc.

350 N. Clark, Chicago, Ill. 60610; 312-670-2100

Year founded: 1977.

Services provided: 75% claims administration; 10% auditing; 15% other services, including consulting.

Region served: Nationwide.

Specialty: 40% professional liability, 35% health insurance, 24% workers compensation, 1% disability.

Self-insured clients/claims: Administration: 119 clients, $67 million claims paid.

Client mix: Administration: 114 corporations, three public/government entities, two association plans. Health plans: 25,000 employees covered, 75,000 dependents covered.

Staff: 32 total staff members, all of whom serve self-insured clients only.

Charges: Administration: flat fee, per hour, $3-$50. Auditing: flat fee, per hour, $30-$50.

1986 gross revenues: $1.4 million total.

Principal officers: Michael Burack, president; Amy Cohen and Bob Moysey, vps; Lisa Sarsany, assistant vp.

Membership: National QicClaim Assn. of Independent Health Care Plan Administrators.

Management Services Inc.

2 Towne Centre, Danville, Ill. 61832; 217-446-1089

Year founded: 1977.

Services provided: 95% claims administration, 5% adjusting.

Region served: Midwest.

Specialty: 50% health insurance, 30% workers compensation, 10% flex compensation, 3% general liability, 3% professional liability, 2% automobile, 2% property damage.

Self-insured clients/claims: Administration: 400 clients. Adjusting: 50 clients, types of claims include workers compensation.

Client mix: Administration: clients include corporations, public/government entities, multiemployer plans, union sponsored plans, association plans. Health plans: 40,000 employees covered, 60,000 dependents covered.

Staff: 100 total staff members, 75 of whom serve self-insured clients only.

Charges: Administration: per employee per month. Adjusting: per case, per hour.

1986 gross revenues: $3 million total.

Branch offices: Administrative offices in Champaign and Oak Brook, Ill.; St. Louis. Sales office in Indianapolis.

Principal officers: Gary Schirmer, president; Sam Cannon, executive vp; Robert Cowsill, Richard Wickert, Jerry Kats and Stan Murry, vps.

Membership: SIIA.

McDonough Caperton Insurance Group

1 Hillcrest Drive, Charleston, W.V. 25326-1551; 304-346-0611

Year founded: 1933.

Services provided: 32% claims administration; 2% adjusting; 5% auditing; 61% other services, including brokering insurance.

Region served: Nationwide.

Specialty: 91.6% health insurance, 4% workers compensation, 2% disability, 1.2% flex compensation, 0.7% professional liability, 0.3% pensions, 0.2% general liability.

Self-insured clients/claims: Administration: 230 clients, $275 million claims paid. Adjusting: 26 clients; types of claims include professional liability. Auditing: 150 projects conducted.

Client mix: Administration: 174 corporations, 30 public/government entities, six multiemployer plans, five Taft-Hartley plans, five union-sponsored plans, 10 association plans. Adjusting: 12 corporations, 10 public/government entities, two multiemployer plans, two association plans. Auditing: 100 corporations, 40 public/government entities, five multiemployer plans, one Taft-Hartley plan, two union-sponsored plans, two association plans. Health plans: 170,000 employees covered, 238,000 dependents covered.

Staff: 450 total staff members, 250 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $1-$10.

1986 gross revenues: $22 million total, $8.5 million from claim services.

Branch offices: Administrative offices in Big Stone Gap, Va.; Atlanta. Sales offices in Cleveland; Lexington, Ky.; Pittsburgh; Roanoke, Va.; Parkersburg, Wheeling, Fairmont and Beckley, W.V.

Subsidiaries: Various subdivisions.

Principal officers: Gaston Caperton, president; W. Marston Becker, executive vp.

Membership: SPBA, SIIA.

The McElroy-Minister Co.

141 E. Town St., Columbus, Ohio 43215; 614-228-5565

Year founded: 1875.

Services provided: 31% claims administration; 69% other services, including brokering property/casualty, life, workers compensation and student health insurance.

Region served: Nationwide.

Specialty: 96% health insurance, 3% workers compensation, 1% disability.

Self-insured clients/claims: Administration: 106 clients.

Client mix: Administration: 105 corporations, one union-sponsored plan. Health plans: 68,000 employees covered, 130,000 dependents covered.

Staff: 140 total staff members, 45 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3-$6.

1986 gross revenues: $6.3 million total, $2 million from claim services.

Branch offices: Sales offices in Canton, Cincinnati and Dayton, Ohio.

Subsidiaries: James R. Davis & Associates (claims services, workers compensation and unemployment compensation insurance), Corporate Claims Systems Inc. (claims services).

Principal officers: Keith A. Pierce, president/treasurer; William R. Gillam, executive vp-group; James R. Creek, executive vp-property/casualty; H. Thorp Minister, chairman; John C. Glandon, vice chairman.

Membership: SPBA.

n

The NBA Group Inc.

1225 Franklin Ave., Suite 335, Garden City, N.Y. 11530; 516-747-7177

Year founded: 1982.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 85% health insurance, 10% life, 5% workers compensation.

Self-insured clients/claims: Administration: 95 clients, $15 million claims paid.

Client mix: Administration: 88 corporations, four multiemployer plans, three association plans. Health plans: 25,000 employees covered, 15,000 dependents covered.

Staff: 37 total staff members, all of whom serve self-insured clients only.

Charges: Administration: per covered employee, $4-$12.

1986 gross revenues: $1.8 million total, all from claim services.

Branch offices: Administrative office in New York. Sales offices in Washington, D.C.; Laguna Beach, Calif.; Columbus, Ohio.

Principal officers: Roger M. Slotkin, president; Ellen Volpe, senior vp; Darlene C. Ahmann, vp.

Membership: SPBA, SIIA, International Foundation of Employee Benefit Plans.

p

Pacific International Ltd.

6464 E. Grand Road, Tucson, Ariz. 85715; 602-886-3066

Year founded: 1981.

Services provided: 50% claims administration, 25% adjusting, 25% auditing.

Region served: Nationwide.

Specialty: 50% health insurance, 25% workers compensation, 25% flex compensation.

Self-insured clients/claims: Administration: 26 clients, $8.7 million claims paid.

Client mix: Administration: 17 corporations, three public/government entities, two multiemployer plans, four union-sponsored plans. Health plans: 12,000 employees covered, 16,000 dependents covered.

Staff: 18 total staff members, 12 of whom serve self-insured clients only.

Charges: Administration: per employee per month, $3.50-$5.50.

1986 gross revenues: $3.5 million total, all from claim services.

Subsidiaries: Apex Data Systems (claim services).

Principal officers: Dwight Babcock, president; Mitch Childers, vp-operations; Joanne Smith, controller; John Armstrong, vp-data processing.

Palange & Associates Inc.

160 State St., Suite 500, Boston, Mass. 02109; 617-542-5700

Year founded: 1980.

Services provided: 15% claims administration, 85% auditing.

Region served: Nationwide.

Specialty: 60% workers compensation, 20% health insurance, 10% general liability, 10% automobile.

Self-insured clients/claims: Auditing: 42 projects conducted.

Client mix: Administration: four corporations, two association plans. Auditing: 11 corporations, two public/government entities, two association plans.

Staff: 14 total staff members, four of whom serve self-insured clients only.

Charges: Administration: time and expense. Auditing: time and expense.

1986 gross revenues: Not reported.

Principal officers: Stephen R. Palange, president; Norman C. Tardif, executive vp; David W. Ives and Joseph J. Yablonski, assistant vps; Michele N. Alexanian, secretary/treasurer.

Membership: SIIA.

Continued on facing page



Today's ever-changing healthcare marketplace is filled with choices. You know today's employees don't want yesterday's benefits. But how do you find time to investigate and create the most appropriate benefits plan for your company?

One exhibition brings all the choices together for you. Explore your options at... *Corporate Healthcare Management 87* where you can review, assess and shop among 200 exhibits of varied products and services in the new health benefits marketplace: PPOs, benefits software, insurance, HMOs, fitness/wellness programs, hospitals, TPAs, employee assistance programs and more.

- **WEST–March 18-20**
  Century Plaza Hotel, Los Angeles, CA
- **EAST–May 5-7**
  Baltimore Convention Center, Baltimore, MD
- **MIDWEST–Sept. 16-18**
  Chicago Hilton & Towers, Chicago, IL

Call today to register:
Marsha Woods
1-800-558-8767

Corporate Healthcare Management 87

Showcasing today's employee benefits

Continued from facing page

Penn General Service Corp.

177 Milk St., Boston, Mass. 02109; 617-542-5200

Year founded: 1978.
Parent company: Republic Hogg Robinson Inc.
Services provided: 40% claims administration; 20% adjusting; 40% other services, including program management, loss prevention, health care and cost-containment for workers compensation programs.
Region served: Nationwide.
Specialty: 45% workers compensation, 45% health insurance, 10% disability.
Self-insured clients/claims: Administration: 1,250 clients, $200 million claims paid. Adjusting: types of claims include workers compensation, medical, loss of time, dental, visions.
Client mix: Administration: 750 corporations, 438 public/government entities, 62 association plans. Health plans: 198,000 employees covered, 201,500 dependents covered.
Staff: 210 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per covered employee, flat fee, percent of premium.
1986 gross revenues: Not reported.
Branch offices: Administrative offices in Los Angeles; Miami; Caribou and Falmouth, Maine; Springfield, Mass.; Cadillac and Southfield, Mich.; Austin, Lubbock and Irving, Texas; Atlanta.
Principal officers: Charles E. Keller, president/chief executive officer; Richard P. Shea, Richard Wos and William J. Nietschmann, senior vps; Donald A. Benyas, president-PGS of Michigan Inc.
Membership: SPBA, SIIA.

Professional Risk Management Inc.

300 Wick Building, P.O. Box 1049, Youngstown, Ohio 44501; 216-746-4664

Year founded: 1981.
Services provided: 83% claims administration; 17% other services, including workers compensation and prescription drug programs.
Region served: Ohio, western Pennsylvania, West Virginia.
Specialty: 83% health insurance, 15% workers compensation, 2% disability.
Self-insured clients/claims: Administration: 27 clients, $14.1 million claims paid.
Client mix: Administration: 19 corporations, four public/government entities, one multiemployer plan, one union-sponsored plan, two association plans. Health plans: 12,834 employees covered, 11,047 dependents covered.
Staff: 16 total staff members, all of whom serve self-insured clients only.
Charges: Administration: per employee per month, $2.50-$7.
1986 gross revenues: $681,000 total.
Branch offices: Administrative and sales office in Canton, Ohio.
Principal officers: J.B. White, president; J.D. Bratton, vp; A. Hernan, vp-planning/development.
Membership: SPBA, SIIA, National QicClaim Assn. of Independent Health Care Plan Administrators.

r

Rasmussen Administrators

60 Evergreen Place, East Orange, N.J. 07018; 201-675-3940

Year founded: 1975.
Parent company: Penn Mutual Life Insurance Co.

Services provided: 90% claims administration; 2% auditing; 8% other services, including insurance agency operation.

Region served: New Jersey, Pennsylvania, Indiana, Maryland, Virginia.

Specialty: 80% workers compensation, 9% health insurance, 6% automobile, 5% general liability.

Self-insured clients/claims: Administration: 246 clients, $51.3 million claims paid. Auditing: five projects conducted.

Client mix: Administration: 243 public/government entities, one union-sponsored plans, two association plans.
Staff: 144 total staff members, 136 of whom serve self-insured clients only.
Charges: Administration: percent of premium, 7%-10%, percent of annual client net budget, $0.12-$0.18, per claim, $80-$210. Auditing: time and expense, $50-$75.
1986 gross revenues: $7 million total.
Branch offices: Sales and administrative offices in Broomall, Pa.; Richmond, Va. Additional administrative office in Atlantic City, N.J.
Principal officers: R.H. Rasmussen, president; R.F. Hughes, senior vp/treasurer; C.D. Martin, senior vp/secretary; L.E. Small, senior vp.
Membership: SPBA, SIIA, International Foundation of Employee Benefit Plans, National Assn. of Safety & Claims Organizations, National Safety Council.

B.G. Redmon & Associates

P.O. Box 7248, Phoenix, Ariz. 85011; 602-264-6900

Year founded: 1971.
Services provided: 50% claims administration; 50% other services, including risk management and safety inspections.
Region served: Nationwide.
Specialty: 47% general liability, 33% workers compensation, 10% automobile, 10% health insurance.
Self-insured clients/claims: Administration: five clients, $2 million claims paid.
Client mix: Administration: five corporations.
Staff: Seven total staff members, four of whom serve self-insured clients only.
Charges: Administration: negotiated fee billed quarterly.
1986 gross revenues: $300,000 total.
Principal officers: Bob G. Redmon, president; Norman A. Taylor, vp.
Membership: Arizona Self-Insurers Assn., Arizona Insurance Claims Assn.

Royal Insurance Service Corp. (RISC)

150 William St., New York, N.Y. 10038; 212-553-3377

Year founded: 1979.
Parent company: Royal Group.
Services provided: 83% claims administration; 5% adjusting; 2% auditing; 10% other services, including loss control, risk management information systems.
Region served: National and international.
Specialty: 60% general liability, 28% workers compensation, 8% automobile, 3% property damage, 0.5% inland marine, 0.5% disability.
Self-insured clients/claims: Administration: 61 clients, $50 million claims paid. Adjusting: five clients; types of claims include general liability, workers compensation, automobile, property damage, inland marine, disability. Auditing: 10 projects conducted.
Client mix: Administration: 60 corporations, five public/government entities, one association plan.
Staff: 1,400 staff members (including field claim and loss control personnel), 13 of whom serve self-insured clients only.
Charges: Administration: percent of incurred claims, percent of paid losses, unit fee; Adjusting: percent of incurred claims, percent of paid losses, unit fee. Auditing: per hour, $40-$60 plus expenses.
1986 gross revenues: $2.5 million total, $2.25 million from claim services.
Branch offices: Administrative and sales offices in Chicago; Charlotte, N.C.

Continued on next page

Last week Ed Wilson placed 3 tough casualty claims... with the nation's leading "Property Company"



He gave them to GAB and he's glad he did

"Behind every casualty adjuster in the field, stands GAB's nationwide network of casualty specialists."

Ed knows that no matter how complex the claim, GAB has the casualty expertise needed to bring that claim to a swift and equitable conclusion. GAB's casualty capability is especially strong at the field level, where it counts most. Here, front line experience further enhances the judgment and in-depth skills GAB adjusters acquire through a program of practical, on-going education. Add to this the specialized talents of Casualty General Adjusters, backed by a network of Regional Casualty Supervisors, Territorial and National Auto/Casualty Managers, providing back-up resources at every level nationwide. The result? GAB's organizational structure is geared to adjust even the most complex and toughest of casualty claims. And we have been doing it for more years than we can remember.

Prove it to yourself. For fast, thorough, cost-effective resolution of your casualty claims, why not take a closer look at GAB? Bring your casualty claims to the nation's leading "Property" company. Bring them to GAB, THE FULL-SERVICE COMANY. Like Ed Wilson, you'll be glad you did. Why wait? Call Al Peters, Vice President, Marketing and Sales, at 201-993-3400.

Take a closer look at GAB

GAB
"It Just Makes Sense"

A Member of the SGS Group
(Société Générale de Surveillance)

Continued from previous page

Principal officers: A. Evans, president; J. Amico, vp; A. Perchetz, secretary/treasurer; J. Notaro, secretary; R. Liersaph, director.

Membership: SIIA.

Leonard J. Russo Insurance Services Inc.

2200 Powell St., Emeryville, Calif. 94608; 415-547-3110

Year founded: 1943.

Services provided: 70% claims administration, 30% adjusting.

Region served: California, Hawaii, Oregon, Arizona.

Specialty: 40% workers compensation, 25% general liability, 25% automobile, 5% property damage, 5% health insurance.

Self-insured clients/claims: Administration: 160 clients, $70 million claims paid. Adjusting: types of claims include automobile liability, general liability, property damage.

Client mix: Administration: 80 corporations, 80 public/government entities.

Staff: 240 total staff members, 160 of whom serve self-insured clients only.

Charges: Administration: annual fee, per claim. Adjusting: time and expense.

1986 gross revenues: Not reported.

Branch offices: Administrative offices in Los Angeles and Sacramento, Calif.; Portland, Ore.; Honolulu.

Subsidiaries: Pacific Administrative Services (employee benefits services).

Principal officers: Leonard J. Russo, president; Edward F. Pinger, executive vp; Jack Holton, vp-finance.

Membership: SIIA.

S

Self Insured Risk Services Inc.

24370 Northwestern Highway, Southfield, Mich. 48075; 313-354-9580

Year founded: 1980.

Parent company: Meadowbrook Inc.

Services provided: 83% claims administration; 2% auditing; 15% other services, including safety programs.

Region served: Midwest.

Specialty: 33% workers compensation, 30% general liability, 15% automobile, 10% property damage, 5% health insurance, 2% professional liability, 2% bonds, 2% life, 1% inland marine.

Self-insured clients/claims: Administration: 21 clients, $9 million claims paid. Auditing: two projects conducted.

Client mix: Administration: 10 corporations, one public government entity, one multiemployer plan, nine association plans.

Staff: 22 total staff members, all of whom serve self-insured clients only.

1986 gross revenues: Not reported.

Branch offices: Administrative office in Grand Rapids, Mich.

Principal officers: Michael P. Murawski, president; Tom Tucker and Lindsay Hayes, vps.

Membership: SPBA.

Smith Administrators

P.O. Box 6123, Salt Lake City, Utah 84106; 801-272-8811

Year founded: 1976.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: 78% workers compensation, 10% life, 5% flex compensation, 5% disability, 2% workers compensation.

Self-insured clients/claims: Administration: 400 clients, $60 million claims paid.

Client mix: Administration: 365 corporations, 20 public/government entities, 10 union-sponsored plans, five association plans. Health plans: 45,000 employees covered, 70,000 dependents covered.

Staff: 140 total staff members, 120 of whom serve self-insured clients only.

Charges: Administration: percent of billed premium, 7%-12%.

1986 gross revenues: $6 million total.

Branch offices: Sales offices in Denver; Houston; Albuquerque, N.M.

Principal officers: Richard L. Smith, chief executive officer; Wesley Argyle, attorney; Tony Thompson, accounting manager; Lavon Elliot, claims manager; Bob Gerber, processing manager.

Membership: SPBA.

Some Of America's Most Dangerous Criminals Wear Striped Suits.



He holds a position of trust and respect.

Because nobody yet suspects that beneath that striped camouflage lurks an embezzler.

And by the time his true colors are revealed, your business could have already suffered a damaging, even crippling, loss.

Experienced business people know that the only thing harder than spotting an embezzler is repairing the damage he's done.

So they rely on Honesty Insurance from F&D.

Shouldn't you find out why F&D's Honesty Insurance is your best policy?

Just ask your agent or broker, or write: Marketing Department, P.O. Box 1227, Baltimore, Maryland 21203.

The F&D Companies **The Fidelity and Deposit Companies**

PIA

t

Total Program Administrators

2809 Emerywoods Parkway, Suite 100, Richmond, Va. 23229; 804-287-2143

Year founded: 1984.

Parent company: Blue Cross/Blue Shield of Virginia.

Services provided: 75% claims administration, 25% auditing.

Region served: Nationwide.

Specialty: 93% health insurance, 5% flex compensation, 2% workers compensation.

Self-insured clients/claims: Administration: 20 clients, $2.5 million claims paid.

Client mix: Administration: 18 corporations, one public/government entity, one association plan. Health plans: 25,000 employees covered.

Staff: 25 total staff members, 16 of whom serve self-insured clients only.

Charges: Administration: per employee per month. Auditing: per hour.

1986 gross revenues: Not reported.

Branch offices: Administrative and sales offices in Fairfax and Roanoke, Va.

Principal officers: David A. Kreager, managing director.

Membership: SIIA.

u

Underwriters Safety & Claims Inc.

P.O. Box 23790, Louisville, Ky. 40223; 502-244-1343

Year founded: 1941.

Services provided: 40% claims administration; 60% other services, including brokering insurance.

Region served: mid-South and Midwest.

Specialty: 55% workers compensation, 40% health insurance, 5% disability.

Self-insured clients/claims: Administration: 110 clients, $25 million claims paid.

Client mix: Administration: 107 corporations, two public/government entities, one multiemployer plan.

Staff: 109 total staff members, 65 of whom serve self-insured clients only.

Continued on facing page

Continued from facing page

Charges: Administration: flat fee, per claim plus runoff charge.

1986 gross revenues: $2.3 million from claim services.

Branch offices: Administrative office in Knoxville and Memphis, Tenn.; Norton, Va.; Marion, Ill.; Paintsville, Ky. Sales office in Nashville, Tenn.

Subsidiaries: Underwriters Safety & Claims Inc. of Tennessee (property/ casualty insurance brokerage and employee benefits consulting).

Principal officers: Bruce L. Ferguson, president; Robert Reeves, president-Underwriters Safety & Claims of Tennessee; Bruce W. Ferguson, senior vp; Gary Gilmour, vp-claims; Gary Mongilutz, vp-underwriting.

Membership: SIIA, National Assn. of Safety & Claims Organizations.

W

Wausau Insurance Cos.-Risk Management Services Division

2000 Westwood Drive, Wausau, Wis. 54401; 715-842-6229

Year founded: 1911.

Parent company: Nationwide Group.

Services provided: 80% claims administration, 16% adjusting, 4% auditing.

Region served: Nationwide.

Specialty: 60% health insurance, 21% workers compensation, 9% professional liability, 5% general liability, 3% automobile, 2% property damage.

Self-insured clients/claims: Administration: 126 clients, $100 million claims paid. Adjusting: 14 clients; types of claims include general liability, automobile, workers compensation. Auditing: four projects conducted.

Client mix: Administration: 96 corporations, eight public/government entities, four association plans. Adjusting: 14 corporations. Auditing: four corporations. Health plans: 750,000 employees covered, 1,600,000 dependents covered.

Staff: 6,000 total staff members, 125 of whom serve self-insured clients only.

Charges: Administration: per claim, percent of incurred claims, percent of paid losses, percent of payroll. Adjusting: time and expense, $25-$55 per hour plus expenses. Auditing: time and expense, $40-$60 per hour plus expenses.

1986 gross revenues: $8 million total, all from claims services.

Branch offices: 27 administrative offices and 150 sales offices in the U.S.

Subsidiaries: Countrywide Services Corp. (product liability claim management).

Principal officers: Paul Donald, chairman; Lee Weinberger, president/chief executive officer; L.J. Baumer, Thomas Kryshak and Lowell Tornow, executive vp.

Y

Yeager & Co. Inc.

21301 Civic Center Drive, Southfield, Mich. 48076; 313-353-3000

Year founded: 1968.

Services provided: 75% claims administration; 25% other services, including loss control.

Region served: Northwest, mid-Atlantic and south central states.

Specialty: 60% workers compensation, 15% health insurance, 10 general liability, 5% automobile, 5 property damage, 3% disability, 2% professional liability.

Self-insured clients/claims: Administration: 1,900 clients.

Client mix: Administration: 1,425 corporations, 475 public/government entities, 12 multiemployer plans, 12 association plans.

Staff: 126 total staff members, all of whom serve self-insured clients only.

1986 gross revenues: Not reported.

Branch offices: Administrative offices in Grand Rapids and Saginaw, Mich.; Richmond and Alexandria, Va.; Nashville, Tenn.

Principal officers: Weldon O. Yeager, chairman; Darrell D. Jarvis, president/chief executive officer; Robert Patterson and David Landin, senior vps; William B. Lichtig, vp-group health; Bernard S. Friedman, vp-marketing. ■

Governors in four states name insurance regulators

By CAROL CAIN

Wayne L. Soward was told of Idaho Gov. Andrus' decision to appoint an interim commissioner on New Year's Eve. 'This was a surprise,' said Mr. Soward, who joined the Idaho Insurance Department in 1973.

In most states, a new governor usually means a new insurance director.

New insurance regulators have been appointed in Oregon, Pennsylvania and Virginia. And, an interim commissioner has been named in Idaho while the governor reviews candidates to head the department permanently.

Theodore Kulongoski, an attorney and former state legislator in Oregon, was named insurance commissioner as one of the first official acts by Gov. Neil Goldschmidt.

Mr. Kulongoski must be officially appointed as Oregon insurance director by the state's director of commerce—a position not yet filled by the governor.

Constance B. Foster, a 40-year-old attorney, is Pennsylvania's new insurance commissioner, though her appointment still needs Senate confirmation.

And, Steven T. Foster will step in as Virginia's insurance commissioner Feb. 9, replacing James M. Thomson, who retired Dec. 31.

In Idaho, Anthony J. Fagiano was appointed acting director Jan. 5 until newly elected Gov. Cecil D. Andrus appoints his own director of insurance.

Mr. Kulongoski replaces Josephine M. Driscoll, who had been Oregon's commissioner since 1981 and just completed a year as president of the National Assn. of Insurance Commissioners.

Ms. Driscoll will become vp of regulatory affairs for Standard Insurance Co. in Portland, Ore., on Feb. 1.

Mr. Kulongoski is on a leave of absence from the Portland law firm of Kulongoski, Durham, Drummonds and Columbo, where he specialized in labor law.

Mr. Kulongoski also served in the Oregon House of Representatives from 1974-1977. He then was appointed to fill an unexpired term in the Oregon Senate, where he served until 1983.

Mr. Kulongoski also was the Democratic nominee for governor in 1982.

Mr. Kulongoski has an undergraduate degree in political science and a law degree from the University of Missouri at Columbia.

Ms. Foster took over her duties as the Pennsylvania insurance director last week. She replaces George F. Grode, who served as insurance commissioner for the past 18 months under the previous administration. He resigned Jan. 20—the day Gov. Robert Casey was inaugurated.

Ms. Foster has a law degree from Rutgers University School of Law in Camden, N.J. She earned her undergraduate degree from the University of California at Los Angeles.

She previously worked for the Philadelphia-based law firm of Baskin Flaherty Elliott & Mannino, specializing in insurance law, insurance litigation and government contracting.

In leaving the insurance department, Mr. Grode said he "was prepared to move on," but was glad to have had the opportunity to address many insurance issues during the past 1½ years.

He was planning to seek a post outside of state government, specificially within the criminal justice system.

From 1979 to 1983, Mr. Grode was executive director of the Pennsylvania Commission on Crime and Delinquency.

He also was president of the National Criminal Justice Assn. and deputy director in the New York State Division of Criminal Justice Services.

Virginia's new insurance director, Mr. Foster, admits he does not have an insurance-related background. He had been the administrator for Spotsylvania County, Va., since 1979. He previously served in the same capacity in King George County and in Stafford County.

Mr. Foster became a public official after earning a masters degree in public administration from the University of Virginia in Charlottesville, where he also earned an undergraduate degree in urban affairs.

"Obviously, my background is not in insurance. I have been a public administrator for 11 years," Mr. Foster said.

He added that his first task will be to familiarize himself with the business of insurance.

Mr. Foster, 33, replaces Mr. Thomson, 62, who had been commissioner since December 1981. Mr. Thomson announced his retirement last year at the same time a joint legislative audit and review committee released a report recommending changes in the Insurance Bureau's administrative procedures.

Mr. Foster was appointed to the regulatory post by the State Corporation Commission.

"We are very pleased to be able to bring in a fresh new face. . . .Steven is a proven manager of a large staff and budget and will fit in well with the commission and the Bureau of Insurance," said Thomas P. Harwood Jr., SCC chairman.

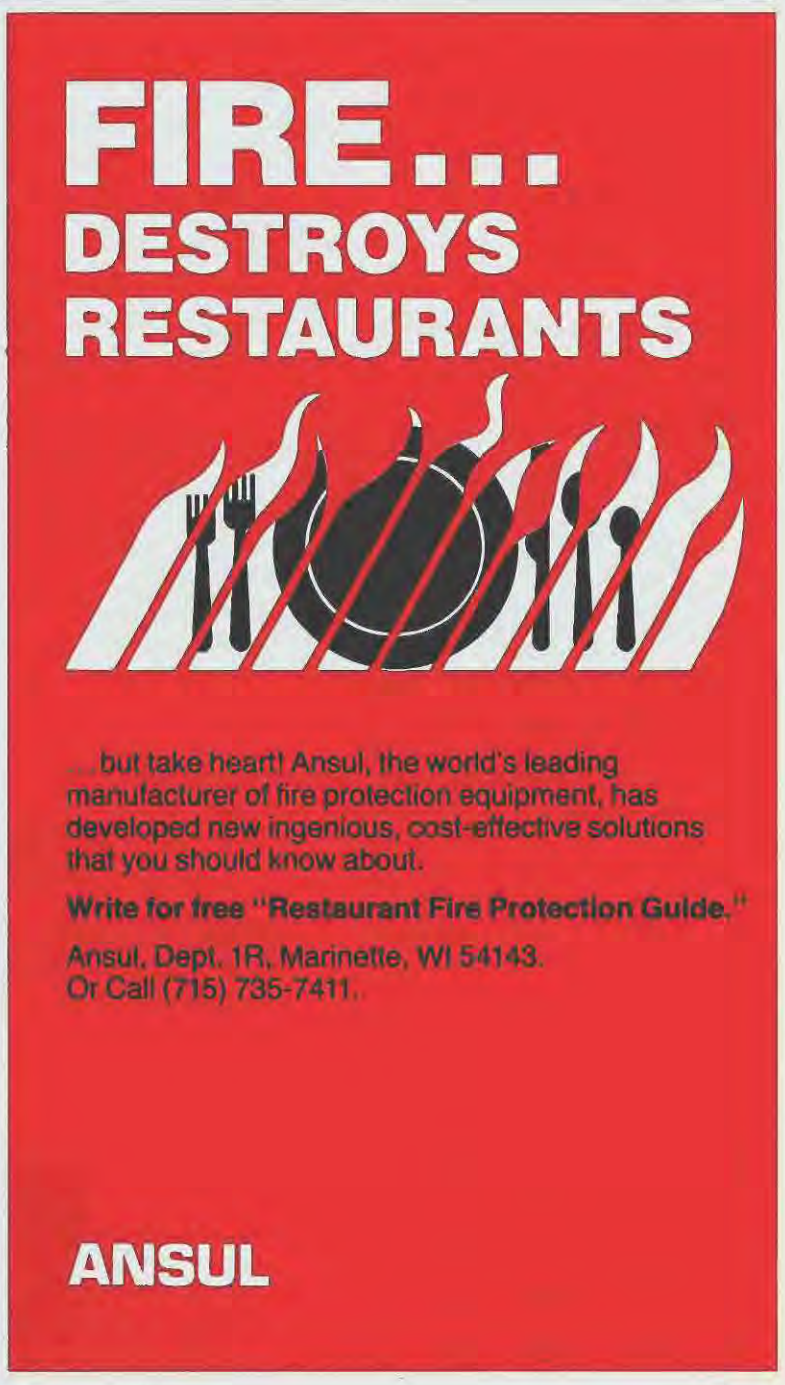
Because his dismissal was sudden, Idaho's former insurance commissioner said he had no immediate plans other than looking for a new position. Wayne L. Soward, who had been insurance director since early 1984, was told of Gov. Andrus' decision to appoint an interim commissioner on New Year's Eve.

"This was a surprise," said Mr. Soward, who joined the Idaho Insurance Department in 1973.

Interim Commissioner Fagiano, an actuary who has been with the department since late 1979, most recently was administrator of regulation. He said he is not seeking the position on a permanent basis, nor has the governor's office asked him to retain the position permanently.

Mr. Fagiano said he was "more than happy being acting director."

A spokesman for Gov. Andrus said a director of insurance probably will be named "fairly soon—within a couple of weeks." ■



WHAT IF? YOUR THIRD PARTY ADMINISTRATOR OFFERED YOU:

- Experience–34 years
- Detailed Reports
- Flexible System
- Diverse Benefit Capability
- Plan Analysis & Advice
- Competitive Pricing
- Cost Containment Options
- Stop Loss Insurance
- Life Insurance
- Conversion
- COBRA Administration
- Actuarial Services

American SelfCare Corporation offers all of the above and more–individual attention to each client's needs.

American SelfCare Corporation serves major clients throughout the United States.

For additional information contact us:

american selfcare corporation

690 E. North Avenue • Carol Stream, IL 60188 • (312) 653-6120

Equal Opportunities

Each weekly issue of *Business Insurance* gives you an equal opportunity to reach and motivate BI's more than 133,000 purchasing influentials . . . top administrative and financial executives, risk managers, employee benefits managers and the agents and brokers who serve their needs.

When you want to reach *your* prime audience, the *Business Insurance* audience is unequalled!

PUBLISHING DATES	CLOSING DATES
1986	
~~Dec 8~~	~~Nov 25~~
~~Dec 15~~	~~Dec 3~~
~~Dec 22~~	~~Dec 9~~
~~Dec 29~~	~~Dec 16~~
1987	
~~Jan 5~~	~~Dec 23~~
~~Jan 12~~	~~Dec 30~~
~~Jan 19~~	~~Jan 7~~
~~Jan 26~~	~~Jan 13~~
Feb 2	~~Jan 21~~
Feb 9	Jan 26
Feb 16	Feb 3
Feb 23	Feb 11
Mar 2	Feb 18
Mar 9	Feb 25
Mar 16	Mar 4
Mar 23	Mar 10
Mar 30	Mar 17
Apr 6	Mar 24
Apr 13	Mar 31
Apr 20	Apr 8
Apr 27	Apr 15
May 4	Apr 22
May 11	Apr 28
May 18	May 6
May 25	May 13
Jun 1	May 19
Jun 8	May 27

business insurance

New York: (212)210-0133
Chicago: (312)649-5275
Los Angeles: (213)651-3710

Massachusetts panel suggests reforms

around the states

BOSTON—A task force set up by Massachusetts Gov. Michael Dukakis is recommending that state lawmakers pass insurance and tort reform legislation during the current session.

The Task Force on Liability Issues presented its recommendations on Dec. 29, 1986.

Paula W. Gold, secretary of consumer affairs and business regulations and chairman of the task force, said the push for insurance and tort reform began because her office, the governor and the commissioner of insurance "received a great deal of mail" registering complaints about availability, affordability and other problems in the liability insurance market.

The task force, represented by the insurance industry, business community, public interest groups and other interests, heard from 175 witnesses in public hearings before formulating its report.

The report recommends legislation similar to tort reforms enacted around the country in the past year, and changes in the way insurance companies are regulated.

Recommended reforms include:

- Modifying the state's doctrine of joint and several liability so a defendant has to pay only its relative share of non-economic damages to plaintiffs even if other defendants are unable to compensate the plaintiff for their share of non-economic damages.
- Extending to municipal and district courts the authority to assess penalties against parties filing frivolous lawsuits. In addition, attorneys—not just the parties they represent—could be penalized for filing frivolous suits.
- Modifying some standards of liability for risks like municipalities, charitable organizations, recreational facilities and quasi-public state agencies.

The recommendations for modifying insurance regulation include:

- Requiring commercial insurers to provide a policyholder with its own claims experience data.
- Implementing a flexible rating system for commercial liability risks. The system would allow insurers to revise rates freely within certain rate floors and ceilings. Beyond those "applicable bands," insurers could change rates only with the commissioner's approval.

While Ms. Gold said the recommendations are "balanced and attempt to deal with all the problems" associated with the liability insurance market, not all of the 10-member task force supported the final package: Three voted against the recommendations, while two abstained.

John Donohue, assistant attorney general for Massachusetts, voted against the proposals on behalf of the attorney general's office. He explained that his office voted against the entire package because of objections to the tort reform recommendations.

He said the task force had not adequately showed that the civil justice system was responsible for the liability insurance crisis.

Specifically, the attorney general's office opposes changes in the state's doctrine of joint and several liability, Mr. Donohue noted.

He said he supports a system that would assess all damages against the defendant with the means to pay an award. The defendant, in turn, would then be able to pursue subrogation of funds from other defendants.

However, Mr. Donohue said he agreed with the report's recommendations for changing regulations governing insurers and its conclusions that insurers' cyclical pricing practices caused the liability insurance crisis.

Surplus lines bill

AUSTIN, Texas—Surplus lines insurers operating in Texas will face stricter regulatory requirements if the State Board of Insurance is successful in its push for new legislation.

The board proposes a new law that would set higher minimum capital and surplus requirements for surplus lines insurers and would require foreign-based surplus lines insurers operating in the state to keep substantial deposits in this country to protect policyholders from insolvencies.

After finalizing language in the proposal, the board will present it to the Texas Legislature.

Richard Schroeter, manager of the state board's surplus lines division, said there has been concern about the solvency of surplus lines insurers in recent years and "lack of regulation over the insurers themselves."

Under current law, the state board's regulatory powers extend primarily to surplus lines agencies that place business with the companies. The agents are responsible for most of the financial policing of insurers with which they place business.

The state has the right to request certain financial information from surplus lines insurers operating in Texas, but "we feel that is not enough," Mr. Schroeter said.

The board's proposal would require surplus lines insurers to have $1 million in capital and $1.5 million in surplus by Dec. 31. By year-end 1989, the capital requirement would stay the same, but the surplus requirement would increase to $2.5 million. Surplus requirements would increase to $3.5 million at year-end 1991 and to $5 million at year-end 1992.

The board's proposal provides that the state insurance commissioner could waive the capital and surplus requirements for an insurer, Mr. Schroeter pointed out.

The board also proposes that a surplus lines company domiciled outside the United States be required to deposit $1.5 million with a bank in the Federal Reserve System. That money would be used to pay policyholder claims if the insurer could not meet its obligations.

Currently, foreign-based surplus lines companies are not required to deposit funds to protect policyholders in Texas.

There is no guaranty fund covering surplus lines insurers in Texas.

The board also proposes that a surplus lines insurer be licensed in its domicile to sell coverage that it offers in Texas on a surplus lines basis. The assumption is that a state or country would not victimize its citizens by knowingly granting a charter to a financially unstable or incompetent company.

The Texas Surplus Lines Assn., which works in an advisory capacity to the state board, supports the proposed regulations, according to Steve Sprowls, president.

The proposal is aimed at bringing the state's surplus lines regulations closer to the model surplus lines law designed by the National Assn. of Insurance Commissioners, according to Mr. Sprowls.

Insurer assessments

BOSTON, Mass.—The Connecticut Insurance Guaranty Assn. plans to assess more than 350 insurance companies licensed in the state the maximum $22 million permitted by law.

The assessment is needed to pay claims filed by Connecticut policyholders against insolvent insurers, said Paul M. Gulko, president of Guaranty Fund Management Services.

Insurers were assessed only $5 million in 1986, said Mr. Gulko, whose firm manages the guaranty funds of the five other New England states plus those of Delaware and Virginia.

CIGA has potential 1986 claims of $100 million, Mr. Gulko said.

He expects the assessment next year also will be the maximum permitted by the law, which caps assessment at 2% of net premiums written in the state.

Mr. Gulko said no timetable has been determined yet for collecting the $22 million, noting the association now has $4.5 million on hand that it can pay out before it must collect additional funds.

Mr. Gulko said the estimated $100 million liability takes into account litigation involving the association and Transit Casualty Co. and Midland Insurance Co., both of which are in liquidation.

CIGA is seeking a court-ordered cap on its liability for asbestos claims filed by Raymark Corp. (*BI*, Aug. 4). If CIGA loses these cases, the ultimate cost could be more than $57 million, Mr. Gulko said.

Ideal Mutual Insurance Co. and Union Indemnity Insurance Co. are two other insolvent insurers whose policyholders' claims are boosting CIGA's payments, Mr. Gulko said.

Connecticut's guaranty fund is triggered when a court declares an insurer insolvent. The insurer can be in rehabilitation as well as liquidation, Mr. Gulko noted.

CIGA's payments exceed those of other state guaranty funds managed by Guaranty Fund Management Services because a large number of companies have corporate headquarters in Connecticut, Mr. Gulko said.

Generally, policyholders of insolvent insurance companies file their claims with the guaranty fund in their home state.

Ambassador award

TRENTON, N.J.—A policyholder of an insolvent insurer must pay a damage award even though a New Jersey guaranty fund cannot immediately cover the award, a state appeals court says.

The case involved a negligence award against Ambassador Insurance Co., which was ordered liquidated by a Vermont court in August (*BI*, Sept. 1, 1986).

Because of a shortage of cash, the New Jersey Surplus Lines Insurance Guaranty Fund has paid only 40% of the principal amount of Ambassador claims, leaving the remaining 60% to be paid later, said Howard Mankoff, a Roseland, N.J., attorney representing Ambassador.

Because the guaranty fund coverage would not respond immediately, a Superior Court judge had ordered a delay in the execution of a judgment against an Ambassador policyholder, Samuel Geltman & Co. in Paramus, N.J.

However, a three-judge panel in the Appellate Division of the Superior Court reversed the lower court ruling Dec. 18, concluding that the risk of delay or non-payment by the guaranty fund must fall on the policyholder. ■

CEBS Opens Doors



Expertise is the key to job performance. It instills a sense of confidence and can lead to a promotion or professional recognition. A CEBS designation can be your key to that expertise. Open doors—by becoming a Certified Employee Benefit Specialist.

The CEBS designation is awarded to individuals who successfully complete a series of ten college level courses and examinations covering the design and operation of employee benefit plans. The program is cosponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

For more information, call the International Foundation at (414) 786-6700 and ask for the CEBS department, or write us at P.O. Box 69, Brookfield, WI 53008-0069.

CEBS

ALABAMA
MCE Benefits Management Service **Birmingham 205/838-3070**
Employers Life Insurance Co. **Birmingham 205/987-9965**

ARIZONA
The Travelers Plan Administrators of AZ, Inc. **Phoenix 602/866-1066**
Independent Health Plan Administrators, Inc. **Phoenix 602/264-6626**

CALIFORNIA
The Travelers Plan Administrators of CA, Inc. **Oakland (Walnut Creek) 415/935-9733**
Allied Administrators **San Francisco 415/986-6270 or 415/986-6276**
Benefit Coordinators Corporation of CA (Insurance Administrators)
San Diego 619/549-4010
Concept Administrators Inc. **Sacramento 916/364-7026**
E.B.A. & M. Corp. **Los Angeles (Westlake Village) 805/497-4581**
Guarantee Financial Services, Insurance Administrators **Fresno 209/438-4850**
Heller Associates **Costa Mesa 714/549-7962**
Pacific Adminstrative Services, Inc. **Emeryville 415/547-2125**

COLORADO
Mountain States Administration Co. **Denver 303/368-4500**
Benefit Plan Administrators, Inc. (a Holgard Co.) **Boulder 303/442-1000**

CONNECTICUT
Health Plan Administrators, Inc. **Danbury 203/794-1703**
Benefit Plan Administrators, Inc. **Danbury 203/775-4006**
Diversified Group Brokerage Corp. **Marlborough 203/295-9583**

FLORIDA
The Travelers Plan Administrators of FL, Inc. **Sarasota 813/924-3095**
Brown and Brown, Inc. **Daytona Beach 904/252-9681**
Self-Funding Administrators, Inc. **Altamonte Springs 305/831-2511**

GEORGIA
Jones, Hill & Mercer Employee Benefits, Inc. **Savannah 912/236-1551**

IDAHO
MICA Benefits Corporation **Idaho Falls 208/529-4060**

ILLINOIS
Syncor Administrative Services, Inc. **Northbrook 312/291-1230**
Allied Benefit Systems, Inc. **Chicago 312/906-8880**
Claims Administration Services, Inc.
(The Travelers Plan Administrators, Inc.) **Palatine 312/934-7772**
Insurance Administration Center, Inc. **Park Ridge 312/297-2020**
Keppie & Co., Inc. **Peoria 309/692-7330**
MRM/Multi-Risk Management Inc. **Chicago 312/670-2100**
Management Services, Inc. **Champaign 217/351-9233**
Self-Insurers Benefit Services **Park Ridge 312/692-7020**

INDIANA
Warren Steinborn Associates **Indianapolis 317/875-0351**
Administrators & Benefit Consultants **Lafayette 317/423-1577**
Group Employee Benefit Administrator, Inc. **East Chicago 219/397-6980**
Health Care Administrators, Inc. **Indianapolis 317/843-2092**
Health Care Administrators, Inc. **Lafayette 317/474-5455**
Key Benefit Administrators, Inc. **Indianapolis 317/255-3822**
Med Benefit Systems **South Bend 219/237-9560**
Pyramid Benefit Services **South Bend 219/232-2993**

IOWA
Total Group Services of Iowa, Inc. **Des Moines 515/223-0029**
Employers Claim & Administrative Services, Inc.
Des Moines 515/286-4400

KANSAS
Power Group Designs **Overland Park 913/491-3280**

LOUISIANA
Associated Health Plans, Inc. of LA **Metairie 504/885-9365**

MARYLAND
BeneChek, Inc. **Timonium 301/561-4999**

MICHIGAN
New World Claims Services, Ltd. **Niles 616/684-6700**
Midwest Benefits Corp. **Southfield 313/569-9700**

MINNESOTA
The Travelers Plan Administrators of MN, Inc.
Minneapolis (Brooklyn Center) 612/561-3204

MISSISSIPPI
MHA Diversified Services, Inc. **Jackson 601/982-7332**
Benefit Administration Services, Ltd. **Jackson 601/969-1286**

MISSOURI
Woodsmall Benefit Services, Inc. **Kansas City 816/421-7788**
DBL Services, Inc. **St. Louis 314/241-8565**
Spectrum Benefit, Inc. **St. Louis (Creve Coeur) 314/991-0878**

MONTANA
Northwest Administrators **Great Falls 406/761-5000**

NEW HAMPSHIRE
Kendall Insurance Inc. **Rochester 603/332-5800**

NORTH CAROLINA
Benefit Plan Services, Inc. **High Point 919/889-2003**

OHIO
The Travelers Plan Administrators of OH, Inc.
Cleveland (Seven Hills) 216/447-4040
Administrative Services Consultants, Inc. **Cleveland 216/526-2730**
Employee Benefit Management Corp. **Columbus (Dublin) 614/766-5800**
GIEA/Benemax (General Insurance Exchange Agency, Inc.)
Hudson 216/656-2300
The J.P. Farley Corp. **Cleveland 216/871-6800**
Professional Risk Management, Inc. **Youngstown 216/746-4664**

OKLAHOMA
Oklahoma Administrative Services **Oklahoma City 405/557-0202**
Member Service Administrators, Inc. **Tulsa 918/586-7700**
Mutual Assurance Administrators, Inc. **Oklahoma City 405/722-0444**

PENNSYLVANIA
The Travelers Plan Administrators of PA, Inc.
Philadelphia (Plymouth Meeting) 215/834-8600
Babb, Inc. **Pittsburgh 412/237-2020**
Benefit Coordinators Corp. **Bridgeville 412/563-6700**
Simplified Employee Claims, Inc. **Pittsburgh (Canonsburg) 412/746-8700**

SOUTH CAROLINA
Planned Administrators, Inc. **Columbia 803/782-5200**

TENNESSEE
Pittman & Associates, Inc. **Nashville 615/256-4549**
Corporate Systems Administration, Inc. **Johnson City 615/282-3420**
Hunt Dreaden Associates Inc. **Nashville 615/292-2974**
Nobel® Group Benefits **Knoxville 615/588-1478**
Pittman & Associates, Inc. **Memphis 901/323-2140**

TEXAS
Third Party Administrators, Inc. **Houston 713/937-0055**
Boon-Chapman **Austin 512/454-2681**
Corporate Systems **Amarillo 806/376-4223**
Employer Services Corp. **Dallas 214/788-2555**
Health Benefit Management, Inc. **San Antonio 512/657-7906**
Nobel® Group Benefits **Dallas 214/484-5626**
Third Party Administrators, Inc. **Garland 214/840-8181**

VIRGINIA
Total Program Administrators **Richmond 804/287-2143**
Benefit Consultant Services **Norfolk 804/855-8061**

WASHINGTON, DC
Group Claims Administrators, Inc. **Washington, DC 202/898-0944**

WISCONSIN
Preferred Administrative Services, Inc. **Madison 608/273-1776**
Employee Benefit Claims of WI, Inc. **Milwaukee 414/273-3540**

© Copyright 1987 by Resource Information Management Systems, Inc. (RIMS)
QicClaim and The Q Team are registered trademarks of RIMS. Neither the National QicClaim Association of Independent Health Care Plan Administrators or any of its members is a representative or agent of RIMS. Its members use the QicClaim line of health claims processing software developed by RIMS.

THE Q STANDS FOR QUALITY

IN EMPLOYEE HEALTH BENEFITS, SELF-FUNDING AND SECTION 125 FLEXIBLE SPENDING.

EXPERIENCE THE DIFFERENCE. CALL YOUR INDEPENDENT Q TEAM MEMBER TODAY.

National QicClaim® Association of Independent Health Care Plan Administrators

THE Q TEAM

Heston is elected CEO at Utica Mutual

W. Craig Heston has been elected chief executive officer and a member of the executive committee of Utica Mutual Insurance Co. in New Hartford, N.Y.

Mr. Heston succeeds **Jack B. Riffle**, who was chairman and CEO when he died Dec. 13.

Mr. Heston, who joined Utica National Insurance Group in 1963, most recently served as president. As CEO, he will direct the operations of all companies of the Utica National Insurance Group.

The office of chairman will not be filled at this time. **Edward W. Duffy**, retired chairman and chief executive officer of Marine Midland Bank Inc. and a member of the Utica Mutual board of directors, was elected chairman of the executive committee. He will serve in a non-executive capacity.

In other insurer changes:

Gene S. Yerant named chairman and president of Transport Insurance Co. of Dallas. Previously, Mr. Yerant was president of the Midwest division of Progressive Insurance Cos. of Cleveland.

Arthur P. Kirkner, named vp of The North River Insurance Co. in Basking Ridge, N.J., part of Crum & Forster Underwriters Group. He will manage environmental claims for Crum & Forster. He joined Crum & Forster in 1978 in Philadelphia and was transferred to the home office in 1985.

David Eiser named vp of Calabasas Insurance Services in Calabasas, Calif., a unit of First Pacific Insurance Group. Previously, Mr. Eiser was marketing manager.

Jason Israel appointed vp-group operations in the international headquarters of American Bankers Insurance Group, an international insurance holding company based in Miami.

comings & goings: industry

Donald K. Shanks named senior vp of Allstate Insurance Co.'s commercial insurance business unit in Northbrook, Ill. Mr. Shanks had been assistant vp-reinsurance since May 1984.

Joseph A. Morein elected vp of Chubb Corp. of Warren, N.J. Mr. Morein joined Chubb in August as manager of corporate strategic planning.

Samuel T. Bryon Jr. appointed executive vp and chief operating officer of Marine Office of America Corp., a unit of Continental Corp. in New York. Mr. Bryon had been senior vp and manager of MOAC's Atlantic region since 1981.

Gary L. Eng named to the newly created position of vp-health benefit management at Union Labor Life Insurance Co. of Washington, D.C. Mr. Eng previously was with Blue Cross/Blue Shield of Maryland.

Jerome D. Monchecourt promoted to executive vp of Covenant Insurance Co. Mr. Monchecourt previously was senior vp-marketing at Covenant.

Richard S. Chance elected vp of property underwriting for Industrial Underwriters Inc. of San Francisco. Previously, Mr. Chance was vp-property underwriting for Sayre & Toso in Los Angeles.

John G. Shillestad named president and chief operating officer of Columbian Mutual Life Insurance Co. in Binghamton, N.Y., succeeding **Jack R. Manning,** who continues as chairman and chief executive officer. A former executive of several insurance companies, Mr. Shillestad most recently was president and chief executive officer of consultant JGS Financial Services Inc. in West Hartford, Conn.

Excess/surplus

W. Dana Roehrig retired as senior vp of Swett & Crawford Group and president of Dana Roehrig & Associates, a Swett & Crawford Group unit in St. Petersburg, Fla. Mr. Roehrig, a co-founder of Roehrig & Associates, is chairman emeritus of the Insurance Exchange of the Americas.



Mr. Roehrig

Also at Swett & Crawford, **Simon P. Bancroft** joins the national marketing division in Dallas as vp, and **Robert F. Ougheltree**, vp of financial services, is relocating to the New York City office from Los Angeles.

In addition, **John R. Hartman**, president of Appleton & Cox, another Swett & Crawford Group unit, named to the additional post of senior vp-field operations at Swett & Crawford, and Fort Hill Insurance Agency President **Joseph P. Falcone** named senior vp and New England regional manager.

Joseph J. George elected vp of Crum & Forster Managers Corp. (Ill.) and International Surplus Lines Insurance Co. in Chicago. Mr. George recently joined CFMC (Ill.) from Dar Allen Reinsurance.

Ivan R. Small promoted to vp of Sherwood Insurance Services in San Francisco.

Reinsurance

John Cashin joined Sullivan Payne Co. in New York as vp. Mr. Cashin had been a vp at Guy Carpenter & Co. Inc.

Kevin D. Knudson and **Gerhard G. Krueger** promoted to senior vps at E.W. Blanch Co. in Minneapolis.

Also, **William B. Fleischhacker** promoted to vp from assistant vp.

Richard M. Young and **Martin R. Brady Jr.** named vps-bond marketing and underwriting at North American Reinsurance Corp. in New York. Both Mr. Young and Mr. Brady joined North American Re in 1981 as secretaries-bond marketing and underwriting and in 1982 were named assistant vps.

Floyd R. Radach joined NWNL Reinsurance Co. in Minneapolis, a subsidiary of Northwestern National Life Insurance Co., as vp and actuary. Prior to joining NWNL Re, Mr. Radach spent two years as vp and actuary at Mead Reinsurance Corp. in Dayton, Ohio.

Frank Buccafusco appointed vp at Facultative Intermediaries Inc. in Dallas. Formerly president of Pro Re Inc. of New York, Mr. Buccafusco has worked for General Accident Group, Crum & Forster Corp. and Bayly Martin & Fay International Inc.

Agents/brokers

Walter G. Groth Jr. joined Poe & Associates Inc. as vp and head of the broker's employee benefits division in Florida. Mr. Groth's firm, Walt Groth & Associates, has been acquired by Poe.

Steven T. Aldrich joined Rollins Burdick Hunter of Indiana Inc. as executive vp.

John M. Garrett named vp at Corroon & Black Inc. of Washington, D.C. He most recently was vp in charge of managing the national bond operations for Commercial Union Insurance Co. headquartered in Boston.

Corroon & Black of Illinois promoted **Michael Jacobs** to executive vp from senior vp and chief financial officer; **John Sullivan** to executive vp from senior vp; **Michael Tatum** to senior vp from vp; **Ruth Tave** to vp from assistant vp; **Don Ball** to senior vp of the marketing division from vp; and **David Sullivan** to senior vp of the employee benefits division from vp.

Jon E. Johnson joined The Roanoke Cos. as vp. Prior to joining the Houston office of Roanoke, Mr. Johnson was senior vp of Corroon & Black of Texas.

David J. Minnis succeeds **A. Herman Stump Jr.** as president and chief executive officer of Stump, Harvey & Cook Inc. Mr. Stump, who has been president of the Hunt Valley, Md., insurance brokerage since 1958, was elected chairman of the board. Mr. Minnis formerly was executive vp.

Michael T. Schmutte named senior vp and **Pat Luby** named vp of Frank B. Hall of Ohio Inc. in Cleveland. Mr. Schmutte joined Hall in 1977.

Malcolm R. Louis promoted to president of Jardine Emett & Chandler Hawaii Inc. and named a director of the parent company, Jardine Emett & Chandler Inc. Mr. Louis joined Jardine in 1984 as vp and general manager.

Also, **Linda R. Griffing** promoted to vp of Jardine Emett & Chandler Hawaii. Ms. Griffing, who joined Jardine in 1984, was promoted to assistant vp in 1986.

Other suppliers

H.D. Merrell Jr. named an associate of Robert Hughes Associates Inc., an international risk management consulting firm headquartered in Dallas.

Len Marinaccio named partner-in-charge of the Actuarial, Benefits and Compensation office of Coopers & Lybrand in Newark, N.J.

Also, **Andrew Cavanaugh** and **Charles Kraushaar Jr.** joined C&L's New York ABC office as senior consultants. Mr. Cavanaugh formerly was senior vp of administration at Paramount Pictures Corp., and Mr. Kraushaar was corporate vp and actuary for New York Life Insurance Co.

Raymond M. Slabaugh III appointed to direct the Detroit office of William M. Mercer-Meidinger Inc. Mr. Slabaugh, a managing director at Mercer-Meidinger, previously headed the Texas operations in Dallas and Houston.

Executive Vp **William B. Bull** promoted to president and chief executive officer of Lakeland, Fla.-based Summit Consulting Inc. He replaces the company's two principals—**C.C. "Doc" Dockery** and **Thomas S. Petcoff**—who retired Jan. 1. Mr. Bull is the former president of Lakeland Aviation Corp. and joined Summit in October 1984 as Mr. Dockery's assistant.

Richard H. Moscicki has joined the Tillinghast division of Towers, Perrin, Forster & Crosby as a risk management consultant. Previously, Mr. Moscicki was director of risk management and benefits administration at The Western Co. of North America.

Also at TPF&C, **Keith H. Cooper** named Southeast regional manager and manager of the Atlanta office; **O.R. Croasdale** named Eastern regional manager; **Ronald P. Giesinger** named Central manager and manager of the Cleveland office; and **R. Donald MacDougall** named metropolitan New York regional manager. Mr. Croasdale retains his post as manager of the Philadelphia office, and Mr. MacDougall remains manager of the Stamford, Conn., office.

Alasdair Barclay named managing director of Dreward Management Ltd. of Hamilton, Bermuda.

Andrew Barile named president and **Edward Mallozzi** named executive vp of Ambel Consultation Services Inc. in New York., an insurance consulting firm providing feasibility studies for associations and group captives.

Gregory M. Evans promoted to executive vp of Herget Risk Management Inc. Previously, Mr. Evans was vp of the Baltimore-based consulting firm.

John J. Middleton named to the newly created position of chief operating officer at Vermont Insurance Management of Montpelier, Vt. Mr. Middleton previously was president and chief executive officer of the Hospital Underwriting Group Inc.

HMOs

Cindy Morris Rondello named manager of health services and individual practice associations of HealthWays of New York Inc., an HMO in Tarrytown, N.Y. Ms. Rondello joined HealthWays last year as manager of administrative services at the Iselin, N.J., office. ■

The reasons were pretty compelling even before the crunch. But now oftentimes you're not given much of a choice. Self-assume a portion of a given risk or find yourself with no coverage at all. For 30 years we've worked with large and small corporations, municipalities, associations and pools providing all the services necessary to make self-insurance programs work to *their* advantage.

Program design. Insurance placement. Claim management. Loss Control. Risk Information Services.

Now more than ever ...

SELF INSURERS SERVICE

...the best reason to self-insure

Call Steven Pahl
Vice President, Sales/Marketing
312-701-2341 or outside Illinois
1-800-523-0906

Exterminators indicted following couple's death

By CAROL CAIN

GALAX, Va.—Orkin Exterminating Co. Inc. is denying that a pesticide used to kill wood-boring bees also killed an elderly couple.

Orkin and two of its employees were indicted earlier this month by a Grayson County, Va., grand jury. Each was indicted on two counts of involuntary manslaughter and one misdemeanor count of violating the state's pesticide regulations.

The indictment alleged that Atlanta-based Orkin and two of its employees—Daymon D. Robertson and Ronald D. Mullins—applied the pesticide Vikane "unlawfully" and "feloniously killed" Freida Watson, 65, and her husband, Hubert H. Watson, 73.

And, in the misdemeanor count, the grand jury alleged that Orkin and its two employees violated Virginia's pesticide control statute, which requires persons who apply pesticides to follow specific procedures, as well as to monitor for residue levels before allowing others to re-enter the premises.

The Watsons died shortly after their house in Galax, Va., was treated on Sept. 25, 1986, by Orkin for wood-boring bees.

The couple waited 24 hours after the pesticide was applied to re-enter their home. Mr. Watson, however, became ill the day he returned to the house and died Sept. 28. Mrs. Watson became ill a short time later and died Oct. 3. The medical examiner from Grayson County determined that the couple's hearts and lungs collapsed from exposure to sulfuryl fluoride —the same chemical used in the pesticide.

The pesticide, sold under the trade name Vikane by Dow Chemical Co., has been used for at least 25 years under similar circumstances and no deaths have resulted, said Don Olthoff, Orkin's vp of administration.

The exterminating company issued a statement a few weeks after the deaths that said: "We are saddened by the death of Mr. and Mrs. Watson and are perplexed about the cause of their deaths. . . .Our understanding is that both the Watsons were elderly and had heart conditions and that Mrs. Watson was under medication.

"We also know that the two Orkin employees, who cleared the Watson's house hours before the Watsons came home, had no ill effects. Our understanding is that up to 20 people (who) have been in and out of the house tested with no ill effects."

Because of the indictments, Mr. Olthoff declined to discuss the case in detail. However, in both its initial press statement and subsequent ones, the exterminating company maintains that the pesticide treatment did not cause the deaths of Mr. and Mrs. Watson.

"We believed the house was cleared and the deaths were unrelated to the chemicals," Mr. Olthoff said.

The company's two employees have surrendered their applicators' licenses to the state and now are working in other capacities for Orkin. Both were arrested and are free on bond.

"Our technicians voluntarily agreed to a temporary suspension of their applicator's license because of a technical infraction found by the state Department of Agriculture," noted a statement issued by Orkin on Dec. 30.

In a later statement, dated Jan. 8, three days after the indictments, Orkin issued another brief statement confirming "that the technical infraction was a failure to use the proper detector, but this infraction was not relevant to the deaths of the Watsons."

Douglas S. Vaught, the Grayson County commonwealth attorney who is prosecuting the case, says no further charges are contemplated. Charges will not be filed against Dow Chemical, he said, explaining that the case stems from Orkin and its employees applying the pesticide "contrary to the label directions."

According to Virginia law, a conviction on involuntary manslaughter charges carries a penalty of one to 10 years in prison, or 12 months in jail and/or a fine of up to $1,000. The misdemeanor count carries a penalty of a 12-month jail term, a fine of up to $1,000 or both.

No trial date has been set. ■

less ance

update

EMPLOYEE BENEFITS: COST CONTROL
Issue Date: February 16
Ad Closing: February 3

Business Insurance examines the latest methods used by employers to save money.

business insurance

NEW YORK: 220 EAST 42ND STREET/NY 10017/(212) 210-0133
CHICAGO: 740 RUSH STREET/IL 60611/(312) 649-5276
LOS ANGELES: 6404 WILSHIRE BOULEVARD/CA 90048/(213)651-3710

WE TOOK THE BITE OUT OF CHRYSLER'S DENTAL BENEFIT CLAIMS COSTS

When Chrysler Corporation went looking for a TPA they called us. We're Jardine, Emett & Chandler, part of the 8th largest brokerage firm in the world. Our Employee Benefit Services Division developed a unique dental cost containment program to fit their needs. Our programs have consistently reduced costs **without** reducing benefits and saved our client base millions of dollars. We've saved clients enough on their dental claims costs to more than pay for our services.

Serving corporations, union groups and associations, our third-party claims staff currently administers dental, disability, medical, vision and prescription drug programs for more than 275,000 covered employees throughout the United States.

But we don't stop there. Add in that we provide full service financial planning as well as consulting and brokerage services for employee benefit programs and you will see why we're one of America's largest brokers . . . and growing. Experience the 154-year Jardine tradition of service. See how our "extra effort" can take the bite out of your benefit costs.

Call Today 1-800-833-6220 Ext. 475.

Jardines

Jardine Emett & Chandler Inc.
Employee Benefits Services
433 State Street, Schenectady, N.Y.

ERISA overhaul is due: Official

By JERRY GEISEL

washington

WASHINGTON—The Employee Retirement Income Security Act needs an overhaul, says a key pension official in the Reagan administration.

"It is time to make fundamental changes" in the pension reform law, said David Walker, deputy assistant secretary at the U.S. Labor Department's Office of Pension and Welfare Benefits Administration in Washington, D.C.

Speaking at a meeting sponsored by the ERISA Industry Committee in Washington last week, Mr. Walker confirmed as reported in *Business Insurance* last month that the administration is preparing sweeping pension legislation (*BI*, Dec. 29, 1986).

While he declined to provide details, Mr. Walker said one issue facing the administration as it drafts a proposal is whether companies should be allowed to withdraw surplus assets from overfunded pension plans without terminating the plans and transfer those assets to prefund post-retirement health care benefits.

Mr. Walker noted that while pension plans in the aggregate have $340 billion in surplus assets, employers' unfunded liability for post-retirement health care benefits is about $100 billion.

The administration believes there should be more flexible rules for overfunded pension plans and less lenient rules for underfunded plans, according to Mr. Walker, referring to the administration's consideration of requiring tougher minimum funding rules.

Mr. Walker also noted that the administration intends to review ERISA reporting requirements with a view toward drafting a comprehensive proposal.

At the same meeting, Kathleen P. Utgoff, executive director of the Pension Benefit Guaranty Corp., said it is in the interest of most employers to support an administrative proposal—now in the final drafting stages—that would base the termination insurance premiums employers pay the PBGC on the financial condition of their pension plans.

"If you don't speak up, you will be the ones who will pay the costs," Ms. Utgoff warned.

Under this variable-rate premium structure, employers with well-funded and overfunded plans would pay an annual PBGC premium of roughly $10 to $12 per plan participant.

The annual premium for an employer with an underfunded plan would be based on the amount the plan is underfunded but would be capped at about $100 per plan participant.

In contrast, if the current flat-rate premium is maintained, the premium paid by all employers with defined benefit plans might have to be raised to $30—up from the current $8.50—to shore up the PBGC, Ms. Utgoff said.

If Congress does not adopt a variable-rate premium structure, the Pension Benefit Guaranty Corp. insurance program will remain unstable as employers with well-funded defined benefit plans terminate those plans rather than pay the same premium as companies with underfunded pension plans, Ms. Utgoff said.

Medical malpractice

The cost of medical malpractice insurance varies widely by state and physician speciality, according to the General Accounting Office.

In its survey of malpractice insurance premiums paid by physicians in six states, the GAO found the highest premiums in New York, California and Florida, with much lower rates in Arkansas, North Carolina and Indiana.

For example, malpractice rates as of Jan. 1, 1986, ranged between $1,900 and $2,700 for general practice physicians in Arkansas, Indiana and North Carolina.

However the range of malpractice rates for general practitioners in California, Florida and New York was about $9,000 to $10,500.

In each state, the highest malpractice insurance premiums were paid by neurosurgeons:

- $11,380 in Indiana.
- $12,612 in Arkansas.
- $18,595 in North Carolina.
- $37,984 in California.
- $43,019 in New York.
- $75,367 in Florida.

The premiums reported in each state by the GAO were those charged by each state's leading insurer of physicians for the predominately purchased coverage limits.

AIA hires counsel

Richard C. Lawson, a former Senate committee staff member, has joined the American Insurance Assn. as counsel in the trade group's Washington office.

Mr. Lawson, who will work on a variety of liability and legislative issues for the association, had been counsel for the Senate Labor and Human Resources Committee since 1980.

Mr. Lawson was involved in the negotiations that led to the 1984 reform amendments to the Federal Longshoremen and Harbor Workers Compensation Act.

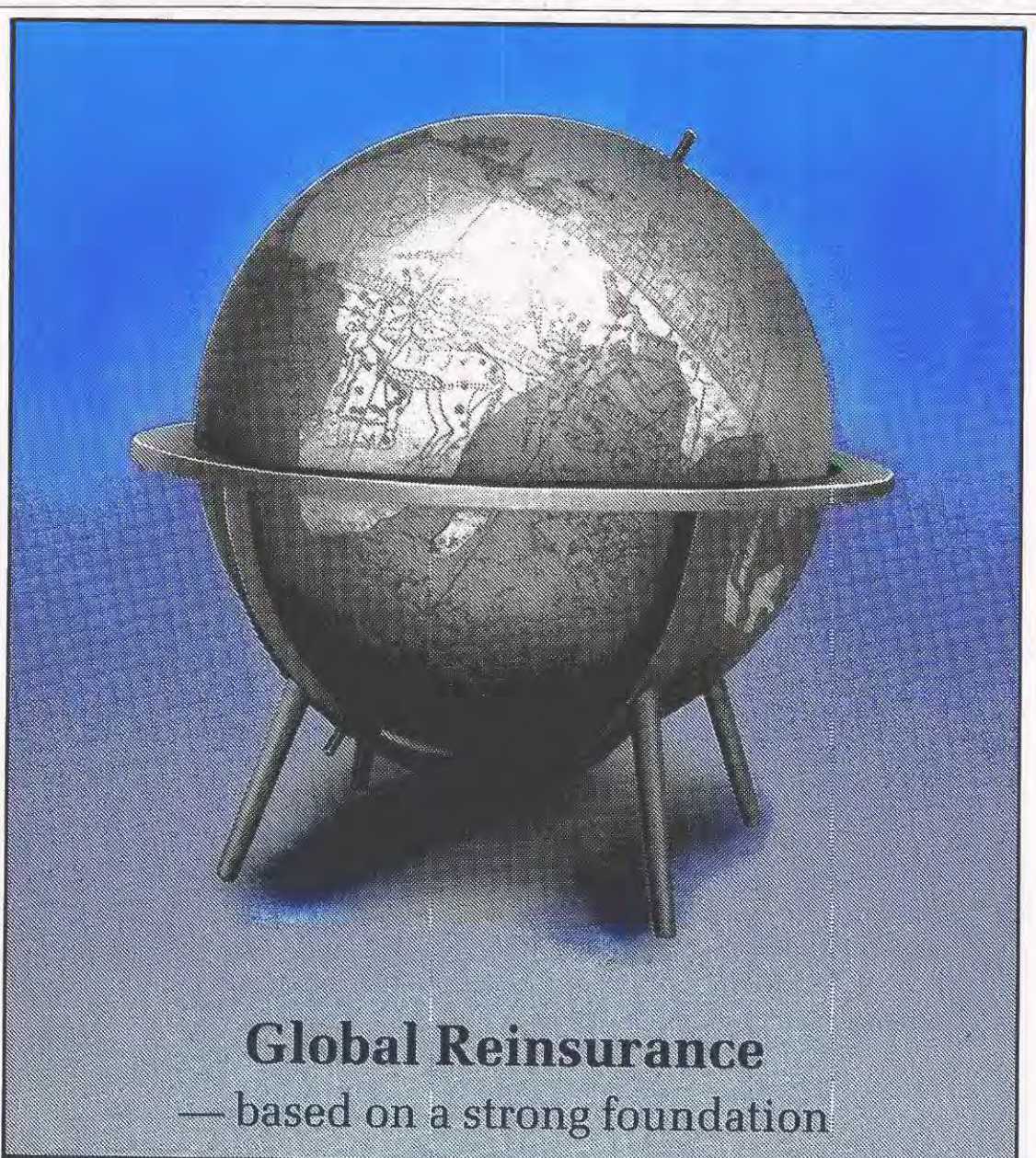
Prior to coming to Washington, Mr. Lawson was an associate with the law firm of Thompson, Mann & Hutson located in Atlanta.

PBGC appointment

Gary Ford, a former attorney with the Pension Benefit Guaranty Corp., is rejoining the federal agency as general counsel—the PBGC's top legal position.

Mr. Ford was a staff attorney and special counsel in the PBGC's Office of General Counsel between 1977 and 1979.

Since 1981, Mr. Ford has been a principal with the Washington law firm of Groom & Nordberg. ■



For further information and a copy of the Annual Report contact the Public Relations Department

Head Office:
ARIG House
Diplomatic Area P.O. Box 26992
Manama, Bahrain
Tel: 521110
Telex: 9395 BN, 9396 BN
Telefax: 0973-531155

ARIG

London Contact Office:
8th Floor, Plantation House (Sec-B)
31-35 Fenchurch Street
London EC3M 3DX
Tel: 01-626 4155/6
Telex: 893281 Arig G
Telefax: 01-283 1923

المجموعة العربية للتأمين (ش.م.ب)
ARAB INSURANCE GROUP (B.S.C.)

Florida home builders first to self-insure under new law

By MICHAEL BRADFORD

TALLAHASSEE, Fla.—The Florida Home Builders Assn. is the first group to begin self-insuring its risks under Florida's 1986 Tort Reform and Insurance Act.

The Florida Home Builders Commercial Insurance Fund is offering property/casualty coverages of up to $1 million in limits to the association's 22,000 members.

Under the new law, business and professional groups in the state are allowed to form self-insurance funds to provide their own coverages.

Since Jan. 1, the new self-insurance fund program has bound coverage for approximately 40 participants, and a program official says she expects as many as 4,500 home builders will be insured through the fund by year-end.

"Creation of self-insurance funds to provide commercial property and liability insurance signals the dawn of a new competitive day in Florida's commercial insurance market," said Florida Insurance Commissioner Bill Gunter in a statement announcing the program.

The commissioner noted that the creation of the home builders fund is an example of how Florida's new tort reform and insurance law is making insurance more available and affordable in the state.

The goal of the new self-insurance fund is "to provide an ongoing market in Florida" for home builders that "have been unable to find coverage in the state," said Kay Welch, vp of commercial lines for Executive Risk Consultants Inc., the fund administrator.

Executive Risk Consultants, an Orlando-based administrative and insurance services firm, provides the fund with underwriting, rating and other services and participants with loss control programs.

The fund's assets will be primarily premium payments, said Ms. Welch.

But, the Insurance Department directed the fund to also establish a $50,000 claims fund and submit a $100,000 certificate of deposit to the department, she said.

Home builders are expected to pay approximately $20 million for coverage through the fund in its first year of operation, with individual premiums averaging $8,000, Ms. Welch estimated. The only fee assessed is a one-time policy issuance charge that cannot exceed $200.

The fund provides primary general liability and automobile liability limits of up to $1 million and property insurance including special multiperil and protection for model homes with limits up to $350,000. Higher property limits will be available if facultative reinsurance is found.

Builder's risk insurance is available with limits of $250,000 per structure and $1 million per occurrence.

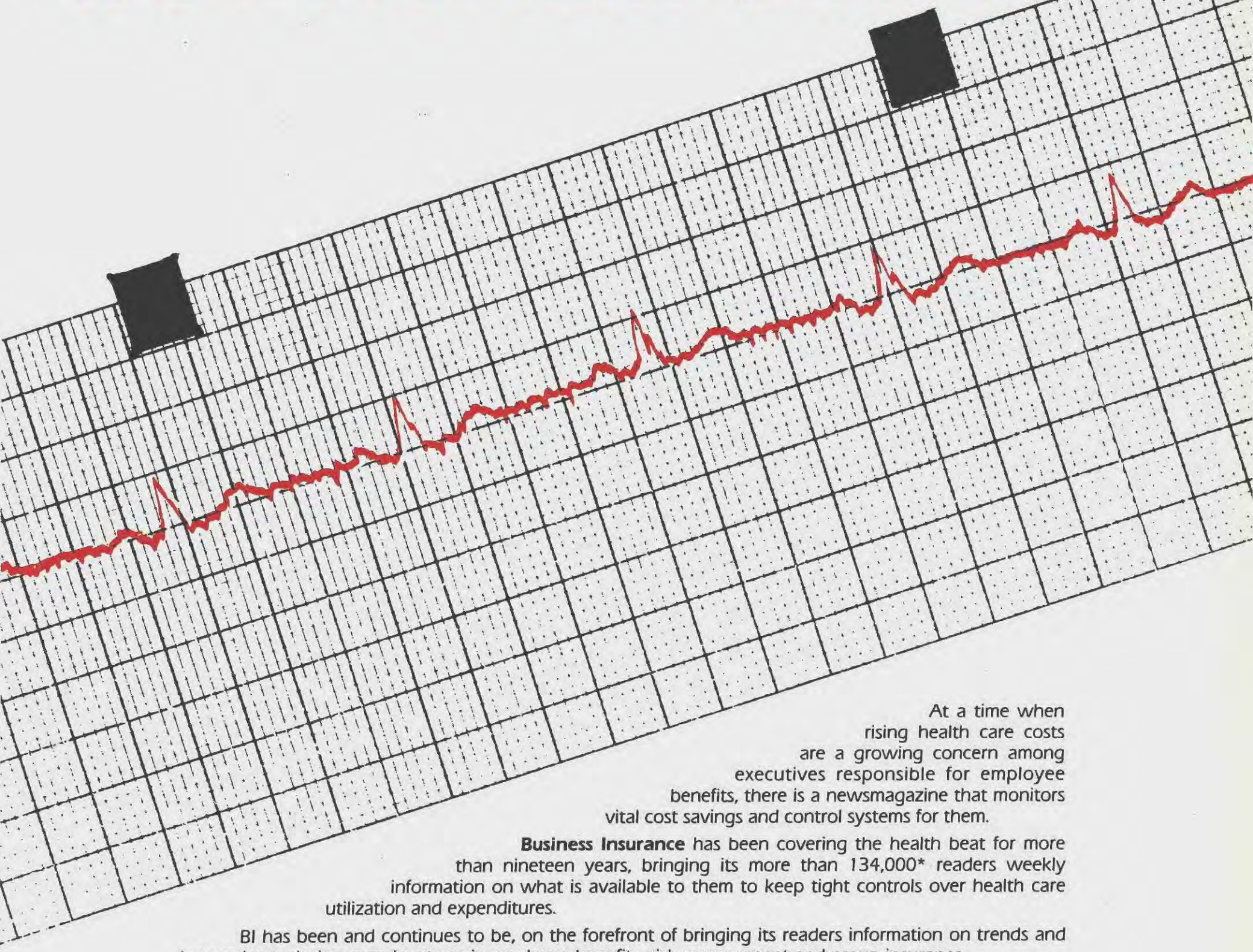
The fund retains an exposure of $100,000 per occurrence. The principal reinsurer for liability coverages is General Reinsurance Corp. of Stamford, Conn., and property coverage is reinsured mainly with Lloyd's of London syndicates.

Executive Risk Consultants also is arranging excess liability limits of $2 million excess of $1 million in conjunction with General Re.

The fund is using the Insurance Services Office rates approved by the Florida Department of Insurance. Although the department has said that insurers using ISO rates are responsible for discounting them to reflect the insurers' anticipated savings resulting from the tort reform measures under the new state law, if any, the fund will not be able to deviate from the rates for some time. "We can't discount the rates, because the fund has no experience yet," she said.

The department also has received applications to create self-insurance funds from the Florida Hotel & Motel Assn. and an organization of taxi operators, said a spokeswoman. The department has sent out 75 applications. ■

We never miss a beat!



At a time when rising health care costs are a growing concern among executives responsible for employee benefits, there is a newsmagazine that monitors vital cost savings and control systems for them.

Business Insurance has been covering the health beat for more than nineteen years, bringing its more than 134,000* readers weekly information on what is available to them to keep tight controls over health care utilization and expenditures.

BI has been and continues to be, on the forefront of bringing its readers information on trends and innovative techniques and systems in employee benefits, risk management and group insurance.

So, when management is concerned about the rising cost of benefits (now estimated at 35.2% of payroll**) **Business Insurance** is there to help.

As both readers and advertisers have learned, **we never miss a beat.**

*includes pass-along
**U.S. Chamber of Commerce

business insurance

a publication of Crain Communications Inc.

New York: 220 East 42nd Street, NY 10017 (212)210-0133
Chicago: 740 Rush Street, IL 60611 (312)649-5276
Los Angeles: 6404 Wilshire Boulevard, CA 90048 (213)651-3710

the professional marketplace

RATES AND CLOSING TIME:

Rates: *Display classified is $86.25 per column inch, minimum of one inch. Straight classified is $7.00 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional $13.00 charge for blind box ads. Only those responses which fit into a business size envelope will be fowarded. Responses are fowarded daily.*

Closing: *Published every Monday. Copy must be in typewritten form by noon Tuesday, 6 days preceding publishing date. No verbal phone copy accepted. Prepayment required for straight advertisements. Mail ads to Margaret Hikido, Classified Advertising, 740 N. Rush St., Chicago, IL. 60611. For more information call 312-649-5340.*

HELP WANTED

RISK MANAGEMENT PROFESSIONAL
Position responsible for developing and administering a comprehensive risk management program for a midwestern gas and electric utility. Requires college degree in Risk Management, Engineering, Business Administration or related field. Must have sound understanding of the concepts of property and casualty insurance, loss control and financial analysis. Stong communication skills required. Salary commensurate with experience. Please send resume and salary history to: Business Insurance, Box 2216, 740 Rush Street, Chicago, IL 60611

UNDERWRITING MANAGER
Home office position created by expansion provides an excellent career path to a No. 2 Manager Underwriter. 6 - 10 years multi-line and multi-state experience with commercial auto or long haul truck experience a plus. CPCU or completion of at least 4 parts preferred.

CASUALTY CLAIMS SUPERVISOR
Inside position supervising independent adjusters and attorneys with large commercial auto claims nationwide. 5-10 years casualty claim handling including litigation file handling experience required. Long haul truck, no fault, structured settlements, and multi-state experience a plus.

These positions located in a convenient Milwaukee east side location with free parking. We offer excellent opportunities for professional growth and development along with an excellent salary, profit sharing and life and health benefit package. Please send resume and salary history in confidence to:

THE INTEGRAL INSURANCE COMPANY
HUMAN RESOURCES: P.O. Box 2051
Milwaukee, Wisconsin 53201

INVESTMENT ANALYST
to cover insurance stock. 2 - 4 years investment or operating experience. Contact: F. B. Wightman, Duff & Phelps Inc., 55 E. Monroe, Chicago 60603. (312) 263-2610.

HELP WANTED

EXECUTIVE DIRECTOR/ RISK MANAGER SCHOOLS EXCESS LIABILITY FUND (S.E.L.F.)
Excellent opportunity for professional risk manager with heavy risk financing/accounting experience to start-up and manage a statewide public self-insurance authority of over 900 member school districts.
Candidate must have 5 years of top level administrative experience in contract negotiations, risk management related activities and possess excellent verbal and written communication and interpersonal relations skills.
Degree in public or business administration, ARM, knowledge of California laws, codes, rules and regulations pertaining to insurance and public liability desirable.
Salary 50K - negotiable, plus full benefits package
Position closes February 20, 1987. All applications must be post marked on or before the closing date for consideration.
Write for application and supplemental questionnaire, address our request to:
S.E.L.F.
c/o FAI
700 Sunrise Ave Suite F
Roseville, CA 95661

CAROLYN DAVIS ASSOCIATES, INC.

Staffing Consultants to the Insurance Industry

Property & Casualty

Life • Health • Pension

701 Westchester Avenue
Suite 308 W
White Plains, NY 10604
(914) 682-7040

PHARMACY CREDIT CARD SOFTWARE
Field tested 6 years. Includes processing, cost containment & n-depth statistical reporting capabilities. User documentation & training. Perfect for large H.M.O.'s. Available for license. Call 800-645-3332 (In NY 516-626-0007)

EMPLOYEE BENEFIT MANAGER

Outstanding independent agency in the Southeast looking for superb talent with brokerage, consulting or company background. Initiative, professional integrity and proven experince can lead to $100,000+ opportunity. Send complete data to Box 2218, Business Insurance, 740 Rush St., Chicago, IL 60611.

Exective Placement
Nationwide specialists in
COMPENSATION & BENEFITS
V.I.P. RESOURCES, INC.
200 Park Ave., Suite 303 East
New York, NY 10166
(212)344-2100 Joseph Gross

SALES PROFESSIONAL
Large, prestigious Northern New Jersey Agency in business for 75 years seeks seasoned Commercial Producers. Remuneration, commensurate with abilities, to include bonus & equity interest in accounts written. Comprehensive benefit package included. Send resume to:

Wharton/Lyon & Lyon
101 So. Livingston Ave.
Livingston, N.J. 07039
Attn: R.A. Sulat

CLAIMS AND RISK MANAGER CATHOLIC MUTUAL GROUP AND THE DIOCESE OF BUFFALO

seek a multi-line Property And Casualty Claims Person with a minimum of seven years experience to administrate all claims, safety, and risk management functions. The candidate will be an integral part of a high performance program. No prior risk management or safety experience necessary. Position will provide in depth training in all non-adjusting areas. Proven casualty investigative skills with a major insurance company or independent a plus. Competitive salary ($30,000-$35,000) and benefits. Send complete resume including salary history in confidence to: **Catholic Mutual Group, Ms. Cathy Allen, 4223 Center Street, Omaha, Nebraska 68105.**

CASUALTY REINSURANCE MANAGER
Chicago based reinsurance intermediary seeks an individual with at least 2 years experience in placing casualty facultative reinsurance. Salary to be commensurate with experience. Please send resume with salary history to:
Box 2226, Business Insurance, 740 Rush St., Chicago, Il, 60611

RISK MANAGER
$34,356-$41,760/annually. Administers the risk management program to provide for protection of County assets and personnel against financial loss; develops policies designed to manage risks involved in County activities. Requires increasingly responsible experience in risk management and/or insurance related fields; graduation from a four year college or university with major coursework in business/public administration or related field. County application forms required. **Apply by February 11, 1987** to Washington County Personnel, 150 N. First Ave., Room B-2, Hillsboro, OR 97124, (503) 648-8606. An E.O.E.

MARKETING PROFESSIONAL
Rapidly growing regional firm seeks an experienced individual to develop and lead its marketing department. Our successful candidate will likely have 5+ years of senior marketing/or underwriting experience. Graduate studies and CPCU are desirable. Superb growth potential is available in an organization committed to excellence. Salary commensurate with qualifications and experience. Please send resume and salary history to:
Larry H. Powell, CPCU
President
Powell & Company
P. O. Box 2607
Norcross, Georgia
30091 - 2607

EXECUTIVE VICE-PRESIDENT
Major Northern California Broker needs Chief Operating Officer to head sales, account servicing, and general management. Experience in construction, electronics, and/or trucking a plus. Attractive six-figure salary plus stock options. Must have broad management experience.

GENERAL MANAGER
Prestigious Los Angeles mid-size broker needs proven manager to head sales, marketing and training. Strong chance of being promoted to President within two years.

BRANCH MANAGER
This Orange County operation of a multi-geographic broker needs a dynamic leader to establish a new business plan, maintain existing business and be responsible for bottom line P & L.

IR Group

Richard Shoemaker, President
IR Search
7844 Madison Avenue, #106
Fair Oaks, CA 95628
(916)965-5511

Statement of Operations: The search entities of the IR Group are collectively the largest insurance search firm in the Western States. We have offices in Sacramento, San Francisco, Newport Beach and Phoenix. Our senior staff comes from the management ranks of the insurance industry.

Supervisor Benefits Administration

Red Lobster, America's foremost full-service seafood restaurant chain, has a key opportunity for a benefits expert adept at working in a self-insured corporate environment.

We are seeking an individual with broad-based benefits administrative and analysis experience. This position reports to our Manager of Compensation and Benefits, and the results of the administration and analysis directly impact our company's bottom line.

Responsibilities include:
- Group Health, Dental, Life and Disability Insurance
- Workers Compensation/Unemployment Compensation
- Patient Advocacy Programs
- Current Tax Laws and Legislation
- Funding Control and Reconciliation

Requirements include:
- Experience In The Above Areas
- 3-5 Years Corporate Benefits Administration
- Proven Supervisory Experience
- Bachelor's Degree, MBA Preferred

In addition to our attractive Central Florida location, you'll enjoy a competitive starting salary and a comprehensive benefits package that includes medical/dental insurance, profit sharing & savings plan, retirement and paid relocation. For immediate consideration, send your resume with salary history in confidence to: **Red Lobster, Department SBA/BI, P.O. Box 13330, Orlando, FL 32859.** An Equal Opportunity Employer.

Red Lobster®

People committed to being the best are a company's strongest asset. Thanks to the vision and drive of dedicated professionals, Protection Mutual, a part of the Factory Mutual System, has built a reputation over the past 100 years as a leader in the fields of loss prevention and commercial property insurance.

HPR & Boiler Professionals

Commitment To Quality Makes The Difference

Due to our continuing growth, we are planning significant staffing additions in a number of key areas. Many of our offices listed below are seeking qualified individuals for the following positions:

- **HPR ACCOUNT ENGINEERS**
- **HPR ACCOUNT UNDERWRITERS**
- **BOILER AND MACHINERY REPRESENTATIVES**

To individuals with crecentials suitable to our current needs, we can offer highly competitive starting salaries supported by a superior benefits package.

For confidential consideration or additional information, we invite you to contact our Personnel Office by calling:

(312) 825-4474, Ext. 283
Or write to the Personnel Department at:
Protection Mutual Insurance Company
300 S. Northwest Highway
Park Ridge, Illinois 60068

Regional and District Offices: Atlanta, Boston, Chicago, Cleveland, Dallas, Detroit, Houston, Indianapolis, Kansas City, Los Angeles, Milwaukee, Minneapolis, Montreal, New Jersey, Philadelphia, St. Louis, San Francisco, Seattle and Toronto.

an equal opportunity employer

Protection Mutual Insurance Company

SEMINAR/CONFERENCE PROGRAM DIRECTOR

If you are a recent MBA, law or accounting school graduate with some experience in the insurance industry, financial services, or marketing and desire a career that permits you to be creative, deal with high-level issues and top executives, be handsomely compensated for your own results, work in a small company atmosphere, and thoroughly enjoy it at the same time, we want to talk with you.

We are seeking bright, energetic professionals who like to work with concepts/ideas and people to design and administer seminars on key issues in insurance including reinsurance, new products, property and casualty issues, finance, law, marketing, distribution, underwriting and risk management. These seminars are targeted for audiences primarily comprised of insurance executives, corporate and banking executives, attorneys and C.P.A.s.

If you are a self-starter with a high energy level, like dealing with people and ideas and can work well under the pressure of deadlines, we offer a unique opportunity.

Our dynamic company, based in Manhattan, offers a competitive starting salary, a complete employee benefit package consisting of group life insurance, major medical and dental coverage, and retirement plan, all company paid, plus an annual bonus tied to your individual contribution.

If this opportunity appeals to you, please send your resume, complete with salary history (only resumes with salary history will be considered), to: **Box 2225, Business Insurance, 740 Rush St., Chicago, Il. 60611**

datebook

FEB. 2-4. 15th Annual Professional Development Conference at Texas A&M University in College Station, Texas, sponsored by Region III of the American Society of Safety Engineers and the Texas Section of the American Industrial Hygiene Assn.; $100. Joe Mahac, Shell Oil Co., 1 Shell Plaza, P.O. Box 4320, Houston, Texas 77210-4320; 713-241-0023.

FEB. 4-6. Coping With the Insurance Crisis —Risk Management Tools of the Trade for Public Agencies conference in Monterey, Calif., sponsored by the Public Agency Risk Managers Assn.; $150 plus PARMA membership fees: $20 for public agency, $100 for non-public agency. PARMA Conference, 5750 Almaden Expressway, San Jose, Calif. 95118; 408-265-2600.

FEB. 4-6. Fourth Annual Atlanta Risk Management Educational Conference sponsored by the Atlanta Chapter of the Risk & Insurance Management Society Inc.; $15 for RIMS members; $140 for non-members; $25 for students. Theodore L. Young, Cox Enterprises Inc., 1400 Lake Hearn Drive, Atlanta, Ga. 30319; 404-843-5149.

FEB. 5. Risk Management: Evaluating the Tools of the Trade seminar in Minneapolis, sponsored by the Minnesota Chapter of the Risk & Insurance Management Society; $55. Mary Hewson, Coles Media Co., 329 Portland Ave., Minneapolis, Minn. 55145; 612-375-7079.

FEB. 8-11. The Future Is Now-1987: 13th Annual Meeting of the Professional Insurance Mass-Marketing Assn. in Laguna Niguel, Calif.; $545 for members of PIMA; $695 for non-members. Professional Insurance Mass-Marketing Association, 4733 Bethesda Avenue, Suite 330, Bethesda, Md. 20814-5228; 301-951-1260.

FEB. 9-10. Developing and Managing a Medical Surveillance Program course in Los Angeles, sponsored by the University of Southern California, Institute of Safety and Systems Management; $250. University of Southern California, Institute of Safety and Systems Management, Office of Extension and In-service Programs, 3500 S. Figueroa St., Suite 202, Los Angeles, Calif. 90007; 213-743-6523.

FEB. 9-10. Solving Problems of the Gaps in Coverage When Utilizing the New General Liability Forms conference in New York, sponsored by Executive Enterprises Inc.; $875; $775 for second registrant from the same organization; $650 for third or more registrants. Executive Enterprises Inc., 222 W. 21st St., New York, N.Y. 10010-6904; 800-223-0787; 800-831-8333 in New York.

FEB. 10. Property and Casualty Insurance: Controlling Your Risk and Costs conference in Chicago, sponsored by the Illinois State Chamber of Commerce Center for Business Management; $90 for ISCC members; $135 for non-members. ISCC Center for Business Management, 20 N. Wacker Drive, Chicago, Ill. 60606; 312-372-7373.

FEB. 10-12. National Council for Prescription Drug Programs' 10th Annual Conference in Phoenix, Ariz.; $175 for NCPDP members; $275 for non-members; $50 for additional spouse/guest. NCPDP Registration, 4201 N. 24th St., Suite 110, Phoenix, Ariz. 85016.

FEB. 11-13. 12th Annual Enrolled Actuaries Meeting in Washington, D.C., co-sponsored by the American Academy of Actuaries and the Conference of Actuaries in Public Practice; $240 for AAA and CAPP members, $265 for non-members. Enrolled Actuaries Meeting, 1720 I St. N.W., Seventh Floor, Washington, D.C. 20006; 202-223-8196.

FEB. 11-13. Audio-Visual Media for Safety and Health: Developing and Producing Inexpensive Programs course in Los Angeles, sponsored by the University of Southern California, Institute of Safety and Systems Management; $420. University of Southern California, Institute of Safety and Systems Management, Office of Extension and In-service Programs, 3500 S. Figueroa St., Suite 202, Los Angeles, Calif. 90007; 213-743-6523.

FEB. 12. Business Interruption—A Question of Survival conference in London, sponsored by the Assn. of Insurance & Risk Managers in Industry & Commerce; £48 (approx. $70) for AIRMIC or Assn. Europeene des Assures de L'Industrie members; £60 (approx. $88) for non-members. Assn. of Insurance & Risk Managers in Industry & Commerce, Secretariat, 31/35 Fenchurch St., London EC3M 7DX; 01-621-0337; 01-621-8929.

FEB. 12-13. Buying Right—Preferred Provider Organizations workshop in Miami, sponsored by the National Assn. of Employers on Health Care Alternatives; $350 for NAEHCA members; $450 for non-members. Registrar, National Assn. of Employers on Health Care Alternatives, 304 Key Executive Building, 104 Crandon Blvd., Key Biscayne, Fla. 33149; 305-361-2810.

FEB. 14. Promoting Safety and Health in Today's Economy course in Los Angeles, sponsored by the University of Southern California, Institute of Safety and Systems Management; $150. University of Southern California, Institute of Safety and Systems Management, Office of Extension and In-service Programs, 3500 S. Figueroa St., Suite 202, Los Angeles, Calif. 90007; 213-743-6523.

FEB. 16-20. Basic Governmental Risk Management seminar in Tucson, Ariz., sponsored by the Public Risk & Insurance Management Assn.; $400 for PRIMA members; $450 for non-members. Public Risk & Insurance Management Assn., 1120 G St. N.W., Suite 400, Washington, D.C. 20005; 202-626-4650.

FEB. 17-18. Health Care Cost Containment workshop in Kansas City, Mo., sponsored by the Health Research Institute; $495. **Also March 9-10** in Hilton Head, S.C.; **March 23-24** in Stamford, Conn.; **April 13-14** in Orlando, Fla.; **May 11-12** in Houston; **June 1-2** in Chicago; **June 22-23** in Philadelphia; **July 27-28** in Honolulu; **Aug. 17-18** in San Diego; **Sept. 14-15** in Cleveland; **Oct. 5-6** in Boston; **Oct. 26-27** in San Francisco; **Nov.9-10** in New York; and **Dec. 7-8** in Chicago. Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

FEB. 17-19. The London Insurance Market: The Way Forward conference in London, sponsored by the Insurance & Reinsurance Research Group Ltd., £460 (approx. $658); £414 (approx. $592) for second or more registrants from same organization. Linda Schidlof, IRRG, Bridge House, 181 Queen Victoria St., London EC4V 4DD, 01-236-2175.

FEB. 17-20. Reinsurance Contract Wording seminar in Tarrytown, N.Y., sponsored by Robert W. Strain Seminars Inc.; $1,295 (includes lodging and meals). **Also May 26-29.** Robert W. Strain Seminars Inc., P.O. Box 1000, Wingdale, N.Y. 12594; 914-832-9384 or 212-677-5974.

FEB. 19. Health Improvement/Wellness workshop in Kansas City, Mo., sponsored by the Health Research Institute; $250. **Also March 25** in Stamford, Conn.; **May 13** in Houston; **June 3** in Chicago; **July 29** in Honolulu; **Aug. 19** in San Diego; **Oct. 7** in Boston; **Oct. 28** in San Francisco; **Nov. 11** in New York; and **Dec. 9** in Chicago. Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

FEB. 19. Questions on the New CGL and CP Policies? Ask the Claims Department! workshop in Richmond, Va., sponsored by the Society of Chartered Property & Casualty Underwriters; $110 for CPCU members; $140 for non-members. **Also March 12** in Baltimore. Mari Jennings, Society of CPCU, Kahler Hall, 720 Providence Road, CB#9, Malvern, Pa. 19355; 215-251-2741.

MARCH 29-APRIL 3. 25th Annual Risk and Employee Benefits Conference in Las Vegas, Nev., sponsored by the Risk & Insurance Management Society. Before Jan. 30: $545 for RIMS members, $595 for non-members for full week; $425 for RIMS members, $475 for non-members for partial week; $195 for one day. After Jan. 30: $595 for RIMS members, $645 for non-members for full week; $525 for RIMS members, $575 for non-members for partial week. RIMS Conference Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

FEB. 23-27. Loss Control Management course in Atlanta, sponsored by the International Loss Control Institute; $695. **Also March 23-27** in Calgary, Alberta. International Loss Control Institute, P.O. Box 345, Loganville, Ga. 30249; 404-466-2208.

•The Datebook is compiled from notices sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Business Insurance reserves the right to select meetings of most interest to its readers and cannot guarantee that notices will be printed.

the professional marketplace

LAW
LAURA A. WANGROW, LTD.
EXECUTIVE SEARCH
333 WEST WACKER DRIVE
SUITE 700
CHICAGO, ILLINOIS 60606
(312) 444-2046

LOWEST COST, LONG DISTANCE TELEPHONE SERVICE
Monthly RENEWALS
Good COMMISSIONS
National 800-874-1114 ext 8121B
Florida 800-327-3006 ext 8121B

FOR SALE
MGA LICENSE
Texas Grandfathered
License For Sale.
Reply to:
P. Schatz
P.O. Box 1663
Evanston, IL 60204

HARVARD AIMES GROUP
Executive Search
Risk Management, Benefits and Insurance Professionals
6 Holcomb St PO Box 16006
West Haven, CT 06516
(203) 933-1976

DYNAMIC NEW P&C INSURANCE COMPANY. . . .

Admitted in 40 states, specializing in excess liability, fronting arrangements and special risk programs is seeking candidates for the following management team positions:

- Vice-president of Underwriting
- Vice-president of Marketing
- Vice-president of Finance
- Vice-president of Claims
- Vice-president of Risk Management

Ground floor opportunity. Compensation based on salary plus incentive bonus. Competitive benefit package. Qualified applicants should call or send detailed resume, salary requirements and references in confidence to Tim Welpott, Asst. to the President, Inland Group, Inc. 500 Davis Street, Suite 600, Evanston, Illinois 60201
(312) 475-7111

INSURANCE LICENSES FOR SALE
Owner wishes to divest a "shell" insurance company which owns life and health insurance licenses in 46 states plus D.C. All insurance in force cancelled as of 12/1/86. All cash offers submitted in writing for the licenses and capital surplus will be considered. Requests for information and offers should be submitted to:
United Continental Investment Corp.
P.O. BOX 1784
Encino, CA. 91316

PRODUCER
up to
$100,000 guaranty to qualified producer with book of business.
Multi Office, S.F. Bay Area Agency.
Send inquiries to:
Vertical, P. O. Box 17847,
Anaheim, CA 92817-7847

SURPLUS LINES AGENTS
Have facility to place Commercial Auto Physical Damage in all States. Also have capacity to place Restaurant/ Tavern package, SMP, Contractors Equiptment, Logging Equiptment, Aircraft and others in selected States. Call or Telex for further information.
NAT'L UNDERWRITERS
1-800-635-6366 wait for dial tone and then dial 845. TELEX 159271 HS UND

Business Insurance

Circulation Breakdown*

Commercial Consumers

Administrative:

CEO's Presidents and Owners 2,803
Vice-presidents, General Managers and Other Administrative Personnel 2,601

Financial:

Chief Financial Officers and Vice-presidents of Finance 1,890
Secretaries, Treasurers, controllers and other Financial Personnel 6,127

Risk/Employee Benefits:

Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 7,471

Sub-total 20,892

Associations 477
Government, Unions and Educational Institutions 1,357

Commercial Consumers

Sub-total 22,726

Insurance Agents and Brokers 10,795
Insurance Companies 7,168
Financial Institutions 897
Actuaries, Attorneys, Adjusters, Appraisers and Consultants 4,536
Others Allied to the Field 1,505
TOTAL 47,627

* Source Business/Occupational breakdown of qualified circulation, May 26, 1986 issue, as submitted to BPA for June 1986 BPA Publisher's Statement.

BI Classifieds assure top quality results!

COMMERCIAL ACCOUNT EXECUTIVE
Large growth oriented Nashua based multi-office agency has outstanding career opportunity for a professional, experienced, energetic, success oriented commercial lines producer. Requires excellence in servicing existing accounts and production of new business. Strong compensation and benefits package. Send resume to:
SADLER INSURANCE AGENCY, INC.
24 Railroad Square
C.S. 2021
Nashua, NH 03061
Attn: James E. Cleary

INSURANCE ANALYST
RISK AND INSURANCE SPECIALIST

MSU System Services, Inc., the high technology service arm of the Middle South Utilities System, is currently seeking an Insurance Analyst and a Risk and Insurance Specialist to join its Risk Management Department.

INSURANCE ANALYST

This staff level position provides functional support for insurance programs and plans including the administration and analysis of coverages, maintenance of loss and premium information, and participates in the review of contracts regarding both risk and insurance. The position requires three (3) plus years experience in corporate insurance or in an insurance company as either an underwriter or marketing person; experience in a utility setting is especially desirable. A BS degree in an appropriate discipline is preferred.

RISK AND INSURANCE SPECIALIST

This staff level position conducts research projects necessary for the development of a sound philosophy of risk management for the MSU System Services, Inc. system; administers insurance coverages including the development of a system for maintaining loss and premium information and System contracts from a Risk and Insurance Management viewpoint; prepares specifications for insurance proposals and premium quotations. A BS degree in corporate insurance, insurance underwriting and/or marketing, fundamental and advanced training in specialized insurance disciplines and rating techniques, and a fundamental understanding of Business Law.

MSU System Services, Inc. is competitive in its salary and benefits program. Qualified applicants should submit resume to the address below or contact Ms. Marjorie Frederic at (504) 569-4965.

MSU System Services, Inc.
Post Office Box 61000
New Orleans, Louisiana 70161

An Equal Opportunity Employer M/F/H

COME JOIN A LEADER!!!
ACCOUNT EXECUTIVE - PROPERTY/CASUALTY

We want someone who can say no to say yes to Holmes-Murphy. You won't settle for just any job or company. You've said no to a lot of those. You are a doer and self-starter. You raise questions, stimulate action. Create results. You are a leader who wants a career opportunity that takes you in bold directions.

We're HOLMES-MURPHY, a dominant, dynamic, full service insurance agency. We have an outstanding Account Executive career opportunity in our property/casualty department for someone who has the following qualifications:

- 8-10 years property/casualty sales experience
- proven successful sales track record
- experience working with National accounts
- major strength in casualty business
- risk management oriented

You know who you are - a professional who finds deep satisfaction in service, innovation and integrity. A leader with ideas, an eye for opportunity, a will to succeed and desire for unlimited earning potential.

We provide an excellent compensation/benefit package. Send resume and salary history in strictest confidence to:

HOLMES MURPHY **An Equal Opportunity Employer**

HOLMES MURPHY & ASSOCIATES, INC.
Human Development Manager
420 Keo Way
Des Moines, Iowa 50309

USX benefit changes

Continued from page 1

the Equitable Life Assurance Society of the United States, employees did not contribute to the premium or pay an annual deductible, said a union spokesman for Local 1014 in Gary, Ind.

Diagnostic and preventive services were covered at 100% and most restorative services were covered at 85%. Prosthodontics were covered at 50%.

Union workers also were covered under a vision care program, which will resume if the new contract is ratified, said a spokesman in East Chicago.

Under the plan—which was insured by Aetna Life & Casualty Co.—employees did not pay premiums, deductibles or copayments, the spokesman for Local 1014 said.

- A health care cost-containment program will be implemented soon after the effective date of the contract.

The program will include pre-admission review, pre-admission testing, a second-surgical opinion program and an outpatient surgery program, said a union spokesman in Pittsburgh.

Although the implementation of a utilization review program was approved by USX and the union last July, final details of the program have not been decided, the union spokesman said. "There will be a transition period of several months after the effective date of the contract."

Benefits under the company's group health insurance plan will not change under the new agreement, he said.

Under the plan, employees do not contribute to the monthly premium. However, they pay a $75 annual deductible for single coverage and $150 for family coverage. Employees also pay a 20% copayment of all expenses, said the union spokesman for Local 1014 in Gary.

The annual coverage limit under the plan is $30,000.

USX's group health plan is insured by various local Blue Cross & Blue Shield plans, he said. However, employees lost coverage under the plan when the contract expired July 31.

The union negotiated an interim health plan through Blue Cross of Western Pennsylvania, which was financed through a special strike fund, said the spokesman in East Chicago.

USX also will pay an estimated $37 million in early retirement and severance payments to about 5,000 employees at plants that will not reopen or where the workforce will be reduced.

"This is not the Cadillac insurance coverage—it's the bare necessity," he said.

Under the interim plan, union members pay about $100 a month in premium for both single and family coverage. They do not pay any deductibles or copayments.

However, while this coverage is available to USX union employees nationwide, the union's District 31 in East Chicago also set up a special fund for members who need financial assistance for catastrophic illnesses, he said.

The fund, the Steelworkers Medical Emergency Fund, is funded by union members through voluntary contributions of about $2 per month per union member.

District 31 also negotiated a special agreement with some area hospitals to provide medical care for union members who cannot afford to pay for the care.

Under that agreement, the hospitals will be reimbursed by the union after the strike is over, he explained.

- A profit-sharing plan will be created.

Under the plan, the union will receive 10% of the first $200 million in pretax profits posted by the steel unit of USX, plus 20% of any additional profits.

The profits would be distributed to workers in annual payouts that could range from about $1.10 to about $2.20 for each hour that the employee worked in a year, he said.

Unlike the profit-sharing plans the union negotiated with Dallas-based LTV Corp. and Bethlehem, Pa.-based Bethlehem Steel Corp. last year, the USX plan does not include any stock payments (*BI*, March 31, 1986; July 7, 1986).

Under those plans, employees receive cash from a fund consisting of 10% of the first $100 million of the company's profits, plus 20% of any profits exceeding $100 million.

However, if the cash fund does not equal the amount of benefit and wage reductions, employees receive preferred stock to make up the difference.

LTV filed for reorganization in July 1986, partly because it was unable to make annual contributions of about $375 million for retirement benefits (*BI*, July 28, 1986).

- Benefits will be increased under the company's defined benefit pension plan.

Under the contract, $1 will be added to the multiplier in the formula used to compute pension benefits. This increase will apply to all union members that have retired since July 31, 1986, the spokesman in Pittsburgh said.

Under the tentative contract, retirees with up to 15 years of service will receive a monthly benefit equal to $18.50 per year of service; retirees with 15 to 30 years of service will receive $20 per year of service; retirees with more than 30 years of service will receive $21.50 per year of service.

There also will be an increase of about $10 a month in the pension benefit paid to the surviving spouse of a deceased retiree, the spokesman in East Chicago said.

These increases will be effective in February 1988.

USX also will pay an estimated $37 million in early retirement and severance payments to about 5,000 employees at plant locations that will not reopen or where the workforce will be reduced, the union spokesman in Pittsburgh said.

The company will offer an early retirement program to 2,692 employees in an effort to combine or eliminate jobs, he said.

The program will be offered to employees on the basis of age and seniority. However, employees must have 30 years of service to qualify for the program.

Under the offer, an early retiree's monthly pension benefit will be based on his or her current years of service and supplemented until age 65 by $400 a month. At age 65, the retiree will be credited with years of service until age 65 and the benefit will be adjusted accordingly. ■

Satellite coverage

Continued from page 1

craft and satellites)," said the broker. "The new coverage will be greatly limited and at much higher prices than clients are presently paying."

Officials at Ariel, Orion and British Aviation could not be reached for comment.

In the meantime, brokers and underwriters in the United States and London say underwriters are offering more capacity for satellite launch risks than last year.

Launch insurance, which covers the value of the satellite and launch costs from the time it is launched and for a negotiated period after deployment, is now being negotiated for the three probes to be launched soon. Underwriters will only quote coverage within 90 days of a launch.

Alden Richards, vp of Johnson & Higgins' Space Systems Group in New York, said that capacity has actually increased to $100 million for each launch from $80 million in the middle of last year.

"Capacity has increased slightly from the low of last year and a few underwriters have returned to the space market," said Mr. Richards, who would not identify the insurers that have re-entered the market.

"The maximum commercial insurance capacity in the world is no greater than $90 to $100 million," a London broker agreed, adding that it would "be very difficult" to arrange $100 million in coverage.

Brian Moore, managing director of space projects at C.T. Bowring & Co. Ltd. in London, estimates maximum capacity at $90 million.

French broker Mohammed Dhabi, managing director of Faugere & Jutheau S.A. in Paris, estimates that maximum capacity for any one launch is only about $80 million.

Robert Tyrone, vp of the national aviation and aerospace division at Alexander & Alexander Services Inc. in New York, says that "capacity has increased slightly in the last six months from about $60 million to $75 million to $75 million to $90 million."

Brokers also expect that rates for launch insurance will stay steady at between 25% to 30% of the insured value, the same rates that underwriters quoted last year.

"If underwriters push rates any higher than 25% to 30%, they won't have any insurance to write," said one London broker.

Brokers expect more insurers to enter the market. "This is an ideal time for underwriters to move back into business," said Bill Smith, director of aviation at Leslie & Godwin Aviation Ltd. in London. "We now have a stability in rating which we did not have before."

But, brokers do not expect new capacity to fuel new competition. "Underwriters are so deep into the red, one year of successful launches wouldn't knee-jerk the industry into dropping rates. Underwriters never want to be caught short again," said J&H's Mr. Richards.

"The market will naturally be cautious (about rates) as it could not stand an early loss," added Mr. Moore. "At the rates being charged underwriters are obviously expecting a loss sometime, but they desperately need a run of successes first."

Rates hit their current levels last year when launch insurance claims filed since the 1970s hit $982 million, compared with a premium volume of only $600 million. About $760 million in launch insurance claims have been filed in the last 2½ years alone, insurers say.

Launch insurance rates were as low as 5% to 7% of insured value in 1979-80, but loss ratios of 200% to 300% forced insurers to increase rates, said Hans Sandstrom, vp of Skandia International Insurance Corp. in Stockholm, Sweden.

The first of the three satellites is scheduled for launch March 19, when the Indonesian government's Palapa B-3 satellite will be launched aboard a NASA Delta, confirmed a NASA spokesman.

The satellite will replace the $75 million Palapa B-2 satellite, which failed to reach proper orbit after a January 1983 space shuttle launch and was later salvaged by another shuttle mission in November 1984. The Palapa B-2 was later sold for $18 million to Sattel Technologies Inc. in Van Nuys, California (*BI*, Sept. 22, 1986).

The shortage of capacity for simultaneous launches is likely to continue for at least another year, said one Lloyd's of London broker.

Lloyd's of London brokers Leslie & Godwin Aviation Ltd. and C.T. Bowring & Co. Ltd. are among the brokers trying to place the coverage for the Palapa B-3. Brokers will not comment on the satellite's value, but sources estimate it is worth $75 million.

To encourage underwriters to support the launch, NASA officials met insurers in London in November to discuss coverage problems, said John O'Brien, general counsel at NASA in Washington.

"The insurance market needs some confidence boosting and we want to make them realize the safety of any flight is of paramount importance to us," Mr. O'Brien said. "I know underwriters are uncertain about some of our policies and I am determined to put the record straight.

But, he added that "insurers must get their act together. We can provide some sort of government insurance if it comes to the crunch but we do not want to do that."

NASA in the past has required satellite owners to purchase $500 million in liability coverage before a launch but, so far, brokers have only found about $300 million in coverage for the Palapa in the London and world insurance markets, said Mr. Smith.

"In the past our customers have always had $500 million of third-party liability insurance," added Robert Wojtal, general counsel for NASA. "But, if the insurance market is unwilling to put up that much, we would go ahead with a launch anyway."

In April, the European launch agency Arianespace plans to launch two commercial satellites aboard an Ariane rocket: the Aussat K3, owned by owned by AUSSAT Property Co. of Australia and valued at $60 million, and the ECS 4, owned by the European Space Agency and valued at $80 to $90 million.

Lloyd's broker Willis Faber P.L.C. is placing the coverage for the Aussat probe, while Faugere & Jutheau in Paris and Leslie & Godwin and Bowring in London are placing coverage for the ECS 4.

Since maximum available capacity for the launch is no more than $100 million, the brokers admit they will not be able to find enough insurance to cover both satellites for their full value.

The shortage of capacity for simultaneous launches is likely to continue for at least another year, even if the next several launches are successful, said one Lloyd's broker.

And brokers are running into other troubles in placing the coverage for these two probes: Leading underwriters are refusing to issue quotes until they receive a report on why the Ariane rocket failed last May.

"One could quote with a proviso, depending on the test results, but it would put underwriters in a very exposed position," said Stephen Merrett, a leading Lloyd's satellite underwriter and chairman of Merrett Holdings P.L.C. "I certainly won't be writing anything until test results are finalized and I am satisfied by the reports of what went wrong with the last launch."

Arianespace expects to give a partial report to underwriters this week, according to Arianespace General Secretary Roland Deschamps, who said that 32 tests have already been conducted and a further 10 have yet to be performed.

"We expect all tests. . .to be completed by mid-February, ready for an April launch," he said.

Arianespace is considering extending its re-launch insurance program, said Mr. Deschamps, declining to explain what extended coverage might entail.

The program, written by a subsidiary of Arianespace known as S3R, indemnifies satellite owners for the cost of a relaunch if a malfunction occurs. The rate for the coverage is 11% to 13.2% of the launch cost.

However, the Arianespace program has not covered the value of the satellites, just the cost of the launch.

"We are in discussions with our own insurers and are prepared to continue to offer a relaunch guaranty scheme to our customers as long as it is necessary. We may even have to broaden the coverage we offer," said Mr. Deschamps.

However, he adds he would rather leave the satellite insurance business to the underwriters.

"We will be very happy to see the market return so we can get back to our own job of launching satellites rather than insuring them."

Additional capacity for Arianespace customers is expected to be available later this year from the Space Mutual Insurance Assn. (Bermuda) Ltd.

The mutual, set up by London-based manager Charles Taylor & Co., plans to start writing coverage when additional Ariane test have been completed, said John Rowe, a director of Charles Taylor (Space Risks) Ltd.

Initial capacity of $50 million per satellite per launch will be available up to 18 months in advance of a launch. Rates will range from 16% for programs with no losses to 24% if all satellites in a program are lost. Up to six satellites can be insured under a program.

Meanwhile, China and the Soviet Union, which are planning to begin launching commercial satellites, are offering launch insurance as a marketing tool to lure customers.

The People's Insurance Co. of China says it will provide launch insurance for commercial satellites from ignition until separation of the satellites from the new Long March 3 rocket, owned by the China Great Wall Industry Co. The insurance will cover the value of the satellite, relaunch costs and other expenses.

PICC is currently looking for reinsurance support for this coverage in the world market.

Also, Soviet Premier Nikolai Ryzhkov said that Soviet organizations would offer insurance for its proposed launch facility.

"We shall be seeking to make the launch terms to be mutually advantageous, both to us and to the clients," said Mr. Ryzhkov in an interview with the Soviet news agency TASS.

Sources in the London market said Ingosstrakh, the Soviet insurance company, is currently looking for reinsurance to back such coverage.

But J&H's Mr. Richards says "the insurance aspect" of the Chinese and Soviet launch facilities "has been blown out of proportion and has now become a marketing point. Professional satellite owners and users should be looking at technical aspects of the launch vehicle, not what insurance each agency can offer." ■

Neill report

Continued from page 1

Working members who control theLloyd's Council have caused a number of delays in action and oversights that "make it impossible for us to have total confidence in the existing structure," the report says.

The Neill report recommends 70 specific major and minor alterations to Lloyd's regulations to improve control over the world's largest insurance market, whose 1987 premium capacity is estimated at $15 billion.

Most of the Neill report's recommendations are designed to protect Lloyd's 31,500 members, whose assets back policies written by Lloyd's syndicates.

For example, the report recommends that the council create a "names interests" committee; an ombudsman be appointed to hear members' complaints; arbitration procedures be established for Lloyd's members; compensation be paid to Lloyd's members who suffer losses not related to underwriting; more information about joining Lloyd's be given to potential members; and a new standard agency agreement between members and their agents be drafted.

Recommendations directed at protecting names' interests are important to policyholders because investor satisfaction with the operation of Lloyd's determines how many names belong and therefore how much premium capacity Lloyd's will have to write insurance and reinsurance for risks around the world.

The report, however, does not comment on any potential conflict of interest in regulating Lloyd's between the interests of names and the interests of policyholders, which some observers consider an issue.

Nevertheless, some of the report's specific recommendations could result in changes immediately noticeable to policyholders. These include recommendations that:

- Lloyd's ban parallel syndicates, which allow an underwriter to write for more than one syndicate in the same class of business. Neill wants the current 111 parallel syndicates, representing 30% of the syndicates, banned within two years.

If banned, these parallel syndicates either would be shut down or folded into larger syndicates.

- Lloyd's underwriters take mandatory examinations before they begin underwriting to prove that they understand insurance law and the law of agency, which is "essential to the proper conduct of business."
- Lloyd's introduce regulations governing Lloyd's brokers "without delay."
- Lloyd's underwriting agents improve the accounting and reporting standards of Lloyd's syndicates by providing more information on the types of risks syndicates write, reinsurance arrangements and outstanding liabilities.

Presumably, this additional information would eventually be available to the policyholders as well as names.

If the Neill report's recommendations are not implemented, Parliament could rescind the Lloyd's Act of 1982 and impose tighter statutory regulations on the market, members of Parliament say.

Paul Channon, Britain's secretary for trade and industry, said last week that he welcomes the Neill report's recommendations, which fall short of statutory regulations. He said he would like to see Lloyd's implement Neill's recommendations within a year.

Lloyd's already has accepted that it will make most of the changes—including the restructuring of the council—as soon as possible, Mr. Miller said.

"We welcome the Neill report. It is a very helpful insight into the progress we have made," said Mr. Miller, referring to changes in Lloyd's self-regulation procedures since the Lloyd's Act of 1982 was passed by Parliament.

"We see Neill's proposals as an evolution. . .and not a revolution. . . .It gives fresh impetus to what we have been doing," Mr. Miller said.

Most of the recommendations will be at least discussed "in the next few months," Mr. Miller noted. And, Lloyd's will meet with Mr. Channon and the Department of Trade and Industry soon to discuss the major changes, like restructuring the council, Mr. Miller added.

But, Mr. Miller took exception to Sir Patrick's prediction that Lloyd's chairman will someday be a non-Lloyd's member. This would weaken the chairman's leadership role in the world insurance market, Mr. Miller said.

The 117-page Neill report is the result of an 11-month examination of Lloyd's self-regulation involving 274 submissions and 41 days of consultation with interested parties by a committee consisting of Sir Patrick, vice chancellor of Oxford University; Denis Allport, former chairman and chief executive of Metal Box P.L.C.; and Brian Pomeroy, a partner in the accounting firm of Touche Ross.

The government had asked the committee to analyze whether Lloyd's regulations provide the same level of protection to Lloyd's names as the Financial Services Act of 1986 provides to investors of other British markets, such as the London Stock Exchange.

The Financial Services Act, passed in November, introduces for the first time in Britain a coherent legal framework for the regulation of investment business. It gives the secretary of state for trade and industry broad regulatory authority for rule-making and monitoring, which he can transfer to a "designated agency" known as the Securities and Investments Board.

(Sir Kenneth Berrill, chairman of the SIB, is a nominated member of Lloyd's, and the Neill report recommends that he remain on Lloyd's council "for the time being.")

The Financial Services Act, however, rightly excludes Lloyd's, Sir Patrick said. The Lloyd's Act is just as sufficient—if not "superior"—to the new financial services legislation, he asserted.

The Neill committee praised Lloyd's for the work that has been done so far since the council came into power in January 1983 under the 1982 act. "Let it be said that the council has acted with energy and determination in using their powers," the report said. "They have transformed self-regulation at Lloyd's.

"We know of no profession or equivalent organization which has accomplished such a major program of reform in such a short time scale."

Lloyd's has set up an "elaborate structure" of committees and subcommittees, passed 46 bylaws, three regulations and two codes of practice and hired a chief executive who is one of Lloyd's Council's nominated members, the report points out.

Indeed, Lloyd's has shown "integrity" and "effectiveness" in disciplining major offenders of the Lloyd's Act, the report said, referring to former managers of Alexander Howden Group P.L.C. and PCW Underwriting Agencies Ltd. who have been expelled from the market for misconduct. And, Lloyd's has presented all of its information to the Director of Public Prosecutions, although the DPP has not yet filed any criminal charges against those who were charged by Lloyd's.

Lloyd's, too, adequately protects policyholders, said Sir Patrick last week. Although the Neill report does not deal directly with policyholders, Sir Patrick noted, "We heard of no complaints of policyholders not having their claims met."

However, Lloyd's has not installed enough regulations to provide adequate protection to Lloyd's members that are comparable to the regulations for other British investors in the Financial Services Act, the Neill report concluded.

Focusing on working member control of Lloyd's council, the report cites at least three incidents between 1983 and early 1986 when actions that should have been taken by the council were not, because the council is dominated by practitioners in the market.

For example, the council failed to implement a promise made to Parliament in 1982 to regulate agents' charges to members and to publish a register of those charges by July 1984. "This, we think, reflected a desire on the part of working members to preserve the traditional secrecy surrounding aspects of their affairs," the report said.

The Neill report calls for agents' charges to now be published. Mr. Miller said that this delay by Lloyd's "was a matter for regret" and will be changed.

The council, too, did not adequately take into account the interests of members when it drew up a standard agency agreement between members and their agents, the report said. ". . . .the working members were not able to take a sufficiently objective view of the interests of the names to make up for the names' relatively small input to the process and the council of Lloyd's failed to secure the necessary independent advice."

The Neill report calls for a new standard agency agreement.

The working member-dominated council also was reluctant to ban preferred underwriting on "baby" and "parallel" syndicates, the report charges.

"Baby" syndicates refers to syndicates with a few number of names, generally including the underwriter, his family and friends, for which the underwriter is alleged to have written business expected to produce the lowest losses.

"Parallel" syndicates is the term developed by the Neill report for multiple syndicates with different members for which an underwriter writes the same line of business.

The Lloyd's Council passed a multiple syndicates bylaw targeting baby syndicates in 1985, but only after a nominated member insisted on it, the report said.

Under the bylaw, managing agents were prohibited beginning Jan. 1 from managing any syndicate with fewer than 50 members unless at least 75% of the syndicate's capacity is provided by people unconnected with the agency and the council approves it.

While the number of baby syndicates dropped from 99 in 1978 to 10 in 1986, according to the report, the 111 parallel syndicates represent 30% of the syndicates at Lloyd's.

Lloyd's "code of practice" on multiple syndicates deals with parallel syndicates, but the code "does not outlaw parallel syndicates" and does not go far enough to ban preferred underwriting on those syndicates, the report charges.

The Neill report recommends that parallel syndicates be banned from the market within two years to avoid permitting an underwriter to prefer one group's names in one syndicate over names in another syndicate.

The report charges that the delay by th Council of Lloyd's to ban parallel syndicates "leads us to doubt whether all those working members involved in the regulation of Lloyd's have yet fully accepted the need for tough rules to prevent potential abuses in areas which agents have traditionally enjoyed total discretion."

In addition to recommending that working members lose their majority on the council, the report recommends that nominated members should chair the rules and investigations committees. Nominated members already chair the accounting and audit standards committee.

Among other recommendations in the Neill report are:

- Syndicate accounts should include more financial information about the calendar year of accounts, although Lloyd's should keep its three-year accounting system. There should be a commentary on the open years of account, quantifying "so far as possible" the anticipated outcome, particularly when a loss is anticipated.

In addition, underwriters should tell members what kind of risks they have been writing.

- Prospective Lloyd's members should be given more details about the risks of joining Lloyd's, the procedure for joining Lloyd's and the syndicates they plan to join.

And, members should be told of the advantage of having more than one member's agent.

Members also should be allowed to have several agents for one class of business, instead of one agent per class as permitted now. A "one agent/one class system constrains competition."

- All members should be given a full written explanation by their agents when their syndicates exceed premium income limits.

Lloyd's says that it is not possible to be absolutely certain that all underwriters will stick within their premium income limits, which the Neill report accepts.

However, the report adds: "Lloyd's should actively encourage underwriters to make the maximum possible use of modern technology to develop effective risk recording procedures."

- Lloyd's should include in its bylaws a provision making it a disciplinary offense for a member to fail to take reasonable steps to prevent misconduct or to fail to report misconduct.

"We believe that members of a self-regulatory organization such as Lloyd's have to accept a responsibility to police themselves. Each individual member has a duty to assist in the monitoring and enforcement of the bylaws."

●

The Neill report on regulatory arrangements at Lloyd's is available from Her Majesty's Stationery Office, P.O. Box 276, London SW8 5DT; England for 8.10 pounds ($12.15).

update

M&M settles SEC charges

Continued from page 2

Separately, Chester A. Gan, former M&M vp and treasurer, and Dorothy M. Conway, former vp and assistant treasurer, consented to a federal court order enjoining them from violating securities laws. In an action filed in U.S. District Court in Manhattan, the SEC charged the two with "aiding and abetting" M&M's violations of securities laws.

Ms. Conway was charged with falsifying M&M records and with making false statements to M&M's accountants, Arthur Andersen & Co., and to M&M officials, including Mr. Gan, according to Jason R. Gettinger, an SEC attorney. Mr. Gan was charged with "recklessly allowing" these activities to occur.

Mr. Gan and Ms. Conway did not admit or deny the charges.

Briefly noted

Pine Top Insurance Co., a unit of Greyhound Corp., was ordered liquidated by a Cook County Circuit Court judge on Jan. 17 (*BI*, Dec. 29, 1986; June 30, 1986). . . .Los Angeles police, nearing an impasse in their investigation of **Norris Hayes' murder,** may turn the case over to a special homicide division to seek clues about Mr. Hayes' relationships with Mentor Insurance Ltd. and Beacon Insurance Co. Mr. Hayes was found dead in his hotel room July 31 (*BI*, Aug. 11, 1986). . . .**School, College and University Underwriters Ltd.**, a Bermuda-based stock insurer recently organized by Marsh & McLennan Inc. and Morgan Guaranty Trust Co., is offering up to $5 million in primary educators legal liability insurance and excess liability coverage of $5 million excess of at least $1 million (*BI*, Dec. 8, 1986). . . .**Voluntary Hospitals of America Inc.** is forming a Bermuda-based insurance company to provide excess general liability and professional liability insurance, excluding medical malpractice, to its 700 not-for-profit hospitals. Initial limits of up to $2 million, including defense costs, will be made available in February. . . .**Pinnacle Reinsurance Co. Ltd.** filed a motion in Supreme Court in Bermuda asking the court to declare that the liquidators of Mentor Insurance Ltd. lack legal standing under Bermuda law to bring their suit against Pinnacle in a U.S. federal court. . . .The New York Insurance Department adopted a streamlined amendment to **Regulation 41** incorporating only those changes in surplus lines regulation mandated by a law passed last summer. Other previously considered aspects of the amendment, which drew protest, will be considered at another hearing within six weeks (*BI*, Nov. 17, 1986). . . .The Indian government will cite a recent Indian Supreme Court ruling in its attempt to recover damages from **Union Carbide Corp.** for the December 1984 chemical leak at the Union Carbide India Ltd. plant in Bhopal. The Indian court ruled that an enterprise involved in an ultrahazardous or inherently dangerous activity is responsible for any damages resulting from the operation. . . .**Merrell Dow Pharmaceuticals Inc.** says it will appeal a $2 million jury verdict against it and Rite-Aid Pharmacy Co. last week in a case involving Bendectin, an anti-nausea drug. The jury found that Merrell Dow, a subsidiary of Dow Chemical Co., and Rite-Aid were liable for $1 million in compensatory damages and that Merrell Dow should pay $1 million in punitive damages. The damages are the largest assessed so far in a Bendectin case. Merrell Dow will indemnify Rite-Aid for its share of the damages if the decision is upheld. . . .The **Hospital Assn. of New York State** is forming a captive insurer in Albany with the cooperation of the Hospital Trustees of New York State to write directors and officers, excess malpractice and excess comprehensive general liability insurance.

Jewel verdict

Continued from page 2

should be triggered when underlying policies are exhausted according to the terms of those policies and that American Insurance will be required to pay American Stores' "reasonable defense costs. . .with American Insurance's consent."

American Insurance contended in a lawsuit filed last year that its coverage should not be triggered until $40.9 million in indemnity costs only—not including defense costs—are paid out by underlying insurers. In addition, American Insurance contended it has no obligation to pay defense costs unless it consents to them and then only must pay that portion of defense costs equal to its proportional share of all indemnity payments by all of American Stores' insurers.

Currently, Federal Insurance Co., a Chubb Corp. unit that wrote a $30 million layer excess of $11 million, is paying both indemnity and defense costs, even though the Federal policy covers indemnity costs only. However, Federal is reserving its rights under the policy.

American Stores' $70.9 million in liability insurance consists of $900,000 in primary liability coverage written by The Home Insurance Co. above a $100,000 retention, according to court papers.

Mission National Insurance Co. wrote a $5 million layer excess of $1 million; Granite State Insurance Co., an American International Group Inc. unit, wrote a $5 million layer excess of $6 million; Federal wrote the $30 million layer excess of $11 million; and American Insurance wrote the $30 million layer excess of $41 million.

American Stores' attorney Daniel Pope, with the Chicago office of Coffield, Ungaretti, Harris & Slavin, said: "We are very happy with the judge's ruling. It's a complete vindication of our position."

American Insurance's attorney, Shawn McParland of Tressler, Soderstrom, Maloney & Priest, said last week the insurer has made no decision about whether to appeal. "The order needs clarification because the court did not give the basis for its ruling and leaves open a number of issues," she said.

Other attorneys note the order needs to be clarified partly because of differing interpretations of the underlying policies, which will be among the issues the insurers will argue in a trial before Judge Hall starting April 27.

Other unresolved issues that will be considered include:

- If the production of tainted milk should be considered one occurrence or at least two separate occurrences.

If production of the salmonella-contaminated milk is considered to be more than one occurrence, additional claims may be filed against The Home's primary policy for both indemnity and defense costs.

In addition, there is a dispute over whether The Home's coverage has an annual aggregate, while other insurers contend that their policies clearly contain annual aggregates.

The Home denies that it has any further obligation to pay additional indemnity or defense costs if the salmonella poisonings are considered more than one occurrence, according to court papers filed by Home's attorneys.

The Home expects to file a counterclaim against American Stores within two weeks, said Tony Katauskas, an attorney for The Home with the Chicago firm of Williams & Montgomery.

- Whether Federal will pay defense costs or merely cover indemnity payments.

American Stores has filed a cross-complaint against Federal over defense cost coverage, and the insurer and American Stores are negotiating whether to amend the policy so that defense costs can be charged against its limits.

Also still to be resolved following the trial is a lawsuit American Insurance filed last year against broker Johnson & Higgins alleging that J&H failed to advise American Insurance of all the terms and conditions of the underlying policies when it negotiated with the insurer to write excess coverage for American Stores.

In addition, American Stores last month filed a lawsuit in San Francisco Superior Court alleging that American Insurance breached its contract, breached the duty of good faith and fair dealing and acted deceptively and unfairly by contesting coverage of the claims. The food store chain is seeking at least $10 million in compensatory damages and at least $25 million in punitive damages from American Insurance.

American Insurance is seeking to have that action dismissed or stayed, pending the outcome of the April trial in the coverage litigation, Ms. McParland said. ■

Worker death probe

Continued from page 2

"willful" violations, according to Ms. Clark.

OSHA issued one "willful" citation because Kenny allegedly did not properly train employees working in confined spaces concerning the hazards of that work and the precautions and equipment to use, Ms. Clark said.

OSHA cited Kenny for another "willful" violation because the construction firm allegedly did not ventilate shafts mechanically or test the shafts for minimum oxygen requirements before employees entered them, Ms. Clark said.

Each citation carries an $8,000 fine, Ms. Clark noted.

OSHA also cited Kenny for two "serious" violations in connection with Mr. Smith's death.

Kenny allegedly did not have telephone or radio communication immediately available at the shaft to call for emergency assistance in the event of an accident. In addition, the firm allegedly did not have emergency-use respirators available at the shaft, Ms. Clark said.

Each "serious" violation carries an $800 fine, she said.

Kenny has contested the citations, Ms. Clark said. OSHA is not taking further action on these citations while the U.S. attorney's office conducts its investigation, she said.

Phillip Turner, an executive assistant U.S. attorney, could not estimate when the investigation would be completed.

Gerald Kenny, a vp with the construction firm, would not comment on either the pending citations for alleged violations or the the U.S. attorney's probe. ■

IIC inquiry

Continued from page 2

chairman, six other commissioners and 24 arbitrators who adjudicate contested workers compensation claims.

The terms of three other commissioners also expired last week, and one seat has been vacant since October, leaving the governor five appointments to make.

Early last year, computer runs of case assignments showed that certain arbitrators were receiving more assignments than others and receiving cases out of turn.

Cases are supposed to be randomly assigned, workers compensation attorneys say. When it was discovered that cases were not randomly assigned, the issue was raised by defense attorneys with Mr. Bachman and later with the governor's office.

"We did become aware of this several months ago. . .the allegations that cases were not randomly assigned," said Tod Miles, an assistant to the governor. Mr. Miles said the governor's office immediately asked the state police to investigate.

The state police were expected to issue a report by year-end, according to Mr. Miles. But as of late last week, the inquiry was still continuing, said a state police spokesman.

Attorneys say the IIC is suffering from the same two maladies crippling similar agencies in other states: a backlog of cases and an inadequate budget.

When Mr. Bachman became chairman of the commission in August 1984, he faced the task of putting into effect several major legislatively mandated structural and procedural changes, most of which were designed to speed up the adjudication process.

Critics say Mr. Bachman failed to implement these reforms, while sympathizers say his hands were tied by the governor and the Legislature.

For instance, two attorneys critical of Mr. Bachman said that the commission's rules committee, which is responsible for implementing and monitoring IIC procedures, met infrequently during Mr. Bachman's term because the chairman did not want to hear about the problems anymore.

But other attorneys, from both labor and management, said Mr. Bachman was prevented from making changes by the governor's office.

"The chairman inherited a multitude of problems. . .but he was under constraints, I think from the governor's office, not to make any drastic changes," said Douglas F. Stevenson, counsel for the Illinois Manufacturers' Assn. and executive director of the National Council of Self-Insurers.

"The governor didn't want to hear about any scandals, he didn't want to hear any complaints about the commission," said another attorney. "Thompson just wanted to keep the lid on workers compensation so it would not embarrass him" during last year's gubernatorial campaign.

"We were working very well with Mr. Bachman," said Lester W. Brann, president of the Illinois State Chamber of Commerce. "But the commission is not even adequately funded. They don't even have the clerical help he needs to speed it up."

Mr. Brann and other business and labor leaders in the state, who usually are consulted about appointments to the IIC, say they were not asked their opinion about Mr. Bachman's removal nor about a replacement.

"I don't know what's going on," Mr. Brann admitted. "But I have an eerie feeling there may be a payoff to labor."

The Republican governor received labor endorsement in his reelection bid last year, and Mr. Brann says he fears that future IIC appointees will be pro-labor. "I have a fear that the IIC has now become a pawn in thanking labor for their support. . .But to make this agency a political football would be tragic," he said.

However, Richard Walsh, the legislative and political director for the state AFL-CIO, said his group also is in the dark about the governor's strategy.

No matter who is named to head the commission, the AFL-CIO says it would like the Legislature to consider changes to correct what labor says are problems at the commission.

For instance, labor leaders may ask the Legislature to create a state workers comp fund and increase the workers comp burial allowance, Mr. Walsh said.

He added that the IIC's budget also should be increased. "Part of the problem is the budget. Maybe we have to work closer with business to get funding for the commission," Mr. Walsh said.

The commission's 1986-1987 budget is about $5.5 million, down from $5.9 million the previous year, said Charles Kusar, executive assistant to the chairman. Because of the budget cut, mandated by the governor and Legislature last spring, 16 commission staffers were laid off Jan. 5. ■

insurance services guide

ACTUARIAL & RISK MANAGEMENT CONSULTING
Ben Silberstein A.C.A.S., M.A.A.A.
*Captives & Self Insurers *Specializing in medical malpractice & other liability
*Loss Retention Studies
AJA Risk Management Consultants, Inc.
888 Seventh Ave., New York, NY 10106
212/333-3259

DENTAL CLAIMS MANUAL
All-Inclusive 402 Page Manual
Featuring All Major Specialties
(213) 681-3300
J.P. Kennedy Publishing Co.
776 E. Green Street
Pasadena, CA 91101

WORLD CLASS PERFORMANCE SMALL TOWN PRICES
PROVEN SYSTEMS FOR SELF-FUNDED GROUP HEALTH • DRUG CARDS WORKERS COMP • TPA'S FLEX-PLANS • SYSTEM LEASING
BENEFIT TECHNOLOGY
209 S. 2nd. • ROGERS, AR 72756 • (501) 636-0366

HAAG ENGINEERING CO.
Since 1924
Consulting Services
related to causes and consequences of failures
Texas WATS 1-800-442-0814
Louisiana WATS 1-800-631-5192
U.S.WATS 1-800-527-0168

CASUALTY ACTUARIES, INC.
Robert F. Lowe F.C.A.S., M.A.A.A., F.C.A
- Loss Reserve and Rate Evaluations for Insurance Companies and Self-Insureds
- Statutory letters of opinion on loss and loss expense reserves

One Insurance Center Plaza, Suite 102
St. Louis, MO 63141
(314) 878-5002

THE MANAGEMENT & FORMATION OF INSURANCE COMPANIES—P&L
Consultants handbook — 350 pages on: reinsurance contracts, RRGs, rehabilitations, self-insurance, etc.
Send for Free 32 page outline:
R. Webster Kehr & Assoc.
P.O. 7452, Overland Park, KS 66207

NOW AVAILABLE FOR TPA'S!
Med/Dent:Rate&Budget
Calculates premium rates & budgets for up to 68 branches in 7 pools. Fully parameterized & documented.
Runs in Lotus 1-2-3 on IBM-PC compatibles.
$149.95 Send check, American Express, Visa, MasterCard number & expiration date to:
EEbees microapplications
P.O. Box 200, Belmont, MA, 02178
(617)489-4718

WORKER'S COMPENSATION PROGRAM FOR SELF INSURED EMPLOYERS
SOFTWARE FOR:
IBM PC/XT/AT
IBM PC/AT COMPATIBLES
and many others
SOFTWARE PROVIDES:
Periodical Reports • Vendor 1099's Checks
D&R COMPUTER SERVICES
716/741-2693

WORKERS' COMPENSATION CLAIMS SYSTEM FOR IBM PC
IDEAL FOR SELF INSUREDS, INSURANCE CO'S, AND TPA'S. SINGLE AND MULTI—USER VERSIONS AVAILABLE. HANDLES UP TO 100,000 ON LINE CLAIMS
ALL FUNCTIONS AND STATE FORMS
INSURANCE SOFTWARE PACKAGES, INC.
5118 NORTH 56TH STREET
TAMPA, FLORIDA 33610
(813) 621-6069 (FL)
(800) 237-8133 (U.S.)

WORKERS' COMPENSATION FEE SCHEDULE
Validation Software For IBM PC
- Validates Medical Charges Against Approved Fee Schedules
- Identifies Improper Charges
- Checks For Duplicate Bills
- Creates Explanation For Medical Provider
- Handles All CPT-4 & RVS Codes
- Processes 100,000+ Claims

For Demo Diskette, send $49.95 to:
ISP SERVICES DIVISION
INSURANCE SOFTWARE PACKAGES, INC.
5118 NORTH 56TH STREET
TAMPA, FLORIDA 33610
(813) 621-6069 (FL)
(800) 237-8133 (U.S.)

TEMPORARY CLAIMS ADJUSTING SERVICES
Servicing Claims Interstate In:
Workers' Compensation
Longshore and Harbor Workers' Act
Property/Casualty
Inside and Field Adjusters
Claim Net is not an employment agency, so there is NO FEE FOR PERMANENT HIRING.
Claim Net 4330 Barranca Pkwy., Suite 220, Irvine, CA 92714
(800) 55-CLAIM-CA. Res. 714/857-1232

For advertising information in the INSURANCE SERVICES GUIDE
Contact: Margaret Hikido, 740 N. Rush Street, Chicago, Illinois 60611
Telephone (312) 649-5340

BI Insurance Index



The *Business Insurance* stock index tripped this week, following two weeks of sharp gains. The *BI* index of insurance industry stocks closed at 501, down 3.2 points from 504.2 the previous week. Twenty-one stocks advanced for the week, while 37 declined and five were unchanged. Outperforming other issues by a wide margin was Aneco Reinsurance Co. Ltd., up 23.59%. Also posting gains were: Scor Reinsurance Co., up 10.9%; Tokio Marine & Fire Insurance Co. Ltd., up 8.1%; Business Men's Assurance Co. of America, up 6.6%; and Hartford Steam Boiler Inspection & Insurance Co., up 3.4%. Declining stocks for the week were: W.R. Berkley Corp., down 9.9%; Chubb Corp., down 8.1%; NAC Re Corp., down 7.4%; Statesman Insurance Co., down 7.1%; and Crown Life Insurance Co., down 5.3%. The *BI* index performed worse than the leading stock market indicators for the week, dropping an average 0.64%. In comparison, The New York Stock Exchange composite rose 1.54%, the Dow Jones 30 Industrials rose 9.8% and the Standard & Poor's 500 index rose 1.98% during the same trading period.

British Issues

Jan. 20 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Comml Union	287	16.4	18.3	6.4	289—	284
Genl Accident	857	14.3	37.7	4.4	865—	854
Gdn Royal Exch	814	13.3	46.5	5.7	829—	814
Royal	869	9.1	42.2	4.9	875—	859
Sun Alliance	694	15.4	29.5	4.3	694—	689
Brokers						
CE Heath	447	12.8	34.5	7.7	454—	444
Hogg Robinson	376	12.7	16.2	4.3	376—	367
JH Minet	256	11.4	12.0	4.7	257—	237
Sedg Grp	335	16.0	16.9	5.0	343—	320
Stew Wrightson	473	15.3	19.0	4.0	479—	469
Willis Faber	448	16.0	15.5	3.5	463—	442

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

In light of industry events: Is 'no news good news?'

By MYRON PICOULT

Special to Business Insurance

IT IS SAID that "no news is good news." However, we wonder if this applies to three "happenings"—one imminent, one past and one in the future—in the property/casualty business. We are referring to the upcoming fourth-quarter earnings reports, the recently implemented tax law and the revised Risk Retention Act.

We, along with other observers, are eagerly awaiting property/casualty insurers' fourth-quarter earnings reports that will shortly start to flow. It is generally agreed that the numbers will be good. The unanswered question is whether insurance company management had the smarts to make use of the "windfall profits" that developed because of a relatively "windless" catastrophe year.



Mr. Picoult

There admittedly was some tempering language put into the new tax law to thwart companies from pulling off a reserve adjustment like the adjustment CIGNA Corp. made in the fourth quarter of 1985. However, the need to address reserve shortfalls and questionable reinsurance recoverables posted on all too many insurer balance sheets is clearly evident.

It would be foolish for management to let the opportunity to continue to correct past reserve errors and reinsurance recoverable miscues slip away.

Traditionally, the industry has used the upswing of the underwriting cycle as an opportunity to augment its reserve base, which is traditionally pilfered during the down part of the cycle. In addition, the discounting for tax purposes of loss reserves should encourage underwriters to develop the highest reserves possible. Needless to say, the silence is deafening.

What we also find fascinating is the reluctance of property/casualty insurer managements to provide some meaningful insight into the impact that the new tax law will have on their respective operations. A few companies have been quite helpful.

Perhaps this reluctance implies that managements are unsure and confused about the outcome.

The tax law ultimately will cost the industry real dollars, because it will be making out checks to the Internal Revenue Service (see story below). Most underwriters will see this occur in the second half of 1988 or surely by 1989.

Notwithstanding the somewhat negative cash-flow implication of the new law, we view the general thrust of the tax law as positive. It will force companies to place a higher value on underwriting and less emphasis on cash flow and the attendant games that sometimes follow.

The new law provides a lower tax credit on underwriting losses (34% vs. the old 46% rate), and insurance companies now will be taxed on a portion of their investment income. Furthermore, there is the mandatory discounting of loss reserves. In essence, the industry's tax shelter has been pared and the industry can find itself in the position of paying taxes on pieces of business where it has not yet had the opportunity to garner a profit.

All of this would seem to encourage lower combined ratios and a reduction in the volatility of the underwriting cycle. Who knows, we might even see a return to the "cartel cycles" of the 1960s, when major companies exerted considerable influence on specific classes of business.

The other item that has not yet yielded any substantive commentary is the revised Risk Retention Act. Originally passed by Congress in 1981 to pertain to only product liability and completed operations coverages, the Risk Retention Act was broadened by amendments last year to apply to all types of commercial liability insurance except workers compensation.

In essence, the act permits businesses and professionals to band together to buy certain types of liability coverages through purchasing groups or to create special captive insurers, called risk retention groups, to pool their risks. The theory is that these groups will be able to purchase the needed insurance at a lower cost or will be able to provide coverage that is not currently available from the commercial market.

Admittedly, it is very difficult at this juncture to accurately assess the impact that the revision will have on the industry. Much of the problem relates to the vague language embodied in the statute and the interaction between buyers and risk retention groups and purchasing groups.

It would be fallacious to assume that the Risk Retention Act will mean nothing for the industry. Every hard commercial market has taken its toll. As evidence, one only has to look at the growth of the direct writers over the years and the growth of the captive insurance company movement.

There are many pros and cons to the expanded Risk Retention Act. It obviously sets in motion another form of potential competition for the more traditional insurers. It also could lead us to a further unbundling of the various services that companies provide.

A shift toward administrative services only operations could mean a shift toward lower margins and profits would most likely be more stable and predictable. Depending upon the nature of the relationship, a reduction in capital being exposed also could evolve. All of this is likely to evolve over time.

There is, however, sure to be a plethora of financial and legal problems for some of these "start-up" situations. Some scams are sure to be started and this could lead to revisions in the Risk Retention Act. Insurance company managements must get up to speed on this question.

No news may not be the best news in this instance.

Myron M. Picoult is senior vp and senior insurance analyst with Oppenheimer & Co. in New York. He is the past president of the Assn. of Insurance & Financial Analysts and a member of the New York Society of Security Analysts.

Industry's new tax burden

Property/casualty insurers will have to improve their underwriting performance to produce stable aftertax earnings under the new tax law, the Insurance Services Office reports.

"While the pricing impact of the new tax law may be small for all lines combined, a new ISO study indicates that the impact is large for each of the three long-tail commercial casualty lines of insurance that we analyzed: liability, workers compensation and medical malpractice," said ISO Chairman Daniel J. McNamara at the ISO annual meeting in New York earlier this month.

For instance, insurers' general liability combined ratios "must be six to 11 percentage points lower than required under the old tax law to produce the same aftertax earnings for this line of insurance," he said.

The workers compensation combined ratio must be lowered four to seven percentage points to produce the same aftertax earnings as under the old tax law, Mr. McNamara explained, while the medical malpractice combined ratio must be reduced 12 to 22 percentage points to produce the same aftertax profits as under the old law.

The ISO study took into account all key features of the new tax law, including those unique to the property/casualty insurance industry—like the discounting of loss reserves, partial taxation of unearned premiums and partial taxation of previously tax-exempt investment income—and those provisions affecting all corporations—like the reduction in corporate income tax rates and the revised treatment of capital gains.

N.Y. Insurance Exchange

Trenwick Group Inc., which recently completed its acquisition of Apple Syndicate Corp. on the New York Insurance Exchange, has injected $17.5 million in new capital into the syndicate (*BI*, Nov. 17, 1986).

The contribution increases the syndicate's capital to about $20 million, making it the largest NYIE syndicate in terms of capital and surplus.

In addition, Trenwick has renamed the syndicate Trenwick Syndicate Corp.

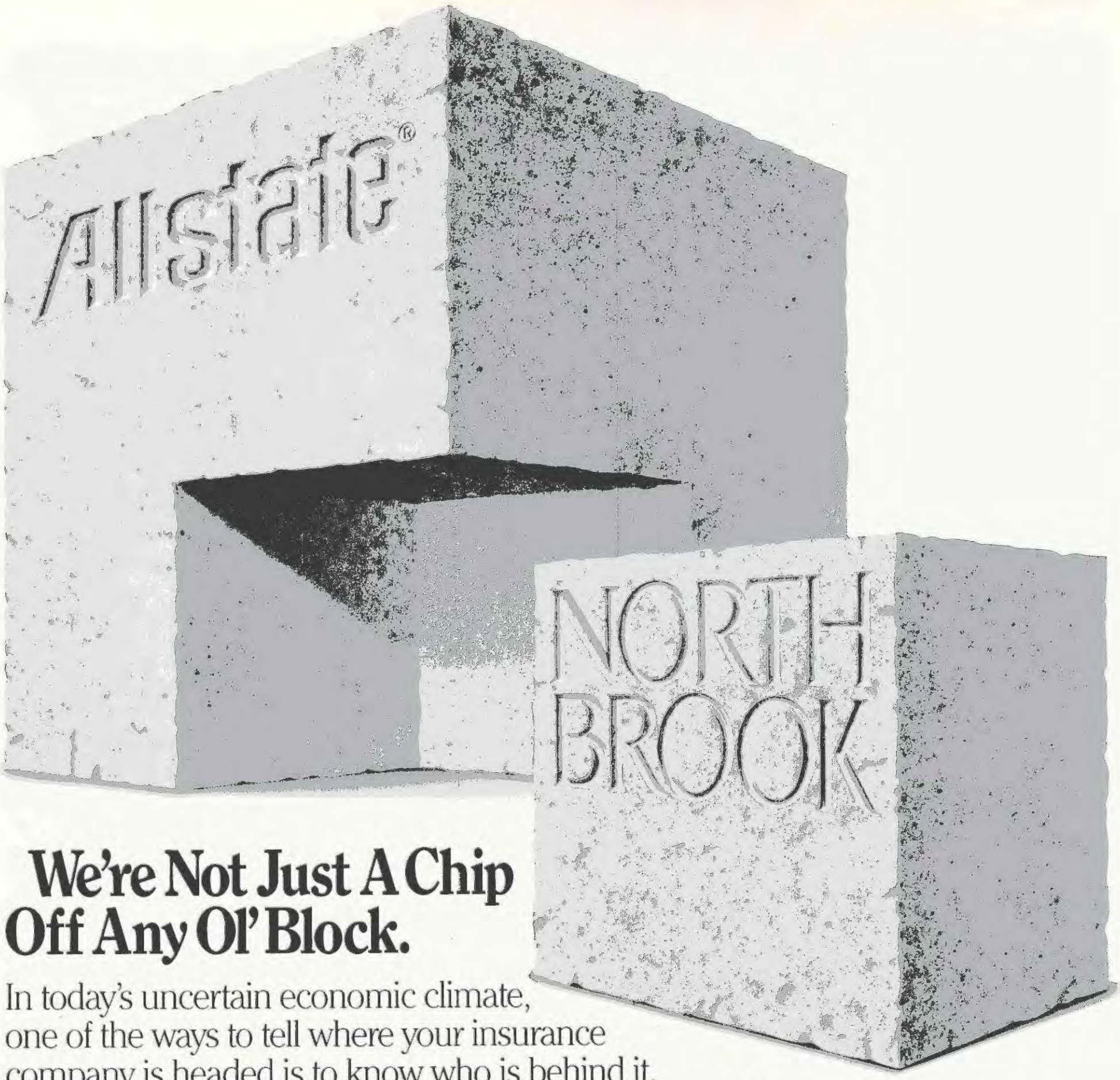
Including the Trenwick capital contribution, more than $45 million in new capital and surplus has been added to the exchange in the last quarter, said Joseph Fahys, the exchange's president and chief executive officer. ■

BI Industry Stock Report

January 21, 1987 **1/15/87 thru 1/21/87**

Brokers		Price	% Chg.	P/E	$ Div.	% Yld.	High	Low	Vol.(000)
Alexander & Alexander Svcs	NYSE	26.75	-4.5	382.1	1.00	3.7	29.00	26.75	1,683.9
Baldwin & Lyons Inc	OTC	21.00	-4.5	17.1	0.20	1.0	26.00	21.00	1.6
Corroon & Black Corp	NYSE	35.13	-0.7	15.9	0.65	1.9	37.00	35.13	821.0
Gallagher Arthur J & Co	OTC	30.25	-2.4	22.1	0.20	0.7	30.50	29.75	140.7
Hall Frank B & Co Inc	NYSE	15.75	-3.1	0.0	0.00	0.0	16.00	15.13	742.1
Marsh & Mclennan Cos Inc	NYSE	66.63	-2.6	21.3	1.90	2.9	67.88	66.63	1,031.1
Poe & Assoc Inc	OTC	12.50	2.0	15.8	0.32	2.6	12.50	12.25	7.0
AGENTS/BROKERS	AVERAGE			21.8		2.2			
Conglomerates & Holding Cos.									
Anderson Clayton(Ranger/PanAm)	NYSE	65.63	0.0	18.8	0.00	0.0	0.00	0.00	0.0
Areco Inc	NYSE	5.75	-8.0	0.0	0.00	0.0	6.25	5.75	744.4
Berkley W R Corp	OTC	27.25	-9.9	15.1	0.24	0.9	30.00	27.25	913.8
Berkshire Hathaway Inc Del	OTC	3025.00	0.8	175.5	0.00	0.0	3055.00*	3025.00	1.4
CIGNA Corp	NYSE	59.88	-1.2	0.0	2.60	4.3	60.50	59.88	1,512.6
CNA Finl Corp (CNA)	NYSE	56.13	-3.2	14.1	0.00	0.0	58.50	56.13	339.7
General Re Corp	NYSE	56.63	-4.6	24.4	0.88	1.6	58.00	56.63	2,108.3
ITT (Hartford Group)	NYSE	57.75	0.7	23.8	1.00	1.7	58.38*	56.63	4,007.0
Sears Roebuck & Co. (Allstate)	NYSE	45.00	1.7	12.3	1.76	3.9	45.13	44.63	5,403.7
Transamerica Corp (Occidental)	NYSE	37.00	2.8	10.6	1.76	4.8	37.38	36.38	2,009.1
CONGLOMERATES/HOLDING COS.	AVERAGE			87.7		0.2			
Insurers									
Aetna Life & Cas Co	NYSE	60.50	-0.6	10.5	2.64	4.4	61.25	60.50	1,766.6
American General Corp	NYSE	41.00	0.6	11.3	1.12	2.7	41.38	40.13	1,934.7
Amern Heritage Life Invt Co	NYSE	40.25	0.9	14.4	1.32	3.3	40.50	39.63	7.0
American Indty Finl Corp	OTC	18.50	1.4	0.0	1.12	6.1	18.75	18.50	16.2
American Intl Group Inc	NYSE	66.13	0.2	18.9	0.25	0.4	66.75	65.38	1,927.9
Aneco Reins Ltd	OTC	2.63	23.5	0.0	0.00	0.0	2.63	2.38	21.3
Aveaco Corp	NYSE	31.00	1.6	15.2	0.50	1.6	31.00	30.25	21.8
Business Mens Assurn Co Amer	OTC	28.25	6.6	0.0	1.10	3.9	28.25	26.75	44.2
Chubb Corp	NYSE	59.75	-8.1	24.0	1.68	2.8	64.50	59.75	1,438.6
Combined Intl Corp	NYSE	59.75	-3.4	11.2	2.24	3.7	62.50	59.75	271.5
Continental Corp	NYSE	49.38	1.0	235.1	2.60	5.3	49.38	48.75	691.9
Crown Life Ins Co	OTC	355.00	-5.3	12.3	6.40	1.8	360.00	355.00	0.5
Durham Corp	OTC	41.25	-1.2	12.6	1.36	3.3	41.63	41.25	3.3
Farmers Group Inc	OTC	43.50	-4.9	14.5	1.00	2.3	46.75*	43.50	1,112.0
Fairmont Finl Inc	AMEX	17.63	-0.7	14.1	0.00	0.0	18.63	17.63	160.1
Fireman Fd Corp	NYSE	35.50	-5.0	0.0	0.30	0.8	36.25	35.00	1,912.9
Fremont Gen Corp	OTC	16.50	-4.3	0.0	0.48	2.9	17.25	16.50	194.1
Great West Life Assurn Co	OTC	700.00	0.0	14.4	18.00	2.6	700.00	700.00	0.0
Home Group Inc	AMEX	21.75	-2.8	35.1	0.00	0.0	22.50	21.75	425.0
Hanover Ins Co	OTC	68.50	-0.7	14.5	0.56	0.8	69.50	68.50	68.7
Harleysville Group Inc	OTC	16.13	-1.5	10.3	0.32	2.0	16.63	16.00	125.9
Hartford Steam Boiler Insptn	OTC	53.50	3.4	13.6	1.60	3.0	53.50*	52.00	150.0
Kans City Life Ins	OTC	28.00	0.0	11.7	0.87	3.1	28.00	28.00	6.5
Kemper Corp	OTC	28.50	-2.1	11.4	0.60	2.1	28.75	28.50	1,788.8
Liberty Corp S C	NYSE	39.50	-0.6	13.3	0.72	1.8	40.75	39.50	17.5
Lincoln Natl Corp Ind	NYSE	49.75	-1.2	11.4	2.16	4.3	50.88	49.75	593.2
Mission Ins Group Inc	PAC	1.63	0.0	0.0	0.00	0.0	4.38	1.25	3.9
Monumental Corp	OTC	55.63	0.0	18.8	0.00	0.0	55.63	55.63	1.1
Nac Re Corp	OTC	28.25	-7.4	0.0	0.00	0.0	30.75	28.25	70.2
Nobel Ins Ltd	OTC	17.75	-1.4	13.3	0.37	2.1	17.75	17.50	32.6
Northwestern Natl Life Ins	OTC	31.75	2.8	10.6	0.86	2.7	31.88	31.63	258.1
Ohio Cas Corp	OTC	81.50	-1.8	15.3	3.00	3.7	82.00	81.00	185.6
Old Rep Intl Corp	OTC	30.25	3.4	11.7	0.78	2.6	30.88	29.25	215.8
Orion Cap Corp	NYSE	29.25	-0.4	0.0	0.76	2.6	30.38	29.25	43.7
Protective Corp	OTC	20.25	0.0	11.1	0.70	3.5	20.25	19.75	194.3
Provident Life & Acc Ins Co	OTC	25.25	-0.5	9.6	0.84	3.3	25.50	25.13	242.7
St Paul Cos Inc	OTC	42.88	-3.1	13.2	1.50	3.5	44.50	42.88	722.8
SAFECO Corp	OTC	58.50	-0.8	12.8	1.70	2.9	58.75	58.00	327.8
Scor U S Corp	OTC	12.75	10.9	25.5	0.00	0.0	12.75*	12.00	425.7
Seibels Bruce Group Inc	OTC	16.50	-5.7	0.0	0.80	4.8	17.50	16.50	21.4
Selective Ins Group Inc	OTC	22.75	-1.1	44.6	0.92	4.0	22.75	22.50	53.2
Statesman Group Inc	OTC	4.88	-7.1	0.0	0.05	1.0	5.38	4.88	74.5
Tokio Marine & Fire Ins Co	OTC	66.63	8.1	74.9	0.17	0.2	67.75	62.13	97.0
Torchmark Corp	NYSE	29.00	-3.3	11.1	1.20	4.1	30.38	28.25	659.8
Travelers Corp	NYSE	48.38	1.8	11.6	2.28	4.7	48.50	48.25	1,964.4
Trenwick Group Inc	OTC	18.25	0.0	140.4	0.00	0.0	18.50	18.00	19.4
United Fire & Cas Co	OTC	30.75	-3.9	14.4	0.80	2.6	31.50	30.75	33.4
United States Fid & Gty Co	NYSE	42.88	0.3	49.3	2.32	5.4	43.63	42.88	1,544.6
Unum Corp	NYSE	30.13	0.4	8.9	0.40	1.3	30.50	30.00	560.8
Uslife Corp	NYSE	46.25	-2.6	12.0	1.20	2.6	47.00	45.50	168.2
Washington Natl Corp	NYSE	32.00	0.0	14.5	1.08	3.4	32.88	32.00	66.9
Zenith Natl Ins Corp	OTC	24.75	-1.0	29.8	0.80	3.2	25.75	24.75	1,569.1
INSURANCE COMPANIES	AVERAGE			14.6		2.5			

System design: Altman Information Systems



We're Not Just A Chip Off Any Ol' Block.

In today's uncertain economic climate, one of the ways to tell where your insurance company is headed is to know who is behind it.

At Northbrook, we enjoy the solid, substantial backing of the Allstate Insurance Company, a member of the Sears Financial Network.

We'll be here today, and tomorrow, and next year, too. So we can commit to a package of distinctive services—customized coverage, loss control, claims handling—that you can depend on. And we can work out a fair pricing plan with flexibility for the long run.

So if you're looking for a company you can count on down the line, call your nearest Northbrook agent or broker today.* You'll find we come from some very solid stock.

NORTH BROOK

Northbrook
National Accounts

A Division of Northbrook Property and Casualty Insurance Company
South Barrington, Illinois 60010

*Or call: J. Don Johnson, Assistant Vice President Marketing, 312-551-2990.